

Constitution, Europe, External Affairs and Culture Committee
Thursday 20 March 2025
10th Meeting, 2025 (Session 6)

Review of the UK-EU Trade and Cooperation Agreement Inquiry: Part 2

1. The Committee published the [UK-EU Trade and Cooperation Agreement: Barriers to trade in goods and opportunities to improve the UK-EU trading relationship](#) report on 10 September 2024, following the first part of our [Review of the EU-UK Trade and Cooperation Agreement](#) inquiry.
2. That piece of work focused on trade in goods between the UK and the EU. The second part of the inquiry is looking at trade in services and also youth mobility and touring artists.
3. The Cabinet Secretary's [response to CEEACC TCA Report Part I](#) set out the Scottish Government priorities for improving UK EU relations, including its aim to—
 - Seek full participation in relevant EU programmes, with specific priority to request a commitment to open negotiations with the EU Council to discuss options for partial or full association with Erasmus+ and Creative Europe
 - Seek restored opportunities for professionals in sectors across our economy to work in the EU
4. Evidence for the second part of the inquiry has covered: [a panel representing the legal profession](#) (31 October); [academics and think tanks](#) (21 November); [sectoral representative bodies](#) (5 December); [British Chambers of Commerce and Energy UK](#) (12 December); [economists and trade experts](#) (16 January); the [European perspective](#) (23 January); those with an interest in youth mobility ([30 January](#) and [6 February](#)); and AI and Touring Artists on [13 March](#).
5. This week we will be concluding our evidence taking by hearing from the Scottish Government.
6. A SPICe briefing (including a summary of the evidence heard during part 2 of the inquiry) is provided at **Annexe A** and a letter from the Cabinet Secretary (including a summary of last autumn's TCA Specialised Committee meetings) at **Annexe B**.

Clerks to the Committee
March 2025



Constitution, Europe, External Affairs and Culture Committee

10th Meeting, 2025 (Session 6), Thursday, 20 March

Inquiry into the review of the EU-UK Trade and Cooperation Agreement – Phase 2: trade in services and mobility of people

Evidence Session with the Cabinet Secretary for Constitution, External Affairs and Culture

This paper for today's Committee meeting includes background briefing on trade in services, mutual recognition of professional qualifications and mobility provisions which have previously been highlighted in SPICe papers provided to the Committee during its consideration of this phase of the TCA inquiry. This paper also includes a summary of the issues raised during previous evidence sessions for this phase of the inquiry.

TODAY'S EVIDENCE SESSION

Today's evidence session is an opportunity for Members to discuss with the Cabinet Secretary the key issues which have arisen during the Committee's TCA phase two inquiry. The Committee may wish to ask the Cabinet Secretary for the Scottish Government's views on the following issues:

- How the current geopolitical situation may influence the UK-EU relationship in relation to the TCA.
- Whether the TCA's approach to trade in services is operating effectively for UK service providers.

- How the TCA is operating for Scotland's legal professionals who wish to provide legal services in the EU.
- How mobility arrangements for UK service providers are operating and what changes might be made.
- How a review of the TCA might address the issue of mutual recognition of professional qualifications.
- Whether there are opportunities for closer energy cooperation between the UK and the EU.
- Whether the data adequacy agreement between the UK and the EU should be extended.
- How the Scottish Government is supporting service providers in navigating the new rules governing the provision of services in EU countries.
- The Scottish Government's view on the mobility arrangements (including youth mobility) between the UK and the EU and how they might be developed as part of the TCA review.

CONTEXT

The first phase of the Committee's inquiry into the review of the Trade and Cooperation Agreement [focused on the provisions related to trade in goods](#) reported on 10 September 2024.

At its meeting on 5 September 2024, the Committee agreed to take evidence in relation to—

- Trade in services, such as financial and legal services, (including mutual recognition of professional qualifications), and
- The mobility of people (including youth mobility schemes, Erasmus+, and touring artists and creative professionals).

Both these areas are addressed in the free trade agreement section of the TCA.

Evidence sessions during the inquiry

At the meeting on 31 October 2024, the [Committee took evidence from](#):

- Dr Ross Anderson (Faculty of Advocates)
- Professor David Collins (City St George's, University of London)
- Dr Adam Marks (Law Society of Scotland)

At the meeting on 21 November 2024, the [Committee took evidence from](#):

- Professor Catherine Barnard, Professor of European and Employment Law, University of Cambridge;
- Professor Sarah Hall, Deputy Director, UK in a Changing Europe;
- Mike Buckley, Director, Independent Commission on UK EU Relations;
- Professor Jonathan Portes, Professor of Economics and Public Policy, King's College London.

At the meeting on 5 December 2024, the [Committee took evidence from](#):

- Ben Addy (Moxon Architects)
- Vivienne Mackinnon (Scotland's Rural College)
- Dr Joseph Maguire (University of Glasgow)

At the meeting on 12 December 2024, the [Committee took evidence from](#):

- William Bain (British Chambers of Commerce)
- Adam Berman (Energy UK)

At the meeting on 16 January 2025, the [Committee took evidence from](#):

- Dr Arianna Andreangeli (University of Edinburgh)
- Emily Fry (Resolution Foundation)
- David Henig (European Centre for International Political Economy)
- Peter Holmes (The University of Sussex)

At the meeting on 23 January 2025, the [Committee took evidence from](#):

- Pascal Kerneis (European Services Forum)
- Christophe Lam (BusinessEurope)

At the meeting on 30 January 2025, the [Committee took evidence from](#):

- Roy Gardner (City of Glasgow College and Colleges Scotland)
- Lesley Jackson (Universities Scotland)
- Sarah Paterson (YouthLink Scotland)
- Sai Shraddha S Viswanathan (National Union of Students Scotland)

At the meeting on 6 February 2025, the [Committee took evidence from](#):

- Ellie Bevan (Taith)
- Peter Brown (British Council)
- Professor Paul James Cardwell (King's College London)

At the meeting on 13 March 2025, the [Committee took evidence from](#):

- Professor Anahid Basiri (University of Glasgow)
- Professor Mark Schaffer (Royal Society of Edinburgh)

And

- Dr Kirsteen Davidson Kelly (National Youth Orchestras of Scotland)
- Lisa Whytock (Active Events)
- Colin Keenan (ATC Live)

The Committee also received a number of [written submissions](#).

BACKGROUND ON THE ISSUES DISCUSSED DURING THE INQUIRY

Trade in services as an EU member state

Whilst the TCA provides a number of measures to facilitate the trade in goods, it is more limited in its coverage of trade in services. As a result of Brexit and the UK decision to leave the Single Market, UK service providers lost the right to free movement in the EU and the right to freely provide services across the EU.

For EU member states, the free movement of services covers two elements:

- i. the freedom of establishment for individuals and companies to provide services in another Member State on a 'permanent' basis and
- ii. the freedom to provide cross border services to a recipient established in another Member State on a 'temporary' basis. This may involve cross-border movement by the service provider or the recipient, or, in the case of services delivered online or at a distance, no cross-border movement by either party.

This means that EU based service providers who follow the regulations and rules in their home country can freely provide services elsewhere in the EU Single Market.

Writing for the UK in a Changing Europe, Dr Sarah Hall [summarised the possible barriers for trade in services](#):

“For services, barriers to trade are so-called non-tariff barriers that regulate both services delivered cross-border and the person delivering them, for example, by specifying the qualifications and work experience of the service provider. Trade agreements in services aim to make delivery of cross-border services easier by reducing (or removing) these barriers, by, for example, recognising qualifications from other jurisdictions so that individuals no longer require checks and paperwork. They also include provisions that make it easier to establish an office overseas.”

Trade in services under the Trade and Cooperation Agreement

When the UK left the EU, UK service providers such as lawyers, architects, businesspeople or other professionals lost the ability to freely provide services in EU member states. Instead, they are required to abide by the domestic rules, procedures, and authorisations applicable to their activities in the member states where they operate. This means complying with – often varying – host-country rules of each Member State, as they will no longer benefit from the EU's common rules or mutual recognition of standards across the EU.

European Commission [guidance on the TCA summarises how the agreement supports trade in services](#):

“The EU-UK Trade and Cooperation Agreement (TCA) provides for a significant level of openness for trade in services and investment in many sectors including professional and business services (e.g. legal, auditing,

architectural services), delivery and telecommunication services, computer-related and digital services, financial services, research and development services, most transport services and environmental services...

... The actual level of market access will depend on the way the service is supplied: whether it is supplied on a cross-border basis from the home country of the supplier, e.g. over the internet ('mode 1'); supplied to the consumer in the country of the supplier, for example a tourist travelling abroad and purchasing services ('mode 2'); supplied via a locally-established enterprise owned by the foreign service supplier ('mode 3'), or through the temporary presence in the territory of another country by a service supplier who is a natural person ('mode 4'). In practice, the actual ability to supply a particular service or invest in a certain sector also depends on specific reservations set out in the TCA, which may be imposed on EU service suppliers when supplying services in the UK in some sectors, and vice-versa."

The [World Trade Organisation provides further information on the four modes](#) which are used to define services trade and which are referenced above.

The TCA's impact on different service providers in the UK is not uniform as the Agreement does not provide a common approach for all services trade.

Mutual recognition of professional qualifications under the TCA

A contributor to the way in which the EU has facilitated trade in services is through a process of mutual recognition of professional qualifications.

European Union member states usually regulate access to professions such as medicine, nursing and engineering in their own countries in order to protect the public. However, requiring professionals to re-train if they want to work in another Member State would discourage mobility and limit their freedom of establishment. To avoid this, EU member states agreed an approach to facilitate the mutual recognition of professional qualifications meaning where a professional is qualified in one member state, they are able to freely work in another member state.

The TCA provides very little in the way of supporting continued mutual recognition of qualifications for UK workers in the EU and vice versa. Instead, EU qualified workers wishing to work in the UK and UK nationals wishing to work in the EU must meet the qualification requirements of the UK and each individual Member State respectively.

However, the Agreement includes a commitment from both sides that they may seek to negotiate more detailed reciprocal arrangements on a sector-by-sector basis in the future.

Writing in December 2021, Dr Sarah Hall [set out the impact of the TCA on some professionals in](#) the UK:

“For professional business services such as audit and architecture, the ending of the Mutual Recognition of Professional Qualifications has erected new trade barriers with the EU. The UK had pressed for automatic recognition to continue in the TCA, but the EU refused. Instead, a process similar to that in the CETA was reached, whereby professional bodies will have to separately negotiate mutual recognition agreements. This is likely to be a drawn-out process: so far only the architecture profession has started the process. The only exception in the TCA is for lawyers. The TCA allows British lawyers to practise under their UK title and provide advice in the EU on UK and international law.

Mobility of people under the Trade and Cooperation Agreement

As referenced above, the UK’s decision to leave the Single Market meant that the automatic right to freedom of movement was lost for UK nationals. As a result, EU qualified workers wishing to work in the UK and UK nationals wishing to work in the EU have to meet the qualification requirements of the UK and each individual Member State respectively.

[According to Catherine Barnard, Professor of EU law at the University of Cambridge and Trinity College, and deputy director of UK in a Changing Europe and Emilija Leinarte, British Academy Postdoctoral Fellow at the Lauterpacht Centre for International Law at the University of Cambridge, Trinity College](#), during negotiation of the TCA, the European Commission proposed that a standalone chapter on mobility should be included in the Agreement but this was rejected by the UK Government at the time. As a result, the mobility provisions in the TCA make no commitment as such for visa-free travel instead allowing visa-free travel for short-term visits. From a UK perspective travelling to the EU, the Schengen visa allows people to travel to any members of the Schengen Area for stays of up to 90 days for tourism or business purposes.

Mobility under the TCA is temporary in nature and is limited to those who are engaged in trade in services. However, as Catherine Barnard and Emilija Leinarte have highlighted, under the TCA significant groups of persons will be excluded from the TCA even if they are engaged in the provision of services. One such group is musicians and other creative professionals.

For persons wishing to undertake business in the EU or the UK, the mobility rights in the TCA are [slightly more expansive](#):

“The EU-UK TCA includes limited mobility rights for natural persons intended to facilitate certain categories of business and professional mobility, in the context of trade in services: business visitors for establishment purposes, intra-corporate transferees, short-term business visitors, independent professionals and contractual service providers. However, these persons are subject to eligibility criteria and conditions as regards their experience, professional status, remuneration and allowed length of stay. Additional restrictions are found in the reservations made by Member States and the UK.”

Article 142 (short term business visitors) and Article 143 (Contractual service suppliers and independent professionals) along with [Annex 21 of the TCA](#) sets out the activities which short-term business visitors are permitted to engage in:

meetings and consultations: natural persons attending meetings or conferences, or engaged in consultations with business associates;

research and design: technical, scientific and statistical researchers conducting independent research or research for a legal person of the Party of which the Short-term business visitor is a natural person;

marketing research: market researchers and analysts conducting research or analysis for a legal person of the Party of which the Short-term business visitor is a natural person;

training seminars: personnel of an enterprise who enter the territory being visited by the Short-term business visitor to receive training in techniques and work practices which are utilised by companies or organisations in the territory being visited by the Short-term business visitor, provided that the training received is confined to observation, familiarisation and classroom instruction only;

trade fairs and exhibitions: personnel attending a trade fair for the purpose of promoting their company or its products or services;

sales: representatives of a supplier of services or goods taking orders or negotiating the sale of services or goods or entering into agreements to sell services or goods for that supplier, but not delivering goods or supplying services themselves. Short-term business visitors shall not engage in making direct sales to the general public;

purchasing: buyers purchasing goods or services for an enterprise, or management and supervisory personnel, engaging in a commercial transaction carried out in the territory of the Party of which the Short-term business visitor is a natural person;

after-sales or after-lease service: installers, repair and maintenance personnel and supervisors, possessing specialised knowledge essential to a seller's contractual obligation, supplying services or training workers to supply services pursuant to a warranty or other service contract incidental to the sale or lease of commercial or industrial equipment or machinery, including computer software, purchased or leased from a legal person of the Party of which the Short-term business visitor is a natural person throughout the duration of the warranty or service contract;

commercial transactions: management and supervisory personnel and financial services personnel (including insurers, bankers and investment brokers) engaging in a commercial transaction for a legal person of the Party of which the Short-term business visitor is a natural person;

tourism personnel: tour and travel agents, tour guides or tour operators attending or participating in conventions or accompanying a tour that has begun in the territory of the Party of which the Short-term business visitor is a natural person; and

translation and interpretation: translators or interpreters supplying services as employees of a legal person of the Party of which the Short-term business visitor is a natural person.

More detail on the TCA's approach to temporary business travel is available in this [House of Commons Library briefing](#).

Youth Mobility in the TCA

Youth mobility schemes typically refer to visa or funding schemes that allow individuals aged between 18 and 35 to live, work, or study in a country for a set period. These schemes are generally designed to enhance skills across regions and promote cultural exchange.

[Part 5 of the Trade and Cooperation Agreement \(TCA\)](#) includes provisions for UK participation in EU programmes, with the specific programmes outlined in a separate Protocol known as Protocol I, or the [Protocol on Programmes and Activities in which the UK participates](#).

At the outset of the TCA negotiations, the UK requested to continue participation in [Erasmus+](#). However, the EU and UK were not able to agree on continued participation in Erasmus+. As such, the TCA also does not include provisions for youth mobility.

The Erasmus programme, established in 1987, began as a university student mobility initiative. Over time, it has expanded to include previous EU programmes like Socrates, which focused on mobility and language learning. The current iteration, [Erasmus+](#), launched in 2014, is an EU funding programme that provides mobility and cooperation opportunities across various sectors:

- higher education
- vocational education and training
- school education (including early childhood education and care)
- adult education
- youth
- sport.

Educational institutions and youth groups, as well as voluntary and sporting organisations, can apply for funding via Erasmus+. These organisations, if awarded a grant, then make this money available to their respective members. [Grants for higher education students to study abroad](#) are the most well-known purpose of Erasmus+.

The [European Commission](#) is responsible for Erasmus+. It oversees the programme's budget, priority and target setting, application criteria, and evaluation.

Most Erasmus+ activities are carried out at the national level with applications and awards for Erasmus+ projects managed by a network of [National Agencies](#). These agencies operate under the supervision of responsible government departments, known as National Authorities. The current mandate for the programme is running on the [EU's 2021 to 2027 multiannual financial framework and is supported by a €26.2 billion budget](#).

Full participation in Erasmus+ is open to [EU member states and associated third countries](#). The EU member states and associated third countries are subject to all the obligations and requirements of [Regulation 2021/817](#) (i.e., the regulation establishing the current Erasmus+ programme).

The [UK participated in Erasmus+ when it was an EU member state](#) and during the transition period. The Erasmus+ programme was managed in the UK by the UK Erasmus+ National Agency, which brought together the [British Council](#) and [Emory's UK](#). The UK Government Department of Education was the UK National Authority for the Erasmus+ programme. The UK Government Department for Education also oversaw the alignment of the programme's delivery with the policies of the UK and devolved governments.

Scottish universities were often proportionately more active than universities in other nations and regions of the United Kingdom. The [Scottish Government stated](#) that:

Since 2014 more than 15,000 people have been involved in Erasmus+ projects across Scotland. These support skills development and collaboration across the EU through student and other exchanges. From 2014-2018 a total of €90.7 million was awarded to Scotland across 844 projects involving 13,957 participants. Proportionally more European Erasmus students come to Scotland than to any other country in the UK, and proportionally more Scottish students study abroad on Erasmus than from any other country in the UK.

In [written evidence to the House of Commons Scottish Affairs Committee inquiry on Universities and Scotland](#) in October 2020, the Royal Society of Edinburgh indicated that Scottish participants comprised 12% of UK participants in Erasmus+ between 2014 and 2018. During the same period, Scotland received 13% of the total Erasmus+ funding in the UK, despite Scotland's population making up only 8.2% of the UK population. Similarly, [Universities UK stated](#):

Scottish universities benefited hugely from Erasmus+ participation, proportionally being one of the most active nations across Europe as well as within the UK (16% of all UK students participating in Erasmus+ were from Scottish institutions). 18,124 students from Scottish universities participated in Erasmus+ between 2014/15 and 2022/23. According to Higher Education Statistical Agency (HESA) figures, 2,755 Erasmus+ students attended Scottish universities in 2018/19 on inbound schemes. In addition, Erasmus+ offered opportunities for staff with 2,667 university staff participating during the same time period.

The Cabinet Secretary for Constitution, External Affairs and Culture Angus Robertson MSP indicated to the Committee in [oral evidence on 20 June 2024](#) that

the Scottish Government was compiling a list of improvements to the EU-UK relationship that it considers reachable, one of which was to rejoin Erasmus+. The Cabinet Secretary later stated in the [Scottish Government's response to the Committee's report](#) on the TCA and trade in goods (dated 28 October 2024) that the Cabinet Secretary intends to:

Seek full participation in relevant EU programmes, with specific priority to request a commitment to open negotiations with the EU Council to discuss options for partial or full association with Erasmus+ and Creative Europe.

The current UK Government has indicated it has [no plans to rejoin](#) Erasmus+.

International exchange programmes

Following the UK's withdrawal from Erasmus+, the UK, Welsh and Scottish Governments each established student mobility programmes. The UK Government's Turing Scheme, Welsh Government scheme Taith and Scottish Government scheme Scottish Education Exchange Programme (SEEP) vary in scope and have progressed at different rates.

Proposal for an EU-UK youth mobility scheme

The [European Economic and Social Committee \(EESC\)](#) serves as a consultative body within the EU. Youth engagement is a significant part of the current EESC's work programme. The [opinion on EU-UK youth engagement issued by the EESC](#) and adopted on 3 April 2024 proposed a mobility scheme for EU and UK citizens. The opinion states:

Given that post-Brexit changes to arrangements for mobility between the UK and the EU have had a disproportionately significant impact on younger people both in the EU and in the UK, especially in the area of education and science, the EESC should propose to the EU institutions to consider the possibility of facilitating EU-UK youth relations, including a possible reciprocal youth mobility scheme with the UK, as well as identifying various areas where EU-UK youth engagement can help young people on both sides of the Channel, which at the same time would contribute to enhancing EU-UK relations in general.

Following the EESC opinion, the European Commission [published a recommendation that EU member state governments agree to open negotiations with the UK Government](#) for an agreement on youth mobility between the EU and the UK (dated 18 April 2024).

The recommendation means Member States must now agree whether to pursue a mobility agreement with the UK and develop the negotiating mandate to give to the European Commission.

The European Commission indicates in its recommendation that the proposed scheme would be targeted at individuals aged between 18 and 30. This scheme would allow young people to stay in the UK or a member state country for up to four years without needing a specific purpose, such as studying, training, or working.

One of the European Commission's aims in the proposal is to restore equal treatment between EU and UK nationals on tuition fees and the healthcare surcharge. The proposed scheme would require individuals to hold a valid travel document, comprehensive health insurance, and proof of sufficient means of subsistence for the period of their stay. UK nationals would not receive intra-EU mobility rights via the scheme.

In [an answer to a written question on 27 December 2024 in the UK Parliament House of Lords](#), the UK Government stated:

Regarding a youth mobility arrangement with the EU, the EU has not approached the UK with a formal proposal. The government routinely discusses a range of issues with European counterparts, but we are clear that there will be no return to free movement, and that we must reduce the UK's levels of net migration after the record highs reached under the last government.

SUMMARY OF ORAL AND WRITTEN EVIDENCE RECEIVED

The EU-UK relationship in the current geopolitical situation

Given the evolving geopolitical situation, the Committee took evidence on how the EU-UK trading relationship is likely to be impacted by wider geopolitical considerations on 16 January 2025.

On the evolution of the EU-UK TCA, Dr Arianna Andreangeli from the University of Edinburgh told the Committee:

“Trade relations have become much more concerned with reciprocity. There have been a lot of bilateral or more restricted multilateral attempts at forging new trade relations.

To refer to the position of the European Union, where my field of expertise lies, there is an argument for saying that, with the trade and co-operation agreement, the EU and UK have forged a partnership that has its own principles and frameworks for governance, review and implementation. One could therefore argue that, in some ways, the TCA has set out a trail for its own development in the future. However, it would be naive to think that the geopolitical situation does not and is not likely to affect how the relationship might develop.”¹

Peter Holmes from the UK Trade Policy Observatory and the University of Sussex set out the importance of the EU market to the UK:

“The EU is still our largest trading partner. Our economic relations with the EU are much more sensitive to trade policy matters than they are with the US. Our trade with the EU is value-chain oriented, and includes technical standards, the backwards and forwards movement of intermediate goods—where friction in supply chains really matters—and rules of origin. Those are very much embedded in our economic relationship with the EU. It has always

been a fancy to think that trade with the US or Australia could replace that. That is even more true in the present circumstances.

We need to consolidate our relations with the EU. It is beginning to consider economic defences—that is, trade defence measures—and the UK might be caught up in those. In some ways, it is much more important that we avoid getting caught up in the backlash of frictions between the EU and the US than it is to worry about the backlash as a result of US actions against China.”²

Emily Fry from the Resolution Foundation set out the international context for trade in services:

“On the services side, a challenge that we face is that the last big multilateral services deal—pretty much the only one—was the general agreement on trade in services by the WTO, but that was decades ago, and there has not really been an update to that multilateral deal. As we know, however, technology has changed substantially over the past 20 to 30 years. We are all much more online—I am dialling into this meeting remotely, for example—so the ways in which we trade services have really changed, and that gives us a clue as to how we should think about our position and the types of trade approaches that we should take in future.

As Arianna Andreangeli was saying, there are a lot of challenges in the multilateral space at the moment, so looking for deeper bilateral deals—potentially sectoral deals—will be key for the UK, particularly in reflecting the updated technologies and ways in which we are doing services trade, which, as we have learned through the Brexit process, can change.”³

David Henig from the European Centre for International Political Economy highlighted that the challenges of trade disruptions are not faced equally by all businesses:

“It is companies that trade; Governments set the framework. As we have seen from Brexit, when Governments make the conditions for trade much harder, it does not affect all companies equally, nor does it affect all sectors equally. Larger companies are better able to cope, as are services companies.”⁴

On the nature of the review of the TCA, Pascal Kerneis from the European Services Forum suggested there may be a difference in approach between the European Commission and the UK Government with the Commission preferring a technical review of the TCA and the UK looking for something more substantive:

“With regard to shopping lists, I think that that is probably more on the UK side. Our UK colleagues have been asking for modification of not just annexes 21, 22 and 23 on mobility, but other aspects, whereas the European Commission has said, “No, no. For us, any TCA review will be much more about an overall assessment of whether it is working well. If it is working well, we will just put that aside, and there will be no need for a review.” I think, therefore, that there might be different readings of what a review means. It is not a revision. The reading—for European Commission officials at least—is

that any review would be for only technical stuff, so there would be no need to go to the political level.

If the UK wants to push for a proper revision of the agreement, it will have to persuade the European Commission of that, and, therefore, the member states, too. I am not sure that this is true—it would need to be verified—but if there were a review that ended up changing the text, you would have to ratify the agreement again and, in turn, go through the whole process of political activity, which, as we know, might be a dangerous road. The Commission feels that there is no need whatever to go through the ratification process again. A technical review, if it were necessary and possible, could be done quickly, perhaps through the committee process—and that would be it.”⁵

Trade in Services

Pascal Kerneis from the European Services Forum outlined to the Committee the value of trade in services between the EU and the UK:

“I would like your committee to understand exactly what we are talking about here, because that trade is really massive. The EU exports €264 billion of services to the UK, which represents 44 per cent of our total exports to the UK. The trade is even more significant the other way—not in cash terms, because the UK exports €211 million of services to the EU, but in percentage terms, as that represents 54 per cent of the UK’s total trade with the EU. That demonstrates that trade in services is really important.”⁶

Pascal Kerneis also provided a European perspective on the operation of the TCA telling the Committee:

“When we put the question to our members, which represent all the service sectors—transport, logistics, information and communications technology, professional services, tourism, distribution and so on—they said that they consider the TCA to be working well. However, we have to recognise that it is not the equivalent of the single market. At the moment, the only problem that we identify concerns the mobility of people. That is where we would like to see some progress.”⁷

The Committee also heard about significant uncertainties regarding the specific impacts of the TCA on trade in services compared to goods. Much of the Committee’s discussion focussed on the lack of disaggregated data for the constituent nations and regions of the UK, making it difficult to identify which sectors are most affected. Mike Buckley of the Independent Commission on UK EU Relations stated:

“We are missing data on the regional impacts. Before Brexit happened, research was done into what the regional impacts would be. Essentially, the determination was that areas such as London and other high-performing areas of the UK would not be particularly badly affected, but that the regions of the UK that were already poorer, such as Northern Ireland, the north-east, the poorer parts of Wales and south Yorkshire, would be much more badly

impacted. [...] We simply do not know whether that has been borne out. I suspect that it probably has been, but I am not aware of anybody who has the capacity or the choice to do that research [...] there is some evidence from the regional GDP figures, which show that Northern Ireland has jumped from being bottom of the pile in every survey pre-Brexit to being consistently number 2 after London. London is not doing too badly [...] it sounds as if the rest of the UK, including Scotland, is doing worse.”⁸

The Committee also heard that the lack of data on trade in services is particularly problematic for new and emerging sectors (such as Financial Technology, FinTech) that are not well-represented in the Office for National Statistics’ existing data categorisations. Professor Sarah Hall told the Committee:

“There are some activities where the data clearly shows that Scotland does very well—I am thinking of fintech, which is at the intersection between financial services, technology and consultancy—but that do not fit neatly into the Office for National Statistics categorisations. When the ONS set up the business codes, something like fintech did not exist as an activity. We do not accurately know how those new and emerging activities are playing into our economy, so that is still an area of uncertainty.”⁹

Emily Fry from the Resolution Foundation spoke about the challenges for services as a result of EU exit:

“What is very interesting in relation to Brexit is that it has really tested some of our assumptions around what might happen to trade flows when you start implementing quite high barriers to trade. Under the TCA, the non-tariff barriers to services trade are estimated to be equivalent to a 21 per cent tariff, which is really quite substantial on the services side. However, what is interesting about services is that you can trade them in several different ways. You can physically go somewhere and deliver a consultancy presentation or you can deliver it online digitally, or you can set up a subsidiary in another country and use it as a mechanism to deliver services to another country.

Different types of services have very different ways of using those methods. Other business services, which I believe your committee has talked about, including professional services, are particularly traded digitally, whereas information and communication services, which include computer programming and film and television, are often delivered through subsidiaries. They might not face some of the physical checks that goods face. That said, a lot of our services are linked to goods. If you are advertising a specific product, you will not just be doing an advertising campaign that is completely irrelevant to anything that underlies it.”¹⁰

William Bain from the British Chambers of Commerce provided an overview of the UK’s exports to the EU when he gave evidence on 12 December 2024. Mr Bain told the Committee:

“It is very interesting to look at what has happened to services since Brexit. In that period, there has been an increase of 9 per cent in services exports from

the UK to the EU—there has been growth. Services exports from the UK to the rest of the world have increased by 13 per cent. That demonstrates the continued shift in the economy towards services jobs and services opportunities, as well as a growth in the exportability of services that are provided by firms, employees and contractors here in Scotland.”¹¹

Mr Bain also highlighted that during and since the COVID pandemic, there has been a big shift to the remote supply of services.

On 21 November 2024, the Committee discussed with the witnesses how other business services that do not require professional qualifications or memberships (e.g., consultancy) can more easily adapt by setting up operations remotely or without needing a physical presence in an EU member state. This means that sectors requiring mutual recognition of qualifications are more likely to face challenges in trading services. Professor Jonathan Portes stated:

“I and, I suspect, others are strongly of the view that the data on the services trade is also significantly more inaccurate, because it is very hard to measure some of the trade that happens remotely. However, we know that organisations under the general category of other business services—in other words, legal, consultancy and accounting services—have been doing extremely well. That has particularly been the case for consultancy services, broadly defined, as there are relatively few trade barriers of any sort.”¹²

Professor Sarah Hall stated:

“The barriers to trade in services are not tariffs; they are essentially about regulatory alignment between the two trading parties. In many ways that regulation is sensible and important. I think that we would all agree that we want to be certain about a medic’s qualifications before they operate in our country—there is a really good rationale for that. However, that means that, for services such as consultancy, which have much lower regulatory standards—I could set up as a consultant with no professional qualification if I had the capital do to that—it is much easier to sell services into another country. It is not like being an architect, where you need to have a professional qualification.”¹³

Mobility provisions for service providers

The Committee heard evidence that physical presence and therefore mobility is crucial for certain sectors, such as the creative industries, and this may mean that they are likely to be more adversely affected by the TCA. Professor Catherine Barnard stated:

“The first thing to understand is that the trade and co-operation agreement is not EU law minus; it is actually World Trade Organization law with a tiny bit plus. [...] The reason why that is relevant is because there are categories of individuals who are allowed to move, and the three categories that are most relevant for the purposes of creative professionals are short-term business visitors, contractual service suppliers and independent professionals.

From those three titles, you might think that it is obvious that creative professionals would probably fall into one of those. The problem is that the TCA operates based on what is called a positive listing system, which means that you enjoy the rights under those three headings—short-term business visitors, contractual service suppliers and independent professionals—only if your activity, profession or sector is listed in one of the annexes to the TCA. The problem is that none of the creative industries is listed in those annexes. Under those annexes, consultants and academics can physically move but cannot be paid for their work if they go as a short-term visitor.

The big difference between the creative industries and those providing the other business services that we have been talking about is that the creative industries require physical presence.”¹⁴

On the same theme, Dr Arianna Andreangeli told the Committee:

“The TCA put some provisions in place to allow short-stay visas, among other things. I had the benefit of listening to a bit of the committee’s previous evidence session on culture. One of the sectors that was hit hard by the limits on short-stay visas was, unsurprisingly, the arts sector. We are in Edinburgh, the city of the festival and so on, and we saw first-hand that artists were being stopped at the border and told, “Yes, you are coming on a short-stay visa, but you cannot be paid for what you do in Edinburgh”. That needs to be thought about.”¹⁵

Vivienne Mackinnon from Scotland’s Rural College highlighted the impact on the veterinary profession:

“The UK veterinary profession is heavily reliant on EU vets. Pre-Brexit, there were huge numbers. In fact, about 50 per cent of new registrants to the Royal College of Veterinary Surgeons each year came from the EU. That declined dramatically post-EU exit. We are focused on the vets coming into the EU and to the UK because we are reliant on them to fulfil public health roles in terms of food safety, zoonotic disease and international trade certification of products of animal origin. In brief, the changes that we have seen have meant that we have seen a decline in numbers and an increasing impact on the veterinary workforce shortage that we are experiencing.”¹⁶

Ben Addy from Moxon Architects highlighted the loss of portability of architecture qualifications across the EU as a result of EU exit. He suggested there was a need for a mutual recognition agreement with the EU to allow architectural qualifications in the UK to be recognised in the EU and vice versa. Ben Addy also highlighted the loss of the ability to pursue work advertised in the Official Journal of the EU (procurement contracts) as a result of EU exit.

William Bain from the British Chambers of Commerce set out that a particular priority highlighted by the services sector was to make it easier to move workers from the UK to the EU and vice versa.

“Companies tell us that they are still having problems securing secondments for staff so that they can work from company offices in the EU. There are problems with the rule on the number of days for which people can stay—for short-term stays, it is 90 days in every 180. The range of activities that are permitted is sometimes subject to member state reservations, which vary from country to country, and there are the block reservations that are set out in annexes 21 and 22 of the TCA. We need a broader range of activities that businesspeople from the EU can do when they are in the UK, and that UK businesspeople can do when they are in the EU. I think that those are the key areas that businesses want to see progress on.”¹⁷

Christophe Lam from Business Europe told the Committee how the mobility provisions in the TCA work for EU service providers:

“In effect, the current arrangements disincentivise UK firms from hiring EU contract service suppliers, because the current visa sponsorship system creates a degree of administrative burden and costs that make it costly to hire EU service suppliers: the worker has to pay an application fee and the company has to go through the process of dealing with the visa sponsorship system, which also incurs certain costs. Our paper presents an agreed position that it might be beneficial for contract service suppliers to be handled by a different system or at least for there to be arrangements for the system to be aligned. That is our position regarding the corporate sponsorship visa system.”¹⁸

Pascal Kerneis from the European Services Forum set out the main challenges for European short-term business visitors to the UK:

“There is a lot of cross-border trade in services, which we categorise as mode 1 and mode 2. Mode 2 involves, for example, UK students going to the EU, tourists on holiday and so on. Mode 1 concerns cross-border data flow and, for many of those contracts concerning two businesses, there is a requirement to have someone from the provider go and visit the client for one day, two weeks, one month or something like that. That means that cross-border trade is often supported by the movement of people, although that is not about migration; it is only temporary.

If you take the Eurostar, you can see thousands of people going in and out both ways every morning. We used to do that without even thinking about it. Now, however, for a European service provider to go to the UK client, the UK client needs to fulfil the requirements of the UK sponsorship programme, which is new and complex. Many small and medium-sized companies in the UK are not aware of the sponsorship programme and many of those that know about it do not know how long it will take to deal with or how expensive it will be, so, because of that, they will decide to find a UK service provider instead of a European one. That means that we are losing business. For us, the UK sponsorship programme is a real and new trade barrier.

We are calling on you and the UK Home Office to try to see whether it is possible to lift the requirements of the UK sponsorship programme for

European service providers. We are not talking about the programme in general; we are talking about targeting service providers, not people in general. These people are going to the UK because they are service providers. They are not tourists, they are not students, they are not migrants; they are travelling to the UK for a very specific purpose.”¹⁹

Trade in Legal Services

Giving evidence to the Committee on 31 October 2024, Professor David Collins (City St George’s, University of London) outlined his view on the way in which EU exit has impacted on UK providers of legal services:

“That was why, as Brexit unfolded, I had the sense that the legal services profession was probably not going to be harmed by it as much as had been thought. In fact, the legal services profession probably benefited from providing advice to clients on how to deal with Brexit in the short term. Therefore, it was perhaps one of the myths about trade in legal services that there would be a huge interruption as a result of Brexit. There has not really been an interruption, because there is a way around the situation, which is to phone the guy who you know and who you can hire.

I do not have the statistics at hand, but I would say that the trade in legal services has not dropped significantly. That is not to say that the situation has not affected the livelihood of particular members of the bars of Scotland—I am sure that it has—but, on the macro level, its significance has probably been rather small.”²⁰

Professor Collins also identified what he saw as the weakness of the TCA in relation to services:

“People sometimes say—and I have said—that the TCA was a weak agreement because it focused only on goods and did not focus on services. Of course, it does concern services—legal services are included—but there are many reservations at the member state level. You have to look at the non-conforming measures in the annexes to see what the reservations from each of the member states are, and they are substantial, which means that the agreement does not really go that much deeper than what we already had under the WTO, and does not go beyond what the EU has typically granted in other free trade agreements.”²¹

Whilst outlining the limitations of the TCA for services, Professor Collins did highlight the fact that legal services are included in the Agreement is a positive:

“We have this basic provision that allows legal services providers from the EU and the UK to provide designated legal services concerning home state law, public international law and arbitration. We also see reference to new categories that are not mentioned in GATS, such as intra-corporate transferees and one or two others.

There is an awareness there, and a framework in place that could, in theory, be used to more fully liberalise legal services in the future.”²²

At the same meeting, Dr Adam Marks from the Law Society of Scotland (LSS) set out the challenges for the LSS’s members in operating under the TCA:

“There are individual members and solicitors who are currently based in the EU across the member states, some of whom have gone there for economic and business reasons, and some for family reasons; and there are, predominantly, the larger firms, which are interested in doing legal services and advice abroad. That business mainly concerns what we call “fly in, fly out” work—that is, the ability to get on a plane, advise a client, fly back and get paid for that, which is the slight kicker at the moment in the issue. The home title practice is very useful for that. Although they cannot advise on EU law, they can advise on international law and arbitration and can do a lot of the work that they would be doing anyway.”²³

On the question of lawyers “flying in to an EU Member State, working, then “flying out”, Dr Marks clarified that the challenge revolves around applying for a country-by-country visa. Dr Marks suggested this issue could be addressed by adding legal services to the list of activities that are permitted for short-term business visitors under article 126 of the TCA.

Dr Ross Anderson from the Faculty of Advocates set out how the landscape has changed for his members as a result of EU exit:

“In the EU, there were three key aspects to the provision of legal services. The first was that we, as Scottish lawyers, could provide advice across the EU to EU-based clients on, among other things, EU law. The second was that we had a right of audience; that is to say, we could appear in EU courts and tribunals. I had a right of audience before the General Court or the Court of Justice of the European Union, as well as various other European tribunals, in the same way as I could appear in Glasgow Sheriff Court or the Court of Session. The third aspect was an additional one, in that, under the directives, there were mechanisms whereby one could register in another EU country under home title and provide advice on the national law of that country, and then, after a particular period, become qualified.

Of those three aspects, the first two—being able to give advice on EU law and having the right of audience—were of the most importance. Those rights have been lost post-Brexit, and that loss is embedded in the definition of “designated legal services”, because it excludes EU law and, more generally, means that we do not have the right of audience. The third aspect, which is tied to mutual recognition of professional qualifications under the TCA, was a central aspect of the scheme but, in a practical sense, was less important. That is where we were and, obviously, under the TCA, we no longer have those rights.”²⁴

The panel providing evidence on the provision of legal services under the TCA also highlighted the issue of navigating the rules of 27 Member States. Dr Adam Marks told the Committee:

“Part of the issue that we face in terms of clarity and transparency of understanding is that, ultimately, we now face 27 jurisdictions at least—in some member states, there will be different rules at regional and state levels on mobility and what you can and cannot do. There is a need to have understanding in that regard and, to an extent—given that the agreement is still relatively young, particularly when you take into account the Covid travel freeze—it is inevitable that, over time, that understanding will come. However, certainly in the immediate future, there is far more room for clarity in the sharing of information from member states about what it is possible to do. Article 145, which commits both sides to that, should be developed and pushed forward.”²⁵

Professor David Collins told the Committee that the issue around different Member State requirements wasn't about transparency but about clarity and understanding what the different requirements actually are.

The issue of short-term business mobility as set out in Articles 142-145 of the TCA and how that affects legal professionals was outlined by Dr Adam Marks:

“The short-term business visitor mobility section of the TCA as it stands is, I think, particularly interesting. It is outlined in the treaty under articles 142 to 145, if you want to go digging, but the crucial point is that short-term business visitors are allowed to visit for 90 days in a six-month period, with certain reservations. At the moment, the problem is that one of the key reservations is that you cannot make any money in that time. It is almost easier to explain this in terms of goods; you are allowed to visit a trade show, but you are not allowed to sell anything without having the appropriate visa from the member state that the show is in.

What I think is important are certain broader exemptions, particularly one on commercial transactions that allows management and supervisory personnel and financial services personnel, including insurers, bankers, and investment brokers, to engage in commercial transactions. I think that it would be useful to add legal services to that list, because such an inclusion would bring back the ability for them to provide that sort of short-term fly-in, fly-out advice under their home title practice. That is definitely doable.

It is said that article 126 will be reviewed and looked at as part of the review process, and this issue falls firmly within that remit, even within the limited grey areas of what has been defined. I therefore think that we should be looking at the addition of legal services if we are thinking about asks to move forward in a constructive way.”²⁶

Professor David Collins raised the issues facing contractual service suppliers and independent professionals under the TCA. He highlighted the issues which also affect short term business visitors:

“Anyway, if you look at annex 22 to the TCA, you will see that it refers only to
“contractual service suppliers or independent professionals”.

There is no reference to inter-corporate transferees or BVEP—business visitors for establishment purposes, or however that acronym works. I was very concerned about the omission of those two categories, as it suggested to me that they were not really part of the mindset with regard to what the TCA was looking at in terms of liberalisation.

I would like to see those categories specifically addressed, and in the reference to “Legal ... services” in the provision relating to contractual service suppliers and independent professionals, I would like to see broader language used. You will see that legal services is the first sector that is listed under the “Contractual Service Suppliers” heading. The text refers to

“Legal advisory services in respect of public international law and home jurisdiction law”.

I would like to see more detail on that—for example, with regard to meeting with, and charging, clients. To me, the current provision seems very thin. That is where I would like to see progress on the TCA.”²⁷

Mutual Recognition of Professional Qualifications

In relation to the mutual recognition of professional qualifications (MRPQ), the Committee heard evidence that the UK may face unique challenges in securing MRPQ or mobility agreements with the EU given that the UK’s perceived baseline for negotiations is the UK’s previous EU membership. The Committee heard evidence that this may be perceived by the EU as giving the UK an unfair advantage if it can secure similar arrangements post EU exit. For example, this situation could be seen by the EU as prejudicial to EU professionals, as the UK might achieve favourable terms that were available during its EU membership, potentially creating an imbalance. The recent proposal for a UK-EU mutual recognition agreement for the professional qualifications of architects (and its comparison with the recent mutual recognition agreement adopted by the EU and Canada) was mentioned by Professors Hall and Barnard. Professor Sarah Hall explained:

“I want to follow up on the case of architecture, which is one of the impacted sectors, because a professional qualification is required to practise as an architect. Catherine Barnard is exactly right that the EU and the UK can try to agree an MRPQ that follows the Canadian deal.[...] under the proposal, UK architects would have had a level of recognition similar to that which they enjoyed when the United Kingdom was a member state. That points to the difficulty of translating an agreement that the EU has with Canada to an agreement that the EU might have with the UK, because of the proximity of the UK to the EU [...] —and because of the UK’s relative strength in services. The really important point is that the EU met a lot of its negotiating ambitions on its strategically strong goods sector, but, arguably, the UK did not meet as

many of its negotiating objectives around the UK's strategic strengths in services."²⁸

In written evidence, the Institute of Chartered Accountants of Scotland (ICAS) set out the current approach for UK accountants who wish to work in the EU:

"UK professional accountants will need their UK professional qualification officially recognised if they want to work in a profession that is regulated in the EU, Switzerland, Norway, Iceland or Liechtenstein and will need to be recognised by the appropriate regulator in each country where they intend to work. This is necessary even when providing temporary or occasional professional services. Until mutual recognition agreements have been put in place, UK professional accountants have to continue following GOV.UK advice on using their qualifications in an EU member state. This involves checking the European Commission's Regulated Professions Database (REGPROF) to find out if their profession is regulated and then contacting the relevant country to find out how to get their professional qualification recognised."²⁹

ICAS added that there is no consistency in the regulation of accountancy and tax services across the EU, as a result:

"a professionally qualified UK accountant wishing to provide general accounting and tax services in an EU member state which regulates accountancy and tax requires membership of the relevant professional body – and potentially two different bodies as accountancy and tax are often regulated separately. Prior to the UK's exit from the EU, and subject to an equivalence assessment, recognition and membership of the professional bodies required completion of either an aptitude test or adaptation period, rather than re-qualification."³⁰

William Bain representing the British Chambers of Commerce highlighted the need for progress on mutual recognition of professional qualifications and for a youth mobility scheme. On mutual recognition of professional qualifications, William Bain told the Committee:

"Twenty-four per cent of respondees put mutual recognition of qualifications as their first priority for any further liberalisation of trade between the UK and the EU. That is quite a high percentage."³¹

On which sectors wanted an agreement in this area, he said:

"Legal and other professional services, and, I think, business services. You will be aware that there was a proposal to liberalise mutual recognition of architects' qualifications, but that proposal failed, unfortunately. It is clear that that sector is looking for that increased access into the EU market again. The BCC works very strongly on proposals on mutual recognition with our colleagues from the Law Society on the mobility sub-group of the domestic advisory group, and the legal services community in particular is keen to see

that issue resolved and to have more access to the EU market than it currently has.”³²

Ben Addy from Moxon Architects set out the loss of mutual recognition as a result of EU exit and added:

“At the moment, we have portability of our qualifications with Norway, Liechtenstein and Iceland. We now work in Oslo, which is great for us but, again, that is a poor relation to what it was in the past.”³³

He later added:

“Mutual recognition agreements with the EU would be a positive first step—that would be a reversion to the status quo ante, effectively, on qualifications and access. I put it as simply as that.”³⁴

Vivienne Mackinnon from Scotland’s Rural College highlighted the issue for veterinarians:

“Since the mutual recognition of professional qualifications directive changed with EU exit, the Royal College of Veterinary Surgeons, which is our regulatory body, has taken measures to temporarily recognise veterinary degrees that were accredited by the European Association of Establishments for Veterinary Education, known as EAEVE, but that recognition is reviewed annually. It was developed to recognise the fact that we were so reliant on EU vets to bolster the UK workforce. We have now reached a point at which a five-year time limit has been set on that arrangement, because the Royal College’s standards for UK veterinary education have changed to become much more outcomes focused, so European accreditation and UK accreditation have diverged. We are now on a time-limited extension to try to manage the workforce issues that we are experiencing.”³⁵

Christophe Lam representing BusinessEurope told the Committee:

“At the UK’s exit from the EU single market, the EU and the UK did not agree on mutual recognition. As foreseen by the TCA, professional bodies can jointly submit to the partnership council proposals for mutual recognition agreements but, as yet, that has not been done. There has been a proposal from the architect professional bodies, but that was rejected by the EU on the basis that it was considered prejudicial to EU architects. We are in favour of such agreements, which we think are essential in re-establishing the mobility in trade and services flows that existed previously. BusinessEurope supports further agreements on the mutual recognition of professional qualifications, as laid out in the TCA.”³⁶

In response to a question about the ability of business to navigate MRPQ issues in the TCA, Pascal Kerneis of the European Services Forum told the Committee that the issue was more of a challenge for SMEs than larger businesses:

“But it is also true that it is easier for big companies. Independent professionals and small firms might not have the same capacity or willingness to open a subsidiary in the EU, for instance, to be able to circumvent that sort of thing. A small architectural firm, say, or a small auditing or accounting firm might be willing to have some business in Europe, but the person involved will not be allowed to sign an audit report in Europe. As a result, he will need someone else, so he either creates a partnership or says, “I cannot take this contract.”³⁷

Pascal Kerneis acknowledged that these issues in reality affect “very very few” accountants for example.

In a written submission, the Association of Chartered Certified Accountants (ACCA) highlighted the issue arising in terms of MRPQ and suggested the impact of this was lost opportunities for growth and staff development:

“The main impact of loss of mutual recognition reported by employers is the lack of recognition of UK qualified auditors who are no longer automatically qualified to practice in the EU.

Feedback suggests that prior to EU exit, especially for larger financial services employers, there was greater fluidity of professionals across borders, for example undertaking a short secondment to an office located in the EU. While professionals could still work for their employer in different locations subject to visa requirements, they are no longer qualified to deliver certain services, and their experience will not be relevant for the purposes of maintaining their qualification.”³⁸

In terms of the impact of this, ACCA wrote:

“Data on exports of UK accountancy services suggests exports have grown since Brexit, while initial data suggests we have seen no noticeable change in member and student flows in and out of Scotland and the UK from EU nations.

Instead, the impact of the loss of mutual recognition relates to lost opportunities for growth – especially in emerging areas of accounting services; restrictions on opportunities for mobility and access to regulated roles; as well as the loss of international insight and experience which furthers the global accountancy profession.”³⁹

Energy Cooperation

Adam Berman from Energy UK set out for the Committee the challenges which face the energy sector following EU exit with a particular focus on electricity trading and the impact of the energy chapter of the TCA which is due to be reviewed in 2026 at the same time as the fisheries chapter.

On electricity trading, he told the Committee:

“Today, the primary issue is in electricity trading. The UK has moved to a less efficient form of such trading, which constitutes a relatively small regulatory barrier—but a barrier nonetheless—that leads to increased energy costs for UK consumers to the tune of a few hundred million pounds per year. The figure moves depending on the energy prices that underpin it but, in the course of one or two parliamentary sessions, those are sizeable amounts of money that lead to higher energy bills for consumers across the UK.”⁴⁰

He added that the energy chapter review would hopefully involve both sides agreeing on the need for net zero, cheaper energy bills and energy security but that by being linked to the fisheries review there was a danger of it becoming “slightly politicised” and as a result the UK and devolved governments should push for progress on electricity trading as soon as possible.

Adam Berman set out the energy sector’s view on the importance of alignment through a price linkage between the UK and EU emissions trading schemes:

“The specific example that springs to mind is an issue that we may well talk more about in this meeting. It is about emissions trading and the carbon border adjustment mechanism, which is a sort of carbon tax that the EU will apply at its borders from 1 January 2026. There will be a significant barrier for businesses across the UK that are trading into the EU after the carbon border adjustment mechanism is implemented. It will be particularly acute for the energy sector, in ways that we can go into later.

The UK emissions trading system is not just a Westminster competency; it is governed by the UK and devolved Administrations through the UK emissions trading scheme authority. It would be really helpful for the Scottish Government, in its role as a key partner in the UK ETS authority, to push towards a solution to that problem, which we believe would be in the form of a linkage between the UK ETS and the EU ETS.”⁴¹

Building on this, he outlined the costs of regulatory barriers between the UK and the EU:

“From the energy sector’s perspective, the regulatory barriers that we face between the UK and the EU constitute a drag on the UK economy to the tune of about £10 billion, and that number will only increase over time. The more interconnected the infrastructure that we build and the more inefficiency is built into trading arrangements, the higher those divergences will become and the more British consumers will suffer as a result, so there is a real need for urgency on the matter.

We have talked about electricity trading. The next biggest issue is carbon pricing. In the TCA, the UK and EU committed to giving “serious consideration” to linking their emissions trading systems. Frankly, our emissions trading system is a mirror image of the EU’s. There have been some small changes since we left the EU, but they were minimal. We are facing a really significant barrier.”⁴²

Adam Berman set out a frustration that the new UK Government has yet to set out a position for the negotiations with the EU:

“The slight frustration that we have found from the energy sector side is that, although I appreciate that it has not been in place for long, the UK Government has yet to sketch out any demands for a starting point for negotiation. When you do not sketch out your demands, all that happens is that Brussels moves first to sketch out its demands and then frames the terms of reference for the entire negotiation.

Of course I would like Brussels to move further in showing an interest and an appetite for this, because it is a win-win situation for both sides. However, equally, the UK Government has spoken a lot about a reset of relations with the EU, which is wonderful, but it has not provided any detail on what would sit beneath that. I strongly encourage the UK Government to be clear that it wishes to address this area, because, if it does not, Brussels will take that as a sign that the issue is not that important and that there are perhaps other things that the UK wants to deal with rather than electricity trading.”⁴³

Data Adequacy

On the importance of the data adequacy measures in the TCA, Pascal Kerneis of the European Services Forum told the Committee:

“In the framework of the EU-UK TCA there is a digital trade chapter, which is one of the most advanced on the planet. One of the conditions is that, if we want to have a free flow of data, the two countries have to accept the data protection regulations. The fact that the UK has an equivalent of the general data protection regulation has allowed the EU to consider that the UK’s data protection legislation is adequate and that, therefore, there is no need for each individual company to have standard contractual clauses to ensure that data protection regulations are respected.

That is what is at stake now. On 27 June 2025, the data adequacy regime decision that was given unilaterally by the European Commission on the UK data protection regime will come to an end and needs to be renewed. We are pushing our European Commission colleagues to be sure that they are doing all the necessary work in advance so that it is ready by that date. If it is not, that would mean that the free flow of data will not be allowed any more, and UK companies will have to do the arduous work of providing standard contractual clauses. For the bigger ones, that is not a problem, but for small and medium-sized companies it will be much more difficult.”⁴⁴

Christophe Lam from Business Europe also stressed the importance of regulatory co-ordination between the EU and the UK to facilitate the cross-border provision of services adding that:

“Data adequacy is absolutely essential to allow for the digitally enabled cross-border provision of services.”⁴⁵

Pascal Kerneis told the Committee that at present there is no divergence in the data adequacy regulations of the EU and the UK. He also outlined the approach UK businesses would need to take in the event there is no extension to the data adequacy agreement between the EU and the UK:

“My understanding is that companies from a country where there is no data adequacy regime have to look at the website of the directorate-general for justice and consumers, where there is a list of standard contractual clauses. That tells them that, when they do business with European companies and clients, they have to have a privacy and confidentiality policy to protect the data of European citizens. Previously, those clauses were not there and the position was not elaborated and was, therefore, a bit unclear. Now, however, it is pretty clear that they simply have to download that list and follow the procedure.”⁴⁶

Scottish Government support

An issue highlighted by witnesses during the inquiry was the support that the Scottish Government provides to industry to support adaptation to the new arrangements for trading with the EU.

William Bain from the British Chambers of Commerce highlighted the importance of export support for the service industry providing the example of support recently provided by the Scottish Government:

“For example, Scottish Government support was invaluable in helping the Glasgow Chamber of Commerce with its superb trade mission earlier this year in the ASEAN—Association of Southeast Asian Nations—countries, and in the Asia-Pacific region more widely. That involved taking innovative Scottish companies to market their goods and services and win new customers...

... The allocation of resources is a matter for members of the Scottish Parliament to decide on, but we would say that enhancing export support will help trade in services. For emerging Scottish companies in the great clusters here—such as those in fintech in Edinburgh, the gaming industry in Dundee, and financial and business services in Edinburgh and Glasgow—additional export support is vital to winning extra business.”⁴⁷

On support for industry in adapting to the new trading environment the Royal Incorporation of Architects written evidence addressed the issue of UK and Scottish Governments support for negotiating the new trading environment:

“At present the UK and Scottish Government offer no specific support to the architecture sector as a services exporter. The RIAS believes this is misguided as architecture is significant tool for promoting Scottish design and culture industries.

Scotland is also reliant on the Architects Registration Board (ARB), and to a lesser extent the Royal Institute of British Architects (RIBA) in managing international relations, handling negotiations with the Architects Council of

Europe. The RIAS is ineligible to sit at the top table as a national representative. Arrangements across the UK nations, post devolution remain informal and underdeveloped. Scottish interests' risk being underrepresented – given London is the dominant architectural hub in the UK. Whilst the current unsatisfactory arrangements persist support is needed to develop new and enhanced partnerships with EU practices.

The Scottish Government and Scotland Office need to coordinate more promotional support, focused on developing these connections and the visibility of Scottish Practices abroad. Change requires the Scottish Government and its agencies to provide modest levels of seed corn grants e.g. help with travel costs to conferences and trade events. The recent work by the Danish Embassy in Scotland offers a useful example of how this is done.”⁴⁸

On a similar theme, Ben Addy from Moxon Architects told the Committee:

“A much bigger, more fundamental aspect of how architecture in Scotland is conducted as a business comes down to procurement of public projects, which dwarfs every other aspect of this discussion. I probably speak for the profession when I say that how public procurement takes place in Scotland is highly problematical, and we can get into the detail of that if you wish.

That is relevant because public projects are a large part of the shop window for Scottish architecture. However, at present, our shop window is rather bare compared with that of our peers on the continent. For instance, architectural practice in Denmark has public procurement that enables new entrants, small practices and large practices—the gamut—to take part in that type of work. Therefore, when they come to export, they have a good portfolio to speak about, whereas good quality architecture in Scotland is overwhelmingly reliant on the private sector.”⁴⁹

Youth mobility

Witnesses providing oral evidence to the Committee during part 1 of its inquiry indicated a preference for the UK to reassociate to Erasmus+. Irene Oldfather from the Scottish Advisory Forum on Europe gave evidence to the Committee on 8 February 2024 and stated:

“Participation in Erasmus+ is a clear and pressing issue, but we are not talking just about further and higher education. In recent discussions that we have had, businesses have said that they are keen for young people to be in apprenticeships and involved in exchanges; they do not want the approach to be about just further and higher education.”⁵⁰

Alastair Sim from Universities Scotland stated at the same evidence session on 8 February 2024:

“There have been strong voices from Scotland, the wider UK and European civil society partners that it would be a great thing to keep the UK fully in Erasmus+. That would help to build the living bridge between Europe and the UK of people who have been abroad and understood each other’s cultures and circumstances. It is really disappointing not to get that, but I think that the decision has probably been driven by price. When the UK Government looked at what it would cost to be in Erasmus+, it stepped back.”

Erasmus+ was also raised during part 2 of the Committee’s inquiry at the Committee’s session on legal services on 31 October 2024. Dr Adam Marks speaking on behalf of the Law Society of Scotland stated:

“Broadly speaking, we would be delighted to rejoin something like Erasmus.”⁵¹

Conversely, Professor David Collins from City St George’s, University of London stated at the same session on legal services:

“Britain was losing money on Erasmus. [...] Far more Europeans used Erasmus to come here than British students used it to go to Europe. The Turing scheme is very good, and it is a good example of where savings have been made as a result of Brexit.”

The Committee held two evidence sessions focussed on youth mobility during part 2 of its inquiry.⁵²⁵³ Issues highlighted in evidence to the inquiry focussed on the funding received via Erasmus+ while the UK was a member of the EU, the impact of not associating to Erasmus+ on the youth, colleges, and university sector, and the merits of and issues with replacement international exchange schemes.

Universities Scotland provided an overview of Scottish participation in Erasmus+ in its written submissions, and Lesley Jackson stated in oral evidence to the Committee:

“The higher education sector in Scotland was extremely successful through the Erasmus+ programme. As you will have seen from our submission, the sector received about 16 per cent of the funding that came to the UK, but it receives only about 8 per cent of the funding for the Turing scheme. In monetary terms, through the Erasmus+ programme that covered 2014 to 2020, the sector received, on average, about €12 million, whereas it receives only about £5 million under the Turing scheme.”

Peter Brown from the British Council provided its data on Erasmus+ participation in Scotland, stating:

“British Council data for Scotland shows that, from 2014 to 2020, the Erasmus+ programme enabled 37,635 young people, students and staff from Scotland to study, train or volunteer overseas. That number is comprised of, more or less, 10,800 from higher education, 8,200 from schools, 8,800 from vocational education and 3,800 from youth projects. Scottish organisations also led 503 Erasmus+ projects. During that period, when the British Council

was heavily involved in Erasmus, Scotland was very well represented in the broader UK picture in terms of participation.”

Several witnesses highlighted the Erasmus+ programme as a longstanding flagship initiative for student mobility and international collaboration within Europe. They noted that new international exchange programmes available to Scottish students and young people, such as Turing and SEEP, do not serve as like-for-like replacements.

Roy Gardner from Colleges Scotland stated:

“We have, in Europe, the benefit of having one of the most diverse areas in the world on our doorstep, and we had Erasmus to access that. The unintended consequence of not being involved in the scheme is that Scotland-domiciled students are being left behind when it comes to social mobility. That is a real challenge, and we want to address it before it is far too late. Turing and SEEP are not like-for-like replacements. I would keep those schemes and reintroduce Erasmus if possible, because it helps with the enrichment of the Scottish student environment.”

Sai Shradda S Viswanathan from the National Union of Students Scotland stated:

“SEEP is a good step in the right direction, but if we could also reintroduce Erasmus and rejoin the research networks and other networks where we had a place, we would really appreciate that. As a student body, we are part of the European Students Union, and we have heard time and again from our counterparts about the difficulty in accessing opportunities over here, especially in Scotland. With research and postgraduate courses in the higher education sector, it is essential that we have access to mobility, for field trips and experience trips and to get more hands-on experiences and attend conferences. The same goes for vocational courses and apprentices.

A mobility scheme or the option of movement is really important, especially when it comes to our reputation and setting a benchmark for how we want to be perceived in the education sector, not only in the UK but in the world.”

Several perceived weaknesses of the replacement schemes (including Turing and SEEP) were mentioned by witnesses giving oral evidence to the Committee. Lesley Jackson of Universities Scotland discussed the issue of reciprocity in youth mobility schemes, whereby there is both inward and outward mobility through the scheme. Lesley Jackson stated in relation to the replacement scheme Turing and its comparison to Erasmus+:

“The lack of reciprocity is one of the main disadvantages of the Turing scheme. Generally, mobility schemes are reciprocal, so being able to send students in only one direction is a key drawback.”

Sarah Paterson from Youth Link Scotland highlighted that youth work is not provided for in the replacement schemes, stating:

“The replacement programmes for Erasmus—the Turing programme and the Scottish educational exchange programme—do not have specific youth work strands. It is fair to say that the benefits and impact of the Erasmus+ programme were very much in the plus of Erasmus+, which included a variety of strands. The specific youth strand was extremely beneficial to our sector.

The Turing programme has positives, but we were very disappointed to see that youth work was not written into it.”

Roy Gardner from City of Glasgow College and Colleges Scotland referred to the loss of staff mobility from not being associated to Erasmus+:

“We have numerous international partnerships across the globe, as well as extensive partnerships in the EU. The main challenges with Turing, as opposed to Erasmus, are that it completely misses out staff mobility and the continuing professional development element of staff building up their own capacity and learning from other institutions across the EU, but more importantly, strategic partnerships are completely lost.”

A key theme in responses was the benefits of Erasmus+ being a multi-year funding commitment and the lack of comparative multi-year funding in replacement schemes. Lesley Jackson of Universities Scotland stated:

“The other major advantage of the Erasmus programme compared with the Turing scheme and the Scottish educational exchange programme is the longevity of the funding commitment. The Erasmus programme is a seven-year programme, so people know what they are going into at the start—they know the rules of the game and what the applications look like. At the moment, SEEP and the Turing scheme are funded annually, so there are a lot of the issues that there tend to be with annually funded programmes, such as short application deadlines and short times to spend the money. For example, this year, SEEP awards were made in October and the money has to be spent by March. In practical terms, one of the key times of the year for the movement of students is the long summer break, but such movement will not be possible this year because of the timeline for spending the money.”

Roy Gardner from City of Glasgow College and Colleges Scotland reiterated the certainty that multi-year funding can bring to the colleges sector, stating:

“With the assurance of multiyear funding, the college sector can get much more engaged in the programme. Some colleges obviously serve their partnerships very well across Europe. Some are new to it, in particular the rural colleges, so SEEP is an opportunity for them to come to the table and build on the partnership network. Multiyear funding will help them to address their staffing issues and get their priorities in line.”

Professor Cardwell, Professor of Law at King’s College London, provided an indication of the additional issues that universities advising students to undertake study abroad opportunities now must understand within a less certain budgetary context:

“In contrast, setting up bilateral agreements with universities outside the EU takes a huge amount of effort and resource. There are all kinds of issues to deal with relating to semester dates, health insurance coverage, satisfying visa conditions and so on. We have moved away from a system that was very familiar and had relatively low transaction costs.

In addition, from a budget perspective, Erasmus was—it still is—an EU programme, so we would know several years in advance that the budget was going to be there for students going out and coming in. That certainty is extremely important in trying to sell the benefits of studying abroad to students, in particular in the UK, where we often integrate study abroad into a degree programme.”

Sarah Paterson from Youth Link Scotland outlined the potential funding benefits the youth sector in Scotland could have received if the UK had remained associated with Erasmus+:

“The last round of the Erasmus+ programme was worth €5 million for our youth work sector. If we had remained in the Erasmus programme, the total that we would have been able to access as a youth work sector would have been €10 million.”

Lesley Jackson of Universities Scotland referred to the limited funding available under Scottish Government replacement programme, SEEP, compared to Erasmus+:

“SEEP is a small programme that costs £400,000 a year, and there is potential to think about ring fencing elements. The downside of that, of course, is that there would be additional levels of bureaucracy and technicality in what is a very small programme. The question for the Scottish Government is about how that amount of money can be most impactful.”

Professor Cardwell of King’s College London, discussed the bureaucratic and financial barriers that students seeking mobility opportunities in the EU may face:

“There are other barriers related to freedom of movement as well. Unless you are a UK student who happens to have EU citizenship, you will need to go through visa processes and so on. Certainly in the first couple of years, that meant that embassies in London, which were not used to giving out study visas, because there had never been a need to do so before, had to ramp up their capacity. There were therefore some delays and uncertainty, which I know meant that some students just said, “Well, I’m going to drop out, because I can’t guarantee that I am going to have everything ready for me to go. It’s not worth it.”

There are those bureaucratic hurdles, but there are also the financial ones. It is also about people having certainty about what they need to do and show in order to be compliant with any residence requirements as a third country national in the EU.”

The Scottish Government published its proposal for a Scottish Graduate Visa on 22 January 2025. Several witnesses giving evidence to the Committee provided their views on the proposal. Lesley Jackson of Universities Scotland stated:

“We very much welcome the proposal. The difficulty that we see is with regards to international students coming in and being able to access the graduate visa route, which you will know was subject to review by the previous UK Government. We very much welcome that the scheme was kept in place. However, the step from the graduate visa to the skilled worker visa is very high. We are talking about requiring someone, just two years after their graduation, to be able to earn £38,700, which in many sectors is just not credible. There needs to be something that bridges that gap.”

Roy Gardner from City of Glasgow College and Colleges Scotland stated:

“My institution has a global reputation for maritime studies, which is a sector that offers very well-paid careers. I think that the sector needs 2,000 entrants a year, but currently the figure is just below 1,000. Having the proposed visa scheme as a USP to sell to the world would give Scotland a very competitive advantage. My institution has welcomed 50 international delegations over the past 15 years. Having that scheme as an offer would put Scotland firmly on the map when it comes to attracting international talent.”

Several witnesses discussed the impact of the UK's and Scotland's disassociation from EU programmes like Erasmus+ on their "soft power" developed through inter-institutional networks. Professor Cardwell of King's College London, stated:

“Another thing, which was mentioned in the committee's previous evidence session is that, although more students are coming into the UK—including Scotland—than are outgoing, and we tend to focus on those numbers and resources, that does not take into account what the programmes mean for the soft power of Scotland and Scottish universities, and for the rest of the UK. For example, we know that students who have spent a few weeks, a semester or a year in a UK university have a great experience, by and large, and they go back home and tell others about it. Those others might then come to the UK as fee-paying students to do a masters or so on, even if they do not necessarily do it at the same university or in the same city. It is difficult to buy that kind of reputation.”

Lesley Jackson stated:

“Horizon and Erasmus+ are underpinned by networks—it is all about networks in this sector, especially in the research space. There are international collaborations and cross-institutional working, and people establish those opportunities and build those alliances through meeting each other and spending time with each other. Obviously, the sector strongly welcomed association to horizon Europe, albeit after three years, and we are working incredibly hard to maximise participation rates in horizon, because three years is a long time.”

Peter Brown from the British Council stated:

“I echo that. [...] Horizon is always mentioned as an advantage. If it was not there, I am not sure that we would attract the top talent to UK institutions that we have traditionally done. That is particularly important for science and engineering students, but it is also important for social sciences and arts and humanities.”

Ellie Bevan from Taith indicated that mobility opportunities early-career researchers were considered as part of the development of Taith, stating:

“I cannot comment too much on horizon. However, in Taith, we have funding for early-career researchers. One piece of feedback that we got from the sector was that, when people are later on in their career, it is much easier to source funding and get involved in bigger projects. That was one gap that we wanted to fill by providing mobility opportunities for PhD students and early-career researchers, so that they can take part and build their career but also create links and form partnerships with organisations and universities overseas.”

The Committee also heard evidence on the impact of non-association with Erasmus+ on language learning and language-focussed degrees. Professor Cardwell stated:

“Traditionally, the prerequisite for entry to a languages degree has been an A-level or a higher in the language. Of course, there are some language degrees that students can start from scratch, but the number of those tends to be much smaller, and we have not seen growth in what we might describe as in-demand languages, such as Chinese. We tend to see exchanges through the lens of their purpose being for people to improve their knowledge of the language in question, but in many higher education institutions across Europe, there has been a proliferation of programmes in English. That means that it is possible to send students to Poland, for example, to study in English. [...]

When we look at the patterns across Europe and the different ways in which Erasmus+ and other exchange programmes have been used, we find different things. In the UK, we have overemphasised the language improvement aspect, instead of telling people that they can go abroad and study in English, while learning the language of the country in question on the side, and that they will thrive in doing so. However, it is trickier to convince people to do that who have not had the exposure to languages in school that previous generations had.”

Ellie Bevan from Taith indicated that rates of language study are reducing and set out the role mobility has in encouraging people to learn and teach foreign languages, stating:

“Mobility cannot solve the problem of reduced numbers of children and young people studying languages, but it can help to enthuse them and help them to

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realise why languages are important, as well as opening their eyes to different cultures and ways of living. It is really important for school children in particular to have the opportunity to travel abroad so that they can put their language skills into practice. [...] In Taith, we have seen that schools are wanting to send their teachers away on language immersion courses to help them to better understand how to teach a language when it is not their specialist subject. There is huge value in the physical opportunities.”

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17th March 2025

Dear Clare,

I am very much looking forward to appearing before your Committee on 20 March, in order to assist with the second part of the Committee's enquiry into the implementation of the UK-EU Trade and Cooperation Agreement (TCA), focussing on trade in services.

As you know, the Scottish Government has been working intensively to bring about improvements to the functioning of the TCA, that will benefit the many trade and business sectors, and other sections of society in Scotland who have seen their interests damaged by this agreement, which we believe could, and should have been much better than it is.

The primary opportunity for us to influence the implementation of the TCA remains as through the Specialised Committees (SCs) the TCA has set up, which deal with different areas of trade, economic and other interests. I am pleased to attach a report on our activity in this area over the period from June to December 2024. This follows the verbal briefing my officials provided in January.

I have set out at the report the respective and overall outcomes of the SC for Scottish Government, and noted where progress was made. Since conclusion of the round of SCs, focus has moved to the UK's intended "reset" of their relationship with the EU, in the run-up to the UKG-EU summit of 19 May.

I hope Committee members will find the attached report helpful, and look forward to discussing it in detail on 20 March, as well as the outlook for progress on these issues in the coming period, and any other matters members wish to raise.

Yours sincerely,

ANGUS ROBERTSON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot



INTERIM REPORT
TRADE AND COOPERATION AGREEMENT

SPECIALISED COMMITTEES 2024

INTERIM SUMMARY REPORT

Purpose

1. This paper summarises last autumn's Trade and Cooperation Agreement (TCA) Specialised Committee meetings, encompassing:
 - Background information;
 - Scottish Government (SG) priorities;
 - SG engagement in Specialised Committee preparations and formal meetings (where appropriate); and
 - Overview of outcomes.
2. Please note that the Scottish Government is unable to provide detailed commentary on Specialised Committee (SC) meetings for which a minute has not yet been published. There is no set timetable for SC minutes becoming publicly available.
3. SG is keen to ensure the Committee is updated on TCA discussions in a timely manner, and is therefore providing an Interim Report at this juncture. A final, formal report on 2024 SC activity will follow once the full set of meeting minutes is available.

Background

4. The core provisions of the TCA – i.e. tariff free market access – have effectively been in force since January 2021. However, as is common with FTAs – and is a particular feature of the TCA, given it was rapidly negotiated between the UK's departure from the EU on 31 January 2020 and the end of the transition period on 31 December 2020 – there are a number of implementation issues still to be resolved that require ongoing dialogue (and in some cases negotiation) between the Parties. Discussions are progressed at official level via 18 thematically-focused Specialised Committees (SC), which ultimately report to a Partnership Council chaired by a UK Government Minister and a European Union Commissioner.
5. 17 of the 18 SCs have met once in 2024; Fisheries has met twice. Two meetings took place in June (the 'spring round'), with the remaining 18 meetings convening between the end of September and early December (the 'autumn round'). A full list of SCs, with associated meeting dates and (where available) links to published minutes, is at Annex B.
6. Many of the SCs have a relatively broad remit. It is not therefore possible to determine categorically in advance which SCs will consider issues of devolved

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competence, particularly given the long term nature of the TCA and the likelihood that SC business will evolve over many years.

7. The TCA will never replace the benefits lost because of Brexit. However, the February 2023 Windsor Framework agreement created new opportunities to improve TCA implementation, after almost two years of standstill during the Northern Ireland Protocol dispute. The Scottish Government (SG) has therefore delivered a step-change in our TCA work over the past two years, putting in place systems and structures that have enabled SG to engage in all 18 SCs, whilst focusing most resource on those that are clearly remitted to consider our priority issues and/or devolved matters more broadly (for example, Sanitary and Phytosanitary (SPS); Technical Barriers to Trade; Services, Investment and Digital Trade; and Level Playing Field).

Scottish Government priorities

8. It is the view of Scottish Ministers that the TCA represents a significant step backwards in our trading relationship with the EU, when compared with the benefits the UK enjoyed as a member state. The Office for Budget Responsibility expects the UK's GDP to be 4% lower in the long run because of Brexit. That equates to £3 billion in lost public revenues for Scotland, each and every year.
9. The Scottish Government firmly believes that the TCA could and should have gone further in protecting Scottish interests. It has welcomed the UK Labour Government's announcement of its intention to seek a "reset" of the UK's relationship with the EU, and has encouraged the UK Government to pursue this with as much ambition as possible. A UK-EU summit has been scheduled for 19 May, and the Scottish Government would like to see a dialogue process in the coming months to address some areas of the TCA where both sides may see mutual benefit in making progress. The UK Government has not yet specified what areas it would like to see addressed, and it remains to be seen what the scope of the process will be. The joint EU-UK statement in October 2024 gives some indication of the forward process: [Statement by the President of the European Commission and the Prime Minister of the United Kingdom on Enhancing Strategic Cooperation: 2 October 2024 - GOV.UK](#)
10. Since the TCA was implemented the SG has engaged with the UK Government in order to promote its priorities for improving the TCA and rebuilding closer UK-EU cooperation. We consider that we have achieved some successes – for example in regard to UK association to the Horizon Europe Programme (which was agreed at the Programmes SC in December 2023). We have also worked to seek the re-opening of the EU market to Scottish seed potatoes, though this has not been achieved to date.
11. On our priorities for the UK/EU "reset" we agree with the UKG about the aim of securing an SPS/veterinary agreement which we hope could remove many of the difficulties our food and drink sector has been experiencing. SG has also argued strongly for progress on enhanced youth mobility. This is something which many

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EU leaders also support, however the UK Government position on this is not yet clear.

12. In support of our priorities for the “resetting” of relations between the UK and the EU, we have been developing policy papers on a range of issues. Papers on an SPS agreement and energy and climate cooperation have already been published, and papers on programmes, including Erasmus +, mobility and on addressing barriers to trade are in preparation.
13. SG priorities, where they interact with the this years’ Specialised Committees, are listed and reported on in the outcome table below.

SG engagement in SC preparations and formal meetings

14. The Scottish Government is not a Party to the TCA, meaning we engage with the SC process via UKG’s delegations. Each SC is assigned to a lead Whitehall department, and is Co-Chaired (with an EU representative) by the relevant senior official. A Europe team within the Cabinet Office plays a central Whitehall coordinating role. Within SG, policy Directorates engage with individual SCs as is relevant to their interests, coordinated by the EU Secretariat (EUS) and with input throughout from the Brussels-based EU Directorate (EUD).
15. Officials from across SG have put sustained and significant effort into building effective and functional SG-UKG relationships on TCA-related issues. Engagement with UKG this year has, on the whole, been constructive. There remains some variance across Whitehall, but generally lead departments have shared agendas in advance, offered pre-meets with Devolved Governments (DGs), and enabled two DG representatives to observe SC meetings. The Cabinet Office Europe team has played an effective role coordinating that activity.
16. We have found UKG officials generally willing to discuss issues of concern to SG, and to either include those on SC agendas, or – where they have chosen not to do so – to explain their reasoning. We have also secured senior level meetings with some UKG Co-Chairs in advance of SC meetings, which have provided valuable insights into UKG’s likely asks and expectations.
17. We have also worked to ensure that the rhythm of Inter-Ministerial Group on UK-EU Relations meetings continues. This forum provides a very necessary opportunity for the Cabinet Secretary CEAC to press the UK Minister for Europe in the Cabinet Office to seek progress on the key Scottish concerns. The most recent meeting of the IMG took place on 3 December 2024. Current expectation is that there will be further meeting of the group ahead of the EU-UK summit on 19 May.
18. We have also continued substantive external stakeholder engagement this year, which has further deepened our understanding of the impact TCA implementation is having on Scottish civil society. We have been working primarily with the Scottish Advisory Forum on Europe (SAFE), whose membership is around 100. The Cabinet Secretary addressed its meeting in April 2024, where the EU

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Ambassador to the UK, Pedro Serrano, also attended. SG has also made a small financial contribution to SAFE's ongoing work.

19. SAFE has been using its Memorandum of Understanding with the European Economic and Social Committee (EESC), to expand its cooperation with significant EU interlocutors, including via a visit to Brussels in November 2024, and was also involved in a meeting of the UK outreach group of the Committee of the Regions, which was hosted by COSLA in Edinburgh, also in November.
20. SG also continues to support Irene Oldfather in her role as Vice Chair of the UK Domestic Advisory Group (DAG). She has successfully established a Nations and Regions DAG subgroup, which is helping ensure that devolved interests are properly represented in the DAG's work.
21. Finally, SG officials remain committed to providing briefing support to the Convenor and Deputy Convenor of the CEEAC Committee prior to their attendance Parliamentary Partnership Assembly (PPA) meetings. There were no PPA meetings in 2024, in part due to election cycles in both the EU and UK, but briefing has been prepared for the upcoming meeting on 17-18 March in Brussels. We trust those briefings remain useful and have helped enable the Convenor and Deputy Convenor to play an active role in PPA discussions on issues of particular interest to Scotland, such as agrifood trade, citizens' rights and mobility. We also supported the visit of CEEAC Members to Brussels in autumn 2024 to discuss the Committee's inquiry work and report on the TCA.

Overview of outcomes

22. The Scottish Government went into this round of Specialised Committees with a clear set of objectives, which we communicated clearly to the UK Government in the run-up to the round of SC meetings – some of which were in turn raised by the UK Government with the EU in SC meetings themselves.
23. As usual, this year's SCs provided opportunities for both the UK Government and the EU to discuss a range of TCA implementation issues, to agree to further technical discussions in some areas (for example, on energy), and in some instances to air concerns. Some specific implementation developments during 2024 included:
 - the first round of meetings of the new EU-UK sectoral working groups on medicines, organic products, and motor vehicles, under the Technical Barriers to Trade SC;
 - conclusion of negotiations on a new EU-UK Competition Cooperation Agreement; and
 - preparations for the first meeting of EU and UK environmental regulators (including SEPA participation for Scotland) in early 2025, under Article 395 of the TCA.
24. However, limited substantive progress was made on UKG's priorities, and the specific SG priorities set out below also remain a work in progress. The lack of

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progress on a number of key policy priorities is clearly disappointing, though it reflects – at least in part – the limits of the SC process as currently implemented. The assumption that most SCs only meet annually, and the very formalised approach taken to those meetings, has generally resulted in only incremental progress. Nonetheless, SG has been able to engage consistently and effectively in the SC cycle, and will continue to do this.

25. Following the conclusion of the 2024 SCs, our focus now moves to engagement already underway for UKG's intended "reset" of its relationship with the EU, in the run-up to the UKG-EU summit of 19 May 2025. This may also have implications for both sides' approach to the TCA Partnership Council meeting, also anticipated in spring 2025, and the next 'round' of SC meetings in 2025.

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ANNEX A

SCOTTISH GOVERNMENT TCA 2024 SPECIALISED COMMITTEE OBJECTIVES

SG priority areas	Objectives for 2024 Specialised Committees	SC minutes (as per Annex B)
Energy and climate	UK-EU energy and climate cooperation, including: <ul style="list-style-type: none"> • cooperation on hydrogen; • cooperation on renewable energy capacity and interconnectivity; • electricity trading; • security of supply; • consideration of linking the UK and EU ETS 	7, 10, 13
SPS measures	Secure an in-principle agreement that could reopen EU markets to Scotland's seed potato exporters. Work towards possibility to trade LBMs again	9
Barriers to trade	Ensure Technical Barriers to Trade (TBT) Working Groups (WGs) are established as quickly as possible, with appropriate SG representation In addition, work to remove and avoid post-Brexit barriers to trade, including seeking: to pursue a Mutual Recognition Agreement (MRA) on Conformity Assessment; to address issues around inconsistent application of customs procedures; to address issues around diagonal cumulation; renewal of the EU's data protection adequacy decision.	6, 8, 10, 11, 12
Mobility	MRPQ and mobility of professionals: seek better Mutual Recognition of Professional Qualifications for key sectors; and mobility improvements for service providers more generally, and specifically enhanced creative artists' mobility	11, 20
EU Programmes	Maximise opportunities arising for Scotland from UK association to the Horizon Europe research programme, and create increased capacity Other EU Programmes: seek full association with other EU programmes, particularly Erasmus+ and Creative Europe	19
Fisheries	Close inclusion in ongoing fisheries negotiations, to protect Scottish interests and the marine environment	2, 3

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Law Enforcement	Closer co-operation on justice and home affairs	18
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ANNEX B

SPECIALISED COMMITTEE MEETING DATES AND MINUTES

No.	Specialised Committee	2024 meeting date(s)	Published minute
1	Social Security	5 June	https://assets.publishing.service.gov.uk/media/6694fc3ea3c2a28abb50cf3a/specialised-committee-social-security-coordination-minutes-05-06-2024.pdf
2	Fisheries	22-23 May	https://assets.publishing.service.gov.uk/media/6707eeb930536cb927482fe9/ighth-scf-minutes-23-May-2024.pdf
3	Fisheries	24 September	Minutes not yet available
4	Administrative Cooperation in VAT and Recovery of Taxes	30 September	Minutes not yet available
5	Public Procurement	3 October	Minutes not yet available
6	Technical Barriers to Trade	7 October	https://assets.publishing.service.gov.uk/media/67a0b98b1f9e7f7dcc7b3fc5/7-october-2024-trade-specialised-committee-on-technical-barriers-to-trade-meeting-minutes.pdf
7	Level Playing Field for Open and Fair Competition and Sustainable Development	9 October	Minutes not yet available
8	Customs Cooperation and Rules of Origin	17 October	Minutes not yet available
9	Sanitary and Phytosanitary Measures	21 October	Minutes not yet available
10	Goods	23 October	Minutes not yet available
11	Services, Investment and Digital Trade	24 October	https://assets.publishing.service.gov.uk/media/678e358c02801a21aa7acf5c/trade-specialised-committee-on-services-investment-and-digital-trade-meeting-24-october-2024-minutes.pdf

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12	Regulatory Cooperation	4 November	Minutes not yet available
13	Energy	7 November	https://assets.publishing.service.gov.uk/media/676016161857548bccbcfa46/uk-eu-specialised-committee-on-energy-7-november-2024-meeting-minutes.pdf
14	Intellectual Property	13 November	https://assets.publishing.service.gov.uk/media/6780c0c56f01ae28ab5c059a/The-Fourth-Trade-Specialised-Committee-on-Intellectual-Property-under-the-EU-UK-Trade-and-Cooperation-Agreement-Minutes.docx
15	Air Transport	14 November	Minutes not yet available
16	Road Transport	14 November	Minutes not yet available
17	Aviation Safety	21 November	Minutes not yet available
18	Law Enforcement and Judicial Cooperation	5 December	https://www.gov.uk/government/publications/specialised-committee-on-law-enforcement-and-criminal-justice-minutes
19	Union Programmes	11 December	Minutes not yet available
20	Trade Partnership Committee	12 December	Minutes not yet available