Dear Lord Boswell,

We were pleased to give evidence to the European Union Committee on Monday 18 June. During the session we promised to write to the Committee on a number of points and will address each in turn.

Firstly, Baroness Falkner asked for a disaggregation of Northern Ireland export figures between the EU and the rest of the world. The Northern Ireland Statistics and Research Agency (NISRA) is an executive agency within the Department of Finance (NI). NISRA is the principal source of official statistics and social research on Northern Ireland, including exports and external sales.

The latest statistics from NISRA in December 2017 on external sales, *Total Values of NI Sales and Exports*, can be found at: https://www.nisra.gov.uk/publications/current-publication-broad-economy-sales-expo
rts-statistics.

NISRA’s statistics show that the rest of the UK is the most significant market for businesses in Northern Ireland, with total external sales valued at £14.6 billion in sales. This is worth 1.3 times more than all international exports from Northern Ireland combined, which are valued at £11.4 billion.
In total, Northern Ireland’s exports to the European Union are valued at £6.6 billion. Ireland is by far Northern Ireland’s biggest export market, with goods and services exported worth £4 billion - around 60% of all EU exports from Northern Ireland. Exports to the rest of the world (non-EU countries) are valued at £4.8 billion.

Secondly, Lord Teverson and Baroness Brown asked about the Single Electricity Market (SEM). The UK is committed to facilitating the continuation of the SEM across the island of Ireland. The SEM is a practical example of cooperation between Northern Ireland and Ireland that has benefited consumers and the economy of Northern Ireland. There is a shared interest between all parties in supporting the stability and affordability of energy supplies on the island of Ireland, a commitment which has been reflected in the positive progress made on the Withdrawal Agreement since December 2017.

As the Prime Minister stated in her Mansion House speech on 2nd March, we want to secure broad energy co-operation with the EU, including protecting the SEM, and exploring options for the UK’s continued participation in the EU’s internal energy market. The UK wants to continue arrangements that allow efficient trade of electricity and our ambition – shared with the EU – is to make energy trading easier and more efficient by opening up national markets and increasing the level of interconnection between them.

We are considering the technical and legal requirements for maintaining a SEM after EU exit. We are making good progress in the ongoing negotiations with the EU on agreeing legal text for the Withdrawal Agreement’s Ireland/Northern Ireland Protocol which sets out a basis on which the SEM can continue.

As part of the negotiation process, the UK aims to agree with the EU the application of consistent rules in Northern Ireland and Ireland to the extent necessary for the operation of a single wholesale electricity market. As part of this, we understand the importance of carbon pricing to the functioning of the Single Electricity Market.

More generally, the Government remains committed to carbon pricing as an emissions reduction tool. In terms of the EU ETS, we have provisionally agreed that access to one another’s markets will remain unchanged until 31 December 2020. This means that UK participation in the EU ETS will continue until the end of Phase III of the scheme and we are currently considering all factors in relation to the UK’s future participation in the EU ETS beyond this. Whatever our future relationship with the EU, we will seek to ensure that our approach is at least as ambitious as the existing scheme and provide a smooth transition for the relevant sectors.

Finally Baroness Suttie asked for a breakdown of how often the two Cabinet sub-
committees discussing the Government’s two proposed models for future customs cooperation have met.

Work is ongoing in relation to both customs options and will be completed in due course. However, it would not be appropriate to comment on the details of cabinet discussions on this sensitive policy area.

We are grateful for the Committee’s continued consideration of these issues and trust that you will find this further information helpful.

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