

Fourth UK-EU Trade Specialised Committee on Regulatory Cooperation, Minutes – 4 November 2024

1. Opening remarks and adoption of the agenda

The fourth Trade Specialised Committee on Regulatory Cooperation under the EU-United Kingdom Trade and Cooperation Agreement (TCA) took place in Brussels on 4 November 2024.

The EU co-chair welcomed participants to the meeting.

Both parties made an opening statement, noting the ongoing value of this committee.

The UK co-chair expressed the UK's interest in strengthened regulatory cooperation with the EU on areas of mutual interest, such as any relevant areas identified following the future publication of the respective legislative programmes.

The provisional agenda as published in advance was adopted for the meeting.

2. Update on the United Kingdom Government's programme for regulation

The United Kingdom gave a short update on their approach to better regulation, which was reformed in September 2023. The United Kingdom explained that all new regulatory provisions must comply with the reformed better regulation framework, with a limited number of exemptions and exclusions.

The United Kingdom then presented the main elements of its strategy, and notably:

- (i) reinforced independent scrutiny early in the life cycle of proposed regulatory provisions,
- (ii) a more stringent assessment of a wider set of impacts, including on the impact of the regulatory provision on household costs,
- (iii) the need to give due consideration to alternatives to regulation; and,
- (iv) earlier and more consistent evaluation of whether implemented regulations are achieving their aims.

The United Kingdom also presented their general approach to assessing the impact of regulation on innovation and explained how innovation has become part of their better regulation approach. They have created and trialled an innovation test to encourage officials to consider innovation in the regulatory policy development process. The United Kingdom explained that this approach is designed to ensure that proposed regulations create a favourable environment for innovation and economic growth. The United Kingdom also explained that, in line with their better regulation aims, it's also an important step in ensuring regulations are proportionate, targeted, consistent and based on sound evidence and analysis.

3. Update on EU Better Regulation

The EU gave an update on the achievement of the better regulation, indicating that between 2020 and 2023, legislative proposals focused on reducing administrative burdens have been key components of this strategy, highlighted by the introduction of a mandatory competitiveness check within impact assessments. This initiative assesses the effects of new legislation on cost competitiveness, innovation, and SMEs, ensuring that regulations promote economic growth and resilience. The EU also explained the implementation of the one-in-one-out offsetting mechanism, which has significantly contributed to regulatory

simplification, and the adoption of a set of measures aimed at reducing reporting requirements by 25%.

The EU provided an overview of how it assesses and deals with innovation in the better regulation toolbox, and specifically how tool 22 is deployed. This tool focuses on embedding research and innovation throughout the regulatory process to ensure that regulations support technological advancement while fulfilling policy objectives. This tool guides the incorporation of innovation considerations across the policy cycle, from agenda setting to impact assessments and evaluations. Key techniques encouraged include experimentation clauses, outcome-oriented regulations, and sunset clauses, which aim to create adaptable and technology-neutral regulatory environments. The EU's approach involves collaboration with departments and member states to enhance innovation consideration, emphasizing evidence-based assessments and public consultations that reflect the rapid pace of technological evolution.

The EU finally noted that the political guidelines of this Commission indicate that future regulatory strategy should aim at further promoting simplification and effective implementation.

4. Regulatory approaches to emerging technologies

In the fourth point on the agenda the Parties discussed their respective approaches to emerging technologies in more detail.

The United Kingdom updated on the experience of three different sandboxes announced in November 2023 each with a different focus.

The Engineering Biology Sandbox Fund aims to accelerate regulatory reforms for engineering biology-derived products.

The Space Sandbox will test new and novel Rendezvous and Proximity Operations missions.

The Spectrum Sharing Sandbox will leverage existing radio technologies to enhance spectrum sharing between Wi-Fi, mobile, and private networks.

The United Kingdom noted the value of collaborative approaches like sandboxes, which provide an opportunity for regulators and the sector to work collaboratively together to assess the regulatory implications of emerging technologies in a real or realistic environment.

By fostering a collaborative environment, sandboxes can unlock the potential of new technologies and approaches.

Real-world, or realistic, testing is crucial to ensure that innovative solutions are safe and effective.

Finally, clear objectives are necessary to provide a clear direction and focus for the sandbox, and to ensure that it is meeting the needs of all stakeholders.

The United Kingdom then gave a presentation on the work objectives and structure of the Regulatory Innovation Office that was launched on 8 October 2024 as part of the government's commitment to boost economic growth whilst protecting safety. The Office's primary objectives are to collaborate with regulators and industry to update regulation, speed up approvals, and ensure different regulatory bodies work together smoothly. It will work to continuously inform the government of regulatory barriers to innovation, set priorities for

regulators which align with the government's broader ambitions, and support regulators to develop the capability they need to meet them and grow the economy.

The United Kingdom indicated that the office will initially focus on four fast-growing technologies that have the potential to have an early positive impact. These technologies include engineering and biology, space, artificial intelligence, and on digital healthcare and connected and autonomous technology.

The United Kingdom then gave a presentation on the Regulatory Horizons Council, an independent expert committee that provides impartial advice to the government on regulatory reforms needed to support the introduction of new technologies and indicated its main publications.

The United Kingdom then explained The Regulatory Innovation Office (RIO) and the Regulatory Horizons Council work together to support the United Kingdom government's mission to boost economic growth. The Council provides independent expert advice on regulatory reforms to support the rapid and safe introduction of emerging technologies and will support the RIO to develop knowledge around the role of regulation in supporting the safe development of emerging technologies.

The EU gave a short presentation on its approaches to regulatory sandboxes, mentioning specifically three recently adopted regulations establishing regulatory sandboxes within their regulatory framework. The sandbox clauses in these regulations are not yet in force, as they are pending the adoption of implementing acts. A fourth regulation including a sandbox proposal is pending adoption by co-legislators.

These regulatory sandboxes can be found in various fields, including digital, industrial, and public sector, and are aimed at testing new ways to fulfil policy requirements. The EU's approach to sandboxes is centred around ensuring transparency, fairness, and fulfilment of policy objectives, and involvement of a competent authority in setting parameters and following up the operation of the sandbox to enhance regulatory learning.

The EU concluded by presenting that the main takeaway of its experience was that regulatory sandboxes can be quite different depending on the sector, among other things, and hence is important to design them appropriately, taking into account the sector-specific needs and lessons learned from regulatory learning point of view.

The parties indicated that it may be useful to have technical exchanges, on regulatory approaches to emerging technologies. The parties agreed that any technical exchange should be reported to this trade specialised committee.

5. Small businesses: regulatory burden reduction and support

In the last point of the agenda the parties discussed their respective regulatory approaches related to Small and Medium Enterprises (SMEs).

The EU noted that it has taken several actions to support SMEs. These actions include adopting the SME Strategy for a digital and sustainable Europe and the SME Relief Package, which aimed to reduce regulatory burdens and improve SME liquidity and access to finance. The EU further noted that it has also taken steps to simplify reporting obligations, introducing a 25% reduction in reporting requirements and an electronic format for the declaration of posting of workers and proposed a revision of the late payment rules to improve SME liquidity and access to finance, and has eased SME liquidity with measures such as the guarantee of the SME window of InvestEU.

The EU also noted that it has focused on addressing the needs of SMEs across their life cycle, including those that outgrow the ceilings of the SME definition. This has involved presenting an initiative to improve the recognition of qualifications and skills of third country nationals to help address EU skills gaps.

Going forward, the political guidelines of the Commission indicate that there should be greater focus on simplifying implementation and reducing administrative burdens. The EU indicated that it intends to implement a new SME and competitiveness check to help avoid unnecessary administrative burdens and will work to simplify, consolidate, and codify legislation to eliminate overlaps and contradictions. Additionally, the EU will continue to fund actions benefiting small businesses through the SME pillar of the Single Market programme, including flagship actions such as the Enterprise Europe Network and Erasmus for Young Entrepreneurs.

The United Kingdom presented the latest legislative development to support SMEs and indicated that it is committed to improving the business environment for SMEs, particularly in terms of access to finance, management skills, and digital technologies. The United Kingdom further indicated that the government has announced a package of measures to address late payment and long payment terms, including changes to secondary legislation and the introduction of a new fair payment code and is also reforming the British Business Bank to increase access of SMEs to venture capital and institutional investments.

Finally, the United Kingdom also indicated that it would prepare an SME strategy that will complement the Industrial Strategy. The SME strategy will likely be based on five pillars:

- (i) helping SMEs to access finance,
- (ii) helping SMEs accessing domestic and foreign markets,
- (iii) increasing the business capabilities of SMEs,
- (iv) developing the wider business environment and,
- (v) revitalisation of the high streets.

6. Wrap up and conclusions

The co-chairs acknowledged the productive exchange and commonalities on a number of issues and acknowledged that any subsequent technical exchanges on the themes discussed during the committee should be reported to this committee.

Annex: List of participants

EU Delegation

- EU Co-chair of the Trade Specialised Committee on Regulatory Cooperation
- European Commission Officials (DG TRADE, RTD, GROW and Secretariat General)
- EU Officials from Delegation of the European Union to the UK
- Representatives of the EU Member States

UK Delegation

- UK Co-chair of the Trade Specialised Committee on Regulatory Cooperation
- UK Government Officials (DBT, FCDO, DSIT)
- UK Government Officials from UK Mission to the European Union
- Scottish Government Officials
- Northern Ireland Executive Officials
- Welsh Government Officials