



## BEIS EU-RELATIONSHIP UPDATE

On the 23rd of February 2021, the Department for Business, Energy and Industrial Strategy (BEIS) added three documents to their website on the Agreement reached between the United Kingdom of Great Britain and Northern Ireland and the European Union. These are:

- 1) A **letter** from European Commission Vice-President Šefčovič, proposing extension of provisional application of UK-EU Trade and Cooperation Agreement.
- 2) A **letter** from the Chancellor of the Duchy of Lancaster agreeing to the extension of provisional application of UK-EU Trade and Cooperation Agreement.
- 3) A **draft** decision of the UK-EU Partnership Council extending the provisional application of the UK-EU Trade and Cooperation Agreement.

The links to each of these documents is provided above: this document will summarise the content of the documents, their meaning, and implications.

### The Extension of Provisional Application of UK-EU Trade and Cooperation Agreement:

#### What is the 'Provisional Application of UK-EU Trade and Cooperation Agreement'? -

The provisional application arises when parties to an agreement apply the contents of a treaty prior to its entry comes into force (or when it holds legal power). The original EU-UK Trade and Cooperation Agreement, signed on the 30th of December 2020, could be provisionally applied from the 1st of January which both parties (the UK and EU) did.

#### What has happened? -

Until this point, the Trade and Cooperation Agreement provided for a time-limited provisional application until 28th February 2021. As this date is fast approaching, the EU have proposed an extension of the period of provisional application until 30th April. The reason cited for the extension is that it is needed "for the Union to complete its internal procedure to conclude the Agreement in all authenticated 24 languages."

In response, Michael Gove, the Chancellor of the Duchy of Lancaster, wrote that although the provisional application of the Agreement was not the UK's preferred outcome given the uncertainty it causes, he agreed to the extension of the date with the expectation that the EU should be able to satisfy its internal requirements in this time, and there will be no further extension.

#### What does this mean? -

The extension means very little in real terms, as the status-quo is maintained, for now. However, it may give rise to more uncertainty to businesses as the agreement continues in a provisional state and speculation that negotiation between the UK and EU is not quite finished. Earlier this month, Michael Gove MP called for 'grace periods' to be extended, to allow businesses more time to adapt to the new Irish Sea border processes. The first of these grace periods is set to expire at the end of March, but citing "significant issues", Mr. Gove highlighted the need for their extension saying, "*we do need to make sure grace periods are extended so that supermarkets can continue to provide consumers with goods they need,*". With talks set to take place today, the UK government may be hoping that any good will gained extending the provisional application of the Trade and Cooperation Agreement may provide useful political capital in securing an extension on the 'grace periods' until 2023.

## Other News:

### **Announcement of the Agenda of the Withdrawal Agreement Joint Committee -**

The Chancellor of the Duchy updated the House of Commons on the Agenda for a meeting of the Withdrawal Agreement Joint Committee today. The agenda includes four key items:

- An update on Withdrawal Agreement Implementation since the end of the transition period
- Citizens' Rights
- Ireland/Northern Ireland Protocol
- AOB

### **Technical Webinar on Moving Goods between Great Britain and France -**

The government has published a presentation on moving goods between Great Britain and France. There is a PDF and a video found [here](#).

In the presentation, Heather Jones and Jean-Michel Thillier highlight views on customs agents, the 'state of play' , exchange views on SPS and on future planning for 1 April and 1 July. Key areas spoken about include: the smart border in France, crossing tips for the smart border, a step-by-step guide to the border, an introduction to the Inland Border Facility, it's difficulties and the best practice for its successful navigation. This is highly relevant for any individual or firm involved in the transfer of goods between the two countries.

### **Published European Commission guidance on Rules of Origin -**

The European Commission have published guidance on Rules of Origin. The document can be found [here](#).

The Rules of Origin make sure that a company in the UK cannot purchase cheap products abroad from a state with poor labour standards, change the labels, and sell them into the EU tariff-free. The trade deal allows UK manufacturers to use components that have been

made in the UK or EU and not pay any tariffs when the finished products are exported to the EU. However, this relies on the ability to prove where the parts came from, which can be an expensive and onerous process. You can find out more about the challenges and details of Rules of Origin [here](#).

In the case of the EU-UK TCA, only goods considered as originating in the EU and imported into the UK, or originating in the UK and imported into the EU, are entitled to benefit from preferential treatment. All other goods are considered to be non-originating. These non-originating goods will be subject to tariffs in the importing country.

This guide should aid businesses struggling with aspects of the Rules of Origin, especially those with more complicated and interwoven production and supply chains. The document provides a lengthy explanation of how to claim preferential tariff treatment in the EU or in the UK, the delineation of exceptional transitional measures to make out statements on origin in the EU and some answers to some frequently asked questions about UK distribution centres or when to make a statement on origin.

To see more about the effects of Brexit on the Fashion Industry, see Fashion Roundtable's briefing [here](#).