

Maros Sefcovic
Vice-President
European Commission
200, Rue de la Loi,
Brussels, Belgium

Brussels the 7 June, 2021

Subject: **EUROCHAMBRES input for the first EU-UK Partnership Council meeting.**

Dear Vice-President Sefcovic,

The final ratification of the Trade and Cooperation Agreement (TCA) between the EU and the United Kingdom (UK) has marked the end of a long journey, and the opening of a new chapter in our relations with the UK, which in our view will increasingly have to be characterized by a thorough monitoring and an effective implementation of the agreed rules. This includes not only the different provisions in the TCA, but of course equally the effective implementation of the protocol on Northern Ireland, the non-discrimination among Member States, and the full respect of EU's citizens' rights, including business travellers.

In line with the spirit of unity that has characterised the EU position in its dealing with the UK thus far, we must continue to remain very vigilant that the integrity of the single market will not in any way be compromised by future regulatory and non-regulatory divergences by the United Kingdom. We also urgently need a climate of positivity and solution-orientated approaches for the long term future of the relationship, including in the area of services and the ever important area of data flows and the digital economy at large.

By the same token, we should ensure that our customs authorities in the EU Member States get the right instructions to handle procedures for trade with the UK in a uniform manner, so that we avoid the extra confusion and administrative burdens on our companies, especially our SMEs.

For Chambers, the TCA has proven to be a good outcome in a sub-optimal process that has thus far been able to limit, but certainly not avoid the highly disruptive economic impacts of Brexit. In fact, it could never fully remedy the impact that the UK decision to leave the European Union would have on businesses on both sides.

In this regard, across our network we are seeing the effects of this new trading relationship taking a heavy toll on our businesses – especially SMEs – which are still adapting, and increasingly forced to re-assess the profitability of their business model involving the United Kingdom. We understand that large numbers of SMEs and small logistical companies are now avoiding trading with the UK as it has become a relatively complex market even before the UK enforces further its customs checks later this year.

Ahead of the upcoming first meeting of the EU-UK Partnership Council, it is therefore of vital importance, that the EU and its Member States continue supporting our SMEs in managing this new normal, so that foregone business opportunities don't translate into permanent loss of revenues and jobs.

Moreover, an effective implementation of the agreed rules among the EU and the UK, can only succeed with a full involvement of civil society, and a structured dialogue with the business community in particular. It is therefore crucial that all the governance structures foreseen in the TCA become operational as soon as possible, including the respective domestic advisory groups as foreseen in the agreement. As the European chamber network representing over 20 million businesses, we are eager to bring in our expertise and knowledge for the agreement to work as well as possible for our SMEs.

At the same time, the upcoming EU-UK Partnership Council is an excellent occasion for the EU and the UK to set course on a positive future agenda of economic cooperation generally, and in particular in areas that are not, or not yet sufficiently covered by the TCA, but of high importance to European business.

- One such area, would be the social security implications pertaining to the posting of workers from EU Member States to the UK for a timeframe exceeding 24 months. For these situations there are currently no rules foreseen in the TCA, with the existing rules and timeframes being perceived as too short and cumbersome by our companies. We would therefore encourage you to explore with your British counterparts whether new rules could be crafted to prolong these timeframes in the coming months.
- Furthermore, and as mentioned previously, stronger cooperation in the area of services is crucial for European business, and we would see a particular need for enhanced mutual recognition of professional qualifications with the UK, including in the areas of accounting and auditing. Qualification acquired on or after the 31 of December 2020, will no longer be recognized by the UK and vice-versa, and will have a considerable negative impact on our economic operators, including in the aforementioned areas. We would therefore also like to encourage you to foresee with your British counterparts possibilities for mutual recognition in the future.

Lastly, we would like to draw your attention to the fact that Western Balkan companies are experiencing additional obstacles in their trade with the EU and the UK, because of the different rules of origin in the TCA and their bilateral FTAs with both Parties, as diagonal cumulation of origin is no longer a possibility for them.

As the European Chamber network, we would like to sincerely thank you in advance for your continuous engagement and commitment to the needs of European businesses and citizens, and are at your full disposal for any further assistance we may be able to provide to you.

Yours sincerely,



Christoph Leitl
President
EUROCHAMBRES