

THE EXECUTIVE OFFICE

This paper provides an update to the TEO Committee on preparations for a non-negotiated outcome.

Operational Readiness

1. The Executive agreed at its meeting on 15 June that readiness planning which would include an option for a Non-Negotiated Outcome, including the coming into force of the Protocol at the end of the Transition period on 31 December 2020, should be commenced across NI departments and coordinated by TEO.
2. To assist with operational readiness planning across departments, TEO, in liaison with departments, are coordinating the development of NI Planning Assumptions for a Non-Negotiated Outcome on the basis of the reasonable worst case scenario. This coordination is being informed by ongoing liaison with the UK Government. Departments have faced significant challenges in undertaking this planning. The most significant challenge is the lack of clarity on various issues in relation to the Protocol that will have a wider implication on operational readiness. Following consideration of the NI Planning Assumptions by the Executive, departments will develop contingency plans.
3. Notwithstanding the lack of clarity on various issues and the ongoing refinement of the NI Planning Assumptions, departments have worked to assess, at this point, the key operational readiness issues in a Non-Negotiated Outcome.
4. An overview of the categories of issues affecting operational readiness is provided in the Annex.

Engagement with the UK Government

5. Given the short timescale until the end of the Transition Period it is vital that we prepare on a collaborative basis with the UK Government. TEO senior officials attend the UKG Transition Period Readiness Portfolio Board and

there has been recent bi-lateral correspondence between UK Government and NICS Permanent Secretaries on reciprocal information sharing.

6. In a non-negotiated outcome it will be important to identify appropriate mitigations and to understand which mitigations lie within our competence and which are within the competence of the UK Government. Officials will continue to engage with the UK Government to gain an understanding of mitigations including UK Government interventions, continuity agreements and bi-lateral agreements as part of our planning for a non-negotiated outcome
7. The increased engagement with the UK Government will help in aligning our energy and resources to resolve as many issues as possible in the short timescale, and to ensure we have a sound risk informed planning and prioritisation process.

Covid-19 Recovery

8. The Executive has agreed a COVID-19 Recovery Framework. This Framework outlines five key workstreams (focusing on health/wellbeing, economy, public services, skills and sustainable natural and built environment) and is aimed at progressing a cohesive approach across the whole of Government that will deliver an economic, health and societal recovery which has the citizen at its centre.
9. The work on operational readiness will be taken forward in conjunction with the detailed recovery workstream planning that will take place over the coming weeks.

Categories of issues affecting operational readiness**1. Key issues dependent on the main negotiations with the EU on the future relationship**

- a. Trade in goods – will there be a zero tariff zero quota free trade agreement?
- b. Trade in services
- c. Approach to limits on subsidies / state aid across the UK
- d. Data adequacy agreement
- e. MRPQ
- f. Possible agreement on SPS standards
- g. Transport issues – passenger transport and road haulage
- h. Participation in EU Programmes

2. Issues subject to negotiation and decision in the Joint Committee in relation to the Protocol

- a. Mitigations on the application of standard SPS controls on the entry of relevant agri-food products
- b. Definition of goods moving from GB to NI which are “at risk” of entering the Single Market and hence being subject to EU tariffs
- c. Requirement for Exit Declarations on goods moving from NI to GB
- d. Interpretation of the provisions of the Protocol re VAT and excise
- e. Movement of highly regulated goods such as chemical and medicines from GB to NI

3. Issues subject to UKG policy decisions

- a. Definition of qualifying NI goods
- b. How will unfettered access for qualifying goods work in practice under the provisions proposed in the Internal Market Bill?
- c. Operation of the external border (in our context, re goods arriving here from third countries)
- d. Interaction between the Protocol and policy on subsidies/ state aid for GB
- e. Domestic Future Funding (including the Shared Prosperity Fund)

4. Issues that are solely a matter of implementation of known obligations and /or matters which are solely the responsibility of the NI Executive and Assembly

- a. Devolved legislative programme
- b. Guidance to NI businesses on devolved issues
- c. Compliance with the regulations in the Protocol