



Rt Hon Michael Gove MP  
Chancellor of the Duchy of Lancaster  
Cabinet Office 70 Whitehall London  
SW1A 2AS

Mr Michael Russell MSP  
Cabinet Secretary for the Constitution,  
Europe and External Affairs  
Scottish Government

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15 July 2020

Dear Mike,

Thank you for your letter of 3 July and for setting out your concerns regarding the UK internal market. The UK Government deeply regrets the Scottish Government's decision to withdraw from work on the UK internal market last year. It would have been valuable to discuss these matters with you personally in advance of your letter.

As our economy starts to recover from the Covid-19 crisis, the UK Government is determined to find ways administrations across the UK can work more closely and effectively together to support jobs and investment in all parts of our country. We have had dozens of ministerial meetings since the start of the crisis, and we are grateful for the support of your colleagues and officials over the past few months. As you will know Scotland - alongside other parts of our country - has benefited from the support provided by the UK Government, such as through the furlough scheme, underpinned by the power of Her Majesty's Exchequer.

The internal market across our country has existed for hundreds of years. It facilitates the web of domestic commerce built upon the seamless circulation of goods and services, and the working relationships between citizens, corporations and other actors in the economy. Without it the economic life of the country would come to a standstill. As the 2014 Scottish Government document, Scotland's Future set out "the UK is Scotland's principal trading partner....There is clear evidence of companies operating in Scotland and the [rest of the] UK with complex cross-border supply chains [and] a high degree of labour mobility - helped by transport links, culture and language". It also described a "fully integrated market with products able to be bought across Scotland and the rest of the UK". Our intention is to maintain the free circulation of goods and services across the country - to protect the ability of Welsh lamb farmers to sell their products in Scottish supermarkets or English barley farmers to sell their products to Scottish Whisky distilleries. This is of course especially important in the context of our recovery from the economic damage of Covid-19.

The Government will shortly be consulting on a White Paper which sets out a direction of travel on the future of the UK-wide internal market, in line with our manifesto commitment to "maintain and strengthen the integrity and smooth operation of our internal market". We hope to work constructively with the Scottish Government, the other devolved administrations and a wide range of stakeholders from across the UK to flesh out these proposals. We would be happy to brief you on them at your convenience, and to understand your views on how we can make the UK internal market work for citizens and businesses in Scotland and across the whole UK.

There are a few areas where your letter significantly misrepresents the Government's plans but I am sure this will be clearer once you have had a chance to consider our actual White Paper. For example, decisions on university tuition fees, the smoking ban or minimum alcohol prices would not have been affected.

Your letter also misrepresents our position on environmental, social and employment standards. As you will know, we are committed to upholding the highest standards. More powers will flow from Brussels to Edinburgh, Cardiff, and Belfast as a result of EU Exit. We are determined to use the opportunity of EU exit to improve standards across the UK in many important areas, including addressing the cruel live shipment of animals, creating a legal commitment to fish sustainably as we leave the Common Fisheries Policy, and protecting and enhancing our natural environment, as well as safeguarding high standards of animal welfare as we leave the Common Agricultural Policy. We hope the Scottish Government will work with us towards achieving these important goals.

Overall, we want to see more collaboration and joint working between the UK Government and the devolved administrations, and will be restarting our work on the review of intergovernmental relations which we hope to discuss with you and your officials over the summer.

A strong and cohesive UK internal market has always been central to the effective functioning of devolution. The proposals that the Government will set out shortly in our White Paper are intended to work with the grain of the devolution settlements. The devolved administrations will continue to be free to innovate policy tailored to specific issues or concerns within the home nations. As we have seen recently and over the past few years, we have been able to learn from one another and to share the different experiences of our different approaches, while working together as one country. Our joint working has strengthened governance across the UK. This Government supports devolution, believing decisions are best taken at the level closest to the citizens they affect, be that local authorities, devolved administrations or across the whole UK.

We look forward to full and frank discussions with you soon, and to discussing your views on how best to engage business, consumers and other relevant stakeholders in Scotland.

I am copying this letter to the Secretary of State for Business, Energy and Industrial Strategy, The Rt Hon Alok Sharma MP.

**With every good wish,**

A handwritten signature in black ink that reads "Michael Gove". The signature is fluid and cursive, with the first name "Michael" and the last name "Gove" clearly legible.

**Rt Hon Michael Gove MP  
Chancellor of the Duchy of Lancaster  
and Minister for the Cabinet Office**