

# Brexit and the UK/EU Free Trade Agreement



## Introduction

The UK left the European Union on 31st January 2020. As part of the Withdrawal Agreement, the UK and EU agreed that there would be a Transitional Period after withdrawal to minimise disruption. Both parties have now agreed that this Transitional Period will end on 31st December 2020.

The UK and EU are negotiating a Free Trade Agreement (FTA) which it is hoped will come into force immediately on the end of the Transitional Period. If this does not happen, then the UK and EU will trade on WTO terms, for a shorter or longer time depending on how close the negotiations are to agreement and subsequent ratification.

This Position Paper sets out the position of the Confederation of Paper Industries (CPI) on the future relationship between the UK and EU.

## Secure a Trade Agreement

Business needs stability to preserve the investment and operating climate of the UK and to drive the economic recovery from the Coronavirus Pandemic. The leading priority therefore for the Government must be to ensure that the UK avoids a chaotic exit from the European Union, leading to a “cliff edge” situation in which the rules that govern UK trade are unclear, and trade is significantly impeded, or indeed stopped, while negotiations conclude. Such a situation risks arising if the end of the Transitional Period is reached without a long-term FTA having entered into force. Paper benefits from zero tariffs already, but the UK’s Paper-based Industries are very concerned at the possible emergence of new non-tariff barriers to trade in the event of the UK and EU trading on WTO terms.

## Safeguard EU Trade and Supply Chains

The UK Paper Industry depends greatly on its EU supply chains. The UK imports both pulp and paper

for further processing and is itself an exporter of paper products and recovered paper for recycling. The UK Paper Industry also depends on the skills and services of EU wide technical teams and on European Standards for the specification of its products. Most papermaking and converting equipment is now manufactured outside of the UK and access to latest technology is critical to continued productivity improvements.

The long term trade agreement between the UK and EU must ensure that these supply chains remain linked and that they are not disrupted by new tariffs, non-tariff barriers related to standards or regulations, or restrictions on skilled workers and those with manufacturing skills, especially those coming to the UK for short term intra-company roles.

Both the UK/EU FTA and future UK regulations must deliver the most competitive UK business environment possible, within the context of continued open trade with the EU. This applies especially to environmental, natural resources, business taxes and subsidies, employment and health and safety legislation. A robust trade defence policy must be at the heart of the new arrangements in support of UK businesses.

## Deliver a Sustainable and Competitive Energy and Environmental Policy

The UK should use the FTA negotiations to address the issue of energy and carbon level playing fields for Energy Intensive Industries. The UK/EU gas and electricity networks have become increasingly linked for good environmental and economic reasons. The UK should retain and grow its participation in the Interconnectors to ensure continued access to the widest possible sources of electricity and gas without supply disruption or tariff and non-tariff barriers.

### Further Information

For further information on this issue please contact Andrew Large, Director General, on 01793 889601 or email [alarge@paper.org.uk](mailto:alarge@paper.org.uk).

### Confederation of Paper Industries

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK's Paper-based Industries, comprising recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers, and makers of soft tissue papers.
- CPI represents an industry with an aggregate annual turnover of £12 billion, 62,000 employees, which supports a further 100,000 jobs in the wider economy.
- The industry is a leader in the development of a sustainable, low carbon manufacturing sector in the UK.
- The UK's Paper-based Industries are widely spread throughout the UK, but with concentrations in the North West of England, Wales, Scotland and the far South East of England.
- For facts on the UK's Paper-based Industries please visit: [www.paper.org.uk](http://www.paper.org.uk).

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