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NOTE

From: Presidency
To: Delegations

Subject: Report by the Presidency on the identification of EU interests for strengthening EU-UK relations

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A. INTRODUCTION AND PURPOSE OF THIS NOTE

1. The United Kingdom left the European Union on 31 January 2020. Despite its decision to leave, the good relationship and cooperation between the Union and the United Kingdom remain essential for both sides. This is even more so in the current geopolitical climate. The UK is a third country like no other in view of its close geographical proximity and strong ties with the Union. This relationship is rooted in the values and interests that the Union and the United Kingdom share, which arise from our common European heritage.

2. The negotiations of the framework for the future relationship, which resulted in the Trade and Cooperation Agreement, reflected the Union's and United Kingdom's ambition for a far-reaching, broad, deep and flexible partnership across trade and policy cooperation in many areas, in particular law enforcement and judicial cooperation in criminal matters. The Trade and Cooperation Agreement struck a careful balance of rights and obligations, taking into account the principles of both Parties. For the Union this balance is crucial for ensuring the indivisibility of the four freedoms, for preserving the integrity of the single market and the customs union, as well as the autonomy of the Union's decision making, in line with the guiding principles approved by the European Council.
3. The withdrawal of the UK, which remains an important and close partner and ally, has posed unique challenges. Economic ones for businesses and political as well as legal ones. Given the desire expressed by the United Kingdom to remain outside of the single market and the EU's customs union, the creation of the new relationship inevitably erected new barriers. The challenges were particularly severe in view of the possible consequences for Northern Ireland, where the preservation of the peace process demanded that no physical border should be established with Ireland.
4. The implementation of the Withdrawal Agreement's Protocol on Ireland/Northern Ireland saw serious deficiencies that hindered the full exploitation of the Trade and Cooperation Agreement for several years. The conclusion of the Windsor Framework in 2023 brought an important positive change, but its full and faithful implementation still requires further efforts.

5. Now that we near the five-year mark since the UK's withdrawal from the Union, a careful reflection of the status of the Union's relations with the United Kingdom and the implementation of the Trade and Cooperation Agreement and Withdrawal Agreement is opportune. The change in government in the United Kingdom following the general elections of July 2024, calling for a 'reset' in these relations marks the right opportunity for this reflection.
6. The new United Kingdom government has expressed its desire to improve relations with the Union further, highlighting the wish to reduce trade frictions, whilst confirming that the United Kingdom's position on not returning to the single market, the customs union or freedom of movement remains unchanged. The United Kingdom has provided limited specific indications about their interests that could cover security, defence and improving economic ties.
7. As mandated by the Committee of Permanent Representatives at its meeting on 30 September, the Working Party on the United Kingdom has undertaken a series of thematic discussions in which the possible deepening of relations with the United Kingdom was examined. The discussions were organized in cooperation with the European Commission and the European External Action Service.
8. The result of these discussions, which would serve as a basis for discussions on the future relations with the UK, is annexed to this note.

**ELEMENTS FOR STRENGTHENING THE UNION'S COOPERATION WITH THE
UNITED KINGDOM**

B. BASIS FOR FURTHER COOPERATION

I. EUCO CONCLUSIONS

9. In its conclusions of 29 April 2017 the European Council laid down the core principles that define the framework for the relationship of the European Union with the United Kingdom¹:
- the Union will maintain its unity and act as one, reaching a result that is fair and equitable for all Member States and in the interest of its citizens;
 - a wish to have the United Kingdom as a close partner;
 - maintaining a balance of rights and obligations and a level playing field and not upsetting the balance of existing agreements and partnerships with other third countries;
 - a non-member of the Union, that does not live up to the same obligations as a member, cannot have the same rights and enjoy the same benefits as a member;
 - the four freedoms of the Single Market are indivisible and there can be no cherry-picking;
 - preserving the Union's decision-making autonomy.
10. Delegations in the Committee of Permanent Representatives in September and the General Affairs Council in October 2024 recalled the importance and relevance of these guidelines still today. These principles remain our core guidance and they continue to govern the future work on the Union's relations with the United Kingdom. The thematic discussions conducted in the Working Party on the United Kingdom reflected and confirmed this.

¹ EUXO XT 20004/17.

II. AGREEMENTS IN FORCE²

11. The UK's withdrawal from the Union is governed by the Withdrawal Agreement, which establishes the terms of the UK's orderly withdrawal from the Union in accordance with Article 50 TEU. It contains detailed provisions, in particular on the protection of the rights of Union citizens in the United Kingdom and United Kingdom nationals in the Union, the financial settlement and separation issues. In addition, the Withdrawal Agreement includes Protocols on Ireland/Northern Ireland, on the Sovereign Base Areas in Cyprus and on Gibraltar. The Protocol on Ireland/Northern Ireland set out a legally operative solution to avoid a hard border on the island of Ireland, to protect the all-island economy, and the Good Friday (Belfast) Agreement, while safeguarding the integrity of the Union single market and the customs union. In 2023 joint solutions, reflected in the "Windsor Framework"³, were agreed to address the practical implementation problems and challenges faced by people and businesses in Northern Ireland in order to provide lasting predictability and certainty. These solutions respond to the unique circumstances on the island of Ireland. Member States follow with particularly close attention the implementation of the Withdrawal Agreement regarding citizens' rights and the Windsor Framework, where solving outstanding implementation deficiencies require significant further efforts from the United Kingdom.

² - Withdrawal Agreement: Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ C 384, 12.11.2019, p. 1).
- Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (OJ, L 149, 30.4.2021, p. 10).
- Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the European Atomic Energy Community for cooperation on the safe and peaceful use of nuclear energy (OJ L 150, 30.4.2021, p. 1).
- Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information (OJ L 149, 30.4.2021, p. 2540).

³ As per Joint Declaration no 1/2023 of the Union and the UK in the Withdrawal Agreement Joint Committee of 24 March 2023, the Windsor Framework is the new way in which the Protocol on Ireland/Northern Ireland, as amended by the EU-UK Withdrawal Agreement Joint Committee Decision no 1/2023, is referred to. The Windsor Framework encompasses comprehensive joint solutions regarding sanitary and phytosanitary measures, medicines, customs and other areas.

12. The Trade and Cooperation Agreement sets out preferential arrangements for trade in goods and services, public procurement and digital trade, as well as cooperation in such areas as aviation, road transport, social security coordination, energy, fisheries, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. Its free trade agreement component is the most comprehensive and ambitious to date that the Union has concluded and it allows for tariff and quota free trade in goods without exceptions. The implementation of the Trade and Cooperation Agreement has so far been largely satisfactory **DELETED**
13. Exchanges in the thematic discussions showed that only the full and faithful implementation of all obligations by the United Kingdom under the Withdrawal Agreement and the Trade and Cooperation Agreement can create the solid basis for moving ahead with the strengthening of the Union's relations with the United Kingdom. The close monitoring of developments in the field of implementation is therefore seen as key.

III. GOVERNANCE

14. The governance on the implementation of the Withdrawal Agreement and of the Trade and Cooperation Agreement is comprehensive, overarching and constitutes a strong pillar of the relationship. It is also unique as it takes place in particularly close cooperation between the Commission and the Council as well as the Member States, as set out in the Council Decision on the conclusion of the Withdrawal Agreement⁴ and the Council Decision on the conclusion of the Trade and Cooperation Agreement⁵. **DELETED**
15. Within the Council, the Working Party on the United Kingdom is the special committee in charge of monitoring the implementation of all agreements with the United Kingdom. According to the Council Decision establishing the Working Party on the United Kingdom⁶, it is in charge of “all matters pertaining to the relationship with the United Kingdom”, and not only the implementation of the Withdrawal Agreement and the Trade and Cooperation Agreement.

⁴ Council Decision (EU) 2020/135 of 30 January 2020 on the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ L 29, 31.1.2020, p. 1).

⁵ Council Decision (EU) 2021/689 of 29 April 2021 on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information (OJ L 149, p. 2).
See also Regulation (EU) 2023/657 of the European Parliament and of the Council of 15 March 2023 laying down rules for the exercise of the Union’s rights in the implementation and enforcement of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community and of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (OJ L 83, 22.3.2023, p. 1).

⁶ Council Decision (EU) 2020/121 of 28 January 2020 concerning the establishment of the Working Party on the United Kingdom chaired by the General Secretariat of the Council, and repealing Decision (EU) 2017/900 (OJ L 231, 29.1.2020, p. 1).

16. The preservation of this approach to governance in the European Union’s relations with the United Kingdom is essential for safeguarding the Union’s interests. This is also reflected in the Trade and Cooperation Agreement that allows for the “plugging-in” of supplementing agreements, which would use the established single governance framework. **DELETED**

C. MARKET ACCESS (22 OCTOBER)

17. The relationship of a country to the EU’s single market, which ensures the free movement of goods, persons, services and capital, is of a binary nature; a country is either part of it or can have access to it. Participation in the single market requires the acceptance of all four fundamental freedoms. It is subject to accepting the full *acquis* related to the single market and its enforcement mechanisms, including the jurisdiction of the Court of Justice of the European Union. A third country not having to live up to the same obligations can only access the single market, with an inevitably higher level of trade friction.
18. The Trade and Cooperation Agreement contains the most ambitious and comprehensive free trade agreement the Union has ever concluded and is functioning well. It provides for duty and quota free trade in all goods originating in the Union and the United Kingdom, and very high quality commitments on trade in services, public procurement and digital trade. The Trade and Cooperation Agreement’s framework for recognising professional qualifications is open to be used, on the basis of balanced proposals by professional bodies.
19. The discussion in the Working Party on the United Kingdom reflected that the Trade and Cooperation Agreement’s potential has not yet been fully exploited, notably in the area of mutual recognition of professional qualifications, and its use is hindered by existing measures in the area of mode 4, in particular the United Kingdom’s sponsorship scheme. It was recognised, however, that the free trade agreement model offers possibilities for limited further economic gains.

20. The significant further reduction of trade frictions with a close trading partner, such as the United Kingdom, would be in the interest of the European Union. This, however, would require a different model for cooperation, i.e. participation by the United Kingdom in the single market and/or the customs union. Currently, this is incompatible with the position of the United Kingdom to remain outside of the single market and the customs union. The United Kingdom's sectoral participation in the single market would not be in the Union's interest economically or politically, and would be contrary to the European Council guidelines.

D. FISHERIES (25 OCTOBER)

21. The Trade and Cooperation Agreement contains a highly complex chapter on fisheries, the nature and extent of which is unprecedented in international fisheries law. It ensures the joint management of shared stocks by the Union and the United Kingdom and covers:
- detailed rules on setting the maximum volume of fishing opportunities (TACs) based on scientific advice to ensure sustainability,
 - the relative shares for allocating these quantities between the parties,
 - rules on access to waters of the other party, which, after 30 June 2026, would be determined on the basis of annual consultations, and
 - rules on fisheries management measures for the conservation of fishing resources.
22. The discussion in the Working Party on the United Kingdom showed that the maintenance of the status quo, as reflected in the Trade and Cooperation Agreement, beyond 30 June 2026, is essential for Member States, in particular regarding the reciprocal access to waters and the relative shares for allocating the TACs. Long term commitments on access to waters is seen as key to provide the necessary certainty and predictability.
23. It was also emphasised that a reset between the Union and the United Kingdom is only credible if it is based on an early understanding on this between the Parties. This is needed for the facilitation of discussions on the other aspects under consideration.

24. The discussion also showed that all fishery management measures need to comply with the provisions in the Trade and Cooperation Agreement, including regarding proportionality, respect of the socioeconomic consequences on Union fishing communities, having a basis on the best available scientific advice, advance notification and equal application to the vessels of both parties. The United Kingdom is expected to take into account the comments from the Union on planned measures.

E. ENERGY (5 NOVEMBER)

25. Since the withdrawal of the United Kingdom, the United Kingdom and the Union have separate energy policies and energy markets, with the exception of Northern Ireland, where wholesale electricity trading is covered by EU rules. The Trade and Cooperation Agreement provides for a very high level of cooperation on energy and the parties concluded a separate agreement on cooperation on the safe and peaceful uses of nuclear energy. The energy markets of the Union and the United Kingdom are connected through gas and electricity interconnectors, with net flows towards the United Kingdom for electricity and towards the Union for gas, as a trend. The trading of electricity through interconnectors is working on the basis of explicit trading, because, since its withdrawal from the Union, the United Kingdom can no longer participate in the automatic allocation of transmission capacity under full market coupling.

26. The Trade and Cooperation Agreement foresees the facilitation of trade in electricity through a new approach (multi-regional loose volume coupling - MRLVC). The work towards the implementation of this approach is more complex than expected and yet to be finalised with the technical support from the transmission system operators and regulators. The implementation of MRLVC will take time and may not be in place by the time the energy chapter expires on 30 June 2026.

27. **DELETED**

28. **DELETED**

29. A decision on whether the Partnership Council should extend the energy chapter until March 2027, is to be considered.

F. IRREGULAR MIGRATION (8 NOVEMBER)

30. One of the key drivers behind the UK's decision to withdraw from the Union was to "take back control over the borders" and the management of immigration of third country nationals.

31. The Union and the United Kingdom already cooperate in areas that are relevant for combatting irregular migration, including under the Trade and Cooperation Agreement provisions related to Europol, the 2024 Working Arrangements between Frontex and the United Kingdom Home Office and multilateral initiatives, e.g. in the Global Alliance to Counter Migrant Smuggling.

32. **DELETED**

33. **DELETED**

34. The Union has bilateral dialogues on irregular migration with other third countries and this possibility could also be explored with the United Kingdom.

G. PEOPLE TO PEOPLE (CITIZENS' RIGHTS, YOUTH EXPERIENCE SCHEME (YES) AND ERASMUS+) (12 NOVEMBER)

35. The rights of Union citizens residing in the United Kingdom and of United Kingdom citizens residing in the Union on 31 December 2020 are protected under the Withdrawal Agreement. The full and faithful implementation of the related provisions is key for considering the further strengthening of Union's relations with the United Kingdom and the Commission is asked to closely monitor this implementation.
36. The Trade and Cooperation Agreement does not contain obligations on mobility, reflecting the end of free movement of persons, but it sets out rules for social security coordination. Visa conditions and visa free travel options derive, as a consequence, from the legal order of each of the parties.
37. The entry of natural persons to provide services is foreseen in the Trade and Cooperation Agreement under Mode 4 (see also the Chapter on "market access"). **DELETED**
38. Decreased student mobility and reduced people to people contacts are seen as important and unnecessary negative impacts of the United Kingdom's withdrawal. It is considered to be in our mutual interest to rebuild these ties to foster better understanding and cooperation. Accordingly, there is strong support from Member States for an agreement on a Youth Experience Scheme, based on the proposal for a negotiating authorisation by the Commission. Such an agreement would offer new mobility opportunities for young persons between 18 and 30 years for a limited period of time, and would address key impediments of student mobility.

39. The Union has programmes under the current MFF that support people to people contacts and the mobility of students, researchers or volunteers: Erasmus+, the culture strand of Creative Europe, the European Solidarity Corps and Horizon Europe. Since the United Kingdom has opted to participate only in Horizon Europe there are further options to consider and exploit. Member States would welcome the UK's participation in these programmes, especially in Erasmus+.

H. FOREIGN POLICY, SECURITY AND DEFENCE (EEAS) (15 NOVEMBER)

40. Despite the Political Declaration of 2019, due to the reluctance of the United Kingdom's government at the time, the Trade and Cooperation Agreement does not include a chapter on foreign policy, security and defence. In the negotiations the United Kingdom ultimately accepted political clauses, including on weapons of mass destruction (WMD), small arms and light weapons, the International Criminal Court (ICC) and counter-terrorism. The agreement also foresees a number of structured thematic dialogues. In parallel, a bilateral Security of Information Agreement was negotiated and concluded.
41. **DELETED** The counter-terrorism and cyber dialogues have been established under the TCA, the other dialogues foreseen (WMD, small arms, ICC) are still to be launched.
42. The United Kingdom's government has indicated its interest in a security pact **DELETED**. Most recently, representatives of the United Kingdom gave indications of interest to pursue, as a first step, a Security and Defence Partnership, a non-legally binding instrument used by the Union.

43. The discussion showed that all Member States support the deepening of cooperation on foreign policy, security and defence and see this area in the current geopolitical context, which has drastically changed since the negotiation of the Trade and Cooperation Agreement, in particular because of the Russian aggression against Ukraine. Many potential areas of cooperation were mentioned, e.g. contribution to EU CSDP missions/operations, participation in PESCO, tackling cyber and hybrid threats, including foreign information manipulation and interference, cooperation in the field of defence, counterterrorism, maritime security, sanctions and consular cooperation. It was emphasised that the European Council guidelines that exclude sectoral participation in the single market should be respected.
44. **DELETED**
45. The discussion also showed that progress in this area was a priority for many, including with respect to its timeline.

I. SANITARY AND PHYTOSANITARY (SPS) MEASURES (19 NOVEMBER)

46. The provisions on SPS laid down in the Trade and Cooperation Agreement “top up” the obligations of the Union and the United Kingdom under the SPS Agreement of the World Trade Organisation and aim to reduce the impact of SPS-related trade frictions due to controls on food and feed products.
47. The European Union’s SPS rules apply automatically to and in the UK in respect of Northern Ireland, as agreed in the Withdrawal Agreement. This is necessary to protect the Union against non-compliant SPS goods entering the single market in the absence of a hard border between Northern Ireland and Ireland. Under the Windsor Framework, subject to specific safeguards, unprecedented flexibilities exist for the movement of SPS goods from Great Britain to Northern Ireland for end consumption there.

48. The discussion showed that Member States are open to considering an agreement with the United Kingdom in respect of Great Britain that would remove the SPS border between Great Britain and the Union on condition that there is full alignment to the Union acquis, and the jurisdiction of the Court of Justice of the European Union is preserved for the interpretation of Union law. Certain measures in this area will require immediate alignment. The Union should not be ready to negotiate an SPS agreement based on the equivalence of legislations.
49. An agreement on SPS would also need to cover a financial contribution of the United Kingdom in view of the cost for the Union to handle the risk analysis and assessment for the legislation to be permanently and adequately adapted.
50. It was also noted that an SPS agreement, based on full alignment and thereby removing the SPS border between Great Britain and the EU, would also facilitate the movement of SPS goods from Great Britain to Northern Ireland.

J. EMISSION TRADING SYSTEM (ETS) (22 NOVEMBER)

51. Since 2021 the Union and the United Kingdom have separate Emission Trading Systems, with the exception of Northern Ireland where electricity generating installations are covered by the Union ETS. Despite sharing design features, the Union and United Kingdom's ETS systems started to show growing divergence, including regarding the rate of cap reduction and the coverage of international maritime transport. The Union and the United Kingdom are in different phases of introducing their separate Carbon Border Adjustment Mechanisms (CBAMs) that also show important differences. Since the end of 2022 the carbon price is considerably higher in the Union than in the United Kingdom.
52. The TCA contains an obligation for the parties to seriously consider linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness.

53. Linking the ETS systems would serve the sustainability objectives of both parties, would increase the liquidity of the carbon markets, ensure a more level playing field and, by achieving a shared carbon price, would obviate the need for the application of the respective CBAMs to products originating in the other party.
54. **DELETED** This support is based on the condition that there would be full dynamic alignment to the Union acquis, the jurisdiction of the Court of Justice of the European Union would be preserved for the interpretation of Union law, and an enforcement mechanism would be developed to tackle possible non-compliance. The United Kingdom would be expected to contribute to the costs of linking the systems.

K. LAW ENFORCEMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS (26 NOVEMBER)

55. The Union pursued in Part Three of the Trade and Cooperation Agreement a very ambitious approach on law enforcement and judicial cooperation in criminal matters with the United Kingdom, post Brexit a “non-Schengen third country”, in order to strengthen the internal security of the parties.
56. The areas covered include data exchanges in Prüm-like frameworks on DNA, fingerprints and vehicle registration data (on this latter work is ongoing to allow the start of exchanges), Passenger Name Record (PNR) data, operational information, criminal record information, cooperation with Europol and Eurojust, surrender, mutual legal assistance in criminal matters, freezing and confiscation, anti-money laundering and counter-terrorism financing.

57. The cooperation in this area is underpinned and conditional on the adequacy of the United Kingdom's legal system for protecting personal data and its participation in the European Convention on Human Rights. The unilateral Union decisions on adequacy under the General Data Protection Regulation and the Law Enforcement Directive will expire mid-2025, unless extended.
58. The Trade and Cooperation Agreement allows for possible amendments of the standard forms used for cooperation (for mutual legal assistance, freezing and confiscation) and regarding deadlines to reply to requests on traffic offences. **DELETED**
59. The discussion showed that Member States wish to continue effective cooperation with the United Kingdom and are overall satisfied with the implementation of the Trade and Cooperation Agreement in this field. It also reflected that they see possibilities for improvements in the application of the Trade and Cooperation Agreement by the United Kingdom, including by providing timely and good quality information that can be used in judicial proceedings, and meeting the deadlines set for providing responses.
60. **DELETED**
61. **DELETED**

L. CONCLUSION AND CROSS-CUTTING ELEMENTS (29 NOVEMBER)

62. The Working Party on the United Kingdom conducted a wrap-up discussion on cross-cutting elements that emerged during the thematic sessions.
63. The discussion showed that Member States agree with the continued validity of the European Council guidelines of 2017 and attach great importance to
- **DELETED**
 - the preservation of the centralized structure within the Council to discuss the relations between the Union and the United Kingdom, with a central role for the Working Party on the United Kingdom, in line with the comprehensive mandate set out in the Council decision that established it;
 - the preservation of unity among Member States and the established working methods and close cooperation with Union negotiators;
 - the indivisibility of the four freedoms of the Union's single market; and
 - the linkage between the implementation of existing legal obligations under the different agreements concluded between the Union and the United Kingdom, i.e. that only the full and faithful implementation of all these obligations can create a solid basis for moving forward with the future agenda and that no trade-off is acceptable between this implementation and the new agenda.
64. **DELETED**

65. The Council has to be at the centre of this political steer and oversight by preserving and making use of the governance arrangements set up for the relations between the European Union and the United Kingdom.

