

Debate Pack

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Trading relationship with the EU

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Summary

There will be a debate in Westminster Hall on Thursday 24 April 2025 on the UK's trading relationship with the EU.

This debate comes ahead of a [UK-EU summit on 19 May](#). It also comes at a time of [significant global trade uncertainty](#) following the election of President Trump.

The UK has left the EU single market and customs union, and from 1 January 2021, trade between the UK and the EU is governed by [the Trade and Cooperation Agreement](#) (TCA).¹

1.1

UK – EU Trade and Cooperation Agreement

[The Trade and Cooperation Agreement](#) (TCA) [secures tariff- and quota-free trade](#) in goods. To benefit from this, goods must meet the rules of origin (RoO) requirements, which determine the 'economic nationality' of a product based on its production location and the origin of its materials or inputs.

The TCA includes provisions on trade in services and investment, capital movements, digital trade, transport, fisheries, and other arrangements such as intellectual property, public procurement, and energy.²

The agreement's [articles on the level playing field](#) include mutual arrangements on competition policy, subsidy control, labour and social standards, and environmental and climate standards. Their role is to ensure that competition between the UK and EU markets is open and fair, preventing businesses from one trading partner from gaining a competitive advantage and undercutting competitors from the other.

Despite being comprehensive, the TCA has introduced new barriers to trade with the EU.³ Non-tariff barriers include [customs checks](#) and sanitary and phytosanitary controls on agrifoods, and new principles for trade [in services and business mobility](#).

¹ [Trade and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the European Union and the European Atomic Energy Community of the other part](#). Brussels and London, 30 December 2020, CP426

² For an overview of TCA provisions see Commons Library research briefing, CBP-9106 [The UK-EU Trade and Cooperation Agreement: summary and implementation](#). Further briefings on specific aspects of the TCA can be found on the [Library landing page](#) for the post-Brexit relationship.

³ Business and Trade Committee, [How to strengthen UK-EU relations](#), Fifth Report of Session 2024–25, HC 814, paras 26, 63.

1.2 Northern Ireland and the Windsor Framework

The Windsor Framework⁴, a special arrangement between the UK and the EU for Northern Ireland, maintains an open border on the island of Ireland. It sets out Northern Ireland's post-Brexit relationship with both the EU and Great Britain. Under this arrangement, EU single market rules for goods, and the EU's customs rules, apply to Northern Ireland.

Further reading

[The Northern Ireland Protocol - House of Commons Library](#)

[The Northern Ireland Protocol and Windsor Framework - House of Commons Library](#)

[Safeguarding the Union: Progress in implementing the Windsor Framework - House of Commons Library](#)

1.3 Research on the effects of Brexit

Many economists believe Brexit has had an adverse effect on trade with the EU. While the TCA allows tariff and quota-free UK-EU trade in goods, provided certain conditions are met, there are now greater non-tariff barriers to trade. The UK and EU are now separate customs and regulatory zones meaning there are now more checks on goods trade between them.

The [Office for Budget Responsibility](#) and [Centre for European Reform](#) concluded that Brexit had reduced UK trade. A [study by the London School of Economics](#) found an adverse effect, although less than forecast. Researchers at [the UK in a Changing Europe think tank](#) concluded that Brexit has reduced UK trade with the EU and non-EU countries, and this impact will continue to grow over time. While certain services have performed better than goods, smaller firms are seeing the biggest fall in trade. A [few commentators](#) believe the effect of Brexit on UK exports has been exaggerated.

1.4 Value of UK trade with the EU

The EU remains the UK's largest trading partner, accounting for 41% of UK exports of goods and services and 51% of imports in 2024.⁵ The UK exported

⁴ The Windsor Framework is the name given to the Protocol on Ireland/Northern Ireland as amended by the EU and UK in March 2023. The Northern Ireland Protocol formed part of the [EU-UK Withdrawal Agreement](#), which is separate from the TCA.

⁵ ONS, [Balance of payments, UK: October to December 2024](#), 28 March 2025, Table C

£358 billion of goods and services to the EU in 2024 and imported £454 billion.⁶

Goods exports to both the EU and non-EU countries remain below their pre-Brexit/pandemic levels in real terms. Exports of services are above their pre-Brexit/pandemic levels.

For more information, see House of Commons Library research briefing, [Statistics on UK-EU trade](#).

1.5 Reset of the UK-EU relationship

The Labour government's [pledge to reset the relationship with the EU](#) includes seeking an improved “trade and investment relationship, by tearing down unnecessary barriers to trade”. The [Labour Party manifesto for the 2024 general election](#) said it would work on:

- negotiating a veterinary agreement to reduce border checks on agri-foods
- mutual recognition of professional qualifications to help open up markets for UK service exporters
- helping to address [problems facing touring artists](#) who seek to work in the EU.

The government has [ruled out rejoining the EU single market](#) and the customs union. The focus of the trade talks has been described by some experts as useful but limited and “little more than tinkering round the edges of the current trading arrangement”.⁷

Other issues which have been raised include:

- Regulatory alignment
- Pan-Euro-Mediterranean (PEM) convention
- Mobility
- Carbon Border Adjustment Mechanism (CBAM).

⁶ As above

⁷ Anand Menon, [A brave new \(Brexit\) world](#), UK in a changing Europe, 9 July 2024

Veterinary agreement

[Labour's manifesto included a commitment to “seek to negotiate a veterinary agreement](#) to prevent unnecessary border checks” on food, animal and plant products. There are different models for such an agreement. The EU has veterinary agreements with Switzerland and New Zealand. There are, however, [likely to be trade-offs](#) between the UK's freedom to set its own food safety standards and regulations on animal and plant health, and ease of access to the EU market.

Pan-Euro-Mediterranean (PEM) convention

The PEM is a technical agreement on customs between the EU and various other European, North African and Middle Eastern countries. It aims to make trade easier between these countries but it is not a customs union. The government has said it is [“open to looking at PEM if that reflects business sentiment and the national interest.”](#)

For more information, see Sam Lowe, [PEM is not a Customs Union](#), Most Favoured Nation blog, 24 January 2025.

Regulatory alignment

While Brexit gave the UK freedom to diverge from EU regulations, in practice it remains largely aligned with the EU. As EU laws change, however, “passive divergence” will occur if UK regulations remain unchanged. The UK will need to decide how much it wants to align with EU regulations.

The government has introduced the [Product Regulation and Metrology Bill \[HL\]](#) (Bill 201 of 2024-25). According to the government, the bill would ensure UK law could be updated to recognise new or updated EU regulations. The government argued this would mean cost savings for business and would promote regulatory stability. It said decisions on alignment with the EU would be taken on a case-by-case basis, in the light of business and consumer interests.

CBAM

[Press reports indicate that alignment on carbon taxes](#) may be discussed at the UK-EU summit on 19 May. The UK and EU are planning to introduce separate [Carbon Border Adjustment Mechanisms](#) (CBAMs). These taxes on imports are designed to account for carbon emissions generated during the production of certain goods in other countries. The ultimate aim is to reduce greenhouse gas emissions and support global progress towards net zero.

Mobility

The government has repeatedly [ruled out a return to freedom of movement](#).⁸ In opposition, the Labour Party dismissed the EU's initial [offer of a youth mobility scheme](#). Currently, there are no plans for such a scheme on the UK side.⁹ However, the government has said it is open to considering “sensible proposals in accordance with [its] red lines”.¹⁰ Some commentators have noted that a [wider mobility agreement could facilitate youth and cultural exchanges](#). Additional business mobility commitments in the TCA services chapter could help reduce barriers to trade in services.¹¹

See further House of Commons Library research briefing, [Resetting the UK's relationship with the European Union](#), section 3.2.

Touring artists

After the UK's exit from the EU, UK performing artists can no longer tour and work across the EU without restrictions. In the absence of specific provisions in the TCA, they must comply with the regulations of each individual EU Member State they visit. UK industry representatives have been calling for improvements, including through an EU-wide visa waiver for creative industries or a “cultural exemption” from the TCA. However, the [European Commission has previously indicated](#) that there was no prospect of changing the TCA in the near future. Nick Thomas-Symonds told the Business and Trade Committee in January 2025 that touring artists were a “real priority” in the negotiation with the EU and the government would seek a specific carve-out or a slight change to the rules.¹²

For more information see House of Commons Library research briefing, [Touring artists and the UK-EU economic partnership](#).

Mutual recognition of professional qualifications

UK-qualified professionals can no longer benefit from EU-level arrangements and must meet the requirements of each individual EU Member State to practice in the EU. Similarly, EU-qualified professionals must comply with UK rules on professional qualifications. [The TCA provisions in this area are limited and include a mechanism](#) whereby UK and EU sectoral professional bodies can jointly recommend a mutual recognition agreement for their profession.¹³ This process has been slow, with the first and only [draft agreement on architects' qualifications](#) in the early stages of the process. The European

⁸ [HC Deb 6 February 2025 c968](#)

⁹ PQ HL5199 [on [Youth Mobility Scheme: EU Countries](#)], 10 March 2025

¹⁰ [HC Deb 6 February 2025 c968](#)

¹¹ Ignacio García Bercero, [A trade policy framework for the European Union-United Kingdom reset](#), Bruegel Institute, 27 November 2024

¹² House of Commons Business and Trade Committee, [Oral evidence: Export-led growth, HC 649, 21 January 2025](#), Q63

¹³ House of Commons Library research briefing, [UK-EU TCA: professional qualifications](#)

Commission has rejected the first draft as “unbalanced and prejudicial to EU architects” and is awaiting a renewed text.¹⁴

¹⁴ [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 2024](#), 4 April 2024, p9

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Press articles

[Trade war makes improved UK-EU relations 'imperative', says Reeves](#)

Daniel Thomas and George Parker

Financial Times, 9 April 2025

[UK must be more ambitious in rebuilding EU relations, says business group](#)

Peter Foster and Lucy Fisher

Financial Times, 19 March 2025

[A forthcoming summit is the perfect opportunity to reset — but it requires both sides to commit to concrete steps](#)

Daniela Schwarzer

Financial Times, 4 February 2025

[UK and the EU want a big deal, fast. How far will it go?](#)

Tim Shipman

The Times, 1 February 2025

[What is the pan-Europe customs area that the EU is open to the UK joining?](#)

Jennifer Rankin

The Guardian, 23 January 2025

[EU 'could consider' UK joining pan-Europe customs scheme](#)

Faisal Islam, Dearbail Jordan

BBC, 23 January 2025

[Fall in UK trade with EU should spur rewrite of post-Brexit rules, says IPPR](#)

Philip Inman

The Guardian, 16 January 2025

[Brexit cost UK £27bn in lost trade in first two years, review finds](#)

Philip Inman

The Guardian, 18 December 2024

[What Keir Starmer and Brussels want from the EU-UK negotiations](#)

Oliver Wright, Bruno Waterfield

The Times, 17 December 2024

[EU will demand early fish deal in UK reset talks: Requirement among red lines drawn up by Brussels ahead of 2025 negotiations](#)

Peter Foster, Andy Bounds

Financial Times, 8 December 2025

[Rachel Reeves to pledge 'ambitious' economic partnership with EU](#)

George Parker, Peter Foster, Sam Fleming and Andy Bounds

Financial Times, 7 December 2025

[Andrew Bailey: The UK must rebuild relations with EU](#)

Oliver Wright

The Times, 14 November 2024

[What's next for Britain and the EU?](#)

The Economist, 5 September 2024

3 Parliamentary material

3.1 Written questions

[UK Relations with EU: Question for Cabinet Office | UIN 36413](#)

Asked by Chris Law

Asked on 7 March 2025

Dundee Central Commons

To ask the Minister for the Cabinet Office, with reference to the Prime Minister's speech entitled, Prime Minister's remarks from the plenary session at the first UK-Ireland Summit: 6 March 2025, what steps the Government is taking to work more closely with the EU to (a) boost trade, (b) create jobs and (c) increase economic growth.

Answered by Nick Thomas-Symonds

Answered on 19 March 2025

The Government is committed to improving the UK's trade and investment relationship with the EU, by tearing down unnecessary barriers to trade. The Prime Minister and President von der Leyen agreed to identify areas where we can strengthen cooperation for mutual benefit, such as the economy, energy, security and resilience. Commissioner Maroš Šefčovič and I are taking this forward ahead of the first UK-EU summit in London on 19 May. The first UK-Ireland Summit saw the announcement of £185.5 million in new Irish investments, and creating 2540 jobs across the country.

[UK Relations with EU: Question for Cabinet Office | UIN 27545](#)

Asked by Mike Wood

Asked on 30 January 2025

To ask the Minister for the Cabinet Office, what assessment he has made of the potential merits of joining the Pan-Euro-Mediterranean Convention.

Answered by Nick Thomas-Symonds

Answered on 6 February 2025

We are always looking at ways to reduce barriers to trade - within our clear red lines - because having a smooth trading relationship with European partners is essential to driving growth at home.

This is one of the options we are open to looking at to reduce barriers, and it's right and responsible that we are looking at it to determine what is in the UK's national interest. But we do not currently have any plans to join PEM.

[UK Trade with EU: Import Controls: Question for Department for Environment, Food and Rural Affairs | UIN HL5313](#)

Asked by Baroness McIntosh of Pickering

Asked on 26 February 2025

To ask His Majesty's Government what progress they have made in negotiating a sanitary and phytosanitary agreement with the EU, and when they expect such an agreement to be concluded.

Answered by Baroness Hayman of Ullock

Answered on 10 March 2025

The Government is committed to resetting our EU relationship, including by seeking to negotiate a SPS agreement. We have been clear that an SPS agreement could boost trade and deliver significant benefits on both sides. We will not be providing a running commentary on discussions with the EU. We cannot provide further information at this stage whilst negotiations are continuing.

[UK Trade with EU: Question for Cabinet Office | UIN 23403](#)

Asked by Sarah Olney

Asked on 13 January 2025

To ask the Minister for the Cabinet Office, what steps his Department is taking to help reduce trade barriers with the EU.

Answered by Nick Thomas-Symonds

Answered on 21 January 2025

The Government is committed to resetting our EU relationship, including by reducing barriers to trade. We will seek a sanitary and phytosanitary (SPS) agreement to reduce unnecessary border checks and mutual recognition for

professional qualifications, as well as helping our touring artists. We look forward to exploring these issues with our partners in the EU.

[UK Trade with EU: Import Controls: Question for Department for Environment, Food and Rural Affairs | UIN HL2822](#)

Asked by Lord Frost

Asked on 25 November 2024

To ask His Majesty's Government what are their negotiating objectives for their proposed sanitary and phytosanitary agreement with the European Union.

Answered by Baroness Hayman of Ullock

Answered on 5 December 2024

The Government is committed to resetting relations between the United Kingdom and the European Union. As part of this reset, we believe the trading relationship can be improved. The UK and the EU are each other's largest agri-food markets; in 2023, 57% (£14 billion) of UK agri-food exports were to EU countries, and 72% (£43.8 billion) of UK agri-food imports were from EU countries. We have said we will seek to negotiate a veterinary/ sanitary and phytosanitary (SPS) agreement to boost trade and deliver benefits to businesses and consumers on both sides.

[Import Duties: UK Trade with EU: Question for Treasury | UIN 12310](#)

Asked by David Smith

Asked on 1 November 2024

To ask the Chancellor of the Exchequer, whether she plans to reduce import duties on businesses spending less than £10,000 on goods in Europe on a single trip.

Answered by James Murray

Answered on 11 November 2024

The UK-EU Trade and Cooperation Agreement governs goods trade between the UK and EU and provides that all goods can be traded tariff-free subject to rules of origin requirements being met. The Government is committed to working with European partners to improve the UK's trade and investment relationship across a range of areas. Further information on trading tariff-free under the EU-UK Trade and Cooperation Agreement is available on

GOV.UK here: [Introduction to rules of origin and claiming duties when trading between the UK and EU - GOV.UK](#)

[UK Trade with EU: Question for Department for Business and Trade | UIN 900189](#)

Asked by Chris Vince

Asked on 27 August 2024

To ask the Secretary of State for Business and Trade, what steps his Department is taking to remove barriers to trade with the EU.

Answered by Douglas Alexander

Answered on 5 September 2024

The Department is working with the European Union and Members States to break down trade barriers. As part of this agenda, we need effective ongoing dialogue with both British businesses and the European Union. As part of this, later today, Minister Thomas and I are hosting a roundtable to gather views from businesses on how the UK-EU trading relationship can be improved. My officials are also engaging with businesses to understand the barriers they face and how this Government can support them to grow and export to the European Union.

[UK Trade with EU: Costs: Question for Department for Business and Trade | UIN HL2155](#)

Asked by Lord Taylor of Warwick

Asked on 1 February 2024

To ask His Majesty's Government, following reports that businesses have faced increasing difficulties and costs trading with the EU since Brexit, what steps they are taking to (1) identify areas of improvement, and (2) provide support.

Answered by Lord Offord of Garvel

Answered on 13 February 2024

The UK-EU Trade and Cooperation Agreement allows for a new relationship with the EU, giving us the freedom to do things differently and better.

The Department is leading a cross-government effort to identify trade barriers and break them down with our EU partners. For example, in the year to March

2023, we broke down 45 market access barriers in the HMTC Europe region, a 10% increase year-on-year.

HMG provides a wide range of support, including help to grow overseas by providing information, training, and expert support to exporters, whilst HMRC's Customs & International Trade Helpline ensures businesses have access to the additional support they need

3.2 Oral questions

[Relations with the EU](#)

HC Deb 6 March 2025, c 418-19

[UK-EU Relations](#)

HC Deb 6 February 2025, c 963-71

[European Union: Trade](#)

HL Deb, 30 January 2025, c 372-75

[Relations with the EU](#)

HC Deb 23 January 2025, c 1089-92

[Trade Barriers with the EU](#)

HC Deb 5 December 2024, c 1089-92

[Trade Barriers with the EU](#)

HC Deb 24 October 2024, c 390-91

[UK-EU trade](#)

HC Deb 5 September 2024, c 409-11

[EU Imports and Exports: Food and Agricultural Products](#)

HL Deb 2 May 2024, 2072-86

[UK Trade Performance](#)

HC Deb c 1 May 2024, 279-92

3.3 Debates

[European Union: UK Membership](#)

HC Deb 24 March 2025, c 239WH-288WH

[Relations with Europe](#)

HL Deb 10 October 2024, c 2181-2214

[UK-EU Relationship \(European Affairs Committee Report\)](#)

HL Deb 20 September 2023, c 1463-1502

3.4 Select Committees

[How to strengthen UK-EU relations](#)

House of Commons Business and Trade Committee, 4 April 2025, HC 814

[The UK-EU reset](#)

The House of Lords European Affairs Committee is holding an inquiry into the reset of UK-EU relations that the Government is pursuing. The inquiry has two main themes: the substance of the reset, involving questions about what the reset is or should be; and the reset process, involving questions about how the Government pursues it with the EU and the role of interested parties in the UK.

[The future UK-EU relationship](#)

House of Lords European Affairs Committee, 29 April 2023, HL Paper 184

The [Government Response](#) was published on 28 June 2023

3.5

Library briefings

[Resetting the UK's relationship with the European Union](#)

House of Commons Library, 5 March 2025

[Statistics on UK-EU trade](#)

4 Further reading

[Should the UK rejoin PEM?](#)

UK Trade Policy Observatory, March 2025

[Less than Meets the Eye: The Real Impact of Brexit on UK Trade](#)

Policy Exchange, March 2025

[Policy Exchange's partial analysis of the impact of Brexit on trade](#)

UK in a Changing Europe, March 2025

[The new EU-Swiss deal: What it means and the lessons it holds for the UK-EU 'reset'](#)

Centre for European Reform, March 2025

[Modelling the effects of closer UK-EU cooperation and of US tariffs](#)

Frontier Economics, February 2025

[Towards a UK trade strategy](#)

IPPR, January 2025

[PEM is not a Customs Union,](#)

Sam Lowe, Most Favoured Nation, January 2025.

[The Brexit Files: from referendum to reset](#)

UK in a Changing Europe, January 2025

[The Trade and Cooperation Agreement four years on: a Manifesto to reset UK-EU trade](#)

British Chamber of Commerce, December 2024

[The UK-EU Reset: What can be done on trade?](#)

Centre for Inclusive Trade Policy, December 2024

[An EU-UK SPS Agreement: The perils and possibilities of \(re\)alignment](#)

Centre for Inclusive Trade Policy, December 2024

[Deep integration and trade: UK firms in the wake of Brexit](#)

Centre for Economic Performance, LSE, December 2024

[A trade policy framework for the European Union-United Kingdom reset](#)

Bruegel, November 2024

[EU-turn: Resetting the UK-EU relationship through strategic dynamic alignment](#)

Resolution Foundation, October 2024

[Veterinary agreements](#)

UK in a Changing Europe, October 2024

[A Veterinary Agreement?](#)

Sam Lowe, Most Favoured Nation, August 2024

[Decent exposure: An overview of how Britain's exposure to trade has changed](#)

Resolution Foundation, February 2024

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