



Cabinet Office

Department for
Business & Trade

Rt. Hon. Liam Byrne
Chair, Business and Trade Committee
House of Commons
London
SW1A 0AA

22 May 2026

Dear Liam,

The Government welcomes the Business and Trade Committee's inquiry into UK trade with the EU. You can find enclosed the government response to the inquiry's call for evidence.

We look forward to continuing to engage with the Committee over the coming months as we further strengthen our relationship and build on our Strategic Partnership.

Yours sincerely,

**RT HON NICK THOMAS-SYMONDS MP
MINISTER FOR THE CABINET OFFICE
HIS MAJESTY'S PAYMASTER GENERAL
CABINET OFFICE**

**SIR CHRIS BRYANT MP
MINISTER OF STATE FOR TRADE
DEPARTMENT FOR BUSINESS AND TRADE**

UK Government Response to the Business and Trade Committee's Call for Evidence

Inquiry into UK trade with the EU

1. The Government welcomes the Committee's inquiry into UK trade with the EU. The Government has responded to the Committee's call for evidence below and looks forward to engaging with the Committee further on its inquiry.

The UK-EU Reset and Wider Context

2. The Government was elected on a manifesto commitment to reset relations with European partners in order to improve our economic and security cooperation following the UK leaving the EU. The Government believes that this has been successfully achieved. The EU is our closest neighbour and by far our biggest trade partner. Our total trade with the EU was valued at £860 billion in 2025. More than 91,000 UK businesses exported goods to the EU in 2025, and nearly 154,000 businesses imported goods from the EU. That is why the Government has acted quickly to deepen its valued relationship with the EU that genuinely benefits Britain - making people across the UK safer, more secure and more prosperous.
3. The historic first UK-EU Summit in May 2025 marked a turning point. The Prime Minister set out a new Strategic Partnership with the EU, grounded in the Common Understanding and the Security and Defence Partnership. This Common Understanding outlines a programme for enhanced collaboration with the EU on safety, security and economic prosperity, with further technical negotiations underway to put these commitments into effect now and throughout this Parliament, including through legislation. The deal we struck is good for bills, good for our borders, and good for jobs. We have already reached agreement on the UK's accession to Erasmus+ in 2027. Our focus now is concluding negotiations on the food and drink and Emissions Trading Scheme (ETS) deals, securing a balanced agreement on Youth Mobility, and starting negotiations on joining the internal electricity market ahead of the next annual UK-EU Summit.
4. Economic growth is the number one mission of the Government, and boosting trade is essential to delivering a strong economy at home. Combined, the SPS and ETS linking measures alone are set to add up to £9 billion a year to the UK economy by 2040, in a significant boost for growth. Rejoining the EU's internal electricity market (IEM) will make electricity trade with our European partners both more efficient; driving down energy costs, and also protecting consumers against volatile fossil fuel markets. The conflict in the Middle East is yet another reminder that the only route to energy security and sovereignty for the UK is to reduce our dependence on imported fossil fuels.

5. There is strong inter-departmental working on UK-EU trade policy within the Government. The Prime Minister chairs the Cabinet sub-committee on Europe, whose membership (listed [here](#)) consists of relevant Cabinet Ministers, to consider matters related to European affairs. Central coordination of UK-EU work is led by the Minister for the Cabinet Office, but the policy, negotiations and implementation efforts are shared between Cabinet Officials and multiple government departments. The Minister for the Cabinet Office is supported by the EU Relations Secretariat, which was established in 2024 to provide central coordination of the Government's manifesto commitments to reset relations with the EU.
6. Responsibility for keeping Parliament informed is shared across different departments. For instance, the Minister for the Cabinet Office and the Minister for Europe, North America and Overseas Territories have appeared jointly at several select committee hearings, including before the Foreign Affairs Committee in September 2025 and before the European Affairs Committee in July 2025. Additionally, in March this year, the Minister for Trade appeared before the Business and Trade Committee to discuss the UK-EU trading relationship, and the Parliamentary Under-Secretary of State at DEFRA appeared before the Environment, Food and Rural Affairs Committee in December last year to discuss UK-EU SPS negotiations.

UK approach to alignment

7. The Committee asked for further analysis on sectors that benefit from closer alignment with the EU, including areas we might want to retain regulatory flexibility. The Committee was also interested in further areas of cooperation on our respective regulations, including on how we might strengthen customs cooperation and trade facilitation.
8. As above, the European Commission and the UK agreed to the following in the [Common Understanding](#):
 - a. Establishing a common Sanitary and Phytosanitary (SPS) Area by way of a new EU-UK SPS Agreement
 - b. Linking carbon markets by way of a EU-UK agreement linking the UK Emissions Trading Scheme (UK ETS) and the European Union Emissions Trading System (EU ETS).
 - c. Exploring United Kingdom participation in the European Union's internal electricity market - following the conclusion of exploratory talks in December 2025, a [UK-EU Joint Statement](#) announced that both parties would proceed swiftly to detailed negotiations.
9. For these agreements, the UK Government has agreed to dynamically align with European Union rules where relevant, to unlock the economic benefits these agreements bring to the UK.
10. The Common Understanding also agreed to work towards a balanced youth experience scheme that facilitates the participation of young people from the EU and the UK in various activities, such as work, studies, au-pairing, volunteering, or simply travelling, for a limited period of time.

11. In his address on the [UK's Future Relationship with the EU](#), the Minister for the Cabinet Offices outlined that we will align with EU standards where it is in our national interest. The Prime Minister expanded on this during his speech at the [Munich Security Conference](#), highlighting the need to explore further opportunities for moving closer to the single market in other sectors, where it works for both sides.
12. In March this year the Chancellor set out principles on how the Government will determine where alignment is in the UK's national interests, namely that the UK would look to align where:
 - a. it would mean higher growth and investment, more jobs and consumer benefits for the long term;
 - b. the future direction of policy is sufficiently stable and compatible in terms of values and objectives; and
 - c. the UK's economic and national security and resilience would be preserved or enhanced.
13. Without compromising on the red lines set out in the Government's manifesto, we will continue to take a pragmatic approach to alignment, to reduce barriers to trade with the EU and remove costs to businesses. This includes taking decisions - where in the national interest - to broadly align our rules with the EU's even where not part of a formal agreement.
14. For example, the UK continues to recognise 'CE marked' goods such as machinery produced to EU rules, given how closely aligned our rulebooks remain. This is estimated to deliver total net present value benefits of £640.5m (over a 10-year period) including through avoiding duplicative conformity assessments. In the automotive sector the government has already committed to align with EU type approval regulations where possible, to minimise administrative burden for manufacturers while maintaining high regulatory standards, and avoiding regulatory divergence between Great Britain and Northern Ireland.
15. The Committee was also interested in areas that we might want to seek further cooperation with the EU, within our current framework. Under our existing framework of the TCA, there is space for strong cooperation, including on our respective regulatory regimes and trade barriers. This is primarily discussed through the Trade Specialised Committee on Regulatory Cooperation, and we also have discussions between experts on matters of interest outside of this framework. Additionally, the Technical Barriers to Trade (TBT) Chapter of the TCA has dedicated annexes to facilitate dialogue on goods and provides for bilateral cooperative discussions including (but not limited to) medicinal products, chemicals, and automotive vehicles and parts. As part of this process, we also ensure that we're engaging with our stakeholders, including through the UK Domestic Advisory Group, to understand areas where additional cooperation would be beneficial.

16. The Committee also asked for further detail on what further cooperation on customs and trade facilitation could entail. We have strong customs cooperation with the EU, including through the World Customs Organisation and the Trade Specialised Committees, which provide established forums for dialogue and information exchange on customs and border issues, including digital developments. HM Revenue & Customs and the Department for Business and Trade are actively piloting Digital Trade Corridors with key European markets. These pilots are focused on increasing industry adoption of digital trade processes, improving end-to-end visibility, and reducing reliance on paper-based documentation. It delivers clear benefits for both sides, enabling UK and European traders (large and small) to lower costs and increase trade volumes. Similarly, cooperation with EU Member States to digitalise ATA Carnets demonstrates constructive technical cooperation to support businesses and help reduce friction at the border. As outlined, these initiatives are taken forward under existing fora, bilaterally and multilaterally.
17. As set out, where we align and where we retain certain flexibilities is taken with the national interest and our economic resilience in mind. This includes areas where we have made formal agreements and outside of this. In terms of areas for further cooperation, we have strong, existing frameworks to deliver this under the TCA, but also discuss areas of mutual interest bilaterally. In terms of future facing cooperation, we have always said that we want a strong economic relationship with the EU and that future summits will always give us the opportunities to further strengthen our strategic partnership.

Future Cooperation Frameworks and FTA Compatibility

18. This Government was elected on a manifesto, which said that we will not re-join the single market, or the customs union, or return to freedom of movement.
19. As shown by the ongoing negotiations to finalise the SPS agreement, link our Emissions Trading Schemes, and secure UK participation in the internal electricity market. There are clear ways to build a stronger economic relationship with the EU.

Security and Defence

20. As the Prime Minister has set out, Europe's security depends on us working together to build a stronger Europe and a more European NATO, underpinned by deeper links between the UK and the EU, including on defence industry. This Government remains committed to pursuing cooperation with the EU and our European partners on defence and security that aligns with our NATO First policy and supports our defence objectives. We will continue to engage with the EU Commission and EU Member States to advance shared industrial and capability priorities.

21. The UK-EU Security and Defence Partnership (SDP) agreed in May 2025 provides a strong framework for enhancing UK - EU defence and security cooperation, including on defence readiness and defence industry. We have established senior, structured dialogues with EU counterparts, including the Foreign and Security Policy dialogue, led by the UK Foreign Secretary and Defence Secretary with EU HRVP Kaja Kallas. In addition, the Prime Minister recently announced the commencement of negotiations for UK participation in the EU €90 billion Ukraine Support Loan. This will ensure Ukraine has the capabilities it needs and when it needs them. The UK will continue to prioritise collaboration with the EU in accordance with the Government's NATO First approach.

Economic Security

22. The Committee has asked what opportunities the evolving UK-EU relationship offers to strengthen economic security. The EU is the UK's largest trading partner. We share a continent, and the same values: respect for the rules-based international order; a commitment to economic growth; and a belief in open trade and free markets. We also face many of the same obstacles to economic growth and security, including threats from hostile state and non-state actors, and the spillover effects of market-distorting practices. In line with the Prime Minister's and Chancellor's statements on strengthening the UK-EU economic relationship, it is in our collective interest to respond to global challenges as a partnership, to jointly strengthen our global competitive advantage.
23. There is much we can do in this context to advance our economic security cooperation, including working together to diversify our supply chains; sharing information on deployment of protective tools to ensure we maintain a level playing field; and investing in commercial projects to achieve mutual secure and resilient growth. The UK has been cooperating with the EU in the context of Canada's G7 Presidency initiatives, including the Critical Minerals Action Plan, and of the Mineral Security Partnership (recently renamed FORGE) including its Forum. The UK has also benefited from the Strategic Projects initiative under the EU's Critical Raw Materials Act (CRMA) (Tungsten West PLC). The UK is committed to supporting more UK projects applying for EU Strategic Project status.
24. We engage with the EU through Trade Specialised Committees under the TCA, and including through high-level exchanges on economy and trade. The UK also works closely with EU Member States on economic security cooperation, engaging in regular dialogue with our key partners, such as the Netherlands, France, and Germany, to ensure UK and EU businesses can operate in a predictable and stable environment. We also engage multilaterally, through the G7 to counter economic coercion, to share best practice, assessment of risks, and discuss responses to specific cases, where appropriate. This is also a joint objective for the EU-CPTPP dialogue, recognised within the Ministerial Statement at the 14th WTO Ministerial Conference in March 2026.

25. In the current global economic context, it is more important than ever for us to ensure that we're working with our closest partners, to respond to these emerging threats and use our respective toolkits to jointly protect and enhance our collective economic security and industrial base. While we have had strong cooperation to date on issues, there are always steps that we could take to further enhance our relationship, to ensure economic resilience and protection of our key innovative and sensitive sectors. As already highlighted, future summits will present us with the opportunities to further strengthen and deepen our relationship in this regard.

Business and Stakeholder Engagement

26. The Government regularly engages businesses and stakeholders through both formal and informal channels. This includes the UK TCA Domestic Advisory Group and the Civil Society Forum, both of which have their next meetings in May 2026. Additionally, Ministers and officials regularly engage with industry through roundtables and bilateral meetings.
27. The Government is working closely with industry to ensure they are ready for the outcomes of the reset. This includes Defra's business readiness campaign on the SPS Agreement, which launched a Call for Information in March 2026. The Government will publish further updates as negotiations with the EU progress and work with trade associations to develop support and guidance that ensures businesses can navigate future changes in the trading relationship.
28. Insight from DBT's quarterly EU Files Forum, from key Business Representative Organisations, is used to inform DBT's business support offer and help us create online information assets that reflect the actual needs of businesses exporting to the EU.
29. DBT will also continue to support businesses by providing information, training, events and expert advice to businesses of all sizes, including through 'Unlock Europe' and access to finance through UK Export Finance.