



**The Rt Hon Elizabeth Truss**

Secretary of State for Foreign, Commonwealth and  
Development Affairs and Minister for Women and  
Equalities

Foreign, Commonwealth & Development Office  
King Charles Street  
London  
SW1A 2AH  
United Kingdom

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Dear Secretary of State,

A year has now elapsed since the EU-UK Trade and Cooperation Agreement (TCA) provisionally entered into force. The European business community would like to take this as an opportunity to take stock of the implementation of the TCA and to look at the future priorities for EU-UK relations.

Whilst the TCA is the most comprehensive and ambitious agreement the two sides have concluded, it does not offer a similar level of frictionless trade as when the UK was part of the EU Single Market and Customs Union.

Business on both sides is adapting but the changes in the regulatory framework governing EU-UK economic relations as of 1 January 2021 were significant, despite the agreement. Nonetheless, the deal mitigated major disruptions resulting from the end of the transition period; this was particularly welcomed at a time when companies were struggling with the pressing challenges of the COVID-19 pandemic.

The agreement covers many areas with a strong impact on the competitive environment for EU and UK companies, ranging from climate change mitigation to digital transformation, competition, and standards. We are confident the numerous implementing bodies under the TCA will enable its smooth implementation and structured cooperation to address any problems that may arise. The business community is ready to engage and support the work of these bodies and specialised committees.

It is fair to say that over the past year, the agreement has proven to be the cornerstone of EU-UK relations. Such an important achievement should not be put at risk lightly. BusinessEurope is concerned about the tensions around implementation of the Protocol on Ireland and Northern Ireland. We welcome the ongoing talks between the EU and the UK and call on both sides to strive for a solution that stabilises the relationship and avoids further friction. Unilateral actions should be avoided. This is a complex and sensitive issue that requires goodwill from both partners to come up with arrangements that work for everyone.

In this regard, BusinessEurope believes that the European Commission's proposals on the Protocol on Ireland and Northern Ireland are a constructive starting point for addressing the existing challenges stakeholders in Northern Ireland face. We also welcome the progress achieved on medicines. The European business community has always been open to pragmatic solutions that ease the flow of goods. Any solutions must respect the Good



Friday (Belfast) Agreement in all its dimensions, and the mutually agreed Protocol, and should not jeopardise the integrity of the EU Single Market. We hope the ongoing discussions between the EU and the UK will be productive and lead to a positive, durable outcome. We encourage the EU and the UK to work collaboratively to support and advance the Protocol on a continuous basis.

Finding a solution for the situation in Northern Ireland will be important for the implementation of both the Protocol and the TCA. It will soothe the relationship and allow both sides to deepen their cooperation on issues that will be key for the future competitiveness of EU and UK businesses. These include:

- **Cooperation on customs:** it will be critical to ensure a smooth flow of goods between the EU and the UK. We expect that full customs checks on EU goods will be introduced by the UK in the course of 2022. It is important that economic operators are informed in due time about the changes and that authorities in the EU and the UK ensure necessary conditions for a smooth transition.
- **Regulatory cooperation:** independently of the regulatory sovereignty and autonomy of the EU and the UK, it will be important to closely monitor and exchange information on changes in the regulatory frameworks as these will have an impact on the TCA implementation and on business competitiveness.
- **Data flows:** a data adequacy decision is in place, but it is unilateral and can be reversed for instance if the UK Government adopts new legislation that diverges from the EU GDPR. The EU and the UK should therefore keep a close cooperation on protection of personal information to prevent regulatory uncertainty and allow companies to seize opportunities in the digital economy.
- **Financial services:** both sides concluded a memorandum of understanding earlier this year, but cooperation remains rather limited.
- **Mobility of professionals:** based on the TCA chapter on the entry and temporary stay of natural persons for business purposes, both sides should take measures to make the mobility of professionals between the EU and the UK as smooth as possible and cooperate towards this end where necessary.
- **Research and development:** participation of UK entities in European Union programmes, such as Horizon Europe, and vice-versa.
- **Fight against climate change:** coordination of relevant policies, including a possible linkage of the EU and the UK Emissions Trading Scheme (ETS). In this context, an early preparatory dialogue to sort out critical details is important, but it should not impact the ongoing revision of the EU ETS.
- **Mutual recognition of professional qualifications:** the TCA establishes a mechanism for this, but no mutual recognition agreements have been concluded so far.

The European business community stands ready to help both sides find solutions to the current challenges, and we will contribute proactively towards a constructive and forward-looking relationship between the EU and the UK.

Yours sincerely,

Markus J. Beyrer