

EXPLANATORY MEMORANDUM ON UK/EU TRADE AND COOPERATION AGREEMENT GOVERNANCE DOCUMENT

COM(2026)166

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 2025)

Submitted by the Cabinet Office, 15/05/2026

SUBJECT MATTER

1. This Explanatory Memorandum (EM) relates to the European Commission's fifth annual report on the implementation and application of the UK-EU Trade and Cooperation Agreement (TCA), covering the period from 1 January to 31 December 2025. The report is issued in accordance with Article 2(4) of Council Decision (EU) 2021/689.
2. The report reviews the implementation of the TCA over the course of 2025 and covers: the TCA's institutional framework; complaints and dispute settlement; sectoral implementation across trade in goods, services and investment, intellectual property rights, the level playing field, energy, transport, and fisheries; social security coordination; law enforcement and judicial cooperation in criminal matters; the association of the United Kingdom to certain EU programmes; other areas such as health security and the planned UK-EU Youth Experience Scheme; and developments in the law of the United Kingdom.
3. The 2025 reporting period was marked by a significant shift in the relationship following the first UK-EU Summit held in London on 19 May 2025. At the Summit, the UK Prime Minister announced a new Strategic Partnership with the EU, underpinned by the Common Understanding, which sets out a renewed agenda for strengthened cooperation with the EU across safety, security and economic prosperity. The Common Understanding also stressed both parties' commitments to the full and faithful implementation of the TCA and the Withdrawal Agreement (WA).

SCRUTINY HISTORY

4. An EM was submitted for the EU's TCA implementation report for 2023 (COM(2024) 127), dated 19 April 2024. Previous reports for 2021 and 2022 were examined by the House of Lords European Affairs Committee (EAC), resulting in exchanges of correspondence. The now-disbanded Commons European Scrutiny Committee had no questions arising from those reports.
5. The UK Government published its second biennial TCA implementation report, covering the period from 1 January 2023 to 31 December 2024, in September 2025. This report was shared with the EAC to ensure continued transparency and parliamentary scrutiny of the TCA's functioning.

MINISTERIAL RESPONSIBILITY

6. The Minister for the Cabinet Office (Minister for the Constitution and European Union Relations) has overall responsibility for the UK's relationship with the EU, including the implementation of the TCA. Other Ministers have responsibility for the individual policy sectors covered by the TCA.

INTEREST OF THE DEVOLVED GOVERNMENTS (DGs)

7. The Devolved Governments are consulted regularly on the UK's approach to matters arising from the implementation of the TCA.

LEGAL AND PROCEDURAL ISSUES

8. 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 fifth 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 AND LEGAL IMPLICATIONS

9. The UK Government welcomes the Commission's assessment that the TCA remains a robust and effective foundation for the bilateral relationship and we remain committed to the full, timely and faithful implementation of the Agreement. At the most recent meeting of the UK-EU Partnership Council on 2 February 2026, the UK and the EU agreed that the TCA is broadly functioning as expected, and that the provisions for the 2026 review of the implementation of the TCA had been substantially delivered through the commitments made at the 2025 Summit, particularly under the Common Understanding. The Government looks forward to further enhancing UK - EU cooperation via the implementation of the Common Understanding and through the annual summit process.
10. The EU remains the UK's primary trading partner, and the agreement continues to support significant UK-EU trade and investment. Total UK exports of goods and services to the EU in 2025 were worth £385bn and accounted for 41% of UK exports. Total UK imports of goods and services from the EU were worth £474bn and accounted for 49% of UK imports.¹ Nine of the UK's top 20 export destinations for goods and services in 2024 were EU Member States. 10 of the UK's top 20 import sources were EU Member States.²

¹ [ONS GDP quarterly national accounts, Q4 2025](#)

² [ONS UK Trade: All countries, Q3 2025](#)

11. The Government welcomes the continued stability provided by the extension of the TCA's energy provisions and looks forward to the commencement of negotiations on internal electricity market participation. This operational resilience is underpinned by the Security of Supply Working Group, which has increased coordination in response to the situation in the Middle East. Further to Article 392(6), we are currently negotiating an ETS linking agreement that will deepen our cooperation on carbon pricing and create a larger carbon market to support our respective industry to decarbonise in the most cost-effective way. Progress in transport remains efficient, with aviation "block permits" simplifying non-scheduled services and the UK on track for reconnection to the European Registers of Road Undertakings in January 2026. In the fisheries sector, the agreement securing reciprocal water access until 2038 is complemented by 2026 Total Allowable Catches successes and an SPS agreement designed to cut costs for seafood exports. Furthermore, the resolution of the sandeel arbitration demonstrates the effectiveness of the TCA framework in resolving complex disputes. The signing of the UK-EU Competition Cooperation Agreement in February 2026 further illustrates the strengthening of regulatory cooperation for mutual benefit.
12. The law enforcement and judicial cooperation provisions within Part 3 of the TCA continue to operate effectively with significant mutual operational benefit, and the Government is working with the EU to further enhance this cooperation. This spirit of cooperation extends to Union programmes, including in Horizon Europe and Copernicus strand of the EU Space programme in 2024. UK performance in Pillar I of the Horizon Europe programme is strong, but we are looking to strengthen our participation in Pillars II and III and welcome steps taken by the EU to reduce the application of security exclusions. In December 2025, the Government announced UK association to Erasmus+ in 2027. We are also working toward establishing a balanced UK-EU Youth Experience Scheme, with the goal of concluding negotiations by the next UK-EU Summit. These initiatives, alongside dedicated dialogues on the recognition of professional qualifications, business mobility, and market surveillance databases, reflect the UK's commitment to fostering world-class exchange and cooperation.

CONSULTATION

13. 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 contact 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

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

MINISTERIAL NAME AND SIGNATURE

A handwritten signature in black ink, appearing to read 'N. Thomas-Symonds', with a long horizontal flourish underneath.

RT HON NICK THOMAS-SYMONDS MP

HIS MAJESTY'S PAYMASTER GENERAL AND MINISTER FOR THE CABINET OFFICE
(MINISTER FOR THE CONSTITUTION AND EUROPEAN UNION RELATIONS)