

Plenary Meeting of the UK TCA Domestic Advisory Group

13 June 2023

List of organisations present:

- ADS Group Ltd
- Agricultural Industries Confederation (AIC)
- Association of the British Pharmaceutical Industry
- Bar Council of England & Wales
- British Beer and Pub Association
- British Chambers of Commerce
- British Meat Processors Association (BMPA)
- British Ports Association
- British Standards Institution
- Chartered Accountants Ireland
- Chemical Business Association
- Confederation of British Industry (CBI)
- Dairy Council for Northern Ireland
- E3G
- Energy UK
- Federation of Small Businesses (FSB)
- Food and Drink Federation (FDF)
- Greener UK
- Law Society of England and Wales
- LIVE (Live music Industry Venues & Entertainment)
- Logistics UK
- Make UK
- National Council for Voluntary Organisations
- National Farmers' Union
- National Office of Animal Health (NOAH)
- NHS Confederation
- Northern Ireland Chamber of Commerce and Industry
- Northern Ireland Committee of the Irish Congress of Trade Unions
- Prospect
- Scottish Council for Development and Industry
- Scottish Council for Voluntary Organisations
- Scottish Fishermen's Federation
- Society of Motor Manufacturers and Traders
- techUK
- The Business Services Association (BSA)
- TheCityUK
- Trades Union Congress
- UK Chamber of Shipping
- UK Music
- UKFinance
- Unison
- Unite the Union

- United Kingdom Association of Fish Producer Organisations (UKAFPO)
- Universities UK
- Wales Council for Voluntary Action
- Wine and Spirit trade Association (WSTA)

Welcome and Introductions

1. Vice-chair Irene Oldfather opened the meeting, thanked everyone for attending, and drew attention to the documents that were distributed. This included a list of the issues the UK DAG raised and guidelines for forming the DAG subgroups. All attendees were then invited to introduce themselves.

Session with HE Pedro Serrano, EU Ambassador to the UK

2. The ambassador opened by presenting the EU's TCA implementation priorities. He stated that the EU attached great importance to its relationship with the UK, particularly in the face of challenges such as the war in Ukraine, working together on the Indo-Pacific and on promoting multilateral structures that support democratic values. He welcomed cooperation between the UK and EU DAGs. The ambassador outlined how the Windsor Framework had created a positive atmosphere and cooperation in implementation of the TCA. In this context, he highlighted the importance of managing divergence and honouring the Level Playing Field provisions in the TCA. He welcomed the changes to the Retained EU Law (REUL) Bill and flagged that the Border Target Operating Model (TOM) needed cooperation between both parties to ensure smooth implementation. He stated that the TCA review was a review of the implementation of the agreement and not a renegotiation. He also welcomed the ongoing talks on Horizon. He stated that the key to negotiations generally was looking at real pragmatic issues, rather than theoretical ones, and listed:
 - **Horizon** – The ambassador stated that association would be beneficial for both sides, and that the UK would not have to pay for 2 years of absence. He said that the UK's arguments around value for money were being discussed and that there were mechanisms in the TCA to address them. He also said that he hoped talks would move forward positively.
 - **Energy** – He highlighted that the inclusion of the UK in the North Sea Energy Cooperation was positive, and that all sides were keen to ensure security of supply.
 - **Transport** – The ambassador recalled discussions with the Secretary of State for Transport, including topics such as air safety.
 - **Fisheries** – He stated that there had been an agreement on catches for 2023, and that sustainability was always the focus of all negotiations.
 - **Justice and Home Affairs** – The ambassador welcomed cooperation between the UK and Frontex, as well as Europol cooperation on issues such as migration and people smuggling on small boats.
 - **Level Playing Field** – He said that divergence was a risk, and that there were concerns about implications of the Retained EU Law Bill. He flagged that recent changes to the Bill were being monitored carefully in Brussels.

- **Border Target Operating Model** – He stated that the Commission was working closely with UK authorities and acknowledged the UK's right to introduce its own border controls. He said that it would create additional checks and controls but acknowledged that UK exporters already faced this when exporting to the EU as this was the reality of being outside the Single Market.

3. Points raised:

- **Customs** - Participants raised concerns that different member states were implementing customs rules and health certification differently. A participant raised the rules of origin issue for Electric Vehicles in the context of the risk of tariffs.
- **Regulation** - Members raised concerns about possible barriers to trade caused by the Carbon Border Adjustment Mechanism (CBAM) and any potential UK counterpart. They asked how TCA structures could allow for a regulatory dialogue between both parties on CBAM. A participant asked what the current state of play was with the Medicinal Products working group in the TCA. Participants also asked if there was potential for a better framework for an SPS agreement – similar to the EU-New Zealand one, and if there was potential for closer collaboration on environmental health standards.
- **Level Playing Field** - A participant asked for the ambassador's opinion on the Retained EU Law and Strikes (Minimum Service Levels) Bills.
- **Windsor Framework** - Participants asked how the Windsor Framework was being implemented and raised concerns that UK and EU publications were different, and a member asked whether the ambassador was confident the red and green lanes would go live in September of that year.
- **Youth Mobility** - A member asked whether the UK youth mobility schemes could interlink with ERASMUS.
- **Energy** - A participant raised the concern that offshore renewable energy in the North Sea could create spatial pressure for fisheries.
- **TCA Review** - Members asked about the TCA review and stated that the Commission already had played down the idea of a comprehensive review.

4. The ambassador's response:

- The ambassador confirmed that the Medicinal Products working group was being set up, and the rules of procedure were being worked on.
- He stated that assessment of fish stocks and the sustainability of the fishing industry were based on scientific research.
- The ambassador committed to putting concerns about different interpretations of TCA customs rules by EU Member States to the Commission, but asked stakeholders to submit concrete examples.
- He also offered to answer any written questions to UK DAG members on CBAM and said that the Trade in Goods Specialised Committee should be the best forum to discuss cooperation on CBAM dual regimes to ensure businesses will not have to pay twice.

- On the Windsor Framework, he said that implementation was advancing but not everything was in place yet.
 - He stated that youth mobility arrangements were turned down by the UK during negotiations.
 - The ambassador reconfirmed that the TCA review was not a renegotiation and said that full implementation of the TCA will define the UK-EU relationship.
 - He stated that he was aware of the issues with rules of origin for Electric Vehicles, and while Brussels was assessing the situation, it still believed that full implementation of what has been agreed in the TCA remained the best way to guarantee the common aim of incentivising production of batteries and electric vehicles in Europe.
 - He said that an UK-EU SPS agreement would require UK alignment with the EU regulations.
 - He said that the EU shared concerns over the potential impact of the REUL bill and the Strikes (Minimum Service Levels) Bill and the Commission would be watching these closely, but also stated that the UK was a sovereign country.
5. Vice-Chair Irene Oldfather thanked everyone for their participation and noted the wide-ranging conversation. She also thanked the Ambassador for his attendance and full responses to questions and noted that this could be the building block for future collaboration between the DAG and the EU. The meeting then adjourned for lunch.

Session with Sir Oliver Heald, Co-Chair of UK-EU Parliamentary Partnership Assembly and Niall McEntee, Deputy Director, FCDO, UK Government

6. Vice Chair Steve Turner introduced the afternoon session and passed over to Sir Oliver Heald for an introductory speech on the UK Parliamentary Partnership Assembly (PPA) delegation's implementation priorities. Sir Oliver Heald opened by stating that businesses, regions and nations were vital to drawing the PPA's attention on issues. He said there were a variety of different views on the EU within the PPA, and that the cross-party approach was collegiate. He said the PPA had helped negotiations on the Windsor Framework and North Sea Energy Cooperation over the line. He also stated that there was a desire within the PPA to create links with civil society. He said that the PPA was concerned about a wide range of issues and would push for progress in their next recommendations. This included topics such as touring artists, youth mobility, further UK-EU cooperation on support for Ukraine, suggesting responses to the Green Deal Industrial Plan (GDIP) and US Inflation Reduction Act (USIRA), and the electric vehicles Rules of Origin issue. He said the PPA would also like to see progress on the financial services Memorandum of Understanding, and more electricity trading. He also stated that he was pleased to see the European Political Community was making useful contributions.
7. Vice Chair Steve Turner then passed over to Niall Macentee to highlight the UK Government work on implementation of the TCA. Niall began by welcoming the agreement on the Windsor Framework. He noted that the TCA Partnership Council met in March where the Foreign Secretary and Vice-President Sefcovic discussed areas of mutual interest in the fields of energy, trade, security and research. On

Energy, Niall welcomed progress on North Seas Energy Cooperation, and noted the UK wanted work on electricity trading arrangements envisaged in the TCA to move forward at pace. The UK also wanted to see regular and substantive dialogue on security of supply. On Trade, Niall welcomed that the MoU on financial services cooperation would soon be signed and noted that the UK wanted to move forward quickly with an MoU on intellectual property and to see TCA working groups on technical barriers to trade up and running. On Security, Niall welcomed discussions with the EU to establish cyber security and counterterrorism dialogues. On research, Niall welcomed discussions with the EU on association to Union programmes. The UK's preference was to associate but that had to be on fair and appropriate terms. Niall also welcomed cooperation on migration and the agreement between the UK and EU to new working arrangements with Frontex. He highlighted three areas where the UK would like to see progress: avoiding tariffs on electric vehicles from 2024; VAT requirements for SMEs; and trade in seed potatoes and live bivalve molluscs. Niall ended by noting that the TCA's governance committees were in their third year of operation. Their job was to oversee the implementation and get the most out of the agreement. The trade committees were due to meet over course of the autumn and the DAG's input into those meetings was crucial to achieving their aims.

8. Points raised:

- **Financial Services** - Participants welcomed the financial MoU and asked if there was a mechanism for industry to feed into the Financial Services forum.
- **VAT** - Participants raised fiscal representation and whether there could be an agreement with European counterparts.
- **Windsor Framework** – a participant stated that recently published guidance was still not complete and therefore their members might not be ready for implementation in October. They also asked about the level of engagement on the red lane capacity and whether that would be enough.
- **Business Mobility** - A participant addressed the implementation of transparency provisions of business mobility. They also raised the non-compliance of two EU Member States on business mobility for lawyers, and asked what action would be taken by the Commission and the Specialised Committee.
- **Clinical trials** – a participant asked what action could be taken to address the requirement for UK-based clinical trial sponsors to have legal representation in an EU member state in order to conduct multinational clinical trials. This requirement added expense and bureaucracy and discouraged mutually beneficial medical research.
- **Retained EU Law Bill** - Participants raised whether consideration was being given to the impact of the REUL Bill on devolved powers, such as on employment laws in Northern Ireland, and the commitment in the Withdrawal Agreement to non-diminution of rights in Northern Ireland. Specific questions were asked about the applicability of proposals flowing from the Retained EU Law Bill to Northern Ireland relating to workers' rights. A participant stated that the government had already announced plans for 600 laws being removed, while the legislation allows for potentially thousands more EU derived laws to be removed. This this could lead to significant deregulation. The bill would remove the primacy of EU law which would create legal

uncertainty and it would be hard to advise what the situation would look like once laws had been removed.

- **Parliamentary Partnership Assembly** - Participants asked whether the DAG could input into PPA meetings, whether the PPA agenda could be shared regularly, and if the PPA and DAG could work more closely on issues such as REUL and the Strikes (Minimum Service Levels) bills.
- **Regulatory Cooperation** - Participants enquired whether there would be any way to track regulatory issues such as the Carbon Border Adjustment Mechanism, and legislation affecting supply chains. Participants asked whether Parliament were considering common standards or an agreement on Sanitary and Phytosanitary (SPS) products and asked when the TCA working groups would be set up.

9. The UK Parliamentary Partnership Assembly chair confirmed:

- A willingness for the PPA to work with the DAG
- Discussions on the Financial Services MoU were moving forward, but agreement with 27 member states would take its time. Regulatory cooperation would be raised in the next PPA, and that Parliamentary committees were looking at divergence.
- The PPA wanted to address recognition of legal qualifications issues, as well as fiscal representation issues with the EU. The chair also confirmed he believed that an agreement was gaining traction.
- The PPA chair stated that the government and Parliament should be looking at creating smarter regulation through the Retained EU Law Bill, and it would be wrong to be against all forms of deregulation. He also stated that some concerns around REUL are pre-emptive and hypothetical.

10. The UK Government confirmed:

- The Financial MoU was moving forward, getting it signed and up and running was important, and the government saw it as a framework to deepen cooperation. It was only sensible that industry should be able to feed into the forum. The non-compliance issue on mobility in the legal sector was also moving forward, and there had been progress in some member states. Niall MacEntee also stated that the UK Government wanted the TCA working groups set up.
- On the Retained EU Law Bill, the government stated that they were taking a careful approach. They stated that they were committed to upholding their commitments under the TCA such as worker's rights and environmental standards and committed to continuing the discussion with unions.
- The government was committed to implementing the Windsor Framework. Guidance had just been published, but the government wanted it to be working in practice and was interested in hearing implementation issues from stakeholders.
- Niall McEntee requested further information on the clinical trials issue.

11. Vice-chair Steve Turner closed the session and encouraged close cooperation with the PPA going forward. He said that it had been positive to see that progress had been made and the government and EU were working together.

Establishment of DAG subgroups

12. DAG established its thematic subgroups which consisted of interested members of the DAG coming together informally to work on thematic proposals for the wider DAG. Participants agreed that there would be convenors rather than chairs. They also stated that groups should feed into plenary meetings, and then into the Civil Society Forum and Parliamentary Partnership Assembly agendas. The groups will focus on:

- Trade and Customs
- Regulatory Cooperation and Level Playing Field
- Business and Labour Mobility
- Energy and Climate Change
- Regional Issues