

**First Meeting of the Trade Partnership Committee
UK-EU Trade and Cooperation Agreement**

Minutes

**London, UK and virtual | UK Host | 16 November 2021
13:00 to 15:00 GMT / 14:00 to 16:00 CEST**

1. Working arrangements and functioning of the Trade Partnership Committee

UK and EU co-chairs opened the discussion, introduced their teams, and formally adopted the agenda for the meeting. The two Parties agreed to apply the rules of procedures laid down in Annex 1 of the TCA for the functioning of the Trade Partnership Committee.

2. Stocktake of the 2021 Trade Specialised Committees

The Parties shared reflections on the first round of Trade Specialised Committees, all but one of which had met. Both Parties agreed that they had been a positive and constructive set of technical exchanges, and shared thoughts on successes and lessons learned.

The UK stated the importance of technical talks on issues as they emerge, and noted forthcoming exchanges on issues including customs cooperation, professional qualifications and Sanitary and Phytosanitary measures (live bivalve molluscs and seed potatoes). The EU noted the value of holding the Specialised Committees in virtual or hybrid format, and indicated that next year's Trade Specialised Committees should focus on implementation issues, not on policy developments

3. Implementation of the trade elements of the UK-EU Trade and Cooperation Agreement:

Item 3a: VAT and debt protocol and fiscal representatives

The UK noted the difficulties caused by the requirement for businesses based in Great Britain to appoint fiscal representatives when registering for the EU's Import One Stop Shop. The UK reiterated its proposal to resolve this issue by lowering the debt recovery threshold contained in the Protocol.

The EU noted that the current level of the threshold is the outcome of the negotiations of the TCA which factored in the respective priorities of both parties, as they were at the time of negotiations.

The EU noted previous correspondence from the UK proposing to lower the threshold and said they were not open to amending the TCA to modify the debt recovery threshold, preferring to concentrate on the implementation of the current text of the VAT Protocol.

Item 3b: Brexit Adjustment Reserve

Both Parties recalled the discussions held on the Brexit Adjustment Reserve in the first Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development.

The UK noted its concerns about the potentially distortive impact of the Brexit Adjustment Reserve (BAR) on UK-EU trade. The UK enquired whether the Commission intended to issue guidance for Member States on minimising and mitigating trade distortions. The EU stated that funding under the BAR would be subject to State Aid control by the Commission, and that the Commission would assess that the use of funding was fully compliant with the TCA subsidy control provisions.

The UK noted that it would return to this item in further discussions.

Item 3c: The United Kingdom's renewable energy schemes

Both Parties recalled the discussions held on the UK's Contracts for Difference scheme at the Level Playing Field and Sustainable Development and Goods Trade Specialised Committees in October.

The EU expressed concerns that additional explanations received from the UK following the Specialised Committee meetings did not alleviate the legal concerns of the EU about the compatibility of these support schemes with the UK's international commitments under the WTO and the TCA. In particular, the EU stated that in its view the written guidance and Q&A for applicants provided by the UK indicated that the UK content question would be scored in the same way as other questions in the Supply Chain Plans.

Based on its concerns about the UK's guidance, the EU therefore made a number of requests. The EU asked that the UK remove any request for information on UK local content from the questionnaire and adapt accordingly the scoring allocated to the 'Green growth' category; make it explicit in additional guidance to companies taking part in Allocation Round 4 that the question on the UK content has been removed and would not be scored in any way; and clarify that commitments already made in supply chain plans until now as regards the location of goods and services to be supplied would not be assessed as part of the implementation nor taken into account in the final assessment thereof, effectively removing any role of location.

The UK reiterated its position and, in particular, noted that UK content in supply chain plans is not scored based on the percentage of UK content itself (this is collected for information only) but on a developer's explanation of how they have studied the market to arrive at their preferred procurement options. The UK said that the question is asked in order to understand whether the UK is ready for urgent net zero deployment, and is similar to questions asked by certain EU Member States. The UK noted that the approach to scoring was clearly set out in its written guidance and Q&A for applicants which it had shared with the EU. The UK took note of the EU's requests.

Item 3d: Rules of Procedure for Working Groups

The Parties noted the progress between the UK and EU to agree Rules of Procedure for Working Groups established by the TCA, in accordance with Article 9(4). The EU explained

that further steps would be needed to finalise the Rules of Procedure. The UK reiterated its readiness to implement the TCA by convening Working Groups as soon as possible. The EU noted that it is appropriate to adopt the Rules of Procedure as a starting point of the Working Groups. The UK suggested potential items for discussion at the TBT Working Groups, which the EU noted.

4. AoB

The UK noted the Trade Partnership Committee's role in supporting the Partnership Council as set out in Article 8(2)(a) and said that following the Trade Specialised Committees, there were a few issues that might require the Partnership Council's attention, including seed potatoes and live bivalve molluscs; touring artists; the VAT and debt protocol; and the Brexit Adjustment Reserve. The EU said that it did not support the Trade Partnership Committee recommending those issues for discussion at the Partnership Council. The EU further said that lessons learned from the handling of the specialised committees could be reported to the Partnership Council.