

A graphic design featuring a large, stylized letter 'A' shape. The left vertical bar of the 'A' is a solid blue rectangle. The right vertical bar is a dark blue triangle. The horizontal bar of the 'A' is a blue rectangle with yellow stars, representing the European Union flag. Below the 'A' is a red and white Union Jack, representing the United Kingdom flag. The background is white with a blue diagonal stripe.

**EUROCHAMBRES INPUT  
ON FUTURE EU-UK  
ECONOMIC RELATIONS**

**OCTOBER 2024**

# Eurochambres input on future EU-UK Economic Relations

## 1. Introduction

In an era of geopolitical rivalries, as European Commission President Ursula von der Leyen recently stated in her re-election speech at the European Parliament, Eurochambres believes it is more important than ever to reinforce economic links between our friends, neighbours and like-minded partners.

The European Union (EU) and the United Kingdom (UK) are undoubtedly strong economic partners and allies. We face similar challenges, be they of a geopolitical nature such as the ongoing war on our European continent, or more of an economic nature such as the digital and green transformations of our economies.

Our geographic proximity and substantial economic interconnections make the case for a strong EU-UK coordination.

Where our interests align, it should therefore be in the interest of both sides to explore areas where life could be made easier for companies, especially SMEs.

This is all the more relevant given the start of a new EU legislative cycle and the election in July of a new UK government.

With this in mind, we conducted a flash survey in the early summer of 2024 to take stock of the EU-UK economic relationship and to provide insights and recommendations on areas where EU and UK businesses see room for improvement.

## 2. State of play of the current trade and investment relations between the EU and the UK

Chambers deem EU-UK economic relations as either good or acceptable. The current economic relationship is considered neither negative nor detrimental for businesses by any of the respondents. This indicates that, despite the untapped economic potential in EU-UK relations following the post Brexit trading arrangements and considering the marked stabilisation of bilateral relations due to the adoption of the Windsor Framework for Northern Ireland, Chambers' member businesses have adapted and are satisfied overall with the implementation of the EU-UK Trade and Cooperation Agreement (TCA).

In light of this, European chambers are reasonably optimistic about the trajectory of EU-UK trade and investment relations for the next 12 months, with most expecting an increase in trade and investment, or for economic relations to remain stable. No feedback was received pointing to an expected decrease in the upcoming 12 months.

### 3. Perceived challenges and opportunities in EU and UK trade and investment relations

EU companies see a range of opportunities across different sectors in the UK market. In particular, the area of net zero technologies, and the services sector is highlighted by respondents. Logistics and manufacturing also present important opportunities for EU business in the UK.

In terms of the main challenges ahead, European chambers clearly identify the risk of regulatory divergence as the top challenge for their businesses with respect to the UK market. Supply chain disruptions ranked as a distant second.

Furthermore, European chambers currently see a limited set of challenges for companies in relation to the gradual implementation of the UK's Border Target Operating Model (BTOM) for their companies. This related primarily to the risk classification of products and transparency of the fees collected, however, as more checks will be implemented in line with the BTOM timetable, the situation could still change if companies, infrastructure, and personnel are not fully prepared/equipped. This applies especially for SMEs, which have more difficulty in coping with additional technical and administrative barriers.

### 4. Priorities for EU-UK economic cooperation

European chambers see more regulatory cooperation as the main overall priority for both governments to facilitate bilateral trade and investment in the future by limiting divergence and tackling non-tariff barriers.

Improved mobility arrangements, including for professionals, is seen as the second most pressing issue for business to improve EU-UK economic ties. In this regard, chambers would also stress the need for EU-UK travel authorisation systems to be implemented carefully and pragmatically with a way to limit unnecessary frictions on mobility, including via transitory measures, and would welcome possibilities for bilateral exemptions from said systems altogether between both Parties.

Advancing the mutual recognition agenda, in particular on the mutual recognition of professional qualifications, by building on the agreed provisions in the TCA, is equally seen as an important priority for enhanced EU-UK economic cooperation.

European chambers would also strongly welcome the UK government linking its UK emission trading system (ETS) to the EU's. This would prevent an unlevel playing field for EU businesses and reduce the regulatory burden via the imposition of potentially different carbon border adjustment mechanism measures when fully implemented in both the EU and the UK. This possibility is already envisaged in the Art 392 (6) of the TCA, and with the appropriate political it will well be tackled as part of the upcoming TCA review.

Another priority identified by European chambers is in the growing digital economy, by making EU-UK data transfers more permanent in the future. A more permanent arrangement would cement mutual trust in digital transactions and secure the free flow of data across borders, while duly protecting personal data in line with EU rules.

Negotiating and concluding a separate veterinary and sanitary and phytosanitary agreement between the EU and the UK would also bring important benefits to EU and UK companies as it could remove or at least limit the necessity for sometimes cumbersome border checks for EU agrifood products destined for the UK market and vice-versa. Any such agreement would need to provide the necessary safeguards for preserving the integrity of the single market, such as ensuring the dynamic alignment with EU rules by the UK, and a role for the European Court of Justice.

Lastly, and in light of the enormous geopolitical challenges facing both the EU and the UK, closer institutional EU-UK cooperation on economic security would also be welcomed by chambers. This should include the areas of sanctions, investment screening as well as export controls to ensure consistency with the rules for affected businesses in both the EU and the UK.



Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

Previous documents can be found here: <https://bit.ly/ECHPositions>

#### Further information

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