

EU AND UK REACH AGREEMENT ON THEIR FUTURE RELATIONSHIP BEYOND 31 DECEMBER 2020: MESSAGE FROM OUR CHAIR AND SENIOR PARTNER

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Legal Briefings

Below is a message from our Chair and Senior Partner James Palmer.

Dear clients and professional colleagues,

You will have seen the news that the EU and UK have reached an [agreement](#) on their future relationship, which [we expect](#) to come into effect on 1 January 2021. This is good news.

All sorts of people wanted all sorts of different outcomes. That is inevitable. But once the UK committed to Brexit, whatever the rhetoric and negotiating positions, achieving agreement became fundamental for both the EU and the UK, or serious harm would have been caused to both. We always saw an agreement as highly likely, given that shared interest.

The terms reflect the UK's commitment to free trade and open borders for international business, but also the context of the EU's position that, in order to protect the benefits, integrity and unity of the EU and its single market, the UK must lose some of its trade freedoms.

While many argued for commitments by the UK to align UK rules for the long term to the EU, including going forward, in our view that never made sense: alignment works for members, with membership rights, but to be a pure regulatory “taker” from the EU without membership rights did not look like an acceptable outcome, given the inevitable divergences and differences that lie ahead over time.

The agreement creates a great basis for restoring the depth of co-operation between the UK and EU, which has inevitably been impacted by what has felt to many like divorce discussions. It also allows the UK, whatever the disadvantages of being outside the EU, to be more agile in setting new regulatory standards and addressing new priorities, such as the green and tech agendas. By definition the EU will be slower to adapt its frameworks on those issues, simply by virtue of size and complexity of processes. However the UK will not go for low standards; it has historically sought to attract investment by leading with new and higher regulatory standards. That philosophy is likely to continue.

There is a vast amount of work to be done on the next levels of clarity, but given the UK left the EU at the beginning of 2020, this is significant progress for businesses, as compared with the only alternative left on the table.

Since before the referendum, teams across our firm have been working with clients in all parts of the world to [analyse, assess and address](#) the major change that now comes on 1 January notwithstanding the agreement. That work continues.

Our differentiating expertise has been recognised both by external commentators and by our close involvement in working with governments and regulators to develop solutions to Brexit related challenges for businesses. Our long tradition of involvement at the interface of law and public policy development is one to which we remain committed.

To keep up-to-date with our public facing responses to this agreement and what it means for our clients and markets please subscribe to our [Beyond Brexit Blog](#).

If you would like to discuss any specific points in relation to the agreement, support navigating the new arrangements, how you might express the concerns of your business to governments, on dispute risks that may arise, or on any other questions or challenges you have, please do contact your regular Herbert Smith Freehills relationship contacts, or otherwise any of our experts listed [here](#).

Yours faithfully,

James Palmer

[James Palmer](#)

Chair and Senior Partner

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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