



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

2 March 2018

Dear Dr Bochniarz

The Government I lead is committed to supporting businesses and enterprise, because successful businesses are fundamental to a prosperous, secure and stable society.

Today I delivered a speech outlining the Government's vision for our future economic partnership with the EU. In it, I proposed the broadest and deepest possible agreement - covering more sectors and co-operating more fully than any Free Trade Agreement anywhere in the world.

In this letter, I wanted to highlight briefly some of the specific proposals.

First, for industrial goods, we want to preserve the integrated supply chains that exist between the UK and the EU, on which many businesses rely. This means we do not want to see the introduction of any tariffs or quotas, and we propose a comprehensive system of mutual recognition to ensure that, as now, products only need to undergo one series of approvals, in one country, to demonstrate that they meet the required regulatory standards. We will also want to explore with the EU the terms on which the UK could remain part of the EU agencies such as those that are critical for the chemicals, life sciences and aerospace industries. Our default is that UK law may not necessarily be identical to EU law, but it should achieve the same outcomes. In some cases, however, Parliament might choose to pass an identical law. And our agreement will be underpinned by a strong commitment that our regulatory standards will remain as high as the EU's – in practice, that commitment will mean that UK and EU regulatory standards will remain substantially similar in the future. I also set out our two potential options for our customs arrangement with the EU. Taken together, a fundamental principle in our approach for goods is that trade should be as frictionless as possible.

Second, in services, we believe we have the opportunity to break new ground, working towards a broader agreement than ever achieved before. So we want to limit the number of barriers that could prevent UK firms from setting up in the EU and vice versa. We want to agree an appropriate labour mobility framework that enables UK businesses and self-employed professionals to travel to the EU to provide services to clients in person, and that allows UK businesses and professionals to provide services to the EU over the phone or the internet. And we want to do the same for EU firms providing services to the UK. In my speech, I set out our ambitions in a wide range of service industries where the UK and EU economies are closely linked. We recognise that broadcasting and, despite the EU's own best efforts in the Transatlantic Trade and Investment Partnership, financial services have not previously been covered in Free Trade Agreements in a meaningful way. We also recognise that we cannot have exactly the same arrangements in these areas as we do now - the current arrangements are intrinsically linked to the single market. However, relying solely on precedents will hurt consumers and businesses on both sides. As a result, we want to explore with the EU how our agreement on services can encompass broadcasting and financial services with frameworks that businesses know are reliable.

Third, we recognise that the rules underpinning our trading relationship with the EU will be very important to business. I have set out that our partnership will need to include binding, reciprocal commitments to ensure fair and open competition. We will also need, in common with other Free Trade Agreements, an independent arbitration mechanism for resolving any disputes. We will want to have an ongoing dialogue with the EU, including making arrangements for UK and EU regulators to continue to work together, as they do with other regulators internationally. We also recognise the importance of securing an arrangement for data protection that goes beyond an adequacy agreement, to provide stability and confidence for businesses. Finally, as we leave the EU, the free movement of people between the UK and the EU will come to an end, but we know that UK citizens will still want to work and study in EU countries, just as EU citizens will want to do the same here. We also know that businesses across the EU and the UK must be able to attract and employ the people they need, and we are open to discussing how to facilitate these valuable links.

My focus, and that of my team, will now turn to the hard work of agreeing this partnership. In the meantime, we are close to an agreement on the terms of an implementation period, which will give governments, businesses and citizens on both sides time to prepare for this new partnership. While, of course, there remain some points of difference, I am confident that these issues can be resolved in the days ahead.

Alongside the bold and comprehensive economic partnership we are proposing with the EU, the UK will also be seeking new trade agreements with other countries across the globe. As we set out in the Government's Industrial Strategy, we want to work with businesses to create better, higher-paying jobs with investment in the skills, industries and infrastructure of the future.

I hope you will be able to take the time to consider my speech and I look forward to continuing our dialogue on these matters. Please do not hesitate to contact the No10 Business Relations Team if you have any questions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H. Bochniarz', written in a cursive style.