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# After the Frost, the Thaw? The Future UK-EU Relationship



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On 29 April the House of Lords European Affairs Committee produced *an excellent report on the Future UK-EU Relationship*. Though couched in careful prose to maintain political neutrality, it is essentially a plea that the country should stop hitting itself over the head in the name of sovereigntist purity. After seven years of ideological warfare, as much within the Conservative Party as between Brexitists and erstwhile Remainers, must we remain Frost-bitten – or are we ready to return to British traditions of pragmatism and cooperation in pursuit of the national interest?

For years the single biggest obstacle to progress has been the corrosive mistrust generated by the government's effort to wriggle out of undertakings in the Northern Ireland Protocol (NIP), culminating in the NIP Bill that sought unilaterally to disapply parts of it. The Windsor Framework opens a way forward.

What does the Report recommend? In summary:

## **Political, diplomatic, institutional**

- The rapid conclusion of cooperation agreements with the EU that had been blocked by the dispute over the NIP – notably on Horizon Europe, electricity trading and financial services.
- Regular dialogue with the EU institutions at all levels – and especially between HMG and the European Commission in the Partnership Council. The Withdrawal Agreement and the TCA established extensive institutional machinery, but it has scarcely operated. There is a particular need to identify potential regulatory divergence at an early stage, addressing problems before they escalate into disputes.
- An ambition to streamline the institutional machinery when the TCA comes up for review in 2025.
- Regular UK-EU Summits – ideally holding the first of these in the UK by the end of this year.
- Deeper involvement of the devolved administrations, notably through the Interministerial Groups established in 2022 which should be convened routinely in advance of meetings of the UK-EU institutions. Civil society organisations should also be encouraged to engage, and be properly funded for this purpose.
- Continuing participation in the fledgling European Political Community (EPC) which should, however, remain a relatively informal intergovernmental body, complementary to the EU and to the Council of Europe. It is by no means a substitute for proper engagement with the EU.

- A concentrated effort to recreate strong co-ordinating machinery in Whitehall, with the devolved administrations and with the UK Mission to the EU (UKMis) that would enable Britain to make effective representations at an early stage of the EU's complex policy process. When the UK was a member of the EU, this was a particular national strength. It is no less important post-Brexit.

### **Foreign policy, defence and security**

- Urgent efforts to establish structured co-operation arrangements with the EU on matters relating to foreign policy and security, as foreseen in the UK-EU Political Declaration of 2019. Such arrangements might include the possibility that the Foreign Secretary could engage regularly with the EU Foreign Affairs Council.
- The exploration of a Memorandum of Understanding with the EU on sanctions against Russia, similar to the enhanced sanctions partnership agreement reached with the US Treasury. This would complement the new G7 Enforcement Coordination Mechanism.
- Case by case participation as a third country in Permanent Structured Cooperation (PESCO) projects, following the welcome decision to join PESCO's Military Mobility project.
- More active involvement in the European defence-industrial ecosystem, in particular through an administrative agreement with the European Defence Agency.
- Efforts to give practical effect to the conclusions of the 2023 EU-NATO Joint Declaration that the EU plays a complementary role in a NATO-led European security environment and that NATO Allies that are not members of the EU should be as fully involved as possible in EU initiatives.

### **Energy Security**

- A more intense and focused energy dialogue with the EU, notably through the TCA's Specialised Committee on Energy, which met only twice in 2022, and through regular meetings between the Secretary of State for Energy Security and the EU Commissioner for Energy.
- Exploration of an agreement to maintain energy flows between the UK and the EU in the event of critical supply shortages.
- Close cooperation on the installation of additional subsea electricity cables ('multipurpose interconnectors') of the capacity that will be required for energy security into the future.
- The early conclusion of an agreement to deliver the provisions of the TCA as they relate to energy trading.
- Consideration of the case for full membership of the North Seas Energy Cooperation (NSEC), building on the Memorandum of Understanding already signed.
- Exploration of the feasibility of linking the UK and EU Emissions Trading Schemes, which are similar in design and scope. This should be an urgent priority, before divergences begin to set in, notably between the UK and EU Carbon Border Adjustment Mechanisms (CBAMs), where substantial differences would introduce a risk of trade diversion and other damage.

## Mobility of people

- Adjustment of visa eligibility criteria in response to labour shortages in specific sectors to minimise barriers to business and professional mobility.
- A concerted effort to simplify the post-Brexit rules which are proving a significant barrier to mobility. At a minimum, the guidance on business and professional travel between the UK and the EU must be made easier to navigate and interpret.
- Urgent engagement with the EU (in the Partnership Council and the relevant TCA Specialised Committee) to resolve problems that have arisen for creative professionals wishing to work and tour in the EU and vice versa.
- Reciprocal youth mobility arrangements including a youth group travel scheme that would exempt EU pupils on school visits from the obligation to carry individual passports; and funding for school group mobility within the Turing scheme (drawing on Welsh experience with the Taith programme).
- Efforts to reverse the reduction in the number of EU students enrolling at UK universities. The Turing scheme has significant strengths, including its flexibility regarding the types of mobility that are supported, but it is not a reciprocal programme. That possibility should be considered, alongside efforts to resume engagement on aspects of Erasmus+.
- The negotiation of an ambitious reciprocal youth mobility partnership allowing young people to apply for fixed-term visas to travel and work within the EU on preferential terms.

This is a considerable list. And it could have been longer still.

In the field of foreign policy, for example, the Report could have recommended the development of a special relationship with the EU of the kind that some Leavers were suggesting before the referendum vote: one that recognises Britain's unique situation and seeks to preserve at least some of what both sides have lost as a consequence of the decision to leave. That would mean some kind of association with the Political and Security Committee from which the UK is presently excluded.

And of course there are countless improvements that could be made in the UK's trading relationship with the EU. The Report barely touches on these because the committee had already covered the trade agenda in earlier reports.

But the Lords Report has now been complemented by a very full set of proposals from the UK Trade and Business Commission (UKTBC): *"Trading Our Way to Prosperity: a Blueprint for Policymakers"*. The headline recommendation of this report, which draws on evidence from hundreds of expert witnesses, companies and trade organisations, is that there is nothing to be lost, and everything to be gained, by aligning with EU standards and regulations wherever possible. Most British businesses will do this in any case, to maximise their potential market. Acknowledging this would reduce costs to business as well as helping to attract investment.

A Sanitary and Phyto-Sanitary (SPS) agreement with the EU is the most obvious example, because it would overcome a huge part of the N. Ireland problem at a stroke. Brexitists object that it would

require 'dynamic alignment' with EU standards that could stand in the way of trade agreements with the rest of the world, and notably the US. The EU met that objection by offering an SPS deal that could be abandoned without penalty if the UK ever did want different standards – and, in any case, the prospect of a trade agreement with the US is as far off as ever. Yet the government still seems to be wedded to what can only be called 'performative divergence'.

Much the same could be said for several other Brexit projects which create unnecessary new costs for UK business without compensating benefits. Why, for example, do we persist with a ruinously expensive, duplicative national system for the regulation and management of chemicals, when most British industry would prefer to remain within the EU's "Reach" system, which it will need to do in any case for international trade purposes? And – given that most companies need to meet CE standards for much of their trade – what is the value-added of the new UK Conformity Assessed (UKCA) marking? The UKTBC report calls for delay in the mandatory imposition of the new system until it is clear that the UKCA marking offers tangible benefits to UK regulators, businesses and consumers.

The UKTBC has many other excellent recommendations, including a new forum for trade co-operation with the EU inspired by the successful US/Canadian regulatory cooperation council, and the creation of a new UK Board of Trade.

In time it may again become possible to re-examine the case for UK membership of the EU Customs Union and perhaps the Single Market. The UK may even reapply for full membership of the EU. But it is much too early for that. These reports sensibly focus on steps that might be taken at once, in the interests of both sides, and without sending everyone back into the Brexit trenches.

The Prime Minister – who, unlike Mr. Johnson, supported Brexit out of conviction rather than political expediency – may have principled objections to some of the steps proposed in these reports. Even if he does not, he is constrained by those within his party who continue to prioritise sovereigntist concerns over calculations of cost and benefit to the country. Witness the difficulty of driving a stake through the heart of the EU Retained Law Bill.

But I hope that Mr. Sunak can overcome what Camilla Cavendish recently termed "the residual machismo of Brexit", enabling British pragmatism to prevail over the ideological purity that we used to consider a Continental vice – and not least a characteristic of the EU institutions. Let us make practical progress in our own interests, and as quickly as we can, as we gradually awaken from the Brexit fever dream.

***Anthony Cary is a member of the European & International Analysts Group and former Head of the European Union (Internal) Department, Foreign & Commonwealth Office and British Ambassador to Sweden. He was Chef de cabinet to Chris Patten, European Commission, from 1999 to 2003***

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## European & International Analysts Group

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 [eiag.org.uk](http://eiag.org.uk)

 [contact@eiag.org.uk](mailto:contact@eiag.org.uk)

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