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| Subject: | Update on relationship between the UK and the EU |
| Date: | 14 January 2021 |
| Reporting Officer: | John Walsh, City Solicitor / Director of Legal and Civic Services |
| Contact Officer: | Claire Sullivan, Policy and Business Development Officer |

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| Restricted Reports | |
| Is this report restricted? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| If Yes, when will the report become unrestricted? | |
| After Committee Decision | <input type="checkbox"/> |
| After Council Decision | <input type="checkbox"/> |
| Some time in the future | <input type="checkbox"/> |
| Never | <input type="checkbox"/> |

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| Call-in | |
| Is the decision eligible for Call-in? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

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| 1.0 | Purpose of Report or Summary of main Issues |
| | The purpose of this report is to update Members on papers that are currently available summarising the key features of the new relationship between the UK and the EU. Members should note that this is an evolving situation and that it is to be expected that new and updated documents will become available over time. |
| 2.0 | Recommendations |
| | Members are asked to note this report. |
| 3.0 | Main report |
| | <u>Key Issues</u> |

As Members are aware at 11pm on 31 December 2020, the transition period ended and the United Kingdom left the EU single market and customs union. On 24th December 2020 UK and EU negotiators agreed **the EU-UK Trade and Cooperation Agreement**. The agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in European Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights. A copy of the EU-UK Trade and Cooperation Agreement can be found at: https://ec.europa.eu/info/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

It should be noted that Foreign policy, external security and defence cooperation is not covered by the Agreement. In addition, the Trade and Cooperation Agreement does not cover any decisions relating to equivalences for financial services, the adequacy of the UK data protection regime, or the assessment of the UK's sanitary and phytosanitary regime for the purpose of listing it as a third country allowed to export food products to the EU.

On the 29th December 2020, The Council of the EU adopted a decision on the signing of the Trade and Cooperation Agreement and its provisional application (pending a consent vote by the European Parliament in early 2021; it is envisaged that this vote will take place in February/March but at this point, there is uncertainty around the timings of this). On the 30th December 2020, The European Union (Future Relationship) Bill passed through the various stages of the UK parliament thus becoming an Act of Parliament: the European Union (Future Relationship) Act.

The UK Government have produced a summary of the Trade and Cooperation Agreement, a copy of which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/948093/TCA_SUMMARY_PDF.pdf

The Agreement is structured into 7 Parts:

- Part 1 covers the common and institutional provisions in the Agreement;
- Part 2 covers trade and other economic aspects of the relationship, such as aviation, energy, road transport, and social security;
- Part 3 covers cooperation on law enforcement and criminal justice;
- Part 4 covers so-called “thematic” issues, notably health collaboration;
- Part 5 covers participation in EU Programmes, principally scientific collaboration through Horizon;
- Part 6 covers dispute settlement;

- Part 7 sets out final provisions.

Key features of the Trade and Cooperation Agreement include the following:

- Trade: There will be no tariffs or quotas on trade in goods provided rules of origin are met. There are increased non-tariff barriers, but measures on customs and trade facilitation to ease these.
- Governance: The Agreement is overseen by a UK-EU Partnership Council supported by other committees. There are binding enforcement and dispute settlement mechanisms covering most of the economic partnership, involving an independent arbitration tribunal. There is no role for the Court of Justice of the EU in the governance and dispute settlement provisions.
- Both parties can engage in cross-sector retaliation in case of non-compliance with arbitration rulings (through suspension of obligations, including imposition of tariffs). This cross-sector retaliation applies across the economic partnership.
- Level playing field provisions: Both parties have the right to take counter-measures including imposition of tariffs, subject to arbitration, where they believe divergences are distorting trade. There is also a review mechanism where this occurs frequently.
- Subsidies/state aid: Both parties are required to have an effective system of subsidy control with independent oversight. Either party can impose remedial measures if a dispute is not resolved by consultation.
- Fisheries: 25% of the EU's fisheries quota in UK waters will be transferred to the UK over a period of five years. After this, there will be annual discussions on fisheries opportunities. Either party will be able to impose tariffs on fisheries where one side reduces or withdraws access to its waters without agreement. A party can suspend access to waters or other trade provisions where the other party is in breach of the fisheries provisions.
- Security: A new security partnership provides for data sharing and policing and judicial co-operation, but with reduced access to EU databases. A new surrender agreement takes the place of the European Arrest Warrant. Cooperation can be suspended by either side swiftly in the case of the UK or a Member State no longer adhering to the European Convention of Human Rights
- EU Programmes: Continued UK participation in some EU programmes: Horizon Europe (Research), Euratom Research and Training, ITER fusion and Copernicus (satellite system).
- Review and Termination: The TCA will be reviewed every five years. It can be terminated by either side with 12 months' notice, and more swiftly on human rights and rule of law grounds.

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| | <p>There are only two references to Northern Ireland in the summary of the trade agreement.</p> <ul style="list-style-type: none">○ The first is in relationship to passenger transport providers – “Services on the island of Ireland will also be able to pick up and set down passengers in both Ireland and Northern Ireland, enabling cross-border services to continue with no restrictions”○ The second is not a direct reference to NI but rather mention of conditions that seem to only apply to GB – The Agreement “Ends the EU State Aid regime in Great Britain and allows us to introduce our own modern subsidy system”. |
| | <p><u>The Northern Ireland Protocol</u></p> <p>Members are reminded that on 10 December 2020, the Co-Chairs of the Withdrawal Agreement Joint Committee reached an agreement in principle to address the outstanding issues related to the implementation of the Withdrawal Agreement, in particular the Northern Ireland Protocol.</p> <p>The Northern Ireland Protocol Command Paper outlines further details; as well as further information on the UK Government’s work to implement the Protocol and support businesses as it comes into force. This paper was laid in Parliament on 10 December.</p> <p>The decisions contained in the Co-Chairs agreement in principle were agreed to at the Joint Committee meeting on 17 December. These papers set out those Decisions of the Joint Committee, and unilateral declarations by the United Kingdom and the EU in the Joint Committee. A copy of these papers and the Command Paper can be downloaded at: https://www.gov.uk/government/publications/the-northern-ireland-protocol</p> |
| | <p>2025 UK Border Strategy</p> <p>Members’ attention is also drawn to the 2025 UK Border Strategy which was published on 17th December 2020, a copy of which can be downloaded at: https://www.gov.uk/government/publications/2025-uk-border-strategy</p> <p>In summary, the 2025 UK Border Strategy sets out the UK Government’s vision for the UK border to be the most effective in the world. The strategy states: ‘A border which embraces innovation, simplifies processes for traders and travellers and improves the security and biosecurity of the UK.’ The purpose of the strategy is to set out:</p> <ul style="list-style-type: none">• The UK Government’s approach to working in partnership with the border industry and users of the border to design, deliver and innovate around the border;• a long-term Target Operating Model (TOM) for the border that describes the border the UK Government are intending to create; and• the major transformations that government and industry will need to deliver by 2025 and beyond to implement the Target Operating Model. |

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| | <p>For further research and briefing papers in relation to the UK relationship with the EU, Members' attention is drawn to the House of Commons Library webpage: https://commonslibrary.parliament.uk/tag/brexit/</p> <p>The Library has published a range of briefing papers including:</p> <ul style="list-style-type: none"> • The UK-EU Trade and Cooperation Agreement: summary and implementation • The Northern Ireland Protocol & the Joint Committee • Brexit: the financial settlement • The UK's contribution to the EU budget • End of Brexit transition: mobile roaming • Brexit and state pensions <p>Members will be aware that there have been various initial analyses undertaken of the UK-EU Trade and Cooperation Agreement and there are links on this webpage to various Think Tanks and opinion pieces: https://commonslibrary.parliament.uk/research-briefings/cbp-9106-2/</p> |
| | <p><u>Financial & Resource Implications</u></p> <p>There are no financial or resource implications relating to this report.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>There are no implications relating to this report.</p> |
| | <p>Appendices</p> |
| | <p>None</p> |