

The UK/EU “reset” in trade: progress and prospects

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Labour's manifesto

- No customs union, no single market, no FoM
- Focused on:
 - Reduced barriers to trade
 - SPS agreement (57% of UK food exports to EU £14bn, fallen 30%, £60m on health certificates)
 - MRPQ
 - Touring artists
 - Ambitious security pact
- Respecting treaty commitments

EU priorities

- Fish
- Youth mobility (and no unilateral UK/MS agreements)
- Implementing agreements
- Dynamic alignment

Meanwhile, at home...

- Product Regulation and Metrology Act 2025
 - S.1(2): power to make regulation “that corresponds to, or is similar, to a provision of relevant EU law for the purpose of reducing or mitigating ... environmental impact”
 - S.2(7) regulation may “provide that a product requirement is to be treated as met if a requirement of relevant EU law ... is met”

19 May 2025 Common Understanding

- Starts with security and defence: and partnership agreement
 - Regular meetings
 - Information exchanges
- People:
 - “balanced” youth experience scheme; “numbers acceptable to both sides”
 - Erasmus+
 - “Continue efforts to support travel and cultural exchange”
 - E-gates

“Strengthening our economies”

- “Explore UK participation in the EU internal electricity market”
 - “Balance of rights and responsibilities and LPF”
 - “Should define the relationship between UK and EU rules on the electricity market, as well as on State aid, the promotion of renewables and the protection of the environment... Accordingly Any agreement should include dynamic alignment with EU rules... and respect the role of the CJEU within an arbitration-based dispute resolution mechanism, and an appropriate UK contribution to decision-shaping.”

“Strengthening our economies” (2)

- “working towards a common SPS area”
 - Scope: production, distribution and consumption of agrifood, live animals, pesticides, organics, marketing rules; GB only
 - “Application of the same rules at all times by providing for timely dynamic alignment of [GB rules] with due regard to the UK’s constitutional and parliamentary procedures and where necessary... through the immediate application of the relevant EU rules”
 - “A short list of limited exceptions to dynamic alignment” only if (a) no lower standards; (b) doesn’t prevent EU goods being placed on the GB market and (c) respects principle that only goods meeting EU standards enter the EU.
 - Gene editing? US/CPTPP – NB EU wants same rules on GB imports as for EU imports
 - DRM: independent arbitration that ensures CJEU is the ultimate authority for all questions of EU law.
 - UK to be involved at an early stage and contribute appropriately to EU decision-making and be consulted at an early stage.
 - Pets
 - NB no provision on rules of origin, trade remedies, customs checks

“Strengthening our economies” (3)

- ETS linkage (also dynamic alignment and UK consultation/involvement)
- Dialogues on temporary entry of natural persons for business purposes and MRPQ
- Competition cooperation (see CMA/EC agreement)

Other aspects

- Judicial cooperation
- Irregular migration
- TCA fisheries and energy provisions extended

Future negotiations

- Nick Thomas-Symonds: “as a package”, and “as soon as possible”; “starting in the autumn”; but defence/security urgent
- EC recommendations on negotiation of YE scheme (DK opting out) and SPS common area
- Money?
- Business travel: concerns each way (UK visa sponsorship; complex EU MS rules and 90/180)
- MRPQ: nothing specific

Governance

- Likely to be supplementary agreements to TCA
- TCA mechanisms for joint committees
- But different DRM, involving reference to CJEU (like the Withdrawal Agreement mechanism)
 - N T-S: “Any disputes will go to international arbitration, not the ECJ. Just as the Johnson government agreed in the WA”
 - EC recommendation: CJEU binding on panel on questions of EU law
- Cross-retaliation? What if future UK government tries to revoke?

Issues at home

- Helps with management of Windsor Framework
 - Though NB different conduits
- Role of devolved governments in negotiation?
- Dynamic alignment
 - N T-S: “The question is not whether alignment is inherently wrong. It’s whether, as a sovereign country, we decide where it works for us.”
 - A s.2 ECA 1972 type provision? Direct effect?
 - Parliament’s role? Role of devolved legislatures/Sewel convention?

Thank You

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