



THE EU-UK TRADE AGREEMENT EXPLAINED

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European Commission

DG Trade



EU-UK RELATIONS:

Architecture of the new Partnership Agreement

Partnership Agreement for Cooperation and Trade

Trade, economic, social & environmental partnership

Free, fair & sustainable trade

- Trade in goods
- Customs & regulatory cooperation
- Trade in services & investment
- Public procurement
- Rules for fair competition & sustainability
- Intellectual Property Rights

Connectivity, sustainability & shared opportunities

- Transport
- Energy and climate
- Fisheries & natural resources
- Social security coordination
- Union programmes

Internal security partnership for citizens' safety

- Law enforcement & judicial cooperation in criminal matters
- Protection of fundamental rights
- Data exchange
- Anti-money laundering

New EU-UK governance framework for a lasting partnership

- Partnership Council
- Dispute settlement, enforcement & sanctions mechanisms
 - Periodic reviews

EU unilateral measures

Not covered by the negotiations:

- Equivalences in financial services
- Adequacy decision on data protection
- UK third-country SPS listing





WHY IS THIS AGREEMENT DIFFERENT FROM OTHER AGREEMENTS COVERING TRADE?

- This is the only time the EU negotiated an agreement with a former member of the European Union. It deals with the management of divergence, rather than seeking convergence.
- The agreement covers a wide range of areas, from fisheries to justice and home affairs, that go far beyond usual Free Trade Agreements.
- The agreement is unprecedented given the geographic proximity of the UK and the degree of economic convergence and mutual interdependence.

DELIVERS THE CHALLENGE OF SECURING HIGH QUALITY MARKET ACCESS WITH 2 CRITICAL CONDITIONS

A high quality market access (zero tariffs and zero quotas- unprecedented) while:

- Not compromising the autonomy and integrity of the internal market and
- Securing a clear and enforceable level playing field

THE AGREEMENT DOES NOT REPLICATE EU MEMBERSHIP

- No frictionless trade – changes due to occur
- Potentially different rules for industrial products
- No possibility to certify products for export to the exporting country
- No obligation to reduce levels of border checks as regards SPS requirements
- No passporting rights for financial services
- No automatic recognition of professional qualifications
- Host country principle applies (as opposed to Single Market's home country rule)

GUARANTEING A LEVEL PLAYING FIELD

- Solid disciplines for state aid control, competition, state-owned enterprises
- Non-regression from labour and social, environment and climate, taxation levels of protection
- Rules on trade and sustainability
- Robust enforcement tools (domestic enforcement, dispute settlement, unilateral tools)
- Management of divergence on rules over time



I: TECHNICAL BARRIERS TO TRADE (1)

PURPOSE:

- Addressing unnecessary technical barriers and requirements, including via bilateral regulatory cooperation
- Simplifying conformity assessment procedures

KEY ELEMENTS:

- Ensuring future compatible approaches in technical regulation through a common definition of international standards
- Both parties agreed to allow manufacturers to continue to “self-declare” compliance with product rules for low and medium-risk products
- A number of annexes aiming at facilitating trade were agreed in key EU export areas: cars, chemicals, medicines, wine and organics
- Cooperation on market surveillance



I: TECHNICAL BARRIERS TO TRADE (2)

Precise definition of international standards

- Agreeing on an **exhaustive common definition of international standards** in key sectors (ISO, IEC, Codex, ITU) and of international standard-setting organisations reflecting the European principles of standardisation helps future compatibility of technical regulations
- Compatible technical regulations based on the same international standards help limit adaptation costs for exporters and give them competitive advantage over competitors who rely on different standards.



I: TECHNICAL BARRIERS TO TRADE (3)

Conformity assessment

- In the field of conformity assessment, we preserved a liberal approach to conformity assessment allowing manufacturers to continue to “**self-declare**” **compliance** with product rules for **low and medium-risk products**, while in line with our regulatory autonomy, the UK was not allowed to maintain its important position in the certification of high risk products obtained thanks to its EU membership
- A number of **sectoral annexes aiming at facilitating trade** were agreed in key EU export areas: cars, chemicals, medicines, wine and organics
- Agreement to apply trade-friendly disciplines on **marking and labelling of products**, while respecting the Parties’ right to regulate in respect of health and safety requirements



I: TECHNICAL BARRIERS TO TRADE (4)

Transparency and Good regulatory Practices

- Rules on **Regulatory Impact Assessment** of envisaged technical regulations
- **Public consultation** - interested persons of the other Party will be allowed to participate in consultations on new technical regulations and conformity assessment procedures
- **Regular review** of technical regulations to increase compatibility with international standards



I: TECHNICAL BARRIERS TO TRADE (5)

Cooperation

- Robust cooperation provisions on market surveillance and exchange of information on dangerous and non-compliant products in the interest of consumer safety
- Future cooperation between the Parties on areas of standards and conformity assessment



I: TECHNICAL BARRIERS TO TRADE (6)

Sectoral Annexes

Cars:

- Regulatory alignment on the basis of UN Regulations
- Acceptance of UN certificates on the basis of the 1958 Agreement
- Cooperation on market surveillance

Chemicals

- Compatible approaches on classification and labelling by implementing the relevant international standards (UN SEGHS)
- Voluntary cooperation, inter alia, in the area of dissemination of information of to consumers and on new and emerging issues



I: TECHNICAL BARRIERS TO TRADE (7)

Sectoral Annexes

Medicinal products:

- Acceptance of GMP certificates based on the existing identical GMP standards to avoid duplicative inspections of manufacturing facilities
- Possibility to accept third-country inspections
- No waiver of batch testing in line with preserving the EU's strategic autonomy in supply of medicines

Wine

- Mutual acceptance of simplified certificates for wines
- Compatible regulatory approaches based on international standards adopted by the OIV
- Trade-friendly provisions on labelling



I: TECHNICAL BARRIERS TO TRADE (8)

Sectoral Annexes

Organics:

- Recognition of each other's system based on identical rules, allowing continued access to each other's markets of products produced in the EU and the UK and certified by EU and UK control bodies
- Review clause to establish equivalence by 2023 under the new, stricter organics legislation that will enter into application on 1st January 2022.

IMPLEMENTATION OF THE TCA

- Creation of the UKS as a clearing house mechanism inside the Commission
- Importance of existing enforcement mechanisms (SEP) to deal with UK and ensure level playing field
- Industry input essential - support from industry to monitor how trading partners are upholding commitments taken vis-à-vis the EU
- Important to distinguish between enforcement issues and issues linked to the new reality – UK no longer part of the single market



USEFUL LINKS

TRADE:

- <https://trade.ec.europa.eu/access-to-markets/en/home>

TAXUD:

- https://ec.europa.eu/taxation_customs/uk_withdrawal_en

GROW:

- https://ec.europa.eu/growth/smes_en