



The EU Reset: From Brexit Fallout to a Fragile Rapprochement

Peter Holmes + Sahana Suraj

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Peter Holmes and Sahana Suraj,
UKTPO, University of Sussex

Introduction: The Harm of Brexit

Brexit was presented to the public as a question of “taking back control”. Politically, the campaign was effective partly because it was presented as a constitutional rupture with minimal disruption to everyday economic life. Research on the referendum campaign notes that there was considerable ambiguity among different constituencies in how they perceived the meaning of “Brexit”. This ambiguity masked a substantive tension between two visions: an outward-looking “Global Britain”, premised on independent trade deals and regulatory freedom and another appealed to a more protectionist, sovereignty-first “Little England”. The result was that Brexit generated a mandate to leave, but not a mandate for any coherent economic settlement.

This contradiction shaped the subsequent policy debate by assigning primary focus to resolve visible barriers to trade- tariffs. However, tariff-free trade is never equivalent to frictionless trade. The economic value of EU membership lay not only in the absence of tariffs, but in the wider Single Market framework that reduced non-tariff barriers through common rules, regulatory recognition, customs cooperation and shared enforcement. The eventual Trade and Cooperation Agreement (TCA) reflected this gap. The agreement provided preferential treatment only for goods that could demonstrate sufficient “economic nationality” as specified in the TCA’s product specific rules of origin¹. Even where goods qualified for zero tariffs, businesses still faced non-tariff barriers under the TCA’s separate chapters on SPS measures, technical barriers to trade, and customs facilitation. For instance, the Technical Barriers to Trade (TBT) chapter creates mechanisms for cooperation through a dedicated Specialised Committee on Technical Barriers to Trade and building on existing WTO principles, but a UK manufacturer of regulated products such as machinery, electrical equipment still needs to demonstrate compliance with EU product rules and CE-marking requirements for the EU market, while separately managing UKCA/UK regulatory requirements for the Great Britain market². The omission was even more pronounced in services. The ONS Index of Services release for December 2016 highlighted

1 Articles 37-88, Chapter 2, Title I, Heading One, Part Two of the TCA, provide detailed information on the conditions required for goods to meet requirements for preferential access.

2 Articles 88-100 Chapter 4, Title I, Heading One, Part Two

service industries as accounting for around 78% of UK GDP, yet public debate and negotiation priorities remained dominated by goods. This was analytically problematic because services trade depends less on tariffs than on regulatory permissions, mobility rights, establishment rights, data flows and recognition of qualifications in financial services.

The analytical failure of the Brexit debate, therefore, lay in its treatment of market access as if it were mainly a tariff question. In legal and economic terms, the more important issue was the loss of Single Market disciplines. The eventual settlement delivered formal regulatory autonomy and a conventional free trade agreement, but it did not preserve the practical economic continuity that had been implied during the referendum debate.

The Unfinished Business in the Trade and Cooperation Agreement

The 2019 Political Declaration set out an ambitious agenda for deep integration describing the future EU-UK relationship as an “ambitious, broad, deep and flexible partnership” covering trade, economic cooperation, law enforcement, criminal justice, foreign policy, security, defence and wider cooperation. However, the Johnson government’s approach shifted away from the closer relationship envisaged under Theresa May, with references to close alignment, a relationship “as close as possible”, and the single customs territory removed from the revised 2019 texts³. Institutionally, the agreement is sophisticated as it creates a Partnership Council, a Trade Partnership Committee, specialised committees, working groups, dispute settlement procedures and review mechanisms. Yet, it lacks substantive depth. Beyond trade in goods and services, the TCA left several important areas incomplete. The agreement contains limited provisions on temporary business travel, leaving touring artists, cultural workers and some professional service suppliers dependent on member-state visa and work-permit rules. This gap was sufficiently significant that the Labour Party’s 2024 election manifesto identified touring artists and professional qualifications as areas requiring further UK–EU negotiation, while later

3 <https://commonslibrary.parliament.uk/research-briefings/cbp-8714/>

UK–EU reset discussions also treated youth mobility and Erasmus+ as matters for future agreement. The same pattern is visible in foreign policy and security.

The agreement nevertheless contains “gateways” or flexibilities for later adjustment. Article 776 provides for a review of the implementation of the TCA and supplementing agreements, and “any matters related thereto”, five years after entry into force and every five years thereafter. Commentaries have debated whether Article 776 is merely a technical implementation review or a political opportunity to revisit the relationship more broadly. The EU’s public position has generally treated the review as implementation-focused, while UK political debate has often treated it as a possible route to reducing trade barriers.

Before 2024, the flexibility built into the TCA was used only selectively. The most substantial post-Brexit legal repair was the Windsor Framework. The legal basis for the Windsor Framework was the Withdrawal Agreement Joint Committee, including powers under Article 164 of the Withdrawal Agreement and related provisions of the Protocol. Substantively, the Framework sought to ease the movement of goods from Great Britain to Northern Ireland, including through “green lane” arrangements and reduced checks for goods not at risk of entering the EU. While this was a significant example of pragmatic repair, it also demonstrated the instability of the original Brexit settlement.

A similar logic applies to the later use of TCA institutions. The Partnership Council decision on electric vehicles and batteries, the fisheries access decision and the extension of the energy title are not merely isolated technical adjustments. They show that the TCA’s governance structure has become a mechanism for preventing sectoral cliff edges and restoring predictability in areas where interdependence remained high.

Subsequent UK–EU cooperation since the TCA should not be read simply as evidence that the agreement was defective because it did not settle every question at the outset. Modern trade and cooperation agreements often operate as living instruments: they create institutional machinery, review clauses and specialised committees precisely so that cooperation can be adapted over time. The more significant point is that many of the later instruments have addressed areas whose omission or underdevelopment was already

visible during the original negotiations. In that sense, the post-TCA record shows not merely ordinary treaty evolution, but a pattern of targeted repair around predictable stopgaps created by the UK's preference for a thinner, sovereignty-centred agreement. The European Commission's own description of the TCA is revealing: it notes that the agreement did not cover foreign policy, external security and defence cooperation because the UK did not want to negotiate those matters.

Politically, the trajectory from Sunak to Starmer was one of tonal change but constrained substantive ambition. Rishi Sunak's agreement of the Windsor Framework in 2023 marked a move away from confrontation and towards pragmatic problem-solving, and contemporary reporting described it as opening "constructive engagement" in areas such as Horizon, financial-services regulatory cooperation and border cooperation. However, the broader UK position remained bounded by a refusal to return to the Single Market or Customs Union. Labour's 2024 manifesto similarly promised to "make Brexit work" by reducing unnecessary barriers, pursuing a veterinary/SPS agreement, helping touring artists and seeking mutual recognition of professional qualifications, while maintaining red lines against the Single Market, Customs Union and freedom of movement.

For the 2024 elections Keir Starmer simultaneously drew his own Red Lines to retain "Red Wall" voters while using softer language to attract Remain voters. Post elections, the language of UK-EU relations became warmer, but the government's substantive objectives remained deliberately bounded. The Labour government moved responsibility for EU relations to the Cabinet Office, signalling greater central coordination of the relationship. The May 2025 summit produced a Strategic Partnership, a Security and Defence Partnership, and a Common Understanding covering fisheries, energy, SPS, youth mobility, Erasmus+, ETS linkage and electricity-market cooperation. However, many of these commitments were framed as undertakings to "work towards" or "explore" future agreements rather than completed legal instruments.

The TCA should not be read as a complete post-Brexit settlement. Rather, it created a legal baseline around which later instruments, political understandings and sector-specific negotiations have had to develop to manage

the practical costs of the UK's decision to prioritise regulatory autonomy over deeper institutional integration.

The “Reset”

The UK–EU reset represents a significant change in tone and diplomatic method, but not a fundamental abandonment of the post-Brexit settlement. Starmer's government has repeatedly framed closer cooperation with the EU as a pragmatic attempt to “make Brexit work”, while maintaining the core red lines of no return to the Single Market, no customs union and no restoration of freedom of movement. Labour's 2024 manifesto committed to reducing barriers to trade through a veterinary or SPS agreement, support for touring artists, mutual recognition of professional qualifications and an ambitious security pact, but it also explicitly ruled out the institutional forms of integration that would most directly restore market access. The reset therefore begins from an inherent constraint: it seeks to recover some of the practical benefits of proximity to the EU while preserving the legal and political distance created by Brexit.

The Office for Budget Responsibility estimates highlight that the post-Brexit trading relationship under the TCA has the potential to reduce UK long-run productivity by 4% relative to continued EU membership, largely because non-tariff barriers reduce trade intensity and limit the gains from comparative advantage. It also assumes that UK exports and imports will each be around 15% lower in the long run than if the UK had remained in the EU. The reset therefore matters economically, but its expected gains are likely to be sectoral rather than transformational. The UK government has estimated that SPS cooperation and ETS linkage could add nearly £9 billion to the UK economy by 2040. Reducing or removing requirements for document checks, plant health certificates and physical checks would lower fixed trade costs, with potentially disproportionate benefits for smaller exporters and firms dealing in low-margin or perishable products. This also explains why the reset is politically delicate. The economic gains are concentrated in specific sectors, whereas the political costs of alignment are framed more generally through debates about sovereignty, rule-taking and the role of EU law.

The reset is also constrained by domestic politics. Although polling and parliamentary attitudes may be more favourable to closer relations with the EU than in the immediate post-referendum period, rejoining the Single Market or customs union remains politically difficult. LSE analysis argues that, despite public dissatisfaction with Brexit, there are major political obstacles to more ambitious steps because EU relations are not currently a highly salient public issue and because reopening Brexit risks reviving divisions that Labour has sought to avoid. This explains why the government's language combines warmth towards Europe with repeated reassurance that Brexit is not being reversed.

From the EU side, the central political sensitivity is avoiding the appearance that the UK can obtain selective access to the benefits of membership without corresponding obligations. During the Brexit negotiations, this was expressed through the language of “no cherry-picking”, particularly in relation to the indivisibility of the Single Market. There is some evidence that the EU's posture has softened where mutual interest is clear, especially on SPS, energy and security cooperation. A more flexible EU approach does not mean that the UK can bypass the basic access-obligation relationship. Rather, it means the EU may now be more willing to negotiate sectoral arrangements where the UK accepts the necessary regulatory and institutional disciplines.

The EU side has long signalled that the five-year review would not be the main vector of a reset. Instead, the EU's position was summarised in an email to one of the authors from a Senior Commission official in April 2023:

“The TCA can and is being improved upon by adding “bricks” – such as agreements on financial services and Horizon – and others are possible.

“This can take place at any time. The five-year review is not particularly key.

“What is key is atmospherics: restoring “good faith” and trust. This essentially boils down to implementation of what has already been agreed. As long as the UK implements past agreements, the EU is willing to consider improvements.

“However, this will be a step-by-step approach, because the UK is unlikely to want any radical improvement that would result in a “high regulatory alignment model.”

“Although high alignment is not possible for UK domestic political reasons, UK business is in favour of it. This means that de facto the UK remains highly aligned with the EU in most areas.

“The bottom line: Step-by-step improvements are taking place and will continue if UK politics allows it, but the five-year review is not particularly important in this process.”

This is a reasonable guide to the current position.

What are the UK’s aims?

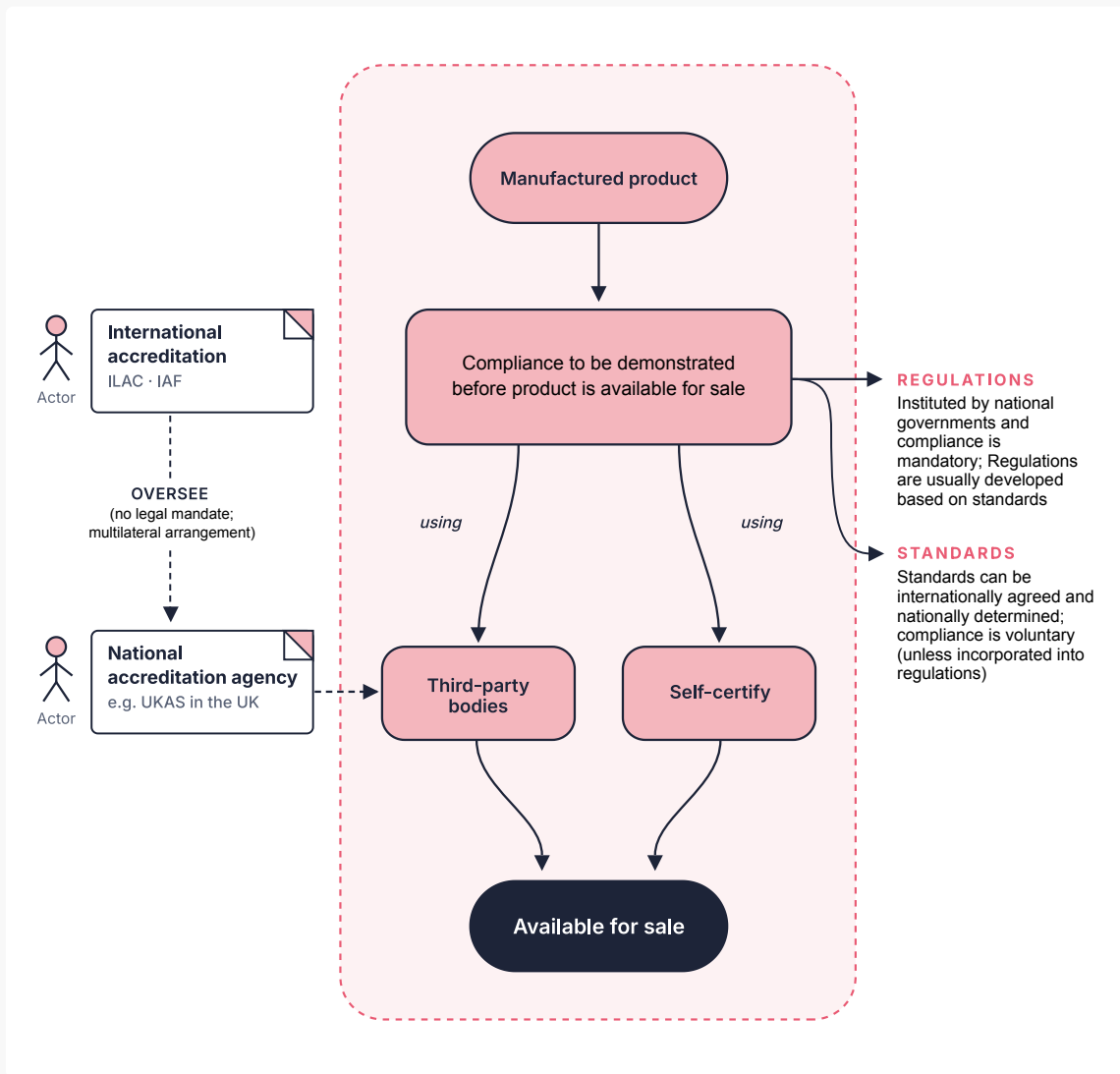
The UK’s current objective is to reduce the economic costs of the TCA without formally reversing Brexit. The Starmer government has continued to rule out a return to the Single Market, the Customs Union or freedom of movement, but it has also made clear that the existing relationship leaves unnecessary barriers to trade.

A central UK objective is to convert regulatory proximity into market access. This is particularly evident in the debate on mutual recognition of conformity assessment.

The UK national quality infrastructure system for goods is fundamentally based on the same principles as the EU. To understand the impasse, one must distinguish between different layers of the ecosystem. The Standards and Quality Infrastructure system (in the EU) operates in a system of checks and balances where all stakeholders within the system are thoroughly vetted as depicted in the figure below. Using accredited testing labs and other conformity organisations, manufacturers can be assured of the competence and impartiality of testing, certification and other evaluation services used to meet regulatory requirements for products placed on the market. Mutual recognition of the results of conformity assessment delivered by CABs through Mutual Recognition Agreements (MRAs) allows manufacturers and sellers in partner

countries to have their products and procedures evaluated by CABs in their home countries. They can then use these results when trading with partner countries.

Figure 1: Structure of the EU National Quality Infrastructure System for Goods



A UK-EU Mutual Recognition Agreement on Conformity Assessment would allow UK-based conformity assessment bodies to test or certify products for the EU market, and vice versa, reducing the need for duplicative testing. Industry bodies on both sides of the Channel have argued that such an agreement would lower compliance costs, support SMEs and improve investment

certainty⁴. However, the UK's problem is that unilateral alignment does not automatically produce EU market access. Even if UK rules remain close to EU rules, UK goods remain third-country goods unless the EU agrees to recognise UK testing, certification or regulatory outcomes. This makes mutual recognition a key UK demand, but also a difficult one to secure.⁵

The UK is still "trying to make Brexit work," with a unilateral Metrology Bill that allows for dynamic regulatory alignment and a plan for automatic dynamic alignment in an SPS (Sanitary and Phytosanitary) deal. The Product Regulation and Metrology Act 2025 gives ministers broad powers to update product regulation and, where appropriate, make provisions corresponding or similar to relevant EU law. This enables the UK to limit divergence, modernise product regulation and potentially align with EU developments where this is commercially advantageous. Yet it remains a unilateral instrument. It may reduce the practical distance between UK and EU regulation, but it cannot compel the EU to accept UK conformity assessment results. And for full market access we need more than a purely voluntary and reversible policy.

What are the EU's aims?

The EU's aims are different because it is less economically dependent on changing the TCA. From the EU's perspective, the TCA already secures the essential post-Brexit baseline: tariff-free and quota-free trade for qualifying goods, a level playing field framework, governance structures and protection for the integrity of the Single Market. The European Commission has repeatedly emphasised that the TCA does not reproduce the level of integration that existed when the UK was a member state, but it does provide a stable basis for cooperation with a third country.

The EU's primary objective is to ensure that any further access is conditional, enforceable and compatible with Single Market integrity. This explains its caution over mutual recognition. Mutual recognition of conformity

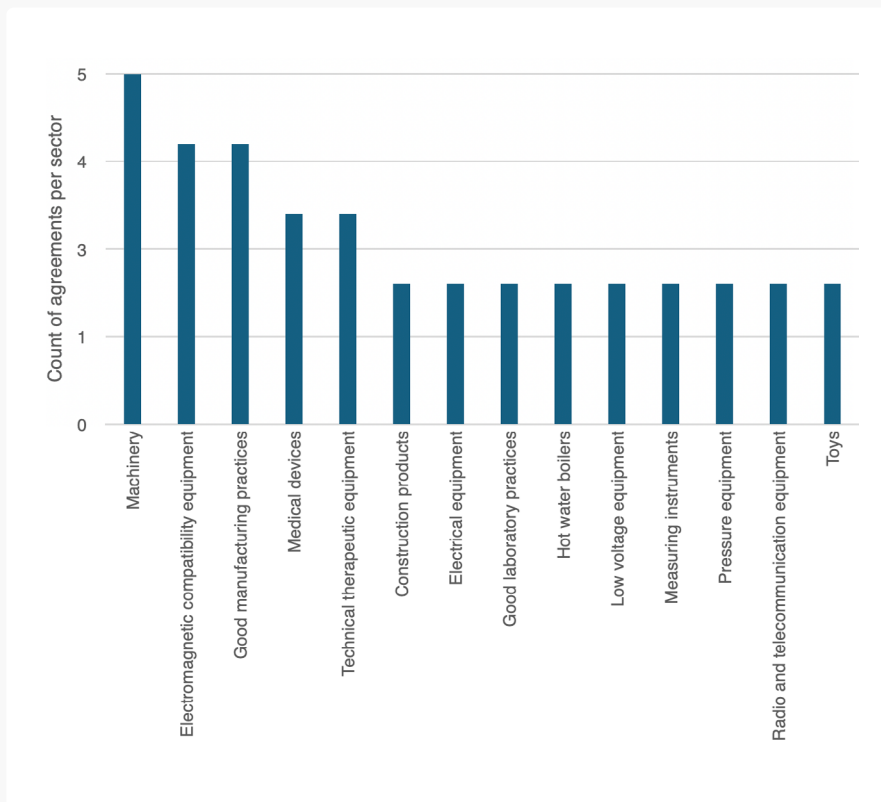
4 <https://bmta.co.uk/2025/04/09/eu-and-uk-industry-calls-for-a-mutual-recognition-agreement-on-conformity-assessment/>

5 Please refer to our earlier analysis for a more detailed guide to understand where UK sector specific cases depict the costs of regulatory divergence on conformity assessments: <https://www.uktpo.org/briefing-papers/bp-86/>

assessment would primarily benefit UK exporters because it would reduce the cost of demonstrating compliance with EU rules from outside the Single Market. The EU has less economic motivation to recognise UK conformity assessment bodies unless the UK offers deeper regulatory cooperation and legal commitments, or unless negotiations focus on sectors of strategic importance to EU firms.

The EU is more likely to accept sector-specific arrangements where there is clear reciprocal value. It already has mutual recognition agreements with third countries including Australia, Canada, Japan, New Zealand, the United States, Israel and Switzerland, but these are structured agreements with defined sectors and designated conformity assessment bodies.

Figure 2: Sectors with which the EU has MRCAs across partners



Source: https://single-market-economy.ec.europa.eu/single-market/goods/international-aspects/mutual-recognition-agreements_en

For the UK, this is important because it shows that the EU does not reject MRCA as a trade instrument. However, it also shows that the EU prefers controlled, sectoral arrangements rather than broad market-access concessions. The UK should therefore look at sectors where EU firms also face meaningful frictions. Contacts with the EU side suggest that there are few areas where they see a big gain from MRCA with the UK. One priority that has been mentioned is batch testing of pharmaceuticals, which UK firms also want to see.

The EU's approach to SPS illustrates its preferred model. It is willing to reduce border friction where the UK accepts alignment with EU rules. The EU Council mandate on SPS and ETS negotiations described the purpose of an SPS agreement as reducing the burden of agri-food trade by aligning sanitary and phytosanitary rules.

Where do current developments stand?

The next phase of UK-EU relations is likely to be defined by selective and uneven regulatory cooperation. The May 2025 reset created a political framework for closer relations, but the House of Lords European Affairs Committee has described the reset as “a process not a single event” and noted that there is still no clarity about its endpoint.

Mutual recognition of conformity assessment remains one of the most uncertain areas. On the one hand, there is a clear business case for an MRCA. Orgalim and other EU and UK industry bodies have called for a UK-EU Mutual Recognition Agreement on Conformity Assessment, arguing that it would reduce duplicative testing, lower compliance costs, improve access to conformity assessment bodies and provide greater regulatory certainty for firms trading in both markets. Orgalim's later statement emphasised that UK-based conformity assessment bodies are no longer able to certify for CE marking, reducing available testing capacity, and argued that an MRCA would benefit both UK and EU manufacturers by increasing certification capacity and reducing lead times. On the other hand, the negotiating agenda for the 2025 reset did not include an MRCA. The EU may accept sectoral mutual recognition

where reciprocal value is clear, but it is unlikely to support a broad horizontal MRCA simply because the UK has chosen to remain aligned or because UK businesses face costs.

The next stage should also move beyond the narrow language of CE marking. CE marking is important because it is the most visible sign of product conformity, but it is only one part of a broader regulatory ecosystem. Chemicals regulation under REACH is equally significant because it affects not only chemical producers but also downstream sectors such as automotive, electronics, construction, consumer goods and advanced manufacturing. A 2024 academic study of UK chemical regulation after Brexit found that UK and EU REACH regimes are now evolving independently and that the UK has struggled to keep pace with EU regulatory developments, creating the prospect of further divergence. This suggests that the future UK–EU agenda should distinguish between three different tools: mutual recognition of conformity assessment, regulatory cooperation, and dynamic alignment. These tools are related but not interchangeable

The UK's ability to pursue any of these options depends on maintaining its place within European standards and accreditation infrastructure. BSI's continued membership of CEN and CENELEC is strategically important because European standards continue to shape market access conditions. This matters because the UK can formally diverge from EU regulation while still relying heavily on European and international standards as the practical basis for compliance. The UK–US Economic Prosperity Deal (EPD), announced in May 2025, is an important case to highlight here. Paragraph 2(b) of the text of the agreement calls for discussions on national treatment of conformity assessment bodies (CABs) and Paragraph 2(c) discusses the possible development of mutual recognition agreements for agreed goods and services sectors. Taken at face value, these commitments are neither novel nor inherently problematic. [A recent article](#) reports that the US is now seeking a much broader form of alignment of the UK and US regulatory systems, in particular mutual recognition of accreditation bodies. If these demands for an MRA on accreditation with the US were agreed to, it would reshape the institutional framework that establishes regulatory reliability in the UK. The basis for this lies in the different ways the UK and US organize their national quality infrastructure

systems. The US operates on competitive, for-profit accreditation enterprise system which conformity assessment bodies the flexibility to switch between accreditation providers that may be cost competitive while potentially jeopardizing the consistent enforcement and verification of standards. Mutual recognition of accreditation bodies in this case would therefore render the UK standards ecosystem incompatible with the commitments to EA. With this in mind, the UK may need to consider public scrutiny and debate as a strategic mechanism to safeguard its regulatory autonomy, ensure alignment with European frameworks, and protect the credibility of its ongoing EU reset agenda.

Catch-22

The UK faces a fundamental Catch-22:

1. The UK cannot remove technical barriers to its exports to the EU without dynamic regulatory alignment.
2. But this alone secures no EU market access.

And the more the UK does align, the less purely trade incentive the EU has to offer a Mutual Recognition of Conformity Assessment deal.

A UK-EU MRCA is unlikely to be secured on the basis of UK regulatory proximity alone. Since the immediate economic benefits of recognising UK conformity assessment bodies would fall more heavily on UK exporters, the UK would probably need to embed such an agreement within a wider package of reciprocal concessions. The most plausible form of issue-linkage is mobility, particularly youth or student mobility, which has been a consistent EU interest in the reset discussions. Other forms of linkage are also conceivable.

The case for youth mobility

Youth mobility is likely to become one of the most important tests of how far the UK-EU reset can move beyond technical cooperation. For the EU, youth mobility has been a consistent priority because the end of free movement

significantly reduced opportunities for young Europeans and Britons to live, work, study and train in each other's jurisdictions.

The UK government's resistance is partly political. The electorate's original support for Brexit was closely linked to opposition to free movement, and Labour has continued to insist that its reset will not involve a return to free movement, the Single Market or the Customs Union. The political difficulty is not that youth mobility is legally equivalent to free movement, but that it can be presented domestically as a symbolic reopening of mobility after Brexit.

There is also evidence that public opinion may now be less hostile to controlled mobility than the government assumes. A YouGov poll commissioned by Best for Britain found that 66% of respondents supported a two-year UK-EU youth mobility scheme, with only 18% opposed; support for a four-year version was lower but still positive, at 54% support and 27% opposition. The same polling found that every constituency in Great Britain was predicted to support both versions of the scheme, suggesting that a limited and reciprocal youth route may be politically less toxic than generalised free movement.⁶

The higher education dimension makes youth mobility economically important for the UK as well as diplomatically useful. The UK has now agreed to associate to Erasmus+ from 2027, with the UK and EU finalising the legal text in April 2026. Universities UK and the European University Association have welcomed the UK's return to Erasmus+, arguing that it will rebuild academic partnerships, support student and staff mobility, and strengthen UK-EU higher education cooperation.⁷ However, Erasmus+ alone does not resolve the wider question of EU student access to UK universities.

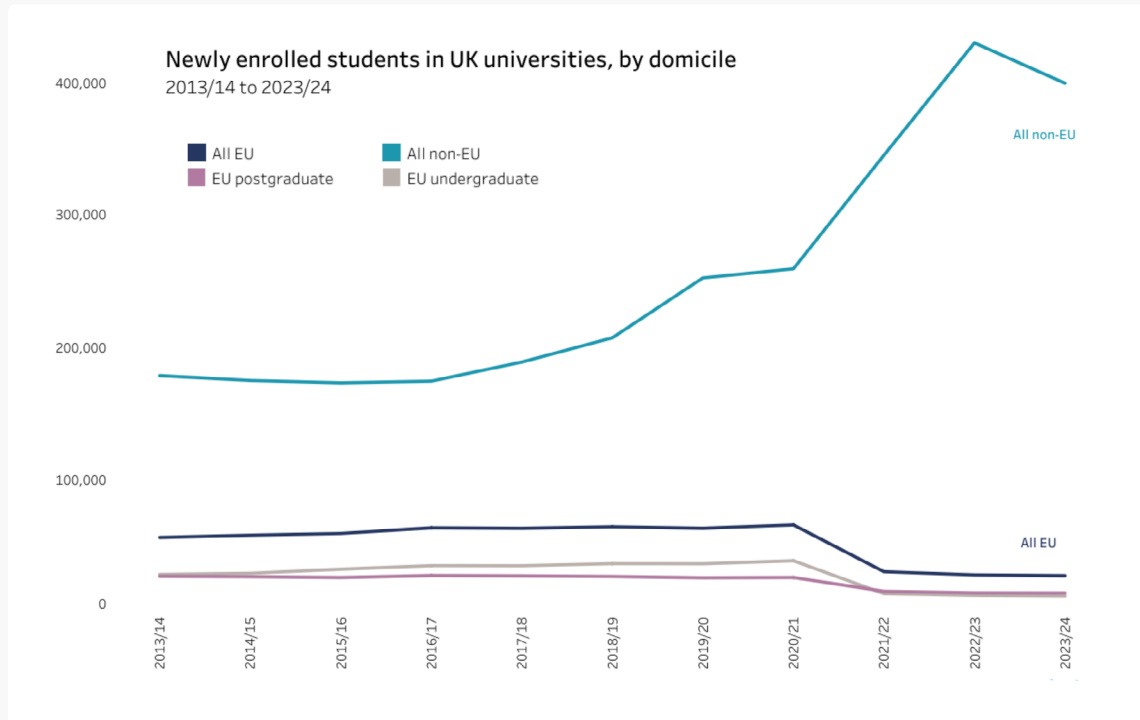
The most difficult issue in a UK-EU youth mobility deal is likely to be tuition-fee status. Since Brexit, EU students have generally been treated as international students rather than home-fee students, contributing to a sharp fall in EU enrolments.

The EU has therefore pushed for lower tuition fees for EU students as part of the wider youth mobility settlement, while the UK government and much of

6 https://www.bestforbritain.org/feb_2025_mrp_analysis_uk_eu_youth_mobility_scheme

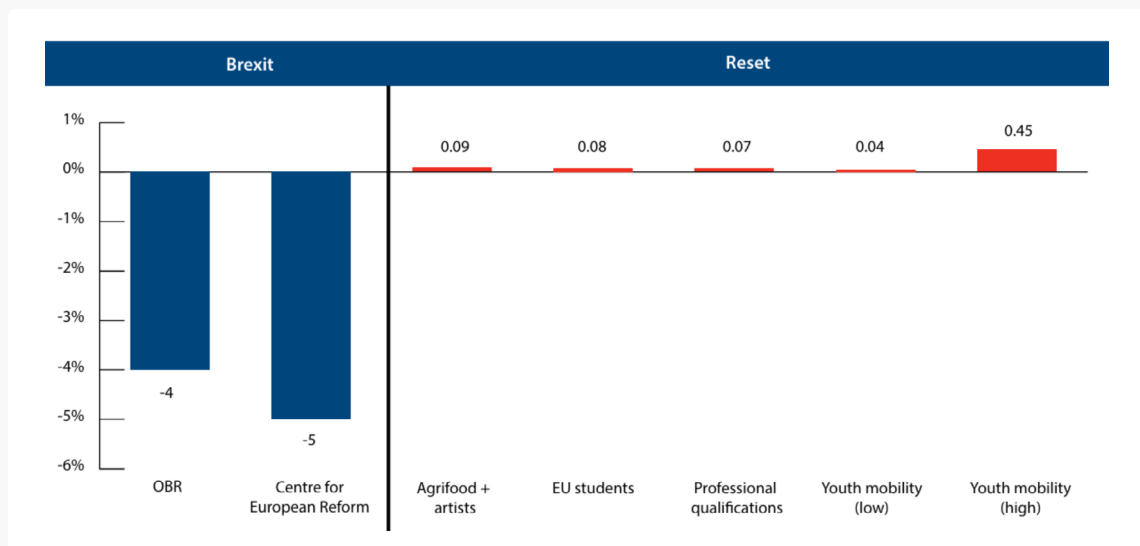
7 <https://www.universitiesuk.ac.uk/topics/international/universities-welcome-uks-return-erasmus>

Figure 3: EU students enrolled in UK Universities



Source: Migration Observatory (2025) EU students in the UK after Brexit - Migration Observatory

Figure 4: Estimated Impacts of EU-UK agreements on UK GDP



Source: Centre for Economic Reform (2024) <https://www.cer.eu/insights/gap-between-brexit-reset-rhetoric-and-reality>

the university sector have resisted this, fearing the financial cost of restoring home-fee treatment.

This matters because UK higher education is already under significant financial pressure. The Office for Students estimated that, without mitigating action, 45% of analysed institutions faced a deficit in 2025–26, while Universities UK has linked the sector’s financial pressures to falling per-student funding, reduced international enrolments and research funding shortfalls. A youth mobility and student-access package could therefore help some institutions rebuild recruitment pipelines, especially where they have capacity and where EU demand has collapsed since Brexit. It also provides a relatively controlled form of mobility that can support universities, apprenticeships, cultural exchange and labour-market experience without reopening full free movement.

Frontier Economics modelling for Best for Britain suggests that deeper UK–EU cooperation on goods and services could raise UK GDP by up to 2.2%, and youth mobility may help create the political conditions for such agreements.⁸ CER’s rough estimates suggest that a UK–EU youth mobility scheme could raise UK GDP by between 0.04% and 0.45% over ten years, depending on the scale and duration of the scheme.

However, the fiscal impact is more nuanced than the political debate suggests. The relevant question is not simply whether EU students pay lower fees, but whether they are additional students filling spare capacity or whether they displace higher-fee non-EU students. Universities with spare places, weak international recruitment or strong European links could benefit from renewed EU demand, even at lower fees. By contrast, institutions that already recruit high-fee international students successfully could lose revenue if EU students replace more lucrative enrolments.

8 <https://www.tradeandbusiness.uk/modelling-the-effects-of-closer-uk-eu-cooperation-and-of-us-tariffs>

A Way Forward

The central lesson from the reset is that closer UK–EU cooperation is possible, but not automatic. The UK should therefore move away from presenting individual proposals – such as mutual recognition of conformity assessment – as purely technical corrections.

The way forward is therefore a positive-sum package. The UK should identify as many genuinely win-win elements as possible – for example SPS cooperation, ETS linkage, electricity cooperation, chemicals regulatory cooperation, pharmaceuticals, and selected conformity-assessment arrangements. These are areas where reduced friction could support trade, investment certainty and regulatory predictability on both sides. At the same time, the UK must accept that a successful package will need to include some items that are more visibly valuable to the EU.

The broader strategy should be to create a “fruit salad” rather than bargain over single fruits. A narrow negotiation over MRCA alone invites the EU to ask why it should spend political capital on an agreement that mainly helps UK exporters. A wider negotiation allows trade-offs: SPS and ETS for regulatory alignment; youth mobility and Erasmus+ for people-to-people links; chemicals and pharmaceuticals for industrial resilience; touring artists and professional qualifications for services mobility; and sectoral MRCA for goods trade facilitation. The wider the range of issues, the easier it becomes for both sides to find enough gains to sell the package domestically. In short, the UK’s challenge is not simply to prove that its regulations remain close to the EU’s. Regulatory proximity does not automatically produce market access. The UK must show that it is ready to build a broader, credible and reciprocal bargain.

Conclusion: Towards putting Rejoin back on the agenda

In this paper we have tried to show what a realistic strategy would be to implement a comprehensive plan for improving trade relations with the EU, focussing on the need to work towards easing regulatory barriers that are the biggest obstacle to trade in goods with the EU. We show that it is possible but challenging.

The current government has clearly recognised the need for dynamic regulatory alignment and acknowledged the significance of Mutual Recognition of Conformity Assessment but is still attached to “Cakeism”. The UK still seeks to keep autonomy wherever it thinks there is an advantage from divergence.⁹ The problem with this approach is that every attempt to remain distinct reduces the political benefits of alignment. The EU side has indicated that it is ready to welcome the UK into a much closer relationship but sees a big gap between the aspirational rhetoric and the narrow of transnationalism of actual policy proposals.

The UK side has been forced to acknowledge even if reluctantly that it must choose between the EU and the US as a partner.

The time has clearly come to pose the question, as many are, whether the Red Lines serve any purpose. The UK will have to concede that its vision of economic benefits through regulatory autonomy has not delivered. The separate UKCA regime has had to be abandoned, and we have the Metrology Act. But what value does the freedom to diverge have if it cannot be used? The case for applying to rejoin the single market via the EEA or a Swiss-style agreement needs to be examined. And if we are ready not accept the conditions that would be imposed, why not apply to (Re-)Join and get a vote in the rules we will have to comply with. It is clear that counter-arguments exist: what about the Euro? Or free movement of workers? A case can be made that reopening the Brexit debate might create uncertainty, but is that any more than the prospect of endless negotiations about an evolving relationship?

The government’s policy is clearly driven by its fear of alienating pro-Brexit voters. This paper is not the place to address that debate in full, but it is very clear that many of Labour’s potential voters would prefer an attempt to rejoin to the ‘Halfway House’.¹⁰ The logical implication is that the UK remain open to debate the possibility of attempting to Re-Join. This paper is not necessarily

9 FT 10/4/2026 “UK ministers resist alignment with EU’s AI rules” <https://www.ft.com/content/b1d1f9be-7790-4227-acec-80fa34dbdbc8?syn-25a6b1a6=1>

10 FT 17/04/2026 “Benefits of Labour’s ‘halfway house’ Brexit policy not clear, says election expert” <https://www.ft.com/content/75b8b734-391e-4a4b-a158-9aa9f9e03bad?syn-25a6b1a6=1>

seeking to pre-empt the conclusion of such a debate, but we feel it must be opened up.

In short: we have shown that the EU is flexible on its negotiating strategy, but this does not mean the UK can pick its own cherries. There will have to be a fruit salad of items that are more and less palatable to the UK. A piecemeal approach is possible, but it is difficult and time-consuming. We may need to be more ambitious.



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The Progressive Economy Forum (PEF) was founded and launched in May 2018. It brings together a Council of distinguished economists and academics to develop a progressive and sustainable macroeconomic programme and to foster wider public engagement with economics. It opposes and seeks to replace the current dominant economic narrative based on austerity.

Contact details

Progressive Economy Forum
180 N Gower St
London
NW1 2NB

Email: info@progressiveeconomyforum.com
Phone: 0207 874 8468
Website: www.progressiveeconomyforum.com
Twitter: [@pef_online](https://twitter.com/pef_online)
Bluesky: [@pef-online.bsky.social](https://bsky.app/profile/pef-online.bsky.social)

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