



BREXIT READINESS – DRAFT EU-UK TRADE AND COOPERATION AGREEMENT

The European Union and the United Kingdom concluded a deal on a draft EU-UK trade and cooperation agreement

I. BACKGROUND

On 24 December 2020, the EU and UK concluded a deal on a draft EU-UK trade and cooperation agreement. The draft agreement can be downloaded [here](#).

Road goods and passenger transport is one of the domains in which the EU and UK will be cooperating very closely and the draft agreement contains extensive provisions on the provision of commercial road transport services.

It should be noted that whereas the situation will effectively change for the road goods and passenger transport operators on 1 January 2021, it is not yet certain how this draft agreement will become applicable from that date; it should be ratified by the EU and UK. The European Commission announced on 24 December that a provisional application of the draft agreement for a period of two months will be proposed to the European Council.

II. CONTENT OF THE DRAFT AGREEMENT

The draft agreement includes extensive provisions on the trade of goods, cooperation in the field of customs, and road goods and passenger transport. It includes a commitment of the two Contracting Parties to align their respective rules as much as possible to facilitate trade and the provision of services. The introduction of discriminatory measures is also prohibited.

1. Goods transport by road

Goods transport by road is covered by Part two, Heading Three, Title I and by Annex ROAD-1 of the draft agreement. Annex ROAD-1 includes the rules on access to the profession for companies providing services covered by the agreement, the model of the operating licences for companies (the Community Licence and the equivalent UK Operating Licence), the applicable rules on the posting of drivers, the professional competence and training requirements for drivers, the model of the driver qualification cards, driving and rest times provisions, working time for mobile workers, the use of tachographs, rules on weights and dimensions for the vehicles used and road transport enforcement cooperation.

a) Market access

The provision of the following services will be possible without additional permits:

- **Bilateral, cross-border services** to and from the other contracting party.
- **Transit** through the territory of the other contracting party to the own territory (example: transit through the UK from the Republic of Ireland to France) or to a third country (example: transit through the EU from the UK to Switzerland).
- **Cross-trade for companies established in the UK** between two or more EU Member States will be limited to two journeys consecutive to a bilateral, cross-border journey from the United Kingdom.

- **Cabotage for companies established in the UK** on the territory of a single EU Member State will be limited to one journey consecutive to a bilateral, cross-border journey from the United Kingdom and should be done within seven days after the unloading of the goods of the incoming cross-border journey.
- **Cabotage for UK companies established in Northern Ireland** on the territory of the Republic of Ireland will be limited to two journeys consecutive to a bilateral journey from Northern Ireland and should be done within seven days after the unloading of the goods of the incoming cross-border journey.
- **Companies established in the UK** can only do two journeys with a vehicle (or combination) within the territory of the European Union (cross-trade and cabotage) before that vehicle has to return to the United Kingdom.
- **Cabotage for companies established in the EU** on the territory of the United Kingdom will be limited to two journeys consecutive to a bilateral, cross-border journey from the territory of the European Union and should be done within seven days after the unloading of the goods of the incoming cross-border journey.
- **From 21 February 2022**, the market access rules will apply to the use of vehicles above 2.5 tonnes.
- Any transport of goods by road without direct or indirect remuneration and without income for the driver of the vehicle or others and which are not linked to a professional activity shall be considered as transport of goods for a non-commercial purposes.
- The provision of a number of goods transport services, such as universal mail services and own account transport, is exempt from the obligation to have a Community Licence or its UK equivalent.

b) Drivers

Drivers should:

- Should hold a Certificate of Professional Competence (CPC).
- Comply with the driving and rest time rules, working time and tachograph.
- The AETR rules will only apply to international journeys undertaken in part outside the territory of the contracting parties for the entire journey.
- Posting of workers rules will apply to drivers under the provisions laid down in Annex ROAD-1. Drivers will be exempt from posting when they undertake bilateral journeys or transit. Drivers undertaking cross-trade and cabotage will be subject to posting rules. Implementing and enforcement measures will have to be notified by 30 June 2021.

c) Taxation

- There will be an exemption of taxes and charges on the possession and circulation of vehicles in the territory of the other party.
- This exemption will not apply to energy taxation and road user charges.
- The fuel and lubricants contained in the standard tank of the vehicle and used for propulsion and the operation of a refrigeration system will be exempt from customs duties and other taxes and levies.

2. Trade and Customs

The trade and customs provisions are covered by Part two, Heading one, Title I of the draft agreement and in several annexes. Chapter 3 of Title I contains the measures for sanitary and phytosanitary controls.

- In terms of customs, the draft agreement lays down a framework for close customs cooperation and alignment of customs rules of the respective contracting parties.
- The Withdrawal Agreement (including for transitory measures for goods already in movement before the end of the transition period) and the Northern Ireland Protocol of the Withdrawal Agreement also contain provisions on customs procedures and movement of goods.

III. PRELIMINARY IRU OBSERVATIONS

- IRU welcomes the draft trade and cooperation agreement between the EU and UK.
- The following elements are positive:
 - The agreement ensures a level playing field between companies established in the two contracting parties.
 - The provisions are very close to those applying to the EU Single Market.
 - The agreement contains safeguards against discriminatory measures.
 - Close alignment of the rules of the respective contracting parties are strongly encouraged.
- IRU is concerned that the timeline for the entry into force and application of the agreement, even if it were to be on a provisional basis, is extremely tight. Road transport companies and the Member State and UK competent authorities may not be fully ready by 1 January 2021. Both contracting parties should consider to relax enforcement of the provisions during a transition period.
- IRU is very strongly concerned that, notwithstanding the draft agreement, the changing situation on 1 January 2021 will lead to longer waiting times at borders and to a heavier administrative burden for the road transport industry. The European Union, Member States and the United Kingdom should put measures in place to minimise the administrative burden as much as possible, including through the digitalisation of trade and road transport information exchange and to reduce border waiting times.

IV. NEXT STEPS

- The trade and cooperation agreement remains a draft. The European Council, European Parliament and UK Houses of Parliament have to ratify it. This will take time.
- The agreement might provisionally be applied for a limited period of time after 1 January 2021, pending ratification and official entry into force. The European Commission made a proposal to the Member States which should be discussed and decided on in the next days.

V. ACTION FOR MEMBERS

- Members are invited to examine the content of this document together with the content of the EU-UK Trade and Cooperation Agreement and use this information to facilitate the preparation of their members for the changing situation on 1 January 2021.
- Members are invited to send their observations on the content of this draft agreement to marc.billiet@iru.org.
- The situation will change on 1 January 2021. Commercial road transport companies must prepare.
- For goods transport by road, customs procedures will be introduced on 1 January 2021. For goods already on the move before the end of the transition period, no customs procedures will be required on condition that the date of the start of the movement and the Union status of the goods can be proven, this will have to be done at the border. Sanitary and phytosanitary controls will also be introduced for certain types of goods. More information can be found in document [CLTM/BR7374](#) and in the Flash Infos communicated to members.
- For any questions on goods transport by road please contact marc.billiet@iru.org.
- IRU will keep members informed of further developments.

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