

**Fourth Meeting of the Trade Partnership Committee
EU-UK Trade and Cooperation Agreement
Joint Minutes**

**Brussels and virtual (EU host)
12th December 2024**

The fourth meeting of the Trade Partnership Committee (‘the Committee’) under the Agreement between the European Union (EU) and the United Kingdom (UK) for Trade and Cooperation (“the TCA”) took place on 12 December 2024 in Brussels.

The representatives from the UK and EU discussed the following points:

1. Opening and adoption of the agenda

The EU and UK co-chairs opened the discussion, introduced their teams, and formally adopted the agenda for the meeting.

The EU and UK co-chairs underlined their mutual commitment to the full and faithful implementation of the TCA highlighted in the Joint Statement following the meeting between European Commission President Ursula Von Der Leyen and UK Prime Minister Keir Starmer. They also looked forward to the first EU-UK summit in May 2025.

2. Review of this year’s Trade Specialised Committees

The Parties highlighted that all ten Trade Specialised Committees had met this year, that the process is running smoothly, and that fruitful exchanges were held on common challenges such as green transition and economic security.

3. Progress in the implementation of the TCA since the previous meeting of the Trade Partnership Committee

Both Parties took stock of the progress achieved on many initiatives related to the implementation of the TCA.

a) Competition Cooperation Agreement

The EU and the UK took stock of the progress of the negotiation relating to the Competition Cooperation Agreement provided for in Article 361 TCA. The

Parties welcomed progress and noted that they had reached a mutually acceptable text at technical level.

The Competition Cooperation Agreement provides a framework for Commission and competition authorities of EU Member States (in so far as they apply EU competition law) to cooperate with the UK Competition and Markets Authority (CMA). The Agreement is a “first generation” cooperation agreement, therefore party waivers will still be necessary when exchanging confidential information.

b) Cooperation between Environmental Regulators (Article 395 TCA)

The Parties welcomed the start of the cooperation between their respective supervisory bodies under Article 395 of the TCA, which provides for a co-operation mechanism between the European Commission and the corresponding supervisory bodies of the UK on the effective monitoring and enforcement of environment and climate laws as referred to in the TCA.

The Parties agreed that this cooperation mechanism does not substitute the Trade Specialised Committee on Level Playing field and that issues of importance will be raised at the said Committee.

c) Administrative arrangement between DG CNECT and OFCOM under Article 211 TCA

Both Parties welcomed the conclusion of an administrative arrangement on 16 May 2024 between DG CNECT (the European Commission’s Directorate-General for Communications Networks, Content and Technology) and OFCOM (the UK’s regulator for communication services) to support the enforcement of digital services regulations. Both Parties agreed to make full use of the modes of cooperation under the arrangement, including information exchange through technical expert dialogues; the sharing of best practices; joint studies; and through coordinated research projects.

d) Adoption of Decision 1/2024 amending Decision 4/2023 on the standard forms for requests for information, for spontaneous exchange of information and feedback

Both Parties welcomed the adoption of Decision 1/2004 to further align the standard forms for the communication of information under the VAT Protocol with the Exchange of Forms (EoF) System. The Parties acknowledged that this

Decision allows for better cooperation on the implementation of the VAT Protocol.

e) Meetings of the TBT working groups

The Parties took stock of the first meetings of the TBT working groups on Motor Vehicles, Medicinal Products and Organic Products. The Parties agreed that the working groups are a useful forum for technical exchanges and that the conclusions reached in those meetings should be reported to the TBT Trade Specialised Committee.

f) Update to Product Specific Rules Annex due to the 2022 update of the Harmonised System (HS) (Rules of Origin)

The Parties welcomed the adoption of the update of Annex 3 of the TCA which adapts the TCA's product specific rules of origin to the 2022 update of the Harmonised System.

4. Discussion of key topics from the Trade Specialised Committees relevant to the scope of the Trade Partnership Committee

a) Green Transition: Update on EU and UK ETS and EU and UK CBAM

The Parties took stock of the discussions that were held on EU and UK Emissions Trading Systems (ETS) in the Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development.

The EU gave an update on the implementation of the Fit for 55 package and the EU ETS. The EU explained that the revision that entered into force in June 2023, strengthens and extends the EU ETS to bring it in line with the 2030 climate target (net -55% compared to 1990). The EU highlighted that the ambition of the EU ETS has been strengthened by reducing the cap on emissions, reinforcing the Market Stability Reserve and expanding the scope of the EU ETS to the maritime sector.

As regards the aviation sector, the EU explained that free allowances would be phased out by 2026. Until 1 January 2027, EU carbon pricing will apply to flights within the EU/EEA and departing flights to Switzerland and the UK. The EU explained that the rules for the monitoring and reporting of non-CO2 aviation effects would come into force as of 2025.

The UK gave an update on its implementation of the UK ETS. The UK explained that the UK ETS was an essential part of their approach to cutting emissions and driving green investment. The UK explained that the UK ETS cap has been reduced and aligned with the net zero target. The UK is exploring the possibility of expanding the UK ETS to waste incineration and bringing greenhouse gas removals into the scope of the UK ETS. The UK referred to the technical discussion between EU and UK experts that followed the Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development.

The EU asked questions on the UK's announcement to reduce the UK ETS cap on emissions for 2024-2030 and asked on the trajectory and the overall emissions reduction that the system will aim to achieve by 2030. The UK took note of the EU's interest on the matter and explained that the cap will ensure the sectors covered decarbonise at the pace required to contribute to achieving the UK's climate goals.

The EU also took note that the coverage of maritime transport remains one of the areas where our respective ETS significantly differ. The UK explained that it had recently launched a consultation (28th of November 2024) on potentially extending the UK ETS to domestic maritime transport and that there will be further consultations coming up on the matter in the future.

The EU also had questions on maintaining effective carbon pricing for aviation in UK ETS when the UK considers implementing CORSIA as well as on whether the UK would introduce a monitoring, reporting and verifying system for aviation's non-CO2 climate effects. The UK explained that the UK would publish a public consultation on its plans in due course. As regards to aviation's non-CO2 climate effects, the UK explained it was considering different options for how non-CO2 effects could be monitored in the UK in addition to supporting academic and industry led research.

The EU and the UK agreed to have follow up technical exchanges on the EU ETS and the UK ETS implementation, including on waste, maritime and aviation.

The Parties had an exchange on their respective Carbon Border Adjustment Mechanisms. The discussion touched upon an exchange on the timeline of implementation of the EU and UK CBAMs, and on design features such as scope, default values and interactions with their respective ETS. The Parties agreed to

keep each other informed about future development and hold technical meetings if necessary.

b) UK labour policies, including the Plan to Make Work Pay and the Employment Rights Bill

The UK gave an update on the Plan to Make Work Pay and the Employment Rights Bill. The UK explained that, as part of the latter Bill, it will update trade union legislation including repealing the Strikes (Minimum Services Levels) Act 2023.

The EU welcomed recent labour policy developments in the UK, in particular the Employment Rights Bill and the repeal of the Strikes (Minimum Services Levels) Act 2023. The EU asked about the state of play of consultations launched under the previous UK Government relating to employment tribunal fees, changes to collective consultation rights, rolled-up holidays pay and recording of Working hours. The UK stated that the UK government's priority has been to deliver on the Plan to Make Work Pay, in particular the introduction of the Employment Rights Bill, and that it would inform the EU, as well as the UK and EU Domestic Advisory Groups, of any future updates in these areas.

The EU also asked about plans relating to the planned single enforcement body. The UK updated on the fair Work Agency, which will bring together existing enforcement functions and will create one, recognisable single brand so individuals know where to go for help. The UK agreed to keep the EU updated on future developments around these policies.

c) UK Sponsorship Scheme

The EU expressed concern with the UK Sponsorship Scheme's application to service suppliers. While noting that the UK is free to design its migration policy as it sees fit, the EU explained that the TCA sets limits when it comes to measures applied to the service suppliers covered by the agreement. These should not nullify or impair the benefits that EU professionals could reasonably expect under the agreement. However, the EU considers that the UK Sponsorship Scheme de facto nullifies or impairs the benefits that EU Mode 4 service suppliers could reasonably expect from the TCA. The EU asked the UK to exempt EU service suppliers covered by the TCA from the Sponsorship Scheme.

The UK contended that the Scheme is fully compliant with the TCA but was open to receive further feedback to improve the system. The UK explained that in its view the Sponsorship Scheme is meant to regulate migration and ensure that UK companies and organisations - which benefit from attracting foreign workers and students - also hold responsibility concerning certain immigration-related processes. The UK noted that in its view the low uptake of the global business mobility visa route (to which sponsorship requirements apply) should be seen in a context of the fact that several routes – including the Standard Visitor Route – remain available to EU service suppliers.

The EU noted that EU service suppliers providing a Mode 4 service in the UK are neither migrants nor students nor workers intending to settle in the UK. The EU considers that the UK explanation made evident that the UK Sponsorship Scheme is not tailored for service suppliers. The EU explained that in its view the other available routes, mentioned by the UK, are also not adapted to most service suppliers. The EU noted its view that there are other efficient manners of addressing the immigration challenges mentioned by the UK, rather than applying the Sponsorship Scheme to service suppliers. Both Parties agreed to continue discussing the issue.

d) Provision of designated legal services by UK lawyers in one Member State

The UK thanked the EU for the progress made on the issue concerning the provision of designated legal services by UK lawyers in one EU Member State. The UK noted that the issue has been discussed for a number of years already. The EU confirmed that it remains committed to ensuring correct implementation of the TCA and has been in close contact with the Member State in question to clarify the matter. The EU reported that during these discussions the Member State explained that its law does not require UK lawyers providing designated legal services to show proof of legal residence for registration with the local Bar Association. The UK received the explanation positively. Both Parties agreed to follow up on the issue.

e) UK Border Target Operating Model (BTOM)

The EU indicated that certain elements of the UK BTOM still raise some questions and in its view create some frictions to trade. Particularly, the EU referred to delays before the start of checks faced by some operators, as well as delays before release, and release with damage of the goods; to the issue of the Common User Charges (CUC) levied for animal products categorised as low risk

despite their exemption from routine checks under UK law and the lack of progress on the acceptance of electronic certification for animal products imported from the EU into GB, and requested timelines for implementing electronic certification.

The UK noted that in its view its border controls are robust and it attaches great importance to reducing waiting time at the border crossing points. The UK explained that in its view, the CUC fee (£10) for low-risk goods is justified as low-risk goods remain subject to spot checks based on intelligence to monitor compliance. The UK indicated that it considers the fee supports the recovery of border controls costs and waiving it for low-risk products would increase costs for other products. The EU indicated that it considers levying CUC on low-risk animal products not justified. Finally, the UK said they were committed to easing certification processes, where it did not impact consumer protection levels.

f) EU and UK measures on the import seed potatoes and EU measures on live bivalve molluscs from Class B waters intended for depuration

The UK welcomed the Commission's audit carried out on seed potatoes and what the UK considers as positive provisional findings. The UK emphasised it would welcome a positive decision of the Commission ahead of the planting season. The EU noted that the report of the audit is pending and asked the UK to update on the three applications it has submitted on behalf of three Member States for the marketing of imported seed potatoes into the UK and that predate the UK's application. The UK noted that Member State applications would need to be assessed by Defra and the Devolved Administrations before a recommendation could be submitted to Ministers.

The UK indicated that it was a priority for the UK to resume the trade of live bivalve molluscs from class B waters, and set out that in its view the EU's current position is inconsistent with the TCA. The EU indicated that it believes to be in compliance with its international obligations. The Commission indicated that EU rules do not allow the import of food that is unfit for human consumption. This is the case with live bivalve molluscs from class B areas, unless they undergo depuration before import.

g) Subsidies to offshore wind: UK introduction of Sustainability Industry Rewards in Contracts for Difference and EU approach on inclusion of non-price factors in Contracts for Difference

The EU requested an update on the Sustainable Industry Rewards and its interaction with Contracts for Difference. The EU expressed concerns that the

proposed Sustainable Industry Rewards criteria may have a negative effect on trade or investment for the EU. The EU's view is that the measure, as it is designed, aims to incentivise participants to set up investments in the UK offshore wind supply chain, to the detriment of investment in a "foreign" supply chain. The UK explained that the Sustainable Industry Rewards scheme had been recently replaced by a new measure called the Clean Industry Bonus. The UK explained that the new measure aimed to support investment in sustainable supply chains in the UK and elsewhere in the world. The UK also considers that it is compliant with the subsidy control commitments of the TCA.

The EU gave an update on the inclusion of non-price factors in Contracts for Difference in the EU. The EU explained that non-price factors may be used in Contracts for Difference in the EU provided that they are designed in an objective, transparent, and non-discriminatory manner. Provisions relating to the use of non-price criteria are laid down in the Climate Energy and Environmental Guidelines, the Temporary Crisis and Transition Framework and the Net Zero Act. In addition, the Commission adopted a Recommendation on auction design for renewable energy in 2024.

The UK asked questions on the monitoring of aid once it has been cleared by the Commission. The Commission explained that in its view the EU has robust State aid system that has monitoring mechanisms in place that ensure that the aid approved is granted for its intended purpose. The UK asked how the EU ensures that the cumulative effect of support measures at EU or Member State level which are targeted to the production of green technologies does not entail a negative impact on trade or investment for the UK, including those set out in the NZIA. The EU explained that there are internal processes in the EU that in its view ensure that the EU's international obligations, and in particular the TCA obligations, are met.

Both the EU and UK agreed to have a technical exchange on the inclusion of non-price factors in their respective Contracts for Difference.

h) Competitiveness measures including measures announced in the "Political Guidelines for the next European Commission"

The EU gave an update on the Competitiveness measures announced in the Political Guidelines for the Next European Commission (2024-2029). The EU explained that the measures announced in the Political Guidelines are policy announcements and that further details on the design of these policies would be expected after the appointment of the new European Commission. In particular, the EU gave an update on the Clean Industrial Deal, the Clean Trade and Investment Partnership, the Industrial Decarbonisation Accelerator Act and the Competitiveness Fund.

The UK asked whether the EU intends to extend the non-crisis measures in the TCTF beyond the current expiry date. The EU noted that the non-crisis measures in the current TCTF remain in force until the end of 2025. Therefore, it is premature to say whether the non-crisis measures will be extended.

The UK noted its interest in the Draghi report and competitiveness fund announced in the Political Guidelines. In particular, the UK asked questions on the interaction the EU-level funding would interact with Member State funding particularly when targeted at the same sectors, such as hydrogen. The EU replied that there are in place internal mechanisms in place in the EU that ensure the cohesiveness of EU policy and support measures, including EU funding and state aid measures. The EU also explained that in its view any subsidy measures granted under these policy initiatives will be designed and implemented in compliance with the TCA and other international obligations.

The UK also asked questions on how previous measures (such as the NZIA) would interact with the Clean Industrial Deal, and explained concerns with the NZIA's production targets and resilience measures which, in its view, could impact UK firms' ability to invest and/or export with the EU and its Member States. The EU disagreed with the UK's assessment and explained that it is still premature to determine how the two policies will interact with each other as the Clean Industrial Deal is not in place. Nevertheless, the Political Guidelines clearly state that the EU will stay the course on the goals set out in the European Green Deal.

5. Trade Policy developments

Economic security

The UK opened the point on economic security by acknowledging the current geopolitical situation requires a resilient economy, and highlighting the need to ensure that trade continues. The UK therefore indicated that it considers coordination with likeminded partners, such as the EU, as key in this area.

The UK presented its current thinking on economic security, providing an overview of the legislation it has available to protect against economic security threats. The UK has also made a number of recent announcements relevant to economic security issues. The UK published a green paper on the 14th October that sets out a vision for investment till 2035 [Invest 2035: the UK's modern industrial strategy]. There is a section in the green paper on economic security, which outlines 3 main objectives: promote key sectors of the economy that drive growth and strengthen economic security, reduce supply chain and other

vulnerabilities which harm our long-term growth and ensure that national security risks inform the approach to driving growth in these sectors. The UK clarified that trade and industrial strategies are closely linked. The UK referred to discussion with the EU in other committees and noted many commonalities between the approaches. The UK indicated that it would welcome further discussion with the EU on ways to uphold our values and objectives on economic security. The EU indicated that it would be happy to engage informally beyond the meeting, provided all discussions will report to the institutional framework of the TCA.

The EU then gave an overview of its approach to economic security, based on the protect-promote-partner approach. The EU underlined how also its approach focuses on resilience and on targeted and proportioned measures, noting many similarities with the UK approach.

The EU noted that it has an economic security strategy from 2023 that still is the focus of our approach and that recent reports have underscored the importance of economic security. The EU then explained that the mission letter to the Commissioner for Trade and Economic Security entails also the definition of a doctrine for the strategic use of our tools, and explained the ideas that are being developed.

Finally, the EU gave a brief overview of the engagement with the UK on sanctions in multilateral fora and bilaterally on some elements of the protect side, acknowledging the good cooperation.

6. Look ahead to 2025

Both Parties remained committed to ensuring a smooth and correct implementation of the TCA. The EU and UK envisage having technical meetings as well as cooperation activities. Both parties agreed that the different Trade Specialised Committees should take stock of the technical discussions that have taken place throughout the year.

7. AOB

The UK raised touring artists, noting the importance the UK government attaches to improving the conditions for touring in the EU for creative professionals. The UK considers that it is currently not economically or logistically possible for many UK artists to tour in the EU. The EU noted that this was the 13th time the UK raised the issue of touring artists under the TCA committee structure. It also

noted that the issue of mobility of touring artists is not covered by the TCA, which the EU considers is due to the UK's refusal to take legally binding commitments on mobility as part of the negotiations of the TCA.

The EU asked about the status of the UK's Green Industries Growth Accelerator scheme and on its potential interaction with other support measures such as Great British Energy and the National Wealth Fund. The UK explained that the Green Industries Growth Accelerator was a policy of the previous Government and that funding to support clean energy supply chains will be earmarked for other policy measures through the upcoming Industrial Strategy and Great British Energy.

The UK also raised the issue of cloud computing in the context of a cyber security certification scheme in one EU Member State. The UK asked about its application to e-invoicing and the requirements to store data within the European Economic Area (EEA). The UK also asked about what it considered to be similar measures included in the EU's latest green hydrogen auction. On the first point, the EU took note of the UK's concerns on the EU MS scheme, while noting that the scheme addresses concerns on the protection of sensitive data. On the second point, the EU underlined the cyber security considerations behind the decision to localise the data within the EEA. The hydrogen projects will be connected to the overall EU energy system and thereby hold access to European sensitive energy data, which are critical to Europe's security of energy supply. Localising data related to these projects would mitigate the security risks. Finally, the EU noted that it was aware that the UK, in guidance on cloud hosting strategy, refers to requirements for certain data to be kept in the UK according to legislative requirements.

The EU expressed interest and requested an update on the new UK Industrial Strategy: Invest 2035. The UK explained that the new Industrial Strategy is a 10-year plan which will support growth in eight high growth sectors (advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services life sciences and professional and business services). The UK noted that the Industrial Strategy will be aligned with the Trade Strategy, which will renew the UK commitment to free and open trade and forging new international economic and trade partnerships. The UK noted that the new Strategy will be likely adopted in the next Spending Review period.

8. Closing remarks

The EU and UK agreed the meeting was positive and thanked everyone involved