

My interventions in the North Ireland Protocol Committee (Day 2) debate

Rt Hon Sir John Redwood MP (Wokingham) (Con): Will the Financial Secretary confirm that the Treasury will never use the argument that we must not press ahead with the very necessary VAT cut on energy in the cost of living crisis because we cannot apply it in Northern Ireland? It could damage GB as well as NI if that argument were used. Will she promise that the Government will energetically pursue complete sovereignty over VAT?

Lucy Frazer, Financial Secretary to the Treasury: After this legislation has passed, we will be able to introduce VAT legislation across the UK in the interests of both GB and Northern Ireland. I can assure my right hon. Friend that the Treasury consistently looks at tax policies, including VAT, and the benefits and disbenefits of bringing in changes.

I turn now to amendments 37 and 41 in the name of Mr Lammy. I should note that this issue was addressed in a previous debate, so, in the interests of time, I shall aim to be brief. The amendments would restrict the use of the Bill's powers to only make provision that is "necessary" rather than to make provision that the Minister considers is "appropriate".

As my right hon. and learned Friend the Minister for the Cabinet Office and I have said previously, "necessary" is a very strict legal test. The amendments would therefore remove the policy discretion for the exercise of these powers, potentially limiting Ministers' choice of the right solutions to the problems caused by the protocol. Changing the test to an objective one will provide additional uncertainty to businesses and consumers and it would severely limit the ability to facilitate consistent VAT, excise and other relevant tax policies between Northern Ireland and Great Britain, as well as a domestic subsidy control regime that applies to the whole of the UK.

I want to comment on how that was expressed by the hon. Member for Hove, who suggested that Ministers could make changes on a whim. That is simply not the case and is a misrepresentation of the position that is clearly set out in the legislation. Clause 12(3) clearly states:

"A Minister of the Crown may, by regulations, make any provision which the Minister considers appropriate in connection with any provision".

Therefore, he or she would need to consider those matters very carefully, as Ministers from across the House would do. The amendments might also prohibit the Government from responding in a flexible way to issues facing Northern Ireland. That, in turn, will have a negative impact on Northern Irish businesses and individuals, so I ask the hon. Gentleman to withdraw his amendment.

Many hon. Members discussed the negotiations, and I hope that I have answered those points in my response to the intervention from Stephen Farry, The hon.

Member for Hove talked about the single electricity market. The right thing to do is not to impact the single electricity market. As the Foreign Secretary has said, we want to cement the provisions in the protocol that are working, including the single electricity market. That is why this Bill does not seek to exclude article 9 or annex 4, which maintain the single electricity market. The Government are committed to preserving it and the benefits that it provides to UK citizens in Northern Ireland.

For those reasons, taken together, these clauses will ensure that the Government can set UK-wide policies on subsidy control and VAT, ensuring that those in Northern Ireland can benefit from the same level of support as those in the rest of the United Kingdom.