



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

David Rees AM
Chair of the External Affairs and Additional Legislation Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NF

20 NOV 2017

Dear Mr Rees,

Thank you for your letter of 26 October to Philip Hammond concerning the Customs Bill White Paper. I am responding as Minister with strategic oversight of the UK tax system,

The Government is committed to engaging openly with the Welsh Government and other interested parties on customs issues. Treasury officials have already spoken to counterparts in the Welsh Government to discuss customs, including the approach to legislation, and have recently shared a draft of the Taxation (Cross-border Trade) Bill (also known as the 'Customs Bill'). Officials have also held a series of regional roundtables, including in Cardiff, to give businesses across the United Kingdom an opportunity to present their views.

In assessing options for the UK's future customs relationship with the European Union, the Government will be guided by what delivers the greatest economic advantage to the UK in its entirety and hopes and expects a positive deal to be reached. The Taxation (Cross-border Trade) Bill provides a framework for a new standalone UK customs system, but the implications it will have for Wales, and indeed the rest of the UK, will be determined by the ongoing negotiations with the EU. The Government will provide further assessment of the impacts when the outcome of negotiations becomes clearer.

The design and operation of the UK customs, VAT, and excise regimes are reserved matters, and it will not be necessary to seek a legislative consent motion from the Welsh Assembly on the Bill. However, my officials will continue to engage with the Welsh Government and other interested parties throughout the process.

I hope this reply has been helpful, and would encourage you to respond formally to the White Paper once you have heard back from your stakeholders. I welcome the report on the impact of EU exit on Welsh ports that the committee has published and we will of course consider this, along with evidence from all stakeholders that is submitted in response to the White Paper.

Yours sincerely,

A handwritten signature in black ink, reading "Mel Stride". The signature is written in a cursive, flowing style with a prominent initial "M".

RT HON MEL STRIDE MP