

# European Parliament Publishes Implementation Study on Trade and Cooperation Agreement between European Union and United Kingdom

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The European Parliamentary Research Service (EPRS) recently published a study on the early outcomes, benefits, risks and challenges linked to the implementation of the [European Union-United Kingdom Trade and Cooperation Agreement \(2020\) \(TCA\)](#). The study is based on an analysis of secondary data and reports drafted by EU institutions, the OECD, the United Kingdom and Member States' governments, civil society, think tanks, stakeholders and academia.

Among other things, the study includes details of UK legislation to end the application of retained EU laws within the United Kingdom (Retained EU Law Bill ([Government Introduces Bill to End Application of EU Law in United Kingdom \(28 September 2022\)](#)) and Retained EU Law (Revocation and Reform) Act 2023), with the consequence that general principles of EU law cease to form part of UK law.

From a customs perspective, the study points out that, despite the absence of tariffs for goods crossing the EU-UK border, there have been disruptions in supply chains and increased administrative costs especially due to the custom procedures (to verify that imported products abide by the regulatory standards of the importing country) and rules of origin (to check the genuine origin of the goods and to prevent fraud). In this respect, the study refers to a [European Parliament's Resolution](#) that stressed the need to invest in customs control facilities to solve the current delays. Furthermore, there has been an increase in the cost of goods due to their importation being subject to VAT.

As regards competitiveness and environmental protection, the study reports that the creation of UK freeports as well as the lack of carbon pricing measures in the United Kingdom can negatively affect the competitiveness of EU seaports. Concerning the creation of UK freeports, such plans are also seen as potentially in conflict with the provisions on the level playing field and State aid in the TCA.

Regarding other tax matters, the study highlights two items included in the European Parliament's Resolution mentioned above. First, it mentions the call for scrutiny to ensure that the TCA does not contain loopholes that allow UK Crown Dependencies and UK Overseas Territories to be used as counterparts for developing new harmful tax schemes impacting the functioning of the internal market, given that these territories are excluded from the TCA. Second, it points out that taxation is one of the areas where no arrangements were made between the European Union and United Kingdom in the context of the TCA, as taxation is not subject to dispute settlement provisions nor to rebalancing measures.

Finally, the study points out the following five lines of action to enhance the implementation of the TCA:

- addressing the unforeseen circumstances and deficiencies of the Ireland/Northern Ireland Protocol and ensuring that the Windsor Framework is implemented;
- strengthening the EU-UK political relations on a continuous basis;
- countering the unpredictability that businesses are facing within the EU-UK trade relations;
- promoting the relations at the subnational level; and
- the European Union and United Kingdom working together on the climate agenda.

The complete text of the study, which was published on 9 August 2023, can be found [here](#).

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