



Position paper

CECE Position Paper on the future EU-UK partnership

May 2020



BACKGROUND INFORMATION

On 31st January 2020, the United Kingdom (UK) ended its membership with the European Union (EU). Since then an 11-month transition period has begun during which most of the previous arrangements will remain in place until December 31st 2020. As of January 1st, 2021, the EU and the UK will enter a new phase in their relationship based on a new political and economic partnership.

Starting in March 2020, the EU and the UK have been negotiating to achieve that new partnership, by coming to a mutually beneficial agreement that enhances their common interests and objectives.

CONTEXT & GENERAL REMARKS

Trade in construction equipment between the UK and EU countries has been increasing in recent years, and accounts for a significant share of UK market trade in equipment. UK exports of equipment to EU countries in 2019 reached € 1,8 billion. This represented a 4% increase on 2018 levels and resulted in EU countries accounting for 46% of total UK exports of construction equipment. UK manufacturers of equipment traditionally export more than half of their annual production. This includes some major multinational OEMs, who have significant manufacturing facilities located in the UK for supplying the EU market.

2019 also saw a significant increase in UK imports of construction equipment. Imports from EU countries reached € 1,2 billion in 2019, an increase of 12% on 2018 levels, and accounted for 64% of total UK imports of construction equipment.

In the framework of the current negotiations, CECE strongly urges parties to reach a comprehensive Free-Trade Agreement. This FTA must include provisions that prevent divergences and enables alignment of, *inter alia*, regulations and standards, to the greatest extent possible. This would allow both parties to keep a similar pace with the respective regulatory frameworks concerning industrial goods.

CECE calls for an FTA that provides the best conditions for market access given the highly interconnected supply chains, the longstanding economic integration and the geographic proximity between the EU and the UK.

CECE urges negotiators to keep the EU-UK future economic relationship as close as possible, whilst preserving the integrity of the EU Single Market and level playing field. This is particularly important when it comes to market surveillance of products traded between the EU and the UK, and includes as well the border between Northern Ireland and the Republic of Ireland.

In light of the enormous disruptions brought by the COVID-19 outbreak in the political and business communities of the EU and of the UK, CECE urges both parties to agree on an extension of the transition period. This is urgently needed to make sure that Chief Negotiators have enough time and occasions to talk and for the ratification processes to take place. It will also be fundamental for the business community to familiarize itself with the content of the deal and make the necessary adjustments, if appropriate. Failure to reach a profitable deal within the strict timeframe would mean falling back to a WTO setup, which would have tremendous consequences for businesses and finally for citizens on both sides of the Channel.



CECE'S RECOMMENDATIONS

A level playing field

The EU-UK economic partnership must be based on a level playing field on product safety, environment, labour, taxation and competition rules to avoid any commercial disadvantage to the EU and UK companies.

Absence of tariff barriers

The imposition of tariffs raises goods price for customers with no added value for them, increases uncertainty and may trigger a tariff escalation. CECE supports a trade deal with zero industrial tariffs as well as zero quotas and no other quantitative restrictions.

When it comes to trade (re)negotiations with third countries the diagonal cumulation of rules of origin should be prioritized as the diagonal cumulation allows to use input materials originating in different free trade parties, provided that all parties taking part in the process have free trade agreements with one another using the same rules of origin. Particular attention should be paid to engines, components and semi-finished products to avoid disruption of highly integrated value chains.

Absence of non-tariff barriers

To avoid regulatory divergence, CECE recommends the closest alignment possible between the UK and the EU regulatory frameworks governing the marketing of products.

a. Mutual recognition

CECE supports the mutual recognition of conformity assessment procedures and market surveillance provisions, including the accreditation of UK and EU conformity assessment bodies, testing, inspection and certification of conformity as well as national type approval authorities. In addition, the EU and UK should prioritize the mutual recognition of CE and UKCA marking. Such mutual recognition provisions would avoid double testing, an increase in costs and loss of competitiveness for construction equipment manufacturers.

b. International and Harmonised Standards

CECE champions the transposition of international standards in both the EU and the UK national system to allow global market access on the basis of 'one standard, one test, accepted everywhere' principle.

Construction equipment manufacturers have been developing and using European Harmonised Standards as a tool to benefit from a "presumption of conformity" with the EU legislation. For example, if manufacturers, wishing to place an Earth Moving Machinery on the EU market, chose to use the EN474 series of standards, that are harmonised to the Machinery Directive 2006/42/EC, they can claim the presumption of conformity of their product with that directive. In addition, any future partnership should preserve the cooperation in the development of standards between the British Standards Institution (BSI) and the European Standards Organisations - the European Committee for Standardization (CEN), the European Committee for



Electrotechnical Standardization (CENELEC) and the European Telecommunications Standards Institute (ETSI).

Customs facilitation

CECE supports simplified custom procedures, by reducing to a minimum the required documentation and information obligations.

The reintroduction of border formalities must be avoided as it would add extra costs for manufacturers in terms of financial resources and time delays.

Access to public procurement

Public procurement accounts for a substantial share of the EU GDP and the world trade. CECE recommends mutual access to public procurement at all levels (central and local) as this would give mutual access in the EU and UK to public calls for construction work and infrastructure projects.

Deployment of qualified personnel

It is a common practice for construction equipment manufactures to provide services in connection with the purchase or use of a machine in another EU Member State (e.g. machine after-sale maintenance). CECE supports an agreement on services which allows workers' mobility and services without the need for a visa or work permit.

Free flow of data.

To unleash the power of data in the digital transformation of construction, CECE supports international data transfers, personal and non-personal, in the future EU-UK partnership while preserving the highest level of data protection.