Browne Jacobson

UK-EU reset deal: Comments from Browne Jacobson experts

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Prime Minister Keir Starmer has secured a comprehensive reset deal for Britain with the European Union covering multiple sectors, aiming to improve post-Brexit relations.

The new agreement encompasses security and defence, <u>food</u> and agriculture, fishing, climate and <u>energy</u>, youth and <u>education</u>, travel, trade and services, law enforcement and justice, <u>health</u> and migration.

Lawyers from Browne Jacobson provide comments on the UK-EU reset deal.

Defence and security pact

It includes a new security and defence partnership, which covers co-operation on Ukraine, cyber, defence industry and crisis management.

UK defence firms are also set to participate in the proposed €150bn EU Security Action for Europe (SAFE) fund.

Tom Saunderson, Partner in the corporate team at Browne Jacobson, said:

"One area where the EU and UK have found common ground in recent months is on defence and security. The announcement of security pact between the UK and the EU is not merely a reflection of the shifting dynamics in global defence partnerships, but it could also be seen a proactive step towards securing economic benefits for the UK's defence sector.

"Historically reliant on the US for military support and strategic direction through NATO, the changing political landscape in the US has prompted European nations to strengthen their own defence mechanisms. By aligning with the EU through a security and defence pact, the UK acknowledges the need for enhanced regional security collaboration that is somewhat independent of US involvement.

"The potential economic implications are substantial. The EU has allocated a significant €150bn of funding through a loan programme named 'Security Action for Europe' (SAFE), aimed at enhancing its defence capabilities and, by entering into this security agreement with the bloc, it opens the door for UK companies to gain access to contracts funded by SAFE. This will provide not just financial gains but also opportunities for the UK defence industry to expand, innovate and play a central role in the broader European defence landscape.

"A defence pact represents a dual benefit for the UK—strengthening security ties with European neighbours while simultaneously tapping into new economic opportunities. This strategic move could redefine the UK's role in European affairs post-Brexit, ensuring it remains a key player in both political and economic spheres on the continent.

"The significance of this pact extends beyond immediate economic and security enhancements. It serves as a cornerstone for renewed cooperation between the UK and the EU, offering a blueprint for future collaborations. As we move forward, the potential of this partnership to reshape European defence and economic landscapes cannot be underestimated."

Fishing rights

The UK and EU have signed a 12-year reciprocal fishing agreement until 30 June 2038. This extends existing access for EU boats to UK waters in exchange for reduced checks and restrictions on UK food exports, but involves no increase in EU quotas.

Britain will invest £360m in its fishing industry and coastal communities, using funds to upgrade equipment and upskill workers, as part of the agreement.

Ben Standing, Partner in environment at Browne Jacobson, advised the government in relation to EU exit fisheries requirements. He said:

"While we don't yet know what impact this agreement will have on the UK's fishing industry, it's a pragmatic deal that provides longterm certainty regarding businesses' ability to continue exporting food to the EU.

"This is a highly politically charged issue for the fishing industry on both sides of the English Channel, but preserving the status quo – and ultimately avoiding a potential trade war – should be viewed as a positive development from a business perspective."

Climate and energy

Britain and the EU will link their Emissions Trading Systems (ETS) via dynamic alignment and joint governance. This will prevent UK firms from paying EU carbon border tax, a saving worth £800m per year.

In addition, the UK and EU will explore British participation in the EU internal electricity market, as well as continue co-operation on development of hydrogen, carbon capture and biomethane.

Combined, these agreements are projected to add £9bn to the UK economy by 2040. Ben Standing said:

"Co-operation on research and development into <u>renewable energy</u> technologies, and potential access to the EU internal electricity market, is a no-brainer for Britain at a time when the government's mission is to become a clean energy superpower.

"The UK is one of Europe's largest producers of wind power and this deal will allow us to export surplus energy while also reducing costs for importing solar and nuclear power, thereby boosting GDP and increasing energy security.

"Importantly for any deal between the UK and EU, this deal is all about making business sense without hampering national sovereignty, while it is unlikely to have any side effects for other global trading relationships.

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