

<p>Title: European Union (Withdrawal Agreement) Bill</p> <p>Impact Assessment No: DExEU002</p> <p>RPC Reference No: RPC-4320(1)-DExEU</p> <p>Lead department or agency: Department for Exiting the European Union</p> <p>Other departments or agencies: HMT, HO, DWP, HMRC, DHSC, BEIS, MOJ, DfE, MHCLG, DEFRA.</p>	Impact Assessment (IA)
	Date: 21 October 2019
	Stage: Final
	Source of intervention: Domestic (Implementing international agreement)
	Type of measure: Primary legislation
	Contact for enquiries: wab@dexeu.gov.uk
Summary: Intervention and Options	RPC Opinion: Not rated at this stage

Cost of Preferred (or more likely) Option				
Total Net Present Value *	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
- £167.1 m <i>*The bulk of the costs are due to the setup of the Independent Monitoring Agency on Citizen's rights</i>	- £22.1 m	£2.4 m	N/A	Excluded
<p>What is the problem under consideration? Why is Government intervention necessary?</p> <p>The signing of a Withdrawal Agreement between the United Kingdom and the European Union creates a set of obligations for both parties. These commitments cover principally:</p> <ul style="list-style-type: none"> • The rights of EU citizens living in the UK, and UK nationals living in the EU to continue living their lives broadly as they do now; • The establishment of a time-limited implementation period, during which EU law will continue to apply in the UK subject to the terms set out in the Withdrawal Agreement; • The mechanism through which any payments brought about by the negotiated financial settlement are made, covering both the UK's financial commitments to the EU and the EU's to the UK; • The new Ireland/Northern Ireland protocol. <p>In order for the UK to meet its obligations the Government must pass primary legislation to give domestic legal effect to the Withdrawal Agreement.</p> <p>The European Union (Withdrawal Agreement) Bill (referred to as the 'Withdrawal Agreement Bill'), and delegated legislation made under it, will be the primary means by which the Withdrawal Agreement is brought into domestic law in the UK, including in Scotland, Wales and Northern Ireland. This Bill will also be the vehicle for the Government to give effect to the EEA EFTA Separation Agreement between the UK and Norway, Iceland and Liechtenstein and the Swiss Citizens' Rights Agreement.</p> <p>The Bill is a vital tool in delivering a smooth and orderly exit from the EU. To meet the obligations under the Withdrawal Agreement, the EEA EFTA Separation Agreement and the Swiss Citizens' Rights Agreement (collectively, 'the Agreements'), the Government needs to ensure that the UK is able to:</p> <ul style="list-style-type: none"> • Guarantee the rights of EU citizens and EEA EFTA and Swiss nationals resident in the UK before the end of the implementation period; 				

- Establish an Independent Monitoring Authority for the Citizens' Rights Agreements (IMA) to monitor the implementation and application of the citizens' rights parts of the Withdrawal Agreement and EEA EFTA Separation Agreement;
- Ensure that there is a mechanism by which EU law can continue to apply in the UK as required under the Withdrawal Agreement for the duration of the implementation period as well as giving Parliament a clear role in the decision on whether or not to extend the implementation period;
- Creates the legal vires enabling the UK to settle our rights and obligations as a departing Member State through the financial settlement. The Bill itself is an enabler rather than a driver of these payments, which have been agreed as part of the Withdrawal Agreement;
- Wind down ongoing processes which are governed by EU law in EU and EEA EFTA Member States once the implementation period finishes;
- Give effect to the Protocol on Ireland/Northern Ireland as set out in the Withdrawal Agreement.

In addition, the Bill ensures Parliament has a role in shaping the UK's proposals for the long-term future relationship with the EU. The Bill legislates for this commitment, including provisions that will require: a vote on the government's negotiating objectives and final approval on any agreements on the future relationship negotiated between the UK and the EU.

Failure to pass the Bill would mean that the UK would be unable to ratify the Withdrawal Agreement. The potential long run economic impacts of a no deal scenario are outlined in the Government's EU Exit Long-Term Economic Analysis as "the modelled no deal" scenario.¹ There would be additional short term disruptive impacts of leaving without an agreement which have not been quantified in this Impact Assessment. It is not possible to say with sufficient accuracy the scope and scale of the immediate short economic impact. The Office for Budget Responsibility has stated: "It is next to impossible to calibrate with any confidence the potential impact of this sort of scenario in advance, because of the lack of any relevant precedent". This challenge is further compounded by the need to consider the Government's extensive no deal preparations, mitigations, and business and public readiness efforts. These actions will continue up to 31 October 2019 and beyond. Furthermore, the EU and its Member States have also been preparing for UK exit. The complex interplay between the impact of no deal, the Government's preparations, and the preparations of the EU and its Member States further multiplies the uncertainty of any assessment.

What are the policy objectives and the intended effects?

The objective of the Withdrawal Agreement Bill is to implement the UK's commitments under the UK-EU Withdrawal Agreement, the effect of which will be ensuring that all rights, obligations, remedies etc arising under the Withdrawal Agreement are available in UK law. The Bill will also implement the EEA EFTA Separation Agreement and the Swiss Citizens' Rights Agreement. The UK's obligations under the latter two agreements largely mirror those under the Withdrawal Agreement, meaning that additional bespoke provisions to implement these agreements are limited. In addition, the Bill ensures Parliament has a role in shaping the UK's proposals for negotiations on the long-term future relationship with the EU.

The Bill also creates powers to make delegated legislation to enable the Agreements to be implemented domestically where further implementing legislation is appropriate. The Bill will also make amendments to the 2018 EU (Withdrawal) Act to ensure that it can operate as intended at the end of the implementation period.

The Bill is the only vehicle that allows the UK to implement (and therefore ratify) the Withdrawal Agreement.

This Impact Assessment uses a primary baseline of current arrangements (described throughout as the "current arrangements baseline"). This baseline is the expected UK statute book and the obligations applying to the UK at the point of EU exit, including all existing domestic and EU legislation. The set of regulations pre-exit is assumed to be held constant to provide a proxy for current arrangements. The analysis makes no assessment of where future EU policy might move. Accordingly, this artificial baseline does not represent a counterfactual of the UK remaining in the EU. This approach provides the best illustration of the continuity or change which citizens and businesses will experience due to the passing of this Bill, relative to now.

This Impact Assessment outlines the principal elements of the financial settlement but does not incorporate them in the Net Present Value (NPV) calculation because of the technical challenge of robustly quantifying the counterfactual in this area. The avoided net budget payments which the UK would have made had it remained an EU member (of around £10 billion annually in the near term) are also excluded from the calculation. Although this is quantifiable it has not been included in the NPV because it is not specifically legislated for in this Bill. As this

¹ ['EU Exit Long-Term Economic Analysis'](#), HMG, November 2018.

financial benefit is not scored in any other exit legislation Impact Assessment the quantum of this benefit is described throughout to provide relevant context. Similarly, whilst the estimated costs of the financial settlement are described (£32.8 billion),² the overall NPV estimate does not include them as it is not possible to quantify the UK's obligations to the EU in the absence of the Bill in order to provide a baseline scenario for these impacts. Furthermore, these payments are enabled by this legislation but not determined by the Bill.

If the Bill were not passed the consequence would be that the UK could not give domestic legal effect to the Withdrawal Agreement, and it would therefore not be able to ratify the treaty nor meet its obligations under it. Descriptions of a no deal scenario (described throughout as the "no deal scenario") are therefore included in the background analysis to provide additional context, and to inform on the impact if this legislation was not brought forward or was not passed and the UK left the EU without a deal. These impacts are not included in the calculations of the NPV, which remains an assessment against the current arrangements baseline.

In line with normal practice for EU exit legislation, this IA appraises the impact of implementing legislation and is not an assessment of the decision to leave the European Union. Nor is it an assessment of the overall Withdrawal Agreement which has been reached between the UK and the EU or the agreed framework for the Future Relationship with the EU.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The Government does not consider that there are alternative ways to enable the UK to meet its obligations under the Withdrawal Agreement. Without primary legislation, the Government is unable to meet its obligations as set out in the agreement when the UK leaves the EU and the UK would leave the European Union without a deal.

The proposed policy is justified because it ensures this agreement has domestic legal effect and will enable the UK to meet its obligations contained therein. Furthermore, If the Bill is not passed the UK will not be able to proceed to ratification of the agreement.

Will the policy be reviewed? It will not be reviewed. **If applicable, set review date:** N/A

[Does implementation go beyond minimum EU requirements?]		N/A		
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible : James Duddridge Date: 21 October 2019



² ['Fiscal Risk Report'](#), OBR, July 2019..

Summary: Analysis & Evidence

Policy Option 1

Description: Implement the Withdrawal Agreement through primary legislation

FULL ECONOMIC ASSESSMENT

Price Base Year 2017/18	PV Base Year 2019/20	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: - 167.1

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	35.5	17.5	167.1
High			
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

The Net Present Value (NPV) only includes direct monetisable impacts of the legislation relative to the current arrangements baseline. Additional new direct costs of the Bill are expected to be small. There is a cost to business from re-registering intellectual property (£22.1 million) and a cost related to setting up the IMA (£145 million over ten years). The costs of establishing the IMA are estimated to be £6.5 million in the first year and £30 million in the second year. There will be an ongoing annual running cost estimated to be £14.9 million. This gives an estimated establishment cost of £35.5 million and estimated ongoing cost of £109.5 million, both in Present Value terms.

Other key non-monetised costs by 'main affected groups'

Compared to the baseline, there may also be some additional costs associated with the Bill which have not been monetised in this Impact Assessment. For example, there will be familiarisation costs to rights holders and administration and some assurance costs.

This Impact Assessment outlines the principal elements of the financial settlement but does not incorporate them in the NPV calculation because of the technical challenge of robustly quantifying the counterfactual in this area. The avoided net budget payments which the UK would have made had it remained an EU member (estimated to be around £10 billion annually in the near term) are also excluded from the calculation. Although this is quantifiable it has not been included in the NPV because it is not specifically legislated for in this Bill. As this financial benefit is not scored in any other exit legislation Impact Assessment the quantum of this benefit is described throughout to provide relevant context. Similarly, whilst the estimated costs of the financial settlement are described (£32.8 billion),³ the overall NPV estimate does not include them as it is not possible to quantify the UK's obligations to the EU in the absence of the Bill in order to provide a baseline scenario for these impacts. Furthermore, these payments are enabled by this legislation but not determined by the Bill.

There could be costs to business associated with the arrangements in the Northern Ireland/Ireland Protocol. But these are inherently uncertain in their nature and intensity, as such, these costs have not been quantified.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	-	-
High	-	-	-
Best Estimate	-	-	-

³ ['Fiscal Risk Report'](#), OBR, July 2019.

Description and scale of key monetised benefits by ‘main affected groups’

The Bill gives effect to the Agreements in domestic law. A key benefit of the Bill is delivering a smooth and orderly exit from the EU, by enabling ratification of the three treaties and enabling the UK to meet its obligations under these treaties. In addition, the Bill ensures Parliament has a role in shaping the UK’s proposals for the long-term future relationship with the EU. Given that the overall impacts of the Bill are baselined against current arrangements, this Impact Assessment does not include any direct monetised benefits.

Other key non-monetised benefits by ‘main affected groups’

This Impact Assessment compares impacts against a baseline representing ‘current arrangements’. This baseline is purely an analytical tool to represent the change that individuals and business will observe. However it is important to note that this does not mean that the continuation of the ‘current arrangements’ is an option. In the absence of primary legislation to implement the Withdrawal Agreement, the UK would be unable to ratify the agreement and would not be able to leave the EU with a deal.

As part of leaving the EU with a deal, the UK will settle its international obligations. Without the Bill, the UK would not have the legal vires to settle these obligations and would therefore be in breach of its international commitments once it has left the EU. Failure to implement the Withdrawal Agreement would present significant uncertainty and cost to businesses and citizens, and damage the UK’s reputation as a country which honours its international commitments. Without an alternative vehicle to give effect to these agreements, the UK would have to leave the EU without a deal and rely on no deal mitigation plans.

A key benefit of passing the Bill, compared to a no deal scenario, would be avoiding potential short run disruption associated with an immediate no-deal scenario.

The potential long run economic impacts of a no deal scenario are outlined in the Government’s EU Exit Long-Term Economic Analysis as “the modelled no deal” scenario.⁴

Key assumptions/sensitivities/risks (%)	Discount rate 3.5
<p>The analysis of costs and benefits in this Impact Assessment uses a time horizon of 10 years, and uses the standard discount rate for UK Government appraisal as set out in the HMT Green Book, which is set at 3.5% in real terms.⁵ Using the latest price data, this Impact Assessment adopts a price base year of 2017/18 and adjusts costs and benefits using the standard GDP deflator approach. HMG Green Book guidance indicates that costs and benefits in Government appraisal should be estimated in ‘real’ base year prices (i.e. the first year of the proposal). This means the effects of general inflation should be removed.</p>	

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m: Excluded
Costs: 2.4	Benefits: 0	Net: -2.4	

⁴ [‘EU Exit Long-Term Economic Analysis’](#), HMG, November 2018.

⁵ [The Green Book](#), HMT, 2018

1. Background to the Bill

1. On 23 June 2016, a referendum was held in the UK and Gibraltar on whether the UK should remain a member of the EU. Fifty two per cent of those who voted, voted to leave the European Union.
2. The European Union (Notification of Withdrawal) Act 2017 was passed into law on 16 March 2017. This gave the former Prime Minister the power to notify the European Council of the UK's intention to withdraw from the EU under Article 50(2) of the Treaty on the European Union. This notification was then given on 29 March 2017.
3. On 26 June 2018, the EU (Withdrawal) Act 2018 passed into law. Its purpose is to provide a functioning statute book on the day the UK leaves the EU. The EU (Withdrawal) Act 2018 was drafted without prejudice to the outcome of negotiations.
4. Section 13 of the EU (Withdrawal) Act requires an Act of Parliament containing provision for the implementation of the Withdrawal Agreement to be passed before the Withdrawal Agreement can be ratified. On 13 November 2017, the previous Government announced its intention to bring forward a new Bill to implement the Withdrawal Agreement in domestic law. This confirmed that the major elements of the Withdrawal Agreement will be given effect in domestic law by primary legislation, not by secondary legislation under the then EU (Withdrawal) Bill.
5. The UK has also developed agreements with Norway, Iceland, Liechtenstein, and Switzerland to resolve issues that arise from exiting the EU. The Government took the decision that the Withdrawal Agreement Bill would be the most appropriate vehicle for implementing these agreements, given that they, like the Withdrawal Agreement, arise from issues arising from EU exit and would require a similar legislative implementation.
6. On 14 November, the previous Government published a draft of the Withdrawal Agreement (agreed at negotiator level). This Agreement was agreed by European leaders on 25 November 2018 and laid before Parliament on 26 November 2018. These were subject to a take note motion in the House of Lords.
7. On 22 March 2019 the European Council together with the United Kingdom also agreed to an extension to the Article 50 period until 22 May 2019, provided the Withdrawal Agreement was approved by the House of Commons before the 29 March 2019 or otherwise until 12 April 2019 (European Council Decision (EU) 2019/476, O.J. No. L 80 I, p.1). The definition of "exit day" in the EU (Withdrawal) Act 2018 was amended by statutory instrument to reflect this.
8. On 5 April 2019 the former Prime Minister wrote to the President of the European Council seeking a further extension. On 11 April 2019, the European Council and the UK agreed a further extension to the Article 50 period until 31 October 2019 (European Council Decision (EU) 2019/584, O.J. No. L 101, p.1) . This extension will be terminated early if the Withdrawal Agreement is ratified and comes into force before this date. Following the conclusion of the European Council, a statutory instrument was made on 11 April amending the definition of "exit day" in the EU (Withdrawal) Act 2018 to 31 October 2019 at 11pm.
9. On 23 May 2019, the former Prime Minister resigned. Following a change in government, the Prime Minister committed to renegotiating the Withdrawal Agreement. This Withdrawal Agreement was agreed by European leaders at the European Council on 17 October 2019.
10. On 19 October 2019, the UK's permanent representative submitted the request mandated by the EU (Withdrawal) Act No.2 2019 to the Secretary-General of the Council of the European Union. Pending the consideration of EU leaders the legal default remains no deal.

2. Approach

16. This Impact Assessment includes direct impacts of the legislation relative to the current arrangements baseline, described further below. This Impact Assessment does not cover the wider impacts of leaving the EU. For example, reductions in the UK's net transfers to the EU,

estimated to be worth around £10 billion per year, are not included because these savings are not a direct result of this Bill. Equally, the cost of the financial settlement, which the Office for Budget Responsibility (OBR) has forecast as £32.8 billion in total,⁶ is also not included in the NPV, as it is not possible to robustly quantify a baseline scenario for these impacts. The NPV also excludes impacts which have been covered in other Government Impact Assessments, to avoid double counting. For example, the NPV does not include the impact of the EU Settlement Scheme, which was captured in its accompanying Impact Assessment.⁷ This document is not an assessment of The Framework for the Future Relationship Between the UK and the EU,⁸ and the impacts of this framework are similarly not included in the NPV calculation.

17. Due to the nature of the Bill, this document covers a wider variety of policy areas and impacts than a typical Impact Assessment. It necessarily draws on different approaches to analysing these different areas, as there is no single approach suitable for assessing the impact of all of the different provisions. For example, the analysis of the financial settlement draws on published OBR estimates, while the analysis of intellectual property issues uses estimates of the cost to business. The overall approach uses the following common features, which are based on Green Book guidance regarding best practice for Government appraisal.
18. The analysis of costs and benefits in this Impact Assessment uses a time horizon of 10 years, and uses the standard discount rate for UK Government appraisal as set out in the HMT Green Book, which is set at 3.5% in real terms.⁹ In addition to being standard practice, we used a 10 year appraisal period because some of the effects of the bill would last longer than two years. In addition there would be financial payments running beyond 10 years. However, given the uncertainty about the future regulatory and trading environment a period beyond around 10 years would likely be subject to significant uncertainty. Discounting is a technique used to compare costs and benefits occurring over different periods of time on a consistent basis. HMT Green Book guidance indicates that discounting should be applied to all future costs and benefits.
19. Using the latest price data, this Impact Assessment adopts a price base year of 2017/18 and adjusts costs and benefits using the standard GDP deflator approach. HMG Green Book guidance indicates that costs and benefits in Government appraisal should be estimated in 'real' base year prices (i.e. the first year of the proposal). This means the effects of general inflation should be removed.
20. Once discounted, deflated and estimated over a 10 year time horizon, the impacts are then brought together into a NPV. NPV is the sum of a stream of future values that have been discounted to bring them to today's value.¹⁰ The NPV represents an overall summary of the impacts of the Bill. The equivalent annual net direct cost to business (EANDCB), similarly, summarises the direct costs to business that the Impact Assessment has identified.

2.1 Baseline

21. This Impact Assessment baselines against current arrangements. This baseline represents the expected UK statute book and the obligations applying to the UK at the point of EU exit, including all existing domestic and EU legislation. The set of regulations pre-exit is held constant to provide a snapshot of current arrangements. The analysis makes no assessment of where future EU policy might move. Accordingly, this artificial baseline does not represent a counterfactual of the UK remaining in the EU.

⁶ ['Fiscal Risk Report'](#), OBR, July 2019.

⁷ ['Impact Assessment for EU Settlement Scheme'](#), Home Office, July 2018.

⁸ ['Political declaration setting out the framework for the future relationship between the European Union and the United Kingdom'](#), UK and EU, November 2018.

⁹ ['The Green Book'](#), HMT 2018

¹⁰ *Ibid.*

22. If the Bill is not passed the key consequence would be that the UK could not give domestic legal effect to the Withdrawal Agreement, and it would therefore not be able to ratify the treaty nor meet its obligations under it. In this instance, the UK would leave the EU without a deal. Descriptions of this scenario are therefore included in the background analysis to inform Parliament and public of the impact if this legislation was not passed. These impacts are not included in the calculations of the NPV, which are baselined against the proxy current arrangements baseline.
23. The potential long run economic impacts of a no deal scenario are outlined in the Government's EU Exit Long-Term Economic Analysis as "the modelled no deal" scenario.¹¹ That analysis does not incorporate potential short run disruption associated with an immediate no deal scenario.
24. This assessment covers the key provisions of the Bill: the implementation period, the implementation of the citizens' rights agreements, the negotiated financial settlement, other separation issues, the Protocol on Ireland/Northern Ireland and Parliamentary oversight of progress towards the future relationship.

3. Assessing the impact of the European Union (Withdrawal Agreement) Bill

25. Table 3.1 below describes the key impacts of the Bill, and whether they are included in the NPV of this Impact Assessment. In some cases, it is not appropriate to attempt a quantified analysis of the monetised impact. In these cases, a qualitative assessment of the impacts is provided. Some of the impacts included in the Impact Assessment are not included in the overall NPV. These impacts are not included for a variety of reasons, including because they are not additional relative to the current arrangements baseline, not a direct result of this Bill, or because they are already included in analysis of other Government legislation. For example, this Impact Assessment does not account for the effect of the payments that the UK would have made if it had remained a member of the EU, as these are not a direct result of this bill. In line with standard practice, impacts which are covered in other Government legislation and accompanying analysis are not included in this Impact Assessment NPV to avoid double counting.

3.1 Key Withdrawal Agreement Bill impacts

Area	Impact	Costs (£m)	Benefits (£m)	Included in NPV?
Citizens' rights (including EU citizens and EEA EFTA and Swiss nationals)	Greater certainty for citizens	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	Protection of the rights of EU and EFTA frontier workers	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	The mandatory permit system for frontier workers (administrative costs and some	Non-monetised	Non-monetised	This impact is not included in the NPV, as it will depend on the precise implementation of the scheme which will be

¹¹ 'EU Exit Long-Term Economic Analysis', HMG, November 2018.

	behavioural impact)			covered in secondary legislation.
	Thresholds for deportation for conduct and criminality of EU citizens and EFTA nationals during the implementation period	Non-monetised	Non-monetised	Deportation of EU citizens and EFTA nationals is not expected to increase or decrease during the implementation period as a consequence of this provision, which is therefore not expected to generate any additional costs or benefits relative to current arrangements. None of the provisions in this Bill will result in changes to the number of deportations during the implementation period
	Thresholds for deportation for conduct and criminality of EU citizens and EFTA nationals (who were in the UK before the end of the implementation period) after the implementation period	Non-monetised	Non-monetised	This impact is not included in the NPV. It is not possible to predict with certainty whether deportations of EU and EFTA nationals who were in the UK before the end of the implementation period will increase or decrease after the implementation period ends, as this will depend on the rate of offending and the seriousness of the crimes committed by this cohort.
	Mutual Recognition of Professional Qualifications (MRPQ) arrangements will protect the livelihoods of EU, EEA, EFTA and UK regulated professionals	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	Expansion of eligibility to certain welfare benefits for EU, EEA EFTA and Swiss nationals once they acquire settled	Non-monetised	Non-monetised	This impact is not included in the NPV, as they cannot be monetised and are dependent on behavioural factors such as uptake rate of benefits by the additional cohort of eligible claimants.

	status			
	Setup and annual running costs of the IMA	145.0	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
Implementation period	Legal certainty for businesses and individuals during the implementation period	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	Avoidance of short term disruption impacts related to leaving without a deal	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	Continued EU budget contributions during the implementation period resulting from the financial settlement	Non-monetised	Non-monetised	The impact is included in the financial settlement assessment, and so is not included in the assessment of the implementation period in order to avoid double counting.
	Possible UK contribution to the EU budget during an extended implementation period	Non-monetised	Non-monetised	This impact is not included in the NPV as it would only arise in the event that the implementation period is extended, and its amount is subject to negotiation with the EU and is therefore not quantifiable.
Financial settlement ¹²	Payments to the EU to meet the financial settlement obligations under the Withdrawal Agreement	Not possible to quantify baseline scenario. Non-monetised for the purposes of the NPV calculation. Total payments estimated by OBR to total £32.8 billion ¹³	Non-monetised	This impact is not included in the NPV, as it is not possible to quantify a baseline scenario.

¹² The financial settlement figures provided here are not discounted or deflated, and are over a longer time horizon than 10 years.

¹³ [‘Fiscal Risk Report’](#), OBR, July 2019.

	Avoided budget payments which the UK would have made, had it remained an EU member	Non-monetised	Non-monetised for the purposes of the NPV calculation; Around £10 billion per year.	This impact is not included in the NPV, as it is not a direct result of this legislation. It is described in the narrative.
Other separation issues	Wind down of legal procedures under EU law in a way that provides a smooth transition for individuals and businesses	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
	Renewing EU trade marks	16.9	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
	Renewing designs rights	3.6	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
	Renewing international registrations	1.6	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
	Familiarisation costs for rights holders	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is likely to be limited and is therefore not monetised because of proportionality.
Protocol on Ireland/ Northern Ireland	Customs administration	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Great Britain and Northern Ireland.
	VAT	Non-monetised	Non-monetised	This impact is not included in the NPV, as the practical operationalisation will be subject to discussion and agreement by the Joint Committee.
	Tariffs and tariff administration	Non-monetised	Non-monetised	This impact is not included in the NPV, as the practical operationalisation will be

				subject to discussion and agreement by the Joint Committee, and the details of the UK's approach to waiving or reimbursing tariffs will be finalised during the Implementation Period.
	Agri-food regulation	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Northern Ireland and Great Britain.
	Manufactured goods regulation	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Northern Ireland and Great Britain.
Provisions for Parliamentary oversight	Role of Parliament on the Future Relationship	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is dependent on the outcome of Parliamentary proceedings and subsequent negotiations with the EU.
	Parliamentary sovereignty	Non-monetised	Non-monetised	This impact is not included in the NPV, as it cannot be monetised.
	Joint Committee	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is dependent on the outcome of decisions made by the Committee.
	Provisions on workers' rights	Non-monetised	Non-monetised	This impact is not included in the NPV, as it cannot be monetised. The legislation on which the Government would make a statement on non-regression does not yet exist.

Grey boxes denote where the impact is not included in the NPV.

3.2 Implementation period

26. The Government is committed to providing certainty to businesses and individuals as part of a smooth and orderly exit from the EU. Businesses and citizens should only have to plan for one set of changes as the UK moves to the future relationship with the EU. That is why it was agreed that the UK's exit will be followed by a time-limited implementation period, which will

last from the moment of exit until at least 31 December 2020. During this time, common rules will remain in place, with EU law continuing to apply in the UK subject to the terms set out in the Withdrawal Agreement. This means that businesses will be able to trade on the same terms as they do now. The agreement is of mutual benefit, building an important bridge to our future relationship, and giving citizens and businesses in both the UK and the EU the time and confidence they need to plan for the UK's future relationship with the EU and EFTA states.

27. During the implementation period, EU law will continue to apply to and in the UK under the terms set out in the Withdrawal Agreement. During the implementation period, the UK will also be bound by the obligations contained in international agreements with third countries concluded by the EU and its Member States. This includes the EEA Agreement and the agreements between Switzerland and the EU. The EU will notify third countries that the UK is to be treated as a Member State for the purposes of these Agreements during the implementation period. This notification will provide a platform by which third countries can agree to continue to treat the UK as a Member State under these agreements during the implementation period. New pieces of directly applicable EU law that are introduced will continue to apply automatically within the UK. Other new EU measures introduced during the implementation period will need to continue to be implemented domestically.
28. The Bill will give effect to the implementation period in domestic law by amending the EU (Withdrawal) Act so that the effect of the European Communities Act (ECA) 1972, which is the mechanism by which EU law currently applies in the UK, is saved for the time-limited implementation period. As EU rules and regulations will continue to apply in the UK during the implementation period, the Bill will need to amend the EU (Withdrawal) Act so that the conversion of EU law into 'retained EU law,' and the domestication of historic CJEU case law, can take place at the end of the implementation period.
29. The implementation period essentially continues the UK's current arrangements with the EU for its duration, and so creates no additional costs and benefits relative to the current arrangements baseline.
30. The key benefit of a time limited implementation period, relative to a scenario where the Bill is not brought forward or passed, is that it provides legal certainty for businesses and individuals during the implementation period, ensuring that there is continuity in the effect that EU law has in the UK during this time. The Government's view is that repealing and saving the effect of the ECA, for the time-limited duration of the implementation period, and deferring the preservation of EU law until the end of the implementation period, is the most effective way to provide continuity and certainty to businesses and individuals on leaving the EU, and the most appropriate way to ensure the Withdrawal Agreement has full effect in domestic law.
31. During the implementation period, there will be some areas of non-continuity. Authorities in the UK will lose the ability to act as a 'leading authority' for certain EU regulatory regimes, such as medicines and chemicals. A 'leading authority' conducts specific assessments on behalf of certain EU agencies, or where Member States act jointly in order to inform decision-making. The affected UK authorities will not be able to carry out this role during the implementation period, and will not receive any associated payment for this work. The UK authorities affected include the Veterinary Medicines Directorate, the Health and Safety Executive, the Food Standards Agency, and the Medicines and Healthcare products Regulatory Agency.
32. Since the UK's decision to leave the EU, a decreasing number of cases have been allocated to UK authorities, and the Withdrawal Agreement also makes provision for ongoing cases to be transferred to another Member State during the implementation period. The loss of ability of the UK to act as leading authority has no direct impacts on UK businesses' ability to seek an authorisation for a product under these rules. Leading authorities carry out technical work on behalf of the EU to inform decision-making, and the UK will not lose direct influence as a result of no longer being a leading authority. While acting as a leading authority allows the relevant UK authority to demonstrate its technical competence in carrying out an assessment, this should not affect the outcome of the decision-making process by the EU

agency or where Member States act jointly. The regulatory regimes in question are varied, but in many cases, UK businesses already work with leading authorities outside the UK, so the new arrangements will not represent a significant change from the status quo.

33. If the implementation period were to be extended the UK would make an appropriate financial contribution for the duration of the extension, reflecting its status in transition. The UK-EU Joint Committee would agree the amount and a schedule for making payments as part of the decision on extension, and the Government is committed to ensuring that this would represent a fair deal for UK taxpayers. This contribution would be the subject of negotiations and would only apply in the event that an extension is agreed, and so is not included in NPV analysis.
34. The next generation of EU programmes are due to begin in 2021, and are currently under negotiation in the EU. The Government will make decisions on participation in specific programmes in light of these negotiations, the future relationship negotiations and UK priorities. In addition, the UK would not be part of the Common Agricultural Policy during the extension, providing the payments remain within certain agreed limits.
35. In a no deal scenario where there is no implementation period, beyond the long run economic impacts of this scenario outlined in the Government's EU Exit Long-Term Economic Analysis,¹⁴ there would be additional short term disruptive impacts of leaving without an agreement which have not been quantified in this Impact Assessment. The OBR notes that "it is next to impossible to calibrate with any confidence the potential impact of this sort of scenario in advance, because of the lack of any relevant precedent." Instead, their analysis qualitatively discusses potential impacts. These potential impacts include temporary constraints on the supply of some imported products and domestic goods that contain imported components. The OBR also notes that UK asset prices, including the sterling exchange rate, could fall sharply in a disorderly exit. This reflects the likely deterioration in financial market participants' views about the future economic outlook and the associated increase in risk associated with investments. Firms and individuals will require greater returns on investments to compensate for this increased risk. Households and businesses would reduce their consumption and investment, and financial intermediaries would tighten the supply of available credit. The OBR also highlights the potential for an increase in domestic prices as a result of a depreciation in the sterling exchange rate.¹⁵
36. These potential impacts would be avoided by giving effect to the implementation period by repealing and saving the effect of the ECA for the time-limited duration of the implementation period in this Bill. This is the most effective way to provide continuity and certainty to businesses and individuals as the UK leaves the EU.

3.2.1 Summary of costs and benefits of the implementation period

Impact	Costs (£m)	Benefits (£m)	Treatment in this IA
Legal certainty for businesses and individuals during the implementation period	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.
Avoidance of short term disruption impacts related to leaving without a deal	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not an impact relative to current arrangements. It is described in the narrative.

¹⁴ 'EU Exit Long-Term Economic Analysis', HMG, November 2018.

¹⁵ 'Discussion paper No.3: Brexit and the OBR's forecasts', OBR, October 2018.

Continued EU budget contributions during the implementation period resulting from the financial settlement	Non-monetised	Non-monetised	The impact is included in the financial settlement assessment, and so is not included in the assessment of the implementation period in order to avoid double counting.
Possible UK contribution to the EU budget during an extended implementation period	Non-monetised	Non-monetised	This impact is not included in the NPV as it would only arise in the event that the implementation period is extended, and its amount is subject to negotiation with the EU and is therefore not quantifiable.

Grey boxes denote where the impact is not included in the NPV

3.3 General Implementation Provisions

37. The Bill includes provisions for how the Agreements will be given effect in UK law. For most of the provisions, this will be done by providing for a “conduit pipe” through which the Agreements will be given effect in domestic law. The Bill will also make provision about the way in which these agreements are to be interpreted and applied by national courts, in line with the arrangements contained in the agreements, and how they will interact with retained EU law. These are constitutional measures giving domestic legal effect to the Agreements without direct economic or social impacts.
38. The Withdrawal Agreement and the EEA EFTA Withdrawal Agreement provide for the Joint Committees to amend the Agreements, in certain cases, to correct errors to address omissions or other deficiencies, or to address situations unforeseen when these agreements were signed. The Bill will give effect to such changes. Where changes require domestic implementation, they will be given effect through the Bill’s powers, where to do so is within the scope of the powers. It is not possible to assess the impact of such changes, because they have not yet occurred and it is not possible to predict which changes will arise.

3.4 Implementing the citizens’ rights agreements

39. A key step in providing a smooth and orderly exit from the EU is to provide certainty for EU, EEA EFTA and Swiss nationals in the UK and UK nationals in the EU, EEA EFTA states and Switzerland. The agreement set out in Part Two of the Withdrawal Agreement provides for a comprehensive set of fair protections to enable UK nationals in the EU and EU nationals in the UK to continue living their lives broadly as they do now.
40. The UK has reached agreements with Norway, Iceland and Liechtenstein (Part Two of the EEA EFTA Separation Agreement) and Switzerland which largely mirror the protections for citizens provided under the Withdrawal Agreement - herein referred to as the Agreements. The similarity of these agreements mean that only limited specific provision is required in the Bill.
41. The Bill covers all EU citizens and EEA EFTA and Swiss nationals resident in the UK before the end of the implementation period. Around 3.3 million EU citizens (excluding Irish nationals) and EEA EFTA and Swiss nationals were estimated to be resident in the UK in January 2018 to December 2018.¹⁶ All EU citizens and EEA EFTA and Swiss nationals and their family

¹⁶ [‘Population of the UK by country of birth and nationality: individual country data’](#), ONS, May 2018. The ONS release does not contain estimates for Liechtenstein, so this has been excluded from the estimates. The Common Travel Area provisions mean that the rights of Irish nationals are protected.

members resident in the UK before the end of the implementation period will be able to apply for residence status under the EU Settlement Scheme.

42. This Bill, and the secondary legislation made under it, will be a primary means by which the agreements reached on citizens' rights will be implemented in UK law. The rights of those within scope of the Agreements will be protected through primary legislation. In addition, an Independent Monitoring Authority (IMA) will oversee the implementation and application of the EU and EEA EFTA citizens' rights agreements. The Bill will also allow provision to be made for the rights of individuals who fall outside the scope of the agreements but who are eligible to apply for a form of 'status' under the EU Settlement Scheme.
43. In relation to citizens' rights, the Bill provides for the following:
- a. Underpinning the rights of EU citizens and EEA EFTA and Swiss nationals in primary legislation;
 - b. rights in relation to entry and residence for EU citizens and EEA EFTA and Swiss nationals and their families, including:
 - i. deadlines for applications and temporary protection;
 - ii. rights of frontier workers;
 - iii. restrictions on rights of entry and residence, and deportation; and
 - iv. appeals;
 - c. mutual recognition of EU, EEA EFTA and Swiss professional qualifications;
 - d. co-ordination of social security systems with the EU Member States, EEA EFTA states and Switzerland;
 - e. equal treatment for EU citizens and EEA EFTA and Swiss nationals; and
 - f. protection of rights and establishing an IMA which will monitor the EU and EEA EFTA citizens' rights agreements.
44. As set out above, the Bill creates powers for Ministers of the Crown, and devolved authorities where it is within their competence, to make provision to implement the citizens' rights agreements through secondary legislation. Statutory instruments made under these powers will, where appropriate, be accompanied by an impact assessment that will accompany the changes.
45. In addition to the Bill, the Immigration Rules, which are made under the Immigration Act 1971, deliver the EU Settlement Scheme for EU citizens and EEA EFTA and Swiss nationals which fully opened on 30 March 2019. The Home Office set out details of the EU Settlement Scheme in its Statement of Intent published on 21 June 2018, and on 20 July 2018 introduced Immigration Rules to begin the phased implementation of the EU Settlement Scheme, which was accompanied by an Impact Assessment.¹⁷ The Government has announced that EU citizens applying for the EU Settlement Scheme will not have to pay a fee when the Scheme is fully rolled out. A revised version of the Impact Assessment to reflect the policy change was published in March 2019.¹⁸
46. This assessment therefore does not include the EU Settlement Scheme in the overall impact estimates. The EU Settlement Scheme is not expected to have direct impact on employers, as applications are expected to be made by applicants and are not charged any fee. The scheme

¹⁷ '[Impact Assessment for EU Settlement Scheme](#)', Home Office, July 2018. Since the publication of this Impact Assessment, the Government has announced that EU citizens applying for the EU Settlement Scheme will not have to pay a fee when the Scheme is fully rolled out.

¹⁸ '[Impact Assessment for EU Settlement Scheme – Updated Analysis](#)', Home Office, March 2019.

is designed to be as user-friendly as possible to facilitate applications by individuals.

47. The following sections largely do not contain monetised impacts for inclusion in the NPV of this Bill. This is either because there are limited or no additional impacts relative to the primary current arrangements baseline, or because it is not possible to quantify the impacts due to data limitations.
48. The recent Migration Advisory Committee report for the Government showed that in 2016/17, EU citizens and EEA EFTA and Swiss nationals, on average, paid £2,310 more in taxes than they received in benefits. These impacts do not represent costs or benefits relative to the current arrangements baseline, as they are a continuation of the current arrangements.¹⁹
49. Even in the absence of a deal, the Government has been clear that it wants resident EU citizens and EEA EFTA and Swiss nationals can stay and that their rights will be protected. In both a deal and no deal scenario, the EU Settlement Scheme will be the means by which people can secure their future legal status in the UK.

3.4.1 Rights related to residence: deadline for applications and temporary protection

50. The Agreements enable the UK to require individuals protected by the Agreements to apply for a UK immigration status (leave to enter or remain) conferring their residence rights under those Agreements. It also enables regulations to be made that ensure that this cohort continues to enjoy residence rights in the UK pending conferral of their new immigration status. The UK is giving effect to its commitments in Article 18 of the Withdrawal Agreement and equivalent provisions of the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement regarding residence status for EU citizens and EEA EFTA and Swiss nationals and their family members through the EU Settlement Scheme, which has been established under Immigration Rules made under section 3(2) of the Immigration Act 1971.
51. Free movement rights for EU citizens and EEA EFTA nationals are set out in the EU Treaties and Directive 2004/38/EC and implemented domestically through the Immigration (European Economic Area) Regulations 2016 (the EEA Regulations 2016). Free movement rights for Swiss nationals are set out in the EU-Swiss Free Movement of Persons Agreement but also implemented through the EEA Regulations 2016. In line with Government policy, the Home Office will bring forward an Immigration Bill to repeal free movement from UK law at the end of the implementation period and prepare the way for the future points-based immigration system to be delivered from 2021. Following enactment of the Immigration Bill, which was announced in the Queen's Speech on 14 October 2019, free movement law will be repealed, including the EEA Regulations, and EU citizens and EEA EFTA and Swiss nationals will become subject to UK immigration control. The costs to businesses and government associated with the future points-based immigration system will be assessed in impact assessments supporting primary and related secondary legislation under that Bill. Once the EEA Regulations 2016 are revoked, beneficiaries of the citizens' rights parts of the Agreements will need to have or obtain UK immigration status under the EU Settlement Scheme, in order to secure those rights and have a lawful basis to reside in the UK. There is a power in this Bill (EU Withdrawal Agreement Bill) to make secondary legislation to specify the deadline for applications for immigration status under the EU Settlement Scheme, as set out in Article 18(1)(b) of the Withdrawal Agreement and equivalent provisions of the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement. This deadline must not be less than six months after the end of the implementation period.
52. This deadline will establish a grace period after the end of the implementation period, where EU law will no longer apply but the rights and protections from the Agreements will continue to protect citizens yet to obtain immigration status under UK law. This provides certainty to citizens, ensuring that where a person has made a valid application for UK immigration status under the EU Settlement Scheme, all the rights provided for in the citizens' rights agreements shall apply to that person until the application is finally determined, including procedures for

¹⁹ [EEA migration in the UK: Final report](#), Migration Advisory Committee, September 2018.

administrative or legal redress where applicable.

53. As stated above, in a no deal scenario the Government has been clear that resident EU citizens and EEA EFTA and Swiss nationals can stay and that their rights will be protected. In both a deal and no deal scenario, the EU Settlement Scheme will be the means by which people can secure their future legal status in the UK

3.4.2 Frontier workers

54. Articles 24 and 25 of the Withdrawal Agreement and equivalent provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement set out protections for the rights of frontier workers²⁰ (both employed and self-employed). This includes rights of entry and exit.
55. The Bill will provide for the protection of the rights of EU, EEA EFTA and Swiss frontier workers working in the UK at the end of the implementation period. The Bill provides a power to make provisions for the purpose of implementing Articles 24(3) and 25(3) of the Withdrawal Agreement, and equivalent provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement (rights of employed and self-employed frontier workers to enter the state(s) of work, and retain the rights that they enjoyed as workers there before the end of the implementation period). Currently, EU, EEA EFTA and Swiss frontier workers enter the UK under provisions set out in the EEA Regulations 2016. As the EEA Regulations 2016 will be revoked at the end of the implementation period these rights will need to be set out afresh through domestic regulations made under this Bill.
56. The power also allows the Government to establish a permit system that will be used to confirm the status of EU citizens and EEA EFTA and Swiss nationals who are frontier workers at the end of the implementation period (Article 26 of the Withdrawal Agreement and corresponding provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement). This permit system would initially be voluntary before the end of the implementation period and then, should UK Ministers decide it is appropriate, would become mandatory at some point after the end of the implementation period.
57. This provision protects the rights of EU, EEA, EFTA and Swiss frontier workers, and in doing so maintains their legal status and provides certainty. In terms of impact on citizens and businesses there is no change to their rights. Compared to the current arrangements baseline there may be some impacts from the mandatory permit system, both in terms of administrative costs and some potential behavioural impact; but these will depend on the precise implementation of the scheme which will be covered in secondary legislation.

3.4.3 Restrictions on rights of entry and residence; and deportation

58. Articles 20(1), (3), and (4) of the Withdrawal Agreement and equivalent provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement outline the conditions for restrictions on rights of entry and residence. These articles provide that the conduct before the end of the implementation period of persons within scope of Part Two of the Withdrawal Agreement or of the EEA EFTA Separation Agreement shall be considered in accordance with Chapter VI of Directive 2004/83/EC, and any restriction or removal must be in accordance with the conditions set out in Chapter VI of Directive 2004/83/EC. In the Swiss Citizens' Rights Agreement the conduct before the end of the implementation period of persons in scope shall be considered in accordance with Article 5 of Annex 1 to the EU-Swiss Free Movement of Persons Agreement (FMOPA). Under Chapter VI of Directive 2004/83/EC there are differing thresholds for deportations of persons within scope, with the threshold increasing the longer an individual has been resident in the UK. The base threshold is that the individual's conduct must present a genuine, present, and sufficiently serious threat to one of the fundamental interests of society in the UK. By the time an individual has been continuously resident in the UK for at least 10 years and has a right of permanent residence, the threshold increases to 'imperative grounds of public security'. The thresholds for deportation under the Directive are,

²⁰ Frontier workers are EU citizens or EEA EFTA or Swiss nationals who pursue employment (including self-employment) in the UK but are not resident in the UK.

even at the base level, higher than the stricter domestic law thresholds that apply to third country nationals, under which an individual may be deported for conduct that is non-conducive to the public good, or subject to automatic deportation where they are convicted of criminal conduct with a custodial sentence of 12 months or more.

59. The Bill maintains the current exemption from the domestic threshold for deportation for EU citizens and EEA EFTA and Swiss nationals and their family members where deportation is on the basis of conduct that took place before the end of the implementation period, as required under Article 20 of the Withdrawal Agreement and the equivalent provisions of the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement. The Bill will create an exception to the threshold for deportation of third country nationals under the Immigration Act 1971 and from the "automatic" deportation provision under the UK Borders Act 2007 for those falling within scope of the Agreements.
60. The impact of this provision is to maintain the current deportation thresholds for EU citizens and EEA EFTA and Swiss nationals and their family members for conduct and criminality committed before the end of the implementation period. There were a total of 8,060 enforced returns in the year ending June 2019, of which 3,530 were EU citizens.²¹ Deportation of EU citizens and EEA EFTA and Swiss nationals is not expected to increase or decrease during the implementation period as a consequence of this provision, which is therefore not expected to generate any additional costs or benefits. None of the provisions in this Bill will result in changes to the number of deportations during the implementation period.
61. This cohort will be subject to the domestic deportation threshold for third country nationals for conduct and criminality committed after the end of the implementation period. It is reasonable to expect that deportations of those EU citizens and EEA EFTA and Swiss nationals whose conduct or criminality justify deportation will increase after the end of the implementation period because the automatic deportation threshold under the UK Borders Act 2007 will apply in respect of conduct committed after the end of the implementation period. However, it is not possible to predict with certainty by how much deportations of EU citizens and EEA EFTA and Swiss nationals for conduct or criminality who were in the UK before the end of the implementation period will increase after it ends, as this will depend on the rate of offending, the seriousness of the crimes committed by this cohort and whether removal would breach Article 8 of the ECHR (right to private and family life). Consideration of an Article 8 claim is required before a person can be removed from the UK and will depend on the individual facts of the case.

3.4.4 Appeals

62. The Bill provides a power to make regulations to make provision for, and in connection with, appeals against citizens' rights immigration decisions. Articles 18 and 21 of the Withdrawal Agreement, and the equivalent provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement require provision for a right of appeal in respect of applications for residence status, and decisions restricting residence rights. The power will be used to lay regulations providing for a statutory right of appeal against the following citizens' rights immigration decisions:
- a. decisions under the EU settlement scheme, including refusals of leave;
 - b. decisions to restrict rights of frontier workers;
 - c. refusals of entry to those continuing a planned course of healthcare; and
 - d. decisions to deport or exclude EU Settlement Scheme leave holders, frontier workers, or those continuing a planned course of healthcare.
63. Appeals will be to the First-tier Tribunal with onwards rights of appeal to the Upper Tribunal and higher courts on points of law. There will be some impact on the courts and tribunals system in terms of the administrative costs of providing for a number of new rights of appeal.

²¹ ['How many people are detained or returned?'](#), Home Office, August 2019.

Most of this cohort already has a right of appeal under the EEA Regulations 2016 and we estimate that some of the citizens' rights appeals will replace the existing EEA appeals reducing the impact of the change. In addition, we expect refusals and appeals to be significantly lower under the EU Settlement Scheme than under the current EEA route which we expect will further reduce the impact of the appeals changes. Most recent EU Settlement Scheme statistics show that more than 1.5 million applications were concluded under the scheme by 30 September 2019. As of 30 September 2019, two applications have been refused on suitability grounds. Of these, one application was refused in August 2019 and one application was refused in September 2019.²² It is however not possible at this stage to estimate the number of citizens' rights immigration appeals proceedings that will be brought in total under the EU Settlement Scheme due the uncertainty around future applications, and therefore it has not been possible to make an accurate projection of impact.

3.4.5 Recognition of professional qualifications

64. Chapter 3 of Title II of Part Two of the Withdrawal Agreement (and equivalent Chapter in the EEA EFTA Separation Agreement) provides for the continued recognition of professional qualifications held by EU citizens and EEA EFTA nationals and their family members²³ where applicable. This provision applies to professional qualifications recognised, or in the process of recognition, by the end of the implementation period.
65. The Swiss Citizens' Rights Agreement also provides for the continued recognition of professional qualifications held by Swiss nationals for decisions made, or in the process of being made by the end of the implementation period, as well as a four year grace period from the end of the implementation period for the recognition process to be started in the UK.
66. The Bill will confer powers on a Minister of the Crown and devolved authorities to make secondary legislation implementing the provisions of the Agreements regarding recognition of qualifications. Protecting recognition of professional qualification decisions already made, or in the process of being made, will provide certainty to both UK businesses and the nationals who rely on these decisions and will allow UK businesses to continue to employ these EU citizens and EEA, EFTA and Swiss nationals as they did before the end of the implementation period.
67. Provisions in the Withdrawal Agreement and EEA EFTA Separation Agreement cover professions recognised under four EU Directives²⁴ relating to regulated professions, lawyers, auditors and professions involving the use and distribution of toxic products. Provisions in the Swiss Citizens' Rights Agreement cover professions recognised under five EU Directives²⁵, relating to regulated professions, lawyers, professions involving the use and distribution of toxic products and self-employed commercial agents.
68. Since 1997, approximately 150,000 decisions have been made to date by UK competent authorities to successfully recognise qualifications held by EU citizens and EEA EFTA and Swiss nationals.²⁶ Of these decisions, almost half were awarded by the UK to three health-related professions (nurses, doctors and dentists) and over a quarter to school teaching

²² ['EU Settlement Scheme Statistics'](#), Home Office, September 2019.

²³ "Family members" are defined within the Withdrawal Agreement as "family members of Union citizens or United Kingdom nationals as defined in point (2) of Article 2 of Directive 2004/38/EC... [and] persons other than those defined in Article 3(2) of Directive 2004/38/EC whose presence is required by Union citizens or United Kingdom nationals in order not to deprive them of a right of residence granted by this Part... irrespective of their nationality and who fall within the personal scope provided for in Article 9 of this Agreement".

²⁴ Recognition of professional qualifications is underpinned in EU law by Directive 2005/36/EC (Professional Qualifications Directive), Directive 98/5/EC (Lawyers Establishment Directive), Directive 2006/43/EC (Audit Directive), and Council Directive 74/556/EEC (Professions involving trade, distribution and professional use of toxic products).

²⁵ Directives are: Directive 2005/36/EC (Professional Qualifications Directive), Directive 98/5/EC (Lawyers Establishment Directive), Council Directive 77/249/EEC (Lawyers Services Directive), Council Directive 74/556/EEC (Professions involving trade, distribution and professional use of toxic products) and Council Directive 86/653/EEC (Self-employed commercial agents).

²⁶ ['Regulated professions database'](#), EU Commission, accessed November 2018.

professions. Some regulatory bodies also publicly report the number of EU and EEA EFTA professionals currently practicing in the UK, for example there are:

- About 35,000 EEA nurses and midwives in the UK;²⁷
- About 22,000 EEA doctors in the UK.²⁸

69. EEA EFTA nationals resident in the UK at the end of the implementation period (and frontier workers) with a recognition decision and Swiss nationals with a recognition decision before the end of the implementation period, will benefit from continued recognition enabling them to continue working and providing services in the UK, under the same conditions as UK nationals. This group is likely to represent a significant majority of the, approximately, 150,000 decisions given to date. The Agreements include provisions for completing and protecting recognition decisions which have been started but not completed by the end of the implementation period. There will therefore be no impact for these groups relative to the current arrangements baseline.
70. EEA EFTA nationals who are neither resident nor working in the UK at the end of the implementation period are not within scope of the MRPQ provisions of the Withdrawal Agreement or EEA EFTA Separation Agreement.
71. The Swiss Citizens' Rights Agreement does not depend on residency to protect recognition decisions that have been made under the terms of the Agreement. Those who have applied for or have received a recognition decision before the end of the grace period will have their decision protected whether or not they continue to reside in the UK.
72. This Bill provides for a power to implement the recognition of professional qualifications provisions of the Agreements, which may be exercised by devolved authorities. This power is constrained in that devolved authorities may only use it in areas of competence as defined in the Bill.
73. There are no significant costs or benefits to individuals protected by these arrangements from the end of the implementation period relative to the current arrangements baseline.

3.4.6 Co-ordination of social security systems

74. The EU Regulations on social security co-ordination, Regulations 883/2004 and 987/2009, ensure that citizens are not hindered by the application of different social security systems across the EU when they exercise their free movement rights. The Regulations also apply to the EEA EFTA States and Switzerland. They coordinate the application of different states' social security systems to avoid conflict or duplication, as well as providing for aggregation of periods of work, insurance (NICs in the UK) or residence to help meet benefit and state pension entitlement conditions, and provide rules around benefit and state pension export. These rules ensure that a worker (and their employer) only pay contributions into one state's social security scheme at a time and set out which state is responsible for the payment of benefits and the provision of reciprocal healthcare cover.
75. A number of areas, as outlined above, are covered by the Social Security Coordination Regulations, for example:
 - a. **Benefit export:** In 2018/19, over £2 billion was spent on exporting/paying UK benefits to EU Member States, EEA EFTA states and Switzerland; the vast majority (over 90%) is made up of State Pension expenditure.^{29,30}
 - b. **National Insurance:** In 2017, the UK issued approximately 49,000³¹ certificates to UK

²⁷ Total EEA nurses and midwives reported by the Nursing and Midwifery Council (NMC) at March 2018. '[The NMC Register](#)', Nursing and Midwifery Council, March 2018.

²⁸ Number of doctors in the UK whose region of primary medical qualification is from the EEA. '[The State of Medical Education and Practice in the UK](#)', General Medical Council, 2017.

²⁹ '[State Pension by Country 2018/19](#)', DWP, 2019.

³⁰ '[Benefit Expenditure by Country and Region 2018/19](#)', DWP, 2019.

³¹ '[Publications catalogue & documents database](#)', European Commission, 2018.

Nationals working in the EU, EEA EFTA states and Switzerland to demonstrate that they would remain liable for National Insurance Contributions in the UK even while working abroad. For example, this includes those who worked in two or more states, self-employed, members of aircrew and those employed as mariners.

- c. **Healthcare:** DHSC expenditure on healthcare provided to UK-insured individuals in the EU, EEA EFTA states and Switzerland in 2016/17 was estimated at £630 million, with around 75% (£468 million) estimated to be on UK-insured pensioners and their dependents. Additionally, income from the provision of NHS services to EU/EEA EFTA/Swiss-insured individuals is estimated at £66 million in 2016/17.

76. Title III of Part Two of the Withdrawal Agreement and the equivalent provisions in the EEA EFTA Separation Agreement and Swiss Citizens' Rights Agreement, confers social security co-ordination rights (in the EU social security co-ordination regulations) on persons who have engaged in one of a variety of specified cross-border situations involving the UK and a Member State covered by the EU social security co-ordination regulations before the end of the implementation period, as well as on family members and survivors. The Bill ensures that EU Regulations 883/2004 and 987/2009 which govern social security co-ordination and reciprocal healthcare will have the same legal effect in the UK as in EU Member States, EEA EFTA states and Switzerland and be directly applicable for those in scope of the Agreements. This includes future updates to these Regulations which will be added to an Annex to the Withdrawal Agreement under a Joint Committee mechanism. As a result, there will be no additional costs/benefits relative to the current arrangements baseline arising from the Bill for those in scope of the Agreements on social security co-ordination.

3.4.7 Non-discrimination, equal treatment and rights of workers

77. The EU Social Security Co-ordination Regulations (883/2004 and 987/2009) and Article 24 of the Free Movement Directive provide for the right to equal treatment and Article 18 of the Treaty on the Functioning of the European Union (TFEU) prohibits discrimination on grounds of nationality. However, as a proportionate safeguard to the public finances, access to many non-contributory publicly funded benefits and services requires EU citizens and EEA EFTA and Swiss nationals and their family members to satisfy the right to reside test, which requires lawful residence under EU law. For example, where an individual doesn't have permanent residence they must satisfy the requirements of Article 7 of the Citizens' Rights Directive (which includes being a worker in genuine and effective employment), or be exercising a right of residence arising directly from the EU Treaties. For EU citizens and EEA EFTA nationals, this test applies until an individual gains permanent residence rights, having being after a person has been lawfully resident and exercising a qualifying right under EU law for five years, at which point they are entitled to benefits and services on the same terms and subject to the same eligibility criteria as UK nationals. The UK also grants permanent residence rights to Swiss nationals and their families after five years' lawful residence. This is a matter of domestic law since permanent residence is not covered in the FMOPA. Once a Swiss national has permanent residence they are, like EU citizens and EEA EFTA nationals, entitled to benefits and services on the same terms as UK nationals, subject to meeting relevant eligibility criteria.

78. EU citizens and EEA EFTA and Swiss nationals who are resident in the UK at the end of the implementation period will have access to certain welfare benefits in the UK. In 2015/16, expenditure on EU citizens and EEA EFTA and Swiss nationals was estimated at around £5 billion. The majority of expenditure was estimated to be on those who have been in the UK for several years, rather than those who arrived more recently. The vast majority of this expenditure was on migrants in work.

79. Article 12 of the Withdrawal Agreement provides for non-discrimination. Persons covered by the citizens' rights part of the Withdrawal Agreement for residence purposes (as defined in Article 10) shall not experience discrimination on the grounds of nationality in their host state or state of work. Article 23 provides for equal treatment. Persons residing on the basis of the

citizens' rights part of the Agreements shall enjoy equal treatment with the nationals of their host state. This article is extended to family members who have the right of residence. Article 24(1) and 25(1) provide for rights of workers and self-employed workers respectively. These provisions relate to rights of work as well as rights to access social advantages (including benefits) on the same conditions as host country nationals.

80. The Bill creates a power to make regulations to ensure EU citizens and EEA EFTA and Swiss nationals currently resident in the UK maintain existing entitlements to publicly funded benefits and services following the end of the implementation period, to be determined under the same rules as now. The Bill creates a power for the devolved authorities, where it is within their competence as defined in the Bill, to make provision to implement the citizens' rights agreements through secondary legislation.
81. The power will give UK Ministers the ability to ensure that those with pre-settled status retain the level of access to benefits that they enjoyed under the EEA Regulations 2016. If an individual with pre-settled status is not exercising a qualifying right to reside they will not be able to access certain benefits. However they can still access non-means tested disability benefits and contributory benefits, provided they meet the eligibility criteria. Those granted indefinite leave to remain (settled status under the EU Settlement Scheme) will be entitled to benefits and services on the same terms as UK nationals.

3.4.8 Protection of rights and an independent monitoring authority

82. In line with the commitments made by the UK in Article 159 of the Withdrawal Agreement and corresponding provisions in the EEA EFTA Separation Agreement the UK will be establishing an independent authority to monitor the UK's implementation and application of the citizens' rights parts of these agreements - the IMA.
83. This authority will be able to launch inquiries, receive complaints, and bring legal action. This is so that it can identify any breaches of the agreements, and take action to prompt their resolution, holding relevant public authorities to account for this resolution.
84. The authority will also annually report to the sub-committee on citizens' rights established by the Withdrawal Agreement and the Joint Committee established by the EEA EFTA Separation Agreement in order to update them as to the volume and nature of complaints received.
85. The Government is developing an organisation that will ensure the effective monitoring of the rights of those in scope of these agreements. There are difficulties in estimating the likely volume of complaints the authority will receive. Similarly, given the difficulty in estimating the number of inquiries and legal actions the authority might annually launch, the cost cannot be estimated with precision or certainty at this stage. In this situation an approach based on examining the precedent of authorities with similar powers is the preferred method to determining an indicative range for the costs associated with the establishment and estimating the ongoing running costs.
86. On the basis that the IMA is designed as a new public body, examining the establishment costs and ongoing running costs of precedent authorities with similar powers, such as the Equalities and Human Rights Commission (EHRC), the Information Commissioner's Office (ICO) and others, indicates that a reasonable high-level estimate of the establishment costs could be £6.5 million in the first year and £30 million in the second year, depending on the phasing and on when it is decided that the IMA should be operational. It should be noted that given the early stage of policy development, these estimates are provisional and intended to be illustrative. They are based on simplistic methodologies and reflect very high level assumptions.
87. Based on these precedents, it is estimated that there may be an ongoing per annum cost of around £15 million. A breakdown of these indicative annual cost estimates is provided in the table below, and further detail is provided in the following sections.

Table 1: Independent Monitoring Authority indicative annual cost estimates

Area	Cost (£m)
Staff	7.1
Board salaries	0.2
Estates and accommodation	0.75
IT systems	0.45
Legal	1.95
Other	0.98
Contingency	3.43
Total	14.86

88. Data from comparable public bodies suggests that an initial headcount assumption could be around 50 to 150 staff. For example, the EHRC and the ICO share the IMA's enforcement functions - that is, they are able to receive complaints, conduct inquiries and bring legal action - and employ around 180 and 450 staff respectively. However, both have a wider set of functions than the IMA - the EHRC produces research and issues guidance, while the ICO conducts inquiries into individual complaints (numbering in the tens of thousands each year) rather than systemic breaches. Conversely, bodies with a narrower set of functions, such as the National Infrastructure Commission, tend to have a lower headcount (30 staff). This means that the IMA's headcount could be somewhere in between that of these bodies.
89. For the purposes of the following cost forecasts, it is therefore assumed that the IMA's total headcount will be around 100 people (or the midpoint between the above estimates). However, this is an indicative assumption which is only made to enable the below analysis, and should not be interpreted as the Government's forecast of staff numbers.

Staff costs

90. Data from precedent public bodies suggest that staff costs (including salaries, national insurance and pensions) could be the IMA's biggest expense. To come to an indicative estimate of the IMA's total annual staff costs, the average annual cost of each staff member in ten comparable public bodies of varying size that share the IMA's functions is multiplied by the indicative assumed headcount.
91. Given the nature of work of the IMA, a large proportion of staff will need to be qualified legal professionals. It is difficult to robustly quantify the impact that this would have on staff costs. In the absence of a more robust estimate, an indicative assumption of a 25% increase is applied, giving an indicative estimated cost of £71,000 per head. Based on this data, an indicative estimate of the IMA's annual staff costs would be £7.1 million (£71,000 multiplied by the indicative assumed headcount of 100).

Board salary costs

92. The IMA will need to employ board members, including a chair, CEO, and executive and non-executive members. The current Government standard is that non-executive board members of public bodies should be paid at a flat rate of £15,000 per year, or £20,000 if they chair a committee. As the IMA will be able to establish committees, and members of the board

will be able to sit in these committees and/or chair them, a maximum cost for the IMA's board salaries could be around £200,000.

Estate and accommodation costs

93. To provide an indicative estimate of the IMA's estate and accommodation costs, the average cost of accommodating a staff member in five comparable public bodies based outside of London³² (with a staff count of under 300) is multiplied by the indicative assumed headcount. However, a decision is yet to be made on the IMA's location.
94. Based on this data, an indicative estimate of the IMA's annual estate and accommodation costs on a single non-London estate may be around £470,000 (£4,700 multiplied by the indicative assumed headcount of 100).

IT costs

95. To provide an indicative estimate of the IMA's estate and accommodation costs, the average cost of IT in ten comparable public bodies with a staff count of under 300 is multiplied by the indicative assumed headcount.
96. Based on this data, the IMA's annual IT costs could be around £340,000 (£3,400 multiplied by the indicative assumed headcount of 100). However, given the risks associated with the function of the IMA, there could be a bespoke case management system to support it. It is difficult to robustly quantify the potential impact of this risk. An indicative assumption is therefore to increase the cost by around a third to £450,000.

Legal costs

97. As a body that will be able to bring legal action against a public authority, the IMA will likely incur legal costs when performing its functions. Providing any estimate in this space is extremely difficult, given the absence of estimated complaints volumes and legal actions.
98. The EHRC shares the IMA's ability to bring legal action against a public authority, and is concerned with a comparable area of legal activity - meaning that its spending gives a rough indication of the legal fees that the IMA is likely to incur. The EHRC spent £1.3 million on legal services in 2017/18. Whilst the IMA will have a narrower set of legal functions than the EHRC, the EHRC operates across fewer jurisdictions than the IMA. It is therefore difficult to robustly estimate the potential legal costs of the EHRC. As an indicative assumption, legal costs could be 50% higher than the EHRC at £1,950,000.

Other costs

99. The IMA will also incur day-to-day administrative costs typical of a public body. These include costs relating to recruitment, travel and subsistence, learning and development, auditing, stationery, health and safety, and advertising and publicity. To estimate the IMA's other costs, the average "other costs" of ten comparable public bodies with a staff count of under 300 are multiplied this by the indicative assumed estimated headcount.
100. Significant costs relating to functions not shared by the IMA have been discounted from this data. For example, the Security Industry Authority spends approximately £6 million on issuing licences, which is not a relevant comparison for the purposes of estimating the IMA's costs. Based on this data, an indicative estimate of the IMA's annual other costs would be around £980,000 (£9,800 multiplied by the IMA's estimated headcount).

³² In line with the Government's Places For Growth strategy, which states that new bodies can only be established in London if there is an unequivocal business need.

Contingency

101. As the indicated costs are very high level and not yet fully developed, it is only prudent to build in a high degree of contingency associated with the following risks:
- a. Demand profiles for the IMA are difficult to establish at the outset.
 - b. Estates and accommodation costs may need to increase dependent upon location.
 - c. There could be a requirement for a complex IT system that significantly increases annual costs.
102. Given the degree of uncertainty surrounding these estimates, the figures provided should be treated with appropriate caution. They are indicative estimates which are based on high level analytical assumptions. A 30% contingency adjustment is applied to reflect the significant degree of uncertainty inherent in these estimates.

3.4.9 Summary of costs and benefits of citizens' rights

Impact	Costs (£m)	Benefits (£m)	Treatment in this IA
Greater certainty for citizens	Non-monetised	Non-monetised	This impact is included in the NPV, as it is not a direct impact of the legislation relative to current arrangements. It is described in the narrative.
Protection of the rights of EU and EFTA frontier workers	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not a direct impact of the legislation relative to current arrangements. It is described in the narrative.
The mandatory permit system for frontier workers (administrative costs and some behavioural impact)	Non-monetised	Non-monetised	This impact is not included in the NPV, as it will depend on the precise implementation of the scheme which will be covered in secondary legislation.
Thresholds for deportation for conduct and criminality of EU citizens and EFTA nationals during the implementation period	Non-monetised	Non-monetised	Deportation of EU citizens and EFTA nationals is not expected to increase or decrease during the implementation period as a consequence of this provision, which is therefore not expected to generate any additional costs or benefits relative to current arrangements. None of the provisions in this Bill will result in changes to the number of deportations during the implementation period
Thresholds for deportation for conduct and	Non-monetised	Non-monetised	This impact is not included in the NPV. It is not possible to predict with certainty whether deportations

criminality of EU citizens and EFTA nationals (who were in the UK before the end of the implementation period) after the implementation period			of EU and EFTA nationals who were in the UK before the end of the implementation period will increase or decrease after it ends, as this will depend on the rate of offending and the seriousness of the crimes committed by this cohort.
MRPQ arrangements will protect the livelihoods of EU, EEA, EFTA and UK regulated professionals	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not a direct impact of the legislation relative to current arrangements. It is described in the narrative.
Setup and annual running costs of the IMA	145.0	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.

Grey boxes denote where the impact is not included in the NPV.

3.4.10 Labour protections

103. The Bill also contains provision requiring the Government to make a statement of compatibility with the principle of ‘non-regression’ (that common EU - UK rights as they stand at the end of the implementation period will not be reduced) whenever introducing a Bill related to workers’ rights (defined in the Bill). It also requires a Minister to make arrangements to give Parliament the opportunity to consider any future changes to EU law that change EU workers’ rights after the end of the implementation period and, where they diverge from current UK standards, whether Parliament agrees with the Government’s proposed course of action.
104. Since these provisions do not necessarily require the UK to implement any new EU regulations beyond the implementation period, no new costs would be automatically incurred relative to existing arrangements. It will be for any Bills implementing changes to workers’ rights legislation that Parliament deems to be appropriate to set out the predicted costs of the statutory changes. As such, we have not costed the economic impact of these commitments.

3.5 Other Separation Issues

105. The separation provisions in the Withdrawal Agreement are designed to deal with the winding down of the UK and EU’s existing relationship under EU law in a way that provides a smooth transition for individuals and businesses. These are largely transitional, time limited measures to ensure stability on processes that are taking place at the end of the implementation period without prejudice to the future arrangements in these areas. Future arrangements will be covered in the UK and EU’s future partnership, and are therefore out of the scope of this Impact Assessment. As such, the following sections largely do not include significant economic impact analysis.
106. The Bill will give direct legal effect to the provisions in the Withdrawal Agreement, including Part Three (Separation Provisions), and to the EEA EFTA Separation Agreement and the Swiss Citizens’ Rights Agreement, via the general implementation provisions described above. Any provisions of the separation provisions that meet the test for direct effect - that they are

clear, precise and unconditional - are capable of being relied upon without further legislation. The broad impact of the provisions on separation provisions is set out below.

107. The Bill then gives a Minister of the Crown and the devolved authorities the power to make regulations as appropriate to implement Part Three. Any SIs laid under this power will be accompanied by an impact assessment setting out their effect in more detail.

3.5.1 Goods placed on the market

108. The 'Goods Placed on the Market' provisions aim to ensure an orderly withdrawal from the EU. The provisions apply to a defined stock of products which would diminish over time and are intended to provide short-term continuity for businesses, patients and consumers. The agreement is subject to the possibility of the relevant provisions being superseded by the agreement(s) between the parties on their future relationship and the overall impact of these measures would also be dependent on the nature of that future relationship. As noted above, the impacts associated with that future relationship are out of the scope of this Impact Assessment.
109. Article 41 of the EU (Withdrawal) Act provides that goods placed on the EU or UK market prior to the end of the implementation period can continue to circulate within and between those markets until they reach their end user. This provision applies to all goods within the definition of Title II of Part Three of the TFEU. It means that goods in scope of the provisions placed on the UK or EU market before the end of the implementation period would continue to be valid for sale until they had reached the end consumer (and would not require modification or relabelling; and any compliance activity, such as conformity assessments, would be recognised). For those goods in scope of the agreement, it therefore maintains the legal certainty and right to free circulation that UK businesses currently enjoy. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.
110. There is an exception to the provision of free circulation for live animals, germinal products and products of animal origin, where additional procedures are required. These products would have to comply with EU third country import rules before being exported from the UK to the EU. For example, a UK exporter of an animal product to the EU will need to have an Export Health Certificate (EHC) alongside the consignment and go through a Border Inspection Post. An Official Veterinarian or authorised signatory will need to sign the EHC following inspection of the consignment. Given that, in the absence of a future deal, such procedures would be required for all relevant products, it is difficult to estimate the impact of this provision relative to the status quo.
111. It would be for the economic operator to demonstrate to market surveillance authorities, as necessary, that their goods should benefit from continued free movement following the end of the implementation period. This can be done using any relevant, existing documentation, e.g. invoices or sales receipts, as deemed appropriate by the economic operator. Whether a product is checked, and proof is required, would depend on whether that product is identified during routine market surveillance activity. Market surveillance activity is risk-based and intelligence driven. While the value of goods in scope of this Article is likely to be small, and while goods that were already placed on the market before the end of the implementation period would continue to be eligible for free movement, for the purposes of market surveillance all goods entering the EU from the UK after the end of the implementation period would be treated for the purposes of market surveillance as third country goods. This would affect the risk assessment undertaken by EU market surveillance authorities. As a result, products would be more likely to be checked by market surveillance authorities, even if it did transpire that, once checked, they were eligible for free movement in virtue of already having been placed on the market. The extent to which this would impact the rates of products being checked and the potential impact on businesses is currently unknown and will be a result of the EU market surveillance authority processes. While most product categories are subject to the Regulation on Accreditation and Market Surveillance (RAMS) and are subject to the checks mandated by

that regulation. Some countries have "gold-plated" RAMS in their domestic market surveillance regimes and so additional rates of product checks could result from this. Some product-specific technical regulation also includes market surveillance requirements (e.g. medicines, aerospace goods) and so there are additional regulatory processes that will change. This could potentially increase the behind the border checks on products, which would also have an impact on business. This coupled with the ability of businesses to use available documentation in the event that their product is checked, means there should be low impacts on businesses. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.

112. Article 43 provides for continued information-exchange and market surveillance cooperation between UK and Member State authorities. In this scenario, the UK would no longer be part of the EU's market surveillance framework; this article ensures there is sufficient cooperation so that effective measures can be taken against any non-compliant or risky products placed on the market prior to the end of the implementation period. The Article will not confer new requirements on UK market surveillance authorities and would not place any additional burden on UK businesses, as they are currently required to cooperate with UK market surveillance authorities upon request. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.
113. Article 44 requires the UK to transfer the dossiers that relate to assessments it is leading on under Directive 2001/83/EC (the human medicines directive), 528/2012 (biocides regulation), 1107/2009 (plant protection products) and 2001/82/EC (veterinary medicinal products) to the competent authority of a Member State without delay on entry into force of the Withdrawal Agreement. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.
114. Article 45 requires the UK, on a reasonable request, to provide the marketing authorisation dossier of a UK authorised medicinal product to a Member State or the European Medicines Agency where the dossier is needed to assess an application for a generic marketing authorisation and the UK medicinal product was authorised before the end of the implementation period. Member States must do likewise on request from the UK. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.
115. There could be a small number of requests for data provision under the requirements of Articles 44 and 45 and the Government is currently assessing the technical capability that will be needed to service these requests in the most efficient manner. The specific impacts will depend on the future relationship, however, most human medicines on the UK market already have a UK Marketing Authorisation (MA), and this will be unaffected by our exit from the EU. Any impact on business will be limited to novel medicines and biosimilars, and some generics, that come to market via the European Medicines Agency's (EMA's) centralised MA route. A realistic IT cost cannot be estimated at this stage, but this is unlikely to have a significant impact. It is assumed that, at expected volumes, this can be handled within existing headcount. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.
116. Finally, Article 46 requires third-party conformity assessment bodies³³ (i.e. Notified Bodies) in either the UK or EU to share information about activity conducted and about certificates issued before the end of the implementation period, if requested by the certificate holder. This is to help manufacturers apply for new certificates following the end of the implementation period, if they choose to do so. Manufacturers can currently request copies of their products' technical files from their conformity assessment bodies and choose to move their contract to a new provider. The extent to which businesses choose to change conformity assessment bodies, and rely on this provision, after the implementation period is not possible to determine. This would be a commercial decision affected by a range of economic factors including the

³³ Conformity assessment bodies provide assessments to manufacturers regarding product safety.

availability of conformity assessment bodies authorised to assess compliance for the products they produce. The EEA EFTA Separation Agreement provides similar provisions for goods placed on the UK or EEA EFTA market.

3.5.2 Ongoing customs, VAT and excise duty matters

117. These titles enable goods which have started going through customs, VAT, and excise processes at the end of the implementation period to continue to be treated under EU law until this process completes.

3.5.3 Intellectual property

118. This title gives continued protection for existing EU trade marks, designs and Community plant variety rights in the UK. Holders of these EU rights will be granted a comparable right in the UK at the end of the implementation period. It also provides that existing database rights will continue to be protected in the UK and that, where an application straddles the end of the implementation period, the procedural arrangements governing applications for extensions to medicine and agrochemical patents will remain the same.
119. In place of EU trade marks, registered and unregistered Community designs and Community plant variety rights, the Government will provide comparable UK trade mark, design and plant variety rights at the end of the implementation period. The UK rights will be granted automatically and for free; companies do not need to apply again in the UK to continue to enjoy the protection of those rights. The Government has also committed to allowing those with pending applications for EU unitary rights to refile for domestic UK protection under the terms of the original EU application for a period of 9 months (6 months for plant variety rights) after the end of the implementation period.
120. In addition, the Government has agreed that existing database rights in databases created by residents or nationals of EEA Member States before the end of the implementation period will continue to be protected in the UK. In turn, existing database rights in databases created by residents or nationals of the UK before the end of the implementation period will continue to be protected in the EEA. Where the owners of a medicine or agrochemical patent have a pending application for extended protection in the UK, the procedural requirements will remain the same. Finally, goods that are put on the market in the EEA and UK before the end of the implementation period will continue to be subject to the current limitations on the use of intellectual property rights to control movement of goods.
121. Rights holders will face additional costs from their new trademarks and design rights as they will need to pay the relevant UK renewal fees if they wish to keep their UK rights in force when the right is due for renewal following EU exit. The provisions on intellectual property will be implemented through secondary legislation, made under the power.
122. There are about 28,000 Community plant variety rights in force with about 1,000 held by UK companies. There are no UK renewal fees and therefore no additional costs to keep rights in force in the UK.
123. The below analysis is based on multiplying an estimate of renewals due (based on EU Intellectual Property Office (EUIPO) data) by an estimate of UK business share (again based on EU IPO data). This is then multiplied by an estimate of renewal rates over ten years based on either EUIPO or UK Intellectual Property Office (UK IPO) data, and finally multiplied by the average cost of renewal (£300 for a trade mark based on the average number of classifications; variable by year of renewal for designs). The final result is the estimated annual renewal costs for UK businesses. There will be no direct fixed cost for applicants when these rights are transferred but there will be a recurring cost to renew these rights in the UK in addition to the renewals they will be required to pay on their original European right, the cost of which varies year by year.
124. The additional renewal costs for these UK holders of European trade marks are estimated to

be approximately £2 million to £3 million per year (after the implementation period) and £1.8 million EANDCB compared to the baseline. There are currently around 1.3 million registered EU trade marks of which approximately 10% are owned by UK based companies. Trademarks are renewed every 10 years, with around 10% due for renewal each year (13,000). The additional renewal costs for these UK European trade mark holders are estimated at around £2 million to £3 million per year (after the implementation period) and £1.8 million EANDCB. This is an estimate that will vary by year as different numbers of trade marks come up for renewal in different years. The estimate is derived by taking the number of expected renewals due for UK rights holders (based on EUIPO data), and multiplying by the percentage of these likely to renew (60%, around 7,800 trade marks, based on historical EUIPO data), and the average costs of renewing (£300 based on the average trade mark plus 15% to account for other administrative fees involved in holding a trade mark).

125. The additional renewal costs for these UK rights holders of EU Registered Community Design rights are estimated at around £0.4 million EANDCB compared to the baseline. This was calculated based on the estimated number of renewals due for UK rights holders (based on EUIPO data), and multiplying by the percentage likely to renew (varies by year of renewal, based on EUIPO and UK IPO historical rates), and the cost of renewal (plus 15% to account for other administrative fees).³⁴
126. UK Trade Mark and design right holders who applied through the centralised World Intellectual Property Organisation Madrid and Hague systems designating protection in the EU, will also have additional renewal costs associated with their new UK right. The associated costs of these will be lower as there are significantly smaller numbers of UK applications through these systems (estimated at around £0.2 million EANDCB compared to the baseline for UK trade mark holders, and negligible for UK design right holders (as low number of UK Hague applications) who designated protection in the EU).
 - a. There were about 12,600 applications in the last ten years (figures for 2017, 2018, and 2019 were estimated based on previous growth rate). 10% due for renewal each year gives approximately 1,300 renewals each year, of which 60% estimated to renew giving 780 renewals. Cost of renewal of £300 gives an approximate cost of renewals of around £234,000 each year.
 - b. Hague mark design renewal costs: there have been on average 79 renewals of designs from the UK over the last 6 years. Using this average and an average cost of renewing a design of £103 (average of different renewal costs) gives an average annual cost of around £8,100 a year.
127. The direct cost to business will be the cost of renewing a UK design in addition to a RCD. UK design renewals are every 5 years after registration, and can be renewed a maximum of 4 times. The number of UK renewals was estimated by first calculating EUIPO total renewals, and then estimating the proportion of these relevant to UK business.
128. There will be familiarisation costs for rights holders but these will be limited, particularly for UK firms that are likely to already have experience with UK rights. Where appropriate, a more detailed impact assessment of each change will be published alongside the relevant SIs.

³⁴ There are currently around 700,000 registered Community designs (RCDs) in force in the EU (estimate based on EUIPO application statistics) of which approximately 7% are owned by UK based companies (49,000). After granting, designs are in force for 5 years and then can be renewed in 5 year instalments a maximum of four times. UK IPO renewal fees are dependent upon the age of the design. On average around 50% of RCDs are renewed after five years, and around 60% are renewed after 10 years. There are no RCDs that have reached their third renewal or fourth yet so we have assumed that 60% will renew based on the UK design renewal rate, and the 2nd RCD renewal rate. There is an estimated total of around 16,500 first renewals, 16,000 second renewals, 8,500 third renewals, and 3,000 fourth renewals over the ten years. Based on UK renewal costs (£70, £90, £110, £140 in order of renewal) this would cost approximately £4 million over the ten years, or an average of around £400,000 per year.

3.5.3 Geographical indications (GIs)

129. The Withdrawal Agreement provides for continued protection of existing EU geographical indications (GIs) in the UK unless and until a new arrangement in the Future Economic Partnership which supersedes this agreement enters into force. Current UK GIs would also continue to be protected in the EU.
130. The proposal in effect maintains the status quo until the Future Economic Partnership had been negotiated, whereby different provisions may be made to those in the Withdrawal Agreement in respect of GIs. There are therefore no direct impacts relative to a current arrangements baseline.
131. The UK currently has 88 GI products, including meat, seafood, cheese and beverages.³⁵ GIs support local economies, often in rural areas. They can support a sense of pride in the local community as GI products are of cultural significance.
132. Some GI products can make up sizeable shares of the UK's production, for example 80% of UK GI sales values are from spirits, driven by Scotch Whisky. UK GIs for spirits had a sales value of €4,434 million in 2010. Comparatively, UK GIs for agricultural produce and foodstuffs had an estimated sales value of €1,059 million in 2010. UK GI lamb is estimated to be 14% of the national sector with a sales value of €165 million in 2010, or 8% for national beef production with a sales value of €325 million in 2010.³⁶
133. Typically in EU Member States the sales of GI products are to domestic markets, estimated at 60%, with 20% of trade in GIs being intra-EU. The overall share of GIs in the UK food and drink industry was estimated at 6% in 2010, or €5,506 million.³⁷
134. There is some literature on the added value of GIs which suggests a premium associated with GI products, but that the premium varies significantly across products, and not all estimates are positive. It is not clear whether this premium is related to the GI certification, or the inherent properties of the products which carry that certification. It was estimated in 2010 that for British products, GI labelling brings a value on average of 1.86 times the value of a comparable non-GI product, although this depends on the specific product.³⁸ The premium was greatest for alcoholic drinks, but low for meat. Across the EU, this average value premium was estimated to be 2.23. However, a more recent study estimated a very large range in value premiums for EU GI products, between -37% and 182%, with an average of 15% and a standard deviation of 26%.³⁹
135. A scenario in which the UK leaves the EU without an agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU. Though the UK would no longer be required to recognise EU GI status, moving from the status quo to a "no deal" scenario, where no protections are offered to EU GIs, would create uncertainty for businesses and consumers. This provision exists to ensure businesses and individuals have as much certainty as possible.
136. To be clear, the UK has committed in the Withdrawal Agreement to continue protecting existing EU GIs in the UK until the future economic relationship comes into effect and supersedes those arrangements. Were, however, no protections afforded to EU products in the UK, new UK and EU producers of products which are currently produced in the EU and GI-protected in the UK and the EU, would be able to enter the UK market. Existing producers would be able to use a GI name on a product which did not meet criteria for the GI.

³⁵ ['Protected food name scheme: UK registered products'](#), HM Government, February 2019.

³⁶ ['Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a geographical indication \(GI\)'](#), AND International, 2012.

³⁷ Ibid.

³⁸ Ibid.

³⁹ ['A Meta-Analysis of Geographical Indication Food Valuation Studies'](#), Deselnicu et al., 2013.

Furthermore UK and non-GI EU producers, would be able to market alternatives to EU GIs in the UK.

137. The baseline scenario could provide enhanced choice and competition, however the manufacturing processes or geographic origins that a consumer may associate with a GI label would not have been verified for these new products. Without a requirement for proof that a newly-available product originated from the geographical area it aspired to, this would decrease transparency for consumers.

3.5.4 Ongoing police and judicial cooperation in criminal matters

138. This title provides clarity on how ongoing police cooperation and judicial cooperation in criminal matters would be brought to a close at the end of the implementation period, in a timely and orderly fashion. For example, at the end of the implementation period, a request for evidence could be outstanding under a European Investigation Order or an individual could be awaiting surrender under a European Arrest Warrant. This title sets out the steps for completing these procedures. The EEA EFTA Separation Agreement makes equivalent provision for those measures in which the EEA EFTA states participate.
139. Costs associated with this title are minimal. Costs may be incurred in relation to technical changes to a small number of EU networks, information systems and databases to which the UK has been granted time-limited access after the end of the implementation period to facilitate winding down arrangements.

3.5.5 Ongoing judicial cooperation in civil and commercial matters

140. This title ensures legal certainty in relation to cross-border civil and commercial proceedings underway at the end of the implementation period. It provides for cooperation to be wound down in ongoing cross-border civil, insolvency and family law, including on the rules that determine which national law applies, where cases are heard, the recognition and enforcement of judgments, and ongoing judicial cooperation procedures.
141. The future relationship with the EU is out of scope for this IA. In the event there were no continued cooperation this could lead to additional time and litigation costs, for businesses and individuals, after cooperation is wound down. These additional costs could be incurred if businesses and individuals have to defend suits in multiple jurisdictions.
142. It is not possible to provide indicative estimates of the costs or number of cases this may impact due to the private nature of these disputes. However, the direct cost of no continued cooperation falling upon those UK insolvency cases that have an EU cross-border element has been estimated at less than £5 million per year. For insolvency, automatic recognition has allowed the UK to have orders recognised in the EU at no cost. The loss of automatic recognition will mean that applications will need to be made to EU courts to have orders recognised in cross-border insolvency cases. The total cost to businesses of such applications has been calculated as £2.7 million. A full Impact Assessment has not been prepared by Insolvency Service for this – the overall impact on business will likely be less than £5 million per year and so it qualifies for the de minimis threshold. (Source: Insolvency (Amendment) (EU Exit) Regulations 2019 - Explanatory Memorandum)
143. The UK intends to secure continued cooperation on choice of court and recognition and enforcement of judgements as part of a future relationship with the EU. In such a scenario there would be no significant impact on litigation costs for businesses and individuals. This will be a matter for future negotiations.

3.5.6 Data and information processed or obtained before the end of the transition period, or on the basis of this agreement

144. This title outlines how data and information received from the EU processed before the end of the implementation period or on the basis of the Withdrawal Agreement (legacy data) will be protected after the UK's withdrawal from the EU.
145. During the implementation period, EU law will continue to apply to this legacy data. The UK is seeking Adequacy Decisions to allow for the continued free flow of personal data from the EU and EEA EFTA states to the UK as part of the future relationship. Should the UK not have received Adequacy Decisions before the end of the implementation period, EU law, as it stood on the last day of the implementation period, will continue to apply to legacy data until Adequacy Decisions have been granted, after which UK domestic rules on personal data protection will apply. This is not expected to create any significant cost to business. The EEA EFTA Separation Agreement makes identical provision for data.
146. Should the relevant adequacy decisions cease to apply, this title ensures that UK domestic law would continue to apply to this data to a standard of protection 'essentially equivalent' to Union law. This would remove the risk that businesses would have to process data in accordance with two different data protection regimes should adequacy decisions no longer apply to the UK.
147. Only in the unlikely scenario that there is a significant gap between the end of the implementation period and the EU adopting adequacy decisions in regards to the UK would there be a risk of increased costs to data controllers in the UK, including transitional costs. The Political Declaration sets out that the EU will endeavour to adopt adequacy decisions by the end of 2020.
148. The title also ensures that classified information will continue to be protected in accordance with Union law, that the UK will continue to comply with obligations under Union law on industrial security in relation to classified contracts being tendered before the end of the implementation period, and that the UK will continue to abide by the current conditions of use for EU approved cryptographic products and ensure that certain EU approved cryptographic products are not transferred to a third country. It is not expected that these provisions will incur any additional costs on affected parties.

3.5.7 Ongoing public procurement and similar procedures

149. This title allows for public procurement procedures started prior to the end of the implementation period to continue to conclusion under EU law applicable to the award of public contracts. The EEA EFTA Separation Agreement makes equivalent provision for procurement procedures involving the EEA EFTA states. No costs or benefits are assessed to be raised as a result of this title.

3.5.8 Euratom

150. This title resolves separation issues related to the UK's withdrawal from Euratom. It clarifies the UK's responsibilities in relation to certain types of nuclear materials and radioactive waste after exit, makes provision in respect of the ownership of special fissile material located in the UK, and provides for the transfer of specified Euratom equipment to the UK at the end of the implementation period.
151. Article 83(3) of the Withdrawal Agreement will be implemented domestically through secondary legislation. This article relates to EU27 Special Fissile Material (SFM) - highly enriched uranium and plutonium that is owned by a person/company that is based in one of EU27 Member States - that is present in the UK on the date that the implementation period ends. The Nuclear Safeguards Impact Assessment sets out further analysis on the UK's policy to ensure international nuclear safeguard standards.

3.5.9 Union judicial and administrative procedures

152. This title allows for pending cases before the CJEU to reach completion in a smooth and orderly way. It provides clarity on the status of ongoing administrative procedures (concerning compliance with EU law by the UK, or natural or legal persons), as well as the limited types of new judicial and administrative cases/proceedings which can be started after the end of the implementation period on facts that arose before the end of the implementation period.
153. The impact of the different types of administrative procedures are set out below.

State aid

154. The European Commission will continue to investigate any complaints about alleged illegal aid (i.e. aid which has not been notified to and approved by the Commission) that are live at the end of the implementation period. As allowed under the Procedural Regulation the Commission will be able to deal with any complaints going back ten years from the end of the implementation period. This is exactly what they would currently be able to do, so the UK would be in the same position as Member States.
155. The Withdrawal Agreement will also give the Commission competence to investigate any complaints arising up to four years after the end of the implementation period concerning allegations of illegal aid given before the end of the implementation period. This will mean that the Government will have to make a small amendment to the Statutory Instrument (State Aid (EU Exit) Regulations) to limit the Competition and Markets Authority's power to investigate aid given before the end of the implementation period.
156. There are no additional costs involved as the effect of the Bill will be simply a continuation of the current situation.

Competition

157. The European Commission will continue to investigate antitrust cases where it has already opened a formal investigation before the end of the implementation period. The Commission will continue to investigate mergers which are initiated before the end of the implementation period in the following circumstances:
- a. Cases where it has received a notification of a merger with an EU dimension in accordance with EU law.
 - b. Cases where it has received a request from a notifying party to refer a merger that is notifiable in three or more EU Member States and no Member State competent to examine the merger has objected to the referral.
 - c. Cases where it has decided to examine a merger notified to it by one or more EU Member States.
153. These cases will continue to be decided by the Commission as though the UK was a Member State. This will provide continuity for cases that have already started before the end of the implementation period and ensure that there is no disruptive transfer of jurisdiction mid-way through a case that could negatively affect the businesses involved. It will also help avoid an enforcement gap with further detriment to businesses and consumers in the UK.
154. The impact on businesses will be unchanged by these provisions as they will maintain arrangements for the investigation of cases that are already under investigation.

3.5.10 EU ETS

155. The European Union Emissions Trading System (EU ETS) is a cap-and-trade system of greenhouse gas allowances. The underlying principle of the ETS is to ensure that emissions

reductions, in areas such as power, aviation and industrial sectors, are made where it is most cost-effective to do so. Participants must surrender one emissions allowance at the end of the compliance year for each tonne of carbon dioxide (or equivalent) emitted.

156. The compliance cycle runs from January to the following April: operators must monitor and report their greenhouse gas emissions from January to December, and verify these emissions in a final report for the following January to March. Operators must then surrender the equivalent number of allowances for emissions reported, by the end of April.

157. Due to the way this compliance cycle works, the EU ETS is captured by Article 96 of the Withdrawal Agreement Bill; operators would be required to surrender allowances for the 2020 calendar year in April 2021.

158. There are no additional costs involved as the effect will be simply a continuation of the current situation.

3.5.11 Administrative cooperation

159. This title maintains ongoing administrative cooperation to be completed under the current EU rules on a reciprocal basis.

3.5.12 Privileges and immunities (P&I)

160. This title provides that an arrangement which closely mirrors the existing P&I that the UK grants to the EU remains applicable to activities that took place before the end of the implementation period and as regards new activities foreseen in the Withdrawal Agreement. These provisions include certain exemptions from domestic law, including taxation exemptions for EU staff and assets in the UK.

3.5.13 Other issues relating to the functioning of the institutions, bodies, offices and agencies of the union

161. This title concerns a small number of miscellaneous institutional issues.

Confidentiality obligations

162. This title provides for the UK to continue to respect that representatives of the EU institutions are bound by obligations of professional secrecy and discretion in connection with certain categories of information obtained before exit or during the implementation period or thereafter pursuant to the Withdrawal Agreement and to ensure that such obligations are complied with in its territory. Additionally, this title deals with the EU access to documents regime in relation to documents obtained before the implementation period or pursuant to the Withdrawal Agreement. The UK will continue to have protections equivalent to a Member State when the institutions are considering whether any exceptions to disclosure apply and in relation to any request that the UK has made that the institutions do not disclose a document originating from the UK without the UK's prior agreement. The UK should also continue to consult the relevant and originating EU institution in relation to official EU documents requested under this regime that are held by the UK and were obtained prior to the end of the implementation period, during the implementation period or pursuant to the Withdrawal Agreement.

163. No financial costs are foreseen as a result of these provisions as the effect is simply to continue to respect existing obligations.

European Schools

164. The UK will be bound by Regulations on Accredited European Schools until 31 August 2021. This means that the UK will continue to be subject to the requirements of the Convention including to second (and pay for) teachers to work in the system for this period. The cost to continue to second teachers, provide national inspectors and meet our other obligations is

approximately £4 million per year. This is not an additional cost relative to current arrangements, and so is not included in the overall Impact Assessment NPV estimates.

165. It also provides for the UK-based Accredited European School to remain accredited until 31 August 2021. In practice this means that the school can continue to teach the European Schools' curriculum and offer the European Baccalaureate until the end of the 2020-21 academic year, if it receives renewed accreditation from the European School Board of Governors.

166. This title grants European School pupils who, before 31 August 2021 obtained the European Baccalaureate qualification, or are enrolled in the secondary section of any European School or Accredited European School, entitlement to seek admission to any university in the UK on the same terms as UK nationals with equivalent qualifications.

European Investment Bank and European Central Bank

167. The UK currently provides certain operating conditions for the UK activities of the European Central Bank and European Investment Bank, based on Protocols 4, 5, and 7 of the Treaties. Following UK exit, this title provides for these operating conditions to continue in respect of the ECB's and EIB's residual assets and activities that are held in the UK or ongoing at the end of the implementation period. This will avoid disruption for the ECB/EIB and for UK counterparties, such as UK recipients of EIB loans.

3.5.14 - Summary of costs and benefits of other separation issues

Impact	Costs (£m)	Benefits (£m)	Treatment in this IA
Wind down of legal procedures under EU law in a way that provides a smooth transition for individuals and businesses	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is not a direct impact of the legislation relative to current arrangements. It is described in the narrative.
Live animals, germinal products and animal products would have to comply with EU third country import rules before being exported from the UK to the EU	Non-monetised	Non-monetised	This impact is not included in the NPV because of proportionality. It is described in the narrative.
Renewing EU trade marks	16.9	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
Renewing designs rights	3.6	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
Renewing international registrations	1.6	Non-monetised	This impact is included in the NPV, as it is a direct impact of the legislation relative to current arrangements.
Familiarisation costs for rights holders.	Non-monetised	Non-monetised	This impact is likely to be limited and is not monetised because of proportionality.

Grey boxes denote where the impact is not included in the NPV

3.6 Financial settlement

168. The Government has been clear that any agreement on financial matters should represent a fair settlement of the UK's rights and obligations as a departing Member State, in accordance with the law and in the spirit of the UK's continuing partnership with the EU. The financial settlement has been agreed in the context of agreeing an implementation period and the framework for our future relationship with the EU.
169. The negotiated financial settlement covers the UK's financial commitments to the EU and the EU's financial commitments to the UK. The UK and the EU have reached agreement on the components of the settlement, the methodology for calculating the UK's share and the payment schedule. The Bill includes a provision that allows Government to make payments due under the financial settlement and meet its international commitments.

170. The OBR has assessed that the net budget payments which the UK would have made, had it remained an EU member, would be around £10 billion per year between 2019/20 and 2023/24.⁴⁰ Financial settlement transfers are therefore forecast to be smaller than the payments the UK would have made if it were an EU Member State over this period. This impact is out of the scope of this Impact Assessment, as it is not a direct result of this legislation.
171. The majority of issues related to the financial settlement are covered in 'Part 5: Financial Provisions' of the Withdrawal Agreement. Although some items have a definitive value such as the UK's paid-in capital to the EIB. A definitive value for the majority of items and aggregate of the financial settlement in relation to the UK's withdrawal from the EU cannot be provided, as it will be dependent on future uncertain events. However, following the outline agreement on the financial settlement in December 2017, the Government used publicly available European Commission data to set out a reasonable central estimate of the settlement of £35-39 billion. The National Audit Office (NAO) subsequently produced a report concluding that this was a reasonable central estimate.⁴¹
172. The OBR published their independent estimate for the financial settlement in March 2019 and forecast that the settlement would be worth £37.8 billion.⁴² This was within the Government's reasonable central estimate of the settlement, £35-39 billion. However, this was predicated on the UK leaving the EU on 29 March 2019. As a result of the extension of Article 50, the UK continued to contribute to the EU Budget as a Member State after 29 March 2019. While this reduces the size of the settlement, it does not change the overall amount that the UK transfers to the EU. In their Fiscal Risks Report (July 2019), the OBR estimate, "based on our March forecast, but assuming a 31 October 2019 exit date, the financial settlement would be €36.3 billion, or £32.8 billion, with the remaining £5.0 billion difference being paid as part of the UK's normal membership contributions to the EU".⁴³
173. The three primary components of the financial settlement are: participation in the EU budget in 2019 and 2020, payment of the UK's share of outstanding budgetary commitments as at the end of 2020, and payment of the UK's share of the EU's liabilities as at the end of 2020, taking account of the EU's assets. The March 2019 Economic and Fiscal Outlook describes the OBR's latest estimate of the costs of the financial settlement. A more detailed account of the assumptions, sensitivities and risks in the OBR's methodology can be found in Annex B of the March 2018 Economic and Fiscal Outlook.⁴⁴ Further details of the Financial Settlement, such as the individual components, are in Annex E of the EU Finances Annual Statement.⁴⁵
174. The majority of the cost associated with the financial settlement falls within the Impact Assessment horizon, although a small proportion extends beyond the 10-year period. In a few specific cases there are exceptions which would allow both sides to settle early if it is in their mutual interest, reducing the period over which payments would be made. No assumptions are made with regard to that possibility in this analysis.
175. Other items provided for in the Withdrawal Agreement derive from technical changes required to enable UK access to certain systems to facilitate the separation of the UK from the EU.^{46,47} The Withdrawal Agreement also provides for outstanding obligations to EU

⁴⁰ ['Economic and fiscal outlook'](#), OBR, October 2018.

⁴¹ ['Exiting the EU: The financial settlement'](#), NAO, April 2018.

⁴² ['Economic and fiscal outlook'](#), OBR, October 2018.

⁴³ ['Fiscal Risk Report'](#), OBR, July 2019.

⁴⁴ ['Economic and fiscal outlook'](#), OBR, March 2018.

⁴⁵ ['European Union Finances 2018'](#), HM Treasury, June 2018.

⁴⁶ Additional costs associated with facilitating the terms of separation under the Withdrawal Agreement are estimated to be below £4 million. Continued membership of security and defence related agencies over the implementation period is estimated to have a marginal impact on costs over the Impact Assessment horizon, as membership costs are estimated below £13 million.

⁴⁷ Additionally, the Withdrawal Agreement gives rise to administrative and assurance costs, which have not been included within the estimates in this Impact Assessment. To support the preparation of the UK's EU exit, at Autumn Budget 2018 the Government set aside an additional £500 million, bringing the total to £2 billion to be

development facilities, such as the European Development Fund and Trust Funds, and membership of security and defence related agencies.⁴⁸

176. The OBR's Economic and financial outlook sets out the assumed annual path to the UK's financial settlement payments to the EU.
177. The financial settlement was agreed in the context of the deal as a whole. The Government has, however, always recognised that the UK has obligations to the EU, and the EU obligations to the UK, that will survive the UK's withdrawal, and would need to be resolved in any eventuality. The Government has been clear throughout exit negotiations that the UK is a country that follows the rule of law, and would abide by its legal obligations.
178. The baseline for this Impact Assessment is the current arrangements which apply to the UK before the Bill enters into force, which includes these obligations. The Bill provides a mechanism by which the UK can resolve them through the financial settlement in the Withdrawal Agreement. While the size of the agreed financial settlement can be estimated to a reasonable degree of accuracy, the extent of the obligations in the baseline, which the UK would face in the absence of the Bill, is highly uncertain. Accordingly, the NPV of providing for payment of the agreed financial settlement is not included in the Impact Assessment.
179. The Withdrawal Agreement and financial settlement does not cover any financial obligation that might be associated with the UK's future relationship with the EU, as these are not within the scope of the Bill.
180. The Withdrawal Agreement also allows for the possibility of an extension of the implementation period for up to 1 or 2 years. This would require the EU and UK to reach agreement through the Joint Committee established under the Withdrawal Agreement. The Withdrawal Agreement states the UK shall make an "appropriate amount of the contribution of the United Kingdom to the Union budget for the period from 1 January 2021 to the end of the transition period, taking into account the status of the United Kingdom during that period, as well as the modalities of payment of that amount." The decision on whether to extend and the associated costs will be a separate future decision for the Joint Committee, following future negotiations.

allocated for preparations taking place in 2019-20. With regards to assurance costs, post-withdrawal the Government will seek to tender a contract to complete this activity. The costs are not disclosable until that process is complete, however the value will be small in magnitude relative to the Financial Settlement.

⁴⁸ The European Development Fund (EDF) is established through a separate instrument agreed between the 28 countries in the EU and the African, Caribbean and Pacific (ACP) group of nations. Additionally, the UK signed up to commitments in the European Development Fund, Facility for Refugees in Turkey and Trust Funds independently of its membership of the EU. The UK will uphold its commitments to these programmes, and payment of these commitments are exogenous to this Bill. In the OBR's March 2018 Economic and Fiscal Outlook, they estimated there will be €2.2 billion of contributions to be made to EDF after 2020.

3.6.1 Summary of costs and benefits of financial settlement⁴⁹

Impact	Costs (£m)	Benefits (£m)	Treatment in this IA
Payments to the EU to meet the financial settlement obligations under the Withdrawal Agreement	Not possible to quantify baseline scenario. Non-monetised for the purposes of the NPV calculation. Total payments estimated by OBR to total £32.8 billion ⁵⁰ .	Non-monetised	This impact is not included in the NPV, as it is not possible to quantify a baseline scenario.
Avoided budget payments which the UK would have made, had it remained an EU member	Non-monetised	Non-monetised for the purposes of the NPV calculation; Around £10 billion per year;	This impact is not included in the NPV, as it is not a direct result of this legislation. It is described in the narrative.

Grey boxes denote where the impact is not included in the NPV.

⁴⁹ The financial settlement figures provided here are not discounted or deflated, and are over a longer time horizon than 10 years.

⁵⁰ [‘Fiscal Risk Report’](#), OBR, July 2019.

3.7 Protocol on Ireland/Northern Ireland

3.7.1 Summary of costs and benefits of the Protocol on Ireland/Northern Ireland

Area	Impact	Costs (£m)	Benefits (£m)	Included in NPV?
Protocol on Ireland/ Northern Ireland	Customs administration	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Great Britain and Northern Ireland.
	VAT	Non-monetised	Non-monetised	This impact is not included in the NPV, as the practical operationalisation will be subject to discussion and agreement by the Joint Committee.
	Tariffs and tariff administration	Non-monetised	Non-monetised	This impact is not included in the NPV, as the practical operationalisation will be subject to discussion and agreement by the Joint Committee, and the details of the UK's approach to waiving or reimbursing tariffs will be finalised during the Implementation Period.
	Agri-food regulation	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Northern Ireland and Great Britain.
	Manufactured goods regulation	Non-monetised	Non-monetised	This impact is not included in the NPV, as there is no data on the number of consignments moving between Northern Ireland and Great Britain.

Grey boxes denote where the impact is not included in the NPV.

4. Assessing the impact of the European Union (Withdrawal Agreement) Bill

181. This section sets out the direct impacts of the revised Ireland/Northern Ireland Protocol, published on 17 October 2019 in relation to Northern Ireland trade with both Great Britain and Ireland. A summary of the Protocol is provided in section 4.2. Elements of the Protocol are subject to discussion and agreement by the Joint Committee. It is not possible to estimate the impacts of these elements. The focus of this assessment is on the movement of goods⁵¹ between Great Britain and Northern Ireland, and Northern Ireland and Ireland as this is where the majority of economic costs and benefits are expected. The Protocol also includes provisions on the maintenance of North-South cooperation, rights of individuals, the Common Travel Area between the UK and Ireland, and the Single Electricity Market, implementation and enforcement, safeguards and the consent mechanism.
182. The Government intends to conclude a future relationship with the EU that is centred on a comprehensive free trade agreement with the EU and the outcome of this will affect the operation of the protocol. As this is not part of the Bill, the possible impacts of this FTA are not included. Future domestic regulatory decisions, and future regulatory decisions taken by the EU are also out of scope.
183. The procedures in the Protocol will come into force at the end of the Implementation Period (IP) unless they are superseded by another agreement. As such, this assessment considers ongoing costs and benefits and one-off costs and benefits, including familiarisation costs. Ongoing costs are assumed to begin from the end of the IP.

4.1 Baseline

184. Current arrangements for goods moving between Great Britain and Northern Ireland, and Northern Ireland and Ireland are set out in the relevant sections. The Protocol is primarily compared to these current arrangements, defined as the UK statute book as of 31 October 2019. The impacts of the Protocol are assumed to occur from the end of the IP. The exception is familiarisation and other one-off implementation costs which could be incurred during the IP. No assumptions about future UK or EU regulations are made.
185. If the Bill were not passed, the consequence would be that the UK could not give domestic legal effect to the Withdrawal Agreement. On 13 March 2019, the Government confirmed a unilateral approach to checks, processes and tariffs in a no deal scenario, to do all it can to avoid a hard border. This approach is strictly temporary. The UK Government would not introduce any new checks or controls on goods moving from Ireland into Northern Ireland, including any new customs declarations for nearly all goods. The UK's temporary tariff regime would therefore not apply to goods crossing from Ireland into Northern Ireland. This regime is only temporary as the Government recognises that there are challenges associated with this approach. In a no deal scenario, the Government is committed to entering into discussions urgently with the European Commission and the Irish Government to jointly agree long-term measures to avoid a hard border and to limit the impact of a no deal Brexit on the island of Ireland, but the nature of an agreed approach remains unknown. The UK Government has also committed unilaterally to not placing infrastructure, checks or controls at the border between Ireland and Northern Ireland under any circumstances.

⁵¹ Both agri-food and manufactured goods.

4.2 The Northern Ireland protocol

186. The United Kingdom (UK) and European Union (EU) have reached political agreement on a new Withdrawal Agreement and Political Declaration on the framework for the future relationship.
187. The new arrangements ensure that the whole of the United Kingdom will be a single customs territory with control of its independent trade policy, including as regards Northern Ireland. It replaces other backstop provisions with a system whereby Northern Ireland remains aligned with the EU on goods (including certain laws for VAT on goods), and applies EU tariffs in Northern Ireland except for movements within the single customs territory of the United Kingdom, but only for as long as Northern Ireland wishes this system to continue. Rules for defining this ongoing consent are set out in the Protocol. This system also achieves the common aim of avoiding a hard border on the island of Ireland.
188. The changes to the Political Declaration set out the clear intention to conclude a future trading relationship with the EU that is centred on a comprehensive free trade agreement, with zero tariffs, accompanied by a broad and ambitious security partnership, and cooperation in areas such as research. It also sets out that the future relationship must encompass robust level playing field measures to uphold current high standards in areas including social and employment standards, environment and climate change.
189. Other elements of the Protocol remain unchanged, including the commitments that there should be no diminution of certain rights, safeguards and equality of opportunity as enshrined in the Belfast (Good Friday) Agreement, the maintenance of North-South cooperation, and the Common Travel Area between the United Kingdom and Ireland.
190. The other elements of the Withdrawal Agreement, such as citizens' rights and the transition period, also reflect the previous agreement.

4.2.1 Rights of individuals

191. The UK commits, in Article 2 of the Protocol, to ensuring no diminution of rights, safeguards and equality of opportunity as set out in the 'Rights, Safeguards and Equality of Opportunity' chapter of 1998 Agreement results from the UK's withdrawal from the EU. This means that the UK will take steps to ensure that the rights and equalities protections in that chapter, and currently available to individuals in Northern Ireland, are not diminished as a result of UK Exit. The annex referred to in this article (Annex 1) contains reference to the six core EU anti-discrimination laws that are particularly relevant to the no diminution commitment. This reflects our acknowledgment that EU law has formed part of the framework providing for guarantees under the Belfast (Good Friday) Agreement in this respect. The legislation referenced in Annex 1 is already currently implemented in domestic law, so compared to current arrangements, no additional costs or benefits are anticipated.
192. Article 2 also states that the 'no diminution' commitment contained in that article is to be implemented by 'dedicated mechanisms'. To this end, the Bill amends the Northern Ireland Act 1998 to give new functions to two statutory institutions established under the Belfast (Good Friday) Agreement in Northern Ireland, namely the Northern Ireland Human Rights Commission (NIHRC) and the Equality Commission for Northern Ireland (ECNI). This ensures that each commission has the appropriate and necessary statutory functions, respecting their

independence and distinct mandates, to take on the role of the dedicated mechanism as provided for by Article 2(1) of the Protocol.

193. In performing their role as the dedicated mechanisms, the NIHRC and ECNI will be required to monitor the implementation of Article 2(1) of the Protocol, reporting to the Secretary of State and the Executive Office on the implementation of that article, requiring them to reply to such a report and explain what steps they have taken, or are planning to take, in response to any recommendation/s contained in the report.
194. The NIHRC and ECNI are also required to advise the Secretary of State and the Executive Committee of the Northern Ireland Assembly of legislative and other measures that ought to be taken to implement the commitment in Article 2(1) and to advise the Assembly on the compatibility of proposed Assembly legislation with Article 2(1) of the Protocol. Their additional new functions also include promoting understanding and awareness of the importance of Article 2(1) through research and educational activities and publishing its advice and the outcome of its research.
195. In order for both the NIHRC and ECNI to be able to properly carry out their expanded functions, there would be costs associated with new policy and research functions, communications and education activities, programme costs and legal expenses.

4.2.2 Single Electricity Market (SEM)

196. Under a scenario where the Protocol on Ireland/Northern Ireland was in effect, the SEM would continue to operate based on the provisions that are set out in Annex 4. In this scenario the Government would seek to continue efficient trading across different timeframes over the GB-SEM interconnectors. If this could not be agreed at this point then trade would continue over the interconnectors, and the SEM would continue to operate, but the trade would be less efficient than it is now.
197. In a no deal scenario, energy regulators in both Ireland and Northern Ireland have set out that the SEM will continue to operate after Brexit and the Government is committed to seeking to maintain the benefits of the SEM in any scenario. In the event that the SEM was not able to continue, this would lead to a smaller, less efficient Northern Ireland market separate from that of Ireland, that could lead to price volatility and reduced system resilience.

4.2.3 State Aid

198. Under a scenario where the Protocol on Ireland/Northern Ireland came into effect, arrangements for open and fair competition would be restricted to cover state aid rules.
199. As set out in Article 10 of the Protocol, the UK has agreed to align, in respect of Northern Ireland, with the EU's state aid rules for measures that affect trade between Northern Ireland and the EU. The European Commission will be responsible for oversight of this type of measure. On occasions where the Commission examines information regarding a measure by the UK authorities, it must ensure that the UK is kept fully informed of the progress and any outcome of the examination.
200. As these commitments will not require the UK to implement any new EU regulations beyond the implementation period, no new costs would be incurred relative to existing arrangements. The UK would have the ability to change domestic state aid rules provided it complies with these commitments, and any changes cannot be determined at this stage as costings will need to be evaluated in the context of these new state aid rules.

201. Separate arrangements have been made for agricultural subsidies, which are exempt from the general rules contained in the Protocol. The UK will be able to grant agricultural subsidies up to an overall amount agreed by the Joint Committee. The initial maximum exempted overall annual level of support is based on the design of the UK's future agricultural support scheme, as well as the annual average of the total amount of expenditure in Northern Ireland under the Common Agricultural Policy and within the Multiannual Financial Framework 2014-2020. The Joint Committee will be able to alter this limit based on any variation in the overall amount of support available under the Common Agricultural Policy.

4.2.4 Fisheries

202. With regards to fisheries, the Withdrawal Agreement means the UK will be leaving the Common Fisheries Policy at the end of the implementation period, and will have control of fishing in UK waters. Given the specific circumstances in Northern Ireland, Article 5(3) of the Ireland/Northern Ireland protocol provides that the EU's Customs Code is applied to, and in, Northern Ireland, but not to UK territorial waters adjacent to Northern Ireland. So as to avoid fishermen from Northern Ireland being subject to EU duties on goods entering the EU's customs territory, Article 5(3) provides that the Joint Committee will establish the conditions under which their products would be exempted. The details of these arrangements would be determined by subsequent negotiations and the Joint Committee. It is therefore not possible to assess the economic impacts at the present time.

4.2.5 Democratic consent in Northern Ireland

203. The arrangements set out in the Protocol are subject to the ongoing consent of the Northern Ireland Assembly, and lapse if that consent is withheld. For the purposes of the analysis, the arrangements are assumed to continue.

4.3 Assumptions and limitations

204. The analysis makes a series of assumptions, and is limited by both data availability and by uncertainty around the parts of the agreement that are subject to further negotiation.

205. In particular:

1. This is a static analysis. No adjustments are made for changes in future behaviour by firms or consumers.
2. Ongoing costs may be affected by future policy decisions by the UK and EU, which are not considered in this analysis.
3. Facilitations and simplifications that are subject to further negotiation and agreement by the Joint Committee are not estimated.
4. The analysis is based on the most recent available statistics on Northern Ireland trade flows. No adjustments or forecasts are made for any potential changes in the nature and volume of trade in future, or for any changes in the trading behaviour of businesses. There are some limitations in supporting statistics for trade flows between Northern Ireland and Ireland, and between Northern Ireland and Great Britain - for more information, see section 5.
5. Unit costs included are based on existing processes, typically for third country trade. The relevant Northern Ireland processes and the associated costs may differ as they are subject to further discussion and agreement by the Joint Committee.

6. This assessment does not include analysis on the distributional impacts across different sectors of the economy, but these could vary depending on the characteristics of the individual sectors.
7. References to trade or processes taking place between 'east' and 'west' relate to Great Britain and Northern Ireland, with 'north' and 'south' referring to Northern Ireland and Ireland respectively.

4.3.1 Challenges with monetising costs and benefits

206. It has not been possible to monetise the costs and benefits of the Northern Ireland protocol. Section 4.4.4 sets out the limited data that are currently collected on trade flows between Great Britain and Northern Ireland and Northern Ireland and Ireland. In particular, information is not available on numbers of consignments moving between Great Britain and Northern Ireland, nor an appropriate proxy that could be used for average size of consignment.
207. This assessment sets out, where known, relevant unit costs that could be applied to each consignment. In many cases, only the average costs of checks or declarations for UK trade with third countries are known. In several cases, average unit costs are not known.
208. In many cases, the practical operationalisation of the Protocol will be finalised during the Implementation Period. This assessment describes the costs and benefits of those elements not subject to further discussion.

4.4 Northern Ireland trade

209. Definitions of common terms used:

- *External trade*: any sales and purchases of goods or services to or from businesses outside of Northern Ireland, including businesses in Great Britain.
- *Imports and exports*: sales and purchases of goods and services to or from businesses outside of the UK.
- *Registered business*: a business that is either registered for VAT⁵² or as an employer.⁵³
- *Unregistered business*: a business that is both below the VAT threshold and is not registered as an employer.
- *Micro business*: a registered business with fewer than ten employees.
- *Small business*: a registered business with 10 to 49 employees.
- *Medium business*: a registered business with 50 to 249 employees.
- *Large business*: a registered business with 250 or more employees.
- *Consignment*: unit of good destined for another person or business.

210. This section provides a summary of Northern Ireland trade with Great Britain, Ireland and other trading partners. Totals in the tables provided may not sum owing to rounding.

211. There are various sources of data relating to Northern Ireland trade, each collected via different methods and for different reasons, with their own strengths and weaknesses. Traditional trade statistics are often published at the national level, with information on sub-national trade flows being more limited. Different sources of data

⁵² '[VAT Registration](#)', GOV.UK, accessed October 2019.

⁵³ '[Register as an employer](#)', GOV.UK, accessed October 2019.

on Northern Ireland trade have attempted to fill this gap, but they all have weaknesses.

212. The *Broad Economy Sales and Export Statistics* (BESES) are published by Northern Ireland Statistics and Research Agency (NISRA) as an experimental series and are not designated as a National Statistic.⁵⁴ The statistics are broken down by industry sectors rather than product types. The series does not include statistics on certain segments: insurance, reinsurance, public administration and defence, education, human health and parts of agriculture. Therefore, not all businesses in Northern Ireland are covered. As a result, BESES underestimates sales and purchases. BESES also provides counts for businesses in Northern Ireland trading with different trading partners. The latest data is for 2017.
213. The *Supply and Use Tables* (SUT) are published by NISRA as an experimental series meaning they are still under development and are not designated as a National Statistic. The statistics are broken down by broad product types. The most recent release provides statistics for 2015 so it is less current than other series.
214. *Regional Trade Statistics* are published by HMRC, although HMRC does not collect detailed data from businesses below the Intrastat threshold (below £1.5 million for EU imports and £0.25 million for EU exports per annum), but an estimate is included for these businesses. The series does not include any data on sales and purchases between Great Britain and Northern Ireland because this trade is not subject to HMRC administrative processes. The latest data for a complete calendar year is for 2018.
215. There still remain some gaps in data sources, which are discussed further in section 4.4.4.
216. Table 2 provides the value of trade in goods between Northern Ireland and other trading partners. By value, Great Britain is Northern Ireland's largest trading partner with purchases and sales of goods worth £18.1 billion, or 56% of Northern Ireland's total external trade in goods.

Table 2: Value of Northern Ireland trade in goods by trading partner, 2017⁵⁵

	Total (£bn)	Proportion of external trade in goods (%)	Sales (£bn)	Proportion of external sales of goods (%)	Purchases (£bn)	Proportion of external purchases of goods (%)
Great Britain	18.1	56	7.6	48	10.5	63
Ireland	5.2	16	3.0	19	2.3	13
Rest of EU	3.6	11	1.6	10	2.0	12
Rest of the World	5.5	17	3.5	22	2.0	12

⁵⁴ [‘Types of official statistics’](#), UK Statistics Authority, accessed October 2019.

⁵⁵ [‘Northern Ireland Broad Economy Sales & Exports Statistics: Goods and Services, 2011 - 2017’](#), NISRA, March 2019 and [‘Northern Ireland Broad Economy Sales & Exports Statistics: Purchases and Imports of Goods and Services, 2011 - 2017’](#), NISRA, June 2019. BESES is an experimental measure based on an annual survey of businesses in Northern Ireland, sampling around 9,500 businesses (20% of eligible population) across all sectors except farming, insurance, education, health and public administration.

217. Table 3 provides the tonnage of freight arriving at or departing from Northern Ireland's sea ports, by the country of the port from which the freight came from or was going to. Not all of this freight will have been goods that have been traded. Freight also arrives overland from Ireland and by air. Freight to and from Great Britain accounted for 66% of the total tonnage arriving and departing in 2018 (17.6 million tonnes).

Table 3: Freight transferred by sea to / from Northern Ireland, 2018⁵⁶

	Total (million tonnes)
Great Britain	17.6
Ireland	0.1
Rest of EU	4.6
Rest of the world	4.2

4.4.1 Northern Ireland's sales and purchases to or from Great Britain

218. Sales and purchases of goods between Northern Ireland and Great Britain were valued at £18.1 billion in 2017, of which £10.5 billion were purchases and £7.6 billion were sales. The £18.1 billion of sales and purchases of goods accounted for 56% of all of Northern Ireland's goods trade (external sales and purchases). When services are factored in, total sales and purchases in 2017 totaled to £24.6 billion, making Great Britain the largest of all of Northern Ireland's partners.⁵⁷

219. Around 19% (10,461) out of 54,247 businesses in Northern Ireland covered by the BESES survey bought goods from Great Britain in 2016, and 6% (3,517) sold goods to Great Britain.⁵⁸ Whilst there are estimates of the number of businesses, there is no published breakdown by size for those businesses buying and selling goods to Northern Ireland from Great Britain. More detail about the sizes of businesses buying and selling both goods and services is provided in Table 4 and section 7.1.

220. Although only 14% of small and micro businesses in Northern Ireland⁵⁹ - 7,190 in total - sell goods or services to Great Britain, they account for 92% of all businesses carrying out those sales.⁶⁰ In contrast, small and micro businesses account for 27% of sales to Great Britain by value.⁶¹

221. Likewise, small and micro businesses account for the largest number of businesses in Northern Ireland purchasing goods and services from Great Britain. Almost 94% of businesses purchasing from Great Britain have fewer than 50 employees - 14,187 in total - representing 27% of all businesses in Northern Ireland of that size.⁶²

⁵⁶ ['Northern Ireland Major Ports Traffic, Ports Traffic Publication 2018'](#), excludes traffic between NI ports, NISRA, 2018.

⁵⁷ Table 1.1, from ['Broad Economy Sales and Exports Statistics 2017 - data tables 2011-2017'](#), NISRA, December 2018 and ['Northern Ireland Broad Economy Sales and Exports Statistics: Purchases and Imports Statistics 2017 - data tables 2011-2017'](#), NISRA, June 2019. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

⁵⁸ Table 2 from ['Northern Ireland businesses: trade flows, surplus and deficit'](#), Department for the Economy, September 2019.

⁵⁹ Of those businesses covered by the BESES survey.

⁶⁰ ['Broad Economy Sales and Exports Statistics 2017'](#), NISRA, ad hoc query October 2019.

⁶¹ ['Overview of Northern Ireland trade'](#), NISRA, June 2019.

⁶² ['Broad Economy Sales and Exports Statistics 2017'](#), NISRA, ad hoc query October 2019.

Table 4: Northern Ireland sales of goods and services with Great Britain, by business size, 2017⁶³

Business size	Value of sales to Great Britain		Count of businesses in Northern Ireland			
	Value (£m)	Proportion of total value of sales to GB (%)	Selling to GB	Proportion of businesses selling to GB (%)	Purchasing from GB	Proportion of businesses purchasing from GB (%)
Micro (0-9)	1,189	11	5,363	69	10,538	70
Small (10 - 49)	1,807	16	1,827	23	3,649	24
Medium (50 - 249)	3,946	35	445	6	729	5
Large (250+)	4,362	39	169	2	218	1
TOTAL	11,304	100	7,804	100	15,134	100

222. About 17.6 million tonnes of freight were transported between Northern Ireland and Great Britain in 2018 by sea.⁶⁴ This was primarily from road goods vehicles (around 71%), with 13% moved in dry bulk, 12% as liquid bulk and 4% in containers and general cargo.⁶⁵ This compares to a total of 206 million tonnes transported between the UK and the EU.⁶⁶

223. Not all of this freight was destined for Northern Ireland, nor did all of it originate in Great Britain. Some of the freight may have originated from elsewhere in the world and/or be travelling to Ireland via Great Britain and Northern Ireland. These figures, therefore, represent the tonnage of freight carried directly between ports in Great Britain and Northern Ireland.

Table 5: Freight transferred by sea between Northern Ireland and Great Britain, by country, 2018 (millions tonnes)⁶⁷

Country	To Northern Ireland	From Northern Ireland	Total
England	4.6	5.5	10.1
Scotland	3.4	2.7	6.2
Wales	1.3	0.1	1.4
Total	9.4	8.3	17.6

Overall, a larger tonnage of freight was carried to Northern Ireland from other parts of the UK than out of Northern Ireland (53% inbound against 47% outbound).

Almost 10.1 million tonnes of freight were carried between England and Northern Ireland (57% of the total freight carried by sea between Northern Ireland and Great Britain). Freight moved directly to and from Scotland accounted for 35% (6.2 million tonnes) and around 8% (1.4 million tonnes) directly to and from Wales.

⁶³ ['Broad Economy Sales and Exports Statistics 2017 - data tables 2011-2017'](#), NISRA, December 2018 and ad hoc query from BESES. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

⁶⁴ Table PORT0302, ['Port Freight Annual Statistics 2018'](#), Department for Transport, September 2019. Including Ro-Ro (roll-on / roll-off), Lo-Lo (lift-on / lift-off), dry bulk or liquid bulk.

⁶⁵ Ibid.

⁶⁶ Table PORT0302, ['Port Freight Annual Statistics 2018'](#), Department for Transport, September 2019. Including Ro-Ro (roll-on / roll-off), Lo-Lo (lift-on / lift-off), dry bulk or liquid bulk.

⁶⁷ ['Port Freight Annual Statistics 2018'](#), Department for Transport, September 2019, ad hoc enquiry.

Table 6: Northern Ireland purchases from, and sales to, Great Britain, by product type, 2015 (£m)⁶⁸

Type of product ⁶⁹		Purchases from Great Britain	Sales to Great Britain	Total trade
Agri-food ⁷⁰	Total	2,848	2,990	5,838
of which:	<i>Agriculture⁷¹</i>	99	57	156
	<i>Food, beverages and tobacco</i>	2,749	2,933	5,682
Construction		0	1,759	1,759
Manufacturing	Total	9,459	3,663	13,122
of which:	<i>Basic metals and metal products</i>	1,149	418	1,567
	<i>Computer, electronics & optical products</i>	1,173	81	1,254
	<i>Electrical equip. & machinery</i>	1,699	523	2,222
	<i>Transport equip.</i>	1,003	841	1,844
	<i>Other products</i>	4,435	1,801	6,236
Transportation & storage		93	1,137	1,230
Wholesale & retail trade		57	245	302
Other		5,108	1,467	6,575
Total		17,564	11,263	28,826

224. The category of products most highly traded between Northern Ireland and Great Britain, for both purchases and sales, was ‘food products, beverages and tobacco’; 26% (£2.9 billion) of sales to, and 16% (£2.7 billion) of purchases from, Great Britain in 2015.⁷²
225. A total of £2.8 billion of agri-food and £9.5 billion of non-food manufactured products were purchased from Great Britain in 2015. Purchases from Great Britain accounted for 68% of all Northern Ireland purchases/imports of these products.⁷³
226. While there is some information on the value, and the tonnage of goods (see above) moving from Great Britain to Northern Ireland, information is not available on the number of movements of goods from Great Britain to Northern Ireland, and therefore the number of declarations that might be needed. HMRC has separately estimated the increase in the total number of declarations annually for goods moving from the UK to the EU after exit (for both imports and exports) to be 215 million (2017 data) of which a sizable proportion will relate to import declarations. This volume is based on analysis of EU Intrastat declarations and VAT data from 2017 trade flows, as well as non-EU trade data.⁷⁴ However, Intrastat and VAT returns do not record intra-UK movements. As a result, this is not a suitable basis for estimating the number of movements or declarations between Great Britain and Northern

⁶⁸ ‘[NI Supply Use Tables Multipliers 2014 and 2015](#)’, NISRA, May 2018. NB. These are experimental statistics. The industry products in this table consist of both goods and services.

⁶⁹ Products as recorded in official statistics are formally grouped as a hierarchy. More information on the groups are available in the [Supply Use Tables](#). The “other” group and “other products” group are aggregated from a number of smaller product groups in order to make the table simpler to read.

⁷⁰ Agri-food is not a formal category in the Supply Use Tables. However, agriculture, and food, beverages & tobacco (which is technically part of the manufacturing group) have been grouped together here for convenience.

⁷¹ Includes forestry and fishing.

⁷² ‘[NI Supply Use Tables 2015](#)’, NISRA, May 2018. NB. These are experimental statistics.

⁷³ ‘[NI Supply and Use Tables 2015](#)’, NISRA, May 2018. NB. These are experimental statistics.

⁷⁴ ‘[Impact assessment for the movement of goods if the UK leaves the EU without a deal \(third edition\)](#)’, HMRC, October 2019

Ireland as the types of goods traded, transportation modes and coverage of smaller businesses are significantly different.

4.4.2 Northern Ireland's trade with Ireland

227. Ireland is Northern Ireland's largest international trading partner for goods, and accounts for £5.2 billion (37%) of Northern Ireland's total goods trade outside of the UK, or 16% of total external goods trade. Goods trade accounts for 82% of the total £6.4 billion of trade in goods and services between Northern Ireland and Ireland.⁷⁵

228. In 2018, a total of 10.7 million tonnes of freight was traded between Northern Ireland and Ireland.⁷⁶ The majority of goods trade across the border is by heavy goods vehicles (HGVs), but goods are also transported using light goods vehicles and cars, as well as via sea and air freight. Although roughly 9.4 million tonnes of freight was carried by UK- and Ireland-registered HGVs in 2018⁷⁷ between the two countries, not all of this will have been goods for trade. It will also include other activities such as personal freight removals.

Table 7: Northern Ireland exports in goods and services to Ireland, by business size, 2017⁷⁸

Business size	Value of exports to Ireland		Count of businesses in Northern Ireland			
	Value (£m)	Proportion of exports to Ireland (%)	Exporters to Ireland	Proportion of exporters to Ireland (%)	Importers from Ireland	Proportion of importers from Ireland (%)
Micro (0-9)	754	19	5,681	65	4,303	62
Small (10 - 49)	1,086	28	2,448	28	2,023	29
Medium (50 - 249)	1,316	34	454	5	494	7
Large (250+)	725	19	106	1	113	2
TOTAL	3,881	100	8,689	100	6,934	100

229. Just over 12% (6,271) of businesses in Northern Ireland bought goods from Ireland in 2016, and 10% (5,136) sold goods into Ireland.⁷⁹ As with Great Britain, there are no published estimates of the number of businesses in Northern Ireland trading goods with Ireland by business size. Some information has been provided in Table 7 about the number of businesses trading both goods and services.

⁷⁵ ['Northern Ireland Broad Economy Sales & Exports Statistics: Goods and Services'](#) Northern Ireland Broad Economy Sales & Exports Statistics: Goods and Services', 2011 - 2017, NISRA, NISRA, March 2019 and ['Broad Economy Sales and Exports Statistics: Purchases and Imports'](#) Northern Ireland Broad Economy Sales and Exports Statistics: Purchases and Imports Statistics 2017 - data tables 2011-2017', NISRA, June 2019. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

⁷⁶ ['Regional Trade Statistics'](#), HMRC, accessed October 2019.

⁷⁷ UK-registered (5.4m tonnes) and Irish-registered (4m tonnes) HGV figures from the following sources respectively: Table RFS0131 ['Road Freight Statistics 2018'](#), Department for Transport, July 2019, and ['Road Freight Transport Survey 2018'](#) CSO, Ireland, ad hoc query October 2019.

⁷⁸ ['Broad Economy Sales and Exports Statistics 2017 - data tables 2011-2017'](#), NISRA, December 2018 and ad hoc query from BESES.

⁷⁹ Table 2 from ['Northern Ireland businesses: trade flows, surplus and deficit'](#), Department for the Economy, September 2019.

230. A total of 8,129 small and micro businesses (94% of businesses selling to Ireland) are responsible for almost half (47%) of exports by value in goods and services to Ireland.⁸⁰ These businesses also account for 74% of all export deliveries⁸¹ to Ireland.⁸²
231. Food and live animals are the goods and products most commonly traded between Northern Ireland and Ireland, making up 32% of the goods exports (worth £1 billion) and 40% of goods imports (worth £869 million) in 2018. Machinery and transport equipment also make up a significant proportion of trade, accounting for 16% of Northern Ireland exports to Ireland (worth £519 million).⁸³

4.4.3 Northern Ireland's trade with other trading partners

232. Northern Ireland's total trade in goods with the rest of the EU (outside Great Britain and Ireland) was worth £3.6 billion in 2017, which equates to 11% of Northern Ireland's total external trade in goods.⁸⁴ The category of goods products that was most heavily traded was 'machinery and transport equipment'.⁸⁵
233. Northern Ireland's total trade in goods with the rest of the world (not including the UK or the EU) was worth £5.5 billion in 2017, equating to 17% of Northern Ireland's total external goods trade.⁸⁶

4.4.4 Data limitations

234. Collaborative work on Northern Ireland trade data sources across the UK Government and the Northern Ireland Civil Service has aimed to address Northern Ireland trade data requirements. However, there are still some gaps in existing sources, including:
- Data on the number of consignments moving between Northern Ireland and both Ireland and Great Britain
 - Detailed product/sector breakdowns on a comparable basis with figures for trade with different trading partners
 - Number of businesses in Great Britain selling to Northern Ireland
 - Estimates of the value, tonnage and number of consignments of trade by non-VAT registered businesses in Northern Ireland
235. Some of these omissions can be attributed to the nature of the EU single market and customs union as well as the UK internal market, which means that there are fewer requirements on UK businesses to report the volume and nature of their trading activity.

⁸⁰ Slide 15, '[Overview of Northern Ireland trade](#)', NISRA, June 2019.

⁸¹ Where an export delivery is defined as a single trip moving goods across the border

⁸² '[Cross-Border Supply Chain Report \(2015, 2016\)](#)', NISRA and Department for the Economy, June 2018..

⁸³ Slide 38 and 41, '[Overview of Northern Ireland trade](#)', NISRA, June 2019.

⁸⁴ '[Broad Economy Sales & Exports Statistics: Goods and Services](#)', NISRA, March 2019 and '[Broad Economy Sales and Exports Statistics: Purchases and Imports](#)', NISRA, June 2019. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

⁸⁵ HMRC Regional Trade Statistics taken from slide 45 and 48, '[Overview of Northern Ireland trade](#)', NISRA, June 2019.

⁸⁶ '[Northern Ireland Broad Economy Sales & Exports Statistics: Goods and Services](#)' NISRA, March 2019 and '[Broad Economy Sales and Exports Statistics: Purchases and Import](#)', NISRA, June 2019. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

4.5 Direct costs and benefits to businesses

236. The below table sets out the timings at which various costs and benefits would be introduced. Possible familiarisation costs and moving of certain regulatory approval processes would occur during and after the Implementation Period, whereas possible administrative, tariff and compliance costs would occur post-Implementation Period.

Summary of timings of costs and benefits

	Costs and benefits during Implementation Period	Costs and benefits post Implementation Period <i>(those with greater uncertainty)</i>
Customs administration	Possible preparation or familiarisation costs for businesses not familiar with customs processes	Ongoing costs of completing administration for movement of goods between Great Britain and Northern Ireland
VAT		<i>Subject to further discussion: specific practical arrangements will be the subject of discussions within the Joint Committee</i>
Tariffs and tariff administration	Possible familiarisation costs for business	Tariff costs for moving goods at risk of moving into EU <i>Further decision: UK system of reimbursement and waivers could be applied</i>
Agri-food regulation	Possible one-off familiarisation (admin) costs for GB businesses moving goods to Northern Ireland	On-going costs of compliance for businesses moving goods from Great Britain to Northern Ireland
Manufactured goods regulation	Possible one-off familiarisation (admin) costs for businesses moving goods to Northern Ireland. Businesses in Great Britain may need to move certain regulatory functions to Northern Ireland or an EU member state	Possible on-going costs of compliance for businesses moving goods from Great Britain to Northern Ireland

4.5.1 Customs

237. The Protocol provides that Northern Ireland is in the UK customs territory. These provisions ensure that an open border is maintained on the island of Ireland. Any processes normally required on goods entering the EU will be implemented at the Northern Ireland-Rest of World border or on trade moving East-West between Great Britain and Northern Ireland. For as long as Northern Ireland participates in the customs arrangements and regulatory zone, there will therefore be processes to ensure that goods entering Northern Ireland destined for the EU pay the right duty and that all goods comply with the appropriate rules. These processes will be largely electronic in nature and any checks on goods will principally relate to regulatory alignment rather than customs compliance (noting, for example, that the UK currently checks only 4% of movements notified through customs declarations, with under 1% involving physical checks of the consignment).
238. Businesses in Great Britain and Northern Ireland may face familiarisation costs in adapting to the new customs processes, such as the requirements for customs declarations, in particular if they have not undertaken such processes before.

4.5.1.1 West-East

239. Some practical information will need to be provided electronically on movement of goods West-East. Due to data limitations it has not been possible to monetise the associated additional costs to business.
240. In a no deal scenario there would be no customs costs for businesses moving goods from Northern Ireland to Great Britain. The Protocol would result in additional costs as described above.

4.5.1.2 East-West

241. Goods moving from Great Britain to Northern Ireland will be required to complete both import declarations and Entry Summary (ENS) Declarations because the UK will be applying the EU's UCC in Northern Ireland. This will result in additional administrative costs to businesses.
242. Businesses that do not currently trade outside the EU will incur familiarisation costs as they have not had to engage with customs processes before.
243. Due to data limitations around the number and nature of consignments of goods being moved from Great Britain to Northern Ireland, it is not possible to estimate the associated administrative burden on businesses. HMRC has produced estimates of the administrative burden to traders on a per declaration basis, based upon historical UK-RoW trade. This ranges from £15 to £56 per declaration, depending on factors such as whether a business outsources the process to a customs agent,⁸⁷ but it may not be possible to translate the same estimates to Great Britain to Northern Ireland movements. Small and micro businesses (SMBs) may be more likely to use a customs agent and as such are more likely to face higher costs, though the use of agents could reduce both familiarisation costs and any other burdens associated with the process.
244. In a no deal scenario there would be no customs costs for businesses moving goods from Great Britain to Northern Ireland. The Protocol would result in additional costs as described above.

⁸⁷ [HMRC impact assessment for the movement of goods if the UK leaves the EU without a deal](#), October 2019

4.5.1.3 North-South

245. As with current arrangements, goods moving between Northern Ireland and Ireland will not be subject to customs requirements, customs duties or associated checks. The status of Northern Ireland products used in EU exports to third countries is a matter for the UK's future relationship with the EU, which is out of the scope of this IA. Therefore, there will be no additional costs imposed by the Protocol.
246. In a no deal scenario, the land border between Ireland and Northern Ireland would become an external border of the EU. The EU's Common External Tariff and non-tariff requirements, including regulatory requirements, would therefore apply to UK exports crossing the border. This would mean businesses in Northern Ireland incurring customs administration costs to export to Ireland. As such, the Protocol represents a benefit for businesses in Northern Ireland exporting to Ireland compared to a no deal scenario by ensuring that north-south customs processes are not required.

4.5.2 VAT and Excise

247. Northern Ireland will be required to align with certain EU VAT and excise rules. VAT collected in Northern Ireland will be retained by the UK. Specific practical arrangements will be the subject of discussions within the Joint Committee, and it is not therefore possible to assess costs or benefits at this stage.
248. In a no deal scenario, in order to ensure a level playing field on VAT and excise duty between Northern Ireland and Ireland businesses, goods arriving from Ireland will be subject to import VAT and, where applicable, excise duty. These measures will not require checks at the land border

4.5.3 Tariffs and tariff administration

249. No tariffs will be paid on goods moving from Great Britain to Northern Ireland unless they are deemed to be at risk of entering the EU. The appropriate UK tariff will be paid on goods moving from outside the UK or EU to Northern Ireland unless they are deemed to be at risk of entering the EU. The Joint Committee will agree the criteria to be used in determining whether goods are not considered to be at risk of entering the EU.
250. The UK may also apply a system of reimbursement and waivers, subject to provisions relating to state aid also set out in the Protocol.

4.5.3.1 West-East

251. As with current arrangements, there will be no tariffs payable on goods moving from Northern Ireland to Great Britain. There will be no additional costs from tariffs relative to current arrangements.
252. In a no deal scenario there would be no tariff costs for businesses moving goods from Northern Ireland to Great Britain. The Protocol would therefore result in no additional costs or benefits compared to a no deal scenario.

4.5.3.2 East-West

253. No tariffs will be paid on goods moving from Great Britain to Northern Ireland unless they are deemed to be at risk of entering the EU. The Joint Committee will agree the criteria to be used in determining whether goods are not considered to be at risk of entering the EU.

254. Businesses in Great Britain may face familiarisation costs in adapting to paying some tariffs on the movement of their goods from Great Britain to Northern Ireland. In cases where the EU's tariff is payable, the UK may also apply a system of reimbursement and waivers, subject to provisions relating to state aid also set out in the Protocol. Businesses may face familiarisation costs in learning how to access this.

255. In a no deal scenario there would be no tariff costs for businesses moving goods from Great Britain to Northern Ireland. The Protocol would result in additional costs as described above.

4.5.3.3 North-South

256. As with current arrangements, there will be no tariffs payable on trade between Northern Ireland and Ireland. Therefore, there will be no additional costs relative to current arrangements.

257. In a no deal scenario, EU tariff and non-tariff requirements will apply to UK exports crossing the land border from Northern Ireland into Ireland. The Protocol represents a benefit relative to a no deal scenario, by ensuring that EU tariffs are not to be levied on goods exported from Northern Ireland to Ireland, as a matter of EU law.

4.5.4 Goods Regulation

258. The proposal for the all-island regulatory zone on the island of Ireland covers both agri-food products and manufactured goods, eliminating the need to introduce regulatory checks for trade in goods between Northern Ireland and Ireland. Goods moving from Great Britain to Northern Ireland will therefore have to meet the requirements of all relevant EU legislation, including regarding the characteristics of the product; the means for testing or approval; and any requirements to have legal persons based within the single market. Goods arriving in Northern Ireland, including from Great Britain, would undergo regulatory checks in accordance with EU rules.

4.5.4.1 West-East

259. The Protocol contains no requirement for additional regulatory checks on goods moving from Northern Ireland to Great Britain.

4.5.4.2 East-West

4.5.4.2.1 Agri-food regulation

260. Building on the existing practice established to maintain the Single Epidemiological Unit (SEU) on the island of Ireland, Northern Ireland would continue to align with EU sanitary and phytosanitary (SPS) and agri-food rules, including those relating to the placing on the market of agri-food goods.

261. Agri-food goods moving from Great Britain into Northern Ireland would need to be notified to the relevant authorities before entering Northern Ireland and would be subject to checks including identity, documentary and physical checks by UK authorities as required by the relevant EU rules. These processes would introduce additional costs, both from one-off familiarisation and ongoing compliance, to businesses compared to current arrangements.

262. As agri-food goods enter Northern Ireland from Great Britain, they would do so via a Border Inspection Post (BIP) or Designated Point of Entry (DPE) as required by EU law. This would

require an increase in the physical and administrative capability to check goods in Northern Ireland, particularly at BIP and DPE locations..

263. All of the associated costs are uncertain and dependent on future decisions on domestic regulatory policy and the EU's future acquis. These regulatory costs will also be affected by the UK's future relationship with the EU, which is out of scope of this IA.
264. There will be additional documentation required on all agri-food goods moving from Great Britain to Northern Ireland to ensure that they comply with the necessary regulations. These could include Export Health Certificates (EHCs) for products of animal origin (POAO), fish and live animals; and phytosanitary certificates (PCs) for plants. This would result in an additional administrative cost to businesses moving goods between Great Britain and Northern Ireland.
265. Businesses will also be required to ensure agri-food goods are appropriately labelled and any other technical requirements required to move goods into the EU's single market are complied with.
266. Live animals moving from Great Britain to Northern Ireland are already subject to some physical checks upon arrival into Northern Ireland in order to ensure the biosecurity of the island of Ireland. The Protocol will require additional checks covering all products subject to SPS provisions (including all products of animal origin, and regulated plants and plant products) to ensure compliance with the Single Market's SPS regulations. The extent of these checks will depend on the UK's future trading relationship with the EU. Full third country checks into the EU are described in Table 8 and represent the upper limit to the level of checks that would be imposed on agri-food movements into Northern Ireland from Great Britain.
267. There would be additional fees to cover document and physical inspections as well as EHCs and other administrative checks prior to arrival at the border. Fees for POAO inspections at the BIP will depend on the weight of the imported consignment, although minimum fees are set by the EU, with €55 the minimum for a consignment of any size.⁸⁸
268. Depending on the nature and timing of these additional checks, there is the potential for a proportion of agri-food products to experience one-off and ongoing costs such as higher storage costs and changes to the ways in which goods move through supply chains. The perishable nature of many agri-food goods means that delays can have disruptive consequences.
269. If goods are subject to laboratory sampling, they could encounter further delays at the BIP until laboratory results are obtained. This could result in a larger impact of the associated delay costs. Physical checks and sampling could be more challenging where loads contain several different consignments. Any required checks on individual consignments may cause delays for other consignments in that load.

Table 8: Animal and Food Products Subject to SPS checks and the frequency of these checks

Product	Description	% subject to document & identity checks	% subject to physical checks⁸⁹
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⁸⁸ [Regulation \(EC\) No 882/2004 of the European Council and the Parliament, European Council](#), April 2004

Products of Animal Origin - Category I	Inc. fresh meat and fish, eggs	100%	20%
Products of Animal Origin - Category II	Inc. poultry game milk, egg products	100%	50%
Products of Animal Origin - Category III	Inc. semen, embryos, gelatin	100%	5.5%* *(between 1-10%)
Live Animals	Inc. cattle, sheep	100%	100%
High-risk Plants & Plant Products	Inc. certain fruit & veg	100%	100%
Food & Feed Not of Animal Origin (high risk)		100%	100%

270. Businesses in Great Britain may face additional costs related to familiarisation with new protocols and procedures when moving agri-goods into Northern Ireland. These additional one-off set-up costs and adjustments may affect businesses which are not familiar with the compliance processes required for non-EU countries with respect to EU agri-food regulations. For example, newly required documentation such as EHCs, changes in labelling requirements and engaging with unfamiliar IT systems. Small and micro businesses (SMBs) or small traders may be more affected, particularly if they have less financial and staffing capacity to comply with these new requirements, see section 7.1 below.

271. In a no deal scenario there would be no additional regulatory costs for businesses moving agri-food products from Great Britain to Northern Ireland. The protocol would result in additional costs as described above.

4.5.4.2.2 *Manufactured goods regulation*

272. As part of the single regulatory zone, Northern Ireland would align with all relevant EU rules relating to the placing on the market of manufactured goods. Therefore businesses in Great Britain placing goods on the market in Northern Ireland will need to ensure they are complying with the relevant EU rules and could be subject to risk based checks at the boundary of the regulatory zone.

273. To ensure regulatory compliance, businesses in Great Britain selling to Northern Ireland may incur additional costs from product testing and corresponding administrative processes. The nature of the costs will depend on the product-specific requirements in EU law and on a business's current approach to meeting these requirements. These costs may be passed through to businesses in Northern Ireland.

274. For goods subject to harmonised EU rules, such as chemicals, toys, and construction products, manufacturers would only incur additional product testing costs if products supplied

⁸⁹ [Regulation \(EC\) No 882/2004 of the European Council and the Parliament, European Council](#), April 2004; Physical check frequencies: [Commission Decision](#), Official Journal of the European Communities, May 1994

to Northern Ireland were not also supplied to the EU. If the product is supplied to the EU, the same processes and documentation would be used to comply with the single regulatory zone. Data on the number of businesses in Great Britain which supply goods to Northern Ireland but not the EU is not available.

275. For goods not subject to EU harmonised rules, UK rules would continue to apply in Northern Ireland, so they would face no further costs than they do today in relation to compliance activity.
276. Businesses in Great Britain may need to move certain regulatory functions to Northern Ireland or another EU member state, for which they would incur a one-off cost.
277. Under the Northern Ireland Protocol, EU legislation relating to market surveillance will apply in Northern Ireland, meaning UK market surveillance authorities will conduct risk-based checks on an 'adequate scale', on goods entering Northern Ireland from Great Britain. This approach means that not all goods are checked, and instead checks are prioritised on shipments with the highest risk of non-compliance. Though some documentary checks could take place whilst the goods were in transit, physical checks would have to take place in a controlled environment at the point of entry.
278. Businesses in Northern Ireland purchasing from Great Britain would bear the time cost of any regulatory checks at the point of entry if their consignments are selected for a check. Businesses may be able to plan for this time, but unexpected inefficiencies in the system, or accidental non-compliance due to businesses' initial unfamiliarity, could result in delays and potential for disruption to supply chains. Any delays are likely to be minimal so resulting additional costs on businesses in Great Britain selling to Northern Ireland are assumed to be minimal.
279. All of the associated costs are uncertain and dependent on future decisions on domestic regulatory policy and the EU's future acquis. Future regulatory costs will also depend on the UK's future relationship with the EU, which is out of scope of this IA.
280. In a no deal scenario there would be no additional regulatory costs for businesses moving manufactured goods from Great Britain to Northern Ireland compared to current arrangements. The protocol would result in additional costs as described above.

4.5.4.3 North-South

281. The creation of an all-island regulatory zone on the island of Ireland, covering sanitary and phytosanitary (SPS), agri-food rules and manufactured goods will prevent the need to introduce regulatory checks on goods between Northern Ireland and Ireland. The Protocol would therefore not create any additional costs due to regulatory checks on businesses in Northern Ireland compared to current arrangements. There could be some small costs to businesses in Northern Ireland selling goods not subject to EU harmonised rules to Ireland, as they would have to adapt the goods to meet requirements in Ireland or another EU member state.
282. In a no deal scenario, EU tariff and non-tariff requirements, including regulatory and legal requirements, will apply to UK exports crossing the land border from Northern Ireland into Ireland. The Protocol represents a benefit relative to a no deal scenario by ensuring that regulatory checks are not required.

5. Provisions for Parliamentary oversight

283. The government has been clear that Parliament should have a significant role in shaping the second phase of negotiations with the EU. The Bill legislates for this commitment, including

provisions that will require: a vote on Government’s negotiating objectives, regular reporting from Government on the progress of negotiations, and a vote on the resultant agreements.

5.1 Role of Parliament on the Future Relationship

- 284. The government will be under a duty to make a statement on the objectives of negotiations on the future UK-EU relationship which is then put to the House of Commons. If approval is not given on the motion, the negotiations for the second phase cannot begin. This gives Parliament a clear and unambiguous role in establishing the objectives for those negotiations. Any statement made on negotiating objectives must align to the Political Declaration of 17 October 2019.
- 285. During the negotiations, Ministers will be under an ongoing duty to seek to achieve the objectives set out in that statement. The Government may revise the statement on objectives at any time, but must put the revised statement to Parliament for approval before the Government can negotiate on the basis of it.
- 286. The Government will also be under an obligation to report on its progress towards objectives. This reporting provision requires the Government to make a statement to Parliament at the end of every three month reporting period on progress towards achieving its negotiating objectives.
- 287. The final aspect of this provision ensures that Parliament has the final approval on any treaty that has been negotiated between the UK and the EU.
- 288. The impact of these provisions will depend on the outcome of parliamentary proceedings and the subsequent negotiations with the EU.

5.2 Parliamentary sovereignty

- 289. A clause recognising the sovereignty of the UK Parliament. It has no economic impact on the UK.

5.3 Joint Committee

- 290. The Bill legislates for ministerial oversight of Joint Committee meetings to be established between the UK and the EU post-exit. The legislation will require that a Minister must attend meetings of the Joint Committee. The impact of this provision will depend on the decisions made in the Joint Committee.

5.4 Provisions on workers’ rights

- 291. The Bill includes provisions on workers’ rights intended to protect and strengthen rights where the UK Parliament believes it is in the UK’s best interest.
- 292. The legislation will both require the Government to make a statement of non-regression whenever introducing a Bill related to worker’s rights and give Parliament an opportunity to consider new EU workers’ rights legislation.
- 293. The impact of this provision will contribute to ensuring worker’s rights are protected after the UK leaves the EU, but the costs and benefits are not known because the legislation on which the Government would make a statement of non-regression does not yet exist.

5.5 Summary of costs and benefits of Parliamentary oversight of progress towards the future relationship

Impact	Costs (£m)	Benefits (£m)	Treatment in this IA
Role of Parliament	Non-monetised	Non-monetised	This impact is not included

on the Future Relationship			in the NPV, as it is dependent on the outcome of Parliamentary proceedings and subsequent negotiations with the EU.
Parliamentary sovereignty	Non-monetised	Non-monetised	This impact is not included in the NPV, as it cannot be monetised.
Joint Committee	Non-monetised	Non-monetised	This impact is not included in the NPV, as it is dependent on the outcome of decisions made by the Committee.
Provisions on workers' rights	Non-monetised	Non-monetised	This impact is not included in the NPV, as it cannot be monetised. The legislation on which the Government would make a statement on non-regression does not yet exist.

Grey boxes denote where the impact is not included in the NPV.

6. Risks

294. Potential economic risks associated with the proposals could include reduced trade, business investment and consumer spending due to uncertainty and divergence in regulation within the United Kingdom. These risks could be mitigated through government action to support businesses and their operating environment.
295. An increase in uncertainty associated with the UK's regulatory or customs position with the EU could affect the business environment and consumer confidence. The costs of new checks and administration associated with the Ireland/Northern Ireland Protocol may affect the profitability of businesses trading to and from NI. Uncertainty may also affect business investment by reducing the incentive for businesses to invest in the UK. Finally, given uncertainty around price changes, or the UK's and NI's relationship with the EU, consumers may decide to delay spending, reducing consumer demand for goods and services.

7. Wider impacts

296. Beyond the direct costs to business, these proposals will have distributional effects, which include impacts on small and micro businesses (SMBs), consumers, equality, rural issues and families. There are also costs to the public sector.

7.1 Small and Micro Business Assessment (SaMBA)

297. Where the proposals in this Bill have an impact on business, that impact will affect all businesses whose activity is in some way regulated or affected at present by EU law, irrespective of the business's size. A micro (up to 10 employees) or small (up to 50 employees) business might find it more difficult to adapt to any changes brought forward under the power in the Bill simply because of the business' size. But there is nothing in these proposals that applies specifically to small or micro businesses as distinct from other sizes of business.
298. Specifically considering the costs for intellectual property rights holders on Small and Micro businesses is not possible, as the IPO is currently unable to disaggregate its client group by business size for the relevant right. This is something the IPO aims to be able to do in future.
299. In addition, the European Union (Withdrawal Agreement) Bill is not intended to bring in substantive new policy in relation to the treatment of smaller businesses (or any other area). Trying to do so at this time might reduce the benefits of stability and certainty that the Bill is intended to bring.
300. However, the Northern Ireland Protocol more generally does affect small and micro businesses in Northern Ireland.
301. This assessment considers the costs and benefits for small and micro businesses in the UK as a result of the Northern Ireland Protocol.
302. The proposals will have an effect on all UK businesses that move goods between Great Britain and Northern Ireland, irrespective of the business's size. Economic theory suggests that a 'one size fits all' approach for business trade requirements is likely to have a disproportionate effect on SMBs in particular. There would be both fixed and variable costs for firms as a consequence of the Protocol, consequently these costs are likely to be a larger proportion of SMBs' operating costs and therefore disproportionately affect them compared with large and medium businesses. It is worth noting that a business' size by number of employees is not necessarily indicative of its ability to adapt to and absorb additional costs, but it can be used as a proxy. Small businesses are usually defined as having between 10-49 employees and micro businesses between 0-9.
303. There is currently no data available on SMBs in Great Britain moving their goods to Northern Ireland, so this section principally focuses on what is known about SMBs in Northern Ireland. Not all businesses in Northern Ireland are covered by the Broad Economy Sales and Exports Statistics survey (BESES), which is the best source of information on the number of businesses which trade outside of Northern Ireland. There were almost 66,000 registered SMBs in Northern Ireland in 2017, accounting for over 98% of all registered businesses.⁹⁰ Of these, almost 53,000 SMBs are covered by the BESES survey.⁹¹

⁹⁰ ['Business Population Estimates 2017'](#), BEIS, October 2019

⁹¹ ['Northern Ireland Broad Economy Sales and Exports Statistics: background information'](#), NISRA, May 2018.

304. To be registered, a business must be in scope of the VAT threshold of £85,000 or PAYE registered. If businesses do not meet either of these requirements they are not required to register. There are an estimated over 53,000 unregistered businesses in Northern Ireland.⁹² All of these are SMBs and an unknown number of them sell or purchase goods from outside of Northern Ireland.

⁹² ['Business Population Estimates 2019'](#), BEIS, October 2019

Table 9: Number of registered businesses covered by the BESES survey and number of businesses selling and buying from Great Britain and Ireland, Northern Ireland, 2017⁹³

	Covered by BESES survey	Purchasing from		Selling to	
		GB	Ireland	GB	Ireland
Micro: 0-9 employees	44,071	10,538	4,303	5,363	5,681
Small: 10-49 employees	8,558	3,649	2,023	1,827	2,448
TOTAL SMALL AND MICRO (SMBs) (<50)	52,629	14,187	6,327	7,190	8,129
Medium: 50-249 employees	1,299	729	494	445	454
Large: 250+ employees	319	218	113	169	106
TOTAL	54,247	15,134	6,934	7,804	8,689

305. Not all of the SMBs in Table 9 will be directly affected by the changes set out in this IA. Those businesses that trade with either Great Britain could be subject to additional costs relative to current arrangements, and some firms which do not trade could be affected by increased costs passed through their supply chain. Definitive data on the number of businesses, either registered or unregistered, that buy or sell goods from or to Great Britain and Ireland is not available. However, data from BESES estimates that, for goods and services:

- Almost 5,700 Northern Ireland micro businesses export to, and around 4,300 import from, Ireland. Over 2,400 Northern Ireland small businesses export to, and around 2,000 import from Ireland.
- Over 5,300 Northern Ireland micro businesses sell goods and services to, and over 10,500 purchase goods and services from Great Britain. Over 1,800 Northern Ireland small businesses sell to and over 3,600 purchase from Great Britain.⁹⁴

306. As noted above, these BESES estimates do not include all industry sectors or any unregistered businesses, therefore these figures are most likely to be an underestimate of the number of traders which buy and sell goods from or to Great Britain or Northern Ireland. However, this is the best data available for the number of Northern Ireland SMBs that are involved in trade with Ireland and Great Britain. Furthermore, it is not possible to determine the *total* number of SMBs affected as categorisation is not mutually exclusive, this is because the data categorises businesses under multiple export and import populations. Businesses could be selling and purchasing from Great Britain and/or Ireland and therefore appear in several counts, which makes it difficult to determine a robust estimate of the number of Northern Ireland SMBs directly affected by the protocol.

7.1.1. Northern Ireland SMB trade patterns

⁹³ [‘Northern Ireland Broad Economy Sales 2017’](#), NISRA, ad hoc query October 2019.

⁹⁴ [‘Broad Economy Sales and Exports Statistics 2017’](#), NISRA, December 2018 and ad hoc query from BESES. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

307. Almost two-thirds (74%) of cross-border deliveries between Northern Ireland and Ireland were made by SMBs and most deliveries consisted of low value consignments.⁹⁵ Over 80% of micro firms and over 70% of small firms that do export concentrate all of their export activity in Ireland.⁹⁶
308. SMBs in Northern Ireland account for 92% of all businesses Northern Ireland selling to Great Britain and 94% of all businesses in Northern Ireland exporting to Ireland. Overall, small and micro businesses in Northern Ireland make up 27% of the total value of sales to the rest of the UK and 47% of the total value of exports to Ireland.⁹⁷ In Northern Ireland, the discussion around SMBs is particularly relevant to agriculture as 'very small' farms accounted for 77% of farms in Northern Ireland.⁹⁸ It is unclear how many of these farms actively trade as they are not covered by BESES data, but those that do are likely to be small traders.

7.1.2. Impacts on SMBs

309. The direct costs and benefits of the Northern Ireland Protocol will affect businesses in the UK that move goods between Great Britain and Northern Ireland, and Northern Ireland and Ireland. These costs and benefits have been described in section 6.
310. Over 5,300 Northern Ireland micro businesses sell goods and services to, and over 10,500 purchase goods and services from Great Britain. Over 1,800 Northern Ireland small businesses sell to and over 3,600 purchase from Great Britain.⁹⁹
311. As with the other costs and benefits set out in this assessment, there are challenges with monetising the costs and benefits for SMBs. While the number of SMBs in Northern Ireland purchasing goods from Great Britain is known, there is no estimate of the number of businesses in Great Britain selling to Northern Ireland. Additionally, the number of consignments moving between Great Britain and Northern Ireland, or the proportion of these consignments accounted for by SMBs, is not known. As such, it is not possible to monetise the direct costs and benefits of the Protocol for SMBs, relative to current arrangements.
312. Unit costs set out in section 6 are assumed to apply to SMBs as well, although recognising that many of these unit costs provided will not accurately represent the costs of administrative and legal processes that could apply between Great Britain and Northern Ireland.
313. For SMBs trading goods of lower value or at lower margins, costs (through a greater administrative burden or the time and resource needed for firms to familiarise themselves with new processes) may be more challenging to absorb. Additionally, small and micro businesses (SMBs) may be more likely to use a customs agent and as such are more likely to face higher costs, though the use of agents could reduce both familiarisation costs and any other burdens associated with the process.

7.1.3. Exemptions

⁹⁵ ['Cross-border supply chain report \(2015, 2016\)'](#), NISRA and Department for the Economy, June 2018.

⁹⁶ ['Export Participation and Performance of firms across the island of Ireland'](#), IntraTradeIreland, September 2018

⁹⁷ Slide 15, ['Overview of Northern Ireland trade'](#), NISRA, June 2019.

⁹⁸ Table 4.6, ['Statistical Review of Northern Ireland Agriculture 2018'](#), DAERA, 2019

⁹⁹ ['Broad Economy Sales and Exports Statistics 2017'](#), NISRA, December 2018 and ad hoc query from BESES. Key sectoral omissions from this data include farming, insurance, education, health and public admin.

314. The UK may also apply a system of reimbursement and waivers for goods moving from Great Britain to Northern Ireland, subject to provisions relating to state aid also set out in the Protocol. The details will be finalised during the Implementation Period but could be expected to provide some mitigation of costs to SMBs. It has not been possible to quantify this system as further discussions are required.

7.2 Familiarisation costs

315. Businesses may need to devote time to understanding what may be required of them for compliance. Businesses currently unfamiliar with customs processes, those that do not export to countries outside the EU, are most likely to devote time to understanding the changes introduced by the Protocol. Businesses that only sell and purchase within the EU (more likely to be SMBs and small traders) may have minimal experience with international trade precedents on which these processes may be based. In particular familiarisation costs for small and micro businesses may disproportionately affect them, as they are more likely to be involved in high frequency trade. In 2017, 5% of Northern Ireland's total purchases were from outside the EU.¹⁰⁰

7.3 Supply chain costs

316. Data on Northern Ireland-Great Britain supply chains is not available, though there is some relevant tentative evidence. The retail and wholesale trade sector was the most important sector for purchases by businesses in Northern Ireland. In 2016, businesses in Northern Ireland in this sector purchased £7.7 billion or 70% of all purchases from Great Britain.¹⁰¹ This, in conjunction with a study into Northern Ireland Retail Purchases,¹⁰² would indicate that the Great Britain market is the key source for the purchase of final products.
317. Expected costs resulting from customs administration, tariffs and regulation could affect supply chains between Great Britain and Northern Ireland, but specific impacts are unclear. They would depend on the substitutability of Great Britain inputs with inputs from Northern Ireland (domestic) or from elsewhere. It would also depend on each given firm's pricing and cost decisions - essentially the interaction between each firm's profit margins and the additional costs they face. In the short term, contracts could require businesses in Northern Ireland to continue purchasing from Great Britain suppliers and absorb the costs of this, if additional costs are created. After these contracts expire, businesses in Northern Ireland could choose to explore alternative sources if there they perceive a cost benefit in doing so, or they may choose to absorb the higher costs if they perceive the benefits of continuity to outweigh additional costs. Of course, this would depend on the substitutability of inputs and will differ from firm to firm.
318. How supply chains between Northern Ireland and Great Britain evolve in the future will depend on whether it is profitable for any given firm to source their inputs from elsewhere, whether that is domestically or from other international sources, and the extent to which they can remain profitable despite facing higher input costs.

7.4 Consumer focus

¹⁰⁰ ['Broad Economy Sales and Exports Statistics: Purchases and Imports Statistics 2017'](#), NISRA, June 2019.

¹⁰¹ Slide 4, ['Overview of NI trade with GB'](#), NISRA, September 2018.

¹⁰² ['Northern Ireland Retail Study: Value, Volume and Proportion of Goods Sourced from GB or transported via GB from other parts of the world'](#), Department for the Economy, March 2019.

319. If businesses incur higher costs as a result of compliance with processes associated with Northern Ireland proposals, they may pass some or all of these cost increases onto consumers. This could result in higher prices for Northern Ireland consumers purchasing goods which reached Northern Ireland from both Great Britain and Ireland.

7.5 Equalities

320. The Public Sector Equality Duty requires that public bodies have due regard to advancing equality. The Withdrawal Agreement and the Political Declaration will end the Article 50 process in an orderly way, ensuring that the Government is having due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations. These provisions have no undue effect on particular racial groups, income groups, gender groups, age groups, people with disabilities, or people with particular religious views.

321. It is not envisaged that any equality issues will arise as a result of these provisions. For instance Under Part II of the WA, the UK and the EU have agreed to protect the rights of EU citizens in the UK and UK nationals in the EU under the Withdrawal Agreement. Existing rights to equal treatment and non-discrimination for EU citizens residing or working in the UK, UK nationals residing or working in the EU, and their family members. They will have broadly the same entitlements to work, study and access public services and benefits as now where these entitlements have derived from UK membership of the EU. These entitlements for EU citizens will be subject to any future domestic policy changes which apply to UK nationals. However, if populations of those with particular protected characteristics are more highly prevalent in Northern Ireland, then they may be disproportionately affected by any impacts, for example, possible higher consumer costs.

7.6 Family test

322. These proposals are not expected to have an affect on family formation, affect families going through key transition, affect family members' ability to play a full role in family life, affect families before, during and after couple separation, or affect those families most at risk of relationship quality and breakdown. Article 3 of the Protocol states a Common Travel Area and the rights and privileges associated therewith can continue to apply without affecting the obligations of Ireland under Union law, in particular with respect to free movement to, from and within Ireland for Union citizens and their family members, irrespective of their nationality.

7.7 Rural issues

323. The Protocol respects the essential State functions and territorial integrity of the UK. The protocol also sets out arrangements necessary to address the unique circumstances on the island of Ireland, to maintain the necessary conditions for continued North-South cooperation, to avoid a hard border and to protect the 1998 Agreement in all its dimensions.

324. In 2017, 60% of the population lived in urban areas, with 5% in mixed urban/rural areas and 36% in rural areas.¹⁰³ Around 58% of businesses in Northern Ireland are located in rural areas.¹⁰⁴ Agriculture is by far the leading industry in rural areas, particularly in those which are more than an hour's distance from Belfast.¹⁰⁵ Over 80% of small businesses without employees are

¹⁰³ Page 6, '[Statistical Review of Northern Ireland Agriculture](#)', Department of Agriculture, Environment and Rural Affairs, 2018.

¹⁰⁴ Table 7.4, '[Statistical Review of Northern Ireland Agriculture](#)', Department of Agriculture, Environment and Rural Affairs, 2018.

¹⁰⁵ Table 7.3, '[Statistical Review of Northern Ireland Agriculture](#)', Department of Agriculture, Environment and Rural Affairs, 2018.

also located in rural areas, reflecting the dominance of agriculture in the rural economy.¹⁰⁶ As such, any effects on the agri-food industries are clearly strongly linked to any effects on rural areas in Northern Ireland.

7.8 Costs to government

325. Although costs largely fall on business, there are also implementation and setup costs to the public sector. These include:

- Existing capacity to undertake customs and relevant regulatory checks may need to be expanded to cover trade in goods from Great Britain to Northern Ireland. This could involve increased costs from IT systems, new infrastructure and employing new staff. The cost of doing so is not known.
- Additional staffing would be required to conduct risk profiling of goods moving from Great Britain to Northern Ireland, using data from notifications. Additional staff to deliver frontline operations (undertaking compliance checks) would also be required.
- Costs associated with the Joint Committee, including the operation of the Committee and the implementation of decisions taken by the Committee.

8 Further Impact Assessments

326. Following the introduction of this Bill, there will be subsequent pieces of legislation, including in areas such as data protection and immigration. We will continue publishing Impact Assessments to accompany legislation, where appropriate.

9 Post-implementation reviews

327. The Bill will disapply the standard requirement for a post-implementation review. The Bill is a technical exercise designed to give effect to the Withdrawal Agreement, which has been agreed with the EU. A post-implementation review of how well the Bill achieved this objective would not be practical. This does not remove the general need to review and improve legislation in due course and where appropriate, but rather removes rigid review requirements as they relate to this Bill and associated statutory instruments under the Bill.

¹⁰⁶ Table 7.4, '[Statistical Review of Northern Ireland Agriculture](#)', Department of Agriculture, Environment and Rural Affairs, 2018.