

Tech and Industry employer's views on the EU UK Trade and Cooperation Agreement

Following months of demanding negotiations and years of political back and forth, in December 2020 the EU and the UK reached an agreement on the terms of their new relationship. The MET industries welcomed this unprecedented agreement and while it provides for simplified access for both the UK and the EU to each other's markets, there are many aspects of the agreement which fall short of what our sector requires.

General remarks

Fortunately, a possible no agreement on the EU UK Future Relationship, and the economic threat to our sector, has been avoided. However, we have seen the inevitable mobility and trade losses which come with a change in the EU UK relationship. Issues such as the Mutual Recognition of Professional Qualifications and many customs and trade issues remain unresolved. Other topics such as the non-regression clause on labour and social standards will need continuous monitoring.

The essentially important functioning of supply chains and the movement of workers in the MET industries have been some of the major challenges of the new EU UK relationship. This has only been exacerbated by the COVID-19 pandemic, affecting production processes across Europe. Our sector has experienced unprecedented crises in recent months, the double challenge of the COVID-19 pandemic and adapting to the new rules governing our relationship with one of our largest economic partners.

Main challenges for our sector

1. Mutual recognition of professional qualifications (MRPQs)

The EU UK Trade and Cooperation Agreement (TCA) does not provide for MRPQs. What has been agreed is in line with the EU's recent free trade agreements. Fortunately, the TCA establishes a process in which regulators and industry bodies can work together to establish MRPQs in the future. Ceemet sees a clear need for qualification bodies in the UK and the EU to put forward proposals for particular mutual recognition to exist in the future. Ceemet, and our national members, have examined the impact on our sector and have identified the key MET sector specific qualifications to assist in this process. Thereafter, Ceemet stands ready to work with the relevant bodies in the UK and the EU Member States and the EU Commission on building cases for submission of proposals to the Partnership Council in accordance with the TCA.

2. Supply chain disruption

Exports within our sector account for about 70% of sales, representing around 46% of the total exports of goods in the EU. Furthermore, exports outside the EU have become

relatively more important in recent years, in 2019 almost 36.4% of our exports went outside the EU. In the same year, UK exports to the EU were €335 billion (43% of all UK exports). UK imports from the EU were €427 billion (52% of all UK imports)¹. This underlines the importance of the trading relationship with one of our nearest neighbours and largest economic partners.

The new rules contained within the TCA, while ambitious in the fact that they provide zero tariffs and zero quotas on UK and EU goods², have impacted the trading relationship between the EU and the UK. Appropriate level playing field commitments have been achieved, with both parties agreeing to ensure a robust level playing field. However, businesses are continuing to endure supply chain disruption. This is in part due to the fact that the TCA introduced new customs procedures almost overnight with little time for business to adapt during a global pandemic. In addition there are also issues in relation to technical barriers to trade arising, in particular from the lack of mutual recognition of conformity assessments. Ceemet had called for a regulatory co-operation mechanism and the TCA only provides for a framework for cooperation. Without mutual recognition of conformity assessment, companies will need to meet separate requirements and mark products differently (EU-CE and UK-CA marks). As volumes of trade continue to be impacted by multiple factors including the ongoing impact of the COVID-19 pandemic, it is clear that these barriers to trade have only started to emerge and are likely to persist for some time. Furthermore, it is important to note that Ceemet consistently called for substantial change in the trading relationship with the UK to be phased in once the final details of the agreement emerged.

While social policy remains Ceemet's priority, disruptions to trade impact all businesses and Ceemet will continue to gather information on any disruption. Working collectively with fellow sector representatives Ceemet will bring disruptions and concerns to the attention of authorities in the UK, EU Member States and relevant EU institutions. Monitoring, accessing and finding pragmatic solutions should be the driving priority of the Partnership Council and Specialised Committees.

Ceemet calls on the UK and the EU to use the mechanisms in the agreement to explore, as far as possible, mutual recognition of conformity assessment, regulatory cooperation and explore the provisions for greater cooperation on customs.

Level playing field & Non regression clause

The TCA has the goal of ensuring high social and labour standards and contains a balance of rights and obligations in order to maintain a level playing field. The commitments which have been put in place endeavour to prevent distortions of trade and unfair competition. Furthermore, dispute settlement mechanisms will ensure the rights of businesses. However, this is an issue which requires continuous monitoring.

Ceemet will monitor the development of labour policy both within the UK and EU and call on both the EU and the UK Government to uphold the fine balance found within the TCA on this pertinent area for employers.

¹ Statistics on UK-EU trade, HoC Library, November 2020

² Due to the Rules of Origin agreed in the TCA not all trade in goods between the EU and UK will be tariff free. Only UK and EU content are recognised in the agreement and the Product Specific Rules set out in the agreement determine how products should be treated in relation to Rules of Origin and therefore where and what duty is applicable.

Ceemet also calls on the EU Commission to provide a mechanism, working with industry, to track UK regulatory development to understand the impact on our trading relationship.

3. Social Partner engagement

The TCA recognises the important role of Social Partners and provides for their involvement in the governance of the new rules within the TCA. The agreement provides for domestic consultation on the issues covered by the agreement in either newly created or existing advisory groups. As the recognised Social Partner for our sector at an EU level, Ceemet calls on the Commission to ensure consultation on all relevant MET issues, including social and labour affairs. We must ensure employers' involvement in the implementation of the TCA, and their participation in the relevant groups and committees.

About Ceemet

- Ceemet represents the metal, engineering and technology-based industry employers in Europe.
- Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.
- Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.