

Grassroots for Europe Round Table #55 - 6th May 2025

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David Henig: Timidity versus Ambition - The possible shape of the forthcoming EU-UK reset (19 May 2025).

SUMMARY REPORT

Dr David Henig is Director of the UK Trade Policy Project at the European Centre for International Political Economy (ECIPE).

Chair: Sharon Leclercq-Spooner [Chair, Pro Europa]

Please note that David Henig spoke before the UK-EU summit on the 19 May, and these were his predictions at that time.

[David Henig] In the few weeks before the UK-EU summit in London on 19 May, both sides appeared very confident about making some kind of deal. The deal was likely to centre on defence and security, including UK participation in EU defence procurement, which was regarded as the most pressing element. Elements of the 'Security Agenda', i.e., migration issues, were also likely to be considered.

The trade element would probably consist of agreements to start talks on alignment of food and drink regulations, of emissions trading schemes, youth mobility and fishing.

That was a relatively modest part of what Labour came into office promising: SPS (Sanitary and Phytosanitary regulations), professional qualifications and mobility for touring artists. The UK government's lack of ambition very much reflects its highly cautious mood for its first six months in office. Initially it turned down the main EU ask for a youth mobility scheme and only recently said it might think about it. The UK's failure to set out further objectives led to the EU to start creating a greater package of measures than previously. The EU-UK summit would make very little impact on existing barriers, would not lead to full, signed agreements, but would just be the start of the process.

The European Commission would have to seek a mandate for proper talks with the UK after 19 May, whether on youth mobility or on SPS, and only then would detailed negotiations get underway. Such negotiations would have to consider any UK influence on forthcoming new regulations or whether exceptions would be allowed. The UK would need to consider how any changes would work alongside existing UK trade deals. There would likely be full alignment with EU food and drink rules, but

that would raise questions about scope and level playing field provisions. The same would apply to emissions trading schemes. So detailed negotiations will be quite tricky.

David Henig felt that the summit would be all smiles, with talk of a new strategic partnership, but the UK would be concerned to avoid any package leaning too heavily towards the EU. A perceived lack of political direction or inadequate cooperation mechanisms would cause trouble, particularly at a ministerial level.

The thinness of the 19 May package was reflected in what was not going to be on the agenda. There was virtually nothing on an industrial package, which might include the UK perhaps joining the Pan-Euro Med, Rules of Origin or mutual recognition of conformity assessment (which joint industry groups had asked for). Despite a likely agreement on agricultural goods there was nothing about the more valuable UK alignment with industrial goods regulations.

The EU side had been very cautious about even going this far. Maroš Šefčovič at the EU plenary debate on 5 May did not mention trade, economy or growth wants. He very much saw EU interests as being about people to people contacts and about shared resources such as the environment and fishing. But this is the EU's second largest trade partnership and the largest, the US, is in deep trouble because of Trump. So this is all a limited vision on both sides, with ministers failing to make a strong case, and it has been left to some areas of business, like energy, to make the case. The summit will review the Trade and Cooperation Agreement (TCA) but expectations of that have long been low, so a bald statement agreeing to keep working together is the likely outcome. There have actually been more joint conversations between UK and EU officials on, for example, touring artists. The Commission today has said maybe there will be a domestic regulatory package next year that helps with mutual recognition of professional qualifications for third countries. Negotiations are always ongoing. There'll probably be a document called a common understanding issued at the summit as happened with Switzerland. As nobody has seen any documents yet there may be surprises, but the Commission in particular is damping down expectations. Even a couple of months previously, when the first drafts for the summit appeared, the Commission always said this was probably the most the UK could expect, whereas the UK was hopeful of more.

In truth, EU-UK relations will continue to be tricky. Even after ten months of a Labour government, Maroš Šefčovič stressed in the EU's plenary debate on 6 May the need to implement existing rather than future agreements. Trust would keep coming up as an issue. Many in the EU thought that the present government, although better than the last one, still needed to set out its vision for a future relationship. All of this pointed to a very modest outcome from the 19 May summit.

Where does it go from here?

Many people think that the UK government's red lines are the main problem, but it is nowhere near its red lines, and still fearful of going any further. That's the **first reason** for its slow approach. The **second reason** is that something like a Customs Union, even if available, would probably require painful concessions from the UK on areas like Freedom of Movement. The Customs Union may be about goods and Freedom of Movement about people, so they may appear to be separate, but the EU links them very strongly together. There are therefore no easy deals available to the UK. Even after ten months of a Labour government the Commission clearly does not believe in giving presents to the UK and is telling the UK, in effect, to talk seriously about the challenges and sacrifices before receiving anything in return. The EU is also saying there are no easy shortcuts, and it will be a long-term process. Only the UK itself can allay the EU's suspicions. The Commission's tough message to a struggling UK offers little help. The rise of Reform, which might be seen in the UK as an incentive for the EU to make concessions, needs to be balanced by the EU attitude to a pos-

sible Reform Prime Minister. The Commission is very set on its path of negotiations, which the UK government still has not fully grasped. The Labour government therefore needs to make a much stronger case to the Commission for real change.

David Henig felt that the UK government's cautious approach indicated it was not listening to British pro-Europeans in any way whatsoever. The EU's similar caution inevitably meant a summit of very limited results.

Sharon Leclercq-Spooner

I think that you're right. The importance of rebuilding confidence cannot be underestimated and also regarding Trump, there's a lot of concern about where the UK is going to go. Because what I find very interesting is that if we make an SPS agreement, on agriculture and food with the with the EU, it'll probably make it more difficult to have an agreement with the US, because one of the main asks from the US is that the UK gets rid of its controls on GMA and GMOs, all of these things which the US have been trying for decades to get the EU to drop, they'll want the UK to drop them. So, so I think actually, it would be great if we can get an agreement on SPS, because that would actually be quite an indication.

David Henig: I'll come back on that Sharon, because there's every indication that the UK Government is going to go for an agreement on SPS. So, you know, ultimately, when push comes to shove, it has gone with that, partly because it was in the manifesto. But then again, a couple of days ago, in the *Sunday Times*, there's one story about alignment on SPS, but then there's another story about how the UK will hope to take the opportunities available for GM food. Well, you can't do that if you're going to align your regulations. So that message doesn't seem to have got through. And this is why I think that there will be very difficult negotiations to follow the summit, because I don't think that the UK has got it into its heads quite what it means to be fully in alignment. But equally, I'm not actually sure the EU has really thought this through either, because it's all very well having full alignment with Switzerland, which has one or two ports of entry that aren't in fact, but with the EU the UK has about 100 so it's a far more complex agreement to make with the UK over SPS than it was with Switzerland. So I think there will be a lot of challenges on that.

Sharon Leclercq-Spooner I totally agree. The big game changer is security and defence and the need to come together, and the fact that the US has become extremely unreliable. It's a big game change, but it's not going to change everything hugely. David, you'll be pleased to know that I did actually manage to get the American Chamber of Commerce to put in an evidence submission to the House of Lords asking the UK that red lines should be dropped. It doesn't have everything in it that you might want, but it's certainly going in in the right direction. I would quite like to ask you about whether you think it's possible to have kind of parallel process. From a business point of view, one would have wanted, it's not just business but on all the different topics, one would like, from a British point of view, to have a sort of ecosystem of of consultation processes, so that the EU and the UK are talking to each other about lot of things, even though that could a very expensive, very fiddly thing to put into place.

What I'm wondering is, whether the UK, could establish a kind of observatory to monitor for emerging forms of regulatory divergence between EU and UK which might, at a political juncture where trust has grown, be liable to impede the possibility of bigger steps towards convergence – even though as you said, I don't think there's any chance of a big move happening under this current government.

David Henig: There have been ideas along those lines that seem to have rather fallen by the wayside. There has been a suggestion, for example, of a Regulatory Cooperation Council between the UK and the EU. Now it's not clear to me what the UK asked for, and not clear if the the EU said yes. Maybe it'll still happen. I'm doubtful, because it's not been mentioned, but it is that sort of thing that should be considered. In fact, the EU is interested in the way the UK is regulating, and the UK is obviously interested in the way the the the EU regulates. So it's the sort of thing that should be in place. But the problem is that suspicion on both sides gets in the way of things like that. So this is where the summit starts. It'll look like a missed opportunity if you don't put structures in place. The hope had been you would put sufficient structures in place in various areas to make sure that both sides get to get to speak to each other a lot more to start with. That's where it has to go from here, and that's the way it will go from here. There won't be sudden lurches, I don't think, of suddenly, saying we're going to rejoin or we're not going to rejoin. I think it's got to be a steady process from here on, of thickening ties, and at this stage, it's going to be a fairly slow process.

Colin Gordon: In conversations with David when we were preparing this session, we mentioned that a couple of months back at this round table, we had a talk from James Coldwell and Tom Bruffato at Best for Britain, presenting the content of a report they commissioned from Frontier Economics together with polling on public attitudes to a possible scheme of wide, deep, dynamic UK-EU alignment in regulatory standards for trade in goods and services, without requiring crossing of Labour's red lines, which the modelling indicated might yield around two percentage points of improvement to the UK GDP. And I guess the question to David is whether, based on what you've been telling us here, and we've had some rather similar voices from friends in the European Movement, the idea that we could, without crossing any Labour red lines, halve the economic damage of Brexit to the UK by doing a deal about alignment, sounds like a realistic proposition?

David Henig: This is a modelling exercise where calculates what benefits may be available in different scenarios. The question always is, how are we expecting to get into a negotiation where you're actually putting that sort of thing on the table? Because at this stage, the UK Government is not in a position to ask for a wide-ranging deal, because it hasn't made the case to the EU as to why that's in our mutual and shared interest; but that applies to almost anything that you might want to ask for. There's a fundamental error here is in the assumption that the EU actually thinks this is in its interest, and does not in fact think the contrary. The EU will take a view. If the UK or a UK party puts something in its manifesto, like, let's do an SPS deal, the EU has a look at that. As you see with professional qualifications and the touring artists, the EU may not agree to everything, but at least it looks at it. On energy, the two sides of the industry, both UK and EU said that there was something here that they need to happen, so it gets on to the agenda. Youth mobility is an EU wishlist item, so they create this package. But what's the UK doing? Yes, there is a potential large gain to to be had if the UK and the EU align their regulations. But at this stage, it's not something the UK is asking for, and it's not something that the EU is prepared to look at. So you have to change that. That's the situation. That's got to be the path at some point that we take if we want to get the the greater

economic benefits. But at this stage, that's just not on the agenda.

The way that the EU looks at relationships like with the UK is it comes up with a package that it thinks is a reasonable package, and that's what will happen at the summit. So in a sense, the UK Government just has to accept that, and is doing on things in areas like youth mobility, but that means it's very difficult to add new things into that, into that package. Fear of Reform may have had some contribution to make to Labour not doing more in their first few months. But to be honest, I don't think it's probably the big factor at the moment, because the the UK Government can say what it likes right now, the package has been pretty settled for what's going to come out the negotiations for, I don't know, two or three months now. Clearly there'll be some haggling over words and whatever. But broadly, we are in the space as as defined by the Commission of what kind of deal it's prepared to do.

Chair: Jane Morris, from Northern Ireland has asked, Is Rejoin still an option?

David Henig: Everything could be an option, but cases will have to be made for whatever you want to do, and nothing will come quickly or or easily or without pain in the in the interim, it's going to be a slow process. Labour had three pretty modest things in its manifesto commitment, of which one is being taken forward at the summit which could take several years to be negotiated and implemented. That tells you the kind of timelines that we are now on. Brexit was completely unlike a normal trade negotiations, in terms of how quickly things had to move on the Withdrawal Agreement and the Trade and Cooperation Agreement. In more normal circumstances these things tend to take time.

Jo Pye: Do we know when the next summit after this one will be?

David Henig: Hopefully that'll come out of this summit. Hopefully it'll be an annual process, but we don't yet know. As of now we don't know if there's going to be another one within this Parliament. Ideally, it will be an annual process.

Jo Pye: Has the three-tier Europe option quietly disappeared amongst the people that you talk to, or are people still saying, we might be able to join on the outer tier?

David Henig: I don't think that was ever a realistic prospect. I've heard nobody talk about it for the last year, It's an old idea hat's been rolling around for some time. I don't think it's going anywhere at the moment: the problem you've got on the EU side is that you've got Orban, you've got whatever happens in Romania, you've got Fico, you've got what might happen in France. They've got a lot of problems with their own populist nationalists, and that makes them not necessarily generous towards a third country. Currently you've got a level of reluctance on both sides; here it's about going too fast, giving too much up. So the inevitable result is that you end up with a very slow and stumbling progress. And that's where we will be until the politics changes in both the UK and in the EU.

Jo Pye: Peter Burke asked whether this is the last summit before the five year review of the TCA.

David Henig: I assume that there will be an annual summit, at least would be what we would hope for. We'll see where that comes out. But that would be some a way of judging how things are going. If there is an annual summit that's, that's at the minimum you should hope for. The TCA review is a

review clause that's in many EU agreements, and doesn't normally mean very much. It's a test again of the politics to see whether it can amount to more than just a box ticking exercise. We don't know at this point whether it will amount to much or not. I would just caution that we shouldn't assume it does amount to anything. It'll be good if it does amount to something, but that may well not be the case. And again, if you're the UK Government, you have to be making the case. So if you're trying to persuade the UK Government to make the case for things.... this is going to be a long, slow slog of process to make progress in the relationship. I'm afraid there's no there are no shortcuts here.

Sharon Leclercq-Spooner: I completely agree. I think that there's a lot of need for us in the in the movement to really be promoting European values and desire to be part of Europe, and to move the debate forward, and be very, very positive about all of the different moves that are bringing us closer together, because getting fixed on one particular path is not, is not going to deliver results, certainly not at the moment, because so much is in the air. The main thing is to try and steer the direction.

Mark English: The possibility of a multi speed EU, is something that was put forward first by Jacques Chirac back in the early 2000s and is something that's been talked about a hell of a lot. I think the prospects of it happening through any kind of formal, institutional change are pretty small, because that would involve having referendums in various member states, which would be a guaranteed disaster, and no member state is going to be willing to get into that. However, if Ukraine is going to join the European Union, it's going to have to do so with a whole series of derogations from the normal treaty. For example, the Common Agricultural Policy cannot support Ukrainian agriculture. If there were to be a proposal on the table for Ukraine to join the Common Agricultural Policy, then Ukraine's great friend Poland would veto it in an instant. So, given the political necessity of getting Ukraine in one way or another, there are probably going to be some compromises made, and long term derogations applied, and that may create some kind of precedent. The difference, of course, is that Ukraine's trajectory is towards joining the European Union very, very openly and with great enthusiasm. And the UK's is not. And as David has said, there is, you know, very, very limited trust in the UK, in Brussels, and, even more importantly, in Paris, Berlin, Warsaw and wherever. So I'm not optimistic that is something like that will happen, but I don't think it's impossible, because the fudge is always found where necessary, as the history of the EU shows us.

David Henig: If we want to have a subtle discussion, Mark, among people who spend lots of time in Brussels, if you put it in terms of things that may happen for Ukraine, that later on might prove an advantage for us. There are always things that can happen, but you've got to make your own case separately from that. So I think it's very dangerous for the UK to start talking about a multi-speed Europe, and thinking it might save us. You have to make your own case. But if things happen that help you along? Great. One should always look out for the things that are happening in Brussels. And to be fair to the government, you know, it has hooked in very well on the defence side of things. The defence side has gone well. But I can imagine looking back on this and saying, Well, why didn't we kind of get more from the defence side? And the reason has been that up until that point, this government has been afraid to sound European in Brussels. This is a long term problem in UK politics: we don't want to sound too keen, Brussels is to be kicked and the US is to be slobbered over. You don't get UK politicians going to Brussels and making speeches that sound nice about the Europe, because UK ministers would feel that they would sound hypocritical if they say nice things about about Europe in Europe, not because they don't necessarily believe them, but not a lot of

people say those things from member states either... there's a game to be played here, which the UK has historically been lousy at playing, of talking the talk. We've actually been better at walking the walk than talking the talk, and we need to, we need to learn that other thing a little bit, I think.

Andrew Hesselden: You said early on, David, the UK Government is nowhere near its red lines. And I wondered what you meant by that, whether you mean that the UK is scared of doing much at all, or whether the EU doesn't want to do much at all.

David Henig: There are some people in the government, some of them quite close to the centre of government, who are not very keen on doing very much. There are others who would like to see more happen, but they don't necessarily have the power and influence over this. I don't think the UK Government is fully happy where it is right now on its own. A lot of people in it are not fully happy with the way they've come out. But they won't get to a better place, unless they're prepared to talk about it a bit, get out there. Some of this is happening a bit; some of the worst kind of over-secretive behaviour is easing a little bit, but it is slow. A number of times in the last 10 months, I've had to almost say to people from the EU look, this isn't going to be their final position. They don't mean that they'll not do it. They will do it. You're just going to have to give them time to get there. But that's a really terrible way to negotiate.

AH: I'm curious as to why the UK Government is still so terrified of this label freedom of movement of people, when, as you indicated, it seems to be a fundamental sticking point on any major progress. I'm wondering if we could get past that, and what we can do to help there.

David Henig: Anybody who believes in the EU project, should stop talking about customs union, which sounds nice and whatever, and just start talking about the actual most difficult things, like freedom of movement. Because that's the problem. You've got to start taking on the the big issues at some stage in this, otherwise, you're just not going to make much progress. One of the biggest concern to people, if they're polled, is not freedom of movement. That's not quite at the top, fish is the worst. I pity the person who's going to try and take on the argument on fish.

I do think that it's important to start talking European, talking shared values. Erasmus+ is a really good example of this. The UK rejoining Erasmus+ is not on the list of things that's going to happen, apparently, we think it's too expensive. The EU reaction to that is to say that you're not really prepared to be European. You're not really in our club. That's the big limiting factor here. Are you wanting to be part of the group, or not? And I'm afraid ultimately, it's going to come down to more than trade. Mark English knows that, he spent long enough in in Brussels, dealing with the UK folk being totally transactional.

There's different ways of looking at this, but this coming summit wouldn't have happened under the previous government. So on the one hand, it's less than it should have been, partly because the UK Government just did not get its act together for for six months. And it's starting to get its act together now, and it's starting to go to Brussels now, and say, what about this? What about that? Very very late, maybe it will learn from that, maybe it won't. But it's a step forward. So how do you take it from there? Take the small steps forward that are good signs, strengthen things as much as you can, and then take it from there, but at the same time, try to push the UK on the things that are really important, like learning to speak the right language, learn from what didn't happen this time, and what you can maybe try to have happen next time. Don't expect anything to be easy. I can't say

I'm overly optimistic about that, but maybe it'll happen. At the moment there is progress, but it's slow.

List of participants:

Peter Burke
Lisa Burton
Barbara Callender
Valerie Chaplin
Mark English
John Gaskell
Colin Gordon
Helen Grogan
Alex Hall
Chris Hammond
Jonathan Harris
Nick Harvey
David Henig (Speaker)
Andrew Hesselden
Dr Monica Horten
Cecilia Jastrzemska
Richard Jones
Helen Johnston
Mark Johnston
Sharon Leclercq-Spooner (Chair)
Juliet Lodge
Jane Morrice
Mirjam König (Pulse)
Jo Pye
Alfred Quantrill (YEM President)
Sanjay Ravindran
Richard Wilson