

**EU-UK Trade & Cooperation Agreement**  
**ESF contribution to EU-UK DAG-to-DAG and CSF meetings**  
**On 19 & 20 September 2024**  
**Session on “Trade in Services” – 14:00 – 15:00**

1. Trade in services between the two parties is massive; Very important for the two economies.

In 2023, The EU exported 264 Bio € of services to the UK (44% of total exports to the UK – Goods & services) and the UK exported 211 Bio € of services to the EU (54% of total exports to the EU). The UK is the second biggest trading partner of the EU in services after the United States. Trade in goods and services are very much intertwined and many services are provided around the manufacturing products.

The TCA is working well for the services sectors. However, it cannot deliver the same level of access and facilities than within the EU Single market, with notably the loss of the single passport for the UK businesses.

2. Data flows and data protection

- a) Data flows between the EU and the UK are vital for both economies. If we take only two sub-sectors (Computer related services – SI2, and Professional and management consulting services – SJ2) both provided essentially digitally (with a component of short-term business visitors – see below), the EU exports account for nearly 60 Bio€ and UK exports for nearly 40 Bio €. But data flows are in fact part of every single trade transaction now-a-days. It is a broader issue of concerns to all the economic sectors.
- b) To continue to be run smoothly, the EU and the UK must maintain the legal framework on data protection.
  - i. We understand that the Data Protection and Information Bill didn't go through the previous legislative process and that after the assessment by current government, it fell, i.e. it has decided not to put it back as such through the current legislature. However, there is a need to monitor what are the intention of the new government on that matter.
  - ii. The EU Data Adequacy Decisions by the European Commission of the UK data protection laws is set to expire on 27 June 2025 (sunset clause). There is a need to monitor this process to ensure that all necessary action will be taken by the EU institutions (DG Just, Comitology?), provided that the UK government does not decide to diverge in the meantime.

3. MRA on Professional Qualifications

The idea of a Mutual Recognition Agreement of professional qualifications is to make easier the possibility for professionals to have their diplomas and qualification recognised by the regulators of the other party without having to requalify/go back to university, etc.

The TCA has put into place a mechanism to invite the regulatory authorities of regulated professions (Lawyers, accountants & auditors, architects, some engineers, health professions, etc.) to agree on the criteria of recognition and issue recommendations to the two parties. The

European architects and the British architects' regulatory bodies sent such recommendations to the European Commission and to the UK government. However, it requires for EU architects to pass additional exams that are not in place now, and hence would make it more difficult to allow EU architects to do business in the UK than now. The EU therefore are asking to reopen the talks between the regulatory bodies. The UK government has mandated the ARB (Architects Registration Board) and hence doesn't want (yet) to interfere. ARB is arguing that the additional examination is non-discriminatory, and all architects must pass it, including the UK architects and all architects from third countries. It is notably related to extra Health & Safety requirements due to the Grenfell fire in an apartment tower in 2017.

After verification, it is true that ARB unilaterally recognises certain EU qualifications - and continues to do so until new arrangements are put in place between ARB and EU counterparts. However, it does not recognise some annexes of the EU Professional qualification Directive (which contains most of the qualifications notified in 2004 when the EU went from 15 Member States to 25 - nor does it include those who joined later (BG, RO, HR). On the other side of the Channel, the EU27 have been told to treat UK applicants as they would any other third country applicants. In the absence of any MRA (currently being negotiated), arrangements will vary from one country to another - some being rather strict regarding requirements, others more relaxed. So, the current situation is not satisfactory for no sides.

The EU DAG and the UK DAG can only encourage the relevant parties to continue to work on a better solution. They also encourage the Parties to explore alternative solutions to the current system of the TCA, which is not delivering and not encouraging other professional services sectors to look for a MRA of professional qualifications.

#### **4. Temporary mobility of services providers**

This is an important issue as it has significant economic impact. As alluded here above, some trade in services transactions under mode 1 (cross-border trade) imply also some mobility of professionals to fulfil the contract that would have been concluded online. It is of the case of management consulting contracts, or maintenance and repair services, or ICT/computer related services, etc. And we have seen that this includes around 100 Bio€ of transactions per year, but it is difficult to assess the importance of the mobility part into the contracts.

- a) The EU businesses are not satisfied by the current **UK sponsorship programme** that requires that a UK business that wants to have a EU service provider to enter the UK to fulfil a contract must be accredited as a "sponsor" so that the UK Home Office can control the flow of professional entering the country. The system is costly for SMEs and time consuming. UK SMEs often are not aware of the process and prefer to look for a UK provider instead of fulfilling the accreditation requirement. They are losing opportunities to do business with EU providers and EU providers are losing clients. UK businesses are deprived of access to EU talents and to EU innovation. This is hence a proper new trade barrier. As this programme is not part of the TCA, the EU DAG call upon the UK Home Office authorities to unilaterally lift for EU services providers this obligation of sponsorship programme.
- b) **Need for clarification for short term business visitors.** Here again it is difficult to assess how many service providers (to the services sectors as well as to the goods sectors) are

moving temporarily across the Channel, but there is no doubt that there are many of them flying in/flying out every day in the Eurostar trains.

Some of them will be covered by the list of short-term business visitors in TCA Annex 21, other will not be; some will be Contract Service Suppliers (CSS) and Independent Professionals (IP) covered by TCA Annex 22. There is a lot of uncertainties whether these travellers need to be covered by the sponsorship programme, whether they need a visa, whether they need to be on the “Permitted Paid Engagements” (PPE) list that has been reviewed by the UK Home office.

We recognise the efforts made by the UK Administration in providing information on its [dedicated website](#), and in its November 2023 [Autumn Statement](#) aiming “at simplifying and expanding the UK’s short-term “business visitor visa””. But the truth is that it is very complex to navigate this system and more clarity is needed.

### c) **New EU “EES” and new UK” ETA”**

The EU will put into force its new “Entry/Exit System” (EES) in October or November 2024. The EES will be an automated IT system for registering travelers from third countries, both short-stay visa holders and visa exempt travelers, each time they cross an EU external border, including UK citizens. The system will register the person’s name, type of the travel document, biometric data (fingerprints and captured facial images) and the date and place of entry and exit, in full respect of fundamental rights and data protection. It will also record refusals of entry. EES will replace the current system of manual stamping of passports, which is time consuming, does not provide reliable data on border crossings and does not allow a systematic detection of overstayers (travellers who have exceeded the maximum duration of their authorised stay).

On the UK side, in February 2024 The UK government has launched an **Electronic Travel Authorisation** (ETA) scheme - an ETA is a digital permission to travel to the UK, with the purpose of “strengthening the security of our border and improve travel”. On 11 September 2024, the UK Home Office announced that the “Electronic Travel Authorisation” (ETA) will open up to all other nationalities, except Europeans, in November 2024 and be required for entry from 8 January 2025. **Europeans, meanwhile, will be required to have an ETA for travel from 2 April 2025**, with applications opening up in March. It costs £10 to apply. Everyone travelling needs to get an ETA, including babies and children.

The EU DAG took note of these developments on both side of the Channel, which might further hamper professional mobility and called upon the authorities to manage the transition in an as-smooth-as possible manner, notably by ensuring that the entry into force of the system/scheme will not create delays at the borders in the first days. Clarification on the development of an application which would allow travelers to apply online was requested.

## 5. TCA Review process for 2026

Article 776 of the TCA states that “The Parties shall jointly review the implementation of this Agreement and supplementing agreements, and any matters related thereto five years after the entry into force of this Agreement and every five years thereafter”.

Furthermore, Article 126 of the TCA, in the Services and Investment chapter, entitled “Review” states that the “Parties shall review their legal framework relating to trade in services and investment, including this Agreement, in accordance with Article 776.” And that the “Parties shall endeavour, where appropriate, to review the non-conforming measures and reservations set out in Annexes 19, 20, (*i.e. the schedule of commitments of the parties for services, via their negative lists*), 21 (*Short-term business visitors*) and 22 (*CSS and IP*) and the activities for short-term business visitors set out in Annex 21, with a view to agreeing to possible improvements in their mutual interest. It also specifies that this Article shall not apply with respect to financial services. The EU DAG called upon a clarification by both parties on their interpretation of these articles, and whether they will envisage possible review of the schedules of commitments and annexes on temporary movement of services providers, particularly in the new political context following the elections in the UK in July 2024.

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