



European Furniture Industries Confederation

EU-UK Trade and Cooperation Agreement

EFIC briefing

Source: European Commission website & Dods

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The United Kingdom no longer part of the European Union

- ❖ The United Kingdom **left the European Union on 31 January 2020**, after 47 years of EU membership.
- ❖ On that date, the UK left the EU Single Market and Customs Union, as well as all EU policies and international agreements. The free movement of persons, goods, services and capital between the UK and the EU ended.
- ❖ **The EU and the UK are now two separate markets**, two distinct regulatory and legal spaces. This creates changes and barriers to trade in goods and services and to cross-border mobility and exchanges – in both directions.
- ❖ To help prepare for these unavoidable changes, the Commission issued extensive guidance in a “**Readiness Communication**” adopted on 9 July 2020 and accompanied by some 90 sectorial notices, [available here](#).

EU and UK reach a Trade and Cooperation Agreement which is provisionally applicable / pending steps

- ❖ **On 24 December 2020 the European Commission reached a Trade and Cooperation Agreement with the UK.** The EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.
- ❖ While it will by no means match the level of economic integration that existed while the UK was an EU Member State, the **Trade and Cooperation Agreement goes beyond traditional free trade agreements** and provides a solid basis for preserving our longstanding friendship and cooperation.
- ❖ **The Trade and Cooperation Agreement is provisionally applicable since 1 January 2021.**
- ❖ On 30 December 2020, the President of the European Council and the President of the European Commission [signed](#) the EU-UK trade and cooperation agreement, ensuring that it could be provisionally applied as of 1 January 2021. This followed the approval of the Agreement by the Council, [by written procedure](#), on 29 December 2020. Overview of the [timeline on Council website](#).
- ❖ The agreement **still requires the consent of the European Parliament** to be formally concluded. In 2021, the Council will adopt the decision on the conclusion of the EU-UK Trade and Cooperation Agreement, once the European Parliament has given its consent and once all procedures necessary for the entry into force have been completed.
- ❖ The **European Parliament** has [accepted](#) the provisional application of the agreement, but argued that this should be a unique exception. In terms of the process for granting its consent,

the European Parliament will "now carefully examine the agreement and prepare Parliament's consent decision to be discussed and adopted in plenary in due time and before the end of the provisional application". In terms of its timetable for this, it is possible that the ratification will be completed in the March Plenary session (March 8-11). Information on the [European Parliament scrutiny here](#).

- ❖ On 30 December 2020 [the agreement was approved by the UK Parliament](#).

The Trade and Cooperation Agreement agreement in detail

The agreement is composed of:

- ❖ **A [Free Trade Agreement](#), with ambitious cooperation on economic, social, environmental and fisheries issues:**
 - 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.
 - **For furniture-related rules of origin**, see [full agreement text](#), page 494: For Chapter 94 covering Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings, the rules of origin are **CTH¹ or MaxNOM 50 %² (EXW)**. The **Access2Markets database** provides product specific information: <https://trade.ec.europa.eu/access-to-markets/en/content/>.

→ Example of results for HS code **94 03 30 91**, export from Belgium to UK: <https://trade.ec.europa.eu/access-to-markets/en/results?product=94033091&origin=BE&destination=GB> (slide along the left-hand side menu to see all applicable rules).
 - 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.

¹ CTH: change to the heading in question from any other heading

² "MaxNOM" means the maximum value of non-originating materials expressed as a percentage



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- 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.
- ❖ **A [close partnership on citizens' security](#), a new framework for law enforcement and judicial cooperation in criminal and civil law matters.**
- ❖ **An [overarching governance framework](#):**
- 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.

Resources for understanding the trade agreement

- [Text of full agreement in principle](#)
- [General European Commission website](#)
- [EU-UK Trade and Cooperation Agreement: A new relationship, with big changes - Brochure – recommended summary](#)
- [EU-UK Trade and Cooperation Agreement: A new relationship, with big changes - Overview of consequences and benefits – recommended summary](#)



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- [DG Trade: Exporting from the EU, importing into the EU - all you need to know, product-by-product, on tariffs & taxes, customs procedures, rules of origin, trade barriers, product requirements, and statistics for all EU countries and for more than 120 export markets around the world – recommended database with information on applicable rules per product](#)
- [DG TAXUD: Taxation and Customs: Questions and Answers on the impact of the UK's withdrawal from the EU, its Single Market and Customs Union](#)
- [DG TAXUD: Taxation and Customs: Information relating to the UK no longer being covered by EU preferential trade arrangements with third countries](#)
- [Questions & Answers: EU-UK Trade and Cooperation Agreement](#)

Press releases on the trade agreement & infographics on timeline

- [Press release: EU-UK Trade and Cooperation Agreement: protecting European interests, ensuring fair competition, and continued cooperation in areas of mutual interest – 24 December 2020](#)
- [Remarks by Chief Negotiator Michel Barnier at the press conference on the outcome of the EU-UK negotiations - 24 December 2020](#)
- [Press conference by European Commission President Ursula von der LEYEN and Chief Negotiator Michel BARNIER, on the outcome of the EU-UK negotiations - 24 December 2020](#)
- [EU-UK Relations: From the UK referendum to a new Trade and Cooperation Agreement - Infographic](#)
- [EU-UK Relations: From the UK referendum to a new Trade and Cooperation Agreement - Timeline](#)

The Withdrawal Agreement

The [Withdrawal Agreement](#) remains in place, protecting amongst other things the rights of EU citizens and UK nationals, the EU's financial interests, and crucially, peace and stability on the island of Ireland. The full and timely implementation of this agreement has been a key priority for the European Union. Thanks to intensive discussions between the EU and the UK in the Joint Committee and the various Specialised Committees, the Withdrawal Agreement – and the Protocol on Ireland and Northern Ireland, in particular – is implemented on 1 January 2021.

On 17 December, the [EU-UK Joint Committee met](#) to endorse all formal decisions and other practical solutions related to the implementation of the Withdrawal Agreement. As part of these mutually agreed solutions, the UK has agreed to withdraw the contentious clauses of the UK Internal Market Bill and will not introduce any similar provisions in the Taxation Bill.

Other resources

- Politico: [10 key details in the UK-EU trade deal](#)
- Politico: [5 ways Brexit got real](#)
- European Parliament: [How Brexit will affect you](#)
- European Social and Economic Committee Employers' group: [Brexit deal: businesses will need an adjustment period](#)

Competent authorities for questions concerning the trade agreement:

- [National contact points or websites dedicated to UK Withdrawal-related information](#)
- Local chambers of commerce (see [European Enterprise Network](#))
