



The UK-EU implementation Review of the Trade and Cooperation Agreement

19/03/2025

The Trade and Cooperation Agreement is the free trade agreement concluded by the United Kingdom and The European Union. The first review of the implementation of the agreement is scheduled to take place by 2026.

This evidence paper provides the background and context to the review and looks at how the Trade and Cooperation Agreement currently operates, engagement with UK government, and provides an overview of a wide range of priorities which could be considered during the broader context of a reset in the relationship between the UK and the EU.

The implementation review of the Trade and Cooperation Agreement is not a review into the text of the agreement and expectations are that only small changes could be implemented to improve the functioning of the agreement.

What can be set out and discussed publicly at this stage will necessarily be limited due to sensitivities around international negotiations.

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1. Background

- 1.1 Following the referendum of the 23 June 2016 the United Kingdom (UK) left the European Union (EU) on the 31 January 2020. The current relationship between the UK and the EU is governed by the UK-EU Trade and Cooperation Agreement (TCA), which was signed on 30 December 2020 and formally entered into force in May 2021.
- 1.2 Figures suggest that Wales may be more reliant on trade with the EU than other parts of the UK, with a higher percentage of Welsh exports destined for the EU and investment from the EU remaining the largest source of international inward investment. The Welsh economy therefore may be disproportionately impacted overall by the UK's exit from the EU.

Economic Data

- Latest data from the year to September 2024 shows a significant portion of Welsh goods exports, 59.3%, are destined for EU countries.
- This compares to 50.1% for the UK overall for the same time period.
- According to HMRC data, between 2019 and 2023, the volume of Welsh goods exports to the EU fell by 8%.
- The volume of EU goods imports to Wales fell by 29% between 2019 and 2023.

- 1.3 The TCA is not a like-for-like replacement for the market access that the UK had as an EU member, and it has created new barriers for Welsh businesses.
- 1.4 However, the TCA does create a comprehensive governance structure for UK-EU engagement and is the basis which the Welsh Government must work from to maintain, and develop, stronger ties with the EU. The TCA is critical for the economic and political relationship with the EU and the Welsh Government has always advocated for a close relationship with the EU.

- 1.5 In addition to the upcoming implementation review and set against a backdrop of global political changes, the UK government has also committed to 're-setting' the UK's relationship with the EU.
- 1.6 The Welsh Government supports this ambition and has maintained a strong presence in the EU through the Welsh Government Brussels Office. The office ensures that Welsh interests are represented in the EU and that the profile of Wales is raised by building and managing the day to day working relationships with the EU and Brussels-based stakeholders.

Review of the TCA

- 1.7 The TCA article referring to the implementation review is Article 776¹ which sets out that:

'...Parties shall jointly review the implementation of this Agreement and supplementing agreements, and any matters related thereto five years after the entry into force of this Agreement and every five years thereafter.'

- 1.8 This text is standard text which is commonly used by the EU in its trade agreements. Reviews conducted under these agreements have not led to significant changes to the respective agreements in the past.
- 1.9 The review therefore will not be a reopening of negotiations but a review into the implementation and operation of the existing agreement and significant changes to the substance of the text in the UK-EU TCA agreement seem unlikely.

Terms of Reference

- 1.10 The UK and EU have not agreed the terms of reference for the implementation review and, to date, no negotiations have taken place.
- 1.11 These will be active negotiations and what can be discussed publicly is necessarily limited to avoid prejudicing negotiating positions.

¹Article 776 – UK-EU Trade and Cooperation Agreement

2. Trade and Cooperation Agreement in Practice

Committees

- 2.1 The TCA includes a governance structure of committees used to implement the TCA and discuss any issues. Article 7² of the TCA establishes a 'Partnership Council' which supervises the operation of the agreement at a political level. Article 8³ of the TCA goes on to establish several specialised committees which usually meet once every 12 months.
- 2.2 These committees are an important part of TCA governance structure and how the agreement operates in practice. To date more than a dozen committees have met; including specialised committees on topics such energy, technical barriers to trade, regulatory cooperation, sanitary and phytosanitary measures, goods, and intellectual property.
- 2.3 Devolved Governments can attend these committees as observers and are also able to suggest agenda items and access papers. For the most recent round of committees, the Welsh Government has been able to attend all the committees where it has had an interest; for example, Welsh Government officials have been able to attend specialised committees on technical barriers to trade, regulatory alignment and participation in Union programmes. It is via these committees that some of the issues which the Welsh Government would like to see resolved can be addressed.

² Article 7 – UK-EU Trade and Cooperation Agreement

³ Article 8 – UK-EU Trade and Cooperation Agreement

Implementation issues

- 2.4 It has been difficult to identify issues related to the implementation of the TCA, since many of the reported issues are the consequences of the UK ceasing to be a member state of the EU and becoming a 'third country', as opposed to ineffective implementation of the TCA.
- 2.5 However, the notable implementation issues identified tend to be associated with customs procedures and customs declarations, whereby long delays at UK borders do not comply with the terms of the agreement. Similarly, different interpretation of customs requirements by different EU member states on the same product is also non-compliant with the agreement.

Areas of cooperation

- 2.6 Although there are many references to potential areas of cooperation outlined throughout the TCA, these are often non-binding commitments, with the onus on both parties to want to cooperate in a specific area, rather than an obligation to cooperate. The Welsh Government has not yet identified any areas yet where the UK and EU have formally agreed to cooperate.

Unintended consequences

- 2.7 Although there are consequences stemming from the UK's new relationship with the EU, these are not necessarily a result of the TCA but relate to the UK's decision to leave the EU, and the reality of becoming a third country when it comes to trading with the EU.
- 2.8 The TCA alleviates some of the issues and provides a stable base for UK-EU trade to occur and build from, but the agreement does not replicate the access the UK had with the EU through the single market or the customs union. The TCA is unusual in that it effectively creates new barriers to trade and cross-border exchanges, compared to the arrangements that previously existed.
- 2.9 It can be argued that the lack of provisions in the TCA to address regulatory divergence or alignment has resulted in increased challenges and concerns for Welsh businesses when trying to trade with the EU.

3. Engagement with UK Government

3.1 Engagement with UK government around trade negotiations is predominantly positive. At official level regular meetings are held between the UK government and Welsh Government officials. At a Ministerial level the main forum for discussion is the Interministerial Group on UK-EU Relations (IMG-EU). In addition to this, bilateral meetings with UK government ministers are held where UK-EU relations have been discussed.

Interministerial Group on UK-EU Relations

3.2 The IMG-EU is the primary ministerial forum to discuss matters relating to the UK's withdrawal from the European Union, the TCA and the upcoming review

3.3 Membership of the IMG-EU consist of the Devolved Governments and the UK Minister with responsibility for UK-EU relations. The IMG-EU last met on December 3, 2024, and the Welsh Government's priorities for the implementation review were discussed as well as the wider work around the UK-EU relationship reset.

4. The Welsh Government's Priorities

Review Priorities

4.1 The TCA review will be an implementation review and will not reopen negotiations on the text of the agreement itself. Although, some of the issues with the implementation of the agreement could potentially be addressed through the existing TCA governance structure. However, we believe large scale changes are unlikely to result from the review itself.

4.2 However, we do believe that improvements can be made in our relationship with EU, through the UK's broader ambition to reset UK EU relations. Whilst small changes may occur through the review, larger changes could be sought more widely, for example, via new and separate bilateral agreements between the UK and EU. We have several priorities, where we believe the UK should seek improvements in the UK-EU relationship, either through the review or through broader reset work. We first identified these priorities in early 2024:

1. The need for a sanitary and phytosanitary (SPS) agreement covering issues of animal and plant health and trade.
2. Addressing issues relating to mobility of workers and provision of services.
3. The need for improved arrangements on the Mutual Recognition of Professional Qualifications.
4. Exploring options to re-join EU programmes such as Erasmus and Creative Europe

4.3 This work has continued, and several additional areas where discussions could be held have subsequently been identified:

5. Ensuring retention of EU Data Adequacy for Welsh businesses trading with the EU
6. Seeking Mutual Recognition Agreements (MRAs), particularly on conformity assessments to reduce trade friction.
7. Addressing export issues around live bivalve molluscs (LBM)
8. Discussions around rules of origin to enable businesses to use increased supply chains and trade tariff free,
9. Effective electricity trading arrangements.

- 4.4 The Welsh Government is continuing to review areas where discussions could focus on and has been clear with the UK government what our priorities are, and where we would like them to seek improvements.

EU Programmes

- 4.5 Wales benefitted from participation in a wide range of EU programmes prior to the UK exiting the EU. The Welsh Government has been clear about its ambition for Wales to have the possibility to participate in a much broader range of EU programmes including ERASMUS, Territorial Co-operation, Creative Europe and future Horizon programmes. We continually raise these matters with the UK government at intergovernmental meetings and explore all opportunities to further foster international collaboration and partnerships in Wales.

Stakeholder Engagement

- 4.6 Formal stakeholder engagement on EU trade now takes place through the Trade Policy Advisory Group (TPAG). The group includes business umbrella bodies, third sector and public sector organisations, academics and civil society. During the last two TPAG meetings, held in October 2024 and March 2025, we have sought stakeholders' views on the changes that could be made through the existing TCA governance architecture, such as the existing committees that govern the implementation of the TCA; changes that could be made as part of the future review of the TCA; and the potential for a Sanitary and Phyto-Sanitary (SPS) agreement.
- 4.7 In addition, informal engagement takes place with businesses, which may be experiencing issues or have specific views on how the ease of trade with the EU could be Improved.