

**European Affairs Committee**

Tuesday 13 December 2022

- William Bain, Head of Trade Policy BCC

**Background**

*The aim of the UK/EU Relationship inquiry is to examine the overarching state of the post-Brexit UK-EU relationship and how it might be improved in the future. The report will be published at the end of Q1. The inquiry is investigating:*

- The overall UK-EU political, diplomatic and institutional relationship;
- The UK-EU relationship on foreign policy and security;
- The UK-EU relationship on environment and climate change matters;
- The UK-EU relationship on culture, education and mobility of people

**Chair: The Earl of Kinnoull**

How would you assess the overall impact of Brexit on mobility of workers between UK and EU?

William:

- The impact has been difficult and has added to issues already experienced by businesses as a result of the Pandemic and the war in Ukraine.
- We have seen the most difficult five quarters on record in terms of businesses not being able to recruit to the numbers they need.

**The Lord Tugendhat**

Please give an assessment of the main factors behind the changes in patterns to mobility for workers between the EU and UK since the TCA came into effect. What are the most important factors relating to EU mobility?

William:

- In terms of inbound movement there has been a shift with an increase in professionals entering the UK to perform business functions. However we have seen a massive fall of lower skilled workers.
- Our latest economic data surveyed the sectors experiencing the most difficulty in hiring suitable staff, 81% hospitality, catering and tourism, 79% in transport logistics and storage whilst 82% of businesses in production and manufacturing.
- These have been the sectors most affected with the move away from free movement to the points based immigration system.
- In terms of outbound movement the biggest change has been to navigate the fairly complex rules and regulations for SMEs which typically require highly specific HR advice before they can be acted upon.

**The Lord Lamont of Lerwick**

I want to follow up on the increase in professionals and highly skilled occupations and simultaneous acute shortages in the lower skilled sectors. Does this not have a lot to do with the shortage occupation list?

William:

- I would entirely agree Lord Lamont.
- BCC have called for in our recent Business Manifesto to reform the Shortage Occupation List. We need short term visas to enable small businesses across the UK to solve their recruitment problems.
- We need to see short term visas across food production, parts and manufacturing and the hospitality sectors to deal with the 1.2 million vacancies across the UK labour market.

**The Lord Lamont of Lerwick**

Would you agree that the Government is restricting entry for those people on low wages?

William:

- We have asked the Migration Advisory Committee to look at the thresholds and satisfy the needs of our own Labour market.

**The Lord Liddle**

What is the focus on small businesses?

William:

- In professional services only 74% of companies are experiencing recruitment problems, less than other sectors like care, production, transport, hospitality etc. This is due to a combination of being able to source from the domestic labour market and the Government's work on Memorandums of understanding with other countries on recognising qualifications.
- On outbound movement it is the relative lack of progress seen on mutual recognition of professional qualifications and specific member state reservations operating in addition to the TCA rules that is producing this sub optimal environment at the moment.
- The situation within the TCA allows EU wide reservations and additional member state reservations to coexist creating a dual burden on businesses.

**The Lord Jay of Ewelme GCMG**

How straightforward is the procedure for UK workers travelling to the EU and how would you like the Government to improve the situation?

William:

- In terms of actions before the formal review of the TCA, some of the issues can be resolved at the Member state level, as demonstrated by Spain reducing barriers on those undertaking concert or gig work.
- Secondly, we need to be more proactive in terms of mutual recognition of professional qualifications.

**The Lord Foulkes of Cumnock**

What would you like the Commission to recommend to the Government in terms of negotiations?

William:

- Three very implementable policies.
- Firstly in terms of the Shortage Occupation List – widening the scope to release immediate pressures on the care and hospitality sectors.
- Secondly must press ahead on issues of mutual recognition – an area originally neglected in the TCA negotiations to give more scope for people to work in the UK.
- Thirdly to look again at the different rules in the TCA ahead of the review in 2026.

**The Lord Faulkner of Worcester**

Is there any interest on part of Government to extend the youth mobility scheme?

William:

- We think there is scope on bilateral mobility agreements akin to what Italy and Canada arranged last year.
- The only issue would be the generous provisions that the UK agreed with Australia and whether this establishes a precedent that other countries want to see followed in other negotiations.
- Another issue that should be discussed is whether the UK should seek additional flexibility in being part of Erasmus+ to give shorter term periods of work experience and the opportunity to study in other countries.

**The Lord Hannay of Chiswick GCMG**

Are there any points you would like to mention on improvements on the trade of goods and services?

William:

- Some of the hardest barriers to trade are those faced by service professionals, those in the legal, travel, transport and accounting sectors.

- The unfinished business in the TCA and the 2026 review has to reduce these barriers to the benefit of both the UK and the EU.