THE GROWTH COMMISSION

Competere

RESETTING THE UK'S RELATIONSHIP WITH THE EU

AN ECONOMIC ANALYSIS OF THE OPTIONS



November 2026

The Growth Commission

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"We will not give Britain the clear path we need into the rest of the century until we decide on a long-term relationship with what is still our largest market. I cannot say to you truthfully that where we are is good enough. Brexit has done more harm than good. We need to restore a higher level of growth and prosperity for Britain. So, I will take the opportunity around the summit to lay out to you, to lay out to the country, what I believe the different options are for Britain's long-term relationship with our European partners. And there are different options."

Prime Minister Andy Burnham, Labour Party Conference, Liverpool, 2026

Summary of Growth Commission Conclusions

Britain's choice of relationship with the European Union affects access to European markets, the scope for reform at home and our relationships with non-EU trading partners. The Growth Commission recommends improving the existing Trade and Cooperation Agreement (TCA) while pursuing domestic regulatory reform. Under the assumptions examined in our analysis, this offers the largest estimated gain in GDP per capita among the options assessed.

When a business faces planning restrictions, expensive energy or rules that protect established competitors, improved export access does not remove the obstacles to producing competitively in Britain. The precise relationship the UK has with the EU may constrain domestic policy choices as well as the ability to secure truly liberalising agreements with non-EU partners. All of these effects need to be considered in the round.

To compare the economic consequences of these choices, we use the Singham-Rangan-Bradley (SRB-γ) model of anti-competitive market distortions (ACMDs): policies and institutional arrangements that impede competition on merit. The model relates GDP per capita to three pillars: International Competition (IC), Domestic Competition (DC) and Property Rights (PR). Using international data from 2010 to 2022, we estimate how changes in each pillar's score relate to changes in GDP per capita, a productivity measure. For each UK-EU option, we then assess the changes in market access, regulatory obligations and domestic reform that it would involve. Those policy assumptions translate into changes in the relevant pillar scores, to which we apply the estimated relationships. This allows us to compare the economic benefits of greater market access with the gains from domestic reform, including reforms Britain would have to forgo under particular agreements.

What the model tells us

The model tells us that domestic regulatory reform is by far the biggest driver of growth and options which constrain that domestic regulatory autonomy should be avoided. But equally if the UK chooses not to reform, then none of the options with the EU, including full membership, are net positive.

Different options have different effects on the ability of the UK to do reform. Certain reforms are largely possible even inside different kinds of EU arrangements, such as planning reform (although the UK would have to leave the Arhus Convention for maximum benefit). Certain other arrangements, such as single market membership, EEA membership or even single market for goods alone (if that could be achieved), do foreclose considerable areas of domestic reform. Reform is also a win-win for the UK's trade relationships as trading partners will benefit from a

more pro-competitive regulatory system in the UK that erects fewer barriers to import competition. Anti-competitive regulation, by contrast, damages both the UK and its trading partners – a lose-lose proposition.

The key to consider as policymakers decide on the best negotiating approach for the UK is that there are trade-offs for all arrangements, and these need to be carefully weighed, bearing in mind the overall direction of travel of the global economy and the urgent need for economic growth at home.

What can the UK change at home?

The different configurations affect our ability to reform different areas. The memo discusses a package of thirty two major reform measures, not all of which need to be adopted to secure gains. We fully recognise that different political parties and their constituencies will have different flexibilities with regard to the total programme. Some will find energy and environmental reforms difficult so we have evaluated these separately and included an option which assumes no reform in this area. Other parties will have difficulty with planning reform. The point is that any government can choose how much of the package to undertake, but that in almost all cases of even modest reform, gains are possible.

One example of how this works in practice is financial services. Britain could gain wider Single Market access for financial services through EU membership or participation in the European Economic Area (EEA) but would have to apply the relevant common rules, which would be damaging to its own sector. The option with a positive economic outcome for the UK is to seek better access under the TCA while reforming financial regulation domestically through the common-law method. The comparison turns partly on whether the benefits of that access outweigh the gains Britain could achieve by changing its own rules.

Parliament would set clearly defined obligations, supervisors would retain powers to protect financial stability and consumers, and firms would have effective recourse to independent courts. Prudential and conduct requirements, authorisation, reporting and financial crime controls would be reviewed together, replacing open-ended process demands with predictable principles-based duties and enforceable remedies. A customs union alone would not impose financial services harmonisation.

The same common-law method would replace prescriptive product requirements with clear safety duties and liability for harm. Our proposed reform programme would remove mandatory sustainability reporting and procedural supply-chain duties from UK law and avoid copying further EU requirements in these fields. Ordinary financial accounts and protections against fraud, forced labour and unlawful pollution would remain. Firms serving the EU market would still have to meet its applicable requirements. The scope for domestic reform therefore depends on whether an agreement requires Britain to apply those rules at home as well.

We propose stronger patent and regulatory data protection for pharmaceuticals, faster approvals based on reliable evidence, and stronger enforcement of intellectual property rights beyond pharmaceuticals. The EU's pharmaceutical patent rules are moving in a less protective direction and so complying with these rules would damage intellectual property protection.

We also propose replacing the UK emissions trading scheme and repealing the Climate Change Act, including its statutory targets and carbon budgets, and the UK carbon border adjustment mechanism. The energy programme would remove overlapping levies and technology mandates

and open generation and grid connections to greater competition. Replacement legislation would need to protect existing contracts, provide remedies for environmental harm and meet international obligations or secure agreed changes. But where the options examined in this paper include binding carbon alignment, Britain would forgo this independent programme. These changes do not mean we are ignoring the damaging consequences of climate change – we are merely saying that there are better ways of achieving these shared global objectives without imposing the level of economic damage this current legislative framework imposes on the UK economy. For example, given that the major sources of emissions now are China and India, any attempt to reduce emissions will require solid commitments from those countries.

Some reforms remain available across several options. Our planning proposals for England include zonal development rights, settling the principle of development at the plan stage and standardised planning obligations. They are among the 15 of 32 packages we judge broadly available under different EU configurations, subject to the applicable common requirements. The comparison credits each option with the reforms Britain could pursue under it. We are therefore not assuming that reform is not possible under non-TCA options, simply that it is more constrained. We have included these in the calculations so that each option implicitly assumes the maximum level of domestic reforms possible. Only in the TCA case have we modelled lower levels of domestic reform. Given that, the difference between these scenarios is striking.

Alongside planning, we propose limits on employment non-competes and reforms to licensing and procurement to open markets to new suppliers. These changes remain somewhat possible under EU or EEA arrangements, but some labour market reforms are constrained. The wider labour programme would repeal the Employment Rights Act 2025, replace uncertain hiring and dismissal rules with predictable liability and remove statutory working-time restrictions. Common employment requirements would constrain that full package. We prioritise this reform because the impact of labour market flexibility on economic growth is particularly marked in our models.

A programme of this scope warrants a much larger allowance for regulatory reform than the 0.1% long-run GDP gain used in the Treasury's 2018 EU-exit analysis, which applied in every modelled scenario except the EEA-type case. The OECD's 2025 study estimates that reforms in energy, transport and communications raised economy-wide labour productivity by about 5% on average across OECD countries between 1980 and 2023. That historical evidence supports examining substantial gains from reform. The OBR and HMT's 0.1% threshold for regulatory changes vastly understates the actual gains or losses possible.

Under the full programme and the trade assumptions in this paper, an enhanced TCA with reform produces an estimated gain in GDP per capita of 11.39% in 2036 relative to continuing under the existing TCA with no additional reform or deterioration in trade access. This result already allows for additional EU-facing trade costs and conditions on access. If anything we have overestimated these EU-facing trade costs, but even in the extreme scenario where we shut off all UK exports to the EU, reform and openness to the rest of the world produces a positive result. Even without additional liberalisation of trade with the rest of the world, the full domestic and energy programme still produces an estimated 7.49% gain.

Government could also choose a narrower programme. Leaving out energy reform reduces the estimated gain to 7.08%; also delivering only half the assumed planning improvement reduces it to 6.62%. These two comparisons retain the other reforms and the same European and wider

trade assumptions. The case for an enhanced TCA therefore allows for selective reform, while we have assumed maximal possible reforms for the other options.

We also examine a case in which no domestic or energy reforms are delivered, the EU's share of UK exports halves and exports to the rest of the world rise by 20%. Under those assumptions, GDP per capita is 3.40% below the reference path in 2036. The loss reflects both worsening trade conditions and illustrates the importance of domestic reform.

Why we favour an enhanced Trade and Cooperation Agreement

We favour an enhanced TCA because it would allow Britain to pursue the domestic reform programme while negotiating better European access, and enjoying much greater access in non-EU markets. In our central scenarios for closer integration, the regulatory and trade policy costs assigned to each option exceed the gains from access and the reforms still available. Comparing those options with an enhanced TCA also captures the additional reforms Britain would forgo.

Selected economic outcomes in 2036

The results below combine the model's separate pillar estimates with the assumed policy changes under each option and a separate energy benchmark. The table compares long-run outcomes in 2036 with continuing under the existing TCA, without additional reform or deterioration in trade access. Each option receives an assumed allowance for reforms compatible with its obligations. The results depend on those judgements and on delivery.

Scenario	GDP per capita change	Annual UK output change £bn	Change in household income at 2036 endpoint
Enhanced TCA with reform	+11.39%	+395.8	+£13,110
Customs union	-2.00%	-69.6	-£2,300
European Economic Area participation	-4.19%	-145.5	-£4,820
Full EU membership	-5.65%	-196.2	-£6,500
SPS Dynamic Alignment Agreement	-2.12%	-73	-£2,440
Single Market arrangement for goods	-2.79%	-97.0	-£3,210
Dynamic alignment on goods	-1.98%	-69.0	-£2,280
Dynamic alignment on goods and services	-3.63%	-126.1	-£4,180

All gains and losses are measured against the same reference case: the UK continuing under the existing TCA without the additional reforms or changes in trading conditions modelled in the options, with the figures showing how much higher or lower GDP per person would be by 2036.

The percentages are changes in the level of GDP per capita in the long run. The sterling figures express the same effect as annual UK output in 2036, in 2024 prices. **Illustrating the critical importance of regulatory reform, a TCA without reform nets out at -3.07% GDP per capita (around -£118bn in the long run).**

The two dynamic alignment estimates are provisional benchmarks based on 2022 UK-EU comparisons of the indicators used in the model. They assume no additional reciprocal recognition benefit and do not value the complete current or future EU rulebook. In other words, if the EU regulatory expansion continues on the path it is on, these numbers would be substantially more negative.

The existing TCA already provides tariff-free and quota-free trade for goods that meet its rules of origin. British exporters must still establish where their goods come from and meet EU product rules. The enhanced TCA we propose would retain Britain's own tariff and regulatory powers, subject to its commitments, while firms would continue to face customs formalities.

A customs union would take away the need for customs process and ease the burden of proving origin for covered goods, while requiring Britain to apply a common external tariff. While the customs union covers goods, a trading partner might offer better access for UK services in return for a cut in the UK tariff on its goods. In a customs union, the UK would give up the power to make that offer. British exporters seeking the same preferences as EU exporters in other markets would still need those countries to agree.

Our central customs union scenario puts GDP per capita 2.00% below the existing-TCA baseline in 2036. This includes an assumed cost for the wider loss of independent commercial policy, beyond the tariff constraint.

The UK–EU sanitary and phytosanitary (SPS) agreement does remove SPS certificates and checks on most covered movements of food, animals and plants between Great Britain and the EU, with similar benefits for movements from Great Britain to Northern Ireland. A customs union alone would not remove those requirements. Under the SPS agreement, the UK would retain its own tariff policy but apply the relevant EU rules in Great Britain as they changed, subject to limited agreed exceptions. But this puts the UK inside the EU's SPS zone, limiting regulatory reform and constraining access to its big non-EU partners such as the U.S., India and the CPTPP as these include many large agricultural exporters who have complained about and litigated the EU's regime.

A bespoke Single Market arrangement for goods would exchange acceptance of EU product rules and specified company reporting and due diligence obligations for negotiated access. Customs and origin formalities would remain, and the agreement would not provide a general services passport.

Britain could instead undertake to follow future EU goods rules under the TCA through dynamic alignment. Extending that commitment to services would bring financial and digital regulation within its scope. Following those rules would not itself give firms additional Single Market access; that would still have to be negotiated.

The EU AI Act includes documentation and assessment requirements which can raise entry costs and delay new services. We favour retaining the ability to choose a different approach to AI and digital platforms, including alternatives to the Digital Markets Act, and similar EU ex ante approaches.

Our customs union, SPS, Single Market goods and dynamic alignment scenarios assume a separate commitment to follow EU carbon prices and future rules. That commitment would prevent Britain from carrying out the independent energy programme described above. It is an additional condition of the packages assessed here, rather than an automatic consequence of a customs union or SPS agreement.

The EEA or a single market for goods/services severely constrains both the domestic regulatory reform agenda as well as external market access to non-EU markets. While the UK technically can maintain its own common commercial policy under these scenarios, its ability to strike good deals or obtain better access is severely limited by its regulatory settings.

With regard to the EU accession option (and it would be an accession process for the UK, there is no rejoin process), we are not persuaded that membership would give Britain greater effective influence over regulatory reform than working with allies as an independent trading partner. The ability for the UK to push its own agenda as a member state was becoming progressively more and more limited while it was a member, and it is highly unlikely that the EU would welcome another member state that was not completely aligned with Commission goals. The EU would set external tariffs and negotiate trade agreements on Britain's behalf. As with the customs union, the UK would lose all the agreements it has negotiated and would have to pay compensation to non-EU countries.

A return would require a new accession treaty, unanimous Council agreement, European Parliament consent and ratification by all parties. Restoring the former budget rebate or single currency opt-out would require fresh agreement. Ministers would also need to account separately for budget contributions, contingent liabilities and the costs of adapting customs systems, contracts and product approvals.

The gains in access and representation therefore do not, in our assessment, outweigh the costs of constraining domestic reform and independent trade policy. We favour securing better terms under the TCA while retaining those choices.

Concerns about the already agreed SPS dynamic alignment agreement

The agreement, which places the UK inside the EU's regulatory SPS zone, has major impacts on the UK economy. Our model suggests a 2.12% net loss to GDP per capita in the long run, which translates to **£73bn in long run loss for the UK**.

Since EU rules will now apply to the UK domestic market as well as those who are exporting to the EU, some examples serve to highlight the damaging effects.

Smoked salmon: the cost of proving compliance

Traditional smoked salmon producers could face a more demanding compliance burden under the proposed SPS agreement. A new EU rule extends the requirement for Listeria to be undetectable in a specified sample throughout the product's shelf life, unless the producer can

demonstrate that contamination will remain within the permitted safety limit. In practice this is virtually impossible for this product and is an example of highly prescriptive and precautionary regulation that goes far beyond dealing with reasonable risk. A common law approach would be radically different, focusing on the ultimate safety of the product and not the manner in which it is produced.

While the rule does not ban smoked salmon, it will significantly raise the cost for producers. The additional burden does not deliver a proportionate improvement in safety. The assessment must include producers selling exclusively in Britain.

Source: Commission Regulation (EU) 2024/2895; Food Standards Agency guidance on managing food safety.

There are many cases where specific UK scientific conclusions or UK conditions warrant a different treatment. This will now be lost in the SPS zone. The EU has moved away from sound science, and the UK will also be forced to move away from science-based regulation. A common law approach on both the issues below would be much more flexible and would take into account the very different growing conditions in the UK.

When British scientists reach a different conclusion

Titanium dioxide, a white food colouring known as E171, illustrates what happens when regulators assess the same substance differently. The EU removed its food additive authorisation following concerns about possible DNA damage. Britain's Committee on Toxicity subsequently concluded that current UK dietary exposure was unlikely to pose a health risk. It remains authorised in Great Britain.

Alignment would require affected manufacturers to change recipes or withdraw products unless an exception were secured. British consumers and businesses would therefore bear the consequences of the EU decision despite the different UK scientific assessment. An appraisal of the agreement should identify and cost such changes explicitly.

Sources: Regulation (EU) 2022/63; Committee on Toxicity, 2024 assessment of E171; Great Britain food-additive register.

British oats: rules must account for local conditions

EU limits on naturally occurring fungal toxins in oats could create additional testing costs and cause grain to lose access to its intended food market. The relevant rules set maximum levels for T-2 and HT-2 toxins in cereals and cereal products.

The UK Government itself has identified mycotoxin limits in oats as an area requiring accommodation for British conditions. The outcome of those negotiations matters to growers, processors and consumers.

The question is whether the requirements appropriately reflect British growing conditions, processing methods and consumer exposure — and whether equivalent protection could be achieved with less waste and disruption.

Sources: Commission Regulation (EU) 2024/1038; Defra guidance on preparing food businesses for the SPS agreement.

It is axiomatic in the common law method that rules should focus on the product itself and not how it is made. But the EU SPS regime regularly violates this fundamental principle, causing costs to be artificially increased. The examples below show how traditional British staples must change the way they are produced to stay within the regulations.

Will the SPS agreement require a change in the recipe for British jam?

Revised EU rules generally increase the minimum fruit content required to market a product as "jam" from 350 to 450 grams per kilogram, and as "extra jam" from 450 to 500 grams. There are exceptions for particular fruits.

Producers whose recipes fall below the new thresholds may have to reformulate or change their product names and labels. Those changes can affect production costs, prices and consumer choice.

This illustrates how the proposed SPS agreement reaches into product composition. The relevant question is whether clear ingredient labelling could give consumers adequate information while allowing producers greater freedom over recipes and price.

Source: Directive (EU) 2024/1438, amending the EU's food-composition and labelling directives.

Familiar flavours, new production costs

The EU has withdrawn authorisations for previously permitted smoke flavourings. Transitional deadlines for eight of those products fall in July 2026 for most food categories and July 2029 for specified cheese, meat and fish products.

Affected manufacturers may need to develop new recipes, find alternative ingredients or change production processes. The restrictions concern added smoke flavourings; traditional wood smoking remains possible.

The decisions followed concerns about potential DNA damage. A proper assessment should examine both the health evidence and the cost of replacing ingredients, including whether less restrictive controls could provide adequate protection. Under alignment, these decisions would also affect businesses producing solely for British consumers.

Source: Commission Implementing Regulation (EU) 2024/2067 and associated authorisation decisions.

These illustrative examples demonstrate the manner in which the EU's regulatory approach differs dramatically from a common law method approach which leads to much higher costs and ultimately wealth destruction in the UK economy.

What the UK should seek in any negotiations

The UK should use the TCA's provision for further agreements to seek deeper access for financial and professional services and reciprocal recognition of product tests and qualifications. It should also seek an equivalence agreement along the lines of the Trans-Tasman Mutual Recognition Agreement. The offer to the EU would allow firms on both sides to benefit while preserving each side's choice of regulatory method, subject to the commitments agreed.

For products covered by a mutual recognition agreement, the EU could accept conformity assessments carried out by recognised bodies in Britain, and Britain could do the same for EU assessments. Manufacturers would still have to meet the destination market's product requirements, but could avoid duplicated testing and certification. Recognition of professional qualifications would address a different obstacle, allowing a qualification obtained on one side to count towards permission to practise on the other, on agreed terms.

For financial services, the UK should propose access based on comparable regulatory outcomes, including protection for customers and financial stability. A durable agreement would need to specify which activities it covered, how supervisors would cooperate and what would happen if either side changed its rules. Agreed procedures for reviewing or withdrawing recognition and resolving disputes would give firms a more predictable basis for serving customers across the border. The agreement should preserve scope for the UK reforms described above.

The negotiations should also address regulations that protect established businesses from competition. New commitments should require competition assessments, public consultation and rules proportionate to the harm being addressed, backed by effective remedies. The TCA already contains provisions on good regulatory practice, but disputes under those provisions are excluded from its main dispute settlement system. Britain should seek stronger enforcement of these provisions and explicit commitments to address anti-competitive market distortions created by public policy.

Government should reform while it negotiates

The Growth Commission recommends that the government begin the reforms available under Britain's existing commitments while negotiating better EU access.

We propose an ambitious target of approximately eighteen months for replacing the priority frameworks. Delivering it would require parliamentary time, cooperation with devolved administrations, sufficient capacity in regulators and courts, and workable transitions for firms. The economic gains would build over the following years as businesses invested, expanded and reorganised.

The Growth Commission's Growth Budgets have also proposed changes to tax, public spending and work incentives. Their effects require separate assessment, taking care not to count again the planning, labour and energy reforms already included here.

Our delay analysis compares starting the domestic and energy programme in 2027 with postponing the same programme until 2032, with gains building over ten years in each case. Under those assumptions and in 2024 prices, the five-year delay leaves annual UK output £181.1 billion lower in 2036. These figures measure production lost across the economy. They reinforce our recommendation to proceed with available reforms during negotiations.

Before accepting new treaty commitments, Parliament should examine which future decisions Britain would retain, how changes to the agreement would be approved and what safeguards and withdrawal terms would apply. Any obligation to follow future EU rules deserves particular scrutiny because it commits Britain before the content of those rules is known. Parliament can change domestic legislation, but that does not itself release the UK from its international obligations. Ministers must therefore account for the consequences of reversal, including

possible effects on market access and investment. The commitments we propose under an enhanced TCA should face the same scrutiny.

How the UK can influence international reform

The UK's choice of EU relationship also affects the regulatory approach it can promote abroad. We favour an operating system based on open trade, competition on merit, secure property rights and enforceable duties against harm, with mutual recognition and equivalence allowing countries to retain different rules. Prescriptive regulation, an operating system associated particularly with the EU, instead requires trading partners to adopt the same processes. State direction, the operating system associated particularly with China, favours public enterprises and selected private firms. Both can weaken competition, though by different means, and hence lead to wealth destruction. These operating systems are not national identities but systems in and out of which countries can move.

Countries can combine these approaches and change direction. The EU could move towards greater reliance on competition, mutual recognition and effective legal remedies, making closer cooperation more compatible with domestic UK reform. A deeper economic agreement with the United States could support the same objectives through mutual recognition, services and digital access, and investment protection. It would preserve the UK's choice of regulatory method rather than replace EU alignment with automatic U.S. rule-taking. The UK should work with its trading partners to ensure that the EU does not implement regulations in ways that damage non-EU countries, and we believe that is more likely by working with allied countries outside the EU itself. We note that EU member states are increasingly complaining about precisely the same prescriptive and precautionary European Commission rule-making.

By putting its own reforms into practice, Britain would have a stronger basis on which to seek recognition of equivalent outcomes from other countries. Our recommendation is to improve the TCA, pursue wider agreements and retain the regulatory choices on which the largest prospective gains depend. This would allow Britain to encourage reform abroad.

Summary of our analysis of the different options

The UK should improve the Trade and Cooperation Agreement (TCA) while pursuing domestic reform and wider international trade. On the memorandum's assumptions, this produces the strongest gain in living standards: GDP per person is 11.39% higher by 2036 than under the common reference path, equivalent to £5,553 per person and £395.8bn of output at 2024 prices.

These are long-term output-level differences reached over roughly ten years, not annual growth rates or cumulative ten-year gains. They depend on delivering reform and do not represent promised increases in household take-home pay.

What the choices mean

Option	Access sought and choices constrained
Enhanced TCA	Build on the existing agreement through deeper services access, mutual recognition and equivalence. Retain independent trade and regulatory choices, subject to negotiated commitments.
Customs union	Reduce customs and origin burdens for covered goods. Share external tariffs and relevant commercial policy; lose independent goods-tariff bargaining. Regulatory checks and services barriers remain.
European Economic Area (EEA)	Access much of the Single Market through common rules, free movement and EFTA institutions. Retain tariffs and trade agreements, but constrain incompatible domestic and external regulatory choices.
Full EU membership	Combine customs union and Single Market access with a vote in EU institutions. Accept common trade policy, binding EU rules and negotiated budget and accession terms.
SPS alignment	Align sanitary and phytosanitary (SPS) rules to reduce food, animal and plant checks. Restrict incompatible production and import choices in the covered field.
Single Market for goods	Seek goods access through a bespoke common-rule arrangement. No general services passport; customs and origin procedures remain. Negotiability is uncertain.
Dynamic alignment	Adopt future EU rules for goods, or for goods and services. Rule-taking alone does not guarantee reciprocal access or Single Market rights.

Improve the agreement while reforming at home

The TCA already covers services, regulatory practices and competition; these provisions should be deepened. Domestic reform need not await negotiation. Mutual Enforcement offers a separate proposed route for Northern Ireland, requiring agreed legal changes.

Source: UK EU Relationship Options, sections 1–2 and 9; Annex F. All results and scenarios in this summary are drawn from that memorandum.

The economic comparison

The reference path retains the existing TCA without the specified reforms or additional trade deterioration. Each option receives its own constrained reform allowance. Results are long-term effects by 2036, in constant 2024 prices. In other words, all gains and losses are measured against the same reference case: the UK continuing under the existing TCA without the additional reforms or changes in trading conditions modelled in the options, with the figures showing how much higher or lower GDP per person would be by 2036

Option	Benefits	Costs	Net GDP per person	UK output difference	Household equivalent loss/gain at 2036 endpoint
Customs union	+1.55%	−3.50%	−2.00%	−£69.6bn	-£2,300
EEA participation	+2.04%	−6.10%	−4.19%	−£145.5bn	-£4,820
Full EU membership	+3.03%	−8.42%	−5.65%	−£196.2bn	-£6,500
Enhanced TCA with reform	+14.17%	−2.44%	+11.39%	+£395.8bn	+£13,110
TCA without reform	+3.63%	−6.78%	−3.40%	−£118.0bn	-£3,910
SPS alignment and reform	+0.98%	−3.07%	−2.12%	−£73.6bn	-£2,440
Single Market for goods	+1.40%	−4.13%	−2.79%	−£97.0bn	-£3,210
Dynamic alignment on goods	+0.97%	−2.93%	−1.98%	−£69.0bn	-£2,280
Dynamic alignment on goods and services	+0.98%	−4.56%	−3.63%	−£126.1bn	-£4,180

Benefits and costs combine multiplicatively; they do not add arithmetically. The opportunity cost relative to enhanced TCA reform is a different comparison, not another deduction.

The assumptions that drive the result

Domestic reform covers planning, entry and labour rules, finance, legal remedies and pharmaceutical intellectual property. The separate conditional energy programme contributes a 4.02% standalone output gain. The assessed CU, SPS and goods packages include carbon commitments that foreclose it: this is a package assumption, not an automatic consequence of those treaty labels.

The customs union case improves three logistics components by 25%, weighted only for UK goods exports to the EU. It credits neither regulatory friction removal nor UK import improvements. Costs include weaker UK openness and Rest-of-World (RoW) access. EEA and EU cases constrain reform; full membership includes interaction effects rather than simply adding CU and EEA results.

Enhanced TCA includes EU-trade friction and a further 10% deterioration in EU-facing openness, weighted by exposure. The no-reform stress halves the EU export share, assumes

20% higher RoW exports and credits no domestic or energy reforms. It is not a forecast that the TCA itself causes a 3.40% loss.

Dynamic alignment uses 2022 EU–UK competition and property rights gaps, without automatic reciprocal access or a valuation of all later EU legislation. The Anti-Competitive Market Distortions (ACMD) model relates income to international competition, domestic competition and property rights using 2010–2022 panel estimates. International competition has weaker statistical support. Policy mappings, implementation and overlap remain material uncertainties.

Source: Sections 3–10A; Annexes A–B, E5 and H. The model is a comparative appraisal of specified programmes, not a guarantee of treaty outcomes.

Reform delivery and the wider decision

A selective programme can still deliver substantial gains

These cases retain other reforms, international opening and EU-access costs. They isolate the effects of lower energy or planning ambition.

TCA reform programme	GDP per person	Gain per person	UK output gain
Full programme	+11.39%	£5,553	£395.8bn
No energy reform	+7.08%	£3,454	£246.2bn
Half planning reform	+10.90%	£5,317	£378.9bn
No energy reform and half planning reform	+6.62%	£3,227	£230.0bn

Delay has an economic cost

In the illustration, a five-year delay to domestic and energy reform produces a £1,058.8bn discounted cumulative output gap over 2027–2036 and a £181.1bn gap in the 2036 output level. These are different measures, not extra deductions from the option results. The illustration assumes ten-year delivery. Accession does not require a standstill: only reforms actually postponed should be counted.

Count the full costs and count each effect once

A new treaty can require changes to systems, approvals, contracts and third-country agreements. Customs union tariff changes may require compensating concessions; EU accession brings budget and contingent exposures. These sit alongside the output appraisal. Fiscal transfers, contingent liabilities and GDP losses are distinct, and former rebates or opt-outs cannot be presumed to return.

Reynolds' £15–20bn financial services illustration covers the whole programme, including the approximately £11bn ACMD allowance already counted. Replacing that allowance gives a sensitivity of about +11.52% to +11.68% for enhanced TCA.

The strategic choice

Our preferred approach combines clear obligations, effective remedies and competition with cross-border recognition of equivalent outcomes. OS1 denotes open competition and secure rights; OS2, prescriptive precautionary regulation; OS3, state direction and privilege. These describe changing methods, not fixed national identities. The UK is a swing country; the EU could move back towards OS1.

Legislate for productive domestic reform, improve the TCA and widen international access in parallel. An ambitious eighteen-month legislative programme is distinct from the decade needed for economic adjustment. Judge access against the reform choices surrendered, implementation costs and delivery time.

Source: Section 3 selective-reform table; sections 12–13; Annexes C, D14, F and G. All monetary figures are at the price bases specified in the memorandum.

1. Purpose and recommendation

This memorandum assesses the alternatives for the UK's long-term relationship with the EU by considering trade access, domestic reform and living standards together. Its principal purpose is economic appraisal. Constitutional accountability and the durability of treaty commitments nevertheless affect which reforms can be delivered and sustained, and therefore form part of the assessment in section 2 and Annex F.

Not everything is about economics. However, economics, by which we mean improving the quality of life of the British people, is important. We fully acknowledge that there are other arguments that must also be considered as the UK develops its overall approach. The purpose of this memo is therefore to look primarily at the trade relationship and what it means for the UK's capacity for domestic reform to generate a better standard of living for the British people. As such we believe it is an important input into the process which ultimately is a decision for the British people. We also apply a systems thinking approach where we take into account the full costs and benefits of all of the options, not simply looking at specific "fixes" which correct specific problems (such as the difficulties of the GB-NI boundary), but cause unintended consequences elsewhere in the system.

We use the Singham-Rangan-Bradley (SRB) framework for Anti-Competitive Market Distortions (ACMDs). It examines how barriers to international competition, restrictions on domestic competition and weaknesses in property-rights protection affect GDP per person. The memorandum applies the SRB-γ panel estimates to the policy changes specified for each option. The results are conditional estimates of the income level associated with those changes, rather than automatic consequences of a treaty label.

We have developed the ACMD framework through academic books published by Routledge, journal articles and practical work with governments and businesses. Our confidence in its use for policy appraisal rests on that research, the statistical evidence linking competitive conditions to income, and a transparent method for translating policy choices into comparable scenarios. Annex H explains the model, its published foundations and applications, and how we test and interpret the estimates used in this memorandum.

Based on the findings of this memo, the UK should pursue an enhanced Trade and Cooperation Agreement with the EU alongside a comprehensive domestic reform programme. On the assumptions in this memorandum, that combination delivers the largest gain in output per person. Its advantage comes from retaining the ability to improve domestic competition, strengthen property rights and open trade with the rest of the world while negotiating better access to European markets. Nor is it necessary to deliver all of the reforms mentioned in this paper; even a more modest set of reforms still delivers a net positive for the UK economy.

The policy choice covers a customs union, EEA participation (as an economic proxy for the single market), full EU membership, an enhanced TCA, SPS dynamic alignment, a Single Market arrangement for goods, dynamic alignment for goods only, and dynamic alignment for all goods and services, without full single market rights. The TCA is examined both with and without reform. All results use a common reference path with no additional reform or deterioration in trade access; the no-reform divergence scenario is measured against that reference. Each arrangement has a distinct reform allowance reflecting its constraints and assumed delivery.

The reform programme is grounded in The Growth Commission's recommendations. Planning and energy reform are central. It also includes a return to the common-law method of regulation: clearly defined obligations addressing harm, enforceable liability, independent adjudication and competition, the removal of prescriptive sustainability and product regimes from UK law, stronger pharmaceutical intellectual property, and tax and public spending reform. Annex D sets out the legislative programme and the full *Growth Budget* policy coverage. But the UK does not have to follow the full legislative reform package in order to see Enhanced TCA benefits. We also assume reform is possible in all scenarios, but that it is constrained in some of the scenarios more than others. As long as Enhanced TCA scenario reform does slightly more than the constrained options in non-TCA settings, it can achieve a positive result under the stated trade and access-conditionality assumptions. We describe how each of the broad packages affects the UK's GDP per capita.[1]

For Northern Ireland, we note that there are other ways of handling the situation and gaining the benefit which accrues from dynamic alignment. For example, Mutual Enforcement offers an alternative to extending EU rules across the UK: each jurisdiction would enforce destination market requirements for cross-border goods through its own law. Section 9 and Annex F distinguish that proposal from the present Windsor Framework and explain the domestic and international steps needed to implement it.

The method matters as much as the list of reforms. It gives firms freedom to innovate within predictable legal boundaries, with liability and remedies tested against evidence. Alignment can prevent replacement of the governing regulatory method in the covered field, even where administration can be improved. The enhanced TCA preserves that choice; it does not deliver better regulation without legislation and effective enforcement.[2]

The quantified comparison combines ACMD trade and regulatory scenarios with a separate, conditional energy benchmark.[3] Energy alignment is a major economic constraint: it forecloses the independent programme and its gains for domestic production, inputs and supply chains. The memorandum reports the settlement effect and that opportunity cost separately, with a combined comparison against the reform alternative. Output, fiscal transfers and unpriced environmental effects remain distinct. We include estimates of customs union required compensation to third countries, EU budget allocation projections and impact of delayed reform or delayed action in the annexes, as these are not central to the long run projections of the ACMD model. We therefore differentiate between long run impacts more central to the Prime Minister's opening statement, and one-off and recurring costs which may be large but should not overly impact long-term decision-making.

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[1] The Growth Commission, *Growth Budget 2026* (London: The Growth Commission, October 2026), 7, 13-30, https://www.growth-commission.com/wp-content/uploads/2026/09/Growth-Budget-2026.pdf

[2] Barnabas Reynolds, *Restoring UK Law: Freeing the UK's Global Financial Market* (London: Politeia, 2021), chaps. 3-4, 60-113, especially sec. 3.1, 61, and sec. 4.3, 102. https://www.politeia.co.uk/wp-content/Politeia%20Documents/2021/FEB%20-%20Barney%20Reynolds/Restoring%20UK%20Law%20-%20Freeing%20the%20UK%27s%20Global%20Financial%20Market.pdf.

[3] Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, 2025), chaps. 3-4, https://shankersingham.com/books-duplicate-26936/; Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," written evidence DYN0016, House of Lords European Affairs Committee, received April 15, 2026, sec. 6.1.3, 2036 row (published 4.02% benchmark), https://committees.parliament.uk/writtenevidence/165554/html/.

2. The choices available to the UK

The choices differ in how market access is secured and where decisions are taken. A customs union shares an external tariff; the Single Market relies on common rules; a free trade agreement exchanges defined commitments between separate regulatory systems. These instruments can be combined. The CU, SPS and goods options assessed here include additional carbon alignment commitments: those commitments foreclose the independent energy programme, but are not automatic consequences of the three labels.

Constitutional accountability and durability

An open-ended commitment to adopt future rules made without a UK legislative vote, and interpreted within another polity's legal system, raises a distinct accountability concern. It applies to the SPS and goods alignment packages and, more extensively, to goods-and-services alignment; EEA consultation does not amount to a legislative vote. EU membership provides participation in rule-making, although the UK can be outvoted. An enhanced TCA can instead define reciprocal commitments between autonomous systems.

The concern is the durability and democratic control of the commitment, not a settled rule that Parliament lacks power to enact alignment. A later Parliament can change the domestic legislation, but doing so does not itself extinguish international obligations. Investors and negotiating partners must therefore assess scrutiny, consent, withdrawal terms and the consequences of reversal. Annex F1 addresses this constitutional risk without assuming that an agreement can be unwound without cost.[4]

Customs union

A customs union would remove internal tariffs and much of the origin burden for covered goods by applying a common external tariff and the relevant EU common commercial policy. A common external regime prevents imports entering through whichever participant charges less. The UK would therefore lose an independent tariff strategy for those goods and could not offer incompatible tariff concessions to other partners. Access under the EU's external agreements would require arrangements with those partners; it would not follow automatically from a UK-EU customs union.[5]

The treatment of Chinese electric vehicles illustrates the consequence. The UK could not choose an ordinary import tariff above or below the common EU rate simply because a different rate better suited British consumers or manufacturers. Under the CU package assessed here, trade-defence measures would also be aligned. The UK would be bound by the EU's anti-subsidy response, assessed against EU industry and Union-wide interests. Services policy outside the agreement could remain independent, but losing goods concessions would weaken

[4] R (Miller) v Secretary of State for Exiting the European Union [2017] UKSC 5, paras. 43-45 and 55-57, https://caselaw.nationalarchives.gov.uk/uksc/2017/5; In re Allister [2023] UKSC 5, paragraphs 64-66 and 72-74. https://caselaw.nationalarchives.gov.uk/uksc/2023/5.

[5] EC-Turkey Association Council, Decision No. 1/95 of December 22, 1995, arts. 12-16, 44-47 and 58, Official Journal L 35 (February 13, 1996): 1-47, https://eur-lex.europa.eu/eli/dec/1995/1%285%29/oj/eng; European Commission, "EU Trade Relations with Türkiye," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/turkiye_en. This precedent distinguishes external-tariff alignment from trade-defence measures. A UK arrangement would require its own treaty.

cross-sector bargaining. Customs integration alone neither removes regulatory checks nor creates a services passport.[6]

European Economic Area participation

The EEA route would give access to much of the Single Market through EFTA, alongside Norway, Iceland and Liechtenstein. It entails free movement of goods, services, people and capital, relevant common rules, and EFTA surveillance and judicial institutions. Its regulatory constraints arise because common market rights depend on consistent rules and enforcement. The UK could influence the preparation of relevant EU legislation but would have no EU legislative vote; refusing incorporation could put corresponding access at risk. Financial, product, digital, energy and environmental reform would have to respect incorporated rules and agreed adaptations.

The EEA is not a customs union: the UK would retain tariffs and trade agreements, including its own tariff choice on BYD cars. However, it could not offer regulatory concessions inconsistent with EEA obligations to secure access elsewhere. Customs and origin procedures would remain.[7]

Full participation in the Single Market outside the EU would entail similar constraints on the covered regulatory fields. The cited Legatum and IEA analyses explain how the EEA experience combines consultative input with no vote on EU legislation and limits the regulatory concessions available in external trade negotiations.[8]

Full EU membership

Rejoining would combine the customs union and Single Market with participation in the EU's political and legal institutions. The UK would regain a voice and vote in EU decisions, but could not independently disapply binding EU legislation or set its own external trade policy. Tariffs and trade remedies would be EU decisions. Common financial, digital, product, energy and environmental rules would constrain domestic reform because EU law must operate consistently across the Union. The UK could seek reform through EU institutions, but the likelihood of influence is considerably attenuated from before the UK left. The EU will not want

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[6] EC-Turkey Association Council, Decision No. 1/95, arts. 12-16, 44-47 and 58; European Commission, "EU Trade Relations with Türkiye"; Commission Implementing Regulation (EU) 2024/2754, concerning definitive countervailing duties on battery electric vehicles from China, https://trade.ec.europa.eu/access-to-markets/en/news/eu-commission-imposes-countervailing-duties-imports-battery-electric-vehicles-bevs-china. The electric-vehicle example distinguishes ordinary tariffs from anti-subsidy duties; it does not assume that every external customs union automatically adopts the latter.

[7] European External Action Service, "The European Union and Norway," "Economic Relations," https://www.eeas.europa.eu/norway/european-union-and-norway_en; Agreement on the European Economic Area, arts. 102, 112-114 and 127-128, https://www.efta.int/sites/default/files/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf. These provisions concern incorporation, safeguards, withdrawal and accession. The common commercial policy and customs union are outside the EEA.

[8] Shanker A. Singham, *A Blueprint for UK Trade Policy*, Legatum Institute Special Trade Commission, April 2017, sections 1.16-1.19 and 4.2. https://shankersingham.com/wp-content/uploads/2023/08/LIBlueprintUKTradePolicy.pdf. Shanker A. Singham, Radomir Tylecote and Victoria Hewson, *Freedom to Flourish: UK regulatory autonomy, recognition, and a productive economy*, IEA Discussion Paper 91, July 2018, pp. 15-16 on the Norway model. https://shankersingham.com/wp-content/uploads/2023/08/DP91_Freedom-to-flourish_web-002-1-1.pdf.

to have a new member state which is undermining its regulatory drive. Membership would require negotiated accession, budget arrangements and ratification; the former rebate and opt-outs would not revive automatically.[9] A concern underlying the case for leaving was the reduction in national control as successive treaties extended qualified majority voting. The Single European Act widened its use for the internal market, and Lisbon extended it further. We are not persuaded that rejoining would give the UK greater effective influence over European regulation than the TCA would. The strategic question is whether the UK can exert more influence as an independent trading partner, working with allied countries that share concerns about EU rules.[10]

Enhanced Trade and Cooperation Agreement

An enhanced TCA would develop the existing agreement through further negotiation, as trade agreements normally evolve. It would retain separate customs and regulatory systems while negotiating better reciprocal access. Article 2 expressly anticipates supplementing agreements, and Articles 126 and 776 provide for review. Improvements would require agreement and the appropriate legal procedures; review does not itself guarantee new concessions.[11] The first Article 776 implementation review falls in 2026 and has already been discussed through the Partnership Council. This supplies an existing institutional opportunity for improvement, not a legal entitlement to reopen the treaty. The 20th November 2026 summit is a negotiating opportunity: commitments to SPS alignment could narrow future reform choices, but would not legally terminate the TCA review or every other avenue for enhancement. [12]

The existing TCA already contains services and investment provisions, a good regulatory practices title and competition and subsidy disciplines. The gaps are in their depth and operation. It does not provide a general services passport or a comprehensive system of mutual

[9] Treaty on the Functioning of the European Union, March 15, 2025 consolidation, arts. 3, 28-32 and 207, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02016E%2FTXT-20250315; Treaty on European Union, March 15, 2025 consolidation, art. 49, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02016M%2FTXT-20250315; Council of the European Union, "How EU Enlargement Works," https://www.consilium.europa.eu/en/policies/how-enlargement-works/. See Annex F.

[10] Council of the European Union, "How EU Treaties Shaped the Council of the EU and the European Council," sections on the Single European Act and Lisbon Treaty, https://www.consilium.europa.eu/en/policies/how-eu-treaties-shaped-the-council-of-the-eu-and-the-european-council/; "Qualified Majority," https://www.consilium.europa.eu/en/council-eu/how-does-the-council-vote/qualified-majority/; and "Unanimity," https://www.consilium.europa.eu/en/council-eu/how-does-the-council-vote/unanimity/.

[11] Trade and Cooperation Agreement between the United Kingdom and the European Union, Treaty Series No. 8 (2021), arts. 2, 126, 354 and 776, and pt. 2, heading 1, titles II, X and XI, https://assets.publishing.service.gov.uk/media/608ae0c0d3bf7f0136332887/TS_8.2021_UK_EU_EAEC_Trade_and_Cooperation_Agreement.pdf. Article 126 excludes financial services from its specific review provision; further financial-services arrangements would need separate agreement.

[12] UK-EU Trade and Cooperation Agreement Partnership Council, minutes of the fourth meeting, February 2, 2026, section on review under Article 776. https://www.gov.uk/government/publications/minutes-of-the-fourth-meeting-of-the-trade-and-cooperation-agreement-partnership-council-2-february-2026/minutes-of-the-fourth-meeting-of-the-trade-and-cooperation-agreement-partnership-council-2-february-2026; European Council, "EU-UK summit, November 20, 2026," Brussels, meeting notice. https://www.consilium.europa.eu/en/meetings/international-summit/2026/11/20/.

recognition and regulatory equivalence. Its regulatory practices title is excluded from the principal dispute settlement mechanism by Article 354.[13]

The negotiating programme would seek deeper services access, including financial and professional services; mutual recognition agreements for conformity assessment and professional qualifications; and an offer of durable, reciprocal equivalence based on comparable regulatory outcomes. The UK should make that route available to the EU while proceeding with domestic reform, rather than make reform conditional on EU recognition. Recognition by either party still requires its agreement; unilateral EU equivalence decisions are not a substitute for a stable reciprocal framework. It would strengthen good regulatory practices through competition assessment, proportionality, transparent consultation and effective remedies, and add explicit disciplines on ACMDs created by public policy. Recognition would reduce duplicated compliance without requiring identical laws. The UK would retain independent trade and reform choices, subject to its treaty obligations; exporters would still meet applicable EU market entry requirements.[14]

Concrete drafting is available in the cited *A Better Deal* proposals and the fuller model *UK-EU Free Trade Agreement*. The latter's chapters 5, 13 and 14 address services, technical barriers and regulatory coherence; chapters 15-17 address competition, distortions and remedies. The subsequent *Sample Competition and Distortions FTA Chapter* develops the competition provisions. These texts illustrate the modern, comprehensive agreement proposed here. The pre-TCA institutional drafting would need updating for negotiations today.[15]

Financial services are a principal application of this approach. A common law rewrite can address prudential, conduct and supervisory requirements, beyond faster authorisation. Annex D14 treats the whole financial services reform programme, including the financial competition gain already counted in ACMD. Its illustrative £15-20bn long-term sector output gain is an alternative calibration of that programme, not an additional benefit to be added in full to the headline.

The TCA without reform case retains the same legal freedoms but does not exercise them to deliver the domestic programme or additional EU access. It is a separate policy scenario, not a

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[13] UK-EU Trade and Cooperation Agreement, pt. 2, heading 1, titles II, X and XI, and art. 354; HM Government, Trade and Cooperation Agreement Summary, sections on services and investment, technical barriers, financial services, good regulatory practices and competition, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962125/TCA_SUMMARY_PDF_V1-.pdf. The final treaty is the controlling legal text.

[14] Shanker A. Singham, Robert MacLean and Hans Maessen, *A Better Deal*, December 12, 2018. Proposed withdrawal and Northern Ireland arrangements, including conformity-assessment recognition; distinct from the fuller model *UK-EU Free Trade Agreement* cited below. https://shankersingham.com/wp-content/uploads/2023/08/ABetterDeal3.pdf. Shanker Singham, with contributions from Victoria Hewson, Hans Maessen and Barnabas Reynolds, *UK-EU Free Trade Agreement*, Competere, 339-page model treaty. See chapters 5, 13-17; negotiating text published before the TCA. https://shankersingham.com/wp-content/uploads/2023/08/CompUKEUTrade.pdf. Shanker Singham, *Anti-Competitive Market Distortions: A Sample Chapter for Trade Agreements* (Competere, n.d.), accessed November 2, 2026. Proposed competition and market-distortion obligations and remedies. https://shankersingham.com/wp-content/uploads/2024/02/Competere-Sample-Chapter-Report-Final.pdf.

[15] Singham, MacLean and Maessen, *A Better Deal*; Singham, *UK-EU Free Trade Agreement*, chaps. 5 and 13-17; Singham, *Anti-Competitive Market Distortions: A Sample Chapter for Trade Agreements*. These are proposals: the model treaty predates the TCA and the sample chapter develops competition and market-distortion obligations and remedies.

different treaty model. Autonomy permits reform; it does not deliver its economic benefits automatically.

SPS dynamic alignment

This would create a common sanitary and phytosanitary area for the agreed food, animal and plant sectors, reducing certification and checks on GB-EU and relevant GB-Northern Ireland movements. The price is continuing alignment with EU rules in the agreed field, including relevant rules for domestic production and imports. Common access depends on maintaining the same protections throughout that area. The UK could not independently authorise incompatible production methods or accept non-compliant imports from other partners. Tariff policy would remain independent, but the regulatory concessions available in trade negotiations would narrow. Reform outside the agreed field would remain possible. The carbon alignment included in this memorandum is an accompanying commitment.[16] Competere's evidence to the House of Lords examines the resulting constraints on domestic reform and external trade negotiations, and the alternative of negotiated recognition and equivalence.[17]

Single Market arrangement for goods

This is a bespoke negotiating option, not an existing membership category, and therefore would be much more difficult to negotiate with the EU. It would seek goods access through adoption of the relevant EU product rules and compatible supervision and enforcement. The package assessed here also includes specified horizontal company obligations and carbon alignment. The UK could not repeal or replace those obligations while retaining the access predicated on them. Independent tariffs and trade agreements would remain, but conflicting product concessions to other partners would be unavailable. It would not supply a general services passport or remove customs and origin formalities. Its scope, institutional terms and acceptability to the EU would require negotiation, and the EU has repeatedly told the UK it cannot "cherry pick" (see Annexes D and F). It would also have an impact on RoW trade access as other countries would not be able to get goods access improvements from the UK and therefore would offer less.

Dynamic alignment on goods

The UK would undertake to keep the agreed goods rulebook aligned as EU rules change, while remaining under the TCA. Our scenario covers product requirements, specified horizontal company obligations and accompanying carbon alignment. Rules required by the agreement could not be replaced independently without using its safeguards or risking the agreed access. Tariffs and trade agreements would remain independent, but incompatible regulatory concessions to other partners would be unavailable. Rule adoption would not itself remove customs or origin procedures, confer Single Market rights or bind UK trade remedies to EU decisions. Reciprocal recognition and border facilitation would require explicit commitments.

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[16] Cabinet Office, "UK-EU Summit: Common Understanding," updated December 22, 2025, paras. 23-33 (proposed common SPS area) and 34-45 (ETS linkage), https://www.gov.uk/government/publications/ukeu-summit-key-documentation/uk-eu-summit-common-understanding-html. SPS alignment and carbon linkage are distinct negotiating commitments.

[17] Shanker Singham, The Case Against Dynamic Alignment, written evidence DYN0021, House of Lords European Affairs Committee, received April 17, 2026, https://committees.parliament.uk/writtenevidence/165702/html/.

This differs from the Single Market goods package, which assumes an access benefit and uses a separate regulatory-cost calibration.

Dynamic alignment on goods and services

This would extend continuing rule adoption to agreed services fields, including financial and digital regulation and the relevant common business and legal requirements. It would restrict independent changes to those rules and the regulatory concessions available in external negotiations. Its breadth would depend on the treaty schedule; it would not automatically supply a services passport, EEA institutions or free movement rights. We assess a broad regulatory coverage using the memo's EEA component map, while retaining independent tariffs and making reciprocal access a separate sensitivity. Both dynamic alignment packages include carbon commitments that foreclose the independent energy programme assessed here; this is a package assumption, not a necessary legal consequence of alignment in every sector.

3. Comparative results

The table shows long-run GDP level effects reached by 2036 relative to the common reference path, in constant 2024 prices. CU, SPS and goods options include binding ETS and border-carbon alignment as specified negotiating packages; those obligations do not follow automatically from their labels. The reform cases assume full delivery of their respective programme allowances. The enhanced TCA includes the energy benchmark and a 10% deterioration in EU-facing openness as a result of divergence. The no-reform TCA case assumes a halved EU export share and 20% higher RoW exports, with no domestic or energy reform gains. In order to properly compare options, though, we must assume maximal possible reform in all of the options in order to compare like with like. That said, we review below the consequences of the TCA setting where the UK does not take full advantage of reform and limits its reform ambition in significant ways.

Option[18]	Benefits	Costs	Net GDP per person	Net long-run GDP	Household equivalent loss/gain at 2036 endpoint
Customs union	+1.55%	−3.50%	−2.00%	−£69.6bn	-£2,300
EEA participation	+2.04%	−6.10%	−4.19%	−£145.5bn	-£4,820
Full EU membership	+3.03%	−8.42%	−5.65%	−£196.2bn	-£6,500
Enhanced TCA with reform	+14.17%	−2.44%	+11.39%	+£395.8bn	+£13,110
TCA without reform	+3.63%	−6.78%	−3.40%	−£118.0bn	-£3,910
SPS alignment and reform	+0.98%	−3.07%	−2.12%	−£73.6bn	-£2,440
Single Market for goods	+1.40%	−4.13%	−2.79%	−£97.0bn	-£3,210
Dynamic alignment on goods*	+0.97%	−2.93%	−1.98%	−£69.0bn	-£2,280
Dynamic alignment on goods and services*	+0.98%	−4.56%	−3.63%	−£126.1bn	-£4,180

*The dynamic alignment rows use observed 2022 UK-EU component gaps as a provisional calibration, with no automatic reciprocal access dividend. They are historical benchmark scenarios, not a valuation of the complete current or future EU rulebook. Section 11 and Annex

[18] Original option scenario calculations are reported in Annexes A and B of this memorandum. For the published model framework, trade-series inputs and energy benchmark, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; Department for Business and Trade, "Trade and Investment Core Statistics Book," updated September 18, 2026, tables 1, 2, 4 and 7 (archived October 7, 2026), https://tnaqa.mirrorweb.com/ukgwa/20261007113931mp_/https%3A/www.gov.uk/government/statistics/trade-and-investment-core-statistics-book/trade-and-investment-core-statistics-book; Competere Foundation, "Response to House of Lords Call for Evidence," DYN0016, sec. 6.1.3, 2036 row (4.02% benchmark); sec. 6.1.4 (monetary scenario).

E5 show the mapping, benefits, costs and recognition sensitivity. The other options retain their specified legal package calibrations.

Financial services reform is counted once. The enhanced-TCA headline includes the central ACMD financial competition allowance. Annex D14's £15-20bn illustration covers the whole financial services programme, including that allowance, and is shown only as an alternative calibration.

The aligned options have quantified costs greater than their customs and regulatory access benefits. The enhanced TCA reform case remains positive after the access-conditionality allowance. Its +11.39% outcome is distinct from the −3.40% no-reform trade stress: Benefits and costs combine multiplicatively, so their displayed percentages do not add arithmetically. This shows how important the regulatory reform agenda is to the UK. If it is unable to reform its domestic regulation in meaningful ways and the stated adverse trade assumptions apply, the specified TCA trade-stress scenario is negative.

How this compares with official assessments

The OBR assumes that the post-Brexit trading relationship reduces long-term productivity by 4% relative to remaining in the EU, associated with lower trade intensity. That is a different counterfactual from this memorandum's prospective reform programme against a common TCA reference path. The two percentages cannot be directly netted or treated as estimates of the same policy.[19]

The Treasury's 2016 analysis compared alternative trading relationships. Its 2018 analysis allowed an illustrative 0.1 percentage point GDP benefit from regulatory flexibility outside the EEA-type scenario. We consider that allowance substantially understates the potential of the comprehensive reform programme assessed here. It was an assumption for that exercise, not an empirical ceiling on the gains from better regulation. Neither Treasury exercise values the particular common law, energy and component level reforms specified in this memorandum. The central difference is the reform programme assumed and the way its effects are estimated.[20]

There is a substantial published basis for treating regulatory reform and institutional reform as a determinant of productivity. Aghion and co-authors find that competition and entry affect innovation and productivity, with effects that vary by firms' distance from the technological frontier. Acemoglu, Johnson and Robinson explain how institutions, property rights and constraints on political power shape investment and long-term income. Abbott and Singham identify government-created barriers that protect incumbents and impede welfare-enhancing

[19] Office for Budget Responsibility, "Brexit analysis," accessed November 2, 2026; and "How are our Brexit trade forecast assumptions performing?," March 2024, box 2.4, 38, https://obr.uk/box/how-are-our-brexit-trade-forecast-assumptions-performing/. https://obr.uk/forecasts-in-depth/the-economy-forecast/brexit-analysis/.

[20] HM Treasury, *HM Treasury Analysis: The Long-Term Economic Impact of EU Membership and the Alternatives*, Cm 9250 (April 2016). https://www.gov.uk/government/publications/hm-treasury-analysis-the-long-term-economic-impact-of-eu-membership-and-the-alternatives; HM Government, *EU Exit: Long-Term Economic Analysis*, Cm 9742 (November 2018), 67, para. 209, and tables 4.10-4.12, https://assets.publishing.service.gov.uk/media/5c00058b40f0b65af36c5d6c/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf; House of Commons Treasury Committee, The UK's Economic Relationship with the European Union: The Government's and Bank of England's Withdrawal Agreement Analyses, Twenty-Fifth Report of Session 2017-19, HC 1819 (December 11, 2018), 23, paras. 70-71, https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/1819/1819.pdf.

competition; their subsequent book develops the complementary roles of open trade, domestic competition and property rights. These studies support modelling domestic reform explicitly, while requiring attention to policy design and the starting conditions.[21]

A previous Growth Commission paper highlighted evidence from a number of quarters demonstrating the extent to which excessive government regulation significantly slows economic growth. A 2016 study by Coffey, McLaughlin and Peretto found that federal regulation had reduced annual U.S. growth by 0.8% since 1980 and cost the economy $4 trillion (leaving it nearly 25% smaller) by 2012. In May 2023 congressional testimony, Dr. Douglas Holtz-Eakin estimated that U.S. federal rules had imposed $1.5 trillion in cumulative costs since 2005 (roughly 6% of GDP), while University of Chicago economist Casey B. Mulligan testified in June 2023 that Biden Administration rulemakings had added $617 billion per year in regulatory costs. The European Centre for International Political Economy estimated that anti-competitive rules cost the EU 3% of its GDP (half a trillion euros), while a 2022 study by Aghion, Bergeaud and Van Reenen found rising French labour regulations reduced aggregate equilibrium innovation and growth by 5.8%.[22]

The OECD's 2025 analysis provides a useful quantitative comparison: it estimates that network sector reforms between 1980 and 2023 raised economy-wide labour productivity by around 5% on average across OECD countries, with larger effects in manufacturing.[23] That historical, cross-country result is not a forecast for this UK programme, but it demonstrates why a 0.1% allowance cannot be treated as the general economic value of regulatory reform. Any policy recommendation based on that figure must therefore be incorrect. Our +11.39% estimate remains conditional on the programme, trade assumptions and coefficients set out in this memorandum; the literature supports the mechanisms that underpin our precise result.

[21] Philippe Aghion, Nick Bloom, Richard Blundell, Rachel Griffith, and Peter Howitt, "Competition and Innovation: An Inverted-U Relationship," *Quarterly Journal of Economics* 120, no. 2 (2005): 701-728, https://doi.org/10.1093/qje/120.2.701; Philippe Aghion, Richard Blundell, Rachel Griffith, Peter Howitt, and Susanne Prantl, "The Effects of Entry on Incumbent Innovation and Productivity," *Review of Economics and Statistics* 91, no. 1 (2009): 20-32, https://doi.org/10.1162/rest.91.1.20; Daron Acemoglu, Simon Johnson, and James A. Robinson, "Institutions as a Fundamental Cause of Long-Run Growth," in *Handbook of Economic Growth*, vol. 1A, ed. Philippe Aghion and Steven N. Durlauf (Amsterdam: Elsevier, 2005), 386-387, https://doi.org/10.1016/S1574-0684(05)01006-3; public final chapter, https://economics.mit.edu/sites/default/files/publications/institutions-as-the-fundamental-cause-of-long-run-.pdf; Alden F. Abbott and Shanker Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions ('ACMDs')," *Concurrences*, no. 4 (2011), Doctrines, https://www.ftc.gov/sites/default/files/attachments/key-speeches-presentations/ssrn-id1977517.pdf; Shanker A. Singham and Alden F. Abbott, *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection* (Abingdon: Routledge, 2023), 103-110, 244-249, https://doi.org/10.4324/9780429323331.

[22] Alden Abbott and Shanker Singham, *The Impact of Regulation on Economic Growth* (The Growth Commission, September 2023), https://www.growth-commission.com/wp-content/uploads/2023/09/GC-Second-Report-The-Impact-of-Regulation-on-Economic-Growth-Sept-2023.pdf

[23] Dan Andrews, Balázs Égert, Cassie Castle, and Christine de la Maisonneuve, "Regulation and Growth: Lessons from Nearly 50 Years of Product Market Reforms," *OECD Economics Department Working Papers*, no. 1835 (Paris: OECD Publishing, June 25, 2025), https://doi.org/10.1787/3b3285df-en.

The Bank of England's 2018 withdrawal scenarios addressed monetary and financial stability over a horizon of up to five years, rather than the long-term merits of this programme. Annex H compares the scale with other legal institutional evidence. [25]

Alternative to enhanced TCA[26]	Long-run output forgone by 2036	Income gap against TCA
Customs union	£465.3bn	−12.02%
EEA participation	£541.3bn	−13.98%
Full EU membership	£592.0bn	−15.29%
SPS alignment and reform	£469.3bn	−12.12%
Single Market for goods	£492.7bn	−12.73%
TCA without reform	£513.8bn	−13.27%
Dynamic alignment on goods*	£464.7bn	−12.01%
Dynamic alignment on goods and services*	£521.8bn	−13.48%

Comparison with the enhanced TCA reform programme

The following comparison measures income and output forgone in 2036 against the enhanced TCA with reform and the access-conditionality allowance. It includes energy, wider domestic reform and external access.

The SPS core alone produces a 2.89% loss. The wider SPS-and-carbon package credits only the limited domestic reform allowance specified in Annex A. No additional RoW liberalisation dividend is assumed. Annex B gives the border, partner access and food sector assumptions.

We have used both the ACMD model and the IC subpillar on exports as a percentage of GDP to indicate potential gains and losses from different scenarios. We have also used an elasticity model, so the combination may overweight EU-access benefits in non-TCA cases, and EU access losses in TCA scenarios. Annex A reports the channel separately and shows results without it, so that we can see by how much the non-TCA scenarios are being preferred. The point remains that even with this overweighting, the TCA + reform scenario performs far better than any of the others.

The strongest numerical judgements concern reform delivery, the broad CU external policy cost, RoW access, additional EU regulatory burdens and the mapping from export exposure into IC. These are explicit policy scenarios. Annex B distinguishes score-based policy shocks from the more extreme export exposure stresses.

[25] Bank of England, *EU Withdrawal Scenarios and Monetary and Financial Stability* (November 28, 2018), introduction and scope of scenarios. https://www.bankofengland.co.uk/report/2018/eu-withdrawal-scenarios-and-monetary-and-financial-stability.

[26] The comparison is calculated from the scenario totals reported above; see Annexes A and B. Published methodological and energy background: Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; Competere Foundation, "Response to House of Lords Call for Evidence," DYN0016, sec. 6.1.3, 2036 row (4.02% benchmark); sec. 6.1.4 (monetary scenario).

The enhanced TCA programme produces +12.77% before the separate access-conditionality allowance, including EU-trade friction and both exports/GDP subpillar adjustments. The 10% EU-facing access-conditionality assumption costs 1.23% alone, leaving +11.39%. Reducing only the access-conditionality exposure to a 35% EU share gives +11.60%; other trade weights remain fixed. Complete loss of EU exports without replacement gives an 11.61% exposure penalty that subsumes the EU-friction and EU exports/GDP charges. With domestic, energy and independent RoW reform retained, the resulting gain is +0.92%.[27] [28]

Under the no-reform TCA scenario, the EU export share falls from 41.18% to 20.59% while RoW exports rise by 20%. These assumptions imply a 55.56% reduction in EU exports and an 11.12% fall in total exports. The exposure stress, including 2.5% poorer openness on surviving EU trade and the specified exports/GDP score adjustments, produces a 3.40% GDP-per-person loss. Without the RoW expansion, halving the EU share requires a 62.97% reduction in EU exports and produces a 7.61% income loss. No domestic or energy reform benefits are credited in either case. The zero- RoW-expansion sensitivity also removes the 6% RoW exports/GDP score increase.

These comparisons make the reform programme central to the policy choice. A wider international market can cushion the loss of EU access, but the specified no-reform scenario remains negative. Regulatory independence creates the opportunity to improve outcomes; the UK is advised to maximise the difference between its regulatory settings and those of the EU that are competition limiting.

TCA and selective implementation of the reform programme

The TCA reform strategy does not require the UK to implement the entire programme. It preserves the ability to choose which reforms to pursue, how far to take them and when to implement them. The full programme represents the memorandum's central reform scenario; a more limited programme produces a smaller benefit.

The following scenarios isolate the effects of omitting energy reform, delivering only half the planning programme, or combining both choices. All retain the other domestic reforms, the assumed EU-trade friction and RoW market access improvement, and the EU-weighted 10% access-conditionality allowance. The TCA exports/GDP score assumptions remain −6% for EU exposure and +6% for RoW exposure. Elements of the reform programme can be dropped for political reasons. No energy reform does not require any changes to environmental or energy laws for example. Half the planning programme will be much easier to pass politically. However, these choices entail reductions in benefits.

[27] Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (September 18, 2026 release, archived October 7, 2026); Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4.

[28] Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (archived October 7, 2026). The collapse assumption, the exposure-to-IC conversion, and the reported 0.92% result are original illustrative calculations in this memorandum; neither publication independently estimates this scenario.

TCA reform scenario	Net GDP per capita gain in 2036	Long-run gain per person	UK GDP level gain in 2036
Full reform programme	**11.39%**	**£5,553**	**£395.8bn**
No energy reform; full planning and other reforms	**7.08%**	**£3,454**	**£246.2bn**
Half the planning programme; full energy and other reforms	**10.90%**	**£5,317**	**£378.9bn**
No energy reform and half the planning programme; other reforms delivered fully	**6.62%**	**£3,227**	**£230.0bn**

“No energy reform” removes the separate, conditional 4.02% energy benefit. “Half planning” reduces the revised planning target from 7% to 3.5% of baseline business freedom, retaining corporate reform at 7%. Their joint 10.5% target gives a score of 6.609597, compared with 6.818951 for full delivery. The combined business freedom contribution to DC falls from 0.209354 to 0.157015 points; neither case reaches seven. Energy approvals remain within the energy programme.

Omitting energy reform reduces the full programme’s GDP per capita gain by approximately 4.30 percentage points, equivalent to £149.6bn less output by 2036. Halving planning delivery alone reduces it by approximately 0.48 percentage points, or £16.8bn. These differences reflect compounding of benefits, rather than subtraction of standalone percentages.

The results show that substantial gains remain available under a selective programme, provided the remaining reform and trade access assumptions are delivered. They also identify the opportunity cost of leaving particular reforms unimplemented. These are sensitivities within the memorandum’s existing model; additional interactions between energy costs, development and investment are not separately estimated.

4. Common method and reform programme

We use the Singham-Rangan-Bradley Anti-Competitive Market Distortions model. ACMD relates GDP per person to three weighted measures: International Competition (IC), Domestic Competition (DC) and Property Rights (PR). Higher scores represent fewer barriers to trade and competition, and stronger protection of property and legal rights. The economic mechanisms are entry and expansion by productive firms, better allocation of capital and labour, and stronger incentives to invest and innovate.[29]

The SRB-γ estimates used here are re-estimated on 2010-2022 data, with country and year fixed effects and country-clustered standard errors. Each regression relates log GDP per capita to one pillar; the specification excludes time-varying controls and omits Hong Kong in 2021-2022 because of the documented comparability concern. This memorandum combines the separate pillar contributions as an explicit scenario accounting assumption, not a joint causal estimate. Policy-score changes, trade exposures and the common reference path are specified in Annex A. Annex H reports the coefficients, precision and source.[30]

The domestic competition coefficient is statistically significant at 1%, and the property rights coefficient at 5%, in the chosen specification. The international competition coefficient meets the 10% threshold but narrowly misses 5% (p = 0.050049). These are conditional scenario parameters with differing statistical support; Annex H reports confidence intervals and robustness checks.

Pillar	UK baseline	Log coefficient	One point alone
International Competition	5.101953	0.0587266084	+6.05%
Domestic Competition	5.707368	0.0833189112	+8.69%
Property Rights	5.389715	0.0586720800	+6.04%

All UK scenario baselines use 2022 scores. IC, PR and all estimated coefficients are set forth in the annexes.[31]

$$L = 0.0587266084\,\Delta IC + 0.0833189112\,\Delta DC + 0.0586720800\,\Delta PR + E + J^{+} - J^{-}$$

$$GDP\ per\ person\ change = 100\,(e^{L} - 1)$$

[29] Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; Shanker A. Singham and Alden F. Abbott, *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection* (Routledge, 2023), 103-110, 244-249, chaps. 4 and 9, https://www.routledge.com/Trade-Competition-and-Domestic-Regulatory-Policy-Trade-Liberalisation-Competitive-Markets-and-Property-Rights-Protection/Singham-Abbott/p/book/9780367339876.

[30] For the published model specification and discussion of the separate pillar measures, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4. The table reports calculations for this paper using 2010-2022 coefficients and 2022 UK scores. The IC estimate has been revised; the DC and PR coefficients are unchanged. See Annex H for the specification, sample, coefficients and sensitivity analysis, and Annex A for scenario accounting.

[31] Original calculations for this paper, using the October 24, 2026 IC re-estimation and the unchanged DC and PR estimates reported in Annex H4. For the published methodology, see Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, published 2025; copyright 2026), chaps. 3-4. See Annex A for scenario inputs and Annex H4 for the specification, coefficients and sample; public data sources and the reconstruction qualifications are identified in the bibliography.

E is the separate energy and environmental contribution. J^+ and J^- are the positive and negative interaction terms used for EU membership. Score changes are applied once; overlapping policy measures share a component allocation. Annex A gives the exposure weights, full reform targets and monetary conversion.

Reform potential across all scenarios

All options can pursue compatible planning and administrative improvements, but their quantified reform allowances differ. This is because each scenario constrains reform in different ways. The CU allowance is DC +0.063 and PR +0.0375. EEA, EU, SPS-and-carbon and goods-and-carbon cases use DC +0.042 and PR +0.075. The full independent TCA programme is specified by component in Annex A. The restriction concerns method as well as individual rules: administration may improve within an aligned code, but the UK cannot unilaterally replace binding requirements with a different liability and adjudication system while retaining unchanged treaty rights. This supports smaller compatible reform allowances, whose exact sizes remain explicit modelling judgements rather than measured legal ceilings.

Option	DC reform points	PR reform points	Energy benchmark credited
Customs union	+0.0630	+0.0375	0%
EEA participation	+0.0420	+0.0750	0%
Full EU membership	+0.0420	+0.0750	0%
Enhanced TCA and reform	+0.3368	+0.5019	100%
TCA without reform	0	0	0%
SPS alignment and reform	+0.0420	+0.0750	0%
Single Market for goods	+0.0420	+0.0750	0%
Dynamic alignment on goods	+0.0420	+0.0750	0%
Dynamic alignment on goods and services	+0.0420	+0.0750	0%

The aligned allowances are ceilings for the positive reform credit used in this scenario. The TCA programme separately models full replacement of prescriptive UK corporate and product regimes and stronger IP enforcement. Policies with EU-facing obligations remain subject to those obligations in scenarios which require EU compliance.

Energy and environmental reform

The energy programme repeals the Climate Change Act and its statutory target and budgeting architecture, replaces the UK ETS arrangements and rejects binding EU linkage, repeals UK CBAM, removes duplicative energy charges and technology mandates, and opens generation, grid and environmental approvals to competition.[32] Legislation would define prohibited harms

[32] Climate Change Act 2008, c. 27, ss. 1, 4 and 13 (UK), https://www.legislation.gov.uk/ukpga/2008/27/contents; Department for Energy Security and Net Zero, "UK Emissions Trading Scheme (UK ETS): A Policy Overview," updated October 21, 2026, https://www.gov.uk/government/publications/uk-emissions-trading-scheme-uk-ets-policy-overview/uk-

and enforceable remedies, with economic appraisal of climate measures and protection of accrued contractual rights.

Competere's parliamentary evidence reports a 4.02% energy reform gain by 2036. We use that published endpoint as a conditional benchmark for independent policy, with no such gain credited under binding carbon alignment. At the memorandum's common income and population scale, 4.02% equals about £1,960 per person or £139.7bn annually.[33]

Foreclosing a 4.02% gain makes income 3.86% lower than the independent energy benchmark, holding everything else constant: 1 / 1.0402 − 1. That opportunity cost is included once when comparing an aligned option with the enhanced TCA. It is not an additional 4.02% deterioration from a baseline that already retains the relevant distortions. Separately, any increase in carbon-price, scope or compliance burdens above that baseline requires an incremental cost estimate. The tables do not set such unpriced costs to zero.

2036 comparison at common baseline	GDP per person	Long-run output
Independent energy programme	+4.02%	+£139.7bn
CU customs benefit only	+0.76%	+£26.5bn
EEA EU-access benefit only	+1.22%	+£42.3bn

On the energy benchmark, the gain foregone is larger than either border benefit even before external policy and wider regulatory losses are considered. The table compares channels; it is not a second set of additions to the headline totals.

The UK operates its own ETS; Northern Ireland electricity has a distinct position. The relevant choice is whether the UK can implement its independent carbon and energy programme or must follow binding common rules. Domestic repeal must also address TCA carbon-pricing, non-regression, Paris and devolved obligations.[34] Customs union relief does not provide regulatory relief from these constraints.[35]

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emissions-trading-scheme-uk-ets-a-policy-overview; Finance Act 2026, c. 11, pt. 5, ss. 142-158 and schs. 16-19 (UK).

[33] Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," written evidence DYN0016, sec. 6.1.3, 2036 row (4.02% benchmark), and sec. 6.1.4. The £139.7 billion sterling conversion uses the assumptions in this memorandum; it is not the monetary estimate stated in the published evidence.

[34] EU-UK Trade and Cooperation Agreement, 2021 O.J. (L 149) 10, arts. 355, 391-392; Ilze Jozepa et al., *The UK-EU Trade and Cooperation Agreement: Level Playing Field*, House of Commons Library Research Briefing CBP-9190 (May 20, 2021), "Non-regression" and "Dispute Settlement," https://commonslibrary.parliament.uk/research-briefings/cbp-9190/; Climate Change Act 2008, c. 27, ss. 1, 4 and 13 (UK).

[35] Department for Energy Security and Net Zero, "UK Emissions Trading Scheme (UK ETS): A Policy Overview," updated October 21, 2026; Council of the European Union, "EU-UK Relations: Council Greenlights Negotiations on Agri-Food Deal and Linking Emissions Trading Systems," November 13, 2025, https://www.consilium.europa.eu/en/press/press-releases/2025/11/13/eu-uk-relations-council-greenlights-negotiations-on-agri-food-deal-and-linking-emissions-trading-systems/. The customs-union scenario in this memorandum assumes a separate carbon-alignment commitment; a customs union does not itself entail ETS linkage.

5. Customs union

This option combines a common external tariff and relevant common commercial policy for covered goods with binding ETS and border-carbon alignment.[36] It removes part of the customs and origin burden on UK exports to the EU. Regulatory, SPS and VAT processes remain, and the arrangement creates no general services passport.[37]

Long-run (2036) output account	GDP per person	Per person in 2036	UK GDP in 2036
Benefits	+1.55%	+£757	+£54.0bn
Costs	−3.50%	−£1,707	−£121.7bn
NET QUANTIFIED EFFECT	**−2.00%**	**−£976**	**−£69.6bn**

Relative to the enhanced TCA with reform and EU-access costs, output in 2036 is lower by £465.3bn. This opportunity-cost comparison is not a further deduction from the net result.

Comparison including energy opportunity cost	GDP per person	Long-term output gap
VS INDEPENDENT ENERGY REFORM	**−5.79%**	**−£209.3bn**

This comparison values the energy programme forgone. It is an alternative counterfactual, not a second deduction from the settlement result above.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and domestic reform

The three logistics subpillars improve by 25% on the UK-to-EU goods route only, weighted by EU goods exports as a share of all UK exports. There is no credit for EU-to-UK imports: domestic import processes can be improved unilaterally under the TCA. Nor is there a regulatory-friction dividend in this customs-only channel.

Planning, licensing, compatible financial reform and legal administration remain possible. The quantified positive credit is limited to DC +0.063 and PR +0.0375. The CU receives neither the full TCA IP improvement nor the full corporate/product repeal dividend merely because some reforms remain legally available. Wider technical, competition or IP commitments would further restrict the programme; the agreed treaty perimeter matters.

[36] Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994, paras. 2 and 4-6, https://www.wto.org/english/docs_e/legal_e/10-24_e.htm; General Agreement on Tariffs and Trade 1994, arts. XXIV and XXVIII. These authorities concern customs unions and tariff commitments. ETS and CBAM alignment is an additional negotiating-package assumption in this memorandum, not a requirement of GATT Article XXIV.

[37] European Commission, "EU Trade Relations with Türkiye," sections on the EU-Türkiye customs union's goods coverage, accessed October 25, 2026; Council of the European Union, "EU-UK Relations: Council Greenlights Negotiations on Agri-Food Deal and Linking Emissions Trading Systems," November 13, 2025. The Türkiye arrangement illustrates that a goods customs union does not automatically confer services-market access or dispense with distinct SPS and carbon agreements.

Costs and external access

Trade freedom falls by 15% for RoW-facing activity. The broader external policy assumption is a 20% decline in RoW-facing IC, encompassing inward openness and the net loss of market access, bargaining capacity and autonomy. The trade freedom loss is part of that envelope. Its residual is an explicit allowance, not a measured export decline or a second 20% charge. Existing UK preferences, replacement EU agreements and partner reciprocity determine actual losses. The exports/GDP subpillar uses +8% on EU exposure and −6% on RoW exposure, weighted by the baseline export shares and its 10% IC weight. Its net national IC contribution is -0.000441711 points. Annex A separates this channel from the other access and regulatory assumptions.

The tariff screen identifies £578.6m of additional annual duties on matched industrial imports after a preference-use adjustment. A provisional completion exercise gives £0.92bn-£1.61bn of duty exposure and £0.09bn-£0.80bn of annual concession-equivalent negotiating provision. These ranges are conditional, incomplete and not a cash bill. WTO compensation depends principally on changes to bound concessions and negotiating rights, not every applied tariff increase. Annex C sets out the data gaps, equations and retaliation channel.

The energy programme available under independent policy is foreclosed by the specified carbon commitment. That is a substantial opportunity cost, additional in the policy comparison to losses of external commercial freedom. Bilateral CBAM relief and allowance market liquidity may provide offsets,[38] but customs relief does not measure them. Changes in carbon prices, scope, compliance, governance and conversion costs require their own incremental appraisal; no unmeasured net benefit is credited.

[38] Cabinet Office, "UK-EU Summit: Common Understanding," May 19, 2025, updated December 22, 2025, paras. 23-33 (SPS) and 34-45 (ETS); Regulation (EU) 2023/956 of the European Parliament and of the Council of May 10, 2023, establishing a carbon border adjustment mechanism.

6. EEA participation

EEA participation combines access to much of the Single Market with relevant common rules, free movement and the EFTA institutional framework.[39] It retains independent tariffs and trade agreements and is not a customs union. Ordinary agriculture and fisheries are largely outside its scope. We assume long-run incorporation of the relevant financial, digital, product and sustainability rules,[40] with the status of individual acts distinguished from that assumption.[41]

Long-run to 2036 output account	GDP per person	Per person in 2036	UK GDP in 2036
Benefits	+2.04%	+£994	+£70.8bn
Costs	−6.10%	−£2,975	−£212.0bn
NET QUANTIFIED EFFECT	**−4.19%**	**−£2,042**	**−£145.5bn**

Relative to the enhanced TCA with reform and EU-access costs, output in 2036 is lower by £541.3bn. This opportunity cost comparison is not a further deduction from the net result.

Comparison including energy opportunity cost	GDP per person	Long-term output gap
VS INDEPENDENT ENERGY REFORM	**−7.89%**	**−£285.2bn**

This comparison values the energy programme forgone. It is an alternative counterfactual, not a second deduction from the settlement result above.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and available reform

A +0.50 route IC target applies separately to EU goods and services exports. No customs union gain is added. Independent tariff competence does not imply that the UK can exchange the regulatory concessions required to secure reciprocal RoW access. The central EEA case therefore contains no new RoW liberalisation dividend and includes the specified services-bargaining loss.

The positive allowance is DC +0.042 and PR +0.075 for reforms compatible with common obligations. The calculation does not credit the full independent financial, digital, environmental, product or pharmaceutical programme. Administrative improvement within a

[39] European Free Trade Association, "Q&A about the EEA Agreement," nos. 4-5, 12-15, accessed October 25, 2026, https://www.efta.int/eea-relations-eu/qa-about-eea-agreement; Agreement on the European Economic Area, 1994 O.J. (L 1) 3, consolidated February 19, 2025, arts. 102, 112-114 and 127-128.

[40] European Free Trade Association, "Factsheet: Regulation (EU) 2024/1689 (Artificial Intelligence Act)," EEA-Lex, legal status under scrutiny, https://www.efta.int/eea-lex/32024r1689; European Free Trade Association, "Factsheet: Regulation (EU) 2022/1925 (Digital Markets Act)," EEA-Lex, legal status under scrutiny, https://www.efta.int/eea-lex/32022r1925; European Free Trade Association, "Factsheet: Regulation (EU) 2023/1115," EEA-Lex, https://www.efta.int/eea-lex/32023r1115. EEA-Lex status records accessed November 2, 2026.

[41] European Free Trade Association, "Q&A about the EEA Agreement," nos. 4-5, 12-15; Agreement on the European Economic Area, arts. 102, 112-114 and 127-128; European Free Trade Association, "EEA-Lex Factsheets on the AI Act and Digital Markets Act," incorporation status as of November 2, 2026; European Free Trade Association, "Regulation (EU) 2023/956," EEA-Lex factsheet, including JCDs 283/2026 and 287/2026; European Free Trade Association, "Regulation (EU) 2023/1115," EEA-Lex factsheet, incorporation status.

common rulebook cannot be valued as though the underlying rulebook had been replaced. Energy reform is foreclosed under the defined alignment package.

Costs and limits

The adverse DC scenario reduces columns D, E, F, G, H and K by 10%. The PR scenario reduces D, E, G, H and I by 10%, and F by 20%. These are specified aggregate cost assumptions encompassing financial, AI, digital, environmental and legal restrictions. They are not separate percentage penalties for each instrument. Their gross effects are distinguished from gains forgone through constrained reform.

The services bargaining assumption is a 10% route IC reduction on 25% of RoW services exports. It represents the loss of usable negotiating concessions, not automatic termination of existing FTAs. The restriction can affect services bargains in agreements through goods, standards, production methods and supply chain regulatory settings which limit the UK's freedom to manoeuvre. Funding, supervision, migration, transition and incremental carbon linkage effects remain outside the settlement subtotal. Annex F sets out the legal constraints. The exports/GDP subpillar uses +4% on EU exposure and −2% on RoW exposure, weighted by the baseline export shares and its 10% IC weight. Its net national IC contribution is +0.000886782 points. Annex A separates this channel from the other access and regulatory assumptions.

Evidence of other studies

Douglas McWilliams writing for Civitas (the "McWilliams Studies") has estimated the cost of locking in the UK's energy disadvantage through alignment to the EU energy package would be 15% of manufacturing output – roughly £35bn per year, which backs these figures.

7. Full EU membership

EU membership combines the customs union, Single Market access, common commercial policy and common regulatory obligations, together with representation in EU institutions.[42] The calculation treats this as an integrated settlement with both positive and negative interactions. It does not sum the EEA and CU option totals.

2036 output account	GDP per person	Per person in 2036	UK GDP in 2036
Benefits	+3.03%	+£1,478	+£105.3bn
Costs	−8.42%	−£4,106	−£292.6bn
NET QUANTIFIED EFFECT	**−5.65%**	**−£2,753**	**−£196.2bn**

Relative to the enhanced TCA with reform and EU-access costs, output in 2036 is lower by £592.0bn. This is an opportunity cost comparison.

Comparison including energy opportunity cost	GDP per person	Long-term output gap
VS INDEPENDENT ENERGY REFORM	**−9.29%**	**−£335.9bn**

This comparison values the energy programme forgone. It is an alternative counterfactual, not a second deduction from the settlement result above. It is closer to the McWilliams Studies estimates noted above.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and interactions

Customs relief and regulatory access can reinforce each other: removing one source of delay increases the value of removing another. The positive joint term is 25% of the smaller of their log benefits. Planning and other domestic improvements compatible with membership are the same as in the EEA case. EU membership also supplies the EU's third-country agreements, which may replace or improve some UK preferences. The exports/GDP subpillar uses +8% on EU exposure and −6% on RoW exposure, weighted by the baseline export shares and its 10% IC weight. Its net national IC contribution is -0.000441711 points. Annex A separates this channel from the other access and regulatory assumptions.

On the ordinary accession basis, membership also brings an eventual euro adoption obligation and participation in the budget financing recovery debt service until 2058. A new opt-out or limitation would require express agreement. The timing and amount depend on convergence, accession terms and future budgets; these fiscal and contingent exposures are separate from the ACMD output calculation. Annex F explains the distinction.

The negative joint term represents the constraint created when restricted external market choices coincide with a less competitive domestic rulebook. It is 25% of the smaller of the external policy cost and the net domestic regulatory cost. It is calculated after domestic reform

[42] Consolidated Version of the Treaty on European Union, arts. 4-5, 14-16 and 48-50, 2016 O.J. (C 202) 13; Consolidated Version of the Treaty on the Functioning of the European Union, arts. 3, 26-32, 45 and 207, 2016 O.J. (C 202) 47.

gains, with a floor of zero. Both interactions build with the product of implementation shares, so they are small early in transition. Annex B tests both terms from zero to 50%.

Costs and financial commitments

The main external access allowance is half the CU residual, recognising replacement EU access and bargaining scale. The 15% RoW trade-freedom reduction still applies. The common rule DC and PR cost assumptions match EEA, including pharmaceutical IP. Common carbon and product obligations restrict the independent energy and repeal programmes.

An illustrative net budget contribution of 0.6% of reference GDP is £20.85bn annually, after the assumed receipts in Annex F and before any further domestic offsets.[43] It is a fiscal transfer, not an amount to subtract mechanically from GDP. There is no assumed restoration of a UK rebate or former opt-outs. Accession terms, tax constraints, systems conversion and WTO tariff negotiations require separate appraisal (see Annexes C and F).

[43] HM Treasury, *European Union Finances 2020*: Statement of the 2020 EU Budget and Measures to Counter Fraud and Financial Mismanagement, CP 472 (London: HM Treasury, July 2021), annex B, table B.1, 43, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005905/210706_FINAL_European_Union_Finances_Statement_2020.pdf; European Commission, "EU Budget 2028-2034," proposal issued July 16, 2025, https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en. The £20.85 billion amount is calculated for this memorandum using stated future assumptions, not an amount estimated by either published authority.

8. Enhanced TCA and comprehensive reform

The enhanced TCA retains independent trade and regulatory policy and offers reciprocal recognition, equivalence and practical market access arrangements. It pursues the domestic reform programme, including the common law method and energy and environmental measures. Differences in regulatory method can generate productivity gains. The adverse trade terms in this account price assumed restrictions on access and additional compliance for EU-facing activity, not regulatory independence as an intrinsic economic cost. Recognition depends on reciprocal agreement.[44]

2036 output account	GDP per person	Per person in 2036	UK GDP in 2036
Benefits	+14.17%	+£6,912	+£492.6bn
Costs	−2.44%	−£1,190	−£84.8bn
NET QUANTIFIED EFFECT	+11.39%	+£5,553	+£395.8bn

The net gain is +11.39%, or about £5,553 per person and £395.8bn of UK output in 2036. The +14.17% gross benefit and −2.44% standalone cost combine multiplicatively. Delivery of the reform and trade targets is required; unpriced implementation costs remain outside this quantified account.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and delivery

The TCA scenario assumes a 0.50-point reduction in IC for EU goods and services trade, weighted separately by their shares of UK exports, and a 20% improvement in RoW-facing IC. The EU reduction represents greater bilateral trade friction; RoW gains reflect import liberalisation and improved external access. Domestic reforms raise DC by 0.3368 and PR by 0.5019 points; energy contributes separately. The exports/GDP subpillar score falls by 6% on EU exposure and rises by 6% on RoW exposure, with its 10% weight applied once. These are separate score assumptions, not six-percentage-point changes in the exports/GDP ratio.

For domestic activity, the programme removes UK equivalents of EUDR-style supply chain procedures, corporate sustainability due diligence and sustainability reporting, and replaces precautionary product regimes with clear prohibitions on unlawful conduct, unsafe goods, fraud and demonstrable harm. Ordinary evidence, liability, judicial remedies and effective enforcement remain. EU-facing firms continue to meet EU market entry obligations where applicable. Avoided future copying is distinguished from the removal of current UK requirements.

Pharmaceutical reform would strengthen enforceable patent and supplementary protection, predictable data and market exclusivity and remedies against infringement. It would also permit faster approvals based on reliable evidence. The 25% improvement in the broad IP subpillar is

[44] European Commission, "The EU-UK Trade and Cooperation Agreement," April 30, 2021, https://commission.europa.eu/strategy-and-policy/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en; Competere Foundation, "UK Trade with the EU," written evidence EUT0044, House of Commons Business and Trade Committee, May 18, 2026, https://committees.parliament.uk/writtenevidence/167127/html/.

an ambitious policy calibration; it requires economy-wide IP enforcement as well as pharmaceutical changes.

The financial services programme replaces prescriptive process requirements with clear, enforceable obligations, proportionate supervision and effective judicial remedies. Barnabas Reynolds' analysis in Annex D14 covers the whole reform programme, including the earlier ACMD financial competition allowance of approximately £11bn. His illustrative £15-20bn sector output gain after a decade therefore includes that allowance. The +11.39% headline retains the existing ACMD calibration; Annex D14 shows a replacement sensitivity, with no separate addition for compliance savings, listings or wider investment effects.

Costs and implementation risks

The access-conditionality allowance reduces EU-facing IC by 10%, weighted by the EU's 41.18% share of UK exports. It represents additional conditions on access, such as duplicated compliance or the absence of recognition, rather than a cost of the common law method itself. The national IC reduction is 0.210107 points and its log income cost is 0.012338882, equivalent to a 1.23% standalone loss. Applied after the 0.50-point EU-trade reduction, it lowers the programme gain from +12.77% to +11.39%, a difference of 1.38 percentage points. Legislative transition, enforcement and environmental effects require separate assessment.

The 0.50-point EU-trade friction term and the 10% access-conditionality allowance together form the scenario's EU-access charge. Keeping both assumes that the additional access conditions are not already captured in the friction term; it is not a second charge for adopting a different regulatory method. The no-additional-conditionality sensitivity is +12.77%. Where the mechanisms overlap, the overlapping charge should be removed. Existing customs friction in the reference path is not charged again. Negotiated facilitation can reduce access costs; incomplete reform reduces domestic gains. The exports/GDP subpillar may also overlap with the trade response represented in IC, so Annex A reports the sensitivity excluding that channel.

TCA without reform and a smaller EU export share

The no-reform scenario credits no DC, PR or energy improvement and no negotiated EU-access gain. It assumes EU divergence halves the EU share of UK exports to 20.59%, while RoW exports increase by 20% relative to their reference level. At the trade-data scale, RoW exports rise from £527.6bn to £633.1bn, EU exports fall from £369.4bn to £164.2bn, and total exports fall from £897.0bn to £797.3bn. These are scenario levels on the common trade-data scale, not separate nominal forecasts for 2036. The TCA exports/GDP score adjustments are included on fixed baseline EU and RoW weights; they do not alter the stated export-volume arithmetic. The zero-expansion variant removes the RoW score increase as well.

2036 output account	GDP per person	Per person in 2036	UK GDP in 2036
RoW export expansion and exports/GDP score	+3.63%	+£1,769	+£126.1bn
EU access loss, friction and exports/GDP score	−6.78%	−£3,306	−£235.6bn
NET QUANTIFIED EFFECT	−3.40%	−£1,656	−£118.0bn

The loss of EU access contributes −6.63%, the assumed RoW expansion +3.59%, and the 2.5% openness penalty on surviving EU exposure −0.14%. The EU and RoW exports/GDP score channels contribute −0.03% and +0.04% respectively. Compounding all five terms gives

−3.40%. With RoW exports unchanged and no RoW score increase, the comparable loss is −7.61%. Annex B10 sets out the accounting and overlap limits.

Extreme case scenario: total loss of EU export access

The extreme reform stress assumes EU exports cease entirely with no replacement sales or offsetting redeployment for that lost activity. Baseline EU exposure remains fixed for measuring the loss. A national IC reduction of 2.101072 points produces an 11.61% income penalty; that total subsumes the EU-trade friction, access-conditionality and EU exports/GDP score charges. **Keeping domestic, energy and independently specified RoW reform benefits, including the RoW exports/GDP score increase, leaves a net gain of 0.92%, approximately £449 per person or £32.0bn at the 2036 endpoint.** This is an extreme conditional calibration, not a forecast of GDP responding to an export embargo. It demonstrates the importance of domestic reform and external access under the stated assumptions; holding those benefits constant during such disruption is a strong simplifying assumption.

9. SPS dynamic alignment

This option aligns sanitary and phytosanitary rules in the agreed field and combines that agreement with binding carbon alignment.[45] The SPS core includes capped GB-to-EU and GB-to-Northern-Ireland agrifood border gains, a named-partner opportunity cost and a food-sector DC restriction. There is no PR penalty in the core SPS calculation.

2036 output account	GDP per person	Per person by 2036	UK GDP by 2036
Benefits	+0.98%	+£480	+£34.2bn
Costs	−3.07%	−£1,497	−£106.7bn
NET QUANTIFIED EFFECT	**−2.12%**	**−£1,032**	**−£73.6bn**

Relative to the enhanced TCA with reform and EU-access costs, output in 2036 is lower by £469.3bn. This opportunity-cost comparison is not a further deduction from the net result.

Comparison including energy opportunity cost	GDP per person	Long-term output gap
VS INDEPENDENT ENERGY REFORM	**−5.90%**	**−£213.3bn**

This comparison values the energy programme forgone. It is an alternative counterfactual, not a second deduction from the settlement result above.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and reform outside the aligned field

Reform remains possible outside the aligned field, but the central case credits only DC +0.042 and PR +0.075. No independent energy dividend is assumed under the accompanying carbon commitment. No speculative gain on other RoW markets offsets the specified named-partner loss.

The SPS core remains a separate 2.89% loss. The domestic allowance moderates that result in the wider package; it does not change the underlying SPS assumptions. An SPS agreement without carbon alignment is a different negotiating package.[46]

Alternatives for Northern Ireland

The Competere Foundation's evidence to the House of Lords distinguishes facilitation of EU-to-GB imports through UK acceptance of EU rules from the separate requirements for access to the EU market. Northern Ireland also has alternatives to extending EU rules across the whole UK. The Alternative Arrangements Commission's July 2019 proposals combined tiered trusted-trader arrangements, customs transit and electronic declarations, checks at traders' premises

[45] Department for Environment, Food and Rural Affairs, "UK-EU SPS Agreement: Legislation in Scope," March 9, 2026, https://www.gov.uk/government/news/uk-eu-sps-agreement-legislation-in-scope; Cabinet Office, "UK-EU Summit: Common Understanding," updated December 22, 2025, paras. 23-33.

[46] Council of the European Union, "EU-UK Relations: Council Greenlights Negotiations on Agri-Food Deal and Linking Emissions Trading Systems," November 13, 2025. The Council identifies separate proposed SPS and ETS negotiating tracks; it does not estimate the 2.89% SPS shock, which is an original scenario assumption in this memorandum.

or other locations away from the border, and differentiated treatment of small traders. Its SPS proposals included mobile inspections and possible common SPS arrangements, with draft protocols for implementation. These were proposals for negotiated legal and operational arrangements, not a claim that technology alone removes regulatory checks. They addressed the pre-withdrawal Irish land border problem; applying them to the present GB-Northern Ireland boundary would require adaptation to the Windsor Framework and agreement on enforcement.[47]

Mutual Enforcement is a distinct proposal: each side would enforce destination-market requirements for cross-border goods through its own legal system, using penalties, intelligence, audit and cooperation. Goods remaining within the UK would follow UK rules. The Centre for Brexit Policy set out the proposal in 2023. Lord Dodds's European Union (Withdrawal Arrangements) Bill [HL] provides a related legislative route for changing the domestic effect of withdrawal arrangements; it is not an agreed replacement for the Windsor Framework.[48]

Its operational enforcement costs and negotiated access benefits need appraisal. No additional quantified dividend is added here. An agreed replacement could use Article 13(8) of the Protocol; domestic statutory amendment alone would not discharge treaty obligations. This alternative should be assessed before assuming that UK-wide SPS alignment is the only response to the GB-Northern Ireland boundary. [49]

Costs and negotiating scope

The main cost is the specified 20% IC opportunity-loss assumption on exports to the U.S., CPTPP excluding the UK, India and the GCC. It captures cross-sector bargaining effects and is deliberately broad. It does not establish automatic FTA termination. No second deduction for services bargaining is added. Without this partner shock the core result would be −0.70%.

SPS alignment does not automatically import the whole EUDR, product regulations or CSRD or CSDDD. Additional horizontal commitments would change the package and its reform fractions. Inspection infrastructure, contributions, governance and direct carbon linkage effects require negotiated detail. The legal and economic comparison should price the actual agreement, including any wider commitments attached to it.

[47] Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," written evidence DYN0016, House of Lords European Affairs Committee, received April 15, 2026. Alternative Arrangements Commission, *Alternative Arrangements for the Irish Border: Executive Summary* (Prosperity UK, July 18, 2019), recommendations and key conclusions, 6-11, and chapter conclusions 7-9, 19-25 (SPS discussion, 24-25), https://shankersingham.com/wp-content/uploads/2023/12/Alternative_Arrangements_Irish_Border.pdf.

[48] Centre for Brexit Policy, *Mutual Enforcement: The Key to Restoring Government in Stormont* (June 2023), section IV, pp. 34-41. https://centreforbrexitpolicy.org.uk/wp-content/uploads/2023/07/MUTUAL-ENFORCEMENT-The-Key-to-Restoring-Government-in-Stormont.pdf; European Union (Withdrawal Arrangements) Bill [HL], HL Bill 10 (2026-27), sponsored by Lord Dodds of Duncairn, bill text published June 4, 2026. A legislative proposal, not enacted law. https://bills.parliament.uk/bills/4134.

[49] Agreement on the Withdrawal of the United Kingdom from the European Union, Protocol on Ireland/Northern Ireland, Article 13(8), concerning supersession by subsequent agreement. https://www.legislation.gov.uk/eut/withdrawal-agreement/adopted/data.xht.

10. Single Market arrangement for goods

The goods option covers the full EU goods rulebook and the horizontal company obligations specified in the package, including CSRD and CSDDD, as well as EUDR, REACH, batteries, packaging, ecodesign and pharmaceutical rules.[50] It also includes binding ETS and border-carbon alignment. Independent tariffs and trade agreements remain, but there is no general services passport. This bespoke agreement would have to be negotiated; it is not an existing membership category.

2036 output account	GDP per person	Per person by 2036	UK GDP by 2036
Benefits	+1.40%	+£683	+£48.7bn
Costs	−4.13%	−£2,016	−£143.7bn
NET QUANTIFIED EFFECT	**−2.79%**	**−£1,361**	**−£97.0bn**

Relative to the enhanced TCA with reform and EU-access costs, output in 2036 is lower by £492.7bn. This opportunity cost comparison is not a further deduction from the net result.

Comparison including energy opportunity cost	GDP per person	Long-term output gap
VS INDEPENDENT ENERGY REFORM	**−6.55%**	**−£236.7bn**

This comparison values the energy programme forgone. It is an alternative counterfactual, not a second deduction from the settlement result above.

Channel estimates and their assumptions are set out in Annex B9.

Benefits and feasible reform

The access benefit is a +0.50 route IC increment on EU goods exports. No customs union or general services access dividend is added. Planning, labour, domestic financial administration and financial rules outside the horizontal company commitments remain open to reform. The programme does not credit repeal of the goods or company regimes the agreement requires.

Costs of goods and horizontal regulation

Full scope means a 10% national reduction in DC business freedom E and PR legal challenge and dispute settlement components D and E, plus a 20% reduction in PR IP component F. There is no 50% scope discount. CSRD and CSDDD affect covered company operations, including relevant reporting by services businesses; they are included in the business and legal costs and

[50] European Commission, "Corporate Sustainability Due Diligence," including Directive (EU) 2024/1760 as amended by Directive (EU) 2026/470, accessed October 25, 2026, https://commission.europa.eu/topics/business-and-industry/company-law-and-corporate-governance/corporate-sustainability-due-diligence_en; Council of the European Union, "Council Signs Off Simplification of Sustainability Reporting and Due Diligence Requirements to Boost EU Competitiveness," February 24, 2026, https://www.consilium.europa.eu/en/press/press-releases/2026/02/24/council-signs-off-simplification-of-sustainability-reporting-and-due-diligence-requirements-to-boost-eu-competitiveness/; Regulation (EU) 2024/1781 of the European Parliament and of the Council of June 13, 2024, establishing a framework for setting ecodesign requirements for sustainable products; Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of December 18, 2006, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

in the loss of repeal opportunities. The finance reform target excludes relief from these common horizontal duties.

The option also assumes a 10% route IC bargaining constraint on half of RoW services exports. Goods concessions, including agricultural concessions, can be needed to obtain reciprocal services opening. No independent RoW liberalisation dividend is credited in the central case. Customs, origin and VAT formalities remain.

The defined scope includes relevant technology embedded in goods, but does not assume a general services passport or complete financial harmonisation.[51] An agreement that also imported the entire horizontal digital or services rulebook would need the corresponding wider costs and access benefits. Supervision, funding, transition and direct carbon linkage effects are not yet priced.

[51] Council of the European Union, General Affairs Council (Article 50): Background Brief, May 7, 2018 (for the meeting of May 14, 2018), 3, position on sectoral Single Market participation, https://www.consilium.europa.eu/media/34594/background-gac-art-50-en.pdf; Swiss Federal Department of Foreign Affairs, "Technical Barriers to Trade," November 24, 2025, information on the EU-Switzerland Mutual Recognition Agreement, https://www.europa.eda.admin.ch/en/technical-barriers-to-trade.

11. Dynamic alignment on goods and services

Dynamic alignment commits the UK to a changing regulatory system. Its value depends both on the rules imported and on the access obtained in return. We use the 2022 comparison of domestic competition and property rights to calibrate two conditional scenarios. The goods case covers the business, legal remedy and IP components already used for the goods package. The broader case covers the business, financial, labour, infrastructure-related and legal components used for the EEA package. The country comparison supplies the size and direction of the covered score changes; the scope mapping remains an explicit modelling judgement.

2036 effect versus reference	Goods alignment	Goods and services
Benefits	+0.97%	+0.98%
Costs	−2.93%	−4.56%
NET GDP PER PERSON	−1.98%	−3.63%
Output per person in 2036	−£968	−£1,769
UK GDP	−£69.0bn	−£126.1bn
Output forgone versus TCA reform	£464.7bn	£521.8bn

These are long run level effects reached in 2036, at constant 2024 prices, rather than annual growth rate changes or cumulative ten-year totals. Benefits and costs combine multiplicatively. The comparison with TCA reform already includes the wider reform and energy opportunities forgone; it is not an additional deduction from the settlement result.

Benefits and compatible reform

The EU benchmark is stronger than the UK in some covered components. We credit those improvements as well as charging adverse differences. Both packages also retain the national compatible reform allowances of +0.0420 DC points and +0.0750 PR points. These represent additional planning, entry and administrative improvements that remain feasible within the commitments, rather than repeal of the aligned rules. The combined reform contribution is approximately +0.79%. Delivering it requires policy action; the treaty does not generate it automatically.

Access benefits depend on reciprocity. The central case preserves existing TCA access and credits no additional customs or regulatory access uplift merely for adopting EU rules. If recognition produces a +0.50 route IC increment, goods access adds +0.60% and access across goods and services adds +1.22%. The resulting net estimates are −1.39% and −2.46% respectively. These sensitivities show why access terms must be evaluated alongside obligations.

Regulatory costs and external access

Convergence in the covered components gives a net regulatory effect of −2.24% for goods and −3.87% for goods and services, before compatible reform or trade effects. We apply the 10% route IC bargaining cost to half of RoW services exports in both cases, a standalone −0.53% effect. Holding this assumption constant isolates wider regulatory coverage. No new RoW liberalisation dividend or customs union tariff or compensation charge is included.

The carbon commitments in both packages foreclose the independent energy programme. Its conditional +4.02% dividend is therefore absent. Foregone reform is reported through the comparison with TCA reform, not charged again against a no-reform reference. Direct incremental ETS and CBAM costs, transition costs and fiscal transfers require separate, non-overlapping estimates. A chart ending in 2022 cannot establish the subsequent costs of the AI Act, EUDR, CSDDD or later changes to other regimes. Those effects are not assumed to be zero; they remain outside this historical calibration.

What the international comparison establishes

The EU-27 mean in 2022 is below the UK on both aggregate pillars. Hypothetical convergence of the entire UK DC and PR scores to that mean implies a 7.03% GDP-per-person loss, holding trade openness constant. This is a broad benchmark, not a further cost to add to the scoped scenarios: the aggregates also reflect national institutions and policies that EU alignment does not determine. The UK-EU gap, rather than the larger EU-U.S. gap, is the relevant starting point. The comparison is an association-based calibration, not proof that EU law causes every observed difference. Annex E supplies the chart, country composition and calculations.

Evidence of other economic studies

The cost of aligning to EU regulations is considered here against the existing cost of financial services regulation. TheCityUK and PwC estimate the current annual cost of regulatory compliance for the UK financial services sector at £33.9bn, approximately £34bn, excluding prudential requirements.[52] Douglas McWilliams has estimated the cost of full compliance with EU regulation would be £20bn per year.

In tech, the UK has been a big economic success. This is for two reasons. 1) These EU regimes do not apply generally to the UK's domestic market; the Digital Markets Act, the Digital Services Act and the AI Act can nevertheless cover UK businesses serving EU markets.[53] This has allowed the UK apps sector to grow 8% pa compared with about 2% average in the EU. 2) We do not have (in general) laws that keep out the U.S. tech firms, which form a crucial base for our App sector. Recent AI model launches have been full in the UK, but more limited in the EU because U.S. companies have reacted to EU regulatory barriers by not making available certain innovative products such as the new Apple SIRI AI tool. For comparative analysis of DMA-style digital regulation and competition-policy risks, see Competere Foundation's Korea and India studies.[54]

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[52] TheCityUK and PwC, Reducing the Cost of Compliance: Unlocking Efficiency, Competitiveness and Growth for the UK Financial Services Sector (November 2025), 3, https://www.thecityuk.com/media/e1fnqdfe/reducing-the-cost-of-compliance-unlocking-efficiency-competitiveness-and-growth-for-the-uk-financial-services-sector.pdf.

[53] Regulation (EU) 2022/1925 (Digital Markets Act), art. 1(2), https://eur-lex.europa.eu/eli/reg/2022/1925/oj; Regulation (EU) 2022/2065 (Digital Services Act), art. 2(1), https://eur-lex.europa.eu/eli/reg/2022/2065/oj; Regulation (EU) 2024/1689 (AI Act), art. 2(1), https://eur-lex.europa.eu/eli/reg/2024/1689/oj. Apple, "Due to DMA, Siri AI Delayed in EU for iOS 27 and iPadOS 27," June 8, 2026, https://www.apple.com/ee/newsroom/2026/06/due-to-dma-siri-ai-delayed-in-eu-for-ios-27-and-ipados-27/. Apple attributes the delayed EU iPhone, iPad and Apple Watch release to DMA requirements; the same announcement says Siri AI remains available on Mac and Apple Vision Pro in the EU.

[54] Competere Foundation, *Advice on Application of Competition Policy in Korea*, sections on digital-platform regulation and comparative competition frameworks, including Annex 1. https://competerefoundation.org/wp-content/uploads/2026/06/Advice-on-Application-of-Competition-Policy-in-Korea.pdf; Shanker A. Singham, *India's Next Growth Frontier: Reducing Anti-Competitive Market Distortions to Build on India's 2010 to 2023*

The government stated that the UK tech sector was valued at £1.2 trillion in 2024.[55] For a more comparable figure the annual value added is now worth just under £200 bn directly and about double that if you include the knock on effects. Had the UK tech sector grown in the past 5 years at the EU rate, tech value added would be £66 billion less.

Reform Progress (Competere Foundation, July 28, 2026), Part III.D, pp. 27-29, paras 51-56. https://competerefoundation.org/wp-content/uploads/2026/07/Indias-Next-Growth-Frontier-Competere-Foundation-July-29-2026.pdf.

[55] Baroness Jones of Whitchurch, "AI and Creative Technologies (Communications and Digital Committee Report)," House of Lords Debates, June 13, 2025, vol. 846, col. 1687, https://hansard.parliament.uk/pdf/Lords/2025-06-13.

12. Regulatory strategy and the United States

The reform strategy applies the common law method to regulation: obligations addressing identifiable harm, predictable legal boundaries, evidence-based adjudication, enforceable remedies and a means of correcting error. Parliament sets the law and accountable regulators supervise credible risks. The objective is to enable competition and innovation while maintaining protection against fraud, unsafe supply, unlawful pollution, coercion and infringement of property rights. It changes how requirements are made and applied, rather than merely shortening an inherited code.

La Porta, Lopez-de-Silanes and Shleifer associate legal origins with differences in investor protection, financial development and regulatory intervention. Their research supports examining the economic consequences of regulatory design. The UK already has common law institutions, alongside Scotland's mixed system; the proposal changes the method and reach of regulation rather than assigning the UK a new legal origin category.[56]

Regulatory volume is relevant to cumulative compliance burdens and the capacity of small firms to enter markets. Jonas Herby's CEPOS/EPICENTER study reports a 101% increase in EU legislative word volume between January 2010 and January 2024, but this does not include the recent regulatory push in the agrifood and feed areas. The table below shows the regulatory volume increase in the agrifood and feed sector alone:

EU Food & Feed Regulatory Volume Index (2010-2026)

Year	Regulatory volume index	Key legislative drivers / catalysts
2010	45	Baseline
2011	48	Baseline
2012	52	Baseline
2013	55	Baseline
2014	60	Baseline
2015	62	Baseline
2016	115	**Spike:** Animal Health Law, Novel Foods Reg, Official Controls Drafts
2017	85	Post-consolidation adjustment

[56] Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, "The Economic Consequences of Legal Origins," *Journal of Economic Literature* 46, no. 2 (June 2008): 298, sec. 3.2, https://doi.org/10.1257/jel.46.2.285. https://shleifer.scholars.harvard.edu/sites/g/files/omnuum10626/files/shleifer/files/consequences_jel_final.pdf.

Year	Regulatory volume index	Key legislative drivers / catalysts
2018	90	Steady accumulation
2019	94	Steady accumulation
2020	98	Steady accumulation
2021	105	Steady accumulation
2022	110	Steady accumulation
2023	115	Pre-implementation build-up
2024	185	**Spike:** EU Deforestation Reg (EUDR), Feed Additives, CSDDD
2025	140	Post-implementation adjustment
2026	145	Current trajectory

While this is a measure of legislative volume, not compliance costs or anti-competitive effects, it is certainly indicative of a drive for much more regulation in the EU than was the case in 2010. Given that the EU seeks harmonisation with such regulation as a pre-requisite for market access, this illustrates the size of the challenge the EU's trading partners face. The score calculations in this memorandum depend on the specified legal regimes and component assumptions.[57]

In our assessment, the underlying mechanism is the tendency of detailed ex ante codes to require repeated additions as technologies and business practices change. When access is conditioned on common rules, that method also encourages harmonisation across jurisdictions. It does not follow that every civil law system must behave this way or that mutual recognition is legally impossible within the EU. The relevant question is whether institutions permit equivalent outcomes and independent adjudication, or require conformity to a single prescribed process.

A deep UK-U.S. association agreement would instead support mutual recognition, services and digital trade, investment protection and regulatory cooperation while preserving UK sovereignty. Reciprocal access could build support for reform; shared testing and recognition could reduce the cost of implementation; predictable treaty commitments could improve investment confidence. Those advantages require an agreement with workable safeguards and cannot be assumed from the label alone.

[57] Jonas Herby, "EU Regulatory Volume Has Doubled Since the Treaty of Lisbon," EPICENTER, June 7, 2024, https://www.epicenternetwork.eu/briefings/eu-regulatory-volume-has-doubled-since-the-treaty-lisbon/. The measure is EU legislative word volume, which increased 101% between January 2010 and January 2024; it is not a compliance-cost index.

Matching observed U.S. DC and PR levels in 2022, holding IC constant, produces approximately +3.38% in UK GDP per person. This is an alternative benchmark to the more detailed calculations in this note. Annex E places the United States, the EU-27, Japan, South Korea, Canada and Singapore on a common historical comparison and explains the separate dynamic-alignment calculations. It shows how much regulatory headroom the UK actually has to improve its system relative to the EU if it sought to do so.

13. Implementation and fiscal programme

Legislation should proceed through an integrated planning, energy, labour, product, financial and IP programme. The tax and spending measures in the *Growth Budget* provide the wider fiscal setting. National reforms available in all options should proceed during negotiations; accession need not imply a standstill. Benefits depend on implementation, enforcement and credible investment conditions, rather than possession of legal powers alone.

A first session legislative programme is possible if The Growth Commission's priorities are translated into draft Bills, replacement rules and implementation plans before an election. We use approximately eighteen months as an ambitious planning target for replacing priority frameworks, not for realising the full economic gains. It depends on parliamentary time, devolved cooperation, regulator and court capacity, consultation and workable transitions. Domestic reforms need not wait for a comprehensive EU negotiation; Annex G distinguishes legislative speed from the roughly ten-year economic adjustment.

The full *Growth Budget* projects a 37.6% GDP gain by 2046-47. That whole programme scenario includes policies and fiscal feedbacks beyond this memorandum's ACMD and energy subtotal. It should not be added, but it is an indication of the potential for gain in the UK economy if reform is properly pursued. Annex D identifies all 22 recommendations and how each relates to the options. Delay in reform also has a cost. Further discussions of potential negotiations with the EU will necessarily constrain reform options, especially those that apply to the unconstrained TCA scenarios. Annex G illustrates that cost in the explicitly quantified programme.[58]

[58] Growth Commission, *Growth Budget 2026*, 7, 13-30.

14. Conclusion and the three operating systems

The UK should use the TCA to pursue domestic reform and wider international access while negotiating practical arrangements with the EU. The central reform scenario produces an 11.39% gain in GDP per person after EU-access costs; the no-reform case, even with 20% higher RoW exports, produces a 3.40% loss. The 2022 alignment benchmarks show losses of 1.98% on goods and 3.63% on goods and services, before additional reciprocal access and excluding later legislative costs. These conditional results underline the value of exercising regulatory autonomy. Alignment must be judged against both the access secured and the independent reform opportunities forgone.

There is a contest over the world's economic operating system ("OSn" where n=1 to 3). In the Singham-Abbott conception, OS1 rests on open trade, competition on the merits as determined by consumer welfare, secure property rights and enforceable rules against unlawful conduct. Countries interoperate through mutual recognition and equivalence rather than requiring identical rulebooks. Regulatory competition allows better approaches to emerge and supports innovation, productivity and growth.

OS2 is the precautionary regulatory system associated with the EU's increasingly prescriptive approach. It generates anti-competitive market distortions when administrative requirements, entry barriers and restrictions on business models displace competition on the merits. Harmonisation and the Brussels Effect extend this system beyond the EU, reducing the competitive pressure from alternative regulatory approaches.

OS3 is a system of top-down state direction, associated particularly with China, in which state-owned enterprises and privileged private firms act as vectors for government policy. Subsidies, preferential access and other ACMDs can confer advantages unrelated to commercial merit. Its international expansion can transmit those distortions through supply chains and press other countries to accommodate its rules and practices.

These operating systems describe methods of economic governance, not permanent national identities. A country can operate under OS1 in one sector and OS2 or OS3 in another, and it can change direction. The United States remains an important potential OS1 partner in this framework, but U.S. measures also require scrutiny for distortions, and elements of OS3 thinking are undoubtedly a feature of the Trump Administration approach in some sectors that implicate U.S. national security which is widely defined. Association with any country is valuable insofar as it advances competition, predictable rights and reciprocal access.

The UK is a swing country in this contest. Its choices in finance, digital markets, energy, products and trade can strengthen an interoperable OS1 network or extend the reach of prescriptive harmonisation and state privilege. An enhanced TCA and a deep UK-U.S. association should support open competition and recognition of equivalent outcomes, with other willing partners able to participate. Alignment that limits those choices carries an opportunity cost beyond the immediate border transaction.

The EU could return to the OS1 fold. That would require a sustained change in regulatory method and institutional practice, rather than only a change of policy priorities or fewer rules. Article 119's commitment to an open market economy with free competition has coexisted with the acquis; the treaty aspiration alone does not ensure an outcome-based regime. Greater reliance on competition, mutual recognition and predictable remedies would make closer

cooperation more compatible with independent reform. The operating systems describe states into and out of which countries can move, not fixed national identities.[59]

The UK should keep that possibility open while implementing its own programme. A Europe that moves towards OS1 would be a stronger partner in a wider competitive system. Until then, the policy priority is to retain the ability to reform, use it to reduce ACMDs, and negotiate access without surrendering the regulatory choices on which the largest prospective gains depend.

[59] European Commission, "Mutual Recognition of Goods," accessed October 15, 2026, https://single-market-economy.ec.europa.eu/single-market/goods/free-movement-sectors/mutual-recognition-goods_en; Treaty on the Functioning of the European Union, arts. 34-36 and 119; Regulation (EU) 2019/515. Mutual recognition concerns non-harmonised or partly harmonised goods. Article 119 states the principle of an open market economy with free competition.

Annex A: Model inputs and score assumptions

The common reference path retains the TCA without the specified reform programme or an additional deterioration in trade access. UK anchors are 2022 scores: IC 5.101953, DC 5.707368 and PR 5.389715. DC reform targets and allowances are set out in Annex A1 and A2, with a frontier of seven. IC, PR, estimated coefficients, adverse DC assumptions and observed comparator gaps are unchanged. The anchors do not measure the October 2026 rulebook. Trade exposures use exports rather than two-way trade.

For the two dynamic-alignment benchmarks, the regulatory shock is the covered EU-minus-UK component gap measured in 2022 and applied as a change against the common reference. The trade coefficients, export weights and 2036 monetary scale remain the same. This separates the historical calibration date from the outcome date. It does not claim that every UK component becomes its EU counterpart.

Input[60]	Value
EU goods exports / total UK exports	183.8 / 897 = 20.4905%
EU services exports / total UK exports	185.6 / 897 = 20.6912%
RoW exports / total UK exports	527.6 / 897 = 58.8183%
RoW services / total UK exports	319.9 / 897 = 35.6633%
GDP per person in 2036	£48,761.96 at 2024 prices
Population in 2036	71,264,846
Reference GDP in 2036	£3,475.01bn at 2024 prices
Component frontier	7
EU exports / total UK exports	369.4 / 897 = 41.1817%
No-reform EU share target	20.5909%; half the baseline share
No-reform RoW exports	20% above reference; no additional liberalisation credit

Trade weights use the fixed 2024 calibration. The archived DBT tables report £369.3bn of EU exports and £185.5bn of EU services exports; their rounded components do not sum exactly to the £897.0bn total. For a complete allocation, this model assigns the £0.1bn rounding residual to EU services: £185.6bn, giving £369.4bn of EU exports and £527.6bn of RoW exports. These are arithmetic reconciliation values, not additional reported trade.[61]

Exports/GDP is mapped to a fixed 1-7 score: 1 + 6 × (exports percentage − 1.571161831) / (222.308456163 − 1.571161831). UK exports/GDP in 2022 is 34.061928%, giving 1.883152 for this component and 5.101953 for IC. Policy rates apply proportionately to this scaled subpillar score, not to the raw exports/GDP ratio or to GDP. EU and RoW exposure shares are 369.4/897

[60] Department for Business and Trade, "Trade and Investment Core Statistics Book," 2024 figures in tables 1, 2, 4 and 7 (archived October 7, 2026). The UK scores and forward income/population values in this table are memorandum-specific model inputs, not values published in that statistics book.

[61] Department for Business and Trade, "Trade and Investment Core Statistics Book," September 18, 2026 release, archived October 7, 2026, tables 1, 2, 4 and 7.

and 527.6/897. The national IC change is 0.10 × 1.883152074 × [(369.4/897) × rEU + (527.6/897) × rRoW]. Its log-income contribution is 0.0587266084 times that change. Both exposure weights and the 10% subpillar weight are applied once; component targets remain within the 1-7 range.

Exports/GDP score assumptions and overlap sensitivity

Option	EU score change	RoW score change	Net ΔIC	GDPpc with channel	GDPpc without channel
Customs union	+8%	-6%	-0.000441711	−2.00%	−2.00%
Full EU	+8%	-6%	-0.000441711	−5.65%	−5.64%
EEA	+4%	-2%	+0.000886782	−4.19%	−4.19%
TCA reform	-6%	+6%	+0.001992740	+11.39%	+11.38%
TCA no reform	-6%	+6%	+0.001992740	−3.40%	−3.41%

The rates apply to CU and full EU variants, EEA variants and both TCA cases. SPS, the goods-only Single Market and dynamic-alignment cases have no separate exports/GDP score adjustment. Fixed trade shares isolate the policy assumption. The RoW score improvement phases with the TCA RoW-delivery sensitivity; in the no-reform zero-RoW-expansion case it is removed. Complete EU cessation subsumes all EU-side score and friction charges within the total exposure loss.

The exports/GDP channel may overlap with trade responses already predicted from the ACMD-based trade elasticities and access assumptions. In particular, crediting both EU-access improvements and an EU exports/GDP increase **may overweight the non-TCA options**. It should not be read as an independently identified additional causal benefit. The sensitivity without this channel shows the effect of omitting that possible duplication. At the stipulated shares, the CU and full-EU RoW reduction slightly exceeds their EU gain, so their net added channel is negative; EEA and TCA have small positive net additions. Overlap can affect benefits and costs, not just the net result. Exports/GDP also contains GDP in its denominator; no feedback from the calculated GDP gain is mechanically applied to the score.

The trade exposures use the specified 2024 DBT series. Export weights are proxies for exposure to policy, not estimated bilateral elasticities. The sterling conversion uses the model's population and real-income projection; it is a model reference scale, not an official aggregate GDP forecast.[62]

$$Pillar = \Sigma\, component\ weight \times component\ score$$

$$\Delta pillar = \Sigma\, component\ weight \times (policy\ score - baseline\ score)$$

$$\text{GDP level change in 2036} = \text{reference GDP} \times (e^{L} - 1)$$

A1 Full domestic reform targets

The full independent TCA programme is divided into the blocks below. Rates apply to baseline components, except property registration, which closes half the gap to seven. These ambitious

[62] For the published trade-series inputs, see Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (September 18, 2026 release, archived October 7, 2026). The additional projections in Annex A are scenario inputs of this memorandum.

policy targets do not automatically carry across to aligned arrangements. They are provisional calibrations, not measured returns from a count of repealed statutes; Annex B tests delivery and overlap.

Reform block[63]	Component rule	Full pillar increment
Planning housing and ordinary entry	DC E +7% of baseline; excludes energy approvals	DC +0.104677
Corporate sustainability and product repeal	DC E +7% of baseline; combined with planning	DC +0.104677
Labour and worker mobility	DC D +7% of baseline	DC +0.089352
Financial competition	DC F +10.5% of baseline	DC +0.038062
Property registration	PR K and M close 50% of headroom	PR +0.016611
Legal certainty and remedies	PR D and E +10%; 40% court administration and 60% repeal-related	PR +0.139459
Stronger IP and pharmaceutical protection	PR F +25% of baseline	PR +0.345867

Planning and corporate reform each target a 7% increase in business freedom E. Their combined 14% target raises E from 5.981536 to 6.818951, below seven. Labour freedom rises 7% and financial freedom 10.5%. Together these reforms add 0.336769 DC points, taking aggregate DC from 5.707368 to 6.044137. The PR reform programme adds 0.501937 points: the IP target raises F from 5.5339 to 6.9173; judicial independence and government integrity receive no automatic uplift.

The financial-competition allocation is the central ACMD representation of the financial-services programme in Annex D14. It implies a standalone long-term GDP-per-person effect of approximately +0.318%, equivalent to £11.04bn at the common 2036 reference scale. Reynolds's £15-20bn illustration covers this same programme in full. It is tested by replacing the financial-competition allocation, not by adding the sector estimate to it. Any financial effects assigned to legal rights or trade access must also be reconciled before a further uplift is adopted.

A2 Reform allowances and external policy

Option[64]	DC reform points	PR reform points	Independent energy dividend	New RoW dividend
Customs union	+0.0630	+0.0375	None	None assumed
EEA participation	+0.0420	+0.0750	None	None assumed
Full EU membership	+0.0420	+0.0750	None	None assumed

[63] The targets in this table are authorial scenario calibrations rather than empirically observed policy changes. For the published three-pillar analytical framework, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4.

[64] The reform allowances are scenarios specified in this memorandum. For published modelling background, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; for the regulatory scope of EEA participation, see European Free Trade Association, "Q&A about the EEA Agreement," nos. 4-5, 12-15.

Option[64]	DC reform points	PR reform points	Independent energy dividend	New RoW dividend
Enhanced TCA and reform	+0.3368	+0.5019	Conditional 4.02%	20% route IC target
TCA without reform	0	0	None	20% export expansion assumption
SPS alignment and reform	+0.0420	+0.0750	None	None assumed
Single Market for goods	+0.0420	+0.0750	None	None assumed
Dynamic alignment on goods	+0.0420	+0.0750	None	None assumed
Dynamic alignment on goods and services	+0.0420	+0.0750	None	None assumed

The aligned increments are explicit national programme allowances. They include compatible planning, entry and legal-administration reform within the treaty constraints. They are not sums of all technically feasible changes in Annex D. For the TCA, the larger component programme reflects the specified replacement of precautionary domestic regulation and stronger IP enforcement. Implementation is required in both cases.

Formal FTA competence under EEA or a goods arrangement is not equivalent to unconstrained bargaining power. Product rules, SPS conditions and carbon requirements restrict what the UK can offer other countries. Existing preferences remain in the baseline; additional liberalisation requires identifiable concessions and partner reciprocity. The central comparison awards no assumed RoW gain to an aligned option.

Energy production costs, carbon policy, generation and grid approvals are assigned to the energy comparison. The positive TCA DC/PR targets concern other reform mechanisms, and its 20% RoW target is defined as non-energy market opening. This boundary is a modelling assumption rather than an independently estimated separation. The energy overlap sensitivity removes part or all of the extra module. An incremental carbon liability cannot be charged again if already captured in a common-rule or external-policy cost.

A3 Adverse common rule assumptions

Option	Gross DC restriction	Gross PR restriction
EEA and EU	D E F G H K each −10%	D E G H I each −10%; F −20%
Goods and horizontal company package	E −10% at full national scope	D E −10%; F −20% at full national scope
SPS core	Food-sector restriction specified in B5	None
CU	No automatic common-rule penalty beyond its defined trade costs	No automatic common IP penalty
Dynamic alignment on goods	2022 EU-UK gap in E	2022 EU-UK gaps in D E F
Dynamic alignment on goods and services	2022 EU-UK gaps in D E F G H K	2022 EU-UK gaps in D E F G H I

Gross restrictions and feasible reforms are applied to the same baseline components. They are scenarios for net burdens, including benefits from common rules, not measured per-law effects. Financial, digital and sustainability costs are included once.

Annex B: Calculations and sensitivities

B1 Customs union

IC logistics component[65]	Weight	Baseline	Route target	National pillar gain
Customs	0.093456	4.755000	5.943750	0.022764132
International Shipment	0.324348	4.732000	5.915000	0.078622781
Timeliness	0.102696	5.315364	6.644205	0.027962841

$$\Delta ICcustoms = 0.25 \times (183.8 / 897) \times \Sigma\, weighted\ LPI\ components = 0.129349754$$

$$\Delta ICopenness = -0.15 \times (527.6 / 897) \times weighted\ trade\ freedom = -0.147271307$$

$$\Delta ICexternal\ total = -0.20 \times (527.6 / 897) \times 5.101952960 = -0.600176228$$

The residual external-access and autonomy change is -0.452904921 IC points. Its log-income cost Q is 0.026597570; the trade-freedom log cost R is 0.008648744. Q is an allocation within the broader scenario, not a tariff-data estimate. The customs log benefit C is 0.007596272. The positive reform contribution is 0.0833189112 × 0.063 + 0.0586720800 × 0.0375 = 0.007449294. No independent energy gain enters the CU account.

RoW-facing IC reduction	CU net GDP per person
15%	−1.14%
20%	−2.00%
25%	−2.86%
30%	−3.71%

With only the 15% trade-freedom deduction and no residual Q, the CU result is +0.64%. That narrower case does not price the wider loss of independent commercial policy. The exports/GDP adjustments remain included in this sensitivity.

B2 EEA and goods common rule costs

DC component[66]	Baseline	Weight	EEA and EU change	Goods change
D Labour freedom score	5.10585	0.2500	-0.127646	0
E Business freedom score	5.98154	0.2500	-0.149538	-0.149538

[65] Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (September 18, 2026 release, archived October 7, 2026); Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4. These sources provide trade exposure and methodological background; the logistics component weights and changes in this table are memorandum-specific calculations.

[66] Regulation (EC) No. 1907/2006 (REACH), art. 10, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02006R1907-20260622; Regulation (EU) 2017/745 on medical devices, arts. 5 and 52, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02017R0745-20260719; Regulation (EU) No. 575/2013 on prudential requirements for credit institutions, arts. 1 and 92, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0575-20260626; Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework: The Simplified Capital Regime for Small Domestic Deposit Takers (SDDTs)*, Final, Policy Statement PS4/26 (January 20, 2026), https://www.bankofengland.co.uk/prudential-regulation/publication/2026/january/the-strong-and-simple-

DC component[66]	Baseline	Weight	EEA and EU change	Goods change
F Financial freedom score	5.80000	0.0625	-0.036250	0
G Electricity cost	6.98200	0.0312	-0.021819	0
H Electricity time	6.16540	0.0312	-0.019267	0
K Mobile telephone subscription	3.51867	0.0312	-0.010996	0

PR component	Baseline	Weight	EEA and EU change	Goods change
D Efficiency of the legal framework in challenging regulations	4.54035	0.2400	-0.108968	-0.108968
E Efficiency of the legal framework in settling disputes	5.08173	0.0600	-0.030490	-0.030490
F Intellectual property protection	5.53388	0.2500	-0.276694	-0.276694
G Strength of investor protection	5.80000	0.0901	-0.052258	0
H Legal rights index (financial)	4.50000	0.0544	-0.024480	0
I Judicial independence	5.17430	0.0255	-0.013194	0

The EEA/EU gross changes are DC −0.365516016 and PR -0.506085145. The goods case uses full national business and selected PR scope, including the horizontal company obligations. These gross costs are combined with feasible positive reforms from Annex A. Their values are not inferred from the number of legal instruments.

$$\Delta ICservices = -0.10 \times affected\ share \times (319.9 / 897) \times 5.101952960$$

The affected share is 25% for EEA and 50% for goods. The smaller EEA exposure recognises its ordinary agricultural exclusions. These are bargaining scenarios; a percentage reduction in an IC route score is not the same as that percentage of export revenue disappearing. PR D and E losses reflect the foregone scope to use the common-law method in regulatory design. Reynolds's published analysis explains how prescriptive codes and supervisory discretion can constrain innovation and market development. That supports the institutional channel, but does not provide a directly transferable estimate for these options. The quantified results therefore use the stated component changes, without adding an unverified second legal-method charge.[67]

B3 EU interactions

$$J^{+} = \kappa^{+} \times min(C, A)$$

$$J^{-} = \kappa^{-} \times min(R + rQ, max(0, Dcost - Freform))$$

A is the log benefit of EU goods and services regulatory access. Dcost is the gross DC and PR cost, and Freform is the positive DC and PR reform contribution. Costs here are positive

framework-final-policy-statement. These are legal and regulatory examples, not published estimates of this table's DC changes.

[67] Barnabas Reynolds, *Restoring UK Law: Freeing the UK's Global Financial Market* (London: Politeia, 2021), chaps. 3-4, 60-113, especially sec. 3.1, 61, and sec. 4.3, 102.

magnitudes. The central coefficients are $\kappa^+ = \kappa^- = 0.25$ and r = 0.50. The output calculation subtracts J^-. Energy opportunity cost is kept outside the interaction term to avoid multiplying it again.

Positive interaction[68]	Negative 0%	Negative 25%	Negative 50%
0%	−5.31%	−5.83%	−6.34%
25%	−5.13%	−5.65%	−6.16%
50%	−4.95%	−5.47%	−5.98%

EU share of CU residual	Net GDP per person
0%	−4.06%
50%	−5.65%
100%	−7.20%

$$L(t) = f(t)\,Ldirect + f(t)^2\,(J^+ - J^-) + E(t)$$

Direct ACMD effects phase in with f(t) = min(t/10, 1); interactions phase in with its square because both mechanisms must operate together. With different implementation schedules, their product would replace the square. This represents evolving level effects, not a permanent increase in the growth rate.

B4 Domestic reform and energy delivery

Share of feasible reform delivered[69]	TCA	CU	EEA	EU	SPS	Goods
50%	+6.12%	−2.37%	−4.56%	−6.02%	−2.50%	−3.17%
75%	+8.72%	−2.18%	−4.38%	−5.83%	−2.31%	−2.98%
100%	+11.39%	−2.00%	−4.19%	−5.65%	−2.12%	−2.79%

This test scales positive DC, PR and energy reform gains while holding trade benefits and adverse costs constant, including the TCA access-conditionality allowance. The EU negative interaction is recalculated. Lower reform delivery does not eliminate the costs of alignment or divergence.

Energy module delivered	TCA	CU	EEA	EU	SPS	Goods
0%	+7.08%	−2.00%	−4.19%	−5.65%	−2.12%	−2.79%
50%	+9.21%	−2.00%	−4.19%	−5.65%	−2.12%	−2.79%
100%	+11.39%	−2.00%	−4.19%	−5.65%	−2.12%	−2.79%

[68] For the published ACMD modelling framework, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4. The positive interaction term in this memorandum is an expressly assumed scenario parameter.

[69] Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," DYN0016, sec. 6.1.3, 2036 row (published 4.02% energy benchmark). The delivery shares and sensitivities in this memorandum are illustrative modelling assumptions, not results established in that parliamentary evidence.

The zero row removes the additional energy module while leaving other targets and the TCA access-conditionality cost unchanged; the half row counts half its log effect. These cases test overlap or delivery risk. They change the strength of the independent reform comparator rather than establishing that energy alignment has no cost. No residual energy dividend is assumed for aligned options.

IP improvement in full programme	TCA	CU	SPS
10%	+10.04%	−2.00%	−2.12%
20%	+10.94%	−2.00%	−2.12%
25%	+11.39%	−2.00%	−2.12%

This test changes the positive TCA PR F target only. The CU and SPS national reform allowances remain fixed, and common-rule adverse IP scenarios are unchanged. A 25% broad IP improvement requires wider enforceability and innovation protection, rather than one change in pharmaceutical exclusivity.

B5 SPS core and wider programme

Core channel[70]	Exposure	Pillar treatment	Log effect
GB to EU agrifood	£12.2bn / £897bn	IC uplift capped at seven	+0.001516035
GB to NI agrifood	£3bn / £897bn	IC uplift capped at seven	+0.000372796
Named external partners	£333.892bn / £897bn	20% IC reduction	-0.022305653
Food sector	£162.325bn / £2,607.805bn	30% DC reduction	-0.008879961

The named external partners are the U.S., CPTPP excluding the UK, India and the GCC. Food-sector exposure excludes fishing. The core net log effect is -0.029296783, or -2.887179%. No PR shock is imposed. The channel assumptions are retained; pillar changes and income effects use the 2022 baselines and revised IC index.

The wider SPS-and-carbon option adds only DC +0.042 and PR +0.075 to the recalculated core. It does not include an assumed positive external-policy gain on either the named partners or the remaining RoW exposure. Energy opportunity costs are shown in the alternative-policy comparison.

[70] Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (September 18, 2026 release, archived October 7, 2026); Cabinet Office, "UK-EU Summit: Common Understanding," updated December 22, 2025, paras. 23-33 (SPS) and 34-45 (ETS); Department for Environment, Food and Rural Affairs, Agriculture in the United Kingdom 2025, chap. 14, "The Food Chain," updated September 3, 2026, table 14.1a, 2024 column, https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2025/chapter-14-the-food-chain; Office for National Statistics, GDP Quarterly National Accounts, UK: January to March 2026, June 30, 2026, table A2, 2024 row, series ABML, https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/januarytomarch2026/pdf. Dame Angela Eagle, answer to Jim Allister, "Movement Assistance Scheme," written question 75002, September 15, 2025, https://qna.files.parliament.uk/qnadailyreports/Written-Questions-Answers-Statements-Daily-Report-Commons-2025-09-15.pdf (approximately £3bn of GB-to-Northern Ireland agrifood trade in 2024).

B6 Trade delivery and goods scope

TCA RoW target delivered	TCA net GDP per person
0%	+7.49%
50%	+9.42%
100%	+11.39%

This test applies only to the independent TCA external-policy programme and retains its 10% EU-facing access-conditionality allowance. EEA, CU, EU, SPS and goods headlines contain no speculative new RoW liberalisation dividend. The no-reform export-expansion stress is a separate scenario in B10.

Goods cost multiplier[71]	Net GDP per person
50%	−0.98%
75%	−1.89%
100%	−2.79%
125%	−3.68%

The central goods scope is 100%, including CSRD and CSDDD. The lower multipliers test burden intensity without removing those regimes from the legal scope. The 125% case tests heavier costs. The DC +0.042 and PR +0.075 reform allowances remain fixed.

If negotiated facilitation fully offsets the 0.50-point EU-trade IC reduction, the enhanced TCA result is +12.74%. This sensitivity removes that friction charge while retaining the additional access-conditionality allowance and all other assumptions; it adds no positive EU-access increment. The EU and RoW exports/GDP assumptions remain in place.

B7 Energy and the choice of counterfactual

The 4.02% energy endpoint is a published scenario benchmark. Its underlying index scale and annualisation differ from the 1-7 level model used here; this memorandum does not present that endpoint as an independently reproduced regression estimate. The 3.1% Smart Net Zero estimate for 2046 is a separate scenario and is not added to it.[72]

$$Energy\ opportunity\ loss\ =\ 100\ \times\ [1\ /\ 1.0402\ -\ 1]\ =\ -3.8646\%$$

$$Relative\ GDP\ change\ =\ 100\ \times\ [e^{Loption}\ /\ 1.0402\ -\ 1]$$

$$Annual\ output\ gap\ =\ reference\ GDP\ \times\ [e^{Loption}\ -\ 1.0402]$$

[71] For the specified scope of EU company and product obligations, see European Commission, "Corporate Sustainability Due Diligence," concerning Directive (EU) 2024/1760 as amended by Directive (EU) 2026/470; Regulation (EU) 2024/1781, establishing a framework for ecodesign requirements for sustainable products. The percentage multiplier in this table is a scenario assumption, not an effect established by those instruments.

[72] The Growth Commission, *Growth Budget 2025* (2025), 34, https://www.growth-commission.com/wp-content/uploads/2025/11/GROWTH-BUDGET-2025.pdf; Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," written evidence DYN0016, House of Lords European Affairs Committee, received April 15, 2026, sec. 6.1.3, 2036 row, and sec. 6.1.4. These are distinct published scenarios, not additive estimates.

Aligned option[73]	Settlement vs common reference	Vs independent energy reform	Long-term gap vs energy reform
Customs union	−2.00%	−5.79%	−£209.3bn
EEA participation	−4.19%	−7.89%	−£285.2bn
Full EU membership	−5.65%	−9.29%	−£335.9bn
SPS alignment and reform	−2.12%	−5.90%	−£213.3bn
Single Market for goods	−2.79%	−6.55%	−£236.7bn

The energy comparator holds non-energy policy at the baseline and implements the independent energy programme. Its income denominator is 1.0402 times baseline income. The sterling gap subtracts the two output levels, rather than multiplying the relative percentage by the wrong baseline. The fuller TCA opportunity-cost table also includes non-energy domestic reform and negotiated access.

The carbon study's direct import-cost analysis and its supply-chain reorientation scenario describe related channels, and the energy module also covers carbon policy. They are alternative evidence and cannot all be added wholesale. Common-rule DC costs and the CU external-policy envelope may also overlap. A separate ETS price or CBAM charge must be measured net of those effects and net of bilateral relief.[74]

CBAM supply-chain scenarios using the model coefficients

The Growth Commission 2024 carbon-leakage paper specifies low/high raw IC reductions of 1.5/2.5 and DC reductions of 0.5/1.0, with 30% economy-wide attenuation. Applying the model weights (trade freedom 0.262500 and DC E/G/H together 0.3125) and coefficients gives the following standalone stresses. These preserve the paper's hypothetical scope; they are not an updated tariff-data forecast or an incremental treaty cost.[75]

CBAM stress[76]	Weighted IC change	Weighted DC change	GDP per person	Long-term output
Lower	-0.118125	-0.046875	−1.08%	−£37.5bn

[73] Competere Foundation, "Response to House of Lords Call for Evidence on UK-EU Dynamic Alignment," written evidence DYN0016, sec. 6.1.3 (2036 row: 4.02% published energy scenario); The Growth Commission, *Growth Budget 2025* (2025), 34 (separate 3.1% scenario by 2046). The cross-option comparison in this table is calculated specifically for this memorandum.

[74] For the published illustrative carbon-border shocks, see Shanker A. Singham, *The Impact of Carbon Leakage Mechanisms on Growth* (The Growth Commission, October 2024), 24, https://www.growth-commission.com/wp-content/uploads/2024/10/CBAM-final-pdf.pdf. The non-overlap rule in this memorandum is a modelling qualification.

[75] Shanker A. Singham, *The Impact of Carbon Leakage Mechanisms on Growth* (The Growth Commission, October 2024), 24. The cited report illustrates carbon-leakage shocks; the specific 2036 stresses shown here are this memorandum's hypothetical recalculations, not figures directly published in that report.

[76] Regulation (EU) 2023/956 establishing a carbon border adjustment mechanism, as amended, arts. 2, 9 and 36 (October 20, 2025 consolidation), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02023R0956-20251020; Finance Act 2026, c. 11, pt. 5 (UK), https://www.legislation.gov.uk/ukpga/2026/11/part/5; Shanker A. Singham, *The Impact of Carbon Leakage Mechanisms on Growth* (The Growth Commission, October 2024), 24. The regulatory instruments establish the

CBAM stress[76]	Weighted IC change	Weighted DC change	GDP per person	Long-term output
Higher	-0.196875	-0.093750	−1.92%	−£66.7bn

Both stresses exclude a separately modelled ETS-linkage effect. Their IC and DC channels overlap the broader carbon and trade comparison, so they are not added to the 4.02% energy endpoint or to the aligned headline totals.

B8 Direct carbon linkage effects

Linking carbon markets can relieve export CBAM requirements, lower compliance costs and increase market liquidity. It can also change UK allowance prices, receipts and investment incentives. A net output estimate needs covered exports, embedded emissions, carbon prices already paid, free allocations, administrative resources and investment responses. Gross avoided border charges are not automatically UK GDP gains.

$$Residual\ border\ charge = max(0, EU\ carbon\ liability - eligible\ carbon\ price\ already\ paid)$$

$$Adjusted\ percentage = 100\,[e^{L} - 1 + net\ annual\ output\ effect\ /\ reference\ GDP]$$

Net long-term output effect £bn[77]	CU	EEA	EU	SPS	Goods
-3	−2.09%	−4.27%	−5.73%	−2.20%	−2.88%
+0	−2.00%	−4.19%	−5.65%	−2.12%	−2.79%
+1	−1.97%	−4.16%	−5.62%	−2.09%	−2.76%
+3	−1.92%	−4.10%	−5.56%	−2.03%	−2.70%

These amounts are scale tests, not forecasts. A £1bn net effect changes the reference result by 0.029 percentage points. Each estimate must remove overlap with the energy and ACMD channels. Fiscal receipts, foreign transfers and unpriced environmental benefits require separate accounts.

B9 Benefit and cost channels for each option

Customs union

Benefit or cost	Assumption	GDP per person alone
UK to EU customs relief	IC +0.129350	+0.76%
Reduced UK openness to RoW	Trade freedom G −15% × RoW export exposure	−0.86%

respective carbon-border regimes. The comparative table's shocks are hypothetical model assumptions, not statutory effect estimates.

[77] For published modelling methodology, see Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4; for published export-exposure inputs, see Department for Business and Trade, "Trade and Investment Core Statistics Book," tables 1, 2, 4 and 7 (September 18, 2026 release, archived October 7, 2026). The estimates in this table are the memorandum's own scenario calculations.

Benefit or cost	Assumption	GDP per person alone
RoW access and trade policy constraint	Residual within RoW-weighted 20% IC envelope	−2.62%
Domestic competition reform	DC +0.063000	+0.53%
Property rights reform	PR +0.037500	+0.22%
EU exports/GDP score	10% × 1.883152 × 41.1817% exposure × +8%	+0.04%
RoW exports/GDP score	10% × 1.883152 × 58.8183% exposure × -6%	−0.04%

The individual percentages are not additive. The model combines their log contributions; Annex A gives the equation.

EEA participation

Benefit or cost	Assumption	GDP per person alone
EU goods regulatory access	Route IC +0.50 on EU goods exports	+0.60%
EU services regulatory access	Route IC +0.50 on EU services exports	+0.61%
Common domestic regulation	DC D E F G H K −10%	−3.00%
Common legal and IP requirements	PR D E G H I −10%; F −20%	−2.93%
RoW services bargaining constraint	10% route IC cost; affected services share 0.25	−0.27%
Domestic competition reform	DC +0.042000	+0.35%
Property rights reform	PR +0.075000	+0.44%
EU exports/GDP score	10% × 1.883152 × 41.1817% exposure × +4%	+0.02%
RoW exports/GDP score	10% × 1.883152 × 58.8183% exposure × -2%	−0.01%

The individual percentages are not additive. The model combines their log contributions; Annex A gives the equation.

Full EU membership

Benefit or cost	Assumption	GDP per person alone
UK to EU customs relief	IC +0.129350	+0.76%
EU goods regulatory access	Route IC +0.50 on EU goods exports	+0.60%
EU services regulatory access	Route IC +0.50 on EU services exports	+0.61%
Reduced UK openness to RoW	Trade freedom G −15% × RoW export exposure	−0.86%
RoW access and trade policy constraint	Residual within RoW-weighted 20% IC envelope	−1.32%
Common domestic regulation	DC D E F G H K −10%	−3.00%

Benefit or cost	Assumption	GDP per person alone
Common legal and IP requirements	PR D E G H I −10%; F −20%	−2.93%
Domestic competition reform	DC +0.042000	+0.35%
Property rights reform	PR +0.075000	+0.44%
Positive customs and regulation interaction	See the component calculation in Annex B	+0.19%
Negative external and regulatory interaction	See the component calculation in Annex B	−0.55%
EU exports/GDP score	10% × 1.883152 × 41.1817% exposure × +8%	+0.04%
RoW exports/GDP score	10% × 1.883152 × 58.8183% exposure × -6%	−0.04%

The individual percentages are not additive. The model combines their log contributions; Annex A gives the equation.

Enhanced TCA and reform

Benefit or cost	Assumption	GDP per person alone
EU goods trade friction	Route IC −0.50 × relevant EU export share	−0.60%
EU services trade friction	Route IC −0.50 × relevant EU export share	−0.61%
Independent RoW liberalisation	20% route IC gain × RoW exposure; excludes energy policy	+3.59%
Domestic competition reform	DC +0.336769	+2.85%
Property rights reform	PR +0.501937	+2.99%
Energy and environmental reform	Published 4.02% endpoint; separate conditional output module	+4.02%
Additional EU access-conditionality	EU-facing IC −10% × 41.18% baseline export exposure	−1.23%
EU exports/GDP score	10% × 1.883152 × 41.1817% exposure × -6%	−0.03%
RoW exports/GDP score	10% × 1.883152 × 58.8183% exposure × +6%	+0.04%

The individual percentages are not additive. Positive reform and export-score channels produce +14.17%. The EU-trade reduction, additional access-conditionality allowance and EU exports/GDP score reduction combine to −2.44% in standalone costs, giving a net result of +11.39%.

The domestic-competition reform line includes the financial-services allowance. Annex D14's broader financial-services illustration is a replacement sensitivity within that line, not an additional row of benefits. The headline and the partial-programme cases retain the central allowance.

SPS alignment and reform

Benefit or cost	Assumption	GDP per person alone
GB to EU agrifood border relief	See the component calculation in Annex B	+0.15%
GB to NI agrifood border relief	See the component calculation in Annex B	+0.04%
Named partner market access cost	See the component calculation in Annex B	−2.21%
Food sector regulatory restriction	See the component calculation in Annex B	−0.88%
Domestic competition reform	DC +0.042000	+0.35%
Property rights reform	PR +0.075000	+0.44%

The individual percentages are not additive. The model combines their log contributions; Annex A gives the equation.

Single Market for goods

Benefit or cost	Assumption	GDP per person alone
EU goods regulatory access	Route IC +0.50 on EU goods exports	+0.60%
Goods and horizontal company regulation	DC E −10%; full company and goods scope	−1.24%
Goods legal and pharmaceutical requirements	PR D E −10%; F −20%; full scope	−2.41%
RoW services bargaining constraint	10% route IC cost; affected services share 0.5	−0.53%
Domestic competition reform	DC +0.042000	+0.35%
Property rights reform	PR +0.075000	+0.44%

The individual percentages are not additive. The model combines their log contributions; Annex A gives the equation.

The no-reform channels and alternative TCA export-exposure stresses are specified in B10. They are not added to the reform headline.

B10 TCA divergence and export exposure stresses

The central reform case changes EU-facing policy scores and the exports/GDP subpillar. The more severe cases also map assumed export changes into national IC exposure. That mapping is an imposed stress calibration: the econometric coefficient relates income to IC, not directly to gross export volumes. The no-reform scenario includes the separate exports/GDP score channel, so overlap with its exposure mapping is possible. The complete-cutoff stress instead subsumes the EU score charge within the total EU-exposure loss. Lost gross exports are not deducted from GDP pound for pound. These scenarios do not identify an independent causal elasticity of GDP to exports.

$$\Delta IC = -5.101953 \times 0.10 \times 0.411817 = -0.210107$$
$$\Delta y / y = exp(0.0587266084 \times \Delta IC) - 1 = -0.012263$$

The 0.50-point reduction in EU-facing IC is weighted by 369.4 / 897, giving a national IC change of −0.205908584 and a log-income contribution of -0.012092313. Including this friction and both exports/GDP score adjustments, the programme gives +12.77% before the additional access-conditionality allowance. Applying that penalty gives +11.39%. Reducing only its EU exposure to 35% gives +11.60%; no additional RoW dividend is credited.

No reform and a halved EU export share

Let E_0 = £369.4bn and R_0 = £527.6bn, so X_0 = £897.0bn and $s_0 = E_0/X_0$ = 41.1817%. The new EU share is $s_1 = s_0/2$. RoW growth g is zero in the unchanged-RoW stress and 20% in the central no-reform stress. All changes are measured against the same baseline export denominator X_0; a falling EU share cannot erase the lost exposure.

$$R_1 = (1 + g)R_0; \quad E_1 = [s_1 / (1 - s_1)]R_1$$

Here ΔICexports = 0.10 × 1.883152074 × [−0.06 × (369.4/897) + 0.06 × (527.6/897)] = 0.001992740. In the zero-RoW-expansion sensitivity its positive RoW term is zero.

$$\Delta IC = IC_0[(E_1 - E_0 + R_1 - R_0 - 0.025E_1) / X_0] + \Delta IC_{exports}$$

The first two differences represent lost EU access and additional RoW exposure. The 2.5% term in the exposure expression imposes poorer openness only on surviving EU exports, avoiding another friction charge on trade already lost. DC, PR and the energy module are unchanged; no negotiated EU-access benefit or separate RoW liberalisation gain is added. The additional ΔICexports term is the separately stipulated exports/GDP score adjustment; it is included subject to the overlap qualification in Annex A.

Trade assumption at reference scale	RoW unchanged	RoW exports +20%
EU exports £bn	136.81	164.17
RoW exports £bn	527.60	633.12
Total exports £bn	664.41	797.29
EU share of exports	20.59%	20.59%
EU export change	−62.97%	−55.56%
Total export change	−25.93%	−11.12%
National IC change	−1.347047	−0.588490
Net GDP per person	−7.61%	−3.40%
Long-term per-person difference	−£3,709	−£1,656

No-reform channel with RoW expansion	Log-income contribution	GDP per person alone
Loss of EU export access	−0.068552425	−6.63%
RoW export expansion	+0.035246314	+3.59%
Friction on surviving EU exposure	−0.001370910	−0.14%
EU exports/GDP score	−0.000273260	−0.03%
RoW exports/GDP score	+0.000390287	+0.04%
Combined	−0.034559994	−3.40%

The simpler no-reform case with only the 2.5% openness deterioration at unchanged trade weights gives −0.31%. It is a narrower sensitivity: the −3.40% case additionally contains the specified redistribution and contraction of exports. A lower EU share caused entirely by

successful market diversification would have a different interpretation and cannot be assigned the same loss without these assumptions. The simpler unchanged-trade sensitivity contains no exports/GDP score shock.

Complete loss of EU exports with reform

The complete-cutoff stress sets EU exports to zero with no replacement sales. Its national IC reduction of 2.101072 produces an 11.61% income penalty. This replaces the 0.50-point EU-trade reduction, the additional access-conditionality charge and the EU exports/GDP score reduction. Domestic, energy and RoW reform benefits, including the independent RoW score increase, remain in place.

$$L = 0.120192934 + 0.012092313 + 0.000273260 - 0.123388822 = 0.009169685$$

The resulting net gain is 100 × [exp(L) − 1] = 0.92%. Holding those other benefits constant under such severe disruption is a strong simplifying assumption. The exercise tests the stated exposure mechanism; it does not model general-equilibrium adjustment, production relocation or every supply-chain feedback.

Annex C: RoW access, tariffs and compensation

C1 Access losses and external negotiating capacity

A customs union can constrain independent tariff reductions, third-country preferences and cross-sector bargains. UK access depends on whether existing UK agreements survive, whether EU agreements replace them on comparable terms and whether partners extend reciprocity. EU membership changes the replacement set again. The model's CU residual and EU fraction are assumptions about these net effects; they are not measured preference erosion.

Goods regulatory alignment can also narrow bargaining options even when tariffs remain independent. Services concessions may depend on a counterpart receiving goods or agricultural concessions. The EEA and goods assumptions capture that opportunity cost. The smaller EEA affected share recognises that its ordinary scope largely excludes agriculture. There is no evidence here that a specified percentage of services exports must disappear.

$$RoW\ goods\ export\ share\ lost = affected\ share \times [1 - (1 + trade\ cost\ increase)^{-elasticity}]$$

Assumption[78]	Lower disruption	Middle illustration	Higher disruption
Share of RoW goods exports facing worse access	25%	40%	60%
Additional delivered trade cost on affected exports	5%	7.5%	10%
Assumed export-demand elasticity	3	3	3
Reduction in total RoW goods exports	3.4%	7.8%	14.9%
Lost annual exports per £100bn baseline	£3.4bn	£7.8bn	£14.9bn

The export-response screen uses an elasticity of three, with affected shares of 25%, 40% and 60%, and trade-cost increases of 5%, 7.5% and 10%. The resulting export losses are approximately 3.4%, 7.8% and 14.9% of RoW goods exports. These are sensitivity cases, not observed losses. Their monetary value depends on the correctly matched export exposure.

$$Y = X \times v \times u$$

Y is direct output exposure, X is lost gross exports, v is the domestic-value-added share and u is the share of activity not reallocated.

For illustration, £7.8bn of lost exports per £100bn exposure, a 70% domestic-value-added share and 50% unreallocated activity give £2.73bn of direct output exposure. Those shares are assumptions. This screen would replace an overlapping ACMD allowance, rather than be added to it. Preferences, utilisation, origin rules, redirection and replacement EU access all affect the result.

[78] World Bank, Evaluation of the EU-Turkey Customs Union, Report No. 85830-TR (March 28, 2014), 24-30 ("Asymmetries in the FTA Process"), https://www.worldbank.org/content/dam/Worldbank/document/eca/turkey/tr-eu-customs-union-eng.pdf; European Commission, "EU Trade Relations with Türkiye." These sources support the third-country market-access concern; the numerical elasticities and affected shares in Annex C1 are this memorandum's illustrative assumptions.

C2 What the tariff data establish

Tariff screen	Amount or coverage
Non-EU imports in extracted dataset	£322.78bn
Matched industrial lines	4,781
Matched import value	£147.61bn (45.7%)
Extra applied duties at fixed trade	£658.44m
After chapter-level MFN-use adjustment	£578.60m
Lines matched to a bound rate	4,174; £120.95bn
Mechanical positive bound-overrun screen	£13,848; two lines before validation

The screen uses EU 2026 Combined Nomenclature material, a UK tariff extraction effective on 4 October 2026, HMRC imports and 2024 preference-utilisation tables. The aggregate import extract does not identify its observation year in its metadata. The values therefore form a partial tariff screen, not a same-year national estimate or 2026 trade forecast.

Agriculture, specific and conditional duties, many unmatched lines, steel safeguards, aircraft relief and tariff-rate quotas are omitted. The 4,174-line bound-rate match produces only about £13,848 of mechanical overrun on two pesticide lines. That tiny figure requires concordance and schedule validation and is not a UK-wide compensation estimate. The omissions preclude describing either the applied-duty total or the bound screen as the likely national settlement.

C3 A quantified provisional negotiating provision

To supply a usable provisional amount while preserving the distinction between evidence and assumptions, we complete the partial applied-duty screen by sensitivity. The matched adjusted duty increase is 0.392% of matched imports. We apply half, all or one-and-a-half times that rate to the unmatched £175.17bn, then add the matched £578.60m. We assume that 10%, 25% or 50% of the resulting exposure is represented by concessions in a negotiated settlement.

$$D = D_{\mathrm{m}} + m\, r_{\mathrm{m}}\, M_{\mathrm{u}}$$
$$K = c\, D$$

D is completed duty exposure, D_m the matched duties, m the unmatched-rate multiplier, r_m the matched duty rate and M_u unmatched imports. K is the provisional concession value and c the assumed eligible share.

Illustration	Unmatched rate multiplier	Assumed eligible share	Extra duties £bn	Concession value £bn
Lower	0.5	10%	0.922	0.092
Middle	1.0	25%	1.265	0.316
Higher	1.5	50%	1.609	0.804

The middle illustration is therefore about £1.27bn in additional duties and £0.32bn in annual concession-equivalent value. The concession range is approximately £0.09bn-£0.80bn. It is a planning provision, not a forecast of compensation legally owed. Neither the unmatched-rate multipliers nor the eligible shares are estimated from the schedules. The range is not a statistical interval or a guaranteed maximum; excluded agricultural and quota claims could behave very differently.

C4 WTO rights, fiscal effects and treatment in the model

$$W = \Sigma M_i \, max(0, t_i - b_i)$$

W is the bound-concession screen; M_i is eligible import value, t_i the proposed tariff and b_i the bound rate on line i.

GATT Article XXIV:6 invokes Article XXVIII where formation of a customs union raises bound concessions. Applied-rate increases within existing bindings do not automatically require compensation. Supplier negotiating rights, quota changes, reductions elsewhere and replacement preferences affect the settlement. Compensation usually consists of other trade concessions, rather than a cash payment to foreign governments. A separate cash settlement would require express negotiated terms.[79]

The negotiating provision is reported alongside the CU and EU economic accounts, rather than deducted from GDP or booked as a cash fiscal payment. Compensating UK tariff concessions could offset part of the inward-openness cost. Retaliation could reduce exports, but any resulting output estimate would replace the overlapping external-access allowance. Adding all these amounts as separate macroeconomic losses would count some effects twice.

A defensible national estimate requires a common-year product and partner dataset, applied and bound tariff concordances, preferences and utilisation, specific-duty equivalents, tariff-rate quotas and identification of negotiating rights. The current screen demonstrates that the narrow tariff difference and the wider cost of losing commercial-policy flexibility are different quantities. It does not establish the broader ACMD assumption.

C5 Partner and policy comparison

Exposure[80]	CU question	EU membership question
Existing UK FTAs and CPTPP	Which preferences and origin provisions survive the CU obligations, and will partners extend reciprocal concessions?	What UK-specific advantages are lost or gained against the applicable EU replacement agreement?
UK-U.S. arrangements	Which concessions remain compatible with the CU and U.S. implementing terms?	Compare the accession-date EU and UK terms; do not project time-limited current concessions indefinitely.
Future agreements	Which independently deliverable bargains are foreclosed, including services components?	Which are replaced by EU-level bargaining or lost through different collective priorities?
Tariff compensation	Who offers offsetting concessions and which suppliers can retaliate?	What accession tariff and quota adjustments fall to the enlarged union and the UK?

[79] World Trade Organization, Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994, paras. 2, 4-6; General Agreement on Tariffs and Trade 1994, arts. XXIV and XXVIII; World Trade Organization, GATT Analytical Index, art. XXIV, text and interpretive material on compensation, https://www.wto.org/english/res_e/publications_e/ai17_e/gatt1994_art24_oth.pdf.

[80] For the legal treatment of bound-rate modifications and compensatory adjustment, see World Trade Organization, Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994, paras. 4-6; General Agreement on Tariffs and Trade 1994, arts. XXIV and XXVIII. The numerical exposure assumptions in this comparison are illustrative.

Annex D: Domestic reform programme

The programme comprises 32 connected legislative and administrative packages. Energy and planning are immediate priorities because they affect the cost and availability of productive capacity throughout the economy. The programme also reforms labour, entry, finance and property rights. The full Growth Budget tax and spending agenda is set out in D19. Measures sharing an economic mechanism are scored together, rather than receiving a gain for each law repealed.

D1 Priorities and scoring

Energy and environment. Repeal the Climate Change Act and UK CBAM, replace the UK ETS arrangements, remove duplicative levies and technology mandates, and open generation and grid investment. Replace prescriptive environmental processes with clear rules on unlawful harm and enforceable remedies. Energy-related gains are captured in the energy module (items 8-9 and 21-27).

Planning and housing. Replace discretionary permission with predictable development rights and zonal rules, standardise obligations, reform rental restrictions and remove building requirements that fail evidence-based appraisal. Keep clear rules prohibiting unsafe construction (items 1-4).

Competition and innovation. Improve worker mobility, open regulated entry, reform finance, repeal corporate and product compliance regimes, strengthen legal remedies and pharmaceutical IP, and require regulators to assess competition effects (items 5-7, 10-20 and 28-32).

Planning, building control, pharmacy, environmental and employment powers vary across the UK. Each package requires the correct primary legislation, implementing instruments and devolved action. National score targets assume coordinated delivery in the relevant territories; an England-only reform cannot automatically earn the whole UK increment.

Col.[81]	Component	Weight	UK 2022	Relevant evidence
D	Labour freedom	25.000%	5.105846	Hiring rules and worker mobility
E	Business freedom	25.000%	5.981536	Entry, licensing and regulatory quality
F	Financial freedom	6.250%	5.800000	Financial entry and proportionate regulation
G	Electricity connection cost	3.125%	6.982000	Cost of a comparable business connection
H	Electricity connection time	3.125%	6.165400	Time for a comparable business connection
I	Road infrastructure	3.125%	4.863021	Delivered infrastructure performance
J	LPI infrastructure	3.125%	5.544125	Domestic trade and transport infrastructure
K	Mobile connectivity	3.125%	3.518667	Comparable mobile indicator and adoption

[81] The Growth Commission, *Growth Budget 2026* (London: The Growth Commission, October 2026), 7, 13-30; Organisation for Economic Co-operation and Development, *Competition Assessment Toolkit*: Principles, vol. 1, version 4.0 (Paris: OECD Publishing, 2019), https://doi.org/10.1787/5f9fa6ca-en. The ranking, pillar allocations and weights in Annex D are authorial programme calibrations.

Col.[81]	Component	Weight	UK 2022	Relevant evidence
L	Internet use	3.125%	6.567617	Actual use rather than coverage alone
M	Government integrity	25.000%	6.086987	Control of corruption and favouritism

DC G and H are historical electricity connection measures, not measures of wholesale energy prices. G is already 6.982 against a frontier of seven. Government integrity is one quarter of DC and is not a count of regulations. The energy module avoids pretending that a fall in energy prices mechanically creates headroom in these indicators.

D2 Planning and development

1 Predictable planning permission

First wave • England first; separate devolved planning legislation • DC Business freedom E

Legal target Town and Country Planning Act 1990, sections 57 and 70; Planning and Compulsory Purchase Act 2004, section 38(6); Town and Country Planning (General Permitted Development) (England) Order 2015.[82]

Competition issue Site-by-site discretion and uncertain consent times impose financing and professional costs that can disadvantage smaller builders and prevent businesses obtaining premises. The CMA's housebuilding study identifies planning complexity and uncertainty as barriers.

Proposed change Repeal and replace the discretionary Town and Country Planning Act framework with zonal development rights. Qualifying development by trusted developers would proceed unless an authority establishes a defined lawful reason to refuse. Resolve the principle at plan stage, simplify rules across the country and retain clear prohibitions on unsafe construction and unlawful harm.

Current position The Planning and Infrastructure Act 2025 and permitted-development rights form part of the baseline. The proposed statutory replacement goes further and requires consequential changes to development plans, obligations and devolved planning law.[83]

Evidence for assessment Consent times, professional and holding costs, appeal reversals and SME entry indicate changes in regulatory quality. Housing supply is an outcome rather than an additional DC component.

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[82] Town and Country Planning Act 1990, c. 8, ss. 57 and 70 (UK), https://www.legislation.gov.uk/ukpga/1990/8/section/57 and https://www.legislation.gov.uk/ukpga/1990/8/section/70; Planning and Compulsory Purchase Act 2004, c. 5, s. 38(6) (UK), https://www.legislation.gov.uk/ukpga/2004/5/section/38; Town and Country Planning (General Permitted Development) (England) Order 2015, SI 2015/596, art. 3 and sch. 2, https://www.legislation.gov.uk/uksi/2015/596/article/3; Competition and Markets Authority, Housebuilding Market Study: Final Report (February 26, 2024), "The Planning System," https://www.gov.uk/government/publications/housebuilding-market-study-final-report/final-report.

[83] Planning and Infrastructure Act 2025, c. 34 (UK); Town and Country Planning (General Permitted Development) (England) Order 2015, SI 2015/596, art. 3 and sch. 2; Town and Country Planning Act 1990, ss. 57 and 70; Planning and Compulsory Purchase Act 2004, s. 38(6). These are elements of the legal baseline; the proposed additional reform remains a policy proposal. Competition and Markets Authority, Housebuilding Market Study: Final Report, "The Planning System."

2 Standardise planning obligations

First wave • England package; section 106 also operates in Wales • DC Business freedom E

Legal target Town and Country Planning Act 1990, section 106; associated local planning-obligation policies and agreements.[84]

Competition issue Negotiating site-specific infrastructure and affordable-housing obligations creates uncertainty and favours firms with large legal teams. The competition issue is the discretionary process, not the existence of a contribution towards development costs.

Proposed change Publish standard agreements, contribution schedules and objective viability adjustment rules; impose a time limit and independent escalation route for unresolved terms. Provide a simpler, proportionate route for small sites and publish departures from the standard. Preserve funding for infrastructure and affordable housing through a predictable mechanism.

Current position Delivery requires statutory change, national policy and council implementation. Standard contributions and any replacement levy require coordination to avoid charging twice for the same obligation.[85]

Evidence for assessment Negotiation time, legal costs, uncertainty of final contributions and comparable treatment of entrants inform the business-freedom allocation shared with item 1.

D3 Environmental and building approvals

3 Environmental mitigation at catchment scale

Implementation priority • England for the proposed delivery model • DC Business freedom E

Legal target Conservation of Habitats and Species Regulations 2017, regulation 63; Planning and Infrastructure Act 2025, Part 3 environmental delivery plans and the Nature Restoration Fund.[86]

Competition issue Repeated project-level assessment and scarce mitigation capacity can delay entry even where pollution or habitat impacts could be addressed more effectively through coordinated measures.

Proposed change Use independently verified catchment or habitat schemes, transparent levies and competitive procurement of conservation work. Offer a predictable route for qualifying development while measuring delivered ecological outcomes and preventing double charging for the same impact.

Current position The 2025 Act already establishes the framework and the government has published an implementation plan. The additional proposal is accountable, competitive

[84] Town and Country Planning Act 1990, s. 106; Competition and Markets Authority, Housebuilding Market Study: Final Report (February 26, 2024), "The planning system."

[85] Town and Country Planning Act 1990, s. 106; Competition and Markets Authority, Housebuilding Market Study, "The planning system."

[86] Conservation of Habitats and Species Regulations 2017, SI 2017/1012, reg. 63; Planning and Infrastructure Act 2025, c. 34, pt. 3; Department for Environment, Food and Rural Affairs, "Implementing the Nature Restoration Fund," December 18, 2025, https://www.gov.uk/government/publications/nature-restoration-fund-implementation-plan/implementing-the-nature-restoration-fund.

delivery and wider effective coverage, not the invention of an EDP mechanism or a blanket disapplication of environmental law.[87]

Evidence for assessment Approval time and mitigation cost are assessed alongside verified environmental outcomes. The score allowance covers improvement beyond the implemented baseline and shares the planning allocation.

4 Faster building safety decisions

First wave implementation • England • DC Business freedom E

Legal target Building Safety Act 2022; Building Act 1984 as amended; Building (Higher-Risk Buildings Procedures) (England) Regulations 2023, especially the building-control approval procedures.[88]

Competition issue An unpredictable approval process ties up working capital and can exclude smaller developers. Safety scrutiny itself is necessary; the target is avoidable delay and inconsistent administration.

Proposed change Remove building requirements that fail evidence-based appraisal, while retaining enforceable prohibitions on unsafe construction. Simplify the approval architecture, use accountable case management and publish reasons and time limits. The reform programme also repeals rental-market restrictions that obstruct housing supply, subject to transition for existing contracts.

Current position Operational reform is already improving performance. BSR's release of October 9, 2026, using data to October 5, 2026, reports a 23-week median approval time for new higher-risk buildings and conversions; this is a current performance benchmark, not the whole sector's approval time.[89]

Evidence for assessment Elapsed time, repeat submissions and finance costs for comparable compliant applications, with safety outcomes maintained. Administrative and legal causes of delay require separate identification.

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[87] Conservation of Habitats and Species Regulations 2017, reg. 63; Planning and Infrastructure Act 2025, pt. 3; Department for Environment, Food and Rural Affairs, "Implementing the Nature Restoration Fund."

[88] Building Safety Act 2022, c. 30 (UK); Building (Higher-Risk Buildings Procedures) (England) Regulations 2023, SI 2023/909 (UK); Building Safety Regulator, "Building Safety Regulator Building Control Approval Application Data July to September 2026," October 9, 2026, "Gateway 2: Headline Numbers for July to September 2026," https://www.gov.uk/government/publications/building-safety-regulator-building-control-approval-application-data-july-to-september-2026/building-safety-regulator-building-control-approval-application-data-july-to-september-2026.

[89] Building Safety Regulator, "Building Safety Regulator Building Control Approval Application Data July to September 2026," October 9, 2026, "Gateway 2: Headline Numbers for July to September 2026" and "New HRBs and conversions: percentages and weeks taken (national)," approval-rate row (23-week median for new higher-risk buildings and conversions, not all approvals). Building (Higher-Risk Buildings Procedures) (England) Regulations 2023, SI 2023/909, https://www.legislation.gov.uk/uksi/2023/909/contents.

D4 Employment and worker mobility

5 Predictable hiring and dismissal rules

First wave policy appraisal • Great Britain; Northern Ireland has separate employment legislation • DC Labour freedom D

Legal target Employment Rights Act 1996, particularly sections 98, 108 and 124; Employment Rights Act 2025, including section 25 and the provisions changing ordinary unfair-dismissal compensation.[90] The programme also addresses the Working Time Regulations 1998, SI 1998/1833, and National Minimum Wage Act 1998 rules.

Competition issue Uncertain dismissal procedures and liability may discourage marginal hiring, especially by small firms. This is a proposed economic mechanism; the net employment effect must also account for the benefits of protection, retention and fair treatment.

Proposed change Repeal the Employment Rights Act 2025 and replace uncertain dismissal and hiring rules with clear, predictable liability. Remove statutory working-time restrictions as part of the independent programme and freeze the minimum wage until it reaches 60% of median earnings. Preserve prohibitions on discrimination, coercion and other unlawful conduct. EU and EEA common requirements constrain the full package.

Current position The government's current timetable schedules the six-month qualifying period and uncapping of ordinary compensatory awards for 1 January 2027. Changing those measures is an avoided future deterioration relative to that policy path, not automatically an improvement over the model's 2022 baseline.[91]

Evidence for assessment Hiring, vacancy duration, dismissal costs and worker mobility inform the labour-freedom assessment. Effects differ across provisions of the 2025 Act; there is no uniform per-provision penalty.

6 Limit employment non-compete clauses

First wave • Employment-law reform with territorial implementation specified • DC Labour freedom D; business freedom E only for a distinct evidenced channel

Legal target Common-law restraint-of-trade rules governing employment non-compete covenants; a new statutory restriction is the proposed legal change.[92]

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[90] Employment Rights Act 1996, c. 18, ss. 98, 108 and 124 (UK); Employment Rights Act 2025, c. 36, s. 25 (UK), concerning the qualifying period and compensatory-award cap, subject to commencement; Working Time Regulations 1998, SI 1998/1833; National Minimum Wage Act 1998, c. 39; Department for Business and Trade, "Plan to Make Work Pay and Employment Rights Act: Timeline Update," updated October 22, 2026, https://www.gov.uk/government/publications/implementing-the-plan-to-make-work-pay-and-employment-rights-act/plan-to-make-work-pay-and-employment-rights-act-timeline-update.

[91] Employment Rights Act 1996, ss. 98 and 108; Employment Rights Act 2025, c. 36; Department for Business and Trade, "Plan to Make Work Pay and Employment Rights Act: Timeline Update." Department for Business and Trade, "Unfair Dismissal," factsheet, https://assets.publishing.service.gov.uk/media/6a049a3d22977ebc82cb3f1a/unfair-dismissal-factsheet.pdf.

[92] Department for Business and Trade, "Working Paper on Options for Reform of Non-Compete Clauses in Employment Contracts," November 26, 2025, https://www.gov.uk/government/publications/reform-of-non-compete-clauses-in-employment-contracts-working-paper/working-paper-on-options-for-reform-of-non-

Competition issue Restrictions on moving to a competitor can make it harder for new firms to recruit and for employees to establish competing businesses. Litigation expense may deter mobility even when a covenant is doubtful.

Proposed change Prohibit non-competes below a defined earnings threshold and impose a short statutory maximum above it, with tightly defined exceptions. Protect trade secrets and confidential information through proportionate measures; distinguish employment restrictions from covenants accompanying a genuine business sale.

Current position The government's working paper records that the three-month cap announced in 2023 was not implemented. The CMA's 2026 response endorses a salary-threshold ban combined with a duration limit.[93] A consultation or recommendation is not an enacted prohibition.

Evidence for assessment Coverage and duration of covenants, job-to-job moves, entrant recruitment and business formation. This is a strong competition proposal, but its translation into the published labour indicator still requires a methodological bridge.

D5 Contracting and grid connections

7 Simplify contractor status and IR35

Second wave • UK tax framework; employment rights require separate treatment • DC Labour freedom D or business freedom E, with one primary allocation

Legal target Income Tax (Earnings and Pensions) Act 2003, Part 2 Chapters 8 and 10; Social Security Contributions (Intermediaries) Regulations 2000.[94]

Competition issue Complex status assessments and liability allocation can increase engagement costs and encourage blanket exclusions of genuine independent suppliers. A tax saving alone is not a competition or DC gain.

Proposed change Create a clearer statutory status test, accessible binding prospective determinations and consistent tax and employment guidance. Give clients and contractors a timely independent route to resolve disputes. Reduce uncertainty while retaining rules against disguised employment and artificial fragmentation.

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compete-clauses-in-employment-contracts; Competition and Markets Authority, "CMA Response to Working Paper on Options for Reform of Non-Compete Clauses in Employment Contracts," February 25, 2026, https://www.gov.uk/government/publications/cma-response-to-working-paper-on-options-for-reform-of-non-compete-clauses-in-employment-contracts.

[93] Department for Business and Trade, "Working Paper on Options for Reform of Non-Compete Clauses"; Competition and Markets Authority, "CMA Response to Working Paper on Options for Reform of Non-Compete Clauses," February 25, 2026.

[94] Income Tax (Earnings and Pensions) Act 2003, c. 1, pt. 2, chaps. 8 and 10 (UK); Social Security Contributions (Intermediaries) Regulations 2000, SI 2000/727 (UK); HM Revenue and Customs, "Purpose, Scope and Background (Part 1)," in Help to Comply with the Reformed Off-Payroll Working Rules (IR35): GfC4, updated January 24, 2025, https://www.gov.uk/government/publications/help-to-comply-with-the-reformed-off-payroll-working-rules-ir35-gfc4/purpose-scope-and-background-part-1.

Current position HMRC confirms that Chapters 8 and 10 govern off-payroll working and that tax status does not itself determine employment rights. Reform would require Treasury and employment-law coordination rather than merely withdrawing HMRC guidance.[95]

Evidence for assessment Assessment costs, time to resolve status, genuine contracting opportunities and neutrality between organisational forms. A reduction in tax receipts alone is not a DC benefit.

8 Open and timely electricity connections

First wave • Great Britain; Northern Ireland has separate energy arrangements • DC Electricity connection cost G and time H; E only if independently evidenced

Legal target Electricity Act 1989, particularly sections 16 to 19 for distribution connections; electricity licence conditions, CUSC and STC connection rules including the TMO4+ modifications.[96]

Competition issue Scarce connection capacity and unpredictable delivery can prevent factories, data centres, housing and competing generators entering or expanding. Queue position can become a barrier rather than a reflection of a viable project.

Proposed change Make readiness and allocation criteria transparent and contestable, remove speculative reservations, publish usable capacity and delivery commitments, and strengthen incentives for timely network investment. Broaden contestable connection works where technically feasible and provide an effective dispute route.

Current position Ofgem has already approved TMO4+ with ready-and-needed criteria. The additional task is implementation, fair access and remaining demand-connection constraints, not simply replacing a first-come-first-served queue that has already been reformed.[97]

Evidence for assessment Cost and days for the model's comparable business-connection case. Wholesale electricity prices, network reliability and a large transmission project's waiting time are not interchangeable with those indicators.

[95] Income Tax (Earnings and Pensions) Act 2003, pt. 2, chaps. 8 and 10; HM Revenue and Customs, "Purpose, Scope and Background (Part 1)," updated January 24, 2025; HM Revenue and Customs, "Factsheet for Contractors - Changes to Off-Payroll Working Rules (IR35)," updated April 29, 2021, "Your Rights," https://www.gov.uk/government/publications/off-payroll-working-rules-communication-resources/factsheet-for-contractors-changes-to-off-payroll-working-rules-ir35. HM Revenue and Customs, Employment Status Manual, ESM10019, https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm10019.

[96] Electricity Act 1989, c. 29, ss. 16-19; Office of Gas and Electricity Markets, "Decision on Connections Reform Package (TM04+)," April 15, 2025, https://www.ofgem.gov.uk/decision/decision-connections-reform-package-tm04.

[97] Electricity Act 1989, ss. 16-19; Office of Gas and Electricity Markets, "Decision on Connections Reform Package (TM04+)." Office of Gas and Electricity Markets, "Demand Connections Reform," call for input, https://www.ofgem.gov.uk/call-for-input/demand-connections-reform.

D6 Energy supply and communications

9 Proportionate licensing for small electricity suppliers

Second wave • Great Britain • DC Business freedom E; G only for measured connection-cost effects

Legal target Electricity Act 1989, sections 4 to 6; Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, including Schedule 4.[98]

Competition issue A small local supplier can face a large fixed compliance burden when it falls outside exemption conditions. Abrupt regulatory thresholds can impede viable entry and new supply models.

Proposed change Create a proportionate graduated licence for local and small suppliers, with standardised settlement and network-access arrangements and predictable transition as firms grow. Preserve consumer redress, supplier-failure protection and a fair contribution to system costs.

Current position Exemptions already exist. Current government guidance describes a Class A self-generated supply exemption subject to a 5 MW limit, including a 2.5 MW domestic limit; this is not a general exemption for any small retailer.[99]

Evidence for assessment Entry costs, viable supplier entry, switching and service outcomes. Lower energy bills would be useful evidence but are not automatically the model's electricity-connection-cost variable.

10 Simplify access for competing telecoms networks

First wave implementation • UK code framework; planning rules vary by nation • DC Mobile connectivity K and internet use L; E only for separate effects

Legal target Communications Act 2003, Schedule 3A Electronic Communications Code, especially the agreement procedures and the Part 4A tenant-request procedure; Telecommunications Infrastructure (Leasehold Property) legislation and subsequent amendments.[100]

Competition issue Negotiating access to buildings and land can delay competing broadband and mobile networks. Procedural friction may shelter an existing network from a challenger.

Proposed change Use standard access agreements, proportionate notice requirements, faster dispute handling and workable access for additional operators. Extend a streamlined route only

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[98] Electricity Act 1989, c. 29, ss. 4-6; Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, SI 2001/3270, sch. 4, class A; Department for Energy Security and Net Zero, "Electricity Licence Exemptions," updated January 2026, https://www.gov.uk/guidance/electricity-licence-exemptions.

[99] Electricity Act 1989, ss. 4-6; Electricity (Class Exemptions from the Requirement for a Licence) Order 2001, sch. 4, class A; Department for Energy Security and Net Zero, "Electricity Licence Exemptions."

[100] Communications Act 2003, c. 21, sch. 3A, especially pt. 4A (UK); Telecommunications Infrastructure (Leasehold Property) Act 2021, c. 7, s. 1 (UK); Department for Science, Innovation and Technology, "Electronic Communications Code: Part 4A Guidance," December 26, 2022, https://www.gov.uk/government/publications/electronic-communications-code-part-4a-guidance/electronic-communications-code-part-4a-guidance.

to demonstrably uncovered cases and preserve compensation, property rights and safe installation.

Current position Part 4A already provides a route for qualifying leased premises where a tenant requests a service and the required grantor of rights over connected land is unresponsive. Government guidance describes a four-notice process before an application. The proposal is to simplify and improve existing rights, not assume that no compulsory access route exists.[101]

Evidence for assessment Wayleave and dispute duration, competing-network coverage and actual adoption indicate performance. Fibre availability, connection speed and the published usage indicators measure different outcomes.

D7 Pharmacy and taxi entry

11 Reform NHS pharmacy market entry

Second wave with service appraisal • England • DC Business freedom E

Legal target National Health Service (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013, pharmaceutical-list market-entry provisions including regulation 18.[102]

Competition issue Entry to NHS pharmaceutical services depends on statutory market-entry tests linked to pharmaceutical needs assessments and routes such as unforeseen benefits. These can restrict new competitors as well as serve legitimate commissioning objectives.

Proposed change Replace incumbent-protective aspects of the test with objective quality, accessibility and service standards, alongside transparent commissioning. Pilot entry where unmet consumer needs or weak competitive pressure are demonstrated. Maintain arrangements for rural access, clinical quality and a sustainable NHS budget.

Current position The target is entry onto the NHS pharmaceutical list, not the professional registration of pharmacists or a claim that every retail pharmacy business requires an economic-needs licence.[103] Existing exceptions and local service conditions require application-level review.

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[101] Communications Act 2003, sch. 3A, pt. 4A, especially para. 27B; Department for Science, Innovation and Technology, "Electronic Communications Code: Part 4A Guidance," December 26, 2022, sections on the notice process and tribunal application. Ofcom, "Electronic Communications Code," https://www.ofcom.org.uk/phones-and-broadband/telecoms-infrastructure/electronic-comm-code.

[102] National Health Service (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013, SI 2013/349, reg. 18 (UK), concerning unforeseen-benefits applications; NHS England, Pharmacy Manual, updated July 21, 2025, chap. 3 ("Market Entry Matters") and chap. 15 ("Procedure: Unforeseen Benefits"), https://www.england.nhs.uk/long-read/pharmacy-manual/.

[103] National Health Service (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013, SI 2013/349, reg. 18 (UK); NHS England, Pharmacy Manual, updated July 21, 2025, chap. 3 ("Market Entry Matters"). These provisions concern inclusion in an NHS pharmaceutical list, distinct from pharmacists' professional registration. Department of Health and Social Care, "NHS Pharmaceutical Services: Assessing Applications," https://www.gov.uk/government/publications/nhs-pharmaceutical-services-assessing-applications; NHS England, "NHS Pharmacy Regulations Guidance 2023," https://www.england.nhs.uk/primary-care/pharmacy/pharmacy-manual/nhs-pharmacy-regulations-guidance-2023/.

Evidence for assessment Application refusals and times, accessibility, service quality and entrants' costs. Assess changes against the whole commissioning system rather than presuming unlimited reimbursed entry is efficient.

12 Remove taxi quantity restrictions

Early targeted reform • England and Wales outside London; parallel Scottish provision • DC Business freedom E

Legal target Transport Act 1985, section 16; Civic Government (Scotland) Act 1982, section 10(3); local licensing conditions under the relevant taxi and private-hire legislation.[104]

Competition issue Numerical restrictions can protect licence holders from entry. Unnecessary restrictions on booking or business models may also reduce choice without improving safety. The CMA has identified competition concerns in local licensing conditions.

Proposed change Remove economic-needs quantity caps and audit local conditions for necessity. Retain driver vetting, insurance, vehicle safety and accessibility requirements; address congestion through proportionate congestion policy rather than scarcity rents in licences.

Current position Quantity caps are not universal, and taxi and private-hire rules differ. Exposure depends on the authorities operating restrictions. London and Northern Ireland have distinct legislative frameworks.[105]

Evidence for assessment New licences, waiting times, fares, availability and safety outcomes. A reform in a small number of authorities cannot justify a large nationwide E uplift without supporting evidence.

D8 Legal services and chemicals

13 Open routine reserved legal work to proportionate authorisation

Second wave • England and Wales • DC Business freedom E; PR effects require separate evidence

Legal target Legal Services Act 2007, sections 12 to 14 and Schedule 2; regulator authorisation and practice rules for reserved activities.[106]

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[104] Transport Act 1985, c. 67, s. 16; Civic Government (Scotland) Act 1982, c. 45, s. 10(3); Competition and Markets Authority, "Regulation of Taxis and Private Hire Vehicles: Understanding the Impact on Competition," July 12, 2017, "CMA View of Taxi and Private Hire Trades," https://www.gov.uk/government/publications/private-hire-and-hackney-carriage-licensing-open-letter-to-local-authorities/regulation-of-taxis-and-private-hire-vehicles-understanding-the-impact-on-competition.

[105] Transport Act 1985, s. 16; Civic Government (Scotland) Act 1982, s. 10(3); Competition and Markets Authority, "Regulation of Taxis and Private Hire Vehicles," July 12, 2017.

[106] Legal Services Act 2007, c. 29, ss. 12-14 and sch. 2; Legal Services Board, "Reserved Legal Activities," accessed October 25, 2026, https://legalservicesboard.org.uk/enquiries/frequently-asked-questions/reserved-legal-activities; Competition and Markets Authority, Legal Services Market Study: Final Report (December 15, 2016), 169-70, 176-77, https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf.

Competition issue Authorisation requirements for reserved work may impose costs disproportionate to particular routine tasks and inhibit alternative suppliers. However, legal advice and will writing are not generally all reserved, and alternative business structures already exist.

Proposed change Review the boundary and authorisation route for routine probate-paper and conveyancing work. Permit appropriately competent and insured providers through proportionate activity-based authorisation, with client-money protection, disclosure and redress. Amend the reservation itself only where the consumer-risk case supports doing so.

Current position This requires an activity-by-activity assessment, not abolition of professional regulation. The LSB identifies six reserved activities; the CMA has documented weaknesses in competition and transparency in consumer and small-business legal services.[107]

Evidence for assessment Authorisation costs, provider entry, prices and quality-adjusted outcomes. A lower legal-service price is not by itself a change in the PR legal-system indicators.

14 Replace UK REACH with clear safety law

First wave design and implementation • Great Britain; Northern Ireland requires separate treatment • DC Business freedom E; any border-access effect belongs separately in IC

Legal target UK REACH, the assimilated Regulation (EC) No 1907/2006 as amended, including Article 10 information requirements and transitional registration provisions.[108]

Competition issue Paying for and assembling substantially duplicated hazard information can raise fixed costs for producers and importers, potentially reducing the range of chemical inputs available to competing manufacturers.

Proposed change Repeal UK REACH registration and associated precautionary procedural requirements. Define unlawful supply and harmful conduct clearly and enforce those rules through reliable evidence, investigation, liability and remedies. Do not replace the regime with a smaller mandatory registration scheme. EU export obligations remain; this is part of item 31 and is scored once.

Current position HSE confirms transitional deadlines of 27 October 2029, 2030 and 2031. Its guidance continues to require the relevant Article 10 information. The existing extension is part of the baseline rather than a new permanent saving.[109]

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[107] Legal Services Board, "Reserved Legal Activities,"; Competition and Markets Authority, Legal Services Market Study: Final Report (December 15, 2016), 4.

[108] Regulation (EC) No. 1907/2006, art. 10; Health and Safety Executive, "Recognising Your EU REACH Registrations under UK REACH (Grandfathering)," accessed October 25, 2026, https://www.hse.gov.uk/REACH/grandfathering-registrations.htm; Department for Environment, Food and Rural Affairs, "Summary of Responses and Government Response," in UK REACH: Extending Dossier Submission Deadlines for Transitional Registrations, updated December 22, 2025, https://www.gov.uk/government/consultations/uk-reach-extending-dossier-submission-deadlines-for-transitional-registrations/outcome/summary-of-responses-and-government-response; REACH (Amendment) (No. 2) Regulations 2026, SI 2026/849, reg. 4 (UK), https://www.legislation.gov.uk/uksi/2026/849/regulation/4/made.

[109] Regulation (EC) No. 1907/2006, art. 10, as retained and amended in UK law; Health and Safety Executive, "Recognising Your EU REACH Registrations under UK REACH (Grandfathering)," accessed October 25, 2026; Department for Environment, Food and Rural Affairs, "Summary of Responses and Government Response," in

Evidence for assessment Registration and data-access costs, substances retained on the market and supplier entry indicate the competitive effect. Shared DC and IC mechanisms receive one allocation.

D9 Food and medical devices

15 Accelerate novel food authorisation

Second wave • Great Britain, with FSA and Food Standards Scotland • DC Business freedom E

Legal target Assimilated Regulation (EU) 2015/2283 on novel foods, as amended; Food and Feed (Regulated Products) (Amendment, Revocation, Consequential and Transitional Provision) Regulations 2025.[110]

Competition issue A lengthy and unpredictable assessment process can favour established products and firms able to finance long waits. This matters for new ingredients, production processes and competing food technologies.

Proposed change Introduce risk-tiered assessment, published completeness requirements, transparent decision clocks and reliance on robust equivalent assessments where the evidence is applicable. Retain pre-market safety assessment for material novel risks and monitoring after approval.

Current position The 2025 reforms already changed authorisation administration and removed fixed renewals for specified product regimes. Novel foods did not have the ten-year renewal requirement described for feed additives, GMOs and smoke flavourings.[111] The additional target is assessment time and duplication.

Evidence for assessment Time and cost from a complete dossier to decision, successful entry and safety outcomes. A declaration that a system is innovation-friendly is insufficient for a score increase.

UK REACH: Extending Dossier Submission Deadlines for Transitional Registrations, updated December 22, 2025; REACH (Amendment) (No. 2) Regulations 2026, SI 2026/849, reg. 4 (UK).

[110] Regulation (EU) 2015/2283 of November 25, 2015, on novel foods, art. 6, as incorporated into UK law and amended; Food and Feed (Regulated Products) (Amendment, Revocation, Consequential and Transitional Provision) Regulations 2025, SI 2025/361 (UK), https://www.legislation.gov.uk/uksi/2025/361/contents; Food Standards Agency, "Reforms to the Market Authorisations Process for Regulated Products," updated July 3, 2026, https://www.gov.uk/government/publications/reforms-to-the-market-authorisations-process-for-regulated-products/reforms-to-the-market-authorisations-process-for-regulated-products.

[111] Regulation (EU) 2015/2283, art. 6, as incorporated into UK law and amended; Food Standards Agency, "Reforms to the Market Authorisations Process for Regulated Products," sec. 1. Food Standards Agency, "Regulated Products Application Guidance," https://www.gov.uk/guidance/regulated-products-application-guidance.

16 Use reliable international medical device assessments

Implementation and targeted extension • Great Britain; Northern Ireland has a different device regime • DC Business freedom E; separately identify any IC channel

Legal target Medical Devices Regulations 2002, SI 2002/618, and the applicable routes to placing devices on the GB market.[112]

Competition issue Duplicated conformity work and uncertainty over accepted approvals can create fixed costs and delay competing devices, including those developed by smaller firms.

Proposed change Establish predictable, risk-based reliance on trusted overseas assessments, clear treatment of devices classified differently in GB, and a practical route for innovative products. Retain GB registration, traceability, vigilance and intervention where safety evidence requires it.

Current position The MHRA has already consulted on international reliance and, in February 2026, indefinite recognition of qualifying CE-marked devices. On 21 October 2026, the government confirmed plans for indefinite recognition in Great Britain of devices certified under EU MDR and EU IVDR and alignment of EU MDD transition dates. Existing transitional recognition and these announced changes must be included in the baseline.[113] The changes require legislation; the separate proposed reliance route based on divergent classification will not proceed.

Evidence for assessment Incremental approval cost, time to market and availability, with adverse-event surveillance. Recognition of foreign approvals can support domestic competition but must not be counted twice across E and IC.

D10 Financial regulation

The authorisation and challenger-bank measures below form part of the comprehensive financial-services programme in Annex D14. Their benefits are included within its overall assessment and the ACMD financial-competition allocation; they are not separate additions.

[112] Medical Devices Regulations 2002, SI 2002/618; Medicines and Healthcare products Regulatory Agency, "Medical Devices Regulations: Targeted Consultation on the Indefinite Recognition of CE Marked Devices," February 16, 2026, updated October 21, 2026, https://www.gov.uk/government/consultations/medical-devices-regulations-targeted-consultation-on-the-indefinite-recognition-of-ce-marked-devices.

[113] Medical Devices Regulations 2002, SI 2002/618; Medicines and Healthcare products Regulatory Agency, "Medical Devices Regulations: Targeted Consultation on the Indefinite Recognition of CE Marked Devices." Medicines and Healthcare products Regulatory Agency, *Government Response to the Targeted Consultation on Indefinite Recognition of CE Marked Medical Devices* (October 21, 2026), 18, 21, https://assets.publishing.service.gov.uk/media/6ad76f8be9713babfbe3f755/Government_response_to_the_targeted_consultation_on_indefinite_recognition_of_CE_marked_medical_devices.pdf. Medicines and Healthcare products Regulatory Agency, "Response to International Reliance, UKCA Marking and In Vitro Diagnostic Devices Consultation Proposal," https://www.gov.uk/government/consultations/consultation-on-medical-devices-regulations-routes-to-market-and-in-vitro-diagnostic-devices/outcome/response-to-international-reliance-ukca-marking-and-in-vitro-diagnostic-devices-consultation-proposal.

17 Make financial authorisation proportionate and predictable

First wave implementation • UK financial regulation • DC Financial freedom F

Legal target Financial Services and Markets Act 2000, Part 4A, including sections 55A and 55V; FCA authorisation processes and relevant rulebook requirements.[114]

Competition issue Lengthy or uncertain authorisation and permission changes can give existing firms an advantage and deter new business models. Removing essential prudential or conduct standards would create different competition and consumer problems.

Proposed change Use a proportionate route for lower-risk firms and permission changes, binding completeness decisions, a single accountable case team and transparent end-to-end performance. Publish reasons for delays and allow supervised mobilisation where the business model and risks permit it.

Current position Faster FCA targets and proposals for shorter statutory deadlines form part of the policy baseline. The programme improves actual delivery and the time before an application is accepted as complete.[115] Statutory amendments must reflect the operative deadlines.

Evidence for assessment Application and pre-application costs, elapsed time, viable entrants and consumer outcomes. Financial freedom uses a broad assessment, so each saved month does not carry a fixed score increment.

18 Smooth the regulatory transition as challenger banks grow

Implementation and evidence review • UK prudential regulation • DC Financial freedom F

Legal target PRA Rulebook, Small Domestic Deposit Taker regime and associated capital, liquidity and reporting rules; PRA policy statement PS4/26.[116]

Competition issue Disproportionate fixed reporting costs and abrupt thresholds can inhibit small banks' entry or growth. A simpler regime must still cover the risks created by the institution.

Proposed change Deliver the simplified regime, remove remaining duplicate returns, and use proportionate transition periods when a bank grows beyond eligibility. Review thresholds against risk and demonstrated competitive effects, while retaining capital, liquidity and resolution safeguards.

Current position PS4/26 finalises the Strong and Simple capital regime and its reporting requirements for 1 January 2027; specified assessment-frequency changes took effect on 20

[114] Financial Services and Markets Act 2000, c. 8, pt. 4A, ss. 55A and 55V; Financial Conduct Authority, "FCA Sets Faster Targets for Authorisations," July 15, 2025, updated December 5, 2025, https://www.fca.org.uk/news/news-stories/fca-sets-faster-targets-authorisations.

[115] Financial Services and Markets Act 2000, pt. 4A, ss. 55A and 55V; Financial Conduct Authority, "FCA Sets Faster Targets for Authorisations," July 15, 2025.

[116] Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework: The Simplified Capital Regime for Small Domestic Deposit Takers (SDDTs)*, Final, Policy Statement PS4/26 (January 20, 2026).

January 2026.[117] Existing and firmly scheduled simplifications must be included in the policy baseline.

Evidence for assessment Compliance cost relative to scale, entry, growth across thresholds and resilience indicate results. The programme allowance covers additional reform and verified delivery beyond announced measures already in the baseline.

D11 Procurement and regulatory duties

19 Open procurement and constrain favouritism

First wave implementation • Procurement Act authorities; devolved Scottish procurement separately • DC Business freedom E; government integrity M only for substantiated integrity gains

Legal target Procurement Act 2023, sections 12, 22, 23 and 81 to 83; relevant procurement regulations and operational tender rules.[118]

Competition issue Disproportionate qualification requirements, unnecessary contract bundling and poorly managed conflicts can favour established or connected suppliers. These are distinct competition and integrity channels.

Proposed change Enforce proportionate participation requirements, explain decisions not to divide contracts into viable lots, accept equivalent credentials and make bidding requirements reusable. Publish meaningful award reasons and conflict-management information, subject to legitimate confidentiality, and strengthen practical supplier challenge routes.

Current position The Act already requires attention to SME barriers, proportionate participation conditions and conflicts. Implementation is central. Any additional publication or challenge duty would extend these existing rules; nationality preferences would undermine the objective of open competition.[119]

Evidence for assessment Qualified bids, entrant participation, procurement costs and documented conflict management indicate performance. Government-integrity gains require evidence of improved control of corruption or capture; contract size alone does not establish them.

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[117] Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework*, PS4/26 (January 20, 2026), paras. 1.15, 1.16, and 1.19.

[118] Procurement Act 2023, c. 54, ss. 12, 22-23, and 81-83; Cabinet Office, "Guidance: Conditions of Participation," updated August 17, 2026, https://www.gov.uk/government/publications/procurement-act-2023-guidance-documents-procure-phase/guidance-conditions-of-participation-html; Cabinet Office, "Guidance: Covered Procurement Objectives," updated April 15, 2026, https://www.gov.uk/government/publications/procurement-act-2023-guidance-documents-plan-phase/guidance-covered-procurement-objectives-html.

[119] Procurement Act 2023, ss. 12, 22-23, and 81-83; Cabinet Office, "Guidance: Conditions of Participation"; Cabinet Office, "Guidance: Covered Procurement Objectives."

20 Require regulators to test barriers to entry

First wave institutional reform • Specified regulatory functions; devolved powers and existing sector duties respected • DC Business freedom E, conditional on implementation

Legal target Legislative and Regulatory Reform Act 2006, sections 21, 22 and 24; the Regulators' Code; Enterprise Act 2002, section 7 CMA advocacy functions.[120]

Competition issue A general proportionality or growth duty may fail to expose rules that unintentionally protect incumbents or discriminate against new technologies. The number of rules is a poor measure of their competitive effect.

Proposed change Require a published assessment of entry, expansion, switching and innovation for material regulatory changes, using the CMA competition checklist. Require reasons for choosing a restriction over a less restrictive way to meet the same objective, a review date and a substantive response to CMA concerns.

Current position The 2006 Act already specifies principles for covered functions and enables a code. The proposal adds a more operational competition test and follow-through; a universal statutory duty would need carefully defined scope and interaction with existing objectives.[121]

Evidence for assessment Rules amended after assessment, discriminatory requirements removed and verified entry outcomes establish delivery. Enactment of another procedural statute does not itself demonstrate an improvement.

D12 Scoring and legal method

Annex A specifies the numerical targets and constrained national allowances. The reform programme identifies legal powers, instruments and economic mechanisms; it does not grant an additional score increase for every listed reform. The full TCA programme and the smaller aligned allowances remain distinct. Actual component changes require evidence of delivery, entry conditions, costs and legal outcomes.

The common-law method would replace precautionary administrative requirements where clearly defined legal obligations and effective enforcement can address the harm. Parliament would specify prohibited conduct and relevant duties; independent courts would test evidence, apply remedies and correct error. This is not a proposal to abolish statutes, prudential safeguards or risk-based supervision. It distinguishes predictable legal obligations from open-ended process demands. Fraud, unsafe supply, forced labour and unlawful pollution remain subject to enforcement.

England and Wales already have common-law foundations, and Scotland has a mixed system. The legal-origins research does not identify a gain from changing a country's legal label. No

[120] Legislative and Regulatory Reform Act 2006, c. 51, ss. 21, 22 and 24 (UK); Office for Product Safety and Standards, Regulators' Code (April 6, 2014), https://www.gov.uk/government/publications/regulators-code; Enterprise Act 2002, c. 40, s. 7 (UK); Competition and Markets Authority, Competition Assessment: Guidelines for Policymakers (updated July 28, 2023), https://www.gov.uk/government/publications/competition-impact-assessment-guidelines-for-policymakers.

[121] Legislative and Regulatory Reform Act 2006, ss. 21, 22 and 24; Office for Product Safety and Standards, Regulators' Code (April 6, 2014); Enterprise Act 2002, s. 7; Competition and Markets Authority, Competition Assessment: Guidelines for Policymakers (2023). The scope of any newly proposed statutory competition duty would need legislative specification.

such change is proposed: the programme restores and develops the common-law method within existing institutions in fields where EU-derived or domestic prescriptive regimes have displaced it. Institutional evidence informs the mechanisms; the PR and DC targets remain explicit policy assumptions. [122]

Sunday trading restrictions in Schedule 1 to the Sunday Trading Act 1994 and disproportionate licence conditions under the Licensing Act 2003 are further entry candidates within the ordinary-business block.[123] Their effects require appraisal of consumer choice, worker preferences and local harm; they do not receive a separate national score increment.

D13 Feasibility of the 32 packages

B means broadly available in the specified form; P means partly available or materially constrained; N means the central repeal or independent replacement is unavailable within the assumed common regime. These classifications concern unilateral national action. They are a legal screen, not a measure of economic value or a guarantee of implementation. Long-run EEA incorporation of relevant product and company rules is a scenario assumption.

Classification across 32 packages	EU	EEA
Broadly available	15	16
Partly available or constrained	10	9
Central replacement unavailable	7	7

Package	EU	EEA	Principal condition
1 Predictable planning permission	B	B	Plan-led permission and simpler routes remain possible; retain applicable environmental assessment and other common requirements.[124]
2 Standard planning obligations	B	B	Standardise section 106 agreements, contribution rules and deadlines. Nondiscrimination, procurement or aid rules may affect design.[125]

[122] Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, "The Economic Consequences of Legal Origins," *Journal of Economic Literature* 46, no. 2 (June 2008): 298, sec. 3.2. Paul G. Mahoney, "The Common Law and Economic Growth: Hayek Might Be Right," *Journal of Legal Studies* 30, no. 2 (2001): 516, table 2, model 1, https://doi.org/10.1086/322053. Barnabas Reynolds, *Restoring UK Law: Freeing the UK's Global Financial Market* (London: Politeia, 2021), chaps. 3-4, 60-113, especially sec. 3.1, 61, and sec. 4.3, 102.

[123] Licensing Act 2003, c. 17, s. 18(2)-(5) (England and Wales), https://www.legislation.gov.uk/ukpga/2003/17/section/18. Section 18 governs conditions on the grant of individual premises licences; section 5A concerns cumulative impact assessments, https://www.legislation.gov.uk/ukpga/2003/17/section/5A. Sunday Trading Act 1994, c. 20, sch. 1 (England and Wales), enacted text, https://www.legislation.gov.uk/ukpga/1994/20/schedule/1/enacted.

[124] Council Directive 92/43/EEC of May 21, 1992, on the conservation of natural habitats and of wild fauna and flora, art. 6 (EU Member State obligations), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A01992L0043-20250714; European Free Trade Association, EEA Agreement, Annex XX: Environment (October 24, 2025 consolidation), 10, point 1i, adaptation (a) (the Birds and Habitats Directives are not incorporated into the EEA Agreement for EFTA States), https://www.efta.int/sites/default/files/media/documents/legal-texts/eea/the-eea-agreement/Annexes%20to%20the%20Agreement/annex20.pdf.

[125] Directive 2014/24/EU of the European Parliament and of the Council of February 26, 2014, on public procurement, arts. 18, 24, 46 and 58-59; Treaty on the Functioning of the European Union, art. 107(1),

Package	EU	EEA	Principal condition
3 Catchment environmental mitigation	P	B	EU Habitats Article 6 tests cannot be replaced simply by paying a levy. The Habitats and Birds directives are outside the EEA framework; other assessment and water obligations remain.[126]
4 Faster building safety decisions	B	B	Better case management and parallel scrutiny are possible while preserving actual approval and applicable safety standards.
5 Predictable hiring and dismissal	P	P	Ordinary dismissal can be reformed, but the full labour programme must preserve binding common safeguards.
6 Restrict employment non-competes	B	B	Restrictions on post-employment restraints can promote mobility while protecting trade secrets; parallel-employment rules concern a separate issue.[127]
7 Contractor status and IR35	B	B	Simplify national tax administration and determinations. A tax-status rule cannot displace a binding worker definition for employment rights.[128]
8 Electricity connections	B	B	Readiness queues, transparent access and contestable works can fit common electricity-market requirements. The allowance concerns improvements beyond the policy baseline.[129]

https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A12016E107; Agreement on the European Economic Area, art. 61(1), https://www.efta.int/sites/default/files/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf. Directive 2014/24/EU, January 1, 2026 consolidation, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014L0024-20260101.

[126] Council Directive 92/43/EEC of May 21, 1992, on the conservation of natural habitats and of wild fauna and flora, art. 6 (EU Member State obligations); European Free Trade Association, EEA Agreement, Annex XX: Environment (October 24, 2025 consolidation), 10, point 1i, adaptation (a) (express non-incorporation of the Birds and Habitats Directives for EFTA States).

[127] Department for Business and Trade, "Working Paper on Options for Reform of Non-Compete Clauses in Employment Contracts," issued November 26, 2025, "Case for Reform,"; Directive (EU) 2019/1152 of June 20, 2019, art. 9, https://eur-lex.europa.eu/eli/dir/2019/1152/oj/eng. The working paper concerns post-employment restraints; Article 9 addresses parallel employment during an employment relationship and is not authority for regulation of post-employment non-competes.

[128] Department for Business and Trade, "Employment Status and Employment Rights: Guidance for HR Professionals, Legal Professionals and Other Groups," updated October 14, 2026, "Section 1: Guidance Overview," https://www.gov.uk/government/publications/employment-status-and-employment-rights/employment-status-and-employment-rights-guidance-for-hr-professionals-legal-professionals-and-other-groups; Directive (EU) 2019/1152, art. 1(2) (workers within the Directive's scope).

[129] Directive (EU) 2019/944 of June 5, 2019, on common rules for the internal market for electricity, arts. 3(4) (transparent, proportionate and nondiscriminatory rules), 6 (third-party access) and 8 (new generating capacity). These provisions support the general regulatory compatibility discussion, not the memorandum's numerical reform credit. Directive (EU) 2019/944, October 12, 2025 consolidation, arts. 3(4), 4 and 6, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019L0944-20251012.

Package	EU	EEA	Principal condition
9 Small electricity suppliers	B	B	Proportionate licensing is possible within common access and consumer-protection requirements; no general exemption from binding obligations.[130]
10 Competing telecoms networks	B	B	Simpler physical access, agreements and disputes are compatible with common access policy; the applicable EEA rules depend on incorporation.[131]
11 NHS pharmacy entry	B	B	Remove incumbent-protecting entry barriers and commission against objective clinical and access criteria. EU law does not require retention of the particular UK economic-need restriction.
12 Taxi quantity restrictions	B	B	Remove numerical or economic-need caps while retaining safety and proportionate traffic controls. EU free-establishment rules can support this direction.[132]
13 Routine reserved legal work	B	B	National reservations can be narrowed with proportionate qualification, insurance and consumer safeguards.[133]
14 Replace UK REACH	N	N	A national repeal cannot replace common REACH; joining the common system can remove duplicate registration.
15 Novel food authorisation	P	P	National administration can improve, but unilateral authorisation cannot replace the common novel-food list and procedure.[134]
16 International device assessments	P	P	Foreign-assessment reliance must fit common conformity rules. Specific public-health derogations are not a general alternative approval route.[135]

[130] Directive (EU) 2019/944, art. 3(4) (transparent, proportionate and nondiscriminatory rules, including licensing), and art. 4 (choice of supplier); see also applicable national and EEA incorporation rules. These do not create an automatic general exemption from licensing. Directive (EU) 2019/944, October 12, 2025 consolidation, arts. 3(4), 4 and 6.

[131] Regulation (EU) 2024/1309 of the European Parliament and of the Council of April 29, 2024, on measures to reduce the cost of deploying gigabit electronic communications networks, arts. 3, 11 and 13. Consolidated text, May 8, 2024, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02024R1309-20240508.

[132] Consolidated Version of the Treaty on the Functioning of the European Union, art. 49, 2016 O.J. (C 202) 47. See also Directive (EU) 2018/958, arts. 1-2, on proportionality review where the measure regulates access to a profession within that directive's scope. Directive (EU) 2018/958, arts. 1-2 and 7, https://eur-lex.europa.eu/eli/dir/2018/958/oj.

[133] Directive (EU) 2018/958 of the European Parliament and of the Council of June 28, 2018, on a proportionality test before adoption of new regulation of professions, arts. 1-2 and 7.

[134] Regulation (EU) 2015/2283 of the European Parliament and of the Council of November 25, 2015, on novel foods, art. 6. Consolidated text, March 27, 2021, https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=CELEX:02015R2283-20210327.

[135] Regulation (EU) 2017/745 of the European Parliament and of the Council of April 5, 2017, on medical devices, arts. 5, 52 and 59. Consolidated text, July 19, 2026.

Package	EU	EEA	Principal condition
17 Faster financial authorisation	B	B	Improve processing and predictability within common authorisation, capital and conduct rules. This does not preserve every wider financial reform.[136]
18 Challenger-bank transitions	P	P	Reporting and supervision can be proportionate, but national simplification cannot override common prudential requirements.[137]
19 Open procurement	B	B	Proportionate entry conditions, lots, transparent decisions and conflict controls are compatible with, and often supported by, common procurement rules.[138]
20 Regulators test entry barriers	B	B	Require competition assessments and alternatives where national discretion exists. The test cannot authorise departure from binding common law.[139]
21 Climate Change Act	P	P	The UK statute can change; common climate and carbon outcomes still bind.
22 Independent carbon pricing	N	N	Common ETS obligations foreclose the specified independent replacement.
23 Repeal UK CBAM	N	N	EU CBAM or assumed incorporated EEA equivalent replaces UK discretion.
24 Energy levies	P	P	National charges can change within carbon, tax and subsidy requirements.
25 Technology mandates	P	P	Domestic choices remain, but common product and emissions obligations constrain repeal.
26 Environmental permitting	P	P	Administration can improve; binding substantive assessment and protection rules remain.
27 Generation and infrastructure entry	B	B	Faster entry and neutral approval processes can operate within common standards.
28 Forest-risk supply-chain regime	N	N	Full domestic repeal is inconsistent with the assumed EUDR obligations.
29 Corporate due diligence regime	N	N	Full domestic removal conflicts with the assumed applicable CSDDD regime.

[136] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions, arts. 1 and 92; Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework*, PS4/26 (2026); Directive 2013/36/EU, art. 8(1), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013L0036-20260711.

[137] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions; Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework*, PS4/26 (2026).

[138] Directive 2014/24/EU of the European Parliament and of the Council of February 26, 2014, on public procurement, arts. 18, 24, 46 and 58-59.

[139] Directive (EU) 2018/958 of June 28, 2018, on a proportionality test before adoption of new regulation of professions, arts. 1-2. This framework supports proportionality assessments for regulated-profession requirements within its scope; it does not itself authorise derogation from binding EU or EEA obligations.

Package	EU	EEA	Principal condition
30 Sustainability reporting regime	N	N	Full removal conflicts with applicable CSRD and related reporting rules.
31 Product environmental regimes	N	N	Binding goods requirements cannot be replaced unilaterally by the UK design.
32 Stronger pharmaceutical IP	P	P	Patent enforcement can improve, but common exclusivity and exceptions limit divergence.

Planning administration and several entry reforms remain widely available. Some of the largest independent changes in carbon, sustainability, products and finance are constrained. Equal weighting of the 32 rows would therefore misstate their economic significance. The score targets in Annex A use component mechanisms and scope assumptions instead of dividing gains by the fraction of reforms classified B.

D14 Financial services, AI and digital markets

The two financial proposals in the annex do not represent the whole UK financial reform agenda. The government's programme includes replacement of retained EU financial legislation, insurance reform and changes to capital-market rules. EU membership would restore the applicable common rulebook; EEA participation would require the relevant incorporated rules, with adaptations and timing checked instrument by instrument.[140]

Policy area	Scope remaining within membership	Model implication
FCA and PRA authorisation	Faster handling, clearer applications and proportionate administration can remain. Common eligibility and prudential requirements still apply.	The administrative gain in item 17 remains available; broader financial reforms depend on their compatibility with common rules.
Bank capital and liquidity	A distinct UK simplified regime for small banks cannot depart from binding common requirements. EU rules nevertheless contain proportionality and supervisory discretion.	Item 18 is constrained. Incompatible capital-policy changes affect the financial-freedom comparison in DC F.

[140] Regulation (EU) No. 575/2013 of June 26, 2013, on prudential requirements for credit institutions; Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework: The Simplified Capital Regime for Small Domestic Deposit Takers (SDDTs)*, Final, Policy Statement PS4/26 (January 20, 2026); HM Treasury, "A Smarter Regulatory Framework for Financial Services," updated April 24, 2024, https://www.gov.uk/government/collections/a-smarter-regulatory-framework-for-financial-services; HM Treasury, "Leeds Reforms to Rewire Financial System, Boost Investment and Create Skilled Jobs across UK," July 15, 2025, https://www.gov.uk/government/news/leeds-reforms-to-rewire-financial-system-boost-investment-and-create-skilled-jobs-across-uk; Bank of England, Prudential Regulation Authority, *Solvency UK: Post-Implementation Reporting and Disclosure Amendments and Own Funds Permissions Update*, Policy Statement PS18/26 (July 29, 2026), secs. 1.31-1.32, https://www.bankofengland.co.uk/prudential-regulation/publication/2026/july/solvency-uk-policy-statement; Directive (EU) 2025/2 of November 27, 2024, amending Directive 2009/138/EC (Solvency II). The extent of EU/EEA constraints remains instrument- and incorporation-specific.

Policy area	Scope remaining within membership	Model implication
Insurance and Solvency UK	The applicable Solvency II framework constrains incompatible differences in the UK matching adjustment, risk margin and reporting regime.	The comparison concerns incompatible finance reforms. Announced investment is not itself measured additional output.
Markets and domestic safeguards	UK departures from MiFID, prospectus and related common rules need individual comparison. Domestic ring-fencing and regulator administration are not automatically lost.	Entry and expansion effects determine the comparison. National reforms remain available where the common framework permits discretion.

The PRA's final Strong and Simple capital policy illustrates the distinction: it is a substantive UK regime, with relevant requirements taking effect in 2027, rather than merely a shorter application form. Its treatment must reflect the policy path assumed under the TCA. A reform already enacted or scheduled cannot also be credited as a wholly new future gain.[141]

Financial services affect investment across the economy. We treat the Reynolds programme as the whole financial-services reform package: the earlier ACMD financial-competition estimates, including the entry measures in D10, are components of it. The financial-freedom component has a 6.25% DC weight. A sectoral illustration can test whether its central allowance captures the programme's scale, but cannot be added in full to that allowance. Legal-rights and trade-access effects also require reconciliation where they describe the same mechanism.

Common-rule participation can improve cross-border access and reduce duplicate compliance. Those benefits remain in the relevant IC or separately identified access channel. They are distinct from domestic rulebook reform only to the extent that the mechanisms and populations covered do not overlap.

Financial services reform under the common-law method

The programme is developed by Barnabas Reynolds in his Common Law Series financial-services work and in Restoring UK Law. It seeks predictable obligations, clearer limits on supervisory discretion and effective judicial accountability. Prudential and conduct rules, approvals, reporting and financial-crime controls would be examined together, retaining protections against instability, fraud and consumer harm. Moving legislation into regulator rulebooks without changing its substance or method is insufficient.[142]

Our financial-services assessment covers this programme as a whole. The existing ACMD financial-competition allowance is part of the programme and is already included in the enhanced-TCA result. Reynolds's sector illustration provides a broader assessment of the same

[141] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions; Bank of England, Prudential Regulation Authority, *The Strong and Simple Framework*, PS4/26 (2026).

[142] Barnabas Reynolds, *Restoring UK Law: Freeing the UK's Global Financial Market* (London: Politeia, 2021), chaps. 3-4, 60-113, especially sec. 3.1, 61, and sec. 4.3, 102.

reform, not a second programme of benefits. We retain the central ACMD allowance in the headline and use his illustration to test a higher financial-competition target.[143]

Sector scope and long-term output

Reynolds's illustration indicates roughly £20bn of additional sector output at the end of a decade on a broad financial and related professional-services base, or approximately £15bn on a narrower financial-and-insurance base. These are long-term output-level gains relative to the assumed counterfactual, not annual growth rates or sums of output gains over ten years. The broad base is approximately £290bn of real GVA in 2025, as reported by TheCityUK. It includes legal, accounting and management-consultancy activities; those related services account for almost 1.4 million of the industry's approximately 2.5 million jobs in 2024.[144]

The narrower £208.2bn base is the 2023 financial-and-insurance figure supplied by Reynolds from ONS and House of Commons Library material. We retain it as an illustrative calibration vintage, not a current sector estimate. The narrower perimeter is the more conservative application to financial regulation; the broad perimeter assumes effects on related professional services. Neither base is automatically the sector's 2036 value at the memorandum's 2024 prices. A final integrated sector forecast requires a common price basis and a consistent counterfactual path.[145]

The growth assumption draws on Mahoney's cross-country estimate of a 0.714 percentage-point common-law growth differential over 1960-1992, controlling for initial income and other growth determinants. This is evidence about legal institutions across countries, not an estimated response of UK financial services to this programme. Rounding the differential to 0.7 percentage points and applying it for ten years to a flat sector baseline gives a 7.22% level gain; retaining 0.714 gives 7.37%. The rounded calculation produces approximately £20.95bn on £290bn and £15.04bn on £208.2bn. We use £20bn and £15bn as rounded sensitivity benchmarks, rather than treating either as a precise forecast.[146]

HM Treasury's July 2025 strategy reports that financial services had not grown as a whole in real terms since 2010. This motivates the flat real-sector counterfactual in the illustration; it does not establish that future growth would be zero. A flat sector path is also different from holding its share constant in a growing economy. The separate illustrative whole-economy growth

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[143] Barnabas Reynolds, "Financial-services reform under the common-law method," contribution and calculations supplied for this memorandum, October 31, 2026. The sector illustration, practitioner estimate and implementation assumptions are supplied analysis, not published estimates from *Restoring UK Law*.

[144] TheCityUK, Key Facts about UK-based Financial and Related Professional Services 2026 (June 4, 2026), 3-5, https://www.thecityuk.com/media/poijzeqi/key-facts-about-uk-based-financial-and-related-professional-services-2026.pdf.

[145] Reynolds, contribution supplied October 31, 2026. House of Commons Library, Financial Services in the UK, SN06193, https://commonslibrary.parliament.uk/research-briefings/sn06193/. The briefing is updated over time; the August 18, 2026 edition reports £223.6bn for financial and insurance activities in 2025. That later figure is not silently substituted into the supplied 2023 calibration. Public corroboration of the £208.2bn historical calibration for 2023: Department for Business and Trade, Smart Data 2035: The UK's Smart Data Strategy, CP 1551 (March 2026), large-print edition, 22, n. 27, https://assets.publishing.service.gov.uk/media/69c50b1e93cc6e8b87a6f708/smart-data-strategy-large-print.pdf.

[146] Paul G. Mahoney, "The Common Law and Economic Growth: Hayek Might Be Right," Journal of Legal Studies 30, no. 2 (2001): 516, table 2, model 1.

comparison of 2-2¼% against 1½% is contextual and is not applied as another financial-services benefit.[147]

Evidence on entry and capital markets

Reynolds identifies post-crisis regulatory accumulation, authorisation delays and the weakening of London's listings market as channels through which legal method can affect financial activity. New York has led the Global Financial Centres Index since September 2018. EY records seven London IPOs raising £577m in the first half of 2026. Reynolds contrasts this with 72 U.S. IPOs raising approximately $128bn and points to the migration of primary listings, including Wise, Flutter, CRH and Indivior. These indicators support examination of competitiveness, but do not isolate regulation from valuations, investor demand, sector composition or other causes.[148]

Reynolds also points to the scale of overseas takeover activity and Revolut's licensing experience. Reported offers for UK companies exceeded $231bn by early July 2026, with foreign buyers accounting for 86% of deal value; $231bn is the total, not the foreign component alone. Revolut applied for its UK banking licence in 2021 and received approval to leave mobilisation and launch its UK bank on 11 March 2026. Acquisition values and capital raised are not GDP gains, and neither these examples nor the listings data supply an additional multiplier for the sector illustration.[149]

Compliance resources and implementation

Oxford Economics and LexisNexis estimated £38.3bn of financial-crime compliance spending in 2023, up 33% since 2021. This survey measures spending, not avoidable waste. Effective prevention has benefits and replacement enforcement has costs. Reynolds's practitioner estimate that 60% of unnecessary process within firms is self-imposed refers to that

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[147] HM Treasury, "Financial Services Growth and Competitiveness Strategy: Overview," updated July 21, 2025, https://www.gov.uk/government/calls-for-evidence/financial-services-growth-and-competitiveness-strategy/outcome/financial-services-growth-and-competitiveness-strategy-overview.

[148] Z/Yen and China Development Institute, Global Financial Centres Index 24 (September 2018), https://www.longfinance.net/media/documents/GFCI_24_final_Report_7kGxEKS.pdf; EY, "UK IPO Market Recovery Gains Momentum in 2026" (July 2026), https://www.ey.com/en_uk/newsroom/2026/07/uk-ipo-market-recovery-2026. EY also supplies the U.S. IPO comparison. Further context supplied by Reynolds, October 31, 2026; secondary report, "After a Wave of Delistings, Can London's Stock Market Reverse the Decline?" Yahoo Finance (September 2026), https://finance.yahoo.com/markets/stocks/articles/wave-delistings-london-stock-market-104054719.html. Company records: Wise, "Wise Debuts U.S. Listing on Nasdaq," May 11, 2026, https://owners.wise.com/news-releases/news-release-details/wise-debuts-us-listing-nasdaq; Flutter Entertainment, "Transition to U.S. Primary Listing Complete," May 31, 2024, https://www.investegate.co.uk/announcement/rns/flutter-entertainment-cdi---fltr/transition-to-us-primary-listing-complete/8233846; CRH, "Transition to U.S. Primary Listing Complete," September 25, 2023, https://www.crh.com/wp-content/uploads/2023/09/transition-to-us-primary-listing-complete_24eed9.pdf; Indivior PLC, Annual Report on Form 10-K for the Year Ended December 31, 2024, "Business," https://www.sec.gov/Archives/edgar/data/1625297/000162529725000016/indv-20241231.htm.

[149] Garry White, Raymond James commentary, "UK Companies Are Being Sold Cheaply to Foreign Bidders," Business Money, July 6, 2026, https://www.business-money.com/announcements/uk-companies-are-being-sold-cheaply-to-foreign-bidders/; Revolut, "Revolut Launches UK Bank," March 11, 2026, https://www.revolut.com/news/revolut_launches_uk_bank/. For the 2021 licence application, see Revolut, "Is Revolut a Fully Licensed Bank in the UK?", accessed November 2, 2026, https://www.revolut.com/en-GB/blog/post/is-revolut-a-fully-licensed-bank-in-the-uk/.

unnecessary process, including practices associated with audit-style skilled-person reviews under section 166 of the Financial Services and Markets Act 2000. It is not 60% of total spending and is not applied to £38.3bn.[150]

For the resource-saving sensitivity, Reynolds assumes that 10-20% of the compliance-spending base could be released through knowable obligations, an actual-suspicion standard and an objective reasonable-grounds test. This gives approximately £3.8-7.7bn of gross recurring resources, conventionally rounded to £4-8bn, before replacement enforcement costs. Net savings require those costs to be deducted; savings are not automatically additional GDP. They are a mechanism within the overall financial-services programme and are not added to either the £15-20bn output illustration or the ACMD financial-competition allowance.[151]

The proposed implementation is an eighteen-month, module-by-module rewrite by a temporary commission with seconded staff. The transition sensitivity assumes one-off firm adaptation costs equal to one year of recurring savings, spread over two years, with temporary cost-sharing to be evaluated. These are planning assumptions, not observed costs. Existing government and regulator reforms provide narrower comparators, including the Treasury's July 2026 estimate of £1bn in administrative savings to firms over a decade from the Financial Services and Markets Bill, and the FCA/PRA October 2026 proposals to remove certification requirements. These narrower administrative savings are not directly comparable with the sector output-level estimate. The FCA describes approximately 139,000 individuals within its current certification population. Any baseline savings from reforms already enacted or assumed must be excluded from the incremental programme.[152]

Reconciliation with ACMD

The central financial-freedom target raises DC component F by 10.5% from its 5.8 baseline. With a 6.25% component weight, this adds 0.038062 DC points. Applying the memorandum's log coefficient of 0.0833189112 once gives a standalone long-term GDP-per-person effect of 0.318%, or £11.04bn at the £3,475.01bn reference scale. This is the financial-services contribution already inside the enhanced-TCA headline. The sector illustration covers it in full;

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[150] LexisNexis Risk Solutions, "UK Firms Spend £21.4k Per Hour Fighting Financial Crime and Fraud," July 18, 2024, reporting research with Oxford Economics, https://risk.lexisnexis.co.uk/about-us/press-room/press-release/20240718-fighting-financial-crime-and-fraud. Barnabas Reynolds, "Financial-services reform under the common-law method," contribution and calculations supplied for this memorandum, October 31, 2026. The sector illustration, practitioner estimate and implementation assumptions are supplied analysis, not published estimates from *Restoring UK Law*. Statutory basis for skilled-person reviews: Financial Services and Markets Act 2000, c. 8, s. 166, https://www.legislation.gov.uk/ukpga/2000/8/section/166.

[151] Barnabas Reynolds, "Financial-services reform under the common-law method," contribution and calculations supplied for this memorandum, October 31, 2026. The sector illustration, practitioner estimate and implementation assumptions are supplied analysis, not published estimates from *Restoring UK Law*.

[152] HM Treasury, One Year On: Delivering the Financial Services Growth and Competitiveness Strategy (July 14, 2026), 9, https://www.gov.uk/government/publications/one-year-on-delivering-the-fs-growth-and-competitiveness-strategy; Financial Conduct Authority, Senior Managers & Certification Regime Review: Phase 2, CP26/37 (October 2026), 27, para. 4.7, and annex 2, https://www.fca.org.uk/publication/consultation/cp26-37.pdf; Prudential Regulation Authority, Review of the Senior Managers and Certification Regime (SM&CR): Phase 2, CP14/26 (October 22, 2026), paras. 1.4 and 1.8, https://www.bankofengland.co.uk/prudential-regulation/publication/2026/october/review-of-the-smcr-phase-two-consultation-paper. Rewrite timetable and adaptation-cost assumption: Reynolds, contribution supplied October 31, 2026.

the remaining standalone difference is approximately £3.96bn for a £15bn programme or £8.96bn for a £20bn programme, before any additional overlap or cost adjustment.

Long-term comparison	Central ACMD allowance	Narrow sector illustration	Broad sector illustration
Total financial-services benefit at reference scale	£11.04bn	£15bn	£20bn
Standalone GDP-per-person effect	+0.318%	+0.432%	+0.576%
Equivalent amount per person	£155	£210	£281
Financial freedom F increase from baseline	+10.5%	+14.26%	+19.00%
Resulting F score on the 0–7 scale	6.409	6.627	6.902
Standalone difference above central allowance	—	£3.96bn	£8.96bn
Illustrative enhanced-TCA total after replacement	+11.39%	about +11.52%	about +11.68%
Included in headline tables	Yes	No — sensitivity	No — sensitivity

For this comparison only, the rounded £15bn and £20bn benchmarks are provisionally expressed at the memorandum's 2036 reference scale and 2024 prices; that is a harmonising assumption, not a completed rebasing of the source-sector estimates. Population is 71,264,846. The equivalent F targets solve the ACMD equation for each total financial-services gain and remain below seven. The TCA sensitivity replaces the existing financial log contribution with the alternative contribution and compounds it with the other unchanged terms. This is why the change in the combined programme differs slightly from the standalone £3.96bn or £8.96bn differences. Figures are approximate and before separately quantified transition and replacement-enforcement costs.

We retain +11.39% as the central enhanced-TCA result. The financial-competition sensitivity spans the existing +10.5% target to approximately +19% of baseline F, rather than adding £20bn to the headline. The sector illustration is intended to encompass the whole financial-services programme. Before adopting a higher target as central, any additional financial effects already represented by PR legal rights, IC access or other domestic-reform allocations must be identified and removed from the residual. Compliance-resource savings, capital-market effects and wider investment benefits are not separate add-ons. Effects beyond this overall programme require independently evidenced, non-overlapping estimates.

The full independent rewrite is assigned to the enhanced-TCA reform scenario. EU membership and the assumed EEA or goods-and-services financial alignment prevent incompatible replacement of the common rulebook. CU, SPS and goods-only arrangements may retain financial discretion outside their scope; they do not receive the full sector dividend automatically, and compatible reform requires its own calibrated allowance. A customs union does not itself require financial-services harmonisation. EEA participation entails the relevant incorporated financial-services rules and adaptations. Domestic reform need not wait for a negotiated financial-services chapter; improved reciprocal access remains a separate negotiating objective.

AI Act

An EU member could not substitute an incompatible national regime for the AI Act. Documentation, governance, conformity requirements, restrictions and resulting delays could raise the cost of entry or slow adoption in affected activities. These are plausible DC channels; their scale depends on the systems covered, implementation and the UK alternative. Potential benefits include confidence in deployment, reduced harm and common market access. A net economic cost is an empirical question.[153]

The financial scope is concrete: AI Act Annex III includes specified uses of AI for personal creditworthiness and for life and health insurance risk assessment and pricing, subject to Article 6 and relevant exceptions. Wider services alignment can bring those obligations into domestic coverage. This does not mean every financial AI system is high-risk, nor remove obligations already applicable to UK firms serving EU markets.[154]

EU-related compliance already affects some third-country providers and deployers serving the EU or whose output is used there under Article 2. The relevant membership cost is additional domestic coverage and lost flexibility after existing obligations are allowed for. The Commission's July 2026 AI Omnibus timetable extends key high-risk deadlines to December 2, 2027 and August 2, 2028.[155]

Digital Markets Act

The DMA imposes common obligations on designated gatekeepers. It could constrain a UK preference for different, more tailored interventions, with possible effects on investment, product design and innovation. Its obligations can also lower switching barriers and improve access for rival firms. Costs to a platform are not automatically losses to the UK economy; the net effect on competition must be assessed.[156] Competere Foundation's Korea study examines the risks to consumer welfare and innovation from precautionary platform regulation, while its India study assesses similar risks in the proposed Digital Competition Bill and digital-market enforcement. These comparative studies support examining dynamic efficiency, entry and investment when assessing the DMA; their country-specific estimates are not UK loss estimates, but comparable UK losses are likely if the UK were to take similar ex ante approaches.[157]

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[153] Regulation (EU) 2024/1689 of the European Parliament and of the Council of June 13, 2024, laying down harmonised rules on artificial intelligence (AI Act), arts. 2, 6, 11, 17 and 43 and annex IV, as amended by Regulation (EU) 2026/1744 of July 8, 2026, https://eur-lex.europa.eu/eli/reg/2026/1744/oj. AI Act, July 27, 2026 consolidation, including art. 113, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02024R1689-20260727.

[154] Regulation (EU) 2024/1689, AI Act, Annex III, points 5(b)-(c), read with Article 6; European Commission AI Act Service Desk. https://ai-act-service-desk.ec.europa.eu/en/ai-act/annex-3.

[155] Regulation (EU) 2024/1689, arts. 2, 6 and 113, as amended; European Commission, "AI Omnibus Enters into Force," July 27, 2026, "Extended Timelines," https://digital-strategy.ec.europa.eu/en/news/ai-omnibus-enters-force. AI Act, July 27, 2026 consolidation, including art. 113.

[156] Regulation (EU) 2022/1925 of the European Parliament and of the Council of September 14, 2022, on contestable and fair markets in the digital sector (Digital Markets Act), arts. 1 and 5-8.

[157] Competere Foundation, *Advice on Application of Competition Policy in Korea*, sections on digital-platform regulation and comparative competition frameworks, including annex 1; Singham, India's Next Growth Frontier, pt. III.D, 27-29, paras. 51-56.

The UK already has the Digital Markets, Competition and Consumers Act regime, under which the CMA can impose tailored requirements on firms with strategic market status. The comparison must therefore be DMA versus the specified UK regime and reforms, not DMA versus no platform regulation. EU-facing activity may already be subject to the DMA independently of UK membership.[158]

EEA incorporation

At the date of this review, EFTA's public factsheets describe both the AI Act and DMA as under scrutiny for incorporation, rather than incorporated and in force. That does not establish a permanent EEA exemption. For a long-run UK membership scenario, assume their eventual incorporation explicitly and test timing or adaptations separately; accession terms have not been negotiated.[159]

Mapping effects to PR

Compliance burdens and barriers to business formation primarily belong in DC. A PR change requires a specific effect on legal challenge, dispute settlement, IP protection, investor protection, financial legal rights or judicial independence. Data-access obligations, copyright rules and rights of appeal warrant individual examination, including their safeguards. A general loss of regulatory autonomy is not itself evidence that all six scores fall.

Financial and digital requirements form part of the gross common-rule assumptions in Annex A. The goods arrangement expressly includes CSRD and CSDDD and the full goods field; it does not grant a general services passport.

D15 Pharmaceutical intellectual property

The UK programme strengthens patent enforcement, supplementary protection and predictable data and market exclusivity, while allowing prompt approvals based on reliable evidence. It would examine the scope of compulsory and regulatory exceptions and provide effective remedies against infringement. Higher expected returns to research and more predictable commercialisation are the PR mechanisms. Patent protection, regulatory data protection and approval are distinct legal instruments.[160]

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[158] Regulation (EU) 2022/1925 of the European Parliament and of the Council of September 14, 2022, on contestable and fair markets in the digital sector (Digital Markets Act), arts. 1 and 5-8; Competition and Markets Authority, "How the UK's Digital Markets Competition Regime Works," updated January 23, 2025, guidance on strategic market status and conduct requirements, https://www.gov.uk/guidance/how-the-uks-digital-markets-competition-regime-works.

[159] European Free Trade Association, "Factsheet: Regulation (EU) 2024/1689 (Artificial Intelligence Act)," EEA-Lex, accessed November 2, 2026; European Free Trade Association, "Factsheet: Regulation (EU) 2022/1925 (Digital Markets Act)," EEA-Lex, accessed November 2, 2026.

[160] Patents Act 1977, c. 37, s. 60 (UK), https://www.legislation.gov.uk/ukpga/1977/37/section/60; Human Medicines Regulations 2012, SI 2012/1916, reg. 51B (UK); Regulation (EC) No. 469/2009 concerning the supplementary protection certificate for medicinal products, arts. 3-4. For the proposed EU pharmaceutical framework, see Council of the European Union, "'Pharma Package': Council Adopts New Rules for a Fairer and More Competitive EU Pharmaceutical Sector," September 28, 2026, https://www.consilium.europa.eu/en/press/press-releases/2026/09/28/pharma-package-council-adopts-new-rules-for-a-fairer-and-more-competitive-eu-pharmaceutical-sector/. Regulation (EC) No. 469/2009, arts. 3-4,

The positive TCA full-programme target is a 25% improvement in PR F, worth +2.40% in GDP per person alone. It requires broader improvements in IP protection as well as pharmaceutical reform. EEA, EU and goods packages receive no gain from incompatible independent IP changes and use the specified 20% adverse F scenario. Those are two distinct comparisons with the baseline; neither is a measured effect of one change in exclusivity.

The Council's September 2026 pharmaceutical package describes eight years of data protection, one baseline year of market protection and conditional extensions, as well as orphan-medicine provisions and an expanded Bolar exception. The announcement identifies remaining adoption and publication steps. The scenario concerns the anticipated long-run common framework. Longer protection can raise medicine costs and delay generic entry, so net innovation and competition effects must be appraised.[161]

The European Patent Convention, Unitary Patent and Unified Patent Court are separate institutional questions. The UK's EPC membership continues independently of EU membership, and EEA participation does not itself require accession to the UPC. Aarhus, ECHR and Paris obligations also have independent treaty status.[162]

D16 Energy, environmental and product legislation

21 Repeal the Climate Change Act

Legal instruments. Climate Change Act 2008, particularly sections 1, 4 and 13; SI 2019/1056; carbon-budget and devolved climate instruments.[163]

Reform. Repeal the statutory target and carbon-budget architecture and its implementing requirements. Use transparent appraisal of reliability, affordability and environmental consequences, with clear laws governing unlawful harm. Consequential legislation must resolve devolved provisions and continuing treaty duties.

July 1, 2019 consolidation, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02009R0469-20190701.

[161] Council of the European Union, "'Pharma Package': Council Adopts New Rules for a Fairer and More Competitive EU Pharmaceutical Sector," September 28, 2026.

[162] European Patent Office, "Notice from the European Patent Office Dated January 29, 2020 Concerning the United Kingdom's Withdrawal from the European Union on January 31, 2020," Official Journal of the European Patent Office 2020, A19, https://www.epo.org/en/legal/official-journal/2020/02/a19; UK Parliament, House of Commons, "Unified Patent Court," written statement HCWS395, July 20, 2020, https://hansard.parliament.uk/commons/2020-07-20/debates/b0ce98b4-81c6-4661-b1d3-be45e7bd193f/WrittenStatements; Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, Treaty Series No. 24 (2005), Cm 6586, cover, https://treaties.fcdo.gov.uk/data/Library2/pdf/2005-TS0024.pdf; United Nations, treaty-party record, chap. XXVII, no. 13, https://treaties.un.org/Pages/ViewDetails.aspx?chapter=27&mtdsg_no=XXVII-13&src=treaty; World Intellectual Property Organization, "Paris Convention: United Kingdom," WIPO Lex, treaty-party record (UK accession March 17, 1884), https://www.wipo.int/wipolex/en/treaties/parties/remarks/GB/2. For the ECHR, see Council of Europe, "United Kingdom: Treaty 005," treaty-status record, https://www.coe.int/en/web/conventions/full-list?module=signatures-by-treaty&treatynum=005.

[163] Climate Change Act 2008, c. 27, ss. 1, 4 and 13 (UK); Climate Change Act 2008 (2050 Target Amendment) Order 2019, SI 2019/1056, art. 2 (UK), https://www.legislation.gov.uk/uksi/2019/1056/made. Official instrument PDF, art. 2, 2, https://www.legislation.gov.uk/uksi/2019/1056/pdfs/uksi_20191056_en.pdf.

Economic treatment and constraints. Part of the energy module. Repeal of the UK Act remains possible under common arrangements, but does not remove common climate outcomes or ETS duties.

22 Replace UK emissions trading and reject binding EU linkage

Legal instruments. Greenhouse Gas Emissions Trading Scheme Order 2020, SI 2020/1265, auctioning and registry rules, and any EU linking agreement.[164]

Reform. Remove the domestic trading architecture to the extent required by the independent energy programme, and avoid an obligation to follow EU allowance prices, scope and future rules. Put in place any alternative needed to meet continuing carbon-pricing commitments, or negotiate their amendment. Protect accrued allowances and contractual rights in transition.

Economic treatment and constraints. The independent-policy gain is restricted in carbon-aligned packages. The UK ETS is already separate from the EU ETS; Northern Ireland electricity requires distinct treatment.

23 Repeal UK CBAM

Legal instruments. Finance Act 2026 Part 5 and associated implementing provisions; EU Regulation 2023/956 for export treatment.[165]

Reform. Repeal the UK border-carbon regime and its reporting and charging requirements. This removes the UK instrument; EU requirements on UK exports continue unless a separate exemption or agreement applies.

Economic treatment and constraints. Included once in the energy programme's net output calibration. Import and reporting effects must not also be added as an independent IC or DC gain. Receipts foregone are a fiscal item.

24 Remove overlapping energy charges and distortions

Legal instruments. Finance Act 2000 Schedule 6; Electricity Act 1989 renewables-obligation powers; Energy Act 2013 and associated support regulations.[166]

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[164] Greenhouse Gas Emissions Trading Scheme Order 2020, SI 2020/1265 (UK), https://www.legislation.gov.uk/uksi/2020/1265/contents; Department for Energy Security and Net Zero, "UK Emissions Trading Scheme (UK ETS): A Policy Overview," GOV.UK; Council of the European Union, "EU-UK Relations: Council Greenlights Negotiations on Agri-Food Deal and Linking Emissions Trading Systems," November 13, 2025.

[165] Finance Act 2026, c. 11, pt. 5, ss. 142-158 and schs. 16-19 (UK); Cabinet Office, "UK-EU Summit: Common Understanding," paras. 34-45; Regulation (EU) 2023/956 of the European Parliament and of the Council of May 10, 2023, establishing a carbon border adjustment mechanism. EU CBAM operative text: Regulation (EU) 2023/956, as amended, arts. 2, 9 and 36 (October 20, 2025 consolidation).

[166] Finance Act 2000, c. 17, sch. 6 (UK) (climate change levy), https://www.legislation.gov.uk/ukpga/2000/17/schedule/6; Electricity Act 1989, c. 29, s. 32 (UK) (renewables obligations), https://www.legislation.gov.uk/ukpga/1989/29/section/32; Energy Act 2013, c. 32, ss. 6 and 9 (UK) (contracts for difference and supplier funding), https://www.legislation.gov.uk/ukpga/2013/32/part/2.

Reform. Remove overlapping levies and selective distortions, with explicit financing and arrangements for existing contracts. Where intervention is justified, use neutral rules allowing competing technologies to meet the objective.

Economic treatment and constraints. Part of the energy module. National levy changes remain possible under several aligned arrangements, within their carbon, tax and subsidy obligations.

25 Repeal prescriptive technology mandates

Legal instruments. Vehicle Emissions Trading Schemes Order 2023, SI 2023/1394; Clean Heat Market Mechanism Regulations 2025, SI 2025/81; related Energy Act 2023 powers.[167]

Reform. Repeal compulsory technology sales quotas and associated penalties in favour of clear requirements addressing prohibited harms and cost-justified environmental outcomes. Provide a predictable transition for firms and households.

Economic treatment and constraints. Energy module. A CU alone does not mandate the precise UK quotas; common goods and emissions rules constrain EU, EEA and goods alternatives.

26 Replace prescriptive environmental approval processes

Legal instruments. Environmental Permitting Regulations 2016, SI 2016/1154; EIA Regulations 2017, SI 2017/571; Habitats Regulations 2017, SI 2017/1012; devolved equivalents.[168]

Reform. Remove duplicative precautionary procedures and replace them with clear prohibitions on harmful conduct, enforceable liability, risk-based investigation and evidence-based decisions. Make remaining permissions timely and appealable. Meet or renegotiate relevant international commitments.

Economic treatment and constraints. Energy-related permitting is in the energy module; ordinary development procedures share the planning block. Binding EU or EEA assessments cannot be unilaterally displaced.

27 Open generation and infrastructure to competition

Legal instruments. Planning Act 2008; Electricity Act 1989; Nuclear Installations Act 1965; Energy Act 2013 and associated siting and licensing rules.[169]

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[167] Vehicle Emissions Trading Schemes Order 2023, SI 2023/1394 (UK), as amended, https://www.legislation.gov.uk/uksi/2023/1394/contents; Clean Heat Market Mechanism Regulations 2025, SI 2025/81, regs. 7 and 12 (UK), https://www.legislation.gov.uk/uksi/2025/81/contents; Energy Act 2023, c. 52, ss. 143-151 (UK).

[168] Environmental Permitting (England and Wales) Regulations 2016, SI 2016/1154, reg. 12 (UK), https://www.legislation.gov.uk/uksi/2016/1154/regulation/12; Town and Country Planning (Environmental Impact Assessment) Regulations 2017, SI 2017/571 (UK), https://www.legislation.gov.uk/uksi/2017/571/contents; Conservation of Habitats and Species Regulations 2017, SI 2017/1012 (UK), especially reg. 63. Separate devolved instruments may apply.

[169] Planning Act 2008, c. 29 (UK), https://www.legislation.gov.uk/ukpga/2008/29/contents; Electricity Act 1989, c. 29 (UK), https://www.legislation.gov.uk/ukpga/1989/29/contents; Nuclear Installations Act 1965, c. 57, s. 1 (UK), https://www.legislation.gov.uk/ukpga/1965/57/section/1; Energy Act 2013, c. 32, pt. 2 (UK).

Reform. Provide predictable access for generation, storage, networks and nuclear technologies, including smaller entrants. Coordinate siting and licensing and use comparable evidence on reliability and harm across technologies.

Economic treatment and constraints. Energy module, including connection reforms in items 8-9. Faster approvals remain possible within common systems; they do not require a fictitious energy-price improvement in the electricity-connection indicator.

28 Remove forest-risk supply-chain requirements

Legal instruments. Environment Act 2021 Schedule 17 and implementing measures; UK timber due-diligence framework; EU Regulation 2023/1115 where applicable.[170]

Reform. Repeal the UK forest-risk and timber procedural due-diligence regimes and decline domestic application of EUDR. Do not replace them with an EUDR-style certification or geolocation system. Retain enforceable rules against illegal production, fraud and unlawful trade.

Economic treatment and constraints. 15% of the corporate/product repeal block and its linked legal-remedies share. Credit concerns operative UK requirements and improved outcomes; uncommenced duties earn no current repeal saving. EU-facing EUDR compliance continues. Full domestic removal is unavailable under the defined EU, EEA or goods scope.

29 Remove corporate sustainability due diligence

Legal instruments. UK Modern Slavery Act 2015 section 54 and related procedural duties; CSDDD Directive 2024/1760 as amended.[171]

Reform. Repeal the UK procedural and reporting obligations in this category and do not establish a general corporate chain-of-activities due-diligence regime. Preserve criminal prohibitions on slavery and forced labour, ordinary civil liability, fraud offences and enforcement against actual misconduct.

Economic treatment and constraints. 20% of the corporate/product block and associated legal share. There is no general UK CSDDD transposition to repeal. The model credits removal of UK procedural burdens, while mandatory EU obligations on in-scope EU-facing businesses remain in the baseline.

[170] Environment Act 2021, c. 30, sch. 17 (UK), concerning proposed forest-risk-commodity obligations and their commencement requirements, https://www.legislation.gov.uk/ukpga/2021/30/schedule/17; Timber and Timber Products (Placing on the Market) Regulations 2013, SI 2013/233 (UK), https://www.legislation.gov.uk/uksi/2013/233/contents; Regulation (EU) 2023/1115 concerning deforestation-free products; European Commission, "Regulation on Deforestation-Free Products," current implementation schedule, https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en.

[171] Modern Slavery Act 2015, c. 30, s. 54 (UK) (supply-chain transparency), https://www.legislation.gov.uk/ukpga/2015/30/section/54; Directive (EU) 2024/1760 (Corporate Sustainability Due Diligence Directive), as amended by Directive (EU) 2026/470; European Commission, "Corporate Sustainability Due Diligence."

30 Remove mandatory sustainability reporting regimes

Legal instruments. Companies Act 2006 sections 414CA-414CB in relevant part; SI 2022/31; energy and carbon reporting rules; CSRD, EU Taxonomy and SFDR where applicable.[172]

Reform. Eliminate the relevant mandatory sustainability and climate reporting regimes instead of substituting a consolidated CSRD-style framework. Retain ordinary financial accounts, anti-fraud law, contractual disclosure and liability for misleading statements. Investors may request material information by contract.

Economic treatment and constraints. 20% of the corporate/product block and linked legal share. Energy-specific compliance belongs to the energy module and is excluded here. The goods package expressly includes CSRD and relevant horizontal duties, so it receives no domestic repeal credit for this block.

31 Replace precautionary product regimes

Legal instruments. UK REACH; UK ecodesign, packaging and battery legislation; EU Regulations 2024/1781, 2025/40, 2023/1542 and 1907/2006 for common-rule comparison.[173]

Reform. Repeal the prescriptive domestic registration, design, passport and procedural requirements in these fields. Replace them with clear rules making unsafe products and specified harmful conduct unlawful, backed by effective investigation, liability and remedies. Accept reliable evidence without compulsory replication of the EU administrative system.

Economic treatment and constraints. 45% of the corporate/product block and linked legal share; item 14 is part of this allocation. EU-bound products must still meet EU rules. Full EU, EEA and goods participation foreclose incompatible UK replacements in their common field.

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[172] Companies Act 2006, c. 46, ss. 414CA-414CB (UK), https://www.legislation.gov.uk/ukpga/2006/46/section/414CB; Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, SI 2022/31 (UK), https://www.legislation.gov.uk/uksi/2022/31/contents; Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive), as amended, arts. 1 and 5, March 18, 2026 consolidation, https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=CELEX:02022L2464-20260318; Regulation (EU) 2020/852 (EU Taxonomy), arts. 1 and 8, https://eur-lex.europa.eu/eli/reg/2020/852/oj; Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation), arts. 1, 3 and 4, July 2, 2026 consolidation, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20260702; each as applicable to the specified scenario.

[173] Ecodesign for Energy-Related Products Regulations 2010, SI 2010/2617 (UK), https://www.legislation.gov.uk/uksi/2010/2617/contents; Batteries and Accumulators (Placing on the Market) Regulations 2008, SI 2008/2164 (UK); Regulation (EU) 2024/1781 of June 13, 2024, establishing a framework for ecodesign requirements for sustainable products, arts. 1 and 4, https://eur-lex.europa.eu/eli/reg/2024/1781/oj; Regulation (EU) 2025/40 of December 19, 2024, on packaging and packaging waste, arts. 1, 2 and 71, https://eur-lex.europa.eu/eli/reg/2025/40/oj; Regulation (EU) 2023/1542 of July 12, 2023, concerning batteries and waste batteries, arts. 1, 48 and 96, August 13, 2026 consolidation, https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=CELEX:02023R1542-20260813; Regulation (EC) No. 1907/2006 (REACH), art. 10. The EU instruments establish the comparative common-rule regimes, not automatically applicable UK domestic obligations.

32 Strengthen pharmaceutical and wider IP protection

Legal instruments. Patents Act 1977; Human Medicines Regulations 2012; applicable supplementary-protection law; EU pharmaceutical rules and Regulation 469/2009.[174]

Reform. Strengthen predictable patent, supplementary, data and market protection and remedies against infringement. Review exceptions against their effect on research incentives. Combine robust IP with timely approval and lawful competition after protection expires.

Economic treatment and constraints. Full-programme PR F target +25%, with +10% and +20% sensitivities. Full EU, EEA and goods rules constrain incompatible changes. The target includes wider IP enforceability; no second pharmaceutical dividend is added.

D17 Scope of the legal packages

Field[175]	TCA	CU with carbon	EEA and EU	SPS with carbon	Goods with carbon
Independent carbon programme	Full subject to treaty delivery	Constrained by assumed agreement	Common obligations bind	Constrained by assumed agreement	Constrained by assumed agreement
Corporate sustainability repeal	Domestic scope available	Domestic scope available unless wider terms agreed	Relevant common obligations bind	Available outside aligned field	CSRD and CSDDD expressly included
Product replacement	Domestic scope available	Treaty-dependent; within national allowance	Common obligations bind	Outside SPS field available	Full goods rulebook binds
Financial and IP reform	Full target	Within constrained national allowance	Partial finance; no independent IP target	Within constrained national allowance	Finance outside horizontal duties; common pharmaceutical scope

The CU's national reform allowance is limited to DC +0.063 and PR +0.0375. Wider technical or IP commitments may reduce it further. The EEA and goods arrangements retain tariff competence but constrain regulatory concessions, so the memorandum does not infer equal RoW access from equal formal powers.

[174] Patents Act 1977, c. 37, s. 60 (UK); Human Medicines Regulations 2012, SI 2012/1916, reg. 51B (UK); Regulation (EC) No. 469/2009, arts. 3-4 (supplementary protection certificates); Council of the European Union, "'Pharma Package': Council Adopts New Rules for a Fairer and More Competitive EU Pharmaceutical Sector," September 28, 2026. Regulation (EC) No. 469/2009, arts. 3-4, July 1, 2019 consolidation.

[175] Department for Energy Security and Net Zero, "UK Emissions Trading Scheme (UK ETS): A Policy Overview," GOV.UK; Council of the European Union, "Council Signs Off Simplification of Sustainability Reporting and Due Diligence Requirements to Boost EU Competitiveness," February 24, 2026; European Commission, "Corporate Sustainability Due Diligence," concerning Directive (EU) 2024/1760 as amended. These sources identify relevant legal or regulatory arrangements; the package classification and scenario impacts in the adjacent table are the memorandum's analytical assumptions.

D18 Current regulatory status and the incremental burden

The EU CBAM entered its definitive phase in 2026. EFTA records JCDs 283/2026 and 287/2026 adopted on 25 September, with entry into force pending constitutional requirements. EU-UK carbon linkage remains under negotiation in the reviewed sources.[176]

EUDR applies from 30 December 2026 for large and medium operators and from 30 June 2027 for most micro and small operators; specified small timber operators have the earlier date. EFTA records scrutiny for incorporation. We use the Commission's updated EU timetable.[177]

The 2026 Omnibus amendments narrowed CSDDD to the largest companies, including an EU threshold above 5,000 employees and €1.5bn turnover, with a separate EU-turnover test for non-EU companies. The mandatory climate transition-plan requirement and harmonised EU civil-liability regime were removed. National transposition is due by July 26, 2028 and application by July 26, 2029. The model therefore does not charge the original broader regime.[178]

CSRD scope was also narrowed, including thresholds above 1,000 employees and €450m turnover for the relevant EU companies, with separate third-country tests. Compliance costs depend on coverage, materiality, exemptions and group structure. No multiplication of the model's DC penalty by the growth in legislative word volume is justified. Common reporting can have information and comparability benefits, which a net appraisal should recognise.[179]

The relevant cost is the incremental burden after existing EU-facing compliance, avoided duplication and regulatory benefits. Energy reform does not automatically improve judicial independence or government integrity.

D19 Growth Budget policy coverage

The reform programme adopts the Growth Commission's 22 recommendations as its policy basis. The table identifies their treatment across the options. Fiscal measures require a budget model and financing assumptions; a tax cut is not itself a DC or PR increment. Common national reforms are pursued in every option, with the legal constraints below. The Growth Commission's whole-programme estimate is 37.6% by 2046-47, including broader effects than the quantified options subtotal.[180]

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[176] Department for Energy Security and Net Zero, "UK Emissions Trading Scheme (UK ETS): A Policy Overview," GOV.UK; Council of the European Union, "EU-UK Relations: Council Greenlights Negotiations on Agri-Food Deal and Linking Emissions Trading Systems," November 13, 2025; European Free Trade Association, "Regulation (EU) 2023/956," EEA-Lex factsheet, including JCDs 283/2026 and 287/2026.

[177] European Commission, "Regulation on Deforestation-Free Products," European Commission Environment, implementation schedule; European Free Trade Association, "Regulation (EU) 2023/1115," EEA-Lex factsheet, incorporation status.

[178] European Commission, "Corporate Sustainability Due Diligence," including Directive (EU) 2024/1760 as amended by Directive (EU) 2026/470.

[179] Council of the European Union, "Council Signs Off Simplification of Sustainability Reporting and Due Diligence Requirements to Boost EU Competitiveness," February 24, 2026; Directive (EU) 2022/2464 of December 14, 2022, recital 13 (comparability and reliability deficits) and recital 53 (value of cross-company comparisons).

[180] Growth Commission, *Growth Budget 2026*, 6, 7, 13-30.

GC no	Policy	Option treatment
1	Reduce central headcount 20% by 2036-37	National policy in all options; fiscal account.
2	Freeze public pay for at least two years	National policy; employment rights and service delivery require appraisal.
3	Align public pensions with private provision	National policy; accrued rights and transition costs matter.
4	Reform welfare and work incentives	National policy; common social-security and equal-treatment duties constrain design.
5	Index state pensions to earnings	National policy in all options.
6	Restore non-dom treatment with anti-abuse rules	Tax design; EU nondiscrimination and other treaty obligations require screening.
7	Phase out residential stamp duty	National policy; fiscal and housing effects outside the component uplift.
8	Phase out tax on retained corporate earnings	Tax programme; EU minimum-tax and aid rules and wider international commitments constrain implementation.
9	Remove CGT on long-term entrepreneurial investment	Tax programme; avoid selective or discriminatory design under common rules.
10	Abolish inheritance tax	National fiscal programme.
11	Remove personal allowance taper	National fiscal programme.
12	Reform student-loan repayment incentives	National fiscal programme; contractual and distributional effects matter.
13	Restore tourist VAT-free shopping	Tax administration; EU VAT framework restricts incompatible design.
14	Freeze fuel duty	Fiscal programme; EU minimum excise rules and carbon commitments remain relevant.
15	Replace discretionary planning system	Planning and property-registration blocks; common environmental requirements constrain parts.
16	Repeal rental-market restrictions	Housing and entry block; national housing-law design remains available.
17	Remove unjustified building requirements	Housing and entry block; effective safety law remains.
18	Repeal Employment Rights Act	Labour block; full independent programme constrained by common labour rules.
19	Freeze minimum wage towards 60% of median	Labour block; target does not remove nondiscrimination or wage-setting obligations.
20	Repeal Climate Change Act framework	Energy module; common carbon outcomes constrain aligned options.
21	Preserve trade and regulatory autonomy	Captured in trade, alignment costs and feasible reform shares.
22	Avoid EU technology rulebook	Included in product/business and common-rule scenarios; EU/EEA participation constrains divergence.

The fiscal agenda is assessed as policy under every option, not assumed to vanish on accession. Its separate GDP and revenue effects are not available on a comparable treaty-by-treaty basis. Adding the entire Growth Budget estimate to the ACMD results would repeat overlapping trade, labour, planning and energy effects. The quantified tables therefore state their coverage expressly rather than presenting an unsupported full-programme total.

Annex E: UK-U.S. deep association and economic comparisons

E1 Deep association agreement

The UK could pursue deep association arrangements with both the EU, through an enhanced TCA, and the United States. The aim would be to improve access to both markets while retaining the ability to reform domestic regulation and negotiate with other trading partners. A UK-U.S. deep association agreement would be a negotiated economic partnership between sovereign states. It could combine goods market access, services commitments, digital trade, investment protection, public procurement and mutual recognition with practical regulatory cooperation. It would not place the UK inside the U.S. federal system or automatically give UK firms rights under state licensing regimes.

The agreement should support pro-competitive domestic reform by making its commercial benefits more immediate and predictable. Reciprocal recognition could give UK exporters a market return on reform; common evidence and testing could reduce implementation costs; investment protections and clear dispute procedures could make regulatory changes more credible. A joint process for resolving barriers would give firms a route to challenge discriminatory restrictions. These mechanisms can make reform easier to enact and sustain.

Area	Potential benefit	Requirement or cost
Goods and agriculture	Lower tariffs and recognition of reliable assessment	Negotiate U.S. concessions, rules of origin and safeguards; UK concessions affect exposed producers.
Services and finance	More predictable entry and cross-border supply	Federal and state competence differ; prudential safeguards and licences require explicit commitments.
Digital and data	Interoperable standards and fewer discriminatory restrictions	Protect enforceable privacy and legal remedies; assess compatibility with EU-facing data access.
IP and investment	Stronger enforcement and confidence in long-term investment	Balance research returns, competition, public procurement and affordable access.
Procurement	Larger contestable public markets	Federal and sub-federal coverage, exclusions and domestic adjustment must be negotiated.
Regulatory cooperation	Recognition and use of shared evidence reduce reform costs	Avoid replacing EU alignment with automatic U.S. rule-taking.
Governance	Enforceable reciprocity and predictable review	Clear dispute settlement, proportionate remedies, termination and protection of accrued rights.

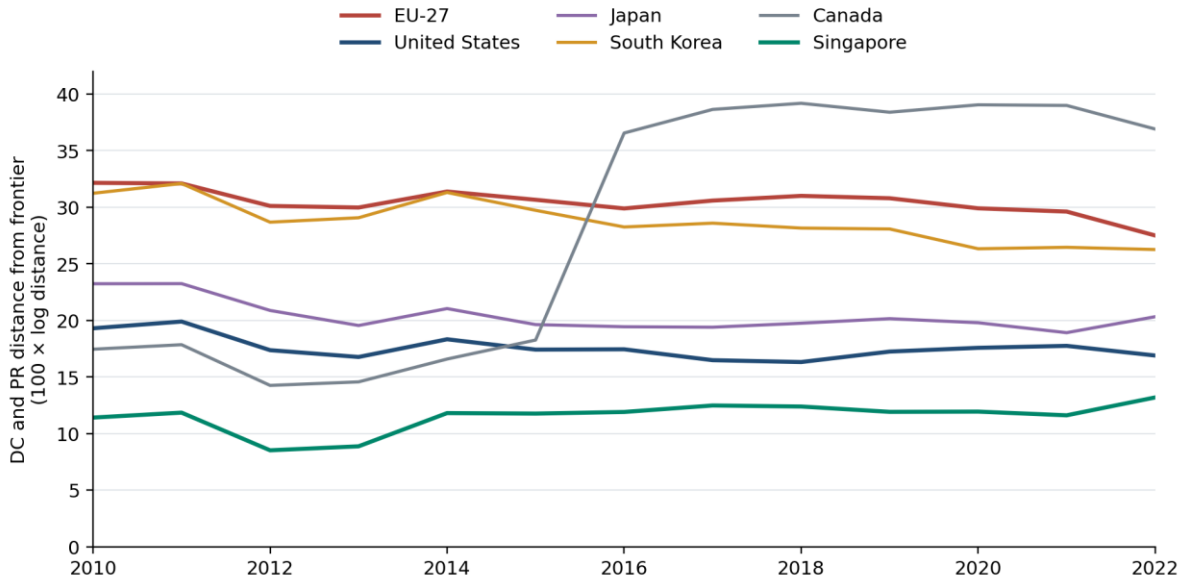
The UK would retain its Parliament, courts, tax system, currency, immigration policy and foreign-policy institutions except for obligations expressly accepted in the agreement. There would be no automatic U.S. budget transfer, free movement or political representation. Existing UK-U.S.

arrangements on particular tariffs or pharmaceuticals are relevant starting points.[181] AUKUS and the 2021 New Atlantic Charter provide further foundations for cooperation. They are security and political arrangements; the additional trade and regulatory commitments envisaged here would require negotiation.[182]

The association could be pursued under the TCA and, subject to their common obligations, EEA or goods arrangements. A CU or EU membership would constrain independent goods tariff commitments; common regulatory obligations would restrict recognition of incompatible U.S. rules. The practical question is which UK concessions and U.S. commitments remain available under each option.

No separate association GDP gain is added. U.S. access is part of the RoW target, and stronger delivery is represented in the domestic programme. With access-conditionality held constant, moving from 75% to full domestic and energy delivery raises the TCA result from +8.72% to +11.39%. The 2036 output difference is +£92.7bn. This values a delivery assumption, not an association agreement's causal effect.

E2 Regulatory systems through 2022



[181] Department for Business and Trade, "General Terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal," May 8, 2025, para. 1(c)(i), https://www.gov.uk/government/publications/us-uk-economic-prosperity-deal-epd/general-terms-for-the-united-states-of-america-and-the-united-kingdom-of-great-britain-and-northern-ireland-economic-prosperity-deal-web-accessible-v; Department for Science, Innovation and Technology, "Arrangement between the United States of America and the United Kingdom on Pharmaceutical Pricing," April 2, 2026, https://www.gov.uk/government/publications/uk-us-arrangement-on-pharmaceutical-trade-and-pricing/arrangement-between-the-united-states-of-america-and-the-united-kingdom-on-pharmaceutical-pricing-html. These sources establish the existing bilateral concessions cited in the final sentence, not the constitutional terms of a hypothetical future deep-association agreement.

[182] HM Government, "UK, U.S. and Australia Launch New Security Partnership," September 15, 2021, https://www.gov.uk/government/news/uk-us-and-australia-launch-new-security-partnership; "The New Atlantic Charter 2021," June 10, 2021, https://www.gov.uk/government/publications/new-atlantic-charter-and-joint-statement-agreed-by-the-pm-and-president-biden/the-new-atlantic-charter-2021.

Figure E2. DC and PR distance from the frontier, 2010-2022. EU-27, United States, Japan, South Korea, Canada and Singapore, using the SRB-γ coefficients applied in this memorandum. Higher values indicate a larger model-weighted gap from the score frontier. UK scores remain in the table as the basis for the alignment calculations.[183]

For country c in year t, the plotted measure is 100 × [0.0833189112 × (7 − DC) + 0.0586720800 × (7 − PR)]. It is a log-point distance, not an exact percentage income loss, a count of regulations or a causal measure of EU membership. The source testimony described a quantum formulation; the series here is explicitly recalculated under this memo's log-linear specification. Exact scenario percentages use 100 × (exp(log effect) − 1).

The EU-27 benchmark comprises the 27 current member states, held fixed throughout 2010-2022, including Croatia before its accession. Each country has equal weight; this is not GDP or population weighted. All 27 have complete scores and components in 2022. Paired historical coverage is 25 countries in 2010, 26 in 2011 and 27 thereafter. Ireland lacks DC in 2010, and Malta lacks both pillars in 2010-2011; these initial gaps are not backfilled. Three internal gaps are carried forward: Hungary DC in 2011 from 2010, Sweden DC in 2016 from 2015, and Czechia PR in 2017 from 2016. Annex E6 reports the country scores and annual means. Source components may themselves contain carry-forwards.

Canada has supplied DC and PR scores for every year from 2010 to 2022; all are included without alteration. The sharp DC movement from 5.7644 in 2015 to 3.5347 in 2016 is retained as recorded in MDPI-DC. The chart describes the supplied score series and does not attribute that movement to a particular policy change. Canada is a comparator only and does not enter the EU-27 mean or UK alignment calculations.

Singapore has supplied DC and PR aggregates for all 13 years from 2010 to 2022. These observations are included without interpolation. Its addition changes the comparator chart only; it does not change the EU-27 benchmark, regression estimates or UK scenario calculations.

2022 score comparison

2022 comparator	DC	PR	DC and PR gap
EU-27	5.333476	4.678871	27.504
United States	5.936529	5.630673	16.895
United Kingdom	5.707368	5.389715	20.218
Japan	5.659027	5.440228	20.324
South Korea	5.390980	4.809043	26.261
Canada	3.674244	5.431810	36.911
Singapore	6.246740	5.821316	13.192

[183] Competere Foundation, "Response to House of Lords Call for Evidence on UK EU Dynamic Alignment," written evidence DYN0016, Figure 1 and annex 1. The earlier evidence supplies the comparative framework, not independent validation of the reconstructed DC and PR series. Figure E2 reports original calculations for this paper using the SRB-γ reconstruction, component data and aggregates described in Annex E2 and the specification and coefficients in Annex H. Country codes, weights, missing-value treatment and the complete Canada series are documented in Annex E2; Annex E6 reports the EU-27 comparison data. These are model inputs, not independent estimates of treaty effects.

DC and PR scores have a frontier of seven. The final column is the plotted log-point distance multiplied by 100. Japan, South Korea and Singapore provide additional comparators; none is assumed to be a pure example of one regulatory operating system. The EU line improves between 2021 and 2022, so this history does not justify extrapolating an inevitably widening future gap.

E3 Matched UK and U.S. benchmark in 2022

Pillar[184]	UK 2022	U.S. 2022	UK change to U.S. level	GDP per capita alone
DC	5.707368	5.936529	+0.229161	+1.93%
PR	5.389715	5.630673	+0.240958	+1.42%
Joint DC and PR benchmark			Log effect +0.033230973	+3.38%

Matching the observed 2022 U.S. DC and PR aggregates, holding IC constant, produces approximately +3.38%, or +£1,648 per person and +£117.4bn annually at the common 2036 scale.

This is an alternative benchmark based on observed national aggregates. The specified UK reform programme is more ambitious in some components and has different trade assumptions. The U.S. benchmark is neither an association-treaty estimate nor an additional dividend to add to that programme.

E4 Policy outcomes and opportunity cost

Against the separate 2022 U.S. DC and PR benchmark, EEA income is approximately 7.32% lower and EU income 8.73% lower. The 2036 level gaps are approximately £3,689 and £4,401 per person respectively. Comparator percentages use the higher benchmark income as denominator; sterling gaps subtract the two income levels. These are alternative comparisons, not additional losses. Section 3 compares each option with TCA reform.

E5 Dynamic alignment calibration and sensitivities

The calibration moves only the selected component scores by the 2022 EU-27-minus-UK gap. It does not transfer the whole EU aggregate to the UK. DC and PR component weights and coefficients are unchanged; the external bargaining term uses revised IC. Positive gaps are benefits and negative gaps are costs. Goods alignment covers DC E and PR D, E and F. The broader case covers DC D, E, F, G, H and K, and PR D, E, F, G, H and I. These are the regulatory-coverage maps used elsewhere in the memorandum, applied here to observed comparative gaps instead of uniform percentage reductions.

Code	UK 2022	EU-27 2022	Weight	Pillar change	Coverage
DC D	5.10585	5.04923	0.25000	-0.014154	Goods and services
DC E	5.98154	6.06707	0.25000	+0.021385	Both

[184] Singham, *International Trade, Regulation and the Global Economy*, chaps. 3-4 (published modelling methodology). The UK and U.S. country scores and resulting benchmark in this memorandum are original applications of that method, not observations or results stated in the cited book.

Code	UK 2022	EU-27 2022	Weight	Pillar change	Coverage
DC F	5.80000	5.00000	0.06250	-0.050000	Goods and services
DC G	6.98200	6.91071	0.03125	-0.002228	Goods and services
DC H	6.16540	5.00189	0.03125	-0.036360	Goods and services
DC K	3.51867	3.53344	0.03125	+0.000462	Goods and services
PR D	4.54035	3.62318	0.24000	-0.220121	Both
PR E	5.08173	3.96792	0.06000	-0.066828	Both
PR F	5.53388	5.01899	0.25000	-0.128721	Both
PR G	5.80000	4.80000	0.09010	-0.090100	Goods and services
PR H	4.50000	3.83333	0.05440	-0.036267	Goods and services
PR I	5.17430	4.52808	0.02550	-0.016479	Goods and services

DC D-H denote labour freedom, business freedom, financial freedom, electricity connection cost and connection time; K measures mobile subscriptions. PR D-I denote legal challenge, dispute settlement, intellectual property, investor protection, financial legal rights and judicial independence. Some are broad outcome proxies rather than direct measures of EU law. Their coverage is a scenario assumption, not evidence that alignment mechanically determines each indicator.

Pillar change before reform	Goods	Goods and services
DC	+0.021384538	-0.080895229
PR	-0.415670244	-0.558515557
Net regulatory log effect	-0.022606501	-0.039509372

The compatible programme contributes 0.0833189112 × 0.0420 + 0.0586720800 × 0.0750 = 0.007899800 log points. The national allowances are conditional on feasible improvements beyond alignment, with no double credit for convergence. No independent energy dividend or new RoW opening is included.

The external cost is 0.0587266084 × [−0.10 × 5.101953 × 0.50 × (319.9 / 897)] = -0.005342729 log points. The numerator is RoW services exports; £897bn is total UK exports. This is an assumed bargaining constraint affecting 50% of that exposure, not an estimated loss of export volumes or an additional tariff charge.

Income channel alone	Goods	Goods and services
Favourable covered EU gaps	+0.18%	+0.18%
Adverse covered EU gaps	−2.41%	−4.05%
Compatible reform	+0.79%	+0.79%
RoW bargaining constraint	−0.53%	−0.53%
Total log effect	-0.020049430	-0.036952301
NET GDP PER PERSON	−1.98%	−3.63%

The net result is 100 × (exp(total log effect) − 1). The net GDP level change in 2036 is that proportional change multiplied by £48,761.96 and 71,264,846 people. Individual channel percentages are standalone effects and must not be added arithmetically. The historical regulatory estimates replace, rather than supplement, the uniform common-rule penalties for these two scenarios.

Access and delivery sensitivities

Alternative assumption	Goods	Goods and services
Central benchmark	−1.98%	−3.63%
No compatible reform	−2.76%	−4.39%
No RoW bargaining cost	−1.46%	−3.11%
Bargaining cost on all RoW services	−2.51%	−4.14%
Reciprocal recognition secured	−1.39%	−2.46%

Recognition adds +0.50 route IC points weighted by EU goods exports (183.8 / 897) in the goods case, or by all EU exports (369.4 / 897) in the broader case. These are alternative scenarios, not guaranteed rights. Each row changes only the stated central assumption. Legal scope, partner reciprocity and reform delivery are material sources of uncertainty; the table is not a statistical confidence interval.

Whole-system benchmark and dynamic interpretation

The 2022 EU-27-minus-UK gaps are −0.373892068 DC points and −0.710843943 PR points. Their combined log effect is -0.072858973, corresponding to −7.03% in GDP per person. This comparison includes national institutions and differences outside alignment schedules. It is neither an established upper bound nor an additional penalty to add to the component scenarios.

Dynamic alignment would import subsequent changes within the agreed scope. This historical exercise holds the 2022 comparative gap fixed as the calibration for the long-run level effect; it does not compound the gap each year or extrapolate a worsening trend. Future EU reforms could narrow the gap, while additional burdens could widen it. A forward-looking update must map later legislation to incremental components and avoid overlap with carbon, external-access and foregone-reform channels.

E6 EU-27 domestic competition and property rights scores

All 27 current EU member states are included. Scores run from one to seven; higher scores indicate stronger measured domestic competition or property rights. The 2022 mean gives each country equal weight and is the calibration used for the dynamic-alignment scenarios.

Country	DC 2022	PR 2022
Austria	6.054302	5.354373
Belgium	5.422278	5.345311
Bulgaria	4.642351	3.983731

Country	DC 2022	PR 2022
Croatia	4.840374	4.348137
Cyprus	5.184519	4.672719
Czechia	5.134931	4.385442
Denmark	6.135088	5.538650
Estonia	5.657513	4.640539
Finland	6.078084	5.998076
France	5.476478	5.249121
Germany	5.675935	5.301425
Greece	4.839399	3.573736
Hungary	4.746754	3.771867
Ireland	5.586265	5.283979
Italy	5.161258	4.178481
Latvia	5.147960	4.205026
Lithuania	5.346828	4.184825
Luxembourg	5.800988	4.986979
Malta	4.919329	4.090179
Netherlands	5.875181	5.538567
Poland	5.014636	4.270023
Portugal	5.120269	4.551035
Romania	4.647888	4.123323
Slovakia	4.899150	4.149491
Slovenia	5.291149	4.514981
Spain	5.286445	4.769038
Sweden	6.018507	5.320465
EU-27 equal-country mean	5.333476	4.678871

EU-27 annual means and coverage

The same current-membership universe is used each year. Both pillar means use countries with a valid pair of scores after the stated internal carry-forwards. The first two years therefore represent 25 and 26 available members, rather than fabricated 27-country observations.

Year	Countries	Mean DC	Mean PR
2010	25	5.000033	4.359584
2011	26	5.021840	4.337759

Year	Countries	Mean DC	Mean PR
2012	27	4.997149	4.711496
2013	27	4.997141	4.735544
2014	27	5.027519	4.451623
2015	27	5.039740	4.558408
2016	27	5.011356	4.729402
2017	27	4.983635	4.650038
2018	27	4.932119	4.652366
2019	27	4.938535	4.678871
2020	27	5.045445	4.678871
2021	27	5.079975	4.678871
2022	27	5.333476	4.678871

Coverage notes

No initial backfill is used for Ireland DC in 2010 or Malta DC and PR in 2010-2011. Internal missing scores are carried forward only for Hungary DC in 2011, Sweden DC in 2016 and Czechia PR in 2017. The country tables below mark those three carried values with an asterisk. A dash means that the source score is unavailable and no earlier value was available. No interpolation or simulated observations are used.

Source: MDPI domestic-competition and property-rights aggregate series, 2010-2022. Data files: MDPI-DC.xlsx, worksheet “DC Data”, aggregate column N; MDPI-PR.xlsx, worksheet “PR Data”, aggregate column R. Country tables show four decimals for readability; annual means and model calculations use the underlying full precision.

EU-27 DC scores 2010 to 2016

Country	2010	2011	2012	2013	2014	2015	2016
Austria	5.6691	5.6223	5.6045	5.6736	5.6538	5.5343	5.5358
Belgium	5.4856	5.5138	5.5120	5.5447	5.5546	5.4390	5.3218
Bulgaria	4.6445	4.7062	4.7231	4.5650	4.6742	4.6385	4.5516
Croatia	4.1150	4.1875	4.2219	4.1734	4.1064	4.1826	4.2517
Cyprus	4.9894	5.1670	5.1447	4.9941	5.0550	4.8790	4.8466
Czechia	4.8916	4.9317	4.8645	4.9265	5.0410	5.0315	4.9916
Denmark	6.5028	6.5196	6.5239	6.4974	6.4728	6.3962	6.2916
Estonia	4.9389	5.0593	4.9971	4.9978	5.0323	5.2109	5.1606
Finland	5.6494	5.6072	5.6729	5.7329	5.6883	5.7215	5.6969
France	5.2663	5.2081	5.1735	5.1907	5.1509	5.0305	4.9753

Country	2010	2011	2012	2013	2014	2015	2016
Germany	5.2712	5.2951	5.2966	5.4166	5.4277	5.4384	5.4711
Greece	4.6052	4.4670	4.1513	4.1974	4.3680	4.4109	4.4153
Hungary	4.7624	4.7624*	4.7670	4.6967	4.7672	4.7963	4.7057
Ireland	—	5.6700	5.6963	5.4714	5.5418	5.5274	5.4541
Italy	4.6898	4.4083	4.3326	4.4690	4.4378	4.4946	4.4450
Latvia	4.5257	4.4821	4.5069	4.5748	4.7790	4.8260	4.8320
Lithuania	4.7976	4.7998	4.9153	4.8464	4.9450	5.0888	5.0587
Luxembourg	5.1250	5.1901	5.1676	5.1271	5.1458	5.1012	5.1822
Malta	—	—	4.6531	4.6066	4.4557	4.5090	4.4674
Netherlands	5.5939	5.5780	5.5918	5.6144	5.7153	5.6671	5.5712
Poland	4.3446	4.3987	4.4608	4.6064	4.6889	4.7390	4.7757
Portugal	4.6550	4.5799	4.6436	4.6402	4.7281	4.9218	4.8969
Romania	4.1918	4.1928	4.2078	4.2019	4.2879	4.4602	4.3649
Slovakia	4.7720	4.7117	4.5461	4.7191	4.4223	4.5840	4.6094
Slovenia	4.8496	4.8065	4.7765	4.6834	4.9498	4.9159	4.9077
Spain	4.8325	4.8986	4.9590	4.9626	4.9200	4.8786	4.8763
Sweden	5.8321	5.8043	5.8127	5.7926	5.7334	5.6496	5.6496*

An asterisk marks a value carried forward from the preceding available year. A dash indicates no source score and no initial backfill. Higher scores are better; calculations use full precision.

EU-27 DC scores 2017 to 2022

Country	2017	2018	2019	2020	2021	2022
Austria	5.4717	5.4140	5.4955	5.5605	5.5762	6.0543
Belgium	5.1875	5.1282	5.1404	5.2108	5.3141	5.4223
Bulgaria	4.3895	4.2905	4.2564	4.3450	4.4221	4.6424
Croatia	4.1540	4.1356	4.1610	4.2063	4.2720	4.8404
Cyprus	4.7454	4.5785	4.6705	4.8509	4.9935	5.1845
Czechia	5.0812	5.0838	5.1186	5.2311	5.2287	5.1349
Denmark	6.1588	6.0926	6.1470	6.2320	6.0593	6.1351
Estonia	5.1467	5.1796	5.1376	5.3071	5.3191	5.6575
Finland	5.6872	5.6333	5.6645	5.6643	5.7067	6.0781
France	4.9915	4.9699	5.0317	5.2971	5.2071	5.4765
Germany	5.2823	5.3943	5.4316	5.4501	5.4368	5.6759

Country	2017	2018	2019	2020	2021	2022
Greece	4.4211	4.4224	4.4263	4.5821	4.6466	4.8394
Hungary	4.4215	4.3579	4.2849	4.4144	4.4563	4.7468
Ireland	5.5332	5.5861	5.5737	5.6482	5.6291	5.5863
Italy	4.4309	4.3873	4.4588	4.6921	4.6961	5.1613
Latvia	5.2089	4.8871	4.7218	4.8254	4.8854	5.1480
Lithuania	5.2490	4.8460	4.8180	5.2386	5.3508	5.3468
Luxembourg	5.0646	5.0863	5.1844	5.2206	5.2610	5.8010
Malta	4.5177	4.5432	4.6099	4.6626	4.6882	4.9193
Netherlands	5.7130	5.5840	5.6383	5.6445	5.6598	5.8752
Poland	4.7511	4.7114	4.6790	4.8103	4.8789	5.0146
Portugal	4.8606	4.8012	4.7918	4.8678	4.8684	5.1203
Romania	4.3724	4.3625	4.3005	4.4095	4.4483	4.6479
Slovakia	4.3947	4.3398	4.2915	4.3337	4.3435	4.8991
Slovenia	4.8932	4.8838	4.9184	5.0986	5.1371	5.2911
Spain	4.7637	4.7395	4.7471	4.7638	5.0188	5.2864
Sweden	5.6669	5.7285	5.6412	5.6598	5.6554	6.0185

An asterisk marks a value carried forward from the preceding available year. A dash indicates no source score and no initial backfill. Higher scores are better; calculations use full precision.

EU-27 PR scores 2010 to 2016

Country	2010	2011	2012	2013	2014	2015	2016
Austria	5.2550	5.0159	5.4718	5.4764	5.1650	5.2939	5.4213
Belgium	4.8517	4.7946	5.3104	5.3403	4.9858	5.1831	5.3644
Bulgaria	3.4538	3.4488	3.8275	3.8186	3.5354	3.6306	3.8721
Croatia	4.3953	4.2079	4.6606	4.6007	4.2089	4.1235	4.0372
Cyprus	4.5604	4.4639	4.3671	4.3950	4.2521	4.2672	4.6096
Czechia	3.0787	3.7156	3.6919	3.8341	3.9889	4.2880	4.6811
Denmark	5.4811	5.4344	5.6832	5.4724	5.1935	5.2993	5.4498
Estonia	4.2874	4.3079	4.7488	4.8097	4.5683	4.6121	4.8001
Finland	5.6571	5.6281	6.3169	6.3668	5.8480	5.8591	6.0154
France	4.6572	4.5428	4.9322	4.9196	4.6564	5.1892	5.4202
Germany	5.3699	5.1544	5.7231	5.7397	5.3655	5.4377	5.5484
Greece	3.5453	3.3060	3.5098	3.6612	3.5349	3.6781	3.7922
Hungary	3.6197	3.6284	3.8585	3.8180	3.6398	3.7040	3.8038

Country	2010	2011	2012	2013	2014	2015	2016
Ireland	5.3601	5.3047	5.7695	5.8652	5.4339	5.5147	5.7021
Italy	3.8646	3.8371	4.1201	4.1152	3.8402	3.9181	4.1104
Latvia	3.7261	3.7475	4.2745	4.2831	3.9883	4.0823	4.0677
Lithuania	3.6863	3.7136	4.2808	4.1199	3.8447	3.9411	4.0450
Luxembourg	4.8097	4.6468	5.1866	5.2187	4.9490	5.0019	5.1600
Malta	—	—	4.3891	4.4859	4.0863	4.0939	4.1817
Netherlands	5.1801	5.1468	5.8600	5.8497	5.4064	5.4932	5.6853
Poland	3.7841	3.7657	4.0793	4.5439	4.2419	4.3533	4.4316
Portugal	4.1874	4.0540	4.5346	4.6650	4.4444	4.4207	4.4420
Romania	3.6066	3.4749	3.6824	3.7197	3.7711	3.9302	3.8988
Slovakia	3.9287	3.8806	4.1849	4.1583	3.9352	3.9799	4.0964
Slovenia	3.8944	3.7302	4.0807	3.9762	3.6408	3.8632	4.5983
Spain	4.4392	4.3547	4.7654	4.7052	4.3308	4.4766	4.7425
Sweden	5.6700	5.4766	5.9011	5.9009	5.3385	5.4420	5.7164

An asterisk marks a value carried forward from the preceding available year. A dash indicates no source score and no initial backfill. Higher scores are better; calculations use full precision.

EU-27 PR scores 2017 to 2022

Country	2017	2018	2019	2020	2021	2022
Austria	5.2525	5.2628	5.3544	5.3544	5.3544	5.3544
Belgium	5.2548	5.2341	5.3453	5.3453	5.3453	5.3453
Bulgaria	3.7585	3.8192	3.9837	3.9837	3.9837	3.9837
Croatia	4.2334	4.3921	4.3481	4.3481	4.3481	4.3481
Cyprus	4.5144	4.5915	4.6727	4.6727	4.6727	4.6727
Czechia	4.6811*	4.3009	4.3854	4.3854	4.3854	4.3854
Denmark	5.4131	5.4394	5.5387	5.5387	5.5387	5.5387
Estonia	4.7152	4.6302	4.6405	4.6405	4.6405	4.6405
Finland	5.9785	5.9810	5.9981	5.9981	5.9981	5.9981
France	5.2646	5.2314	5.2491	5.2491	5.2491	5.2491
Germany	5.5282	5.4866	5.3014	5.3014	5.3014	5.3014
Greece	3.6237	3.5113	3.5737	3.5737	3.5737	3.5737
Hungary	3.7224	3.6979	3.7719	3.7719	3.7719	3.7719
Ireland	5.4384	5.3619	5.2840	5.2840	5.2840	5.2840
Italy	4.1286	4.0897	4.1785	4.1785	4.1785	4.1785
Latvia	3.8793	4.0566	4.2050	4.2050	4.2050	4.2050
Lithuania	3.9544	4.0787	4.1848	4.1848	4.1848	4.1848

Country	2017	2018	2019	2020	2021	2022
Luxembourg	5.0987	5.0839	4.9870	4.9870	4.9870	4.9870
Malta	4.1992	4.1777	4.0902	4.0902	4.0902	4.0902
Netherlands	5.5879	5.5345	5.5386	5.5386	5.5386	5.5386
Poland	4.2689	4.2204	4.2700	4.2700	4.2700	4.2700
Portugal	4.4632	4.5429	4.5510	4.5510	4.5510	4.5510
Romania	3.9245	4.2117	4.1233	4.1233	4.1233	4.1233
Slovakia	4.0678	4.1838	4.1495	4.1495	4.1495	4.1495
Slovenia	4.4858	4.4915	4.5150	4.5150	4.5150	4.5150
Spain	4.6408	4.5544	4.7690	4.7690	4.7690	4.7690
Sweden	5.4730	5.4476	5.3205	5.3205	5.3205	5.3205

An asterisk marks a value carried forward from the preceding available year. A dash indicates no source score and no initial backfill. Higher scores are better; calculations use full precision.

Annex F: Legal autonomy, accession and implementation

F1 Powers retained under each option

The table distinguishes domestic legislative authority from international obligations. Parliament can amend the legislation giving the Windsor Framework domestic effect; that does not itself terminate the UK's treaty obligations. Article 13(8) expressly provides for supersession, in whole or part, by a subsequent UK-EU agreement. Mutual Enforcement is one proposed replacement, requiring implementation and an appraisal of international consequences. [185]

Option	Trade policy and access	Domestic rules and services	Institutions and fiscal terms
CU	Common tariff and relevant commercial policy for covered goods; third-country reciprocity not automatic	Broad domestic room subject to CU-related terms; no services passport	Negotiated governance and funding; no EU legislative vote
EEA	External tariff and FTA competence retained within EEA/EFTA obligations; customs formalities remain	Relevant common rules and covered services access; free movement	EFTA institutions; programme/cohesion terms; Article 127 notice; future-rule adoption without an EU vote raises accountability and reversal risk.
EU	Common external tariff, EU FTAs and commercial policy	EU rules within competence; services access; free movement	Council/MEPs and CJEU; membership budget; Article 50 Euro-adoption obligation absent a new opt-out; budget debt-service exposure.
TCA+	Independent tariff/FTA policy subject to commitments; reciprocal access negotiated	Broad reform discretion; sectoral recognition does not create general passport	Joint governance and arbitration; agreed costs Mutual Enforcement offered for NI; treaty replacement required for an agreed settlement.
SPS	Tariffs retained; alternative SPS recognition constrained in agreed field	Aligned SPS rules; wider domestic and services policy remains	Agreed contribution and termination; UK under EU SPS governance. Future-rule adoption requires scrutiny and a credible exit process.

[185] R (Miller) v Secretary of State for Exiting the European Union [2017] UKSC 5, paras. 43-45 and 55-57; In re Allister [2023] UKSC 5, paragraphs 64-66 and 72-74. Centre for Brexit Policy, *Mutual Enforcement: The Key to Restoring Government in Stormont* (June 2023), section IV, pp. 34-41. European Union (Withdrawal Arrangements) Bill [HL], HL Bill 10 (2026-27), sponsored by Lord Dodds of Duncairn, bill text published June 4, 2026. A legislative proposal, not enacted law. Agreement on the Withdrawal of the United Kingdom from the European Union, Protocol on Ireland/Northern Ireland, Article 13(8), concerning supersession by subsequent agreement.

Option	Trade policy and access	Domestic rules and services	Institutions and fiscal terms
Goods only	Tariffs retained; customs/origin formalities remain; goods recognition constrained	Goods and necessary horizontal rules; financial and wider services discretion assumed	Bespoke governance, funding and enforcement; no assured negotiating offer. Future-rule adoption creates accountability and reversal risk.
Dynamic goods	Independent tariffs; additional access requires agreement	Future covered goods and horizontal rules adopted without an EU legislative vote	Scrutiny, refusal and termination terms must address constitutional accountability and reversal risk
Dynamic goods and services	Independent tariffs; no automatic Single Market passport	Wider future rule-taking, including covered financial and digital rules	Greater scope of accountability risk; domestic reversal does not extinguish treaty liabilities

EEA reservation under Article 102 can lead to suspension of the affected part of the agreement. Articles 112-114 safeguards permit limited measures and rebalancing, not general opt-outs with unchanged access. EU accession requires agreed terms; former UK arrangements do not revive automatically. Under the ordinary accession framework, the UK would be obliged to adopt the euro once the conditions are met, unless it negotiated a new treaty opt-out. Convergence conditions affect timing, not the existence of the obligation. Sweden illustrates deferred adoption, not a permanent exemption. [186]

An open-ended rule-taking commitment should therefore be assessed as a constitutional-accountability and settlement-durability risk. We do not assume that courts would invalidate an Act authorising it: Allister affirmed the effect of Parliament's clear legislation. Any later reversal would require attention to treaty remedies, access, investment and enforcement. These risks are not separately priced in the headline GDP estimates. [187]

The possibility of losing access can constrain the practical exercise of regulatory autonomy. Norway announced in 2011 that it would reserve against the Third Postal Directive. Its official 2024 review records that the EU raised possible suspension under Article 102 in 2012 but did not pursue it further. Following the change of government, Norway told the EEA Council in November 2013 that it would accept incorporation. The case illustrates the access risk attached to reservation; no suspension occurred.[188]

[186] European Free Trade Association, "Q&A about the EEA Agreement," nos. 4-5, 12-15; Agreement on the European Economic Area, arts. 102, 112-114 and 127-128; Council of the European Union, "How EU Enlargement Works," sections on negotiations and accession, accessed October 25, 2026; Council of the European Union, "Joining the Euro Area," sections on convergence criteria and accession, accessed October 25, 2026, https://www.consilium.europa.eu/en/policies/join-the-euro-area/; European Commission, "Who Can Join and When?," accessed November 2, 2026, https://economy-finance.ec.europa.eu/euro/enlargement-euro-area/who-can-join-and-when_en. Obligation to adopt the euro subject to convergence, unless a treaty opt-out applies.

[187] R (Miller) v Secretary of State for Exiting the European Union [2017] UKSC 5, paras. 43-45 and 55-57; In re Allister [2023] UKSC 5, paragraphs 64-66 and 72-74.

[188] Norwegian Government, *Norge og EØS: Utvikling og erfaringer*, NOU 2024:7 (2024), chap. 6, discussion of reservation and Article 102, https://www.regjeringen.no/no/dokumenter/nou-2024-7/id3033576/?ch=7;

Switzerland provides a separate example outside the EEA. EU recognition of Swiss stock-exchange regulation expired in June 2019 amid disagreement over the proposed institutional framework agreement. The Swiss government's account explicitly links non-renewal to the EU's assessment of progress in those negotiations. Switzerland introduced protective measures to sustain trading on Swiss venues; subsequent EU rule changes enabled the Swiss government to remove the EU from that protective regime from May 2025.[189] The dispute concerned stock-exchange equivalence, rather than data-protection adequacy, which the EU reconfirmed in 2024.[190]

These episodes show why formal regulatory discretion and the commercial cost of exercising it must be considered together. The legal mechanisms and market coverage differ, but both are relevant to assessing how much reform autonomy a UK agreement would preserve in practice.

F2 Accession process and negotiating risks

Article 49 TEU allows a European state respecting the Article 2 values and committed to promoting them to apply to the Council. The European and national parliaments must be informed. The Council acts unanimously after consulting the Commission and obtaining the European Parliament's consent by a majority of its component members. The accession agreement requires ratification by every contracting state under its constitutional requirements. Former membership supplies experience, but no automatic right to return on the previous terms.[191]

Stage	Implications for a UK application
Application and assessment	Domestic authority to apply; Commission assessment of readiness and divergence from the acquis; political agreement among existing members.
Negotiating framework and screening	Agreement on the framework, examination of the acquis, benchmarks and outstanding divergences. Tariffs, FTAs, agriculture, fisheries, migration, justice, currency and budget would need settlement.
Negotiations and closure	Chapter or cluster work and transition terms. A large body of retained EU law may ease technical work, but does not settle political terms or every post-exit divergence.

Norwegian Ministry of Transport, "Tredje Postdirektiv," EEA note recording the position announced on November 19, 2013, https://www.regjeringen.no/no/sub/eos-notatbasen/notatene/2014/apr/tredje-postdirektiv/id2433636/.

[189] Swiss Federal Council, Report on the negotiations on an institutional framework agreement between Switzerland and the EU, May 26, 2021, section 2.2.4, p. 17. Explains the link between the institutional negotiations and non-renewal of stock-exchange equivalence. https://www.europa.eda.admin.ch/dam/en/sd-web/wcJ6-5iCjFRf/20210526-bericht_verhandlungen_institutionelles-Abkommen_ch-eu_EN.pdf. Swiss Federal Council, Federal Council to remove EU from stock exchange protective measure, January 29, 2025. Records the effect of EU legal changes and removal of the EU from the Swiss protective regime from May 1, 2025. https://www.admin.ch/en/nsb?id=103976.

[190] Swiss Federal Office of Justice, Adequacy of Switzerland by the EU, updated January 22, 2026. Records the EU's confirmation on January 15, 2024 that Switzerland continued to provide adequate data protection. https://www.bj.admin.ch/en/adequacy-of-switzerland-by-the-eu.

[191] Consolidated Treaty on European Union, March 15, 2025, art. 49.

Stage	Implications for a UK application
Institutional approval	Unanimous Council agreement and European Parliament consent. UK representation, institutional adjustments and funding terms are incorporated in the settlement.
Treaty and ratification	Signature and ratification by all parties. National constitutional procedures, and referendums where required or chosen, can delay or prevent entry.
Entry and transition	Membership begins on the agreed date. Transitional implementation and eventual economic adjustment can continue afterwards.

Enlargement is not a simple queue. Ukraine has strategic importance, while other applicants are at different stages of negotiation. A future UK application would interact with an active enlargement programme, budget negotiations and institutional reform. Chapter screening, third-country treaty adjustment and domestic implementation would require substantial administrative resources. Compensation rights and countermeasures depend on the particular commitments affected; they do not arise automatically from application.[192]

Possible obstacles are institutional and distributive. Every member government can withhold the necessary agreement. Budget contributors could resist a revived rebate; recipients could contest changed allocations. Agriculture, fisheries, financial services and free movement could become negotiating conditions. Ireland's interest in the Northern Ireland settlement and Spain's interest in Gibraltar could affect their positions. These are identifiable negotiating interests, not claims that either government has announced a veto against UK accession.

Within the European Parliament, no individual MEP has a veto. Consent requires a majority of all members. Political groups and committees may contest concessions, funding and compliance, while national constitutional procedures govern ratification. The CJEU is not a political accession-approval body. Changes in the Parliament's composition could nevertheless affect the majority available for consent.

An accession date of 2035 is a planning scenario, not a timetable. On the normal five-year electoral cycle, European elections in 2029 and 2034 would intervene, as would changes in national governments and Commission appointments. The relevant decision-makers and possibly the number of EU members would differ from those of 2026. Economic appraisal should distinguish agreement, entry, implementation and the later date at which long-run model effects are reached.[193]

F3 Commitments before accession

Candidate status does not itself transfer the UK's trade competence to the EU or legally freeze every negotiation. The UK could continue to implement and negotiate agreements, subject to

[192] European Commission, "Chapters of the Acquis," especially chapters 29 (customs union), 30 (external relations), and 34 (institutions), accessed October 25, 2026, https://enlargement.ec.europa.eu/enlargement-policy/conditions-membership/chapters-acquis_en; European Commission, *Ukraine 2023 Report*, SWD(2023) 699 final (2023), chap. 30, 138, https://enlargement.ec.europa.eu/system/files/2023-11/SWD_2023_699%20Ukraine%20report.pdf.

[193] European Parliament, "European Elections," explanatory press kit, section on the five-year electoral cycle, https://www.europarl.europa.eu/news/en/press-kit/2/european-elections.

existing treaty obligations and any undertakings it accepted during accession. The practical constraint would intensify as it aligned with the acquis: a new agreement incompatible with future membership could have to be amended or terminated and could complicate chapter closure. The Commission requires progressive alignment of external relations, and its Ukraine reporting specifically calls for assessment of new bilateral trade agreements in light of accession.[194]

CPTPP preferences would not disappear on the day of an EU application. On accession, however, independent UK tariff schedules and incompatible trade commitments would have to be reconciled with the common commercial policy. Earlier accessions required withdrawal from third-country FTAs and adaptation or termination of incompatible agreements. CPTPP permits withdrawal on six months' written notice unless a different period is agreed. Retaining UK participation on altered terms would require the relevant partners and the EU to agree; a unilateral UK carve-out cannot be assumed.[195]

Existing UK-U.S. concessions likewise need instrument-specific treatment. The EPD's original automotive arrangement provides a quota for 100,000 UK vehicles at a 10% tariff. The April 2026 pharmaceutical arrangement contains a conditional U.S. commitment for 1 January 2026 to 19 January 2029. It cannot be treated as a perpetual benefit guaranteed to survive until a hypothetical 2035 accession. Changes in reciprocal commitments, origin rules or U.S. implementing measures could alter access; accession alone does not mechanically cancel every U.S. concession.[196]

UK-specific access is compared with the arrangements that would replace it, by partner, product and service. Origin rules and cumulation can change even where an EU FTA exists, while some EU agreements may preserve or improve access. Preference margins, utilisation and trade responses determine the net change. Gross export values are not themselves GDP losses. A detailed estimate would refine or replace the relevant external-policy allowance rather than add a second charge.

F4 Budget contributions without a rebate

A no-rebate membership would entail a material annual fiscal transfer. HM Treasury's 2020 statement reports the Commission's 2019 accounting as £19.528bn gross before rebate,

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[194] European Commission, "Chapters of the Acquis," chaps. 29 and 30; European Commission, *Ukraine 2023 Report*, SWD(2023) 699 final (2023), chap. 30, 138.

[195] Comprehensive and Progressive Agreement for Trans-Pacific Partnership, art. 4 (withdrawal on six months' notice), https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/text-texte/cptpp-ptpgp.aspx?lang=eng; Consolidated Version of the Treaty on European Union, art. 49, 2016 O.J. (C 202) 13; European Commission, *Report on the Results of the Negotiations on the Accession of Cyprus, Malta, Hungary, Poland, the Slovak Republic, Latvia, Estonia, Lithuania, the Czech Republic and Slovenia to the European Union* (2003), chap. 26, 52, https://enlargement.ec.europa.eu/document/download/47655a00-80ef-4452-a100-96419e67dd98_en?filename=negotiations_report_to_ep_en.pdf.

[196] Department for Business and Trade, "General Terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal," May 8, 2025, para. 1(c)(i); Department for Science, Innovation and Technology, "Arrangement between the United States of America and the United Kingdom on Pharmaceutical Pricing," April 2, 2026, sec. IV.1(a)-(c). The published pharmaceutical arrangement specifies December 1, 2025, through January 19, 2029, for the separate commitments in sec. IV.1(b) and (c); the January 1, 2026, starting date in the memorandum matches the conditional Section 232 pharmaceutical tariff commitment in sec. IV.1(a).

£4.477bn rebate and £6.702bn total public and private receipts. Removing that rebate on the same historical accounting gives £12.826bn net, compared with £8.349bn after rebate. These are historical 2019 pounds and do not forecast a future UK contribution.[197]

The forward budgeting illustration assumes gross contributions of 0.9% of reference GDP and receipts of 0.3%, producing a 0.6% net transfer. The 0.5-0.9% net range reflects uncertainty over the budget and receipts. The gross percentage is a planning assumption, not the EU own-resources formula, which depends on GNI, VAT and other resources.[198]

Illustrative annual item[199]	Share of reference GDP	Annual amount	Per resident
Gross contribution with no rebate	0.9%	£31.28bn	£439
Receipts assumed	0.3%	£10.43bn	£146
Net central contribution	0.6%	£20.85bn	£293
Net sensitivity range	0.5% to 0.9%	£17.38bn to £31.28bn	£244 to £439

The Commission proposed a 2028-2034 budget averaging 1.26% of EU GNI, while the European Parliament's 2026 interim report sought 1.38% including debt servicing. These are EU-wide proposals, not UK contribution rates. They show why simply restoring the old net payment would be an inadequate forecast; accession around 2035 would fall under a later budget settlement. Participation in the EU budget, including its share of recovery-debt service, is the ordinary starting point for accession; an exclusion or limitation would require agreement. NextGenerationEU borrowing is to be repaid from 2028 to 2058, with grants serviced through the EU budget and loans by borrowing states. Budget headroom also backs the borrowing. The UK should therefore appraise prospective budget contributions and contingent exposure, without treating every euro of EU debt as a direct UK liability. [200]

The central £20.85bn annual net transfer is a fiscal/resource-flow illustration and is not subtracted from the ACMD GDP-per-capita result. Receipts may replace spending already funded domestically; existing UK programme contributions may cease or be credited. Incremental Exchequer cost must account for those offsets, while the output effects of

[197] HM Treasury, *European Union Finances 2020*, annex B, table B.1, 43. The £12.826 billion figure excluding the rebate is an arithmetic counterfactual using the published 2019 figures (gross £19.528 billion less receipts £6.702 billion); it is not a separate Treasury projection.

[198] HM Treasury, *European Union Finances 2020*, annex B, table B.1, 43; European Commission, "EU Budget 2028-2034," proposal issued July 16, 2025. The forward rates in the memorandum are illustrative assumptions, not the EU's enacted own-resources formula.

[199] HM Treasury, *European Union Finances 2020*, annex B, table B.1, 43; European Commission, "EU Budget 2028-2034," proposal issued July 16, 2025. The annual percentage assumptions in the adjoining table are the memorandum's scenario inputs.

[200] European Commission, "EU Budget 2028-2034," proposal issued July 16, 2025; European Parliament, Interim Report on the Proposal for a Council Regulation Laying Down the Multiannual Financial Framework for the Years 2028 to 2034, A10-0105/2026 (April 21, 2026), paras. 16-17, https://www.europarl.europa.eu/doceo/document/A-10-2026-0105_EN.html. European Commission, "NextGenerationEU," repayment and budget-headroom arrangements: repayment from 2028 to 2058; loans repaid by borrowing states and grants through the EU budget. https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu_en.

financing and spending changes require their own modelling. The transfer is reported alongside GDP rather than treated as another GDP loss.

Membership creates distinct fiscal and contingent exposures which must be valued separately. Recovery-debt service enters the EU budget and is therefore already relevant to the contribution illustration above. Under the current Own Resources Decision, exceptional liquidity calls for recovery borrowing are subject to specified conditions and ceilings: the temporary headroom is 0.6 percentage points of EU GNI, with each state's maximum call linked to its GNI share. Additional calls can cover another state's failure to pay, but this is not an unconditional obligation to pay the entire EU debt stock. The applicable rules and the UK contribution key would depend on the accession settlement and the legislation then in force.[201]

Euro adoption would also bring ESM membership, subject to the accession process. The ESM Treaty distinguishes paid-in capital from callable capital and limits each member's liability to its subscribed share of authorised capital. A UK appraisal must therefore specify the entry date, capital key, initial contribution, callable balance, loss scenario and recoveries. Paid-in capital is an acquisition of a financial asset; callable capital is a contingent exposure. Neither is automatically a permanent resource loss of the same amount.[202]

Reynolds, Blake and Lyddon's Managing Euro Risk examines sovereign-bank links, regulatory treatment and the transmission of euro-area financial risk. Lyddon's separate October 2026 assessment places prospective UK "shadow" liabilities at about £1 trillion for accession into the 2028-2034 budget period. That is his broad contingent-exposure estimate, not an expected cash payment or a GDP loss. It cannot be inserted into the memorandum's later-accession illustration without reconciling each instrument's legal ceiling, timing, likelihood of a call and potential recovery.[203]

The remaining accession-specific valuation therefore requires a schedule of budget debt service, guarantees, capital subscriptions and callable commitments under the actual treaty terms, with cash-flow and stress scenarios shown separately. No accession terms currently determine a precise UK amount. Debt service already included in budget contributions must not be counted again, and the contingent stock must not be added to public debt or deducted from GDP as though it were an immediate loss.

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[201] Council Decision (EU, Euratom) 2020/2053 of December 14, 2020, on the system of own resources of the European Union, arts. 5-6 and 9(4)-(9), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020D2053.

[202] Treaty Establishing the European Stability Mechanism, consolidated version incorporating Bulgaria's membership, arts. 8(5), 9-11 and 44 (23 and 57 for arts. 8(5) and 44); European Stability Mechanism, "Accession of New ESM Members," https://www.esm.europa.eu/esm-governance/accession-new-esm-members, and consolidated treaty, https://www.esm.europa.eu/about-us/transparency/esm-treaty (accessed November 2, 2026).

[203] Barnabas Reynolds, David Blake, and Robert Lyddon, *Managing Euro Risk: Saving Investors from Systemic Risk* (London: Politeia, 2020), overview and technical analysis, https://www.lyddonconsulting.com/wp-content/uploads/2020/02/Managing-Eurozone-Risk-Politeia-27feb20.pdf. Bob Lyddon, "Rejoining the EU Would Add an Extra £1 Trillion to the UK's Already-Expanding Shadow Financial Liabilities," Lyddon Consulting, October 1, 2026, https://www.lyddonconsulting.com/rejoining-the-eu-would-add-an-extra-1-trillion-to-the-uks-already-expanding-shadow-financial-liabilities/. This is the author's contingent-exposure assessment for entry into the 2028-2034 budget period, not an official forecast of UK payments or a GDP-loss estimate.

F5 VAT and tax design

EU membership would constrain UK VAT choices through a common legal framework, but would not impose a single EU VAT rate. The standard rate must be at least 15%; specified reduced and zero rates and derogations remain possible. A CU alone and EEA participation do not automatically import the VAT Directive. Under TCA+ the UK retains greater scope to redesign VAT, subject to its other obligations, including the particular rules applying to Northern Ireland.[204]

A blanket statement that the EU would prohibit every energy VAT reduction is too broad. The revised Directive allows reduced rates for electricity and permits reduced rates for natural gas until 1 January 2030. Zero-rating an entire household energy bill is a different question and would need a valid legal basis or an accession derogation. Old UK derogations should not be assumed to revive. Zero-rating preserves input-tax recovery; ordinary exemption generally does not, so the two cannot be treated as economically identical.[205]

The private-school question turns on the education exemption, not charitable status alone. Article 132(1)(i) requires exemption for qualifying education by public bodies and recognised organisations with similar objects; Member States have discretion over recognition within EU-law limits. HMRC's 2024 policy note says private schools retain eligible-body status despite the new exception making their fees taxable. That makes accession compatibility a substantive issue requiring screening. It is not sound to conclude simply that every charity must be exempt, or that the present exception is necessarily compatible.[206]

Tax Foundation analysis supports broadening the VAT base and reducing distortions while considering the taxes or spending used to finance reform. Its UK competitiveness rankings do not provide a GDP elasticity for VAT autonomy. Its published U.S. Taxes and Growth model results cannot be transplanted as a UK VAT estimate. A quantified UK case needs a specified rate/base reform, spending and input-credit data, pass-through and behavioural assumptions, and a balanced financing counterfactual. No additional VAT GDP dividend is inserted in the ACMD results.[207]

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[204] European Commission, "VAT Rates," Taxation and Customs Union, accessed October 25, 2026, https://taxation-customs.ec.europa.eu/taxation/vat/vat-directive/vat-rates_en; European Free Trade Association, "Q&A about the EEA Agreement," no. 5 (direct and indirect taxation outside the EEA Agreement); Consolidated Version of the Treaty on the Functioning of the European Union, art. 113, 2016 O.J. (C 202) 47; Protocol on Ireland/Northern Ireland to the EU-UK Withdrawal Agreement, art. 8 (VAT and excise). These authorities distinguish EU VAT harmonisation, the EEA exclusion, and Northern Ireland-specific obligations.

[205] European Commission, "VAT Rates," Taxation and Customs Union, sections on the standard, reduced, and zero rates; Council Directive (EU) 2022/542 of April 5, 2022, amending Directives 2006/112/EC and (EU) 2020/285 as regards rates of value added tax, 2022 O.J. (L 107) 1, arts. 98 and 105a and annex III of Directive 2006/112/EC, as amended.

[206] Happy Education SRL v. Direcţia Generală Regională a Finanţelor Publice Cluj-Napoca and Administraţia Judeţeană a Finanţelor Publice Cluj, Case C-612/20, ECLI:EU:C:2022:314, judgment of April 28, 2022, paras. 26, 30-32, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62020CJ0612; HM Revenue and Customs, "Private school fees, VAT measure," updated November 15, 2024, "Current Law" and "Proposed Revisions," https://www.gov.uk/government/publications/vat-on-private-school-fees/applying-vat-to-private-school-fees. The HMRC note states that private schools retain eligible-body status notwithstanding the new exception making specified fees taxable; the Court describes national recognition discretion within EU-law limits.

[207] Tom Clougherty, Daniel Bunn, Elke Asen, and James Heywood, *A Framework for the Future: Reforming the UK Tax System* (Centre for Policy Studies and Tax Foundation, 2020),

With unchanged pre-tax prices and full pass-through, removing 5% VAT saves 5/105 of a VAT-inclusive bill: £95.24 on a £2,000 bill, or £47.62m per £1bn of affected spending. These are conditional consumer and revenue amounts, not GDP gains. VAT autonomy also includes options to broaden the base and lower rates; its value depends on a better financed policy design.

$$Saving = VAT\ inclusive\ spending \times \frac{r}{1 + r}$$

F6 Costs of reversing post-exit changes

There is no defensible single reversal-cost total in the evidence reviewed. Past Brexit implementation spending is sunk and cannot be charged again merely because policy changes. The relevant cost is future additional resource use and loss of usable assets caused by the new settlement, net of systems and procedures that would no longer be needed. Some post-exit choices would remain compatible with membership; others could be covered by transitions.

Area to screen	Incremental cost to measure
Customs and trade systems	Tariff schedules, declarations, IT connections, origin records, training and treaty amendments; deduct retired duplicate processes.
Product approvals and regulatory records	Re-registration, testing, authorisations, labelling and stranded compliance investment only where EU terms require change.
Tax and public administration	VAT changes, reporting systems, programme administration and implementation staff, net of continuing domestic costs.
Financial services and domestic regulation	Rulebook conversion, contracts, supervision and adjustment under the actual acquis and negotiated transitions.
Firms and workers	Temporary production disruption, capital replacement and retraining, allowing for avoided costs and residual asset value.

Reversal costs comprise the discounted additional resources required by the new obligations, allowing for affected entities, timing, residual asset values and operating benefits forgone. Tariffs, budget transfers and compensation are separate accounts. Output losses already represented in the pillar changes or delay analysis are excluded from a second adjustment-cost charge. A count of repealed laws is not a reliable measure of this cost.

https://taxfoundation.org/research/all/eu/uk-tax-reform/; Tax Foundation, “Modeling Tax Proposals,” overview of the Taxes and Growth model, accessed October 25, 2026, https://taxfoundation.org/topics/modeling-tax-proposals/. These sources provide tax-reform and modelling context, not a calculation of the memorandum’s VAT scenario.

Annex G: The economic cost of delaying reform

The delay illustration compares reform starting in 2027 with the same programme starting in 2032. Direct ACMD and energy gains phase in over ten years. The reference income for each year and population values are shown below; calculations use those displayed projection observations and the exact 2036 anchor. Output gaps are discounted to end-2026 at 3.5%, in constant 2024 prices. Accession does not legally require a five-year standstill: only reforms actually delayed should enter this account.[208]

The five-year delay is a sensitivity, not the minimum time needed to legislate. With priority Bills and replacement frameworks prepared in advance, an approximately eighteen-month legislative programme is an ambitious implementation target. Consultation, sequencing and supervisory capacity determine whether it is achievable. The economic gains still phase in over roughly ten years; an early change in law is not immediate delivery of the endpoint GDP gain.

Programme delayed five years	PV gap 2027-2031	PV gap 2027-2036	2036 endpoint gap
Domestic and energy programme	£407.7bn	£1,058.8bn	£181.1bn
Domestic energy and RoW liberalisation	£561.3bn	£1,469.4bn	£254.4bn
Whole enhanced TCA package net of EU-access costs	£454.6bn	£1,183.5bn	£203.2bn

These are alternative programme scopes. The domestic-energy-and-RoW row includes the RoW exports/GDP score contribution. The whole enhanced TCA row also includes the 0.50-point EU-trade reduction, the EU exports/GDP reduction and the additional access-conditionality cost. These terms phase in with implementation in this delay illustration. Their combined EU contribution is negative. The figures are discounted output gaps, not an Exchequer bill or additional charges on top of the long-run option percentages.

$$Lnow(t) = f(t) \times g + e(t) \times ln(1.0402)$$

$$Ldelay(t) = d(t) \times g + edelay(t) \times ln(1.0402)$$

$$Annual\ gap(t) = baseline\ GDP(t) \times [e^{Lnow(t)} - e^{Ldelay(t)}]$$

$$PV(H) = \sum_{t=1}^{H} \frac{Annual\ gap(t)}{1.035^t}$$

f(t) = min(t/10, 1); d(t) = min(max((t−5)/10, 0), 1). Energy follows the same respective delivery shares. Here t = 1 is 2027. The direct domestic log gain is 0.057508904. The linear energy phase is a sensitivity assumption, not the published energy trajectory. The domestic programme's 2036 output gap is £2,541 per person.

[208] HM Treasury, *The Green Book 2026*, updated February 5, 2026, chap. 6, "Discounting," https://www.gov.uk/government/publications/the-green-book--2/the-green-book-2026. The five-year delay and associated projections are assumptions of this memorandum.

Year[209]	Population (million)	GDP per person	Direct now / delayed	Energy now / delayed	Output gap in that year £bn
2027	69.836	£43,015	10% / 0%	10% / 0%	29.3
2028	70.035	£43,555	20% / 0%	20% / 0%	59.7
2029	70.224	£44,074	30% / 0%	30% / 0%	91.3
2030	70.402	£44,581	40% / 0%	40% / 0%	124.1
2031	70.570	£45,166	50% / 0%	50% / 0%	158.3
2032	70.728	£45,816	60% / 10%	60% / 10%	162.5
2033	70.876	£46,503	70% / 20%	70% / 20%	166.9
2034	71.014	£47,210	80% / 30%	80% / 30%	171.4
2035	71.143	£47,949	90% / 40%	90% / 40%	176.1
2036	71.265	£48,762	100% / 50%	100% / 50%	181.1

The ten-year appraisal excludes later catch-up years. If reforms continue during negotiations, the relevant delay share is smaller. The whole-package direct log effect is 0.068441050, including the access-conditionality cost, with energy added separately. Treating that cost as implementation-linked is a delay sensitivity; exogenous EU divergence could follow a different timetable. The baseline is a constructed reference scale, not an official aggregate GDP forecast.

[209] HM Treasury, *The Green Book 2026*, "Discounting" (3.5% real social time preference rate for years 1-30); The Growth Commission, *Growth Budget 2026*, 7, 13-30. The phase-in and projected GDP changes are assumptions of this memorandum.

Annex H: The ACMD framework, evidence and application

We developed the ACMD framework to assess how trade access, domestic regulation and legal institutions affect competitive conditions and economic performance. It gives officials a consistent basis for comparing the customs benefits, external-trade constraints and domestic reform opportunities associated with the UK's choices. Our confidence in the framework rests on its economic foundations, published methods, statistical evidence and practical application in government and business work. This annex explains those foundations and shows how we move from a specified policy programme to an income estimate that officials can inspect, reproduce and test.

H1 Economic foundations and purpose

We define an anti-competitive market distortion as a policy or institutional arrangement that impairs competition on the merits. Examples include protecting incumbents from entry, discriminating between otherwise comparable firms, conferring selective advantages, weakening enforceable property rights and obstructing trade. We assess a measure's effects on competitive conditions and economic welfare alongside its legitimate policy objectives. The framework therefore distinguishes harmful distortions from regulation and public intervention that serve those objectives without unnecessarily restricting competition.[210]

Our approach draws on established economic mechanisms. Barriers to entry and expansion can channel labour and capital towards less productive uses, raise input costs and weaken incentives to invest and innovate. Effective contract enforcement and protection against arbitrary interference strengthen investment incentives. Trade access widens markets and increases competitive pressure, while domestic conditions determine how readily firms can respond. We organise these mechanisms under three complementary pillars and allocate each policy effect to its relevant channel to limit duplication.

For the UK-EU choice, the framework allows us to assess gains and constraints together. Customs relief can reduce border costs while a common external policy limits concessions to other partners. Regulatory recognition can improve EU access while common rules narrow the domestic reform programme. We make both effects explicit. This provides a useful complement to bilateral trade modelling, particularly where the decision concerns a wider programme of institutional and regulatory reform. Comparisons with other models require a common policy scope and reference path.

H2 Academic development and publication

Our research programme predates this UK-EU exercise. Singham, Rangan and Bradley examined ACMDs in Concurrences in 2014, and Singham and Rangan developed a typology in Economic Affairs in 2018. These articles establish the conceptual basis for identifying government-created distortions and assessing their competitive and welfare effects. They also

[210] Singham and Rangan, "Anti-Competitive Market Distortions," 339-347.

place the framework in the academic literature, where its definitions and arguments can be examined and challenged.[211]

We have developed the theory and modelling in two academic books: Shanker A. Singham and Alden F. Abbott's Trade, Competition and Domestic Regulatory Policy (Routledge, 2023), and Singham's International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions (Routledge, published 2025). Chapters 3 and 4 of the latter explain the original econometric model and its refinements. These texts provide researchers, students and practitioners with a detailed account of the framework and give officials a published methodological foundation for the present application.[212]

Routledge is a long-established international academic publisher, founded in 1836 and part of Taylor & Francis. Its published book-proposal process includes review by a commissioning editor, external assessment by subject experts and approval by a publishing committee or editorial board. We regard this academic scrutiny and the availability of our methods for wider examination as important elements of the framework's credibility. Our case for the estimates also rests on the statistical evidence and transparent policy assumptions set out below; publication does not remove the need to assess those elements in each application.[213]

H3 Pillars, indicators and the UK baseline

We organise the indicators under International Competition (IC), Domestic Competition (DC) and Property Rights (PR). Higher scores represent conditions more conducive to competition and enforceable rights, with seven as the component frontier used in this memorandum. Each pillar is a weighted sum of its component scores. These weights define the index; they are distinct from sector shares of GDP and from estimated returns to individual statutes.

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[211] Singham and Rangan, "Anti-Competitive Market Distortions," 339-347. Shanker A. Singham, U. Srinivasa Rangan, and Robert F. Bradley, "The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets," *Concurrences*, no. 4 (2014), art. 69641, public offprint, 1-3, especially para. 7. https://www.concurrences.com/en/review/issues/no-4-2014/droit-et-economie/the-effect-of-anticompetitive-market-distortions-acmds-on-global-markets. https://shankersingham.com/wp-content/uploads/2024/10/The-effect-of-anticompetitive-market-distortions-ACMDs-on-global-markets-ConcurrencesNo4_2014.pdf.

[212] Shanker A. Singham and Alden F. Abbott, *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection* (Abingdon: Routledge, 2023), 103-110, 244-249. https://www.routledge.com/Trade-Competition-and-Domestic-Regulatory-Policy-Trade-Liberalisation-Competitive-Markets-and-Property-Rights-Protection/Singham-Abbott/p/book/9780367339883. Shanker A. Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, published 2025; copyright 2026), chaps. 3-4. https://www.routledge.com/International-Trade-Regulation-and-the-Global-Economy-The-Impact-of-Anti-Competitive-Market-Distortions/Singham/p/book/9781032944166.

[213] Routledge and CRC Press, "About Us." Publisher history and relationship to Taylor & Francis. Accessed October 15, 2026. https://www.routledge.com/about-us. Taylor & Francis Author Services, "Submit Your Book Proposal," section on review and approval. Describes commissioning review, external expert assessment and publishing-committee approval. Accessed October 15, 2026. https://authorservices.taylorandfrancis.com/publish-your-book/submit-your-book-proposal/.

Pillar	Principal components and weights	UK baseline
International Competition	Customs 9.346%; international shipments 32.435%; timeliness 10.270%; trade freedom 26.250%; foreigners to visit 7.200%; foreign currency 3.555%; capital controls 0.945%; exports/GDP 10.000%.	5.101953
Domestic Competition	Labour freedom 25%; business freedom 25%; financial freedom 6.25%; governance 25%; electricity connection cost and time, roads, ports, mobile connectivity and internet use 3.125% each.	5.707368
Property Rights	Legal-framework efficiency 30%; IP protection 25%; investor protection, financial legal rights and judicial independence 17%; contract enforcement 11.25%; property registration 3.75%; insolvency 13%.	5.389715

Source: original UK component calculations for this paper and the national baselines used in Annex A. Weights in the table are rounded; calculations retain the underlying precision. The PR groupings contain the separate legal and administrative components used in the detailed calculations. Historical index construction drew on international comparative datasets, including the World Economic Forum and the World Bank.[214]

All three scenario anchors use 2022 observations, and all three regressions use only 2010-2022 data. IC gives exports/GDP a 10% weight, with the earlier weights scaled to 90%. DC and PR coefficients and component weights are unchanged. Exports/GDP is an outcome measure and contains GDP in its denominator; the revised association therefore does not independently identify a causal trade-policy effect. The other indicators measure institutions and administrative or infrastructure conditions rather than a direct count of legislation.[215]

We apply each reform assumption to the component it affects before calculating the national pillar change. A 7% improvement in business freedom from 5.981536, weighted at 25% of DC, produces 0.104677 national DC points. The pillar increase is consequently much smaller than 7%. Annex A records the component targets and their combined endpoint below seven.

H4 Econometric specification and reported results

We have refined the SRB family from earlier multi-stage modelling into the simpler SRB-γ panel approach. This estimates the relationship between each pillar and log GDP per capita using observations across countries and years. A schematic representation of a pillar regression is:

$$ln(y_{it}) = \alpha_i + \tau_t + \beta_j P_{it}^{(j)} + \varepsilon_{it}$$

Here y is GDP per capita at constant 2021 PPP international dollars; P is one pillar; i identifies a country and t a year. Country effects α capture persistent national differences and year effects τ capture common shocks. The specification contains no additional time-varying controls and excludes Hong Kong in 2021-2022. It uses within-country changes over 2010-2022, while leaving the usual questions of omitted variables and possible effects from income to institutions. The three pillars are estimated in separate regressions.

[214] Trade Facilitation Commission, *Ensuring Economic Growth* (2024), pages 10, 57-58 and Annex I. Describes use of the SRB model, collective authorship and the Commission's membership; earlier methodological results are distinct from the 2010-2022 re-estimation reported in Annex H4. https://www.facilitation.trade/wp-content/uploads/go-x/u/867b7957-b1a5-4c26-ad2a-e2621845151e/TFC_Ensuring-Economic-Growth-v4.pdf.

[215] Original calculations for this paper, October 24, 2026 IC re-estimation; unchanged DC and PR estimates. See Annex H4 for the specification, sample, coefficients and sensitivity results.

The coefficients below are the 2010-2022 OLS estimates used throughout this memorandum, excluding Hong Kong's 2021 and 2022 observations. The input preparation carries missing components forward within country, with no initial backfill; 2023 observations are excluded from estimation. Standard errors are clustered by country. The estimation samples comprise 154 countries for IC, 140 for DC and 139 for PR. Only those two Hong Kong country-years are excluded; its earlier observations are retained. All-observations results are reported below as a sensitivity.[216]

Pillar	Coefficient	Standard error	t-statistic	p-value	Country-year observations
International Competition	0.05872661	0.02973252	1.975	0.050049	1,907
Domestic Competition	0.08331891	0.02689342	3.098	0.00236	1,751
Property Rights	0.05867208	0.02806867	2.090	0.03842	1,785

DC has the strongest statistical support: t = 3.0981 and p = 0.00236, significant at 1%. PR is significant at 5% (t = 2.0903; p = 0.03842). IC has t = 1.9752 and p = 0.050049: it meets 10% significance but narrowly misses 5%, and its 95% interval includes zero. We retain it as a conditional scenario parameter. These are two-sided tests using country-clustered CR1 standard errors and t distributions with G − 1 degrees of freedom: 153 for IC, 139 for DC and 138 for PR.[217]

The 95% confidence intervals below describe uncertainty about each estimated log coefficient within this specification. They are not confidence intervals for the policy packages or their combined GDP effects.

Pillar	95% lower coefficient	95% upper coefficient
International Competition	−0.000013	0.117466
Domestic Competition	0.030146	0.136492
Property Rights	0.003172	0.114172

The IC robustness regressions have also been rerun using the exports-augmented index. With all observations retained, p values are 0.0449 for IC, 0.0087 for DC and 0.0380 for PR. On the unchanged common sample of 1,652 country-years, they are 0.0765, 0.0093 and 0.1996. Using complete original component rows without additional carry-forward gives 0.0869, 0.0104 and 0.0599. DC and PR alternatives retain the October 20, 2026 estimates. DC remains significant at 5% across these tests; PR and IC are sample-sensitive. These alternatives retain Hong Kong 2021-2022.[218]

We consider this evidence sufficient to use DC in conditional policy appraisal, with greater caution for PR and IC. Statistical significance does not by itself establish causality, validate a policy-to-score mapping or demonstrate forecasting accuracy. The estimation record also shows that all 142 available prepared PR scores are unchanged from 2019 to 2022; this limits what the series can reveal about recent legal change. Book publication and policy applications

[216] Original calculations, as described in note 214 and Annex H4.

[217] Original calculations, as described in note 214 and Annex H4.

[218] Original calculations, as described in note 214 and Annex H4.

support scrutiny of the framework but do not independently validate this revised October 2026 calibration.

The coefficients are semi-elasticities: a one-point pillar increase changes log income by β. Exact one-point income gains are 6.048527% for IC, 8.688837% for DC and 6.042745% for PR. These concern a full index point, not a 1% index increase. Calculations retain the unrounded log coefficients and exponentiate the combined log effect; exact one-point percentages are not substituted into the exponent.

For a combined programme, we apply the coefficients from the separate pillar regressions within a common policy account. This is an explicit modelling convention, rather than a joint estimation of three independent causal effects. We use it consistently across every option and identify potential overlap between policy mechanisms. The exports/GDP channel is shown separately with an exclusion sensitivity in Annex A. This makes the comparison reproducible while recognising that institutions can move together and that combined effects carry additional uncertainty.

Hong Kong's supplied DC series falls from 6.4188 in 2020 to 1.9915 in 2021. Several component values move abruptly to around or below the stated lower score boundary, and labour freedom is missing in 2022. These observations are excluded from the central estimation as a comparability judgement, not because their removal increases the estimated effect. The exclusion applies to the same two country-years in each pillar regression. It does not exclude Hong Kong's earlier data or substitute invented values. A genuine change in institutions would normally be retained if measured consistently. We therefore show the all-observations alternative transparently.

Sensitivity to retaining Hong Kong in 2021 and 2022

Retaining all observations gives log coefficients IC 0.0573293531, DC 0.0598082257 and PR 0.0587780167. The following comparison changes only the coefficient set, using revised IC in both columns; policy assumptions, energy, trade exposures and monetary scale are identical. It tests the influence of the data exclusion rather than uncertainty about every policy assumption.

Option	Central exclusion case	All observations
Customs union	−2.00%	−2.08%
EEA participation	−4.19%	−3.48%
Full EU membership	−5.65%	−4.92%
Enhanced TCA with reform	+11.39%	+10.49%
TCA without reform	−3.40%	−3.32%
SPS alignment and reform	−2.12%	−1.92%
Single Market for goods	−2.79%	−2.55%
Dynamic alignment on goods	−1.98%	−2.12%
Dynamic alignment on goods and services	−3.63%	−3.53%

H5 From a policy proposal to an income estimate

Our translation from policy to income follows four steps. We identify the mechanism affecting competitive conditions; specify the component change and the share of activity exposed; apply the component weight to calculate national pillar points; and use the relevant coefficient to combine the income contributions. Annexes A and B show the assumptions and arithmetic for each option, allowing officials to test a different policy judgement without changing the underlying comparison method.

We distinguish the estimated coefficients from the calibration of a policy programme. The former come from historical panel data. The 25% customs-related logistics improvement, the 15% reduction in RoW trade freedom, planning delivery rates and national reform allowances are stated scenario assumptions. We use legal and sectoral analysis to establish which reforms are feasible and how they affect competitive conditions. This separation keeps the empirical relationship and our judgement about implementation visible to the reader.

$$L = 0.0587266084\,\Delta IC + 0.0833189112\,\Delta DC + 0.0586720800\,\Delta PR + E + J^{+} - J^{-}$$

$$GDP\ per\ capita\ change\ (\%) = 100 \times (e^{L} - 1)$$

L is the combined log-income change. E is the separately specified energy contribution in logarithmic form; J^{+} and J^{-} are the positive and negative interaction allowances for EU membership. We add the log contributions and then exponentiate, which is equivalent to multiplying the separate income factors. This preserves the correct relationship between package results and their component effects.

We weight changes by the activity to which they apply. The CU logistics assumption covers UK goods exports to the EU, so we use £183.8bn divided by £897bn of total UK exports. The wider TCA access-conditionality assumption covers EU-bound goods and services and uses £369.4bn divided by £897bn. These are declared proxies for policy exposure, rather than estimates of bilateral trade elasticities. Keeping the denominator explicit ensures that changes to coverage can be distinguished from changes to the assumed policy effect.

For full EU membership, we combine customs and regulatory effects with explicit positive and negative interaction allowances. Annex B states the central assumptions and alternatives. These allowances express our assessment of the policy package; they are separate from the historical pillar coefficients. We also specify the 4.02% energy benchmark as a conditional module. To limit double counting, we exclude energy production costs and approvals from the positive non-energy reform blocks.

H6 Worked examples and partial reform

A 7% planning improvement alone raises business freedom by 0.418708, or 0.104677 national DC points. At coefficient 0.0833189112 this gives a standalone 0.88% gain; half delivery gives 0.44% alone. Planning and corporate reform jointly raise business freedom to 6.818951, below seven. Half planning reduces the combined DC contribution by 0.052338 points; the final income effect also reflects compounding with the other channels.

The EU-trade reduction contributes −0.012092313 log points and the separate access-conditionality assumption −0.012338882. The EU exports/GDP score reduction contributes -0.000273260, while the RoW increase contributes 0.000390287. Total standalone costs are −2.44%; positive programme contributions give +14.17%. Compounding produces +11.39%.

These components are scenario assumptions; the possible overlap between policy, trade exposure and export-score channels is assessed in Annex A.

The financial-services reform in Annex D14 includes the existing DC financial-competition contribution. Its broader sector illustration is tested through substitution of that contribution and is not added to the +11.39% result.

Removing energy reform leaves 7.08%; delivering half the planning block leaves 10.90%; and combining both reductions leaves 6.62%. Other domestic reforms, trade-access targets and the access-conditionality assumption remain fixed. These sensitivities show the effect of individual delivery choices.

The no-reform export scenario in Annex B10 is a stress test. The assumed mapping from reduced EU export exposure and increased RoW exports, together with the specified exports/GDP score adjustments, produces −3.40%. The panel regression does not estimate the exposure mapping or establish that the additional score channel is independent. Excluding the separate exports/GDP adjustment gives −3.41%. Neither calculation deducts lost exports pound for pound from GDP; both are conditional on the stated assumptions.

H7 Long-term levels and monetary conversion

We express the principal results as changes in the level of GDP per person reached in 2036 relative to the same reference path. The full TCA result of 11.39% is an endpoint level difference. It is equivalent to a constant compound improvement of approximately 1.08% a year relative to the reference path over ten years. That compound equivalent describes the transition to the higher level; it is neither a cumulative ten-year total nor a permanent addition to growth after 2036.

$$Equivalent\ annualised\ improvement\ =\ e^{\frac{L}{10}}\ -\ 1$$

For monetary conversion, we use reference GDP per person of £48,761.96 and a projected population of 71,264,846 in 2036. We apply the percentage gain to GDP per person and multiply by that year's population. The full TCA case consequently gives approximately £5,553 more output per person and £395.8bn more UK output in 2036, at constant 2024 prices. Population growth enters the aggregate conversion once and does not alter the per-capita percentage gain.

$$\Delta GDP_t\ =\ (e^{L_t}\ -\ 1)\ \times\ {y_t}^0\ \times\ N_t$$

Here y^0 is reference GDP per person and N is population in the year concerned. To calculate a cumulative ten-year value, we need an implementation path for each year and must sum the additional output in each year. An average value per year then divides that cumulative amount by the number of years. Dividing the endpoint gain by ten would answer neither question. Annex G specifies the delivery path used in our delay appraisal. GDP per person measures output divided by population; the distribution of gains and their translation into disposable income require further analysis.

External evidence and the scale of the reform gain

The +11.39% endpoint implies approximately 1.08% compound improvement per year over ten years relative to the reference path. Mahoney's cross-country study of 1960-1992 reports a common-law growth differential of about 0.7 percentage points; it offers independent evidence that legal institutions can have economically material effects. It does not estimate the return to

this UK programme, and a country-growth coefficient cannot be transferred mechanically to financial services. [219]

A transparent illustrative comparison is a path growing by 2-2¼% a year against one growing by 1½%, with no additional catch-up assumption. Compounding each path over ten years gives a 5.04-7.64% difference in the endpoint output level. The calculation demonstrates the scale produced by a sustained growth differential. Establishing it as a forecast would require evidence for the baseline, reform transmission and delivery path; the published studies discussed in section 3 establish relevant mechanisms, not those particular rates.[220]

H8 Academic foundations, endorsements and policy application

Our confidence in the ACMD framework rests on a sustained programme of published research, expert scrutiny and practical application. We have developed the analysis through academic books and papers, exposed it to assessment by experienced economists, competition lawyers and trade officials, and used it in government and commercial work. This record gives officials a substantive basis for assessing the framework's credibility alongside the data, methods and scenario assumptions explained in this annex.

Academic books and published research

The work extends across four academic text books. *A General Theory of Trade and Competition* (Cameron May, 2007) established the relationship between trade liberalisation, competition and property rights. *Trade, Competition and Domestic Regulatory Policy*, co-authored with Alden F. Abbott (Routledge, 2023), develops that integrated approach in detail. *Market Distortions in Privatisation Processes* (Routledge; paperback 2024) examines its application to electricity and gas, telecommunications and postal services. *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, 2025) sets out the modelling programme, including the original SRB model and subsequent refinements. Chapters 3 and 4 provide the principal methodological account.[221]

Publication by Routledge, an established international academic publisher within Taylor & Francis, is an important part of this record. Its stated commissioning process includes external peer review of book proposals by subject specialists and approval by a publishing committee or

[219] Paul G. Mahoney, "The Common Law and Economic Growth: Hayek Might Be Right," *Journal of Legal Studies* 30, no. 2 (2001): 516, table 2, model 1.

[220] Author's illustrative calculation: 100 × [(1.020 / 1.015)^10 − 1] = 5.04%; 100 × [(1.0225 / 1.015)^10 − 1] = 7.64%. The rates are assumptions and no additional catch-up term is included. For the published institutional and competition mechanisms, see Acemoglu, Johnson, and Robinson, "Institutions as a Fundamental Cause"; Aghion et al., "The Effects of Entry"; and Andrews et al., "Regulation and Growth."

[221] Shanker Singham, "Books," accessed October 25, 2026; Shanker A. Singham and Alden F. Abbott, *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection* (Routledge, 2023), https://www.routledge.com/Trade-Competition-and-Domestic-Regulatory-Policy-Trade-Liberalisation/Singham-Abbott/p/book/9780367339883; Shanker Singham, *Market Distortions in Privatisation Processes* (Routledge, 2023; paperback edition, 2024), https://www.routledge.com/Market-Distortions-in-Privatisation-Processes/Singham/p/book/9781032419350; Shanker Singham, *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions* (Routledge, 2025), chaps. 3-4.

editorial board. The books place our reasoning and methods in a durable, accessible academic form for researchers, students and practitioners to examine and use.[222]

The journal literature includes Abbott and Singham's *Enhancing Welfare by Attacking Anticompetitive Market Distortions* in *Concurrences* (2011); Singham, Rangan and Bradley's *The Effect of Anticompetitive Market Distortions on Global Markets* in the same journal (2014); and Singham and Rangan's *Anti-Competitive Market Distortions: A Typology* in *Economic Affairs* (2018). Together, these papers develop the definition, economic mechanisms and measurement of ACMDs.[223]

Our policy research has also received substantive attention. The Council on Foreign Relations published *Freeing the Global Market: How to Boost the Economy by Curbing Regulatory Distortions* in 2012. In his accompanying assessment, CFR senior fellow Edward Alden described the proposals as a potential agenda for the next generation of trade liberalisation and argued that the scale of the problem warranted an ambitious response.[224]

Expert endorsements and published reviews

The 2025 Routledge volume includes a foreword by Sir Crawford Falconer, former UK Chief Trade Negotiation Adviser and Second Permanent Secretary. It has also attracted endorsements from senior figures with direct experience of trade negotiation, economic regulation, public administration and national security.[225]

Meredith Broadbent, former chair of the U.S. International Trade Commission and former Assistant USTR, described Singham as "ahead of his time" in developing proposals to quantify and address market distortions. **Kevin Franklin**, former senior director at HM Revenue & Customs, called the book "essential reading for trade policy makers". **Kerry Healey**, former president of Babson College and former lieutenant governor of Massachusetts, commended its measurement of regulatory distortions and urged policymakers to use its findings.

Alden Abbott, co-author on the 2023 volume and former general counsel of the Federal Trade Commission, endorsed the 2025 book's development of measures of the economic harm caused by ACMDs. **James Carter**, former associate director of the White House National

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[222] Taylor & Francis, "Submit Your Book Proposal," Author Services, section "Your book proposal has been submitted: what are the next steps?," accessed October 25, 2026.

[223] Alden F. Abbott and Shanker A. Singham, "Enhancing Welfare by Attacking Anticompetitive Market Distortions," *Concurrences*, no. 4 (2011), author-deposited paper, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1977517; Shanker Singham, U. Srinivasa Rangan, and Robert Bradley, "The Effect of Anticompetitive Market Distortions (ACMDs) on Global Markets," *Concurrences*, no. 4 (2014), art. 69641, offprint 1-3, especially para. 7; Shanker A. Singham and U. Srinivasa Rangan, "Anti-Competitive Market Distortions: A Typology," *Economic Affairs* 38, no. 3 (October 2018): 339-347.

[224] Shanker A. Singham, *Freeing the Global Market: How to Boost the Economy by Curbing Regulatory Distortions* (Council on Foreign Relations, September 2012), https://www.cfr.org/reports/freeing-global-market; Edward Alden, "Tackling the Real Barriers to U.S. Business Abroad," Council on Foreign Relations, October 16, 2012, https://www.cfr.org/articles/tackling-real-barriers-us-business-abroad.

[225] Shanker Singham, "Books," table of contents and selected reviews for *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions*, accessed October 25, 2026; Advisory Committee on Business Appointments, "Falconer, Crawford: Second Permanent Secretary and Chief Trade Negotiation Adviser at the Department for Business and Trade: ACOBA Advice," October 10, 2025, https://www.gov.uk/government/publications/falconer-crawford-second-permanent-secretary-and-chief-trade-negotiation-adviser-at-the-department-for-business-and-trade-acoba-advice.

Economic Council, recommended it as "required reading" for federal policymakers. **John Poindexter**, former U.S. national security adviser, highlighted its connection between economic distortions and security risks. These endorsements address the work's analytical contribution and practical relevance.[226]

The books have also been assessed in published reviews. In *Concurrences*, **Deborah Garza**, former acting head of the U.S. Department of Justice's Antitrust Division, described the 2023 volume as a "comprehensive, thoughtful, integrated treatment" of trade, competition and intellectual property policy. Her review recognised the importance of measuring distortions and developing remedies that address their competitive effects.[227]

Reviewing the 2025 volume in *The Washington Times*, subsequently republished by the Heritage Foundation, **Diana Furchtgott-Roth** identified the treatment of distortions as "measurable rather than rhetorical" as a particular strength. She highlighted the model's usefulness in linking institutional reform to income and sequencing policy changes. These assessments speak directly to the task officials face: identifying the source of a constraint, estimating its significance and deciding which reforms to prioritise.[228]

Government, commercial and wider policy application

We have used the ACMD framework and modelling in our work with USTR, UAE public authorities, other governments and companies. Our U.S. engagement includes the 2013 USTR stakeholder programme on transatlantic trade and our 2026 submission on structural excess capacity. In the UAE, our cooperation agreement with Abu Dhabi Customs covers trade facilitation, competitiveness and economic models. These applications connect the research to decisions about regulatory design, market access and border performance.[229]

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[226] Meredith Broadbent, Kevin Franklin, Kerry Healey, Alden Abbott, James Carter, and John Poindexter, endorsements of *International Trade, Regulation and the Global Economy: The Impact of Anti-Competitive Market Distortions*, reproduced in "Other Reviews," Shanker Singham, accessed October 25, 2026, https://shankersingham.com/.

[227] Deborah Garza, review of *Trade, Competition and Domestic Regulatory Policy: Trade Liberalisation, Competitive Markets and Property Rights Protection*, by Shanker A. Singham and Alden F. Abbott, *Concurrences*, no. 3 (September 1, 2023): 227-28, art. 113814, https://www.concurrences.com/en/review/issues/no-3-2023/books/trade-competition-and-domestic-regulatory-policy-trade-liberalisation-113814; reproduced in full as "Comprehensive, Thoughtful, Integrated Treatment," Shanker Singham, https://shankersingham.com/2023/10/04/comprehensive-thoughtful-integrated-treatment/; Rule Garza Howley LLP, "Deborah Garza," professional biography, accessed October 25, 2026, https://www.rulegarza.com/attorneys/deborah-garza/.

[228] Diana Furchtgott-Roth, "International Trade, Regulation, and the Global Economy," Heritage Foundation, November 18, 2025, https://www.heritage.org/trade/commentary/international-trade-regulation-and-the-global-economy; originally published in The Washington Times.

[229] Office of the United States Trade Representative, "Stakeholder Presentation Schedule," July 10, 2013, 1, https://www.ustr.gov/sites/default/files/07112013%20Presenter%20Schedule.pdf; Competere Foundation, "Competere's CEO Shanker Singham Tells USTR Overcapacity Stems from Foreign Anti-Competitive Market Distortions," April 20, 2026, https://competerefoundation.org/2026/04/competeres-ceo-shanker-singham-tells-ustr-overcapacity-stems-from-foreign-anti-competitive-market-distortions/ (reporting Competere's submission to USTR on overcapacity); Abu Dhabi Customs, "Abu Dhabi Customs and Competere Group Partner to Drive Innovation in Trade Facilitation," October 11, 2025, https://www.adcustoms.gov.ae/Media-Centre/News/Abu-Dhabi-Customs-and-Competere-Group-partner-to-drive-innovation-in-trade-facilitation.

The public records cited here document engagement, submissions and partnership. We do not present them as evidence that USTR or Abu Dhabi Customs has formally adopted or independently validated the specific regression coefficients used in this memorandum.[230]

In the UK, our evidence to the House of Lords European Affairs Committee publishes the SRB-γ methodology and earlier regression results; the updated results used in this memorandum are documented in Annex H4. The Trade Facilitation Commission's *Ensuring Economic Growth* report applies the SRB model to border reform, drawing on the practical experience of a commission whose members included senior practitioners from Maersk, EORI Group and Strong & Herd.[231]

The framework is also used beyond our own organisation. The International Center for Law & Economics applied it in its June 2025 submission to USTR on pharmaceutical pricing. The Information Technology and Innovation Foundation's December 2025 report *Defending American Tech in Global Markets* cites both principal Routledge volumes and identifies the ACMD model as a method for quantifying regulatory harm and calibrating responses.[232]

This combination of academic publication, named expert assessment and practical use supports our confidence in the framework as a tool for policy appraisal. It gives officials an established body of work to examine and a consistent method for comparing programmes. We take responsibility for the application presented here: its credibility rests on connecting that published framework to explicit legal assumptions, transparent calculations and the sensitivity tests set out in this annex.

H9 Reliability and use in policy appraisal

We assess reliability at each stage of the analysis: the legal and economic mechanism, the estimated relationship between the indicator and income, and the scale of change that implementation can deliver. Legal and sectoral analysis informs the first and third stages; the panel evidence informs the second. Keeping them distinct allows an official to challenge a delivery assumption, test a narrower programme or examine an alternative exposure weight without losing sight of the rest of the calculation.

We use fixed effects, country-clustered standard errors and explicit policy mappings to strengthen the analysis. We also recognise that institutions and income can influence each other and that reforms may move several pillars together. The national estimates should therefore be read alongside evidence on the affected markets and delivery mechanisms. We interpret them as conditional estimates for specified programmes, rather than separately

[230] The public records cited in this section document engagement and use of the framework: the USTR stakeholder schedule, Competere Foundation submission account, Abu Dhabi Customs cooperation announcement, Trade Facilitation Commission report, and ICLE submission. Shanker Singham's October 15, 2026 account supplies the additional professional-use context. These records do not independently validate the revised coefficients.

[231] Competere Foundation, "Response to House of Lords Call for Evidence on UK EU Dynamic Alignment," written evidence DYN0016, House of Lords European Affairs Committee, received April 15, 2026, annex 1; Trade Facilitation Commission, *Ensuring Economic Growth* (2024), 10, 57-58.

[232] Kristian Stout, "ICLE Comments to USTR on Pharmaceutical Pricing," International Center for Law & Economics, June 26, 2025, sec. III, https://laweconcenter.org/resources/icle-comments-to-ustr-on-pharmaceutical-pricing/; Robert D. Atkinson and Hilal Aka, *Defending American Tech in Global Markets* (Information Technology and Innovation Foundation, December 1, 2025), notes 63 and 112, https://itif.org/publications/2025/12/01/defending-american-tech-in-global-markets/.

identified causal effects of each statute. Extreme disruption also requires particular care because it may lie outside the experience captured in the historical data.

Our sensitivity cases in Annex B test delivery, energy overlap, IP reform, external-market opening and interactions. They show how the results respond to alternative policy assumptions. They are scenario ranges rather than statistical confidence intervals: a combined confidence interval would also require coefficient covariances and a quantified treatment of uncertainty in the policy-to-score mappings. We retain two decimal places to make the calculations comparable and reproducible, while recognising that realised outcomes cannot be known to that precision.

We apply the same reference path and coefficients to every option. Each account includes the reforms and constraints allowed by its stated legal and policy assumptions. Retaining autonomy under the TCA earns no benefit unless reform is delivered, and the aligned options receive the compatible reform allowances set out in Annex A. We keep the no-reform TCA stress separate from the common reference path. This consistency is central to a fair comparison and makes clear which judgements drive the ranking.

Within that defined scope, we consider the framework a reliable and useful basis for comparing reform programmes and identifying the decisions that matter most for economic performance. The full account is traceable from policy assumptions through pillar changes to income effects. GDP, fiscal transfers, tariff concessions, adjustment costs and environmental outcomes remain distinct considerations: a payment is not automatically an equal GDP loss, and an unpriced effect is not zero. Officials can use the analysis to compare the stated scenarios, test delivery priorities and identify where further sectoral work would most improve the decision.

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References are grouped by subject. Annotations distinguish published findings from this paper's original calculations and scenario assumptions.

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Original IC estimation for this paper, October 24, 2026; see Annex H for OLS results, sample and construction. DC and PR retain the October 20, 2026 estimates reported there. GDP: World Bank NY.GDP.PCAP.PP.KD, constant 2021 PPP international dollars. Exports: WDI NE.EXP.GNFS.ZS, supplemented by UNSD and documented WTO tables; the IC source qualifications form part of the construction of these original calculations. See the original IC re-estimation source note below. Public exports series: World Bank, "Exports of Goods and Services (% of GDP)," NE.EXP.GNFS.ZS, https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS; United Nations Statistics Division, National Accounts Main Aggregates Database, current U.S. dollars, https://data.un.org/Data.aspx?d=SNAAMA&f=grID:101;currID:USD;pcFlag:0.

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The Growth Commission is supported by The Growth Initiative, company no. 14785841.
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