

## **TCA03 British Standards Institution**

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Senedd Cymru | Welsh Parliament

Adolygiad o weithrediad y Cytundeb Masnach a Chydweithredu rhwng y DU a'r UE | UK-EU implementation review of the Trade and Cooperation Agreement

Ymateb gan: Sefydliad Safonau Prydeinig | Evidence from: British Standards Institution

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## **Written Submission by the British Standards Institution (BSI) to the Senedd Legislation, Justice and Constitution Committee on its inquiry, 'UK-EU implementation review of the Trade and Cooperation Agreement'**

### **1. Introduction**

BSI is the National Standards Body for the whole of the UK and we are responsible for preparing and maintaining a catalogue of over 33,000 international standards and for coordinating the input of UK experts to European and international standards committees.

BSI represents the UK in the European regional standards organizations CEN (European Committee for Standardization) and CENELEC (European Committee for Electrotechnical Standardization) and is a member of ETSI (The European Telecommunications Standards Institute). Internationally BSI is the UK member of ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission) and provides support to the UK government in its membership of ITU (the International Telecommunication Union) as well as in other international standardising bodies.

In its role as the UK's National Standards Body, BSI provides the infrastructure for over 13,000 experts, who are the voice of UK economic and social interests, to be influential in the international and European standards organisations. BSI has a public interest responsibility to develop and maintain the standards infrastructure to support the UK and devolved government's interests at home and internationally.

Within this role, BSI is well placed to provide insight on the role of standards in UK trade policy, including within trade agreements. BSI works closely with the UK Government's Department for Business and Trade to help support policymakers in all aspects of trade policy relevant to standards from the development of the UK's trade strategy to the UK's position in the WTO and the negotiation and implementation of trade agreements. BSI is also supporting the UK Government in implementing the UK-EU Trade and Cooperation Agreement (TCA) as well as the broader UK-EU relationship in standards through its membership of the UK TCA Domestic Advisory Group.

### **2. Standards**

Many meanings are attached to the word 'standard' and often standards are confused with regulation. In this submission, we refer to standards, which are voluntary, consensus-based good practice agreements developed in a multi-stakeholder process overseen by BSI, the UK's National Standards Body.

In some cases, these standards support public policy through providing an alternative to regulation or through providing a means of earned recognition for businesses. In a limited number of cases, standards have a specific status in law, and provide a voluntary means to demonstrate conformity with certain regulatory requirements linked to product safety.

### **3. BSI's work in Wales and support to the Welsh Government**

BSI's National Standards Body (NSB) remit also covers the UK devolved nations. From companies vital to the Welsh industry such as in the steel and aerospace sectors to Welsh universities, Welsh stakeholders have long played an important role in the work of BSI's

committees both within the UK and internationally, helping to define what good looks like at a global level.

We also work closely with the Welsh Government to promote the use of voluntary good practice consistent with international standards. Wales has been very supportive and the Welsh Government and Senedd have both promoted and adopted important standards which assist Welsh society – such as improving outcomes for workers through a standard on tackling modern slavery (BS 25700)<sup>i</sup> or through helping to promote women’s wellbeing in the workplace through a new British Standard on the menopause (BS 30416).<sup>ii</sup>

We have supported the Welsh Government in understanding the role of standards in supporting global market access for Welsh businesses but also how the UK’s, including Wales’s influence in European and international standards bodies can bring benefit to Welsh stakeholders and support Welsh Government policymaking. **We value our regular engagement with the Welsh Government on trade policy including the contribution of standards and related conformity assessment to the UK’s ongoing trading relationship with the EU.**

#### **4. The importance of standards to international trade**

Standards and associated conformity assessment have long played a role in supporting the conduct of international trade, ensuring that manufacturers and their customers share a common set of expectations, a common technical language of how a product should perform. In recent years, as supply chains have grown more complex and global in nature and as countries have increased the number and scope of their regulations, standards have taken on ever greater importance within the global trading system and now have a significant impact on the ease of market access. Estimates by the OECD suggest that up to 80% of international trade is affected in some way by regulation and standards and businesses regularly point to compliance with regulation and standards as being one of the most significant impediments to exporting products and services.

Where regulation requires - or incentivizes - the use of national or proprietary standards that differ or conflict one with another or that diverge from existing international standards, increased friction can result, often in the form of having to make modifications to products or manufacturing processes to service different markets, adding to the cost of trade, raising prices for consumers and restricting the range of products available on any given market.

To reduce such trade friction and the associated cost of global market access, international standards are developed by consensus through global bodies such as ISO and IEC. What characterises international standards are that they are developed by consensus, that each country can influence those standards through their national standards body and that robust governance mechanisms exist to ensure that those standards meet World Trade Organization (WTO) principles for openness, transparency, effectiveness and coherence and relevance. Today, there are more than 30,000 international standards covering a whole range of goods and services traded globally.

When international standards are adopted and conflicting national standards are withdrawn, international standards act as a passport to trade for exporters, providing a common basis of trust between businesses, consumers and regulators around the world. The WTO confers specific recognition on those standards in the Agreement on Technical Barriers to Trade. This agreement strongly encourages WTO members to base technical regulations and

accompanying conformity assessment procedures on international standards where they exist. Research indicates that £5.4bn of additional UK exports per year can be attributed to standards (after five years), with 60% of SMEs and 77% of larger companies saying that standards have increased their capacity to export.<sup>iii</sup>

BSI facilitates the access of UK stakeholders to the international standards system, influencing the content of international standards for the benefit of the UK. By adopting these as standards, we help facilitate global market access. We also work with our counterpart national standards body worldwide to encourage them to do the same to ensure the greatest possible convergence globally in the use of international standards.

## **5. The role of European regional standards in trade between the UK and EU**

The international standards system of ISO and IEC has a European regional counterpart through the three official European Standardization Organizations (ESOs), CEN, CENELEC and ETSI. European standards complement international standards and play a crucial role in enabling interoperability and market access across Europe and beyond in a range of manufacturing sectors where no international standards exist. European standards are consensus-based tools developed by businesses, consumers and other stakeholders and used voluntarily unless specifically mandated in regulation.

The ESOs are member-led associations, with their membership extending beyond that of the EU to include EEA members and other European countries, including Switzerland, Turkey and the UK. While ETSI has a slightly different membership model, CEN and CENELEC work on the same basis as ISO and IEC, namely that stakeholders in each country are represented through their national delegation. European standards are not 'EU standards' or 'EU legislation' but are regional standards which support industry good practice and public policy in jurisdictions across Europe. Formal agreements between the ESOs and ISO and IEC provide an efficient means for international standards to be adopted throughout Europe. This has helped speed the adoption of global good practice throughout Europe and has played a role in removing barriers to trade.

The UK has significant influence in the development of European standards. UK experts participate in hundreds of European standards-developing committees and working groups, leading many. Supported by our stakeholders, including consumers, business, industry and regulators, BSI has continued, following the UK's exit from the EU, to inform and influence standards developed for markets across the European continent through its ongoing membership of the European Standardization Organisations.

In both the UK and the EU, a small but significant number of European standards (just over 3,000 standards in total- around 13% of the total catalogue) have a specific legal status, providing what is known as a presumption of conformity with regulatory requirements. Their use remains voluntary in most cases but by using such 'harmonised' standards or 'designated' standards as they are now known in GB, manufacturers can often take advantage of easier routes to compliance with technical regulation thus reducing costs for business. Standards benefitting from this presumption of conformity model are most prevalent in industrial and consumer products from toys to machinery and personal protective equipment. As of October 2024, standards designated for this purpose are largely the same between the UK and EU. In the EU as part of its compliance requirements, a manufacturer or importer is required to affix the EU's regulatory 'CE' marking.

The UK's exit from the European Union's single market created additional trade friction for manufacturers in Great Britain looking to export to the EU. For products this mainly came through the loss of recognition of the results of UK conformity assessment bodies to EU regulatory requirements where third-party certification is required. However, one factor of continuity for business is the fact that the UK and EU both use the same set of European regional technical standards for the purposes of regulatory compliance. This means that no costly adjustments must be made to any product being placed on either the EU or UK markets meaning that the same production line can be maintained for both markets irrespective of any certification or labelling requirements in either jurisdiction.

The UK's continued membership of the ESOs also has benefits for consumers who play an important role in our committees. Given the UK's ongoing recognition of the EU's CE marking for many consumer products, the UK government has no effective voice over the content of EU product safety regulation which may have implications on the interests of consumers. The voice of UK consumers is however heard through the standardisation committees within CEN and CENELEC where UK stakeholders, through BSI, continue to have a strong voice.

In addition, Northern Ireland, by virtue of the UK-EU Withdrawal Agreement and subsequent Windsor Framework are still included within the EU's regulatory orbit for products, meaning that harmonised standards still provide formal presumption of conformity to EU regulatory requirements in that part of the UK. BSI's role as national standards for the whole of the UK means that it has an important function in ensuring that Northern Irish stakeholders have a forum through which they can influence those standards that will have a formal link to regulation which will apply to that part of the UK.

## **6. The role of European standards in UK and Wales**

While product safety regulation, and the designation of standards for the purposes of regulatory compliance is considered a reserved matter, European standards can be of interest in areas of regulation within the competency of the Welsh Government. For example, building regulations are a devolved matter and these refer to European product standards, adopted as British Standards, in their technical guidance.

European regional standards, as well as the broader catalogue of international standards adopted through ISO and IEC, may be of interest to the Welsh Government when considering how to ensure that public policy instruments including regulation are the least trade restrictive to meet the stated objectives of that policy.

## **7. The EU-UK Trade and Cooperation Agreement**

The Trade and Cooperation Agreement (TCA), which has applied since the end of the transition period linked to the UK's departure from the EU, provides a basis for ongoing trade between the UK and the EU as separate regulatory jurisdictions.

Standards are mainly covered within the Technical Barriers to Trade (TBT) chapter (Chapter 4) among provisions related to technical regulations, conformity assessment, transparency, marking and labelling requirements and market surveillance. The TCA's TBT chapter provides a basis for BSI's ongoing membership of the European standardisation organisations (ESOs) and is also consistent with the UK's global commitments under the WTO TBT Agreement.

With specific regard to standards provisions, BSI supports the definition of 'international standard' within the TCA, in particular the specific reference to the formal international standardising bodies of ISO and IEC as well as inter-governmental treaty bodies such as the International Telecommunications Union and the Codex Alimentarius Commission. The definition in the TCA ensures that UK stakeholder voices from business, industry, consumers and regulators have a guaranteed voice in the international standards used to support UK regulation. The basis for determining international standard helps to ensure that regulation adopted in the UK and EU supports interoperability and market access for products traded between the two jurisdictions but also provides a sound basis for ongoing UK influence over the terms of trade within Europe and globally, reflecting the UK's strong position on the international and European regional standardisation bodies.

The 'Good Regulatory Practices and Regulatory Cooperation' provisions in Title X<sup>iv</sup> of the TCA are important from the perspective of the UK nations, as the agreement stipulates that regulatory authorities in the EU and the UK should follow certain good practice in how they design regulation. This includes the Welsh Government. Under Article 347 on impact assessment, regulatory authorities are required to assess how options under consideration relate to relevant international standards. Regulatory authorities are also required to examine feasible regulatory or non-regulatory options to achieve the same public policy objective, which may include the use of standards.

BSI supports the objectives of these provisions and stands ready to assist the Welsh Government in meeting its requirements under this article and others where there is a relevance to standards.

## **8. UK-EU Trade and Cooperation Agreement Domestic Advisory Group**

BSI is a member of the TCA's UK Domestic Advisory Group (DAG). The DAG is focused on the implementation of the TCA and on broader aspects of the trading relationship between the UK and the EU. As part of the UK DAG, there are several sub-groups focusing on issues such as regulatory cooperation and level playing field, trade and customs and professional mobility among other areas of interest, there is also a specific sub-group for the Nations and Regions, which includes voices from Welsh stakeholders.

**As part of this forum, BSI will continue to promote the role of standards as an invaluable tool to help maintain low friction trade between the UK and EU and in so doing supporting economic growth and investment in all parts of the UK, including Wales.**

## **9. Towards a review of the TCA**

BSI recognises the importance of the EU market and EU supply chains for Welsh exporters, for goods. The UK's departure from the EU's single market has led to increased trade friction between the UK and EU because of the UK's exit from the EU's single market. While the TCA makes provision for zero-tariff trade between the UK and EU, the agreement does not help solve the main cause of regulatory friction which is linked to so-called non-tariff measures including rules of origin requirements, customs procedures or obstacles to trade caused by divergence in regulation or by requirements around labelling, certification and testing.

The TCA carries a general review clause, the first of which is due to take place at the end of 2025 and then every five years thereafter. Even without making changes to the TCA itself,

there is an opportunity to enhance the working of the current agreement. Among other ways, this improvement can be achieved through making better use of the existing cooperation provisions including, in standards, closer working on consumer product safety, including around regulating online marketplaces and around the design of new conformity assessment procedures which may have an impact on EU-UK trade.

In addition, increasing the level of **cooperation between regulators in the UK and EU in areas of emerging regulation such as the digital economy (e.g. Artificial Intelligence), in the decarbonization of industry (e.g. CBAMs) or in supply chain due diligence reporting would be a good first step to ensuring that the design of regulation does not cause unnecessary barriers to trade.** This cooperation does not require any change to the current TCA. The UK, through BSI, participates in the development of international and European regional standards which, in many cases, play a role in supporting these regulatory requirements. The fact that the EU and UK use the same standards which have been influenced by UK stakeholders, already provides a sound basis for cooperation.

A more ambitious review of the TCA could make improvements to the agreement's TBT Chapter itself to reflect the close geographical proximity of the two trading partners, the integrated nature of supply chains across Europe and reflect the fact that both the EU and the UK both participate within the same regional standards system.

Without the UK rejoining the EU's Customs Union or Single Market, the most effective way however of reducing trade friction, in line with the growth priorities of the current UK government, is through addressing regulatory barriers to market access. The UK's continued participation in the European standardisation system and the common use and adoption across Europe of over 23,000 voluntary **European standards** also helps provides **a basis of common understanding and trust that could, in time, help lead to a more substantial reduction in trade barriers such as through the mutual recognition of conformity assessment certification to regulatory requirements.**

## **10. UK and Welsh Policy Considerations**

As the UK government considers its approach to the review of the TCA in 2026 and how to bring into effect the broader reset policy with the EU, the question of the UK's own domestic regulatory policy will be of great importance.

The ability of the same set of standards to continue to provide interoperability between two distinct regulatory environments depends on a complementarity of regulatory approach between the UK and EU, but also the extent to which UK sectoral regulation remains aligned with its EU equivalent. Currently, both regulatory approach and the content of the regulation remain largely aligned despite the fact that limited divergence between the UK and EU is becoming more prevalent in some areas of product regulation, mainly for now in medical devices.

It will be important for there to be a considered policy on the impact of regulatory divergence across the UK government, including in areas such as construction products and medical devices which are managed by other UK government departments and where the UK government currently recognises European standards as providing a means of presumption of conformity. New regulatory approaches introduced in these areas should carefully consider the impact of such approaches on the availability of products on the GB market as well as the

UK's ability to influence European regional standards as well as international standards in these sectors.

## 11. Summary

As the National Standards Body for the UK, BSI is committed to working closely with expert trade advisory groups to support the development of trade policy and reduce technical barriers related to exports. Our continued involvement in European Standardization Organisations is a strategic asset for UK trade policy, a pillar of UK soft power and can underpin upcoming trade negotiations. **This is very beneficial to Wales, and we would be pleased to provide the Committee with oral evidence and / or more information as required.**

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<sup>i</sup> <https://www.bsigroup.com/en-GB/insights-and-media/insights/brochures/bs-25700-organizational-responses-to-modern-slavery/>

<sup>ii</sup> <https://www.bsigroup.com/en-GB/insights-and-media/insights/brochures/bs-30416-menstruation-menstrual-health-and-menopause-in-the-workplace/>

<sup>iii</sup> <https://www.bsigroup.com/LocalFiles/en-GB/standards/BSI-standards-research-report-The-Economic-Contribution-of-Standards-to-the-UK-Economy-UK-EN.pdf>

<sup>iv</sup> <https://www.gov.uk/government/groups/specialised-committee-on-regulatory-cooperation#:~:text=The%20Trade%20Specialised%20Committee%20on,the%20Trade%20and%20Cooperation%20Agreement.>