



**2022/2188(INI)**

29.6.2023

## DRAFT REPORT

on the implementation on the EU-UK Trade and Cooperation Agreement  
(2022/2188(INI))

Committee on Foreign Affairs  
Committee on International Trade

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## CONTENTS

	<b>Page</b>
EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS .....	3
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	8

## EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS

### *Brexit: UK leaves the EU*

On 23 June 2016, the United Kingdom held a countrywide referendum on the UK's membership to the EU. Whereas Scotland and Northern Ireland voted to remain in the EU by a majority, Wales and England voted to leave the EU. Following almost a year of internal discussion, Prime Minister Theresa May notified the European Council of the UK's intention to withdraw from the EU on 29 March 2017, thus triggering Article 50 of the Lisbon Treaty.

The Heads of state and government of the 27 EU Member States, along with the Presidents of the European Council and Commission, appointed Michel Barnier as the lead EU negotiator. The European Council adopted guidelines to define the parameters of the negotiation process and included principles, positions and goals from the EU's perspective. Negotiations officially began on 19 June 2017 with a primary focus on establishing clarity on citizen's rights, financial arrangements and maintaining the Good Friday Agreement concerning the border between the Republic of Ireland and Northern Ireland.

In November 2018, the EU and the UK government agreed on the first draft of the Withdrawal Agreement. The draft, along with a Political Declaration on the future of the relationship between EU and UK, was endorsed by EU leadership at the end of the same month. Unfortunately, momentum was lost as the UK parliament rejected the draft due to intense internal debate. The UK requested the extension of Article 50 on three occasions to prolong negotiations with the UK Parliament finally passing the bill in January 2020. In parallel, the European Parliament approved the Withdrawal Agreement on 23 January 2020. The UK formally left the EU on 31 January 2020 and the transition period lasted until the end of that year.

### *Trade and Cooperation Agreement between UK and EU*

The implementation of the Withdrawal Agreement was integral to developing the Trade and Cooperation Agreement (TCA) between the EU and the European Atomic Energy Community with the United Kingdom of Great Britain and Northern Ireland. The TCA was signed on 30 December 2020 and it entered into force on 1 January 2021. The TCA provides the basis for comprehensive relations between the parties, which covers a wide variety of areas including energy, fisheries, judicial cooperation in criminal matters, law enforcement, trade, transport and social security coordination. Furthermore, the TCA ensures a level playing field for fair competition and sustainable development, including dispute settlement and governance mechanisms, as well as respect for fundamental rights.

The TCA between the UK and the EU is unique amongst other TCAs between the EU and third countries as this agreement deals with trade and cooperation with a former EU member state. In this way, this TCA replaced the existing trade and cooperation, which had been in place whilst the UK was still a Member State and benefitted from the EU Customs Union and the single market<sup>1</sup>.

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<sup>1</sup> [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/745668/EPRS\\_ATAG\(2023\)745668\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/745668/EPRS_ATAG(2023)745668_EN.pdf)

Despite Brexit, the UK and the EU remain neighbours and continue to share common interests and values on the global stage. Therefore, the slow progress in the negotiations under the previous UK governments was particularly regrettable. The relationship between the UK and EU has seemingly improved since the end of 2022 culminating in the political agreement on the Windsor Framework.

### ***The link between the Withdrawal Agreement and the Trade and Cooperation Agreement***

Most of the challenges over the implementation of both agreements have been linked to the United Kingdom's persistent refusal to uphold its legal obligations under the Withdrawal Agreement. However, in the Windsor Political Declaration of 27 February 2023, both the European Commission and the Government of the United Kingdom expressed their intention to fully exploit in the future the potential of the Trade and Cooperation Agreement.

The Windsor Framework aims to address the implementation challenges associated with the Protocol on Ireland/Northern Ireland. The broad support for the Framework has increased expectations of a positive spillover into other areas of cooperation between the EU and the UK.

### ***Institutional Structure and Role of the European Parliament***

The institutional arrangements provided for in the TCA are fully operational since 2022. All joint bodies are up and running, holding regular meetings. The good involvement of civil society is a welcome development.

Concerning bilateral relations between the European Parliament and the Parliament of the UK, the establishment of the EU-UK Parliamentary Partnership Assembly (PPA) has been a successful undertaking in line with the TCA, which promotes cooperation on common challenges. The last meeting of the PPA took place on 3-4 July in Brussels.

During the previous meeting of the PPA in London from 7-8 November 2022, the Assembly agreed its first recommendation to the Partnership Council. The recommendation concerned EU-UK energy cooperation.

Concerning involvement of UK devolved regions in the PPA, two Members of each of the devolved Assemblies are invited to participate as Observers by the UK Parliament. The European Parliament invites the President of the Committee of the Regions and the European Economic and Social Committee.

Following the most recent meeting of the bureau of the PPA, which consists of the Chairs and Vice-Chairs of both the EU and the UK delegation, on 10 March 2023, a statement was released by the bureau welcoming the Windsor Framework and expressed hope, that it can be fully implemented and lead to a new spirit of partnership between the EU and the UK.

### ***Free trade agreement: economic and social partnership***

The TCA establishes a new economic and social partnership with the UK, covering not just trade in goods and services, but other areas, such as investment, competition, State aid, tax transparency, air and road transport, energy and sustainability, fisheries, personal data protection, and social security coordination. The TCA is the first FTA ever concluded by the

EU providing zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin.

Level playing field provisions are a crucial tenet of the agreement, whereby both parties have committed to maintaining high levels of protection in areas of the environmental protection, the fight against climate change and carbon pricing, social and labour rights, tax transparency and State aid, with effective, domestic enforcement, a binding dispute settlement mechanism and the possibility for both parties to take remedial measures.

The TCA establishes a new framework for the joint management of fish stocks in EU and UK waters.

On transport, the agreement provides for continued and sustainable air, road, rail and maritime connectivity, though market access falls below what the Single Market offers. It contains rules on competition, ensuring level playing field not to undermine passenger rights, worker's rights and transport safety.

For energy, a new model for trading and interconnectivity has been set up, with guarantees for open and fair competition, including on safety standards for offshore, and production of renewable energy.

The TCA aims at ensuring a number of rights of EU citizens and UK nationals in the field of the social security coordination. This applies to citizens working in, travelling or moving to the other party of the TCA after 1 January 2021.

The TCA also provides for the possibility for the UK to participate in certain EU programmes, including Horizon Europe, as an associated country, subject to the adoption of bilateral protocols and financial contributions. Due to pending issues with the implementation of the Withdrawal Agreement, the UK's participation was not finalised in 2022 and until June 2023 the talks are ongoing in relation to UK's share of financing for the participation.

### ***Cooperation on Foreign Policy, Security and Defence***

Despite the inclusion of UK-EU cooperation on foreign policy, external security and defence in the Political Declaration accompanying the Withdrawal Agreement, the UK government refused to negotiation cooperation in this field in the TCA. Since January 2021, no bilateral, institutionalised framework exists, that would establish and coordinate a unified response to foreign policy challenges.

Russia's illegal and unjustified war of aggression against Ukraine has certainly sounded the alarm for a unified European response in support of Ukraine's sovereignty and territorial integrity. The benefits of coordinating between close geographical neighbours with shared democratic values is particularly salient today.

The Parliament is open to expanding EU cooperation with the UK to include foreign policy and security issues. This would allow, for example, cooperation in implementing sanctions on third country nationals and economies.

The Parliament recognises the contributions of the UK in bolstering Euro-Atlantic security and commends the UK's support for Ukraine including through military aid and increasing

intelligence capabilities. Furthermore, the Parliament is pleased with the UK government's recent decision to apply to join the PESCO project on Military Mobility. Thus, there is a positive trend with the UK collaborating with the EU, yet, there is room for further collaboration on related areas integral to the security and defence of Europe. The 2022 CSDP annual report points out that the parallel projects for developing future combat air systems are an inefficient use of resources and recommends the merging of the projects and pooling of resources.

### *On the procedure*

The EU-UK Trade and Cooperation Agreement (TCA) is based on Article 217 (Part five: The Union's external action, Title V: International Agreements), in conjunction with Article 218 (Part five: External action by the Union, Title IV: Restrictive measures), of the Treaty on the Functioning of the European Union (TFEU).

The TCA is unprecedented in terms of international agreements, due to its scope and complexity. Article 776 of the TCA puts an obligation for the parties to jointly review the implementation of the Agreement and supplementing agreements as well as any matters related thereto five years after its entry into force; and every five years thereafter.

Parliament therefore has developed a comprehensive, effective and transparent scrutiny process of the TCA, while ensuring a coherent and unified approach. Implementation reports on international agreements must take due account of the availability of reliable facts regarding the state of implementation of the relevant legislation. Effective scrutiny relies on the knowledge and expertise of all involved committees in accordance with their responsibilities and working practices. The monitoring of the TCA's implementation is carried out by the committees in a coordinated and inclusive manner, in full respect of their competences as laid out in Annex VI of the Rules of Procedure.

The report is the first evaluation by the European Parliament of the implementation of the TCA, since its provisional application from 1 January 2021 and entry into force on 1 May 2021. Since the entry into force, the Commission has published two implementation reports of the agreement for the years 2021<sup>2</sup> and 2022<sup>3</sup>. The report aims to take stock of the main issues linked to the implementation of the TCA, its satisfactory aspects and areas where implementation work needs to begin, in the case of border control posts and UK customs checks on EU goods, and where work needs to continue, also highlighting elements which require continuous monitoring and scrutiny, including through the civil society and in particular, the domestic advisory group's involvement.

The report has been elaborated in an inclusive manner by involving parliamentary committees in the broadest possible terms and recognising the particular sectorial expertise of each committee. Notably, ten parliamentary committees have been associated to the procedure under the 'associated' committee status (Rule 57 of the Rules of Procedure, ECON, EMPL,

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<sup>2</sup> Report from the Commission to the European Parliament and the Council on the implementation and application of the Trade and Cooperation Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland, 1 January – 31 December 2021, COM(2022) 126 final.

<sup>3</sup> Report from the Commission to the European Parliament and the Council on the implementation and application of the Trade and Cooperation Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland 1 January – 31 December 2022, COM(2023) 118 final.

ENVI, ITRE, IMCO, TRAN, AGRI, PECH, CULT and LIBE) and two committees have decided to contribute with a standard opinion under Rule 56 (REGI and BUDG). Given the importance of the subject, opinion-giving committee opinions have been exempted from the limitations in length, as per the EP Bureau decision of 1 July 2019 on the Code of Conduct on Multilingualism.

On 25 May 2023 the joint AFET -INTA committee held a public hearing ‘The implementation of the EU-UK Trade and Cooperation Agreement’ with the participation of four experts.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the implementation on the EU-UK Trade and Cooperation Agreement (2022/2188(INI))

*The European Parliament,*

- having regard to the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU),
- having regard to the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part<sup>1</sup> ('TCA'),
- having regard to the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community<sup>2</sup> (the 'Withdrawal Agreement'), including the Protocol on Ireland/Northern Ireland thereto (the 'Protocol'),
- having regard to the Commission report of 24 March 2022 on the implementation and application of the Trade and Cooperation Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland: 1 January – 31 December 2021 (COM(2022)0126),
- having regard to the Commission report of 15 March 2023 on the implementation and application of the Trade and Cooperation Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland: 1 January – 31 December 2022 (COM(2023)0118),
- having regard to its resolution of 12 February 2020 on the proposed mandate for negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland<sup>3</sup> with regard to Gibraltar and the Council's decision of 20 July 2021 authorising negotiations on Gibraltar,
- having regard to its resolutions of 18 January 2023 on the implementation of the common foreign and security policy – annual report 2022<sup>4</sup> and on the implementation of the common security and defence policy – annual report 2022<sup>5</sup>,
- having regard to its resolution of 15 March 2023 on the implementation report on the Agreement on the withdrawal of the UK from the EU<sup>6</sup>,
- having regard to Regulation (EU) 2023/657 of the European Parliament and of the Council of 15 March 2023 laying down rules for the exercise of the Union's rights in

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<sup>1</sup> OJ L 149, 30.4.2021, p. 10.

<sup>2</sup> OJ L 29, 31.1.2020, p. 7.

<sup>3</sup> OJ C 294, 23.7.2021, p. 18.

<sup>4</sup> OJ C 214, 16.6.2023, p. 26.

<sup>5</sup> OJ C 214, 16.6.2023, p. 54.

<sup>6</sup> Texts adopted, P9\_TA(2023)0080.

the implementation and enforcement of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community and of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part<sup>7</sup>,

- having regard to Rule 54 of its Rules of Procedure, as well as Article 1(1)(e) of, and Annex 3 to, the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,
  - having regard to the opinions of the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy, the Committee on the Internal Market and Consumer Protection, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs and the Committee on Regional Development,
  - having regard to the letters from the Committee on the Environment, Public Health and Food Safety and the Committee on Budgets,
  - having regard to the report of the Committee on Foreign Affairs and the Committee on International Trade (A9-0000/2023),
- A. whereas the TCA covers a wide range of areas, including energy, fisheries, judicial cooperation in criminal matters, law enforcement, trade, transport and social security coordination, providing a comprehensive basis for the relationship between the parties and ensuring a level playing field for fair competition and sustainable development, as well as respect for fundamental rights;
- B. whereas the Withdrawal Agreement and the TCA constitute a common framework for the UK’s relationship with the EU; whereas both agreements have been agreed on and ratified by the EU and the UK and are legally binding treaties under international law; whereas the relationship between the EU and the UK must be based on full respect for those international commitments;
- C. whereas implementation of the TCA is directly linked to the full implementation of the Withdrawal Agreement and the Protocol on Ireland and Northern Ireland; whereas its full implementation was delayed while the EU and the UK were finding common solutions to the practical challenges created in the implementation of the Protocol resulting from Brexit;
- D. whereas the Windsor Framework addresses the challenges that have arisen in the operation of the Protocol on Ireland and Northern Ireland over the first two years of its implementation, creates legal certainty and therefore paves the way for full implementation;
- E. whereas the conclusion of the Windsor Framework provides the EU and the UK with the opportunity to move forward with the implementation of the TCA and to have a

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<sup>7</sup> OJ L 83, 22.3.2023, p. 1.

positive and stable relationship;

- F. whereas the EU and the UK share common values and security interests, both in the immediate European neighbourhood and globally;
- G. whereas the global consequences of the Russian Federation's unjustifiable invasion of Ukraine and the return of full-scale war to the European continent, economic instability and the Russian Federation's deliberate instrumentalisation of energy volatility have resulted in immediate geopolitical uncertainty for the citizens of the European Union and for partners around the world;
- H. whereas the EU-UK TCA requires respect for and the promotion and effective implementation of internationally recognised core labour standards, as defined in the fundamental International Labour Organization (ILO) Conventions;
- I. whereas it is the general assessment of the Commission that the TCA is a very good agreement, as it reflects the EU's interests on trade and cooperation while at the same time preserving the red lines that were established by the EU institutions and Member States during the UK's withdrawal process; whereas for the years 2021 and 2022, the Commission in its annual implementation reports has established that overall, the trade arrangements in goods and services established in the TCA have functioned well, despite minor implementation issues;
- J. whereas the TCA is the only free trade agreement concluded by the EU establishing zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin; whereas trade statistics for the period since the entry into force of the TCA demonstrate that trade flows between the EU and the UK have been negatively impacted by the UK's withdrawal; whereas trade between the UK and the EU in goods and services has remained stagnant; whereas the EU's trade with other trading partners has grown much more than its trade with the UK over a comparable period;
- K. whereas for the further implementation of the TCA, particular monitoring efforts should be focused on possible regulatory divergences which will increase over time; whereas comprehensive regulatory cooperation between the parties is of the utmost importance; whereas it is a positive sign that no official complaints were received from stakeholders about the implementation of the TCA through the Commission's online tool during 2022; whereas the European institutions continue to engage regularly with stakeholders to discuss the practical aspects of the implementation of the TCA;
- L. whereas in terms of the EU's internal implementation process of the TCA, the EU legislators completed the necessary regulatory framework by adopting Regulation (EU) 2023/657 of 15 March 2023 laying down rules for the exercise of the Union's rights in the implementation and enforcement of the Withdrawal Agreement and the TCA;

### ***Main conclusions***

- 1. Recalls that the conclusion of the EU-UK TCA limits the negative consequences of the UK's withdrawal from the EU and establishes a cooperation framework which should form the basis of a strong and constructive future partnership, avoiding the most disruptive elements of a 'no-deal' scenario and providing legal certainty for citizens and businesses;

2. Underlines that the TCA is one of the most ambitious and comprehensive trade agreements which the EU has concluded with a third country; stresses, however, that it does not and cannot be a substitute for EU membership and the corresponding access to the single market and the Customs Union;
3. Is deeply concerned by the Retained EU Law Bill, which, if adopted, could bring about a number of negative consequences that could lead to uncertainty for businesses and stakeholders on both sides of the Channel and would undermine workers' rights in the UK;
4. Is deeply concerned by the Illegal Migration Bill, which passed through the UK Parliament on 26 April 2023, and, if adopted, could have the potential to diverge from the European Convention on Human Rights, causing clear divergence between the two parties and could, according to the TCA, lead to the termination of law enforcement cooperation between the UK and the EU;

### *Institutional framework*

5. Welcomes the full operationalisation of the TCA's institutional framework in 2022 and the good functioning of the joint bodies under the Agreement;
6. Welcomes the swift setting up of the EU-UK Parliamentary Partnership Assembly (PPA) and notes that two meetings have already taken place in 2022 and two more have been scheduled for 2023; considers that the PPA provides a good framework for parliamentary cooperation and open exchanges between parliamentarians on topics of common interest;
7. Welcomes the establishment of the EU Domestic Advisory Group (DAG) in accordance with Article 13 of the TCA, composed of 24 representatives of civil society organisations and six representatives of the European Economic and Social Committee; notes that the first meeting of the EU DAG and the UK DAG was held on 3 October 2022; underlines the need for well-balanced and representative DAGs, including the proportionate representation of employers and workers, and geographical representation of all parts of the UK;
8. Underlines the importance of the close involvement of civil society in the implementation of the TCA; notes that the first meeting of the Civil Society Forum was held on 4 October 2022, bringing together civil society representatives from the EU and the UK, in accordance with Article 14 of the TCA; notes that the EU representatives included employers' and workers' organisations, as well as academics and non-governmental bodies;
9. Reaffirms Parliament's commitment to closely monitor the implementation of the TCA; recalls that the Commission should immediately and regularly provide Parliament with information relating to the implementation of TCA, if necessary on a confidential basis; welcomes the continued good cooperation between Parliament and the Commission;
10. Recalls that Gibraltar was not included in the territorial scope of the agreements between the EU and the UK, and that separate agreements on Gibraltar require the prior agreement of the Kingdom of Spain;

## *Trade*

11. Recalls that the TCA provides a comprehensive and ambitious basis for the relationship between the parties, in particular for EU-UK trade, while ensuring a level playing field for fair competition and sustainable development; recalls that the TCA is a unique free trade agreement in the history of the EU, as it focuses on limiting divergence rather than promoting convergence between trading partners; recalls that the TCA is also unique as it provides for zero tariffs and zero quotas for EU-UK trade;
12. Takes note of the fact that even with these unprecedented trade arrangements with a third country, EU-UK trade flows have been far more stagnant for goods and less dynamic for services than EU trade with other international partners and, therefore, the withdrawal of the UK from the EU has had, as expected, a negative impact on EU-UK trade flows; recalls that this outcome is only one of the negative consequences of the UK's withdrawal and is a direct result of the type of Brexit chosen by the UK Government;
13. Takes note of the Commission's assessment that overall, the trade arrangements in goods and services established in the TCA are working well, although certain implementation difficulties have persisted such as the sponsorship scheme for the entry and temporary stay of natural persons for business purposes and the verification of origin for applying preferential tariff treatment;
14. Takes note of the fact that it is a logical consequence of the UK's withdrawal from the EU and, in particular, the ending of freedom of movement, that the opportunities in the EU for the UK's largely service-based economy have been reduced;
15. Welcomes the fact that the Partnership Council has started to work on a case-by-case basis on the recognition of professional qualifications, as these provisions can facilitate the movement of professionals in the areas of mutual interest;
16. Maintains its call for both parties to activate the 'rendez-vous' clause on the future protection of geographical indications;
17. Reiterates that the TCA is the delicate outcome of long and difficult negotiations and it should therefore be fully implemented in good faith, for the mutual benefit of both parties; calls on both parties to fully exploit its huge potential to facilitate EU-UK trade to the greatest extent possible, while bearing in mind that the advantages of membership in terms of access to the EU single market and to the Customs Union, as well as of participation in other common and flanking policies, cannot, under any circumstances, be replicated through an FTA;
18. Agrees with the Commission that the horizontal and product-specific rules in the TCA are satisfactory and that product-specific rules should not be revisited beyond technical adaptations, as these rules strike a fair balance while contributing to the Union's overarching objective of achieving strategic autonomy in essential sectors; calls, however, for reasonable solutions to be found with regard to the upcoming changes to the rules of origin for electric vehicles, given the difficulties encountered by EU manufacturers in sourcing parts, in particular batteries, from within the EU; calls on the UK and the EU, as like-minded partners, to explore new avenues for cooperation on the supply of raw materials, the development of net-zero technologies and other global

trade issues;

19. Takes note of the further postponement of the implementation of certain UK import procedures and checks on products coming from the EU; calls on the UK Government to clarify the schedule and requirements in order to avoid further uncertainty for businesses and to simplify UK customs procedures to the extent possible, in order to avoid further frictions in trade between the EU and the UK; highlights that customs cooperation between the EU and the UK is important in order to support compatibility in customs legislation and procedures, and to promote trade facilitation;
20. Recalls that as a consequence of a separate sanitary and phytosanitary (SPS) regulatory regime following its withdrawal from the EU, the UK is subject to all EU rules applicable to third countries not dynamically aligning with EU legislation; takes note of the fact that post-Brexit, the EU and UK remain important trading partners for agri-food products and that from January to October 2022, EU exports to the UK reached EUR 39.5 billion, a 15 % increase compared to 2021, while the UK was the third most important partner for the EU in terms of agri-food imports<sup>8</sup>; calls on the UK Government to consider an SPS agreement, as an alignment of this type would facilitate EU-UK agri-food trade, including trade between Great Britain and Northern Ireland;
21. Recalls the TCA's chapter on digital trade, which includes the explicit prohibition of data localisation requirements or the mandatory disclosure of source code, while at the same time preserving the EU's right to adopt regulations on personal data protection requirements; highlights the importance of the two personal data adequacy decisions granted by the EU on 28 June 2021 regarding the UK's personal data protection regime, which allow for the continued exchange of personal data between EU and UK operators; notes the Data Protection and Digital Information Bill that was tabled by the UK Government in July 2022; recalls that any lack of recognition of adequacy between the EU and the UK would pose significant challenges for businesses in the EU and the UK; welcomes the regulatory cooperation on non-personal data transfers and emerging technologies, including artificial intelligence;
22. Welcomes the announcement by the UK Government in November 2022 that the deadline for the implementation of the UK Conformity Assessment (UKCA) marking for products placed on the market of Great Britain would be extended;
23. Recalls that the TCA includes a chapter on the needs and interests of micro enterprises and small and medium-sized enterprises (SMEs); acknowledges that the administrative burden associated with adapting to the new regime for trade under the TCA has impacted particularly heavily on these business, which have fewer resources to adapt to new trading arrangements;
24. Commends the ongoing work of the Trade Partnership Committee and of the specialised and trade-specialised committees, and urges the parties to fully explore their potential as bilateral bodies established under the TCA, which can address all implementation issues in a direct manner; invites the Commission to continue the good practice of keeping the European Parliament fully and immediately informed of the ongoing work of and

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<sup>8</sup> 'Monitoring EU agri-food trade', European Commission, Directorate-General for Agriculture and Rural Development, Brussels, 2022, [https://agriculture.ec.europa.eu/system/files/2023-01/monitoring-agri-food-trade-oct2022\\_en\\_1.pdf](https://agriculture.ec.europa.eu/system/files/2023-01/monitoring-agri-food-trade-oct2022_en_1.pdf).

developments in these committees;

### ***Level playing field***

25. Urges the UK Government and Parliament to acknowledge the complications that would stem from any unnecessary systematic regulatory divergence, in particular in the area of the protection of personal data, State aid, digital trade and taxation, which could only create additional issues as regards level playing field commitments in the TCA, as well as for EU and UK businesses and EU-UK trade;
26. Welcomes the amendment of the sunset clause in the Retained EU Law (Revocation and Reform) Bill which was and remains a cause of concern, and stresses that the European Parliament will continue following the legislative developments in the UK in this regard; calls for the strengthening of EU-UK regulatory cooperation to minimise likely divergences; calls on the Commission to continue to closely monitor regulatory divergences in the UK, which could pose a risk of non-compliance with the TCA, notably in areas relevant to the level playing field such as subsidy control, taxation, labour and social standards, the environment and climate; considers, in this context, that the active involvement of the DAG and the Civil Society Forum provides a valuable contribution to the process; highlights the particular challenge that monitoring and managing regulatory divergence poses for Northern Ireland;
27. Takes note that the new UK subsidy control regime under the Subsidy Control Act 2022 came into force in January 2023; calls on the Commission to closely monitor the application of the Subsidy Control Act 2022;
28. Notes that the TCA introduces a mechanism whereby either party can adopt appropriate rebalancing measures in response to adverse material impacts on trade or investment arising from significant divergences between parties; recalls that in order to enable the EU to exercise its rights in the implementation and enforcement of the Withdrawal Agreement and the TCA in an effective and timely manner, the European Parliament and the Council adopted a regulation covering the implementation and enforcement of the agreements; is content that this regulation will provide a legal basis for the Commission to adopt, amend, suspend or repeal, as appropriate, by means of implementing acts, a number of measures provided for in both agreements; underlines that both parties are empowered to act unilaterally to protect their interests without first engaging in an arbitration procedure, in particular, in cases where a subsidy risks causing a significant negative effect on trade or investment between the parties;

### ***Specific sectoral issues and thematic cooperation***

[*opinion-giving committees*]

### ***Cooperation in foreign and security policy***

29. Regrets that the TCA does not include provisions on cooperation in foreign policy and defence; highlights the need to intensify the dialogue with the UK on possible avenues for future cooperation and coordination on foreign, security and defence policy, in line with the provisions of the political declaration and including in the framework of the EU-NATO partnership, the United Nations, the European Political Community (EPC) and other international forums; underlines the importance of coordinating sanctions

regimes;

30. Welcomes the first two meetings of the EPC in October 2022 and in June 2023 as a platform for discussion, dialogue and cooperation with close partners on the foreign policy and security challenges we are facing, with the aim of strengthening the security of the European continent and pursuing political and security cooperation based on shared interests; welcomes the fact that 44 countries took part in the first meeting in Prague and 45 countries in the second meeting in Chişinău, including close partners such as the UK;
31. Calls for the stronger involvement of the UK in European security and defence projects; welcomes, in this context, the decision of Permanent Structured Cooperation (PESCO) members and the Council of 14 November 2022 to invite the UK to join the Military Mobility PESCO project, which would improve mutual rapid security and defence assistance;
32. Urges the UK to seriously engage with the EU on pressing strategic challenges by ensuring the complementarity and synergies of actions; points out that the parallel projects for developing future combat air systems can be an inefficient use of resources and that the 2022 Common Security and Defence Policy annual report recommends that the projects should be merged;
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33. Calls on the Commission to closely monitor whether the TCA is applied correctly, to take corrective actions when necessary and to explore possible avenues for further cooperation as highlighted above;
34. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the governments and parliaments of the Member States, and the Government and Parliament of the United Kingdom.