



cecimo

European Association of the Machine Tool Industries
and related Manufacturing Technologies

▶ POSITION PAPER

Does the EU-UK Trade and Cooperation Agreement Need an Upgrade?

Brussels 26th of May



On 27 April 2021, the European Parliament approved the EU-UK Trade and Cooperation Agreement, which means that the agreement entered into full force on 1 May 2021. The United Kingdom is no longer a member of the Single Market and the EU customs union and it is no longer bound by EU international policies and agreements.

CECIMO has clearly advocated a comprehensive trade agreement between the EU and the UK that guarantees the absence of tariffs and the harmonization of the classification of goods, especially for manufactured goods. Although the outcome of the trade deal is not the one CECIMO has worked for over the last years, the current basic trade cooperation agreement prevented a very costly withdrawal of the UK from the EU, with huge impact on trade between these trade partners.

Concerning the European Machine Tool Industry, British companies are deeply rooted in the broader European value chain. In 2020, the British Machine Tool Industry represented 3,2% of CECIMO's total output and 3,4% of total CECIMO Machine Tool consumption. British companies also notably contributed to European machine tool trade in 2020, with a 3,2% share over total CECIMO exports and a 6,7% share over CECIMO total imports. The UK is one of the major trading partners in the EU (and vice versa). Therefore, CECIMO together with other national associations continues cooperation with British manufacturing associations and machine tool builders. The United Kingdom is not only a long-time trade partner of European Member States, but also a cornerstone of modern European manufacturing. The EU-UK Trade and Cooperation Agreement defines the basis for trade, but also brings with it certain problems that affect the production and supply chains of European manufacturers. In this position paper CECIMO wants to emphasise two specific aspects.

Trade in goods

Concerning trade in goods, CECIMO supports the new EU-UK trade deal and the fact that there will be no limits on the amount that can be traded and taxes on goods albeit subject to rules of origin criteria. But the parties did not reach an agreement on recognizing each other's standards for products.

As from 1 January 2022, producers wanting to enter the UK market will need to affix the UK Conformity Assessed (UKCA) marking, which will be replacing the CE marking for most products. As the rules governing both markings might at some stage differ, it is of key importance to ensure consistency between the main tools to fulfil these, namely "harmonised standards" (EU) and "designated standards" (UK) standards.



The EU-UK trade deal defines new checks introduced at borders, such as safety checks and customs declarations. These requirements cause additional costs, more bureaucracy and border delays that have an impact on the European manufacturing industry. In this context, European manufacturing supply chains are partly disrupted, which may lead to the UK being seen as a less attractive partner. CECIMO therefore continues to call for simpler customs procedures and mutual recognition of standards. Since the more common standards are very important for the Machine Tool Industry, CECIMO advocates for new negotiations in this field.

- ▶ CECIMO stands for mutually recognising the status of Authorised Economic Operator (AEO) to British and European companies that have strong, verifiable ties with both the UK and the European Single Market. The AEO status is crucial for manufacturing companies, as it provides significant administrative benefits (self-assessment, preferential treatment in the customs office, previous notification of controls, etc.) and would decrease the overall costs of customs procedures.

To implement the FTA, as defined in the EU-UK Trade and Cooperation Agreement, all goods are required to comply with the EU-UK preferential rules of origin. In practice, to benefit from preferential rates, traders must now be able to show that they meet the specific origin requirements for moving the goods between the UK and the EU. Since Machine Tool manufacturing is a highly internationalised sector, CECIMO will monitor this issue and its impact on the European Machine Tool Industry. In this context, CECIMO welcomes the fact that the Trade and Cooperation Agreement ensures at least a complete bilateral cumulation between the UK and the EU.

Services & Professional qualifications

CECIMO also wants to point out that the machine installation and servicing is key to the proper functioning of European manufacturing supply chains. The EU-UK trade agreement does not define a clear movement of workers between the two markets. There is no longer an automatic recognition of professional qualifications. As a result, people must check the rules of every country to ensure that their qualifications are still recognized.

- ▶ In line with this issue, CECIMO advocates for a mutual recognition of skills and qualifications. For individuals, the loss of automatic professional access and free movement throughout the EU and UK will complicate their professional licensing.

About CECIMO

CECIMO is the European Association of the Machine Tool Industries and related Manufacturing Technologies. We bring together 15 national associations of machine tool builders, which represent approximately 1500 industrial enterprises in Europe (EU + UK+ EFTA + Turkey), over 80% of which are SMEs. CECIMO covers 98% of the total machine tool production in Europe and about 33% worldwide. It accounts for approximately 150,000 employees and a turnover of around 20 billion euros in 2020. More than three quarters of CECIMO production is shipped abroad, whereas half of it is exported outside Europe.

Contact

✉ Anto JERKOVIC, EU Public Affairs Economist , anto.jerkovic@cecimo.eu