



Business and Trade Committee

House of Commons, London SW1A 0AA

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The Rt Hon Douglas Alexander MP
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[by e-mail]

16 June 2025

Dear Ministers,

Implementation of the EU Reset

I write to set out our initial questions about the Government's agreements with the EU and the next steps in both finalising and implementing the agreements.

Economic Impact and Transparency

The package of trade-related measures foreseen in the Common Understanding is ambitious. These arrangements — if agreed — will have significant implications for UK businesses, workers, and consumers. It is important that we understand how these impacts will be distributed, and which sectors are likely to benefit.

The Government has made clear that improving the UK's trading relationship with the EU is part of its wider strategy for increasing the rate of economic growth. But what contribution to growth is the UK seeking from this deal? Specifically:

1. Will the Government publish an impact assessment of the effects of the Common Understanding, either in aggregate or for individual elements (e.g. SPS measures)? If not, why not?
2. What is the Government's current estimate of the economic impact of these arrangements if all elements are agreed, in particular youth mobility?
3. Will the Office for Budget Responsibility be asked to assess the economic impact of the reset in advance of the next UK fiscal event? If not, when does the

Government expect there to be sufficient detail for the OBR to make this assessment?

Timings of negotiations

Some benefits, of what are still only putative deals with the EU, are described by Ministers in concrete terms: the Prime Minister, for example, told the House of a deal with the EU being 'struck'.¹

However, the deal agreed on 19 May is a start to negotiations on most of the issues identified as shared areas of interest. We note that no proposed timeline has yet been set out for the negotiations, formal or informal, in the summit documents.

1. How long are the negotiations with the EU on SPS, electricity trading, carbon trading, youth mobility and Erasmus+ expected to take?
2. In the absence of any formal timetable, does the Government anticipate that negotiations will continue right up to relevant regulatory or operational deadlines or is there an internal timeline for delivery on each strand, for example, changes to EU carbon pricing or student application cycles?
3. Are either the UK or EU assuming that 'nothing is agreed until everything is agreed' applies in these talks? For example, will the UK's acceptance of a final agreement on youth experience scheme be a precondition for the EU signing an agreement on SPS?
4. What is the timeline for negotiations on UK involvement in the EU's "SAFE" defence investment initiative, and will this require UK Government participation in specific common procurement exercises for defence equipment?
5. Is it the Government's aim for a UK-EU agreement on carbon trading to be in place when the EU Carbon Border Adjustment Mechanism (CBAM) takes full effect on 1 January 2026?
 - a. If not, what bridging arrangements is the Government exploring with the EU to avoid UK exports being subject to CBAM charges?

Scrutiny

Given the breadth and significance of the measures under discussion, it is essential that Parliament is afforded the opportunity to scrutinise the content and implications of any agreement in a timely and meaningful way. We would therefore be grateful if you could:

¹ UK-EU Summit - Hansard - UK Parliament

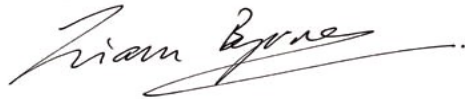
1. set out the plan for how the Government will enable proper scrutiny of the all parts of the deal by Parliament? In particular:
2. Confirm whether Select Committees will receive private briefings on the progress of the negotiations, consistent with the arrangements put in place for scrutiny of the UK's free trade agreements?
3. Confirm whether the Government will, where time allows, share any signed agreement, accompanying explanatory material, and an independently scrutinised Impact Assessment with the International Agreements Committee and the Business and Trade Committee, in confidence and in advance of publication, in line with established practice for Free Trade Agreements.

Content of the Common Understanding

The Common Understanding identifies several areas for potential future UK–EU cooperation, including in goods, services, and regulation. In many of these areas, closer engagement may involve elements of UK alignment with future EU legislation or interaction with existing domestic and international commitments. We note that the Government has been clear that any agreement based on alignment should have “due regard to the United Kingdom’s constitutional and parliamentary procedures [...] and an appropriate United Kingdom contribution to decision-shaping.” To understand the Government’s intentions and policy framework, we would welcome further detail on the strategic direction, scope, and governance of these proposals.

1. Will the Government publish any further information setting out its overarching goals or high-level objectives in each area of negotiation?
2. Does the Government view the Common Understanding as the upper limit of what can be agreed with the EU during this Parliament, or as a starting point for broader engagement?
3. How does the UK Government foresee UK “decision-shaping” as part of the EU legislative process will look like if these deals, such as electricity trading or an SPS agreement, are agreed?
4. Given that Parliament would be asked to delegate its law-making powers in some areas to the EU, can you commit to working constructively with the House and its Select Committees on an appropriate role for Parliament in the scrutiny of EU legislation that the UK will be expected to apply?

We look forward to receiving your reply by 11 July.

A handwritten signature in black ink, reading "Liam Byrne". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Chair of the Business and Trade Committee