

The Review of the United Kingdom Internal Market Act 2020

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Statement made by



Mr Douglas Alexander

Minister of State for Trade Policy and Economic Security

Labour

Lothian East

Commons



Statement

The smooth functioning of the United Kingdom's internal market is vitally important to achieving economic growth. People and businesses depend on being able to buy and sell goods, provide services, and work across the four nations of the United Kingdom (UK).

The Government is committed to working closely with the Devolved Governments to deliver effective outcomes for people across the UK. To ensure the efficiency of the UK's internal market, the Government considers Common Frameworks to be the key fora for supporting collaborative policy-making processes in the areas they cover, managing policy divergence between the UK's nations where it occurs, and maximising the benefits of taking different, innovative approaches in different parts of the UK. We are therefore committed to finishing the Common Frameworks programme as soon as possible.

The UK Internal Market Act's market access principles for goods and services, and system for the recognition of professional qualifications across the UK, can also play an important role in protecting jobs and livelihoods and promoting growth across the whole UK. Where they apply, they allow businesses, consumers and professionals to comply with the regulations in the part of the UK they are based in, to sell goods and provide services across the whole UK.

However, we recognise that the operation of the UK Internal Market Act can be improved, including more certainty and clarity when considering proposals which remove areas of regulation from the scope of the market access principles. We believe that the UK Internal Market Act should complement Common Frameworks and support collaborative policy-making.

To improve the management of the UK internal market, the Government will deliver an initial package of measures to demonstrate a more pragmatic approach. This includes:

A recommitment to the principles for Common Frameworks agreed at the Joint Ministerial Committee (EU Negotiations) in October 2017 between the previous Government and Devolved Governments. This recommitment includes:

developing closer working relationships and increased transparency between the Government and the Devolved Governments on UK internal market matters that impact significantly on devolved responsibilities within Common Frameworks;

acknowledging the benefits of policy innovation and shared learning on policy development and implementation, while enabling the smooth functioning of the UK internal market;

Aiming to finalise the Common Frameworks programme by Easter 2025 ensuring the necessary structures exist for joined up inter-governmental discussions around regulatory divergence and implications for the performance of the UK internal market; and

Agreeing an exclusion from the UK Internal Market Act's market access principles regarding the sale of rodent glue traps, in response to the Scottish Government's previous proposal, as this Government recognises this proposal has a minimal economic impact on trade within the UK.

The Government then intends to launch the statutory review of the UK Internal Market Act in January 2025, seeking the views of a wide range of public stakeholders, with the aim of completing the review by summer 2025. This is earlier than the statutory deadline of December 2025, as we recognise the importance of formally considering the role of the UK Internal Market Act in the effective operation of the UK internal market.

As a statutory minimum, this review must cover use of the powers in Part 1 (Goods) and Part 2 (Services), including the powers to add, delete or amend exclusions from the scope of the Act, and the arrangements relating to the use of the Office of the Internal Market to perform the functions in Part 4 of the Act (covering independent advice and monitoring of the UKIM) .

However, the Government recognises the importance of fully considering the operation of the Act beyond the narrow statutory requirements. Therefore, the Government will broaden the scope of the review to include the practical operation of parts 1, 2 and 3 of the Act, including inviting views on the process for considering exclusions from the Act, and the role and functions carried out by the Office for the Internal Market as set out in Part 4. We will directly engage the Devolved Governments in conducting the Review.