

# The Brexit Bulletin:

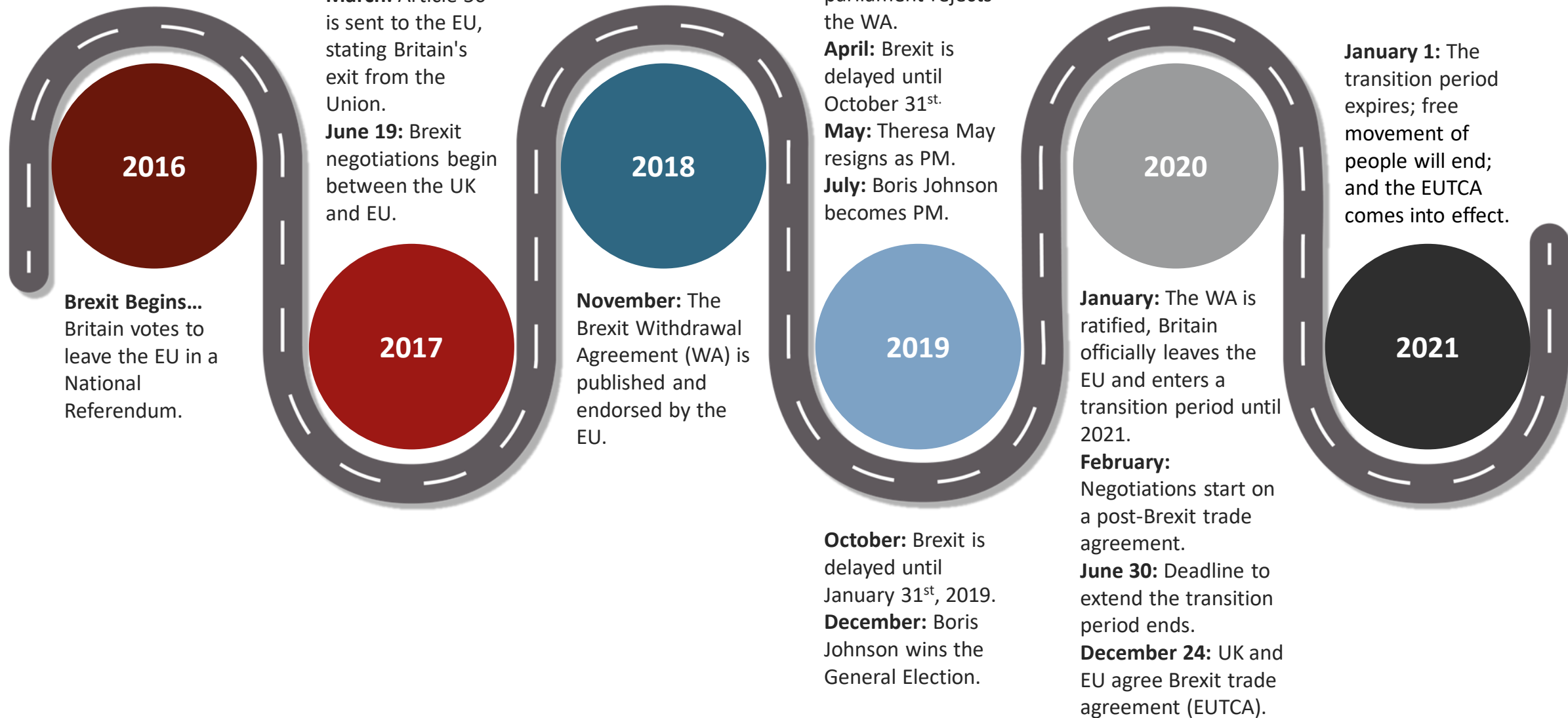
## Issue Eleven

UK and EU Agree Brexit Trade Deal



# BREXIT

## ROADMAP: 2016-2021



- On December 24, 2020, exactly four and a half years after the result of the UK's EU Referendum, the UK and the EU reached an agreement on their future trade and cooperation arrangements: the **EU-UK Trade and Cooperation Agreement** ("EUTCA").
- The transition period that has run since the UK left the EU in January 2020 will end at midnight CET on December 31, 2020.
- This deal will come into place on January 1, 2021, as the UK leaves the EU's customs union and single market.
- The EUTCA runs to more than 1250 pages and is one of the fastest trade deals ever negotiated, although the close trading ties and common standards between the UK and EU economies meant that the two sides started from a very similar position. It is also the first FTA ever to reduce, rather than increase benefits to both sides.
- This GRI Brexit update highlights the main elements of the EUTCA and the impact on recruitment.





- The EUTCA provides that there will be **no tariffs** and **no quotas on bilateral trade in goods** (which stands at approximately 700 billion), providing rules of origin and other technical requirements are met. Traders can self-certify the origin of their goods and the EU and the UK have agreed a trusted trader scheme.
- However, the absence of agreement on conformity assessment means that **any trader wishing to provide goods to both the UK and the EU markets must meet both sets of standards and regulations**. This may involve expensive duplicate procedures and delays.

- The EUTCA sees the **EU agree to a cut in the value of the fish its fisherman may catch in UK waters by 25%**. That cut will be phased in over a transition period of five and a half years. UK fisheries products will now have to pass sanitary and veterinary checks before being allowed into the EU.



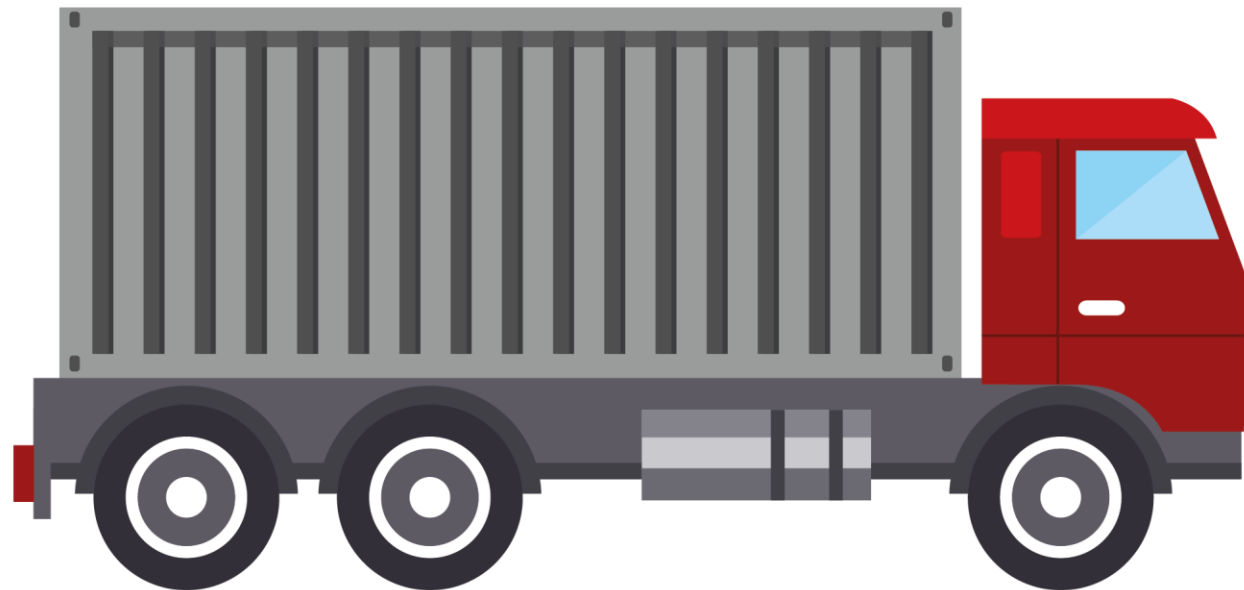


- The **deal does not cover financial services access to EU markets**, which is still to be determined by a separate process under which the bloc will either unilaterally grant “equivalence” to the UK and its regulated companies or leave firms to seek permissions from individual member states.

- UK police and intelligence agencies are to be **cut off from the EU's most sensitive real-time crime databases**. However, British security services will **still be able to see crucial air passenger data, criminal record information, and DNA, fingerprint and vehicle registration data**, with ongoing access to so-called PNR and Prüm databases.



- The EUTCA grants **unlimited point to point access for haulers and full transit rights**. The two sides have agreed that they will not seek to undercut the other by deliberately lowering standards (the so-called "Level Playing Field") for working conditions, road safety and fair competition.

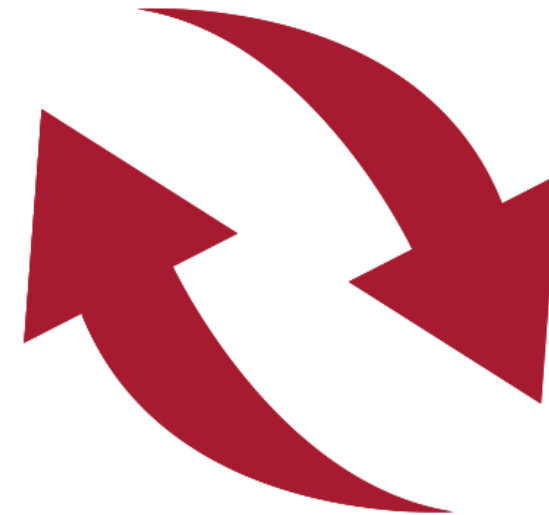




- On product standards there appears to be **no agreement on mutual recognition of conformity assessment, nor of either side's regulations, standards, and certification procedures.** This means that there will be a return of technical checks at the frontier and an increase in paperwork on goods going in both directions.
- There also appears to be **no agreement on mutual recognition of sanitary and safety standards for export of food of animal origin, or of professional qualifications.**



- On personal data transfer, the **UK has agreed to recognise EU data standards as equivalent for the purposes of transfers from the UK, but the EU has not yet issued an adequacy decision in respect of transfers to the UK.** However, to avoid any immediate disruption to flows of personal data, **the EU and UK have agreed to a "data bridge" for up to four months** (which can be extended by a further two months).
- In this period, EU originating personal data may be transferred to the UK unimpeded, subject to the **UK agreeing to maintain its data protection regime as it stands on December 31, 2020** and not exercising certain "designated powers" enumerated in the text.
- Such powers include issuing new data transfer clauses, approving binding corporate rules, or making other decisions related to data transfers. It is hoped that this will provide sufficient time for the UK to receive a formal adequacy determination from the EU.



- As a third country, UK nationals wishing to travel to the EU will face immediate restrictions from January 1, 2021, due to the impact of Covid-19. When those restrictions lift, there will be limits on the amount of time that UK nationals can spend in the EU: whilst UK nationals will not need a visa for short trips to the EU, they will need a **visa to remain in the EU for more than 90 days in any 180-day period**. UK nationals will have to stand in a different queue than those holding passports from EU countries. **Pet passports will no longer be valid** and there is **no agreement on mobile roaming charges**. The **European Health Insurance Card will no longer be valid** (though cards issued in 2020 will remain valid until their expiry date). **UK driving licenses will be accepted in the EU until the end of December 2021**. It is unclear what the provisions will be thereafter.

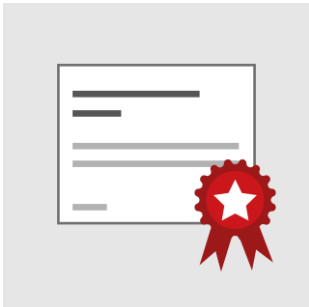




- The **UK chose to opt out of Erasmus+**--the scheme for mobility of non-EU university students within Europe--and **EU students will have to pay much higher third country fees to attend UK universities.**
- However, students from **Northern Ireland will continue to participate in the principal Erasmus scheme**, and the government of the Republic of Ireland has offered to cover the cost of this.



- The compromise on equivalence which leaves the UK free to set its own standards in areas such as labour law, means we can, in a limited way, diverge from EU regulation. The much-anticipated Employment Bill, which will cover Workers Right's, is due to be published in 2021.

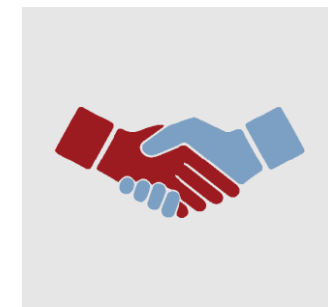
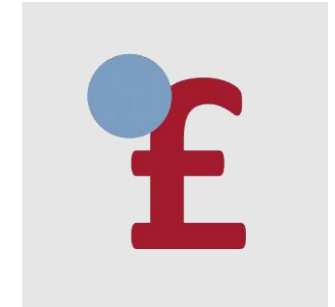


- The fact that there will no longer be mutual recognition of professional qualifications is likely to impact professionals wanting to work in other EU countries, as they will now have to apply to each member state to have their qualifications recognised. This will apply to all professions such as accountancy, law and medicine and may well impact professional services recruiters, employers and professional contractors.



- While the agreement contains no detail on the huge amount of personal data which flows between the UK and the EU, we understand that this will be covered in a separate 'adequacy agreement' in the coming weeks. If granted it means that the EU will recognise UK data protection standards as equivalent to its own – a major issue for the recruitment sector which relies on the free flow of personal data. However, we understand that the EU has agreed for the flow of personal data to continue as it does currently for a period of four months.

- The deal does not cover services and, there is no agreement yet on financial services access to EU markets. There is an agreement to keep talking about financial services regulation and we are hoping the EU will give equivalence to the UK and its regulated companies otherwise firms will have to seek permissions from individual member states to operate there.
- Although the two sides recognised the validity of each others' licenses and permits and included full transit rights, allowing drivers to cross multiple countries in order to drop a load, the agreement limits British truckers to a single drop-off and a single pick-up from inside an EU member state and two pick-ups and drop-offs when crossing EU member states - this is a downgrade from EU membership, under which drivers could do three pick-ups inside an EU country before returning home.
- There will be undoubtedly a lot of examining of the detail over the coming weeks, but we are relieved that there is now a deal to be ratified by the UK and EU Parliaments which will create more certainty to help fuel economic recovery.



GRI will continue to monitor the ongoing Brexit situation and keep you informed of any developments.

If you have any questions, please email us at [info@geometricresults.co.uk](mailto:info@geometricresults.co.uk).