EU Partnership Bill

Lead department	Cabinet Office
Summary of proposal	Primary legislation to ensure that the Government is able to comply with international agreements made between the United Kingdom ('UK') and the European Union ('EU'), or third countries - such as European Free Trade Association (EFTA) countries - where those international agreements correspond with agreements made between the UK and the EU.
Submission type	Impact Assessment
Legislation type	Primary legislation
Implementation date	
RPC reference	RPC-CO-26130-IA (1)
Date of issue	19.02.2026

RPC opinion

Rating[1]	RPC opinion
Fit for purpose	To fulfil its international obligations with the EU, the UK Government must establish a domestic legal framework that grants various authorities the power to implement, adopt, and manage treaty requirements. The Department has monetised an estimated benefit of between £4 billion and £9 billion to the UK economy a year by 2040 if an SPS deal and linking Emissions Trading Schemes (ETS) are delivered, using a GDP approach. The Department states that the overall impact on businesses and on households will be positive.

This opinion has had some material redacted from the version originally issued to the department for the reason(s) stated in the redaction.

[1] The RPC opinion rating is based only on the robustness of the rationale, options identification (including SaMBA) and justification for preferred way forward, as set out in the Better Regulation Framework guidance. RPC ratings are fit for purpose or not fit for purpose.

RPC summary

Category	Quality[2]	RPC comments
Rationale	**Green**	To fulfil its international obligations with the EU, the UK Government must establish a domestic legal framework that grants various authorities the power to implement, adopt, and manage treaty requirements. The Department links the implementation of future trade agreements to the Government's objective of economic growth, as well as decarbonisation. The IA sets out two policy objectives based on manifesto commitments, alongside a theory of change.
Identification of options (including SaMBA)	**Green**	The Department explains why there must be changes to primary legislation, thereby discounting the 'do-nothing' option but including it in the short-list as the counterfactual. The Department has proportionately justified why they cannot consider alternatives to regulation. The IA provides a sufficient SaMBA.
Justification for preferred way forward	**Green**	The Department has used Computable General Equilibrium (CGE) modelling to estimate the overall long-run impacts of a trade agreement. This overall impact has been presented in GDP terms. Option 1 is the only option that meets the policy objectives to ensure reduced trade barriers for UK traders, and to ensure certainty for UK businesses and consumers.
Regulatory Scorecard	**Satisfactory**	The Department has monetised an estimated benefit of between £4 billion and £9 billion to the UK economy a year by 2040 if an SPS deal and linking ETSs are delivered, using a GDP approach. The Department states that the overall impact on businesses and on households will be positive.
Monitoring and evaluation	**Weak**	The Department commits to monitoring and evaluating any implementing regulations that are introduced but could develop this plan by including a list of questions that an evaluation may seek to answer, alongside data sources

[2] The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed here.

	and metrics that could be used to assess the outcomes and impacts of the policy.

Summary of proposal

The proposed bill introduces primary legislation to ensure that the Government is able to comply with international agreements made between the United Kingdom ('UK') and the European Union ('EU'), or third countries - such as EFTA countries - where those international agreements correspond with agreements made between the UK and the EU.

It will allow the Government to make regulations which facilitate alignment and equivalence where that is required by specified international agreements.

The IA has considered a short-list of two options, including the preferred option and a 'do-nothing' option. The preferred option (Option 1) is legislation to implement the international agreement. To fulfil its international obligations with the EU, the UK Government must establish a domestic legal framework that grants various authorities the power to implement, adopt, and manage treaty requirements. This includes making domestic changes to meet treaty commitments and the ability to designate specific EU regulations as applying in the UK.

The proposed policy is justified because it ensures the agreement has domestic legal effect. Without primary legislation, the Government is unable to meet its obligations. Option 1 is the only option that meets the policy objectives to ensure reduced trade barriers for UK traders, and to ensure certainty for UK businesses and consumers. It is not appropriate to consider a non-regulatory option in this context.

Rationale

Problem under consideration and argument for intervention

The IA presents a range of statistical evidence that demonstrates the importance of the EU as a trading partner of the UK, from sources such as the OBR and the British Chambers of Commerce. This evidence has been presented in the context of post-EU exit trading arrangements. The Department explains that there is a growing body of evidence showing that the trading arrangements under the Trade and Cooperation Agreement (TCA) have weakened the UK's trade and economic performance. The IA presents the Bill as an opportunity to improve trade with the EU and 'smooth trade' within the UK, thereby protecting the internal market and reducing costs and administrative burdens for businesses and consumers.

The Department links the implementation of future trade agreements to the Government's objective of economic growth, as well as decarbonisation. The IA also highlights the Government's manifesto commitment to improve the UK's relationship with the EU.

Objectives and theory of change

The IA sets out two policy objectives based on manifesto commitments – to improve the UK's trade and investment relationship with the EU and increase prosperity by eradicating unnecessary barriers to trade, and to negotiate a veterinary agreement to prevent unnecessary border checks and help tackle the cost of food. The Department has developed these using the SMART framework, although this could be presented more explicitly.

In addition to the two objectives above, the IA states that the Government's commitments include negotiating separate agreements on linking Emissions Trading Schemes. *[Text redacted from the issued opinion reflecting policy in confidence material removed from the version of the OA published by government.]* This objective should be developed using the SMART framework.

The IA includes a theory of change that shows the activities, outputs, outcomes and impacts. The theory of change diagram would benefit from also including an 'inputs' column that describes what is needed to enable the activities.

Identification of options (inc. SaMBA)

Identification of the 'long-list' of options and justification for the short-listed options

The Department explains that the Bill has been prepared to enable swift delivery of a manifesto commitment and binding international agreements. Without primary legislation, the Government will be unable to meet its obligations under the agreements, as there will be no route through which the government is able to align with specified pieces of EU Law in those agreements. As a result, only the 'do-nothing option' and the 'preferred option' have been presented in the IA. The Department should clarify whether the legislative framework will allow agreements to be implemented across all sectors, or just those described in the IA.

The Department explains why there must be changes to primary legislation, thereby discounting the 'do-nothing' option but including it in the short-list as the counterfactual.

The Department has considered a third option in the long-list, which includes agreeing elements of negotiations with the EU in isolation. This option has been discounted because it would still be subject to the package of ongoing discussions with the EU, so would only change the implementation and not the design of final agreements.

Consideration of alternatives to regulation

The IA states that the Government does not consider that there are alternative ways to enable the UK to meet its obligations under the international agreements. Without primary legislation, the Government is unable to meet its obligations. The Department has proportionately justified why they cannot consider alternatives to regulation.

SaMBA and medium-sized business (MSB) assessment

The IA provides a sufficient SaMBA. The Department explains that small and micro businesses are disproportionately impacted by fixed costs of trade and could benefit from the removal of non-tariff measures as a result of the negotiations. Lowering these costs reduces barriers to exporting for both existing and prospective small traders.

The Department considers the uncertainties surrounding the treatment of small and micro businesses under an agreement to link the UK and EU Emissions Trading Schemes (ETSs). The EU provides an exemption for its own small importers; it is however challenging to understand if and how this may exempt all small UK businesses/exporters in scope of the charge. For the direct costs, this should scale to the volume of trade associated with small UK businesses exports to the EU.

The IA would benefit from a specific assessment of the impacts to medium-sized businesses. The Department states that stakeholder feedback on the Sanitary and Phytosanitary (SPS) agreement frequently highlighted the benefit to medium-sized businesses, but the analysis on this has not been developed.

Justification for preferred way forward

Identifying impacts and scale

The Department has identified the costs and benefits to a range of business stakeholders, households and government and has described these qualitatively throughout. The IA also includes an analytical annex that outlines the quantitative evidence used to monetise some impacts. The Department identifies clearly which of the impacts are direct and indirect, being clear that negotiations are ongoing and the Bill is providing a framework for implementation. Following negotiations, the Department should be able to expand the evidence base with additional analysis of the impacts that will result from secondary legislation.

The Department has used Computable General Equilibrium modelling to estimate the overall long-run impacts of a trade agreement. This overall impact has been presented in GDP terms.

The Department has been unable to monetise the costs and benefits of specific regulations in scope of the final agreements. These include familiarisation costs, one-off transition costs and potentially higher ongoing costs if the EU rules have a higher regulatory burden. The IA discusses these impacts qualitatively at this stage.

Appraisal of the shortlisted options

The IA identifies a single shortlisted option, which is assessed against the counterfactual ‘do nothing’ baseline.

The IA notes that sensitivity analysis has been undertaken for the climate target assumption. While this is a positive inclusion, the analysis would be strengthened by

expanding sensitivity testing to other key assumptions to better reflect the range of potential risks and uncertainties.

The Department presents *[text redacted]* elements of a potential trade deal – SPS arrangements, ETS linking, *[text redacted from the issued opinion reflecting policy in confidence material removed from the version of the OA published by government]* – as case studies demonstrating how the powers in the Bill could unlock associated benefits. These case studies are clearly positioned as preliminary estimates and provide helpful early indications of potential impacts.

The appraisal period extends to 2040, consistent with the long-term nature of trade related impacts. However, it is not clear when the Department anticipates secondary legislation implementing the individual elements of the agreement to be introduced. This affects the point at which impacts would begin to accrue. GDP impacts are projected using estimated UK GDP in 2040 from the Global Trade Outlook, which is a reasonable external source, though the IA would benefit from clarifying the sequencing between implementation and the realisation of benefits.

The Department draws on external stakeholder data and independent research to support the analysis. Where impacts have been monetised, the IA provides clear methodological explanation and itemises relevant costs and benefits. For example, for the SPS agreement, the IA lists costs such as health certificates, inspection costs, sampling costs and queueing times; which would all be reduced under a trade agreement. These have been collated to estimate an overall cost reduction as a percentage and value of UK GDP.

The IA would benefit from including summary figures aligned with standard analytical measures such as an Equivalent Annual Net Direct Cost to Business (EANDCB) based on the savings to businesses. Presenting these metrics and confirming that they have been produced in accordance with Green Book requirements, would aid decisionmakers and ensure consistency with Better Regulation Framework expectations.

Selection of the preferred option

The Department justifies the preferred option because it ensures the international agreement has domestic legal effect. Without primary legislation, the Government is unable to meet its obligations. Option 1 is the only option that meets the policy objectives to ensure reduced trade barriers for UK traders, and to ensure certainty for UK businesses and consumers.

The IA could be improved by incorporating the Green Book's Critical Success Factors into the appraisal process, to demonstrate that the preferred option will meet each of these effectively.

Regulatory Scorecard

Part A

The IA does not present any overall figures for the monetised impact of the policy, such as an NPSV or EANDCB. This is because the Bill is a framework Bill, so the impacts of the Bill itself are minimal, and will only materialise following the conclusion of negotiations with the EU. The Department has monetised an estimated benefit of between £4 billion and £9 billion to the UK economy a year by 2040 if an SPS deal and linking ETSs are delivered, reflecting GDP increases

There are several non-monetised impacts. *[Text redacted from the issued opinion reflecting policy in confidence material removed from the version of the OA published by government.]* There are also potential spending requirements, including financial contributions to access EU agencies or databases. Overall, the non-monetised impacts have been assessed as positive. The IA could be improved by providing further analysis to support the conclusion that the non-monetised benefits will outweigh the costs.

The Department considers the distributional impacts of the policy to be neutral, as benefits are distributed across various sectors and regions rather than creating significant disparities. Small and micro businesses stand to benefit significantly from the removal of non-tariff barriers, which previously imposed disproportionate costs.

The Department states that the overall impact on businesses will be positive because agreeing and implementing deals on emissions *[Text redacted from the issued opinion reflecting policy in confidence material removed from the version of the OA published by government]* and on food and agriculture trade between the UK and the EU will reduce costs for businesses. The IA should include justification for this within the scorecard, given the uncertain rating for the non-monetised impacts.

The Department states that the overall impact on households will be positive because the deals should reduce costs for businesses, offering more choice to consumers and reducing the pressure on prices, including energy bills and food price inflation.

Part B

The Department explains that the impact on the business environment will be positive, stating that an agreement would reduce trade costs and allow trade in some additional products to resume. The IA includes qualitative stakeholder evidence to support this rating within the scorecard.

The Department explains that the impact on international trade will be positive. Although the framework Bill will not have a direct impact, the estimated GDP gains from an agreement are driven by reduced barriers to trade. The IA could include

additional examples or evidence in this section of the scorecard to support this statement.

The IA concludes that there will be a positive impact on natural capital and decarbonisation. The Department states that emissions trading is one of the UK's most powerful tools to decarbonise industry and achieve our net zero goals. The Department could strengthen this argument by explaining the causal mechanism for this positive impact using language that is suitable for a lay audience.

Monitoring and evaluation

The Department states that there is no legal requirement to publish a formal PIR for the Act but acknowledges the importance of evidence-based monitoring. The IA identifies two bodies that are responsible for monitoring and evaluation of elements of the agreements – the UK ETS Authority for emissions and Defra for SPS. The Department commits to monitoring and evaluating any implementing regulations that are introduced but could develop this plan by including a list of questions that an evaluation may seek to answer, alongside data sources and metrics that could be used to assess the outcomes and impacts of the policy. The IA could be improved by explicitly linking the monitoring and evaluation plan to the theory of change.

Regulatory Policy Committee

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