

GMB

UNION

**CEC Special Report:
A New Deal
with Europe**

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**MAKE
WORK
BETTER**

GMB Congress

Bournemouth 2024

CEC SPECIAL REPORT A NEW DEAL WITH EUROPE

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List of acronyms

CBAM	Carbon Border Adjustment Mechanism
CE	Conformité Européenne – European conformity
DAG	Domestic Advisory Group
ECHR	European Convention on Human Rights
EWC	European Works Council
HSE	Health and Safety Executive
ILO	International Labour Organisation
OBR	Office of Budget Responsibility
ONS	Office for National Statistics
NSEC	North Seas Energy Cooperation
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
WTO	World Trade Organisation
TCA	Trade and Cooperation Agreement
UKCA	UK Conformity Assessed

Summary of policy adopted

This report calls for the UK to adopt, as negotiating objectives for the 2026 review of the Trade and Cooperation Agreement:

Workers' rights

- A radically strengthened workers' rights agreement between the UK and the EU, scrapping of the requirement to show a negative impact on trade and investment, and the right for unions to bring complaints.
- The UK must ensure that it does not fall behind Europe on new equalities standards.
- The TUC to work closely with the ETUC to develop a common agenda for the 2026 negotiation.
- Protect European Works Councils in the UK, and make sure UK workers regain their full rights to initiate and participate in EWCs.
- Equal representation for trade unions on UK-EU forums.
- UK membership of the Erasmus+ scheme.
- An ambitious youth mobility scheme which gives young workers the freedom to seek employment across Europe.
- A determined campaign of opposition against any attempt to take the UK out of the European Convention on Human Rights.

Building a stronger economy

- New customs and VAT agreements to reduce economic frictions.

- Adoption of 'Swiss-style' regulatory co-operation between the UK and Europe in chemicals and other key sectors.
- Renewal of the TCA's energy co-operation clauses, a new energy trading arrangement, and restoration of the UK's membership of the North Seas Energy Cooperation group.
- The UK to bring forward its CBAM scheme if possible, and align its Emissions Trading Scheme with Europe.
- The devolved governments, parliaments, and assemblies should be offered a formal role in the negotiation and scrutiny of any new agreement with the EU.
- Restoration of regional and civil society funding to pre-Brexit levels.
- The removal of TCA clauses that bar domestic contents requirements for manufactured goods under government contracts.

Security

- The UK to enter into a new defence and security agreement with the EU.
- Recognition that the shipbuilding sector is different to the other areas of defence, and Labour's pledge to award contracts with domestic shipyards must not be infringed.

1. Introduction

- 1.1 Although Brexit may have dropped down the news agenda, the future of the UK's relationship with Europe is one of the most important questions that faces the country and the labour movement.
- 1.2 GMB has a proud history of leading on Europe. We were the first union to establish an office in Brussels, and we were proud to represent UK political workers in the European Parliament. We were also among the first to embrace the European 'social dimension,' recognising that Europe could act both as a source of economic strength and as a bulwark against the power of exploitative multinationals and anti-union governments at home.
- 1.3 This report is not about reopening the wounds and battles of the past. We know that strong and opposing views are held within GMB's membership, as they are in the wider country. Nor is the report about overwriting the policies – both favourable to, and critical of, the EU – that GMB Congress has carried in previous years. But our policy must also stay fit for the times we live in. The first opportunity to review our relationship with Europe is fast approaching, and GMB should be in a position to influence both the public debate and the agenda of the next government.
- 1.4 Politicians have not been honest about the damage that the economy has suffered since 2016. The Tories' reckless and ideological pursuit of a sharp break has inflicted enormous costs upon industry, exhausted reserves of goodwill with our largest trading partners, and, shamefully, endangered the Good Friday Agreement. Far from redirecting the cost of EU subscriptions to public services, as voters were promised, the May-Johnson-Sunak Brexit has proved a handmaiden to austerity and renewed attacks on workers' rights.¹
- 1.5 The world has become less safe since our agreement with the EU came into force in 2021. Russia's full-scale invasion of Ukraine, energy insecurity, supply chain disruption, and volatile inflation all make

renewed co-operation a political imperative.

- 1.6 The next government will face an early important test when the terms of that exit agreement are reviewed, and – perhaps – renegotiated. As with any negotiation, we need a position and a mandate for pursuing it. That is what this report sets out.
- 1.7 We must be honest about the scope of those negotiations. We respect the outcome of the referendum and there is no prospect of rejoining the EU in the next two years. Membership of the single market and a customs union are not on the table.^a The review of the Trade and Cooperation Agreement (TCA) is, however, an important opportunity to establish a new relationship with Europe that safeguards jobs and workers' rights. Existing Labour commitments to seek new agreements on veterinary standards and mutual recognition of qualifications are welcome, but a more comprehensive agenda is needed.
- 1.8 That review, and – perhaps – a renegotiation of the TCA treaty is expected in 2026.^b Like any negotiation, GMB will review its outcomes in the round, in line with our policies and industrial interests. But Congress 2024 represents an important opportunity to set out early negotiating priorities, which have been informed by engagement through our Private Section structure and a survey of reps in the most directly affected industries.
- 1.9 Eight years on from the referendum, it is clear that the Brexit agreement is causing enormous harm to our economy and our standing in the world. We need a new settlement. We need a reset relationship that removes barriers and is based on strong mutual recognition of workers' rights. This report sets out a serious and realistic set of demands. It is

^a And both main parties have ruled out pursuit of these aims. It remains GMB policy, however, that the UK's best future would be served through a customs union with the EU, combined with tariff-free access to the single market.

^b In theory, the review could start in 2025, but it is widely expected to commence in 2026.

time for a new deal with Europe.

Note on reps survey

To inform this report, GMB carried out a survey of Private Section reps in May 2024. The results of the survey are reproduced throughout the report, and in more detail as an appendix.

2. Background

2.1 GMB has been clear that the terms of exit from the EU represents a bad deal. Unnecessary frictions have driven up inflation and held the economy and wages back. That's why new settlement is so urgently needed.²

2.2 The UK left the EU in a hurry. Boris Johnson was so desperate to get Brexit over the line that the Withdrawal Agreement left many issues unresolved. The treaty that now governs the UK's relationship with the EU is the Trade and Cooperation Agreement (TCA), which came into force on 01 May 2021. The TCA might have secured tariff-free trade, but it was also drawn up in haste, and it has never been fully implemented.

2.3 The treaty does however contain a review clause, which states that:

"The Parties shall jointly review the implementation of this Agreement and supplementing agreements and any matters related thereto five years after the entry into force of this Agreement and every five years thereafter."

TCA – Clause 776

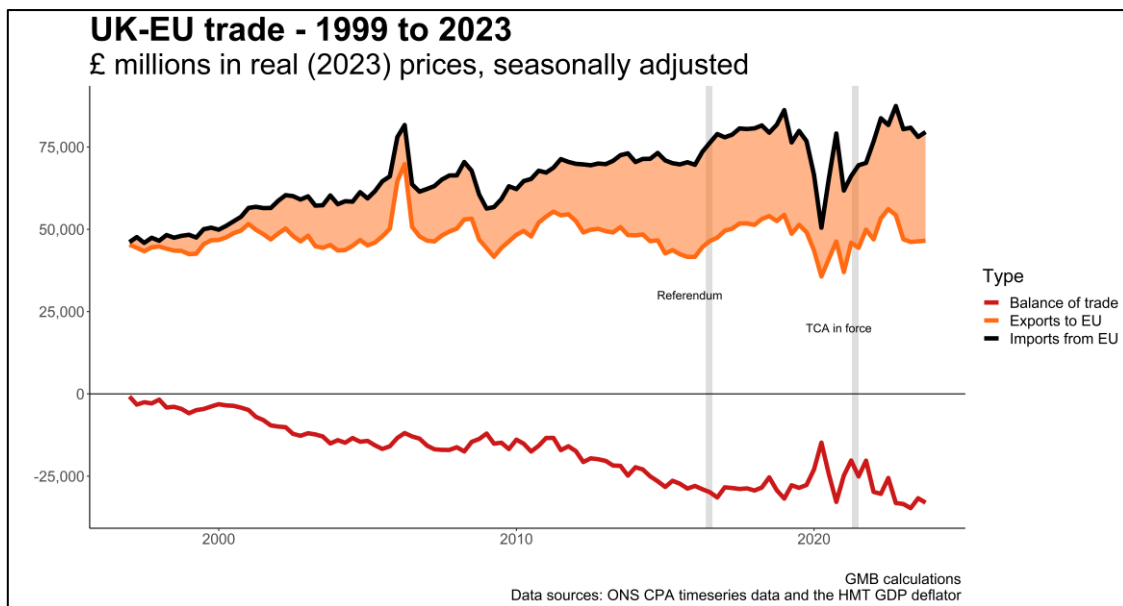
2.4 At the time of writing, politicians in the UK and Europe are trying to manage expectations. It is possible that the 2026 review will be narrow and technical.³ However, Keir Starmer is on record as saying that:

*'[The TCA] is not a good deal – it's far too thin. As we go into 2025 we will attempt to get a much better deal for the UK.'*³

² The lead EU official with responsibility for the TCA has reportedly said: 'We have really moved on now with this debate [over Brexit] and I think the next decade is one where we'll deal with future member states, rather than a past member state.' Financial Times, 15 June 2023 <https://www.ft.com/content/d2beca5b-856d-4de9-849d-6782cde9bfc6>

A different EU official wrote: 'The TCA is not going to be changed, but there can be agreements on the side.' <https://committees.parliament.uk/oralevidence/13535/pdf/>

- 2.5 There is no doubt that a 'much better deal' is needed. As this report discusses, the TCA as it stands is making us poorer, and it has failed to provide a meaningful 'level playing field' for the protection of workers' rights.
- 2.6 Government Ministers must shoulder the blame. The labour movement must step up to find solutions.
- 2.7 The Government's threat to override its treaty obligations under the Northern Ireland Protocol Bill exhausted the goodwill that the UK established through its response to the full-scale invasion of Ukraine. Critically, the Conservative Party continues to risk foundations of the Good Friday Agreement, and the precious peace that it established, through its potential abandonment of the European Convention on Human Rights.
- 2.8 Through a mixture of undue haste and an ideological opposition to co-operation, the Government has left us with more than £1 billion in additional energy costs each year. The weight of new and duplicate regulation is causing enormous damage in essential sectors, like chemicals. Some important restrictions and frictions are not yet even in force. Without change, the pain will only get worse.
- 2.9 The UK already imported more from the EU than it exported, but the trade gap is widening. The deficit with Europe reached a record £109 billion in 2023.⁴ Even adjusted for inflation, there has never been such an outflow of national wealth since comparable records began. This is money that could be better spent on investment and wages.
- 2.10 GMB reps report that, in sectors from chemicals to vehicles production, sales to Europe have collapsed, and those orders have not been replaced by demand from the wider world. Complex customs compliance and rules of origin requirements are raising the barriers to trade, and UK suppliers are being cut out as European firms deepen the integration of their supply chains.



2.11 That loss has is not compensated by increased trade with the wider world. In fact, our place in the world is shrinking. Most comparable economies are experiencing a 'goods trade boom.'⁵ Meanwhile, the UK is falling behind. The UK's share of global exports has fallen to 3.2 per cent – down from 3.7 per cent in 2015.⁶ We now have the second largest trade deficit on the planet, at a staggering \$121 billion: this hits investment and workers directly in their pockets.⁷

2.12 The UK's post-Brexit trade agreements have mostly replicated previous arrangements, to no additional benefit. Negotiations with the largest economies, such as the United States and India, have stalled. The proposed Canada trade agreement collapsed – and Trade Secretary Kemi Badenoch's claims that talks are ongoing were embarrassingly contradicted by the Canadian government.⁸

2.13 Canada's rebuke was one example of how the UK's exit from the EU has diminished our global standing. From scientific research programmes – where the now reversed decision to leave Horizon 'knock[ed] us back both in reputation and in substance in terms of the UK as an international partner in research' – to defence and security co-operation, our diminishing influence has been compounded by political instability under a weak and exhausted Tory government.

2.14 GMB is clear – we need a change of government, but we also need a new deal with Europe to make work better.

3. Workers' rights

"The Conservatives will guarantee all rights that workers currently enjoy as we leave the European Union."

Theresa May, 2017

- 3.1 In theory, the Trade and Cooperation Agreement protects workers' rights.
- 3.2 In reality, the 'level-playing field' has not prevented the worst assault on workers' rights since the Trade Union Act.
- 3.3 The Minimum Service Levels are discussed in a separate CEC Statement. The fact must be stated here, though: despite the UK's commitment to uphold the International Labour Organisation's fundamental conventions, the TCA has proved to be an ineffective barrier. As a consequence, in the words of the ETUC: the UK Government has sought 'to repeal workers' rights acquired over 50 years of EU membership.'⁹ The Retained EU Law (Revocation and Reform) Act 2023 has already been used to weaken holiday pay and consultation duties under TUPE. Equal pay protections – the 'single source' basis for drawing on cross-employer comparators – was only saved after GMB focused public attention on the issue.
- 3.4 The idea that economic growth could be unlocked if the UK became a deregulated 'Singapore-on-Thames,' based on a race to the bottom pursued through undercutting neighbouring economies and workers' rights, was always a dangerous fantasy. It requires a common response. GMB believes that trade unions based in the UK and the EU should work together to develop a strong, worker-centred agenda for the 2026 review. This co-operation should take place through our federations and the strong direct ties that GMB is proud to maintain.

3.5 There are clear areas where the TCA's workers' rights clauses should be strengthened. As advised by Professor Federico Ortino by the TUC demonstrates, structural weaknesses include:¹⁰

- For a complaint (of harm to workers' rights) to succeed, it must be shown that those attacks on workers' rights had a negative effect on trade and investment.

This requirement effectively makes the protection redundant for most public service workers, many of whom are targeted under the Minimum Service Levels.

- Complaints can only be initiated by a state – there is no route for unions to challenge their government, or the government of another country.
- There is no requirement for the UK to match – or even consider – new workers' rights that are implemented at an EU level.

3.6 Continued alignment on workers' rights must be on a 'no-regression' basis. Cuts in workers' rights in Europe cannot trigger cuts in the UK: especially if a Labour Government is elected here and a more right-wing European Parliament is returned this year. But there are clear areas where the UK is falling behind.

3.7 The EU is progressing mutual recognition of disability status and new standards for disabled people's parking rights, and gender pay gap transparency. And at the very least, where violations occur, the bar to bringing complaints must be lowered, and unions must not be left dependent on the permission of a hostile government for a case to be brought. GMB notes and endorses the UK Domestic Advisory Group's recommendation that:

'The UK and devolved governments should monitor progresses in equality and social policy in the EU and ensure that UK frameworks do

not fall behind in areas like pay equality and transparency and accessibly etc.¹¹

- 3.8 Harm to workers' rights and representation goes beyond the direct reach of the TCA. GMB has had to fight to maintain our seats on European Works Councils, which – while they have limitations – have proved to be an important mechanism for slowing redundancy proposals and building workers' power across borders.
- 3.9 Approximately one in eight companies with a EWC have their headquarters in the UK. But UK workers' ability to participate in EWCs has been badly compromised. We can no longer initiate the formation of a Council, and multinationals can remove UK representatives at whim. An employer legal challenge to the post-Brexit basis for UK participation may have been defeated,¹² but the law has been left as an unclear 'dog's breakfast.'¹³ EWCs are no alternative to industrial organisation – and GMB reps report a mixed picture in terms of the effectiveness of the EWCs that remain. We believe that a new agreement is needed to restore the UK's status as an equal partner for EWCs, coupled with an organising strategy to make sure that working reps fill those seats.
- 3.10 On 16 May 2024, the Government announced that it intended to abolish the UK legal framework on EWCs completely.¹⁴ This attack will now be delayed by the general election. However, if the Tories are returned to office then their intention is clear. We must do all we can to prevent this from happening.
- 3.11 The UK Government has also marginalised workers' voices. The contrast with the United States under the Biden administration, where unions have an active role under a worker-centred trade policy, could not be starker. In the EU's Domestic Advisory Group (DAG) – which monitors the TCA – unions, employers and civil society all have an equal share of seats. The unions occupy only 9 per cent of the seats on the UK's own DAG – despite the efforts of GMB and the TUC to secure better representation and to work with employers where interests align.

- 3.12 The end of freedom of movement brought hundreds of thousands of workers under the gaze of the dysfunctional Home Office and the UK's hostile immigration system.
- 3.13 We are proud to represent workers of all nationalities, including many EU nationals. GMB reps report that members who are EU nationals, who have worked in the UK for many years and built strong ties of family and community, found that their settled status was challenged or denied. In the Private Section, one in eight (12 per cent) of reps said that members had had problems with their immigration status. In many cases, the Home Office was at fault, or clearly extenuating circumstances were not considered. GMB reiterates its condemnation of all hostile environment policies, the criminalisation of migration status, and restates its commitment to supporting our members at work.
- 3.14 One important topic for trade talks is youth mobility schemes. Young workers are especially affected by losses in job opportunities since Brexit. The UK withdrew from Erasmus+ travel and study scheme in favour of a weaker and inferior programme.¹⁵
- 3.15 Youth mobility schemes should not be seen as new or controversial. The UK already has agreements in place, which cover young workers' visas for up to three years, with countries as diverse as Australia, Canada, New Zealand, Uruguay, Iceland, Japan, and South Korea. Young workers are particularly at risk when order books dry up and employers resort to redundancies before the two year unfair dismissal protection is achieved. In sectors with 'feast and famine' investment cycles, like shipbuilding, it is especially important that our members are able to access work abroad when the order book is fallow at home.
- 3.16 Our reps survey shows that recruitment and retention problems remain widespread. Although a quarter of reps report that their employer has invested more heavily in apprenticeship schemes since Brexit, 59 per cent of reps also say that their employers are finding it hard to fill posts.

3.17 In April 2024, the EU circumvented private discussions and made a public proposal^d for the UK to enter into an EU-wide youth mobility scheme. GMB regrets the decision of both the Conservatives and Labour to reject the offer out of hand. There are weakness in the EU's proposal. It suggests that UK young workers would only be able to secure a visa with one EU nation – it would not grant the freedom to work across the EU during the four-year visa period. This is a significant problem in some industries, such as construction, when work often involves moving between short-term projects. But the proposal should be seen as a basis for negotiation. GMB urges the next Government to revisit the issue ahead of the 2026 review.

3.18 As negotiating objectives for 2026, GMB calls for:

- A radically strengthened workers' rights agreement between the UK and the EU, scrapping of the requirement to show a negative impact on trade and investment, and the right for unions to bring complaints.
- The UK must ensure that it does not fall behind Europe on new equalities standards.
- The TUC to work closely with the ETUC to develop a common agenda for the 2026 negotiation.
- UK workers to regain their full rights to initiate and participate in European Works Councils.
- Equal representation for trade unions on UK-EU forums.
- UK membership of the Erasmus+ scheme.

^d Technically, the proposal was made to the Council of Ministers rather than the UK at this stage.

- An ambitious youth mobility scheme which gives young workers the freedom to seek employment across Europe.
- A determined campaign of opposition against any attempt to take the UK out of the European Convention on Human Rights.

The impact of Brexit – reps survey 2024

'Delayed deliveries at Calais from continental Europe [are] causing issues with production.'

Manufacturing rep, Yorkshire and the Humber

'EU Exports now require customs declarations, and all EU imports are now screened by customs, but before they had had EU Status which didn't require as much work.'

Security rep, London

'More red tape, more checks, higher prices.'

Retail rep, North West

'Paperwork: a lot more to fill in. Parts not flowing like they used to.'

Manufacturing rep, West Midlands

'[Problems with] sourcing water treatment chemicals, service parts for vehicles and machinery.'

Utilities rep, South East

'Increased cost of chemicals such as activated carbon, pumps and electronic parts plus much longer times for supply and delivery.'

Utilities rep, South West

'Increased amount of paperwork to transport goods in/out of Europe. Increased time for goods

in transit. Requirement for larger stock of components to allow for delays.'

'Increased transport costs. Increased administration and compliance cost in the movement of goods driving price rises in products.'

Manufacturing reps, North West

'Aircraft Parts have been impacted making it harder to get parts quickly which is crucial in the Airline industry given the high value, bespoke nature and already limited supply. It has also increased massively the workload on paperwork processing 'digital' and actual paper.'

Aviation rep

'Energy prices are much higher.'

Manufacturing rep, East Midlands

'Can't get skilled labour.'

Manufacturing rep, North East

'Cannot send staff to work in EU without a work permit.'

Transport rep, London

'The main difficulty is in finding businesses that will export to the UK - the import process and taxes mean it isn't worthwhile for many businesses to export to the UK.'

Third sector rep, East Midlands

4. Building a stronger economy

- 4.1 Boris Johnson's rushed Brexit deal has left the UK like a car 'with a slow puncture' while our competitors rev their engines. The immediate slowdown in economic activity masks as deeper divergence, as the UK is squeezed out of European supply chains. In many areas, red tape has not been cut: it has doubled through duplication. It is not too late to take action, and there are short-term improvements that we believe the Government should pursue through the 2026 review.
- 4.2 The 2024 survey of Private Sector reps reveals that, where employers trade with the EU:
- Almost half (44 per cent) of reps say that it has become harder to export – rising to more than half (51 per cent) in manufacturing employers.
 - Almost two-thirds (57 per cent) of reps say that it has become harder to import components and raw materials from Europe.
 - Employers are trying to keep workers in the dark: two-thirds (65 per cent) of reps said that their employers do not consult or update reps on the status of European orders, and only 4 per cent of reps say they are consulted.
- 4.3 The EU remains by far the UK's most important trading partner. 42 per cent of our exports go to the EU – rising to more than 70 per cent of food and non-alcoholic drink exports. But UK firms have experienced rising trade 'frictions' since export controls were introduced in 2021.
- 4.4 Exporters now have to navigate a complex web of VAT and customs compliance, which varies EU by EU nation. Our reps in relevant sectors report that these new requirements have introduced significant new red tape and slowed deliveries. Manufacturers have to undertake

extensive checks in order to secure the 'CE' marking – which is essential to place their goods on the market in Europe and beyond. Firms must operate a European subsidiary or find an agent within the EU to obtain the mark, which adds yet more cost. Farcically, millions were spent to get ready for the UK's rival marking – UKCA – only for the Government to u-turn on 01 August 2023 and announce that the CE marking would be recognised indefinitely after all.¹⁶

- 4.5 Without intervention, the situation will only get worse. Rules of origin requirements^e have been repeatedly delayed in the automotive sector. Checks on imports from the EU to the UK were delayed five times, and they have only just come into force. GMB will monitor the impact of the new restrictions on our members carefully.
- 4.6 The cost to producers and taxpayers of post-Brexit red tape is enormous. The National Audit Office reports that the annual estimated cost of customs declarations stands at £7.5 billion. UK taxpayers also face an estimated £4.7 billion bill to set up new border and customs arrangements.¹⁷
- 4.7 The ideological decision to break away from European regulators has left UK producers in relevant sectors with a double burden – they must satisfy both UK and EU quality and monitoring standards. This duplication imposes astronomical costs. In the chemicals sector, DEFRA's own impact assessment found that the cost of duplicating the REACH regulation framework ranged from £1.1 to £3 billion.¹⁸ These costs are unsustainable in a strategic industry: chemicals accounts for 16 per cent of all the UK's exports to the EU each year, with an order book worth £30 billion.¹⁹ These costs must be reduced if sufficient investment is to be made in hydrogen and other adaptive technologies.
- 4.8 The requirement to maintain a UK REACH scheme is also diverting the Health and Safety Executive from its core functions against a backdrop

^e Rule of Origin are domestic production checks designed to prevent the import of sub-standard goods into the single market via a non-member nation, such as the UK.

of underfunding. The slower UK regime risks exposing the natural environment to dangerous compounds, and the UK has failed to match new EU standards which protect workers from exposure to substances associated with cancer, heart disease, and autoimmune damage.²⁰

- 4.9 As regulations diverge over time, this cost will only rise and investment will be redirected elsewhere. As a consequence, our industry is slipping into the slow lane. UK chemicals exports rose by only 2 per cent between 2018 and 2022 – compared to an increase of 25 per cent across the G7.²¹
- 4.10 Red tape and duplicated regulation has also been blamed for exacerbated medicine shortages, which are already in global short supply. These shortages place the NHS at a disadvantage when it is competing with other nations' healthcare systems.²² The UK has approved fewer new drugs for treatment than the EU since 2021. The UK's regulator remains dependent on its European counterpart for analysis, and yet the UK has still experienced 'significant regulatory delays' that have contributed to the lack of availability of essential medicines.²³
- 4.11 Slow progress has been made in the field of energy co-operation, and – worse – the TCA's energy co-operation clauses are due to expire in 2026. The UK's hasty exit disconnected our energy system from Europe's trading scheme, imposing an estimated £1.1 billion annual cost on producers and energy bills.²⁴ As the UK Domestic Advisory Group's 2024 'Priorities Report' put it, 'a mix of technical challenges, certain geo-political developments (i.e., the Russian invasion of Ukraine and subsequent international gas crisis) and **limited political will** has resulted in the April 2022 deadline being missed.'²⁵ [emphasis added]
- 4.12 The status of the UK's participation in the European North Seas Energy Cooperation (NSEC) group is also unclear. The Government signed a Memorandum of Understanding in 2022, but the UK no longer

participates in the NSEC (which brings together other nations with an interest in the North Sea).^f Norway is a member of the group, despite not being in the EU. Better co-ordination is needed if infrastructure important to the economic future of the North Sea – such as a UK-Europe hydrogen pipeline – is to be delivered.²⁶

- 4.13 The UK is a year behind the EU's plans to implement a Carbon Border Adjustment Mechanism (CBAM) – a measure to tax goods' carbon content, which is essential if sectors like steel are to have a future. This delay risks opening the UK up to even greater dumping of artificially subsidised goods. The UK proposal is also different in its design, and it is unclear if it will align with the EU's.
- 4.14 Unless the two systems are linked, UK exporters will have to account for the embedded carbon content of all their materials and components that fall under the covered sectors, which will be an enormous burden for smaller producers. If the UK and the EU's Emissions Trading Schemes (ETS) could be linked then the need for CBAM pricing between the two parties would be eliminated.
- 4.15 The UK does not face a single friction – our economy is being ground down from many angles. The accumulated costs risk becoming a permanent drag on jobs and wages. The growing divergence – and the temptation for employers to undercut strong safety standards – risks exposing our members to devastating trade wars.
- 4.16 This economic damage has not fallen equally across the UK. Along with the enormous political damage caused by the breakdown in Stormont – and the resulting real-terms cuts in public sector workers pay in Northern Ireland – the decline in trade has been five times greater in the manufacturing heartland of the Midlands, where the value of exports has fallen by 13 per cent.²⁷ This government's Brexit

^f Belgium, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Sweden, Norway and the European Commission.

deal has made a tragic mockery of the levelling up agenda.

- 4.17 Brexit has also changed the nature of the devolution settlement within the UK. The devolved nations previously had a direct relationship with the European Union. Now, power has been concentrated in Whitehall and Westminster. The UK Government is set to be the UK's only negotiating partner in 2026. The devolved governments, parliaments and assemblies should be offered a formal role in negotiating a new settlement with the EU, and scrutinising it.
- 4.18 GMB calls for much closer working with European authorities and an end to the ideological aversion to co-operation over regulation. Alternative and better approaches should be sought. Switzerland shares important sectors, including chemicals – but it has negotiated an assumed adoption of new regulations, with the right to opt-out if compelling reasons apply.²⁸ These arrangements are the product of years of negotiation. They contradict the claim that subscription to common standards would leave the UK as a 'rule-taker' – new regulations could be 'opted-out' of if serious concerns applied. This lighter approach costs far less, and it gives industry much greater certainty over future investment.
- 4.19 The Brexit deal has also cut the UK off from important sources of funding for regional development and third sector organisations. By one recent estimate, three in four (74 per cent) of employment support charities had suffered a reduction in funding following the end of UK access to the European Social Fund.²⁹ The Tories' replacement regional funding was already lower – and now Rishi Sunak is proposing to cut that funding even further to fund his 'National Service' proposal.
- 4.20 In common with existing policy, as set out in the 2021 Special Report on Spending and Procurement, we call for the TCA's clauses that mirror WTO restrictions on domestic contents in contracts to be repealed, so that both parties can adopt a full alternative to the Biden administration's industrial strategy which heavily promotes domestic

production.

4.21 GMB has already worked hard on these issues through our political engagement work. To this end, we secured commitments in the 2023 Labour Party Final Stage National Policy Forum report that:

'The current government's Brexit deal has led to increased bureaucracy, putting jobs and investment at risk in sectors like chemicals, science and the automotive industry. A Labour government will seek to support businesses and consumers by working to reduce unnecessary red tape.'

4.22 Alongside the Labour Party's existing commitments to pursue a new veterinary and agro-foods agreement and progress on mutual recognition of qualifications, GMB believes that further work is needed to achieve these ends.

4.23 As negotiating objectives, GMB calls for:

- New customs and VAT agreements to reduce economic frictions.
- Adoption of 'Swiss-style' regulatory co-operation between the UK and Europe in chemicals and other key sectors.
- Renewal of the TCA's energy co-operation clauses, a new energy trading arrangement, and restoration of the UK's membership of the North Seas Energy Cooperation group.
- The UK to bring forward its CBAM scheme if possible, and align its Emissions Trading Scheme with Europe.
- The devolved governments, parliaments, and assemblies should be offered a formal role in the negotiation and scrutiny of any new agreement with the EU.

- Restoration of regional and civil society funding to pre-Brexit levels.
- The removal of TCA clauses that bar domestic contents requirements for manufactured goods under government contracts.

5. Security

- 5.1 The world has become less safe since the UK formally left the EU in 2019. Russia's full-scale invasion of Ukraine, war in the Middle East and beyond, energy insecurity, and humanitarian crises all underline the need for stronger co-operation.
- 5.2 In recognition of these new and renewed threats, GMB welcomes the Labour Party's ambition to strike a new defence and security agreement with the EU.
- 5.3 This is a missed opportunity to be remedied. The Government's 2019 Political Declaration held open the prospect of an agreement that would cover 'foreign policy, security and defence and wider areas of cooperation.'³⁰ However, Boris Johnson u-turned and excluded a formal agreement from the UK's treaty with the EU. The UK has not participated in the EU's programme to fund ammunition for Ukraine, and the Government has only attended one meeting of the EU's Foreign Affairs Council (in the aftermath of the 2022 full-scale invasion of Ukraine).
- 5.4 Any UK participation in the EU's Permanent Structured Cooperation structure, which works on a project-by-project basis, must recognise the unique nature of the shipbuilding industry. We reassert GMB policy that the failed project of international tendering for UK defence shipbuilding orders must be brought to an end. Instead, Ministers should learn from AUKUS and other examples of collaboration between governments to build up our domestic defence industrial base.
- 5.5 As negotiating objectives, GMB calls for:
- The UK to enter into a new defence and security agreement with the EU.

- Recognition that the shipbuilding sector is different to the other areas of defence, and Labour's pledge to award contracts with domestic shipyards must not be infringed.

6. Conclusion

- 6.1 As we approach a general election, there is little media appetite to talk about Europe. But the current approach is broken and it is harming wages, employment, and the national economic interest.
- 6.2 GMB has never been afraid to tackle the difficult issues. We respect the results of the referendum. But our members are clear that the status quo is not working. After years of political posturing, a new relationship with Europe that undoes the slow economic damage of the Conservative exit deal must be pursued.
- 6.3 This report sets out a serious, realistic and credible agenda for policies that could be achieved in two years' time.
- 6.4 Thirty-six years ago, Jacques Delors delivered his famous speech on a social Europe to the TUC Congress here, in Bournemouth. It is time to put the labour interest back into the Europe debate. GMB calls for a new deal with Europe with workers' rights at its heart.

Appendix – reps’ survey results

Survey background

A survey of GMB Private Section reps was carried out in May 2024. 283 responses were received across a broad range of industries as of 15 May.

Responses to free-text questions are summarised elsewhere in the report.

What sector do you work in? Please pick the option that applies best to you

Sector	Percentage
Manufacturing	34.6
Utilities (including energy)	20.1
Other	14.1
Retail	13.4
Transport and logistics (including ports and airports)	13.4
Services	3.2
Construction	1.1

Which devolved nation or English region is your normal place of work in?

Nation or region	Percentage
North West	17.1
London	15.4
Scotland	14.3
West Midlands	10.0
Yorkshire and the Humber	8.6
East Midlands	8.2
South East	8.2
South West	6.1

Nation or region	Percentage
North East	5.7
Wales	5.4
Northern Ireland	1.1

Does your employer import or export goods, raw materials, or components to or from the EU?

Response	Percentage
Yes	58.8
No	23.7
Don't know	17.6

Thinking about your employer, has it become easier or harder to export to the EU than it was five years ago?

Response	Percentage
It has become easier	1.4
It has stayed the same	8.5
It has become harder	29.0
Don't know	32.5
Not applicable	28.6

Among reps who said that their employer did import or export with the EU, **43.9 per cent** reported that exporting had become harder compared to five years ago.

Among manufacturing reps whose employers import or export with the EU, **51.2 per cent** reported that exporting had become harder compared to five years ago.

Thinking about your employer, has it become easier or harder to import from the EU than it was five years ago?

Response	Percentage
It has become easier	1.8
It has stayed the same	8.8
It has become harder	37.5
Don't know	30.7
Not applicable	21.2

Among reps who said that their employer did import or export with the EU, **57.3 per cent** reported that importing had become harder compared to five years ago.

Among manufacturing reps whose employers import or export with the EU, **54.7 per cent** reported that exporting had become harder compared to five years ago.

Does your employer consult or keep you up to date on successes or challenges it is experiencing with EU orders?

Response	Percentage
Yes - they consult us	3.5
Yes - they keep us updated	14.5
No	54.1
Don't know	10.6
Not applicable	17.3

Excluding 'not applicable' responses, **65.4 per cent** of reps reported that their employer did not inform or consult them.

Are your employer's UK operations covered by a European Works Council (EWC)?

Response	Percentage
Yes	14.2
No - but they used to be	2.1
No	12.8
Don't know	70.9

To your knowledge, have any GMB members at your workplace who are EU nationals experienced problems with their immigration status since 2019?

Response	Percentage
Yes	12.2
No	44.6
Don't know	43.2

Is your employer currently experiencing recruitment and retention difficulties?

Response	Percentage
Yes	59.1
No	27.4
Don't know	13.5

In your opinion, is your employer investing more or less in apprenticeship programmes since Brexit?

Response	Percentage
It is about the same	28.3
More	26.1
Less	25.0
Don't know	20.6

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