

Standing Council on Europe Minutes of Meeting of 19 March 2018

Apologies: Dame Anne Glover, Sir John Grant, Lord John Kerr

1. Welcome and Introductions

The meeting opened with a welcome and brief introduction from the Chair.

2. Update from First Minister

First Minister provided an update on recent developments. The Prime Minister's speech on 2 March had provided limited clarity on the UK position but not necessarily any more realism. The newly published joint legal text on the Withdrawal Agreement indicates a status quo for the transition period is nearly agreed, although there are some important outstanding issues to be addressed, not least in relation to the Irish Border. Work continues to progress the Scottish Continuity Bill.

3. Discussion on UK-EU Negotiations

3(i) Discussion on Transition Arrangements

The discussion highlighted that while it is anticipated the Withdrawal Agreement will get through Council this week, there remain areas of divergence such as the Ireland/Northern Ireland border, and important aspects of governance still need to be addressed. It was also noted that the current text contains no explicit provisions for extending the transition period.

3(ii) Discussion on Options for Irish Border and EU Approach

The Irish Border remains an unresolved matter but the UK Government has a schedule of meetings planned in the coming weeks. The EU clearly want clarity from the UK, and it is anticipated that the EU will continue to support the Irish Government as a member state.

4. Scottish Continuity Bill

The Minister for UK Negotiations on Scotland's Place in Europe provided an update on the UK Withdrawal from the European Union (Legal Continuity) (Scotland) Bill (known as 'the Scottish Continuity Bill'). The Bill prepares Scotland's devolved laws for the UK's withdrawal from the EU, ensuring that EU laws currently in force will be retained. However, should agreement be reached on the EU Withdrawal Bill, the Scottish Continuity Bill will be withdrawn.

The discussion which followed noted that some provisions within the Scottish Continuity Bill go further than the EU Withdrawal Bill, for example on the Charter of Fundamental Rights.

On engagement with the UK Government Mr Russell also noted that JMC(EN) had met twice since the last meeting of the Standing Council, and that the UK Government had offered further discussion on the Devolved Administrations involvement in the negotiations. Time is however moving on and assurances needed to be turned into practical engagement.

5. Future UK and International Trade and Financial Services

The final agenda item facilitated a discussion on trade and regulatory structures post Brexit, particularly in respect of the impact of devolved competences. The handling of future trade agreement outcomes is crucial. It was noted that the EU has previously involved a broad range of interests in trade negotiations, in particular in CETA where Canadian Provinces were proactively engaged.

The Financial Services sector is highly regulated by the EU and with no further clarity, companies are planning for the worst case scenario. Clarity is needed on a range of issues. There was discussion around equivalence and market access and the implications of these. The capacity and skills of regulators also needs to be considered. It was noted that Financial Services in Scotland does not have a large European Market in certain sectors, but in others it does and Brexit could have a significant impact.