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Dear business leaders,

The Government is determined to support businesses and the economy, and is committed to implementing the Government's Industrial Strategy, building a Britain fit for the future. As this new year gets underway, we are also conscious that many businesses are examining the implications of our withdrawal from the EU for themselves and their supply chains. Businesses have been clear that they need time to adjust to the terms of our new relationship with the EU - and are therefore following closely negotiations on the Government's proposal for a time-limited implementation period.

The purpose of such a period is to give people, businesses, and public services in the UK and across the EU the time they need to put in place the new arrangements that will be required to adjust to our future partnership. This is why, during the implementation period, we are clear that the UK's and the EU's access to one another's markets should continue on current terms, meaning there will only be one set of changes at the end of the implementation period, as we move into our future partnership. The period's duration will be strictly time-limited, and should be determined simply by how long it will take to make these changes – as the Prime Minister has previously set out, this will be around two years.

We know this proposal has been warmly welcomed by businesses up and down the country, and in the EU, promising the certainty and clarity needed to plan ahead. We are therefore pleased that at the December European Council, EU leaders endorsed this proposal, and agreed guidelines that will enable our teams to discuss and confirm at pace the detailed arrangements, giving them legal form in the Withdrawal Agreement.

As we enter those discussions, we believe it is important to emphasise three key aspects of the implementation period.

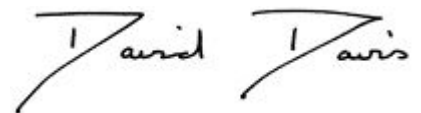
First, in order that our terms of trade remain unchanged during the implementation period, it will need to be based on the existing structure of EU rules and regulations. And for these common rules and regulations to work effectively, they will need to remain common to both parties. We will therefore maintain continuity with rules during the period. Of course this will require both parties to continue to act in good faith, reflecting the spirit of our future partnership – but it is the right way to give businesses certainty, and avoid unnecessary disruption.

Second, no business need worry that it will fall outside the scope of this period. Our intention is to mimic the breadth of our current arrangements, from goods to agriculture to financial services, meaning that every business, small or large, will be able to go on trading with the EU as it does today until it's time to make any changes necessary for the future partnership. We also plan to work together with the EU to ensure the UK remains covered by those international agreements, including free trade agreements, to which it is currently a party by virtue of our EU membership.

Third, EU citizens will continue to be able to come and live and work in the UK, with no new barriers to taking up employment. As the Prime Minister has made clear, we will introduce a registration scheme for new arrivals in preparation for our future immigration system, but this will not place any new burdens on businesses during the implementation period.

These three elements are all about delivering the core purpose of the implementation period - ensuring people and businesses have sufficient time to prepare for the future by maintaining continuity in our trading arrangements with the EU immediately after our withdrawal.

There is clearly more for members of our negotiating team to discuss with their EU counterparts over the next few weeks, but we believe our proposal is closely aligned with the guidelines adopted by EU leaders in December. Both we and the EU therefore want to agree the detail of the implementation period by the end of March, making good as swiftly as possible on our promise of certainty. We will then finalise the text of the Withdrawal Agreement to give the implementation period legal form, at the same time as we build out with the EU the framework for our deep and special future partnership.



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