



The Future of UK-EU Relationship

Report by the Lords European Affairs Committee und submitted by Anthony Cary (Ambassador ret.) of the “European & International Analysts Group” in London.

Recommendations by the Committee:

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.

Anthony Cary comments as follows:

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 organizations, 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.◆