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By PwC Deutschland | 30 April 2021

EU Parliament formally approves EU-UK Trade and Cooperation Agreement

At a plenary session on 28 April 2021, the EU Parliament formally approved the EU-UK Trade and Cooperation Agreement. The agreement had been provisionally applicable since 1 January 2021 but will now enter into force formally on 1 May 2021.

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The European Commission published a summary of the most important provisions at the time of the initial agreement. Here a refresher :

Free Trade Agreement

The agreement covers not just trade in goods and services, but also a broad range of other areas in the EU's interest, such as investment, competition, State aid, tax transparency, air and road transport, energy and sustainability, fisheries, data protection, and social security coordination.

- It provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin.
- Both parties have committed to ensuring a robust level playing field by maintaining high levels of protection in areas such as 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 EU and the UK agreed on a new framework for the joint management of fish stocks in EU and UK waters. The UK will be able to further develop British fishing activities, while the activities and livelihoods of European fishing communities will be safeguarded, and natural resources preserved.
- 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 includes provisions to ensure that competition between EU and UK operators takes place on a level playing field, so that passenger rights, workers' rights and transport safety are not undermined.
- On energy, the agreement provides a new model for trading and interconnectivity, with guarantees for open and fair competition, including on safety standards for offshore, and production of renewable energy.
- On social security coordination, the agreement aims at ensuring a number of rights of EU citizens and UK nationals. This concerns EU citizens working in, travelling or moving to the UK and to UK nationals working in, travelling or moving to the EU after 1st January 2021.
- Finally, the agreement enables the UK's continued participation in a number of flagship EU programmes for the period 2021-2027 (subject to a financial contribution by the UK to the EU budget), such as Horizon Europe.

New partnership for our citizens’ security

- The Trade and Cooperation Agreement establishes a new framework for law enforcement and judicial cooperation in criminal and civil law matters. It recognises the need for strong cooperation between national police and judicial authorities, in particular for fighting and prosecuting cross-

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border crime and terrorism.

- It builds new operational capabilities, taking account of the fact that the UK, as a non-EU member outside of the Schengen area, will not have the same facilities as before. The security cooperation can be suspended in case of violations by the UK of its commitment for continued adherence to the European Convention of Human Rights and its domestic enforcement.

Horizontal agreement on Governance

- To give maximum legal certainty to businesses, consumers and citizens, a dedicated chapter on governance provides clarity on how the Trade and Cooperation Agreement will be operated and controlled. It also establishes a Joint Partnership Council, who will make sure the Agreement is properly applied and interpreted, and in which all arising issues will be discussed.
- Binding enforcement and dispute settlement mechanisms will ensure that rights of businesses, consumers and individuals are respected. This means that businesses in the EU and the UK compete on a level playing field and will avoid either party using its regulatory autonomy to grant unfair subsidies or distort competition. The agreement foresees the possibility of adopting rebalancing, remedial, compensatory and safeguard measures.
- Both parties can engage in cross-sector retaliation in case of violations of the Trade and Cooperation Agreement. This cross-sector retaliation applies to all areas of the economic partnership. Specific suspension clauses apply to the cooperation on law enforcement and judicial cooperation in case a Party breaches its obligations.

Keywords

Brexit, EU/UK Trade & Cooperation Agreement