

## **EXPLANATORY MEMORANDUM ON A EUROPEAN UNION DOCUMENT**

COM(2024) 127

### **Report from the Commission to the European Parliament and the Council on the implementation and application of the Trade and Cooperation Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland 1 January – 31 December 2023**

Submitted by the Foreign, Commonwealth and Development Office, 22/04/2024

#### **SUBJECT MATTER**

This Explanatory Memorandum relates to the EU's third annual report on the implementation and application of the Trade and Cooperation Agreement (TCA) published by the European Commission in accordance with Article 2(4) of Council Decision (EU) 2021/689 of 29 April 2021 on the conclusion of the UK/EU Trade and Cooperation Agreement (TCA).

The report reviews the implementation of the TCA over the course of 2023 and covers: the TCA's institutional framework; enforcement tools; dispute settlements; complaints; trade in goods; trade in services; energy; transport; fisheries; social security coordination; law enforcement and judicial cooperation; participation in Union Programmes; developments in the law of the United Kingdom; cross cutting matters; and level playing field for open and fair competition and sustainable development. The EU has committed to publishing these reports annually until 2026, after which it will continue to publish them biennially.

#### **SCRUTINY HISTORY**

An Explanatory Memorandum (EM) was submitted for EU's TCA implementation report for 2021 (EU document) (COM(22)126) dated 12 August 2022). The report was examined by the House of Lords European Affairs Committee and there was an exchange of correspondence between the Chair of the committee and the Minister for Europe on issues arising from the report. The Commons European Scrutiny Committee had no questions arising from the report. The EU's report for 2022 issued as EU document COM(23)118 and an EM was submitted dated 12 April 2023. An EM was also submitted by FCDO on 29 August 2023 on the EU's TCA implementation and enforcement regulations 2023/1479 and 2023/657. Neither of the relevant Select Committees had questions arising from these EMs.

## **MINISTERIAL RESPONSIBILITY**

The Foreign Secretary has overall responsibility for the UK's relationship with the EU including on the implementation of the TCA. Other Ministers have responsibility for the individual policy sectors covered by the TCA.

## **INTEREST OF THE DEVOLVED ADMINISTRATIONS**

The devolved administrations are consulted regularly on the UK's approach to matters arising from the implementation of the TCA.

## **LEGAL AND PROCEDURAL ISSUES**

Council Decision (EU) 2021/689 of 29 April 2021 on the conclusion of the UK/EU TCA provides for this annual report. This is the Commission's third report on the TCA's implementation and application, as required by Article 2(4) of Council Decision (EU) 2021/689 of 29 April 2021. The report has been sent to the European Parliament and Council for information.

## **POLICY IMPLICATIONS**

The UK Government's view is that the TCA continues to function well. In 2023, the 19 Committees established under the agreement, as well as the Partnership Council, all met at least once, and considered a wide range of implementation issues. The Government made progress on important areas including the formal adoption of the agreement on UK association to the EU's Horizon and Copernicus programmes, signing and implementing the MoU on Financial Services Regulation, and the agreement to extend the TCA's current Rules of Origin for Electric Vehicles and Batteries until the end of 2026. The Government also used the Committees to push for full implementation of the TCA's electricity trading commitments, to raise concerns about the EU's trade restrictive measures on seed potato exports, and to probe the EU's approach to the regulation of cloud services, among other areas.

The agreement continues to support significant UK-EU trade and investment. The EU remains the UK's largest trading partner and is both the UK's largest export market and its largest supplier of imports. In 2023, total UK exports to the EU amounted to £357bn and total UK imports were £466bn in current prices<sup>1</sup>. Total goods trade with the EU was £505.0bn in current prices, of which UK goods exports were £186.1bn and imports were £319.0bn.

The EU also remains a top trading partner in services. In 2023, total services trade with the EU was £318.1bn in current prices, of which UK services exports were £171.1bn and imports were £146.9bn.

---

<sup>1</sup> <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/breakdownoftrade>

The Government published its first TCA implementation report, covering the period between 1 January 2021 and 31 December 2022, on 29 June 2023. As the government has committed to publishing TCA implementation reports biennially, the next report covering the period between 1 January 2023 and 31 December 2024 will be published in 2025 and shared with the relevant Select Committees.

## **CONSULTATION**

The Government is committed to ensuring transparency and parliamentary scrutiny of TCA implementation. Although no formal consultation with external stakeholders is required for the EU's report, the Government remains in close touch with parliamentarians and external stakeholders on issues arising from the TCA including through formal scrutiny processes, evidence sessions, correspondence with committees, briefing of clerks, statements to Parliament and through bodies established by the TCA including the Parliamentary Partnership Assembly, the Civil Society Forum and the Domestic Advisory Group. The Government also publishes the agendas and minutes of all TCA governance meetings, including the Partnership Council, on GOV.UK, and the Office for National Statistics regularly publishes UK-EU trade data.

## **FINANCIAL IMPLICATIONS**

No financial implications arise as a direct consequence of the Commission's report.

## **MINISTERIAL NAME AND SIGNATURE**

A handwritten signature in blue ink that reads "N Ghani". Below the signature is a long, horizontal blue line that tapers at both ends, serving as a decorative underline.

Nusrat Ghani MP

Minister for Europe

Foreign, Commonwealth and Development Office