

Constitution, Europe, External Affairs and Culture Committee
Thursday 20 June 2024
17th Meeting, 2024 (Session 6)

Review of the EU-UK Trade and Cooperation Agreement inquiry

1. The Committee is conducting an inquiry into the [Review of the EU-UK Trade and Cooperation Agreement \(TCA\)](#).
2. The focus of this part of the inquiry has been on how trade in goods between the EU and UK is currently working, if there are areas where it can be improved, and whether there is an interest in developing the trading relationship further.
3. A call for views opened on 29 September and closed on 30 November. It received 16 submissions which are available to view [online](#).
4. Previous evidence sessions are detailed on the first page of the SPICe briefing which is attached at **Annexe A**. This week we are taking evidence from the Cabinet Secretary for Constitution, External Affairs and Culture, a letter from whom can be found at **Annexe B** along with a summary report from the Scottish Government.

Clerks to the Committee
June 2024

Annexe A: SPICe briefing



Inquiry into the review of the EU-UK Trade and Cooperation Agreement – evidence session with Cabinet Secretary for Constitution, Europe, External Affairs and Culture

The Committee's inquiry into the review of the Trade and Cooperation Agreement has focused on the provisions related to trade in goods. The Committee has held the following evidence sessions:

- on [8 February](#) a scene-setter for the inquiry – a roundtable session with members of the Scottish Advisory Forum on Europe;
- on [7 March](#) a panel of representatives of the agri-food sector;
- on [14 March](#) evidence from the UK in a Changing Europe;
- on [21 March](#) a roundtable with businesses who were members of either Food and Drink Federation Scotland or Agricultural Industries Confederation;
- on [28 March](#) a panel with Scottish Quality Crops, Seafood Scotland, Scottish Meat Wholesalers Association, and Salmon Scotland;
- on [2 May](#) an evidence session focused on the Windsor Framework;
- on [9 May](#) a panel with business representative groups plus a panel with Scottish Enterprise / Scottish Development International;
- on [23 May](#) a panel with the Independent Commission on UK EU Relations think tank; and
- on [6 June](#) two panels representing the EU Domestic Advisory Group and the UK Domestic Advisory Group.

Today's evidence session with the Cabinet Secretary for Constitution, Europe, External Affairs and Culture is an opportunity for the Committee to discuss the Scottish Government's approach to the scheduled review of the Trade and Cooperation Agreement, and in particular the trade related aspects of the Agreement,

Scottish Government approach to the review of the Trade and Cooperation Agreement

The [Programme for Government for 2023-24](#) included a commitment to press the UK Government for easements in the Trade and Cooperation Agreement in the context of the upcoming review of the Agreement. The PFG sets out policy areas where the Scottish Government will press for a closer UK relationship with the EU including:

“Easements of trading conditions for Scottish exporters of food and drink products, a more effective approach for electricity trading, an expansion of sectors included in the mutual recognition of professional qualifications, a better solution for touring creative professionals, and for the UK to re-join the Erasmus+ initiative.”

In a letter to the Committee (included in today’s meeting papers), the Scottish Government set out its “longer-term priorities for improving the TCA”. The priorities highlighted by the Scottish Government are:

- A comprehensive SPS agreement, to revitalise critical trade in agrifood exports
- Full participation in relevant EU programmes – including Erasmus+, Creative Europe, and European Territorial Cooperation
- Restored opportunities for professional mobility in sectors across the economy, including improved arrangements for creative professionals and mutual recognition of professional qualifications (MRPQ)
- Maximised opportunities for young people to live, work, study and learn in the EU.
- Greater cooperation on security and law enforcement
- Closer energy cooperation, to support shared priorities on energy security and the transition to net zero
- Minimised technical barriers to trade

From the perspective of today’s focus on the trade in goods, the main priorities relate to an SPS agreement and the minimisation of the technical barriers to trade. On an SPS agreement, the Scottish Government has told the Committee:

“UKG’s refusal to align with EU SPS rules has generated new bureaucratic hurdles for some exporters of plant and animal products, whilst others have lost access to EU markets completely. An SPS agreement that enabled mutual recognition of standards could remove much of the red tape that has contributed to a slump in agrifood trade since the TCA came into force.”

And on the minimisation of technical barriers to trade, the Scottish Government has told the Committee:

“The Scottish Government opposed leaving the Single Market and Customs Union, and our position remains that we should rejoin at the earliest opportunity. Whilst the TCA negated the risk of tariffs being imposed on goods moving between the UK and EU, businesses face many more bureaucratic checks than was the case when the UK was a member of the Single Market. As a result, in Scotland’s seafood sector alone costs have significantly increased across packaging, certification, and transport. We urge the UK Government to prioritise cooperating with the EU to remove unnecessary

Brexit red tape and technical barriers to trade, including: seeking a Mutual Recognition Agreement on Conformity Assessment with the EU; making better use of the mechanisms within the TCA for regulatory cooperation; addressing the inconsistent application of customs processes for traders; and cooperating to improve the international interoperability of digital tools and systems to support trade. These steps could provide benefits to all parties.”

Issues raised during the inquiry

The Committee has heard a wide range of views during the inquiry. The key issues raised in relation to the trade in goods element of the TCA are summarised below.

Support for Scottish exporting businesses in navigating the new trading arrangements with the EU

Throughout the inquiry, the Committee has heard from witnesses about the complexity of negotiating the non-tariff barriers present when exporting and importing goods between the EU and the UK. Witnesses have suggested more support and guidance would help businesses navigating the new trading relationship with the EU.

Catherine McWilliam representing the Institute of Directors Scotland told the Committee:

“In the simplest terms, for me, some of the biggest opportunities involve looking at those who have not yet attempted to export, who might be entrepreneurs at an earlier stage of their journey. There is something around demystifying the process and procedure and making guidance and support as readily available as possible to those who are looking for it. We have heard anecdotally from members that, since 2021, there has definitely been a surge in consultants offering expertise in this space, and that a varying quality of support is available.”

Gary Stephenson from Devro highlighted that:

“Smaller businesses might need somebody to guide them to that information, and that could be done from the Scottish Government side.”

Scotland Food and Drink set out the need for further guidance across a range of TCA issues in its written submission:

“We agree with the broad points made in other submissions to the committee including possible solutions such as simpler guidance including on customs and Rules of Origin, reducing trade friction, and avoiding divergence in standards.”

Overall UK-EU trading environment

During the evidence session on 9 May 2024, the Committee heard from business representatives about the general post Brexit trading environment.

William Bain from the British Chambers of Commerce told the Committee:

“The British Chambers of Commerce produces an annual document that contains the results of a survey of our members. Our most recent publication, which was produced at the end of December last year, included the results of survey data from more than 700 businesses in every part of the UK. We found that 60 per cent of exporters to the EU said that it was more difficult to trade with the EU than it had been a year ago, and that 49 per cent of companies did not feel that the current TCA was enabling them to grow or increase their sales.”

Kate Foster from the Federation of Small Businesses told the Committee:

“We welcomed the agreement of the TCA, and we welcomed avoiding the uncertainty that would have come with a no-deal Brexit. However, despite the formal trade agreement, small and medium-sized enterprises immediately had significant barriers to contend with, in areas such as navigating customs, paperwork and VAT. There were impacts for business mobility, as William Bain said, although we were still experiencing Covid lockdowns at that point. There were issues with the recognition of certification of things such as product safety and conformity, and there were additional up-front costs for things such as handling fees and extra shipping fees. Things appeared on invoices that had not been there before, all of which were to do with the introduction of the new formal steps.

Since then, many of our SMEs have found ways of working with the new system. They have made new arrangements and changed their business patterns. For the eight quarters following January 2021, our small business index survey asked our members how their trade activity with the EU had changed, and in January 2021, around two in 10 of our SME exporters said that they had temporarily stopped trading with the EU. That figure has now fallen to one in 10. A number of businesses held off trading with the EU and paused activity temporarily, but they have since restarted. However, a significant number have stopped trading with the EU permanently. The last time we asked members about that was in quarter 4 of 2022, when the figure was around 4 to 5 per cent.

From speaking to members, we have anecdotal evidence that they find trade with Europe more difficult than before, even if they are finding ways around it. For instance, we have a member who is based up in Skye who sends things to the EU by post. They recently had an issue when sending a package to Belgium because, even though they could zero rate their products in the UK, Belgium charges import VAT and the Belgian postal system charges a customs handling fee, so there are still additional costs. On the face of it, those costs might seem small, but they have a cumulative effect, particularly for small businesses that do not have a lot of extra resource because they are working to tight margins. We are therefore concerned that there is a longer-term chilling effect on trade with Europe.”

Animal and Plant Health agreement (SPS)

Sanitary and phytosanitary (SPS) requirements are measures designed to protect humans, animals, and plants from diseases, pests, or contaminants. Goods subject to these measures are food products, live animals, products of animal origin, animal feed as well as plants and plant products.

Following Brexit, UK exporters of agri-food products are now required to meet the EU's SPS requirements. These exports are subject to checks at the EU border and where appropriate will require the checking of export health certificates. More information on [export health certificates is provided in a SPICe blog](#).

The Committee has heard from a number of witnesses that an SPS agreement between the UK and the EU would help to reduce the challenges to exporting to and importing from the EU. For example, Seafood Scotland's written evidence stated:

“Additional processes, certification and documentation, mainly to ensure compliance with customs rules of origin and SPS requirements under the TCA and to meet EU official controls for third countries, have added a considerable time and cost burden for Scottish seafood traders.”

As a result of these challenges, Seafood Scotland suggested that:

“There is certainly also an interest in developing the UK-EU trading relationship further through an agreement on SPS measures, whether that be based on existing agreements the EU has with other third countries (eg Switzerland, New Zealand) or a bespoke UK-EU agreement which reflects our unique trade relationship.”

The Cabinet Secretary for Rural Affairs, Land Reform and Islands, Mairi Gougeon MSP set out the Scottish Government's position on an SPS agreement between the UK and the EU in a recent [Scottish Parliament written question](#):

“I have repeatedly urged the UK Government to negotiate a comprehensive veterinary agreement with the EU – sensibly and pragmatically aligning standards that would reduce the financial and administrative requirements that this model will create for some businesses here in Scotland.”

Regulatory Standards

The TCA does not provide for common regulatory standards for goods. As such, manufacturers who wish to place goods on both the UK and EU markets will need to comply with the regulatory rules for those goods in the UK and EU even where they are different.

A number of witnesses have highlighted the challenge faced as a result of the UK no longer being automatically aligned to EU laws and regulations. In particular witnesses have discussed the difficulty in continuing to monitor changes in EU laws following EU exit.

Witnesses have also highlighted where the lack of regulatory alignment has impacted on businesses ability to continue exporting to the EU. For example, EU rules mean the export of processed meats is no longer possible which has meant that Scottish suppliers are no longer able to export fresh mince and meat preparations, like sausages to the EU. A further example is that it is no longer possible to export Scottish seed potatoes to the EU.

Gareth Williams from Prosper told the Committee:

“The area of regulation is of interest to a range of our members across different sectors. There are concerns around divergence, so we need to consider how we can co-operate on those areas in the longer term. Financial services is an example there.”

William Bain from the British Chambers of Commerce told the Committee:

“What we are facing, then, is a new series of challenges, and I think that that speaks to the need for better processes within the TCA for regulatory co-operation. Mr Williams talked about the divergence that is happening in services; I would note that, in respect of traded goods, the BCC’s recent “Global Britain” report calls for the UK to adopt and align with the EU’s primary regulations in order to cut and mitigate the new costs that exporters in Scotland are going to face.”

Linked to common regulatory standards is the mutual recognition of conformity marking between the EU and the UK. Conformity markings are used to indicate that a product is safe and meets the standards of the country it is to be sold in. As part of the Brexit process the UK Government had planned to move from the EU’s CE marking and towards a new UKCA system.

In October 2023, the [UK Government announced](#) that it intended to introduce legislation to extend recognition of goods that meet EU requirements (including the CE marking), indefinitely, beyond 31 December 2024 for many products.

Peter Holmes from the University of Sussex explained to the Committee what conformity standards mean from an EU perspective:

“Something that really ties the EU standards ecosystem together is that, in addition to every country having to have the same conformity assessment testing rules, there is also an accreditation regime whereby the EU has legally binding rules that force countries to get their conformity assessment testing accredited by an EU-recognised body. That is the problem. At the moment, if you want to sell anything into the EU, you have to get a certificate that is issued by an EU-accredited conformity assessment body. That could be the British Standards Institution’s Netherlands office, the German Technischer Überwachungsverein—TÜV—office, or the French standards agency, but bodies registered in Britain are not authorised to issue certificates that guarantee conformity with the EU.”

Peter Holmes also told the Committee:

“An easy goal for the next Government would be to say that it will get rid of the ridiculous UK conformity assessed marking. The current Government nearly got rid of it.”

Other non-tariff barriers

Following the UK’s departure from the EU manufacturers in the UK are required to demonstrate the originating status of goods traded with the European Union (EU) in order for these to be entitled to preferential treatment under the Trade and Cooperation Agreement (TCA) between the UK and the EU. [Make UK define rules of origin](#) in the following way:

“Rules of Origin (ROO) allows an importing country to identify and classify the origin of a product. It is a straightforward process when the product is produced in a single country. Given modern global supply chains comprising of components and processes undertaken in numerous states, the application of this ROO can be very complex. ROO’s provide different functions but how they are set affords either a degree of protection or liberalisation offered to a given industry by the importing country. ROO’s are lawful international trade tools, allowed for under World Trade Organisation (WTO) terms and common practice within international trade agreements. A range of different types of ROO rules apply and more than one rule can apply to a product.”

In written evidence to the Committee, the Scottish Chambers of Commerce suggested that the Rules of Origin requirements in the TCA could be addressed during the review:

“Look afresh at whether adjustments to certain product-specific rules of origin would be of mutual benefit to both the UK and the EU; for example in the electric vehicle industry and pan-European supply and sourcing chains.”

The Food and Drink Federation Scotland also raised the issue of Rules of Origin in its written submission to the Committee:

“To benefit from tariff-free trade, products must comply with rules of origin requirements. This means a certain percentage of the product must originate in the UK or the EU. Meeting these rules can be complex for industries with global supply chains, potentially affecting the cost and efficiency of production.”

On the issue of Non-Tariff Barriers, William Bain from the British Chambers of Commerce told the Committee:

“Since 2021, we have experienced what I would call a bit of a moving target. We had the first phase, in which we had to deal with the customs declarations and associated costs, the sanitary and phytosanitary checks and the VAT issues...”

...What we are facing, then, is a new series of challenges, and I think that that speaks to the need for better processes within the TCA for regulatory co-operation.”

William Bain expanded on the VAT issue which now faces UK exporters to the EU:

“For small businesses, there is a VAT requirement on things such as online sales. To use the EU’s import one-stop shop, you need to have a fiscal representative in the EU, which is very burdensome and costly for small businesses.”

Donna Fordyce from Seafood Scotland emphasised the costs associated with the challenge of exporting to the EU:

“For organisations, it is not just about the additional cost of staff; it is about the lost opportunity. They had to stop looking at their businesses strategically and focus on operations. That was the case even in the lead-up to Brexit, when they were trying to ensure that they were ready for it. Obviously, we had to contend with Covid as well.

However, it was realised on day 1 of Brexit that the systems did not work. Organisations had to bring in new finance people, but they also had to make reductions in other areas, because they could not cover all the cost burden. As I said, it is not just about people, and they had to contend with the additional cost of getting the product to market.”

Dealing with customs procedures was also highlighted as a key concern in relation to the operation of the TCA. Catherine McWilliams from the Institute of Directors Scotland told the Committee:

“Changes to customs procedures are causing significant issues. Fifty-seven per cent of our members who import or export are finding custom changes that were implemented by the TCA challenging. Businesses are spending more time and money on Brexit-related paperwork and, often, in specific cases in specific countries, paperwork is complex to understand. It varies from state to member state, and it often has to be completed in the destination country’s language.”

Mobility agreement

Whilst not strictly speaking a trade issue, a number of witnesses giving evidence to the Committee have stressed the importance of the UK and EU agreeing further mobility provisions as part of the TCA. Witnesses stressed the link between available workforce and the ability to trade.

Donna Fordyce from Seafood Scotland told the Committee:

“Across Scotland, 52 per cent of the workforce in the seafood sector comes from eastern Europe; in the north-east, the figure is 78 per cent. Some factories rely on the eastern European workforce to the extent that it accounts

for up to 90 per cent of the workforce. Following Covid and Brexit, those people cannot be replaced. The visa processes are very expensive, and the smaller companies cannot afford that. The shrinkage in turnover is due not only to the loss of market, but to the loss of people who can process the product.”

William Bain from the British Chambers of Commerce told the Committee:

“On mobility issues, there are sectors of the economy, such as care, hospitality and the health service, where clear pressures have come from the restrictions on mobility since 2021. We believe that two forms of agreement would be useful. One is an agreement on youth mobility, which would allow for movement for functions such as training and employment. In addition, the restrictions around business mobility could be looked at to increase the number of days that people can spend working in the other market and to widen the range of activities that are permissible when visiting the other market for business purposes.”

In a similar vein, Catherine McWilliam from the Institute of Directors Scotland told the Committee:

“The most helpful action that Government could take would be to pursue an agreement with the EU on business mobility and visa rules. That is linked directly to another issue that we are experiencing in relation to access to talent and skills. In their responses, 27 per cent of our members said that they are facing difficulties in hiring staff, due to a shortfall in EU applicants, and 10 per cent are finding it harder to recruit unskilled workers. In 2021, when we asked a similar question, 38 per cent responded by saying that they were experiencing skills issues due to a lack of applications from EU recruits.”

The Border Target Operating Model and checks at Scottish entry points

When the United Kingdom left the EU’s legal order at the conclusion of the transition period at the end of December 2020, customs and regulatory checks at the EU border were immediately imposed on UK goods being exported to the European Union. However, the UK Government delayed the introduction of routine regulatory checks on goods being imported to the UK from the EU.

The UK’s exit from the EU means that it is no longer required to observe EU rules – this means that over time the rules and regulations observed by the UK might diverge from those observed by EU countries. As a result, it will be necessary to carry out checks on goods being imported into the UK from the EU to ensure they comply with UK rules. For example, checks and declarations will be required to ensure that goods comply with UK safety and production standards and have met UK customs requirements.

Checks at the UK border are also needed to ensure continued biosecurity and food safety. This requires sanitary and phytosanitary checks, for example on:

- live animals

- products of animal origin
- high risk food not of animal origin
- plants and plant products.

A number of witnesses highlighted the lack of checks taking place on EU goods coming into the UK in contrast to the checks being carried out at the EU border on UK exports. Witnesses have suggested the lack of checks on EU goods coming into the UK has led to the lack of a level playing field and expressed hope that the new UK Government Border Operating Model which was introduced on a phased basis from the end of January 2024 will begin to address this issue.

In August 2023, the UK Government published its [Border Target Operating Model](#) which set out:

“the new approach to Safety and Security controls (applying to all imports), and Sanitary and Phytosanitary controls (applying to imports of live animals, germinal products, animal products, plants and plant products) at the border.”

These new checks are being rolled out in a phased approach with an early focus on the introduction of sanitary and phytosanitary checks

The Scottish Government set out its position on the Border Target Operating Model in response to a recent [Scottish Parliament written question](#). In its answer to the question, the Scottish Government wrote:

“Despite voting to stay in the EU, Scotland was forced to leave with the UK. That means putting in place trade barriers for both exports and imports that create costs for businesses and consumers.

After delays lasting several years, the UK Government has now moved further on in the implementation of the Border Target Operating Model (BTOM), the UK Government’s post-Brexit regime of border controls.

Scotland has little choice but reluctantly to accept these controls, not least to at last level the trading field for Scottish exporters. However, the longer these controls have been delayed, the more necessary they have become to protect our biosecurity.

The model brings into force a sliding-scale of risk-based checks and controls on imported goods entering Great Britain (GB), from the EU and the rest of the world. On 31st of January 2024, documentary checks began under the model with various administrative requirements put in place. Today sees the establishment of the next phase of controls – risk-based physical checks on certain categories of goods.

The requirement for checks on imports from the EU stems of course from Brexit, but Parliament will be aware that it interacts with devolved responsibilities – primarily our responsibility to protect Scotland’s people, environment and businesses from biosecurity risks. Last year, therefore, I reluctantly agreed to adopt this model.

While this model is not perfect, it is an unfortunate necessity. We must deliver robust biosecurity protections for Scotland.

My agreement to endorse the model last year was predicated on receiving assurance from the UK Government that several outstanding issues would be addressed. I am both disappointed and frustrated to have to report to Parliament that instead of joint working on a range of matters and devolution being respected, the UK Government continues to work in isolation, has taken unilateral decisions on areas of devolved responsibility, and has delivered the legislative underpinning of this model so poorly that time for parliamentary scrutiny has been severely limited. I have raised our frustrations repeatedly with UK Government ministers since prior to the model's publication; despite receiving assurances, our frustrations have not been addressed."

The governance of the TCA

The TCA contains a [framework to govern the agreement](#) and [engage with civil society](#) on the implementation of the agreement.

The TCA established a Partnership Council, made up of EU and UK Government representatives. It is co-chaired by a European Commission Vice-President Maroš Šefčovič and the UK Government Foreign Secretary Lord Cameron. The Partnership Council meets at least once a year and oversees the implementation of the TCA. It has the power to adopt decisions, make amendments to the TCA, and establish Specialised Committees. Issues relating to the implementation of the TCA can be discussed at the Partnership Council or referred to Specialised Committees.

Specialised Committees oversee specific areas of the TCA (e.g., trade in goods, rules of origin). Working groups can be established to assist these committees. Specialised Committees and working groups are attended by officials from the UK and EU. The TCA Specialised Committee Summary Report for June to December 2023 (shared with the Committee by the Scottish Government and included in today's papers) notes that 17 of the 18 specialised committees met at least once during 2023. The Report also provides further context on how the Scottish Government engages with specialised committees.

"SG engages with the SC process via the UKG's delegations. Each SC has a lead Whitehall department, and is Co-Chaired by a relevant senior official. Within SG, policy teams engage with individual SCs as is relevant to their interests, coordinated by the Scotland-based EU Secretariat (EUS), and with input throughout from the Brussels-based EU Directorate (EUD)."

The TCA also establishes a Parliamentary Partnership Assembly (PPA) which is an inter-Parliamentary institution composed of delegations from the UK Parliament and the EU Parliament. The PPA can make recommendations to the Partnership Council. The Scottish Parliament, and the other devolved legislatures in the UK, are not part of the UK delegation to the PPA but do have observer status at PPA plenary proceedings.

A short summary of the Scottish Government information on its engagement with the TCA's Specialised Committees is attached at Annex A for information.

Civil society engagement under the TCA

The TCA establishes a [UK DAG](#), an [EU DAG](#), and an [EU-UK Civil Society Forum](#). The DAGs comprise of civil society organisations from the UK and EU, respectively. The DAGs advise the UK Government and European Commission on matters relating to the implementation of the TCA. The Civil Society Forum also comprises civil society organisations from the UK and EU but has a narrower remit and advises on matters relating to Part 2 of the TCA (i.e., trade, transport, energy, fisheries and social security coordination).

The Committee heard from the UK DAG and the EU DAG on 6 June 2024. Both parties discussed TCA governance structures in their evidence. Sean McGuire, Chair of the UK DAG and Director for Europe at the CBI, indicated that EU-UK relations have improved at the macro-political level but suggested the operation of TCA governance structures could still see improvement.

“Although the atmospherics and relations between the UK and the EU have improved since the conclusion of the Windsor framework, that perhaps has not been mirrored in the plumbing of the TCA and the various specialised trade committees that have been set up. A key aspect of the report is how we engage better with civil society, business organisations and trade unions to help the specialised committees to function more effectively, through identifying where the solutions to problems and challenges might lie.

[...] As I said, the atmosphere is better in the high-level politics, but, when it comes to getting things through in the various specialised committees and working groups—indeed, some of the working groups have not met—we find that the full potential of the TCA has not been fulfilled.”

The Committee discussed the representation of civil society organisations from across the UK and the forthcoming change of UK DAG membership in its session with the UK DAG. Sean McGuire indicated that it's the current UK DAG's preference to have geographical representation on the UK DAG.

“The membership requires ministerial decisions, which will probably be delayed until after the election. Of course, the operation of Government takes some time to bed down after an election, but we will keep the pressure on to ensure that there is geographical representation on the DAG, as Irene Oldfather said, because we think that that is incredibly important.”

Tanja Buzek, Vice-Chair of the EU DAG, during the session with the EU DAG provided the EU perspective on geographical representation within the DAGs.

“A key argument—or rather, a key principle with the DAGs that we have on the EU side [...] is that it is always a balanced representation. Unfortunately, that was not in the final text of the TCA, but it is important that the groups have good, balanced representation of each of the regions or nations.”

Luisa Santos, Chair of the EU DAG, indicated that DAG to DAG cooperation and engagement with the PPA could be prioritised to support the monitoring of the implementation of the TCA.

“[...] it is important to restate that the EU DAG has been co-operating with the UK DAG. It is very important that there is co-operation between people in civil society, that there are exchanges on areas in which we have common interests and that we point out areas in which we see problems. It will also be very important to have more co-operation with the Parliamentary Partnership Assembly, as the other important body monitoring the overall trade agreement.

[...] I mentioned the PPA because we feel that there has not been enough of an exchange between it and the domestic advisory group. Such exchanges are important precisely because those are the two most important independent bodies that monitor the implementation of the agreement, so there should be more co-operation. For instance, we should be able to sit in on PPA meetings or at least be able to present what the DAG is doing to the PPA. That is important if we are talking about rebooting or resetting relationships.”

The Committee also heard from the Scottish Advisory Forum on Europe (SAFE) on 8 February 2024. SAFE is a group of civil society organisations based in Scotland. Although it is not a member of the formal governance and civil society structures of the TCA, it has a close relationship with the UK DAG's Nations and Regions subgroup and has signed a memorandum of understanding with the EU body that provides the secretariat to the EU DAG (the European Economic and Social Committee). Members of SAFE, in line with members of the UK DAG, raised concerns with the setting up and operation of Specialised Committees. Irene Oldfather, Chair of SAFE said of the Specialised Committees:

“There is something around governance. The specialised committees are part of the engine room in how we look at this, and the audit, monitor and review role is important. Some of this could be dealt with in the specialised committees, but I get the sense that they are not working as well as they could be and that it is very variable. One committee did not meet last year, another met twice and the others met in an ad hoc way. There should be stricter governance around that.”

Irene Oldfather later discussed how the specialised committees and wider governance structures (such as the DAGs and PPA) could be used to implement changes to the operation of the TCA outside of the forthcoming review of the TCA:

“[...] I note that not everything has to be a revision of the TCA; some of the things that we are talking about could be by mutual agreement. The specialised committees could play a role in that, but it seems that there is no coherent governance around it, although I say that as an outsider. The more rigorous application of a governance structure around the engine room, sitting alongside the DAG and the parliamentary partnership assembly, could give

more rigour to how we resolve some of the issues without necessarily having to revise the TCA.”

Tom Sallis, representing the SAFE member the Scotch Whisky Association, also referred to the operation of the Specialised Committees and how the Specialised Committees can provide an avenue to ensure civil society issues are addressed.

“All of us have collectively raised a lot of issues through the DAG process, and some of those have found their way on to specialised committee agendas. It is now a good time for a rigorous follow-up check on the extent to which issues are being addressed. This year is an opportunity for us to get clarity, particularly about some of the broader issues that I referred to earlier. Can we get consistent application in certain markets? It is much easier for companies if they know what the requirements are—even if there is a bit of a burden in that—than if their product lands at a port in the EU and is held there while people run around trying to find a document that has been asked for, which they were not expecting. As I have said, those issues have reduced, but they have not completely gone away.

That is why I think that there is an opportunity to use the specialised committees to raise the issues, follow up with the relevant markets and see whether we can get some improvements.”

Today’s evidence session

The Committee has heard evidence covering a wide range of issues during the inquiry into the review of the TCA. Today’s evidence session with the Cabinet Secretary for Constitution, Europe, External Affairs and Culture is an opportunity to discuss the issues around the trade in goods which have been raised during the inquiry.

Areas of interest which are highlighted above may be areas the Committee wants to explore further with the Cabinet Secretary. These areas include:

- How the Scottish Government and its agencies are supporting Scottish exporting businesses in navigating the new trading arrangements with the EU.
- The Scottish Government’s perspective on the overall UK-EU trading environment and how the TCA review might affect that.
- Whether an Animal and Plant Health agreement (SPS) between the UK and the EU would make trade easier for Scottish exporters.
- Given the Scottish Government commitment to alignment with EU law where appropriate, what approach the Scottish Government would take in terms of regulatory standards between the EU and the UK.
- The impact of other non-tariff barriers in place on trade between the UK and the EU.
- The Scottish Government’s view on what the impact of a mobility agreement between the UK and the EU might be.
- The Scottish Government view of the Border Target Operating Model and its impact at Scottish entry points

CEEAC/S6/24/17/1

- The governance of the TCA

**Iain McIver and Courtney Aitken
SPICe Research**

Scottish Government engagement with the Specialised Committees

In a letter to the Committee (included with today's committee papers), the Cabinet Secretary for the Constitution, Europe, External Affairs and Culture wrote:

“The primary opportunity for us to influence the implementation of the TCA is through the Specialised Committees (SCs) the TCA has set up, which deal with different areas of trade, economic and other interests.”

The Cabinet Secretary also provided the Committee with a report on the Scottish Government's activity in engaging with the Specialised Committees over the period from June to December 2023. This report is in line with the Scottish Parliament-Scottish Government agreement on the work of the TCA Specialised Committees on a regular basis.

The Scottish Government's report emphasises that like with many trade agreements, the TCA has a number of implementation issues which still need to be resolved to ensure the TCA achieves its full potential. The Scottish Government set out its priorities for engagement with the TCA writing that it is:

“focusing most resource on those that are clearly remitted to consider our priority issues and/or devolved matters more broadly – for example, Services, Investment and Digital Trade; Sanitary and Phytosanitary (SPS); Technical Barriers to Trade (TBT); and Level Playing Field (LPF).”

The Scottish Government's engagement priorities during the second half of 2023 were:

- Secure UK (and therefore Scottish) association to the Horizon Europe research programme - The formal association agreement was signed at the Union Programmes SC on 4 December, and as of 1 January 2024 the UK is formally associated to the Horizon Europe programme.
- Secure an in-principle agreement that could reopen EU markets to Scotland's seed potato exporters - The UK raised seed potatoes again at the SPS SC. Discussions are continuing, and the latest position is that the EU have proposed to carry out an audit of the UK sector, to aid consideration of whether trade can be resumed.
- Secure a commitment to open negotiations on linking the UK and EU Emissions Trading Schemes - Despite Scottish Government pressing, the UK Government has so far refused to raise this issue with the EU.
- Ensure Technical Barriers to Trade Working Groups (WGs) are established as quickly as possible, with appropriate SG representation - The 2023 Technical Barriers to Trade Specialised Committee formally agreed to establish WGs on organic products, medicinal products, and motor vehicles. SG officials have since secured a commitment from the UK Government to fully involve Devolved Governments (DG) in WG preparations and (at a minimum) to offer DG representatives observer status at WG meetings.

- Convince UKG to make a strong case to the EU for touring creative professionals to be included in existing visa exemption arrangements - The UK raised visa and other challenges facing touring artists at the Services, Investment, and Digital Trade SC. In addition, the UK-EU Civil Society Forum (CSF), the UK DAG and the Parliamentary Partnership Assembly (PPA) have submitted recommendations to the Parties to take action to resolve the difficulties facing creative professionals. However, the EU has consistently argued that the issue is out of scope, as a result of the UK Government's refusal to include mobility provisions within the TCA.
- Ensure Devolved Governments, Scottish civil society and parliamentary interests are appropriately represented in TCA governance structures – including ad hoc arrangements and technical discussions – UK Government engagement with DGs in Specialised Committee processes was generally positive last year. The establishment of SAFE – and the significant and growing interest it has generated across Scottish civil society –also created new opportunities for Scotland's TCA priorities to be heard at both a UK and an EU level. The Scottish Government welcomed the invitations extended to the Convenor and Deputy Convenor of the CEEAC Committee to attend the Parliamentary Partnership Assembly (PPA) meetings that took place in June and December. The Scottish Government continues to support full membership of the UK delegation to the PPA for representatives of the Scottish Parliament.



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10th June 2024

Dear Clare,

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

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 is 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 2023. This follows the verbal briefing my officials provided in January. In addition, I wrote to you separately on 28 May in regard to the recent meeting of the Trade and Cooperation Agreement Partnership Council.

I hope Committee members will find the attached report helpful, and look forward to discussing it in detail on 20 June, 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



TRADE AND COOPERATION AGREEMENT
SPECIALISED COMMITTEES: JUNE - DECEMBER 2023
SUMMARY REPORT

Purpose

1. This paper summarises Trade and Cooperation Agreement (TCA) Specialised Committee meetings from June to December last year, encompassing:
 - Background information;
 - Scottish Government (SG) priorities;
 - SG engagement in TCA Specialised Committee (SC) preparations; and
 - Overview of outcomes.
2. This report fulfils SG's commitment to update the Scottish Parliament's Constitution, Europe, External Affairs and Culture (CEEAC) committee on the work of the TCA SCs on a regular basis. The SCs in question met between June and December 2023 – the last minutes were published in May 2024, which is the reason for the delay in sharing this report with the committee.

Background

3. The core provisions of the TCA – i.e. quota and 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 multiple 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 thematic SCs, which ultimately report to a Partnership Council chaired by a UK Government Minister and a European Commissioner. The 10 trade-focused SCs report initially to the Trade Partnership Committee as an intermediate step, which then reports up to the Partnership Council¹.
4. 17 of the 18 SCs met once in 2023; the Fisheries SC met twice. Four meetings took place in June (the 'spring round'), with the remaining 15 convening between late September and early December (the 'autumn round'). A full list of SCs, with associated 2023 meeting dates and links to published minutes, is at **Annex A**.
5. 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 competence, particularly given the likelihood that SC business will evolve over a number of years.

¹ CEEAC members should be aware that the Partnership Council did not meet in the period covered by this report, though subsequently met in May 2024. We have reported on that by separate letter, as previously agreed.

6. The UK-EU relationship is now framed by the Withdrawal Agreement and the TCA. The view of the Scottish Government is that the new framework will never replace the benefits lost because of Brexit. However, the February 2023 Windsor Framework agreement created a new context for improved UK-EU relations and has provided opportunities to improve TCA implementation, after two years of standstill during the Northern Ireland Protocol dispute. SG therefore re-enforced its efforts on TCA work during 2023, putting in place systems and structures that enabled us 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, Services, Investment and Digital Trade; Sanitary and Phytosanitary (SPS); Technical Barriers to Trade (TBT); and Level Playing Field (LPF).

Scottish Government priorities

7. 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. Modelling by the National Institute of Economic and Social Research shows the UK economy is now 2.5% smaller than it would have been in the EU, a gap which could increase to 5.7% by 2035. In Scotland, this equates to a cut in public revenues of around £2.3 billion in 2023.
8. SG firmly believes that the TCA could and should have gone further in protecting Scottish interests. Many of its limitations are a consequence of policy decisions made by UKG, including minimal mobility provisions and the UK's withdrawal from the Erasmus+ programme. UKG has chosen a more distant relationship overall with the EU than SG (and many others) would have chosen.
9. SG's longer term priorities for improving the TCA are summarised at **Annex B**. However, we were conscious that – with European Parliament and UK Parliament elections in 2024 – the autumn 2023 round of SC meetings represented the last opportunity to make discernible progress on key issues before 2025. Consequently, we sought to use our engagement with the SC process during autumn 2023 to pursue a discrete **set of short-term objectives**, agreed in consultation with stakeholders and relevant policy colleagues. These were as follows:
 - **Secure UK (and therefore Scottish) association to the Horizon Europe research programme**, and to maximise opportunities arising for Scotland. This objective was successfully delivered.
 - **Secure an in-principle agreement that could reopen EU markets to Scotland's seed potato exporters**. Post-Brexit, it is no longer possible to import seed potato imports from Great Britain (GB) into the EU, which UKG has contested. Resolving this situation could reopen a market that pre-Brexit accounted for 20,000 tonnes of Scottish seed potato exports each year. Agreement here would also be in the interests of growers in a number of member states seeking access to Scottish/GB seed.

- **Secure a commitment to open negotiations on linking the UK and EU Emissions Trading Schemes.** These negotiations are likely to be long and complex. SG argued that UKG should be proactive in raising this issue with the EU and setting a firm timetable for, at the very least, preliminary discussions.
- **Ensure Technical Barriers to Trade Working Groups (WGs) are established as quickly as possible, with appropriate SG representation.** The TCA provides for these groups as a means of organising negotiations in the TBT space, which is wide ranging. The Parties agreed in March 2023 to establish the WGs, but none had met before the start of the autumn round.
- **Convince UKG to make a strong case to the EU for touring creative professionals to be included in existing visa exemption arrangements.** Simplifying visa restrictions would make touring the EU more affordable and straightforward for creative professionals such as musicians and visual artists. SG believes that the case for change would be significantly strengthened by a reciprocal offer to review the UKG visa regime as it relates to EU-based creative professionals. There would also be benefit in exploring the possibility of removing or relaxing other barriers to creative professionals carrying out short-term work in the EU, such as customs requirements. Progress on this issue, if appropriately framed, therefore has potential to benefit both Parties.
- **Ensure Devolved Governments, Scottish civil society and parliamentary interests are appropriately represented in TCA governance structures – including ad hoc arrangements and technical discussions.** At present the UK Domestic Advisory Group is not proportionately representative of the UK's nations and regions, and membership is weighted in favour of business groups. More needs to be done to ensure representation is fair and reflective of devolved areas of policy and regulation. It is crucial that UKG does not represent the England or England and Wales position as the UK position in areas of devolved policy or regulation. In addition, we want to see a fuller role for MSPs attending the Parliamentary Partnership Assembly.

SG engagement in SC preparations and formal meetings

10. SG engages with the SC process via the UKG's delegations. Each SC has a lead Whitehall department, and is Co-Chaired by a relevant senior official. Within SG, policy teams engage with individual SCs as is relevant to their interests, coordinated by the Scotland-based EU Secretariat (EUS), and with input throughout from the Brussels-based EU Directorate (EUD).
11. Officials across SG have put sustained significant effort into building effective and functional SG-UKG relationships on TCA-related issues. As a result, engagement with UKG during 2023 on the whole was constructive. Lead departments shared agendas in advance, offered pre-meets with Devolved Governments (DGs), and enabled two representatives per DG to observe SC meetings.

12. In addition – following sustained pressure from SG and the Welsh Government – UKG’s Minister for Europe agreed to convene the UK-EU Relations Interministerial Group (IMG) in advance of the autumn round of SC meetings. This in turn created an opportunity for SG’s Cabinet Secretary for Constitution, External Affairs and Culture to press the UKG Minister for commitments to seek progress on the key Scottish concerns described at paragraph 8 above.
13. SG also significantly increased external stakeholder engagement activity during 2023, which further deepened our understanding of the impact that TCA implementation is having on Scottish civil society. SG has welcomed the establishment of the Scottish Advisory Forum on Europe (SAFE). The group’s primary aim is ensuring Scottish interests are accurately represented in discussions about the TCA, and the UK’s future relationship with Europe more generally. SAFE is independent of government but SG officials engage regularly with its Chair, Irene Oldfather, and have been invited to attend SAFE meetings. SG also supported a successful visit by a delegation from the European Economic and Social Committee (EESC), which included the signing of a Memorandum of Understanding with SAFE on future cooperation – the first time the EESC has agreed an MoU with a subnational entity.
14. In addition, SG supported Irene Oldfather – in her role as Vice Chair of the UK Domestic Advisory Group (DAG) – in her successful efforts to establish a Nations and Regions DAG subgroup. This should create future opportunities to raise the profile of TCA implementation issues affecting Scotland in particular.
15. Finally, SG officials have continued to provide briefing support to the Convenor and Deputy Convenor of the CEEAC Committee prior to their attendance at twice-yearly Parliamentary Partnership Assembly (PPA) meetings, with the aim of helping to enable the Convenor and Deputy Convenor to play an active role in PPA discussions on issues of particular interest to Scotland.

Overview of outcomes

16. Last year’s SCs did create opportunities for both Parties to air concerns, and in some instances to agree to further technical discussions (for example, on the Level Playing Field). However, only limited substantive progress was made on UKG’s priorities. There were two very notable exceptions – agreement on the UK’s association to the EU’s Horizon Europe and Copernicus programmes, and secondly extension of a rules of origin (RoO) deadline affecting electric vehicles. These were both formally approved through the relevant TCA structures, though substantive negotiations had taken place outside of the formal SC process.
17. The specific SG priorities set out at paragraph 8 also remain a work in progress. Nonetheless, a considerable step forward was made last year in UKG-SG engagement during the SC cycle. SG plans to continue building on this work over the coming period as we prepare for 2024 meetings.
18. A summary of developments across SG’s key objectives is provided below.

Objective	Update
<p>Maximise opportunities arising for Scotland from UK association to the Horizon Europe research programme.</p>	<p>The formal association agreement was signed at the Union Programmes SC on 4 December, and as of 1 January 2024 the UK is formally associated to the Horizon Europe programme. The Scottish Government has been working closely with the research and innovation sector to identify barriers and support needed to boost Scottish participation in the programme. SG is also working with Scottish Enterprise and UK Government to deliver a Horizon Europe Roadshow event in Scotland in June 2024, which will provide information to Scottish stakeholders on support available to access and succeed under the programme. In addition, the SG Minister for Higher and Further Education met with the European Commissioner for R&I, Iliana Ivanova, in February 2024 to reiterate the valuable importance of the programme to Scotland and offer support for future campaigns in Europe to promote the UK's participation.</p>
<p>Secure an in-principle agreement that could reopen EU markets to Scotland's seed potato exporters.</p>	<p>The UK raised seed potatoes again at the SPS SC. Discussions are continuing, and the latest position is that the EU have proposed to carry out an audit of the UK sector, to aid consideration of whether trade can be resumed.</p>
<p>Secure a commitment to open negotiations on linking the UK and EU Emissions Trading Schemes (ETS).</p>	<p>Despite SG pressing, UKG has so far refused to raise this issue with the EU. We understand UKG do not consider it a priority, despite the introduction of the EU's Carbon Border Adjustment Mechanism (CBAM), which could create a new tax liability for some UK exporters.</p>
<p>Ensure Technical Barriers to Trade (TBT) Working Groups (WGs) are established as quickly as possible, with appropriate SG representation.</p>	<p>The 2023 TBT SC formally agreed to establish WGs on organic products, medicinal products, and motor vehicles. SG officials have since secured a commitment from UKG to fully involve DGs in WG preparations and (at a minimum) to offer DG representatives observer status at WG meetings. Terms of reference have been agreed, with initial meetings of each WG scheduled to take place in the first half of 2024.</p>

<p>Convince UKG to make a strong case to the EU for touring creative professionals to be included in existing visa exemption arrangements.</p>	<p>The UK raised visa and other challenges facing touring artists at the Services, Investment, and Digital Trade SC. In addition, the UK-EU Civil Society Forum (CSF), the UK DAG and the Parliamentary Partnership Assembly (PPA) have submitted recommendations to the Parties to take action to resolve the difficulties facing creative professionals. However, the EU has consistently argued that the issue is out of scope, as a result of UKG’s refusal to include mobility provisions within the TCA.</p>
<p>Ensure Devolved Governments, Scottish civil society and parliamentary interests are appropriately represented in TCA governance structures.</p>	<p>As discussed above, UKG engagement with DGs in SC processes was generally positive last year.</p> <p>The establishment of SAFE – and the significant and growing interest it has generated across Scottish civil society –also created new opportunities for Scotland’s TCA priorities to be heard at both a UK and an EU level.</p> <p>However, whilst SG was pleased to see the DAG’s Nations and Regions subgroup established earlier this year, we are nevertheless disappointed that UKG continues to refuse the Law Society of Scotland a seat on the DAG – despite Scotland’s separate legal system making it wholly inappropriate for the Law Society of England and Wales and the Bar Council, which are DAG members, to represent Scottish interests.</p> <p>Finally, SG welcomed the invitations extended to the Convenor and Deputy Convenor of the CEEAC Committee to attend the Parliamentary Partnership Assembly meetings that took place in June and December. SG continues to call for the representatives of the Scottish Parliament to be afforded full membership of the UK delegation, and was disappointed to see that the March 2024 PPA meeting was cancelled.</p>

ANNEX A

SPECIALISED COMMITTEE MEETING DATES AND MINUTES

Specialised Committee	2023 meeting date(s)	Published minute
Air Transport	1 June	Minutes of the Third Meeting of the Specialised Committee on Air Transport (SCAT) established by the UK-EU Trade and Cooperation Agreement (TCA): Brussels and online, 1 June 2023 (publishing.service.gov.uk)
Law Enforcement and Judicial Cooperation	19 June	Third meeting minutes: Specialised Committee on Law Enforcement and Judicial Cooperation, 19 June 2023 - GOV.UK (www.gov.uk)
Social Security Coordination	23 June	Third meeting of the Specialised Committee on Social Security Coordination (publishing.service.gov.uk)
Fisheries	27 June and 22 September	Sixth meeting of the Specialised Committee on Fisheries minutes (publishing.service.gov.uk) Seventh meeting of the Specialised Committee on Fisheries on Friday 22 September 2023 - minutes - GOV.UK (www.gov.uk)
Customs Cooperation and Rules of Origin	27 September	Third Trade Specialised Committee on Customs Cooperation and Rules of Origin Minutes - GOV.UK (www.gov.uk)
Level Playing Field for Open and Fair Competition and Sustainable Development	4 October	Minutes: Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development under the EU-UK Trade and Cooperation Agreement: third meeting, 4 October 2023 - GOV.UK (www.gov.uk)
Services, Investment and Digital Trade	9 October	09102023-minutes-of-the-services-investment-and-digital-trade-specialised-committee (publishing.service.gov.uk)
Sanitary and Phytosanitary Measures	11 October	Third meeting of the Trade Specialised Committee on Sanitary and Phytosanitary Measures under the EU-UK Trade and Cooperation Agreement, 11 October 2023: minutes - GOV.UK (www.gov.uk)
Technical Barriers to Trade	18 October	Minutes of the third Trade Specialised Committee on Technical Barriers to Trade, 18 October 2023 (publishing.service.gov.uk)

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Administrative Cooperation in VAT and Recovery of Taxes	19 October	Joint minutes: third meeting of the Trade Specialised Committee on VAT Administrative Co-operation and Recovery of Taxes under the EU UK Trade and Co-operation Agreement - GOV.UK (www.gov.uk)
Intellectual Property	23 October	3rd Trade Specialised Committee on Intellectual Property under the EU-UK Trade and Cooperation Agreement (publishing.service.gov.uk)
Regulatory Cooperation	6 November	Specialised Committee on Regulatory Cooperation meeting minutes_6 November 2023.pdf (publishing.service.gov.uk)
Goods	8 November	Third meeting of the Trade Specialised Committee on Goods on 8 November 2023: Minutes - GOV.UK (www.gov.uk)
Energy	9 November	Specialised Committee on Energy: minutes of meeting, 9 November 2023 (publishing.service.gov.uk)
Public Procurement	16 November	Trade Specialised Committee on Public Procurement - GOV.UK (www.gov.uk)
Road Transport	23 November	Minutes: Specialised Committee on Road Transport (publishing.service.gov.uk)
Aviation Safety	30 November	Third Meeting of the Specialised Committee on Aviation Safety established by EU-UK (publishing.service.gov.uk)
Union Programmes	4 December	Specialised Committee on Participation in Union Programmes Minutes: 4 December 2023 - GOV.UK (www.gov.uk)

ANNEX B

SCOTTISH GOVERNMENT TCA PRIORITIES

BEYOND SPRING 2024

SG believes that UKG should be more ambitious for the TCA over the longer term, which could deliver significant benefits to both Scotland and the rest of the UK.

In this context, SG's longer-term priorities for improving the TCA are as follows:

- 1. A comprehensive SPS agreement, to revitalise critical trade in agrifood exports.** UKG's refusal to align with EU SPS rules has generated new bureaucratic hurdles for some exporters of plant and animal products, whilst others have lost access to EU markets completely. An SPS agreement that enabled mutual recognition of standards could remove much of the red tape that has contributed to a slump in agrifood trade since the TCA came into force.
- 2. Full participation in relevant EU programmes – including Erasmus+, Creative Europe, and European Territorial Cooperation.** These schemes have broadened horizons and enabled generations of young people to study and train on the continent. The TCA does not preclude the UK's ongoing participation in any of these programmes; our exclusion is the consequence of the UKG's decision-making. UKG's replacement initiatives, including the Turing Scheme, are poor substitutes and cannot hope to replicate the breadth and scale of the EU's well-established initiatives.
- 3. Restored opportunities for professional mobility in sectors across the economy, including improved arrangements for creative professionals and mutual recognition of professional qualifications (MRPQ).** SG has consistently opposed the ending of free movement between the UK and the EU. Whilst we recognise complete freedom to live, work and travel in the bloc will not be restored whilst Scotland is outside the EU, the TCA contains provisions that enable work permit exemptions for certain short-term activities, and these provisions can and should be expanded. For example, they do not currently cover creative professionals, severely restricting the ability of new talent in particular to tour the continent. The TCA also permits the UK and EU to recognise equivalent professional qualifications, for example for architects or lawyers. To date, little has been done to take advantage of these provisions, to the detriment of Scotland's EU-facing professional sectors.
- 4. Maximised opportunities for young people to live, work, study and learn in the EU.** Brexit denied a generation of young people the chance to engage fully and freely in the benefits of EU membership. A holistic approach is needed to recognise that loss and seek to restore opportunities wherever possible, for example through participation in EU educational and training programmes, reciprocal youth mobility schemes, and other cooperative measures. We very much welcome the EU Commission's proposals for a youth mobility scheme with the UK. The UKG's refusal to engage in discussions is disappointing.

- 5. Greater cooperation on security and law enforcement.** The second-generation Schengen Information System (SIS2) is the EU's real-time alerts, notice and intelligence sharing platform, allowing police forces across the EU and Schengen zone to share data on wanted and missing persons, security and border management. The UK lost access to SIS2 as a consequence of Brexit; a significant loss to law enforcement. It is urgent, and in the public interest, that an alternative means be found to exchange vital information with the EU and its member states on these issues that keeps the people of Scotland – and indeed the rest of the UK and the EU – safe, while acknowledging that direct and full participation in SIS2 may not be possible for non-EU members.
- 6. Closer energy cooperation, to support shared priorities on energy security and the transition to net zero.** Brexit created a more distant energy relationship between the UK and the EU – but in light of the shared challenges we face today, closer energy cooperation between Scotland, the UK and our European partners is more vital now than ever. The TCA's Energy Chapter offers the potential to rebuild strong EU-UK cooperation on energy, but progress to date has been disappointing. SG is keen to see the EU and UK pursue vigorously the commitments they both made in the TCA to: cooperate on the development of offshore renewable energy capacity, with Scotland enabled to play a full role; cooperate on security of supply, in light of recent geopolitical shifts; implement more efficient UK-EU electricity trading arrangements to protect consumers and improve resilience; and explore the potential of linking the UK and EU Emissions Trading Schemes to support the drive towards net zero.
- 7. Minimised technical barriers to trade.** The Scottish Government opposed leaving the Single Market and Customs Union, and our position remains that we should rejoin at the earliest opportunity. Whilst the TCA negated the risk of tariffs being imposed on goods moving between the UK and EU, businesses face many more bureaucratic checks than was the case when the UK was a member of the Single Market. As a result, in Scotland's seafood sector alone costs have significantly increased across packaging, certification, and transport. We urge the UK Government to prioritise cooperating with the EU to remove unnecessary Brexit red tape and technical barriers to trade, including: seeking a Mutual Recognition Agreement on Conformity Assessment with the EU; making better use of the mechanisms within the TCA for regulatory cooperation; addressing the inconsistent application of customs processes for traders; and cooperating to improve the international interoperability of digital tools and systems to support trade. These steps could provide benefits to all parties.