

## **Consultation Response**

Response to House of Lords EU Internal Market Sub-Committee on *Brexit: trade in non-financial services* 

March 2018





#### Introduction

The Law Society of Scotland is the professional body for over 11,000 Scottish solicitors. With our overarching objective of leading legal excellence, we strive to excel and to be a world-class professional body, understanding and serving the needs of our members and the public. We set and uphold standards to ensure the provision of excellent legal services and ensure the public can have confidence in Scotland's solicitor profession.

We have a statutory duty to work in the public interest, a duty which we are strongly committed to achieving through our work to promote a strong, varied and effective solicitor profession working in the interests of the public and protecting and promoting the rule of law. We seek to influence the creation of a fairer and more just society through our active engagement with the Scottish and United Kingdom Governments, Parliaments, wider stakeholders and our membership.

In October 2017 the Department for International Trade (DIT) published its paper on *Preparing for our future UK trade policy*<sup>1</sup> to which the Law Society responded.<sup>2</sup> The Society also welcomed the opportunity to consider and respond to the Trade Bill<sup>3</sup> and submitted comments in a briefing ahead of the Second Reading in the House of Commons. Following this, the Law Society of Scotland gave evidence<sup>4</sup> to the Public Bill Committee on 23 January 2018. We have also published suggested amendments<sup>5</sup> together with reasons and effects<sup>6</sup> ahead of Report Stage. Concurrently, we are considering the Taxation (Cross Border Trade) Bill which deals with the creation of an independent UK system for VAT, customs and excise duties. This intersects with issues considered in the Trade Bill, most particularly in relation to creation of a new Trade Remedies Authority.

We note the House of Lords EU Internal Market Sub-Committee's report<sup>7</sup> in relation to its initial inquiry into the impact of Brexit on non-financial services. We welcome this opportunity to provide input to the follow-up inquiry<sup>8</sup> with some comments focusing professional business services and have the following comments to put forward for consideration.

<sup>2</sup> https://www.lawscot.org.uk/media/359078/lss-response-to-dit\_preparing-for-future-uk-trade-policy\_november-2017.pdf

- <sup>6</sup> https://www.lawscot.org.uk/media/359738/trade-bill-effects-and-reason.pdf
- <sup>7</sup> <u>https://publications.parliament.uk/pa/ld201617/ldselect/ldeucom/135/135.pdf</u>
- <sup>8</sup> <u>http://www.parliament.uk/business/committees/committees-a-z/lords-select/eu-internal-market-subcommittee/inquiries/parliament-2017/brexit-trade-in-non-financial-services-follow-up-/</u>

<sup>&</sup>lt;sup>1</sup><u>https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/654714/Preparing\_for\_our\_future\_UK\_trad</u> e\_policy\_Report\_Web\_Accessible.pdf

<sup>&</sup>lt;sup>3</sup> <u>https://services.parliament.uk/bills/2017-19/trade.html</u>

<sup>&</sup>lt;sup>4</sup> <u>https://hansard.parliament.uk/pdf/commons/2018-01-23/a6ff882f-96de-489e-9f65-b8ce0aef37ae</u>

<sup>&</sup>lt;sup>5</sup> See <u>https://www.lawscot.org.uk/media/359740/trade-bill-amendments.pdf</u>



#### **General Remarks**

We support an inclusive and transparent trade policy to which extensive engagement with a wide variety of stakeholder groups is important. We welcome the recognition of the importance of engaging with the devolved administrations and legislatures in the Department for International Trade's consultation last year: *Preparing for our future UK trade policy.*<sup>9</sup>

Trade in services should be firmly embedded in the UK's approach to trade. This requires a particular focus on removing non-tariff barriers to entry into, or maintaining a position within, overseas markets. These can include for example, foreign ownership caps, joint venture obligations, restrictions on types of commercial presence, nationality or residency requirements, or complex regulation. Other non-tariff barriers are even less visible and can be created by practical rather than legal considerations, for example application processing times.

We believe future free trade agreements (FTAs) ought to include commitments on trade in legal services. The legal services sector facilitates trade across all other sectors as well as being an important contributor to the UK economy in its own right. This includes contract negotiations for the provision of goods or services and also extends to advice on matters such as intellectual property protection.

Businesses of all types are increasingly international in focus and global in reach and lawyers must be able to provide their services accordingly, whether this is through expansion of their own offices or partnering with firms in other jurisdictions on an ongoing or case-by-case basis. Furthermore, trade agreements create legal rights and obligations and it is therefore imperative that individuals and business have access to legal advice to allow them to exercise those rights and meet the requirements of their obligations.

In practical terms, this must be supported by efficient business visa systems which allow lawyers to enter a country for the purposes of meeting their clients face-to-face.<sup>10</sup> This refers back to the concept of non-tariff barriers referred to above: if a lawyer has to wait a long time for a business visa to be authorised this could act as practical barrier to provision of legal services.

Lawyers also play a key role in resolving disputes when problems arise. We support the ability of lawyers to provide advice on the law of any jurisdiction where they are authorised to practice in addition to international law. This ability should extend to advising on representing clients with respect to international arbitration.

<sup>&</sup>lt;sup>9</sup>https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/654714/Preparing\_for\_our\_future\_UK\_trad\_ e\_policy\_Report\_Web\_Accessible.pdf

<sup>&</sup>lt;sup>10</sup> Mode 4 of the GATS (also known as "fly-in-fly-out")



Trade agreements can be used as a means to promote or reinforce the application of the rule of law. Trade negotiations should take into consideration the need to ensure respect for the rule of law and the interests of justice and access to justice.

In the context of negotiations for a new relationship with the EU, it is important that every effort is made to continue cooperation in terms of mutual recognition and enforcement of judgements which are so important in allowing citizens and businesses to resolve disputes, thereby achieving access to justice. Similarly cooperation in the area of criminal justice and policing should be maintained.

Furthermore, the agreement should make provision for disputes between the UK and EU in relation to the interpretation and enforcement of whatever agreement is concluded.<sup>11</sup>

Lastly, in a domestic context we emphasise the importance of recognising that Scotland is a distinct jurisdiction with its own law, court system and separately regulated legal profession. This should be taken into account in pursuing trade agreements including negotiations with the EU.

#### **Response to Questions**

#### Sectoral overview

1. Please provide us with an overview of trade in your sector. Please include a summary of the significance of the sector to UK trade in services, including employment statistics (linked to trade if possible), the volume and balance of trade, value added and Foreign Directive Investment (FDI), and UK strengths and specialisations in the sector.

The value of trade in services, including legal services, has already been dealt with in detail by other respondents as noted in the report.<sup>12</sup> However, it may be helpful to highlight a few statistics which relate specifically to the Scottish legal services sector:

- The Scottish legal services sector contributes over £1bn to the economy on an annual basis;
- There are over 1,100 Scottish firms; and
- More than 26,000 people are directly employed within the Scottish legal profession.<sup>13</sup>

<sup>11</sup> See further our response to the House of Lords EU Justice Sub-Committee *Brexit: Enforcement and Dispute Resolution Inquiry* available here: <u>https://www.lawscot.org.uk/media/359503/120117-consultation-response-brexit-enforcement-dispute-reolution\_.pdf</u>

<sup>12</sup> See eg

https://www.ons.gov.uk/file?uri=/businessindustryandtrade/internationaltrade/adhocs/007198itisdataforlegalservicesbygeogr aphyfordatayear2015/legalservicesgeog2015.xls

<sup>&</sup>lt;sup>13</sup> The number of practising Scottish solicitors is over 11,000.



We support the finding in the report that the competitive nature of the UK services trade "is only partly reflected in the statistics on the UK's trade in services." Furthermore, we agree with the conclusion that "more accurate and detailed statistical information on trade in non-financial services" is needed.<sup>14</sup>

#### EU and market access

## 2. How and to what extent does the EU facilitate enhanced market access for your business/in your sector? Is there a harmonised Single Market framework that allows you full access to other member states' markets? If not, how (and how well) does the Single Market function in your sector?

#### The Single Market for legal services

The EU internal market for legal services is well developed with a high level of harmonisation ensuring smooth functioning of the market in legal services across national borders. The framework governing lawyers and legal services provision is set out in dedicated legislation:

- Lawyers' Services Directive of 1977 (77/249)
- Lawyers' Establishment Directive of 1998 (98/5)

In addition, Directive 2006/123/EC on Services in the Internal Market which regulates the provision of services in the European Union also touches on the legal profession.

These Directives implement two the fundamental freedoms – freedom of services and freedom of establishment - allowing a very high level of access to other Member State markets, while recognizing the jurisidiction-specific nature of legal advice to ensure appropriate protection for recipients of those services.

Lawyers qualified in the EEA states (Norway, Iceland and Liechtenstein) and in Switzerland also participate in the EU lawyer's regime.

#### The Lawyers' Services Directive (temporary provision)

The Lawyers' Services Directive 1977 governs the provision of services by an EU lawyer in a member state other than the one in which he or she gained his or her title - known as the 'host state'. Its purpose is to facilitate the free movement of lawyers, but it does not deal with establishment or the recognition of qualifications. The directive provides that a lawyer offering services in another member state - a 'migrant' lawyer - must do so under his or her home title. Migrating lawyers may undertake representational activities under the same conditions as local lawyers, save for any residency requirement or requirement to be a member of the host Bar.

However, they may be required to work in conjunction with a lawyer who practises before the judicial authority in question. For other activities the rules of professional conduct of the home state apply without prejudice to respect for the rules of the host state, notably confidentiality, advertising, conflicts of interest, relations with other lawyers and activities incompatible with the profession of law.

<sup>&</sup>lt;sup>14</sup> See Committee report at p.15



#### Permanent establishment under home title

The Establishment Directive 1998 entitles lawyers who are qualified in and a citizen of a member state to practise on a permanent basis under their home title in another member state. The practice of law permitted under the Directive includes not only the lawyers' home state law, community law and international law, but also the law of the member state in which they are practising – the 'host' state.

However, this entitlement requires that a lawyer wishing to practise on a permanent basis registers with the relevant Bar or Law Society in that state and is subject to the same rules regarding discipline, insurance and professional conduct as domestic lawyers.

Once registered, the European lawyer can apply to be admitted to the host state profession after three years without being required to pass the usual exams, provided that he or she can provide evidence of effective and regular practice of the host state law over that period.

### *Free movement of lawyers and mutual recognition of professional qualifications, regulation and standards*

In addition to the market access provisions set out above, there are other aspects of the EU regime which help lawyers and law firms to operate across borders.

#### Free movement of lawyers

The level of internal market access for legal services is supported by free movement of persons. Again there are specific provisions (which also apply to EEA states and Switzerland), which support the free movement of individual lawyers set out in:

- Lawyers' Services Directive of 1977 (77/249) (explained above); and
- Recognition of Professional Qualifications Directive (2005/36)

#### Mutual recognition of professional qualifications

Re-qualification as a full member of the host State legal profession is governed by the Recognition of Professional Qualifications Directive.<sup>15</sup> Article 10 of the 1998 Lawyers' Establishment Directive is essentially an exemption from the regime foreseen by the Recognition of Professional Qualifications Directive.

The basic rules are that a lawyer seeking to re-qualify in another EU/EEA member state or Switzerland must show that he or she has the professional qualifications required for the taking up or pursuit of the profession of lawyer in one member state and is in good standing with his or her home bar.

<sup>&</sup>lt;sup>15</sup> Following the CJEU judgment in *Morgenbesser* (C-313/01) the conditions above also apply to professional traineeships (and the relevant provision has been inserted into the revised PQD).



The member state where the lawyer is seeking to re-qualify may require the lawyer to either:

- complete an adaptation period (a period of supervised practice) not exceeding three years, or
- take an aptitude test to assess the ability of the applicant to practice as a lawyer of the host member state (the test only covers the essential knowledge needed to exercise the profession in the host member state and it must take account of the fact that the applicant is a qualified professional in the member state of origin).

It is also worth bearing in mind that a number of our future lawyers take advantage of programmes to broaden their horizons during their studies, which rely on reciprocal arrangements with other EU universities. The ERASMUS programme, the best-known EU student exchange programme established in 1987, has a number of participants from Scottish law schools.<sup>16</sup>

# 3. Do other aspects of EU membership help or impede the ability of your business to operate (eg, access to justice, horizontal legal regimes, free movement of persons, mutual recognition of professional qualifications, regulation and standards)?

In addition to the specific legislation which applies to the legal services industry outlines above, there are other aspects which enhance the ability of lawyers to serve their clients in a more general sense and advantage those citizens and businesses in their own right.

These include provisions relating to harmonisation of product standards and other aspects of consumer protection, competition law and procurement rules that regulate the functioning of and fair access to business opportunities within the Internal Market and EU wide protections in terms of intellectual property. However, as the Committee chose not to comment on these aspects in the context of the inquiry we will focus here instead on the functioning of the justice system which is of particular concern to lawyers, and also on flows of data, which were addressed in the Committee's Report.

#### Legal professional privilege (LPP)

Another key benefit arising from participation in the internal market is the recognition of legal professional privilege throughout the Internal Market,<sup>17</sup> which has been recognised in CJEU case law. This is important,

<sup>&</sup>lt;sup>16</sup> For further information on the impact of studying law in Scotland post Brexit see: <u>https://sulne.files.wordpress.com/2017/11/studying-eu-law-during-and-after-brexit-1st-edition.pdf</u>

<sup>&</sup>lt;sup>17</sup> See especially Case 155/79 AM&S Europe Limited v Commission and the AG's opinion in T-125/03R and T-253/03R Akzo Nobel Chemicals and Akcros Chemicals v Commission which states that the privileged nature of communications from lawyers outside the EU/EEA cannot be recognized.



both as end in its own right and to ensure that Scottish (and other UK) lawyers are on a par with those who are members of the local bar or law society in the EU/EEA and Switzerland.

LPP is conceptually a right of the client and is central to the rule of law and administration of justice. Its scope may vary slightly between jurisdictions but in general terms LPP protects confidential communications between companies or individuals and their legal advisers made for the purposes of, or legal advice in contemplation of, litigation. It is not possible to force such communications to be disclosed in legal proceedings or to regulators or other third parties. However, we note that restrictions may be set as to who qualifies as a legal adviser in this context.

Any business based in the trading partner country that obtains legal advice from a UK qualified lawyer on must have the same protections afforded by the LPP under EU law or Member States rules as if the advice was given by an EU/EEA lawyer.

The ability of UK qualified lawyers to provide advice on the basis that the privileged nature of those communications will be respected is also of key importance to the legal sector as a major contributor to the UK economy.

Securing legal privilege for communications between EU clients and UK qualified lawyers should be included within the legal services negotiating priorities of the UK Government in the in order to ensure that UK qualified lawyers can function fully when acting for EU or third country clients who engage them.

### Resolving disputes between citizens and/or businesses: recognition and enforcement of judgments in civil cases

Rights must be enforceable if they are to deliver full value to the rights-holder.

Within the EU, there is an almost complete legal framework for choice of law, jurisdiction and recognition and enforcement of judgments in civil and commercial matters. This framework aims to facilitate the recognition and enforcement of judgments reached by Member States' courts, to achieve free movement of judgments, and rules for jurisdiction and choice of law, and to provide common rules of evidence and service of documents. All of these are important in cross-border matters, and will continue to be relevant after the UK has left the EU.<sup>18</sup>

We also note the EU commitment to establishing minimum common rules relating to availability of legal aid to improve access to justice in cross-border disputes,<sup>19</sup> which further enhances the ability of individuals to access justice in an internal market context.

<sup>&</sup>lt;sup>18</sup> See further our response to *Providing a Cross-Border Civil Cooperation Framework: A Future Partnership Paper* available here: <u>https://www.lawscot.org.uk/media/359749/190218-consultation-response-providing-cross-border-civil-judicial-coooperation-framework.pdf</u>

<sup>&</sup>lt;sup>19</sup> <u>http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003L0008</u>



At present the UK is an attractive jurisdiction for dispute resolution as a result of its reputation for reliable, efficient courts and relatively generous and flexible rules on the discovery of evidence among other factors. This brings clear benefits for the UK legal services' industry, which in turn contributes to the economy as a whole. Instrumental to this degree of success in an EU context is the possibility for claimants to rely on the well-established rules provided by the Brussels I and Brussels II bis and the Rome I and Rome II Regulations in respect to both the establishment of jurisdiction and the mutual recognition and enforcement of judgments within the EU.

This could be of detriment to clients if UK judgments will not automatically be enforced in the remaining EU countries. We therefore recommend that the UK Government seeks to maintain arrangements to ensure certainty of jurisdiction and continued mutual recognition and enforcement of judgements with the remaining EU Member States, and indeed to pursue continued participation in the Lugano Convention to continue cooperation with the non-EU signatories.

As set out in our Negotiation Priorities memorandum we therefore consider that maintaining the structure of the Brussels I and II bis Regulations, the EU Enforcement and Order of Payment, the Maintenance Regulation and Rome I & II on Applicable law are essential to litigants in both the UK and the EU. They assist in the resolution of disputes and are valuable to litigants in their personal and commercial capacities.

#### Cooperation in criminal justice and policing

The primary objective of judicial security and police cooperation is the safety of the citizen; as a guiding principle there should be no change to the law which would prejudice the safety and security of the individual.<sup>20</sup>

Cooperation in the area of criminal justice and policing facilitates more effective law enforcement and is of particular advantage to those members of the legal profession directly involved in criminal law enforcement. While this is not usually a matter of professional services provision per se it offers a benefit to those working within the criminal justice system and to society as a whole.

#### International data flows

Legal services, as with other professional services, increasingly rely on international data flows. We therefore support the objective of seeking digital trade packages to support those data flows. This issue was first addressed in the Trans-Pacific Partnership agreement<sup>21</sup> and we would encourage the UK to seek commitments in this area in its own trade agreements going forward.

<sup>&</sup>lt;sup>20</sup> See further our response to the House of Commons Home Affairs Committee *EU Policy and Security Issues Inquiry* available here: <u>https://www.lawscot.org.uk/media/9949/eu-policing-and-security-issues-inquiry.pdf</u>

<sup>&</sup>lt;sup>21</sup> <u>http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/text-texte/final\_agreement-accord\_finale.aspx?lang=eng</u>



At the same time we emphasise the importance of ensuring that such agreements not only facilitate flows of data between the UK and other countries but also contain safeguards to ensure that any data stored, processed, or used in those countries is effectively protected. The domestic legislation of the UK's trading partners must therefore guarantee the same level of protection as UK data protection rules but rules alone are insufficient without effective enforcement.

The UK should therefore seek to engage with international partners on these issues and to support the work of the ICO in relation to the duties set out in Article 50 of the General Data Protection Regulation<sup>22</sup> and as envisaged under Clause 120 of the Data Protection Bill.<sup>23</sup>

#### **Exiting the European Union**

## 4. What specific issues does the UK exiting the EU raise for your business/sector? Please be as specific as possible.

Leaving the European Union raises issues for the legal sector in terms of potential loss of participation in the internal market – most importantly the dedicated legal services framework and benefits in terms of civil and criminal justice cooperation set out in response to questions 2 and 3 above.

#### Future UK-EU trade relationships

# 5. What would the impact be for your business/sector of leaving the EU and operating on WTO (GATS) terms? To what extent would businesses be able to continue to trade in services as at present? How would your business adapt to this specific scenario? Are WTO terms an attractive option?

The UK is already a member of the WTO in its own right, although at present it is represented through the EU the UK's trade with other WTO partners<sup>24</sup> is carried out on the basis of the commitments which the EU has signed up to. Upon withdrawal from the EU we will return to participation on an individual UK basis and will need to agree our own schedules of commitments.

Trading with the EU in legal services on the basis of WTO commitments alone would result in the resurrection of national and sub-national barriers which have been removed by the EU regime. Scottish solicitors would cease to enjoy practising rights on a par with their EU, EEA and Swiss counterparts,

<sup>&</sup>lt;sup>22</sup> <u>http://ec.europa.eu/justice/data-protection/reform/files/regulation\_oj\_en.pdf</u>

<sup>&</sup>lt;sup>23</sup> https://publications.parliament.uk/pa/bills/cbill/2017-2019/0153/18153.pdf

<sup>&</sup>lt;sup>24</sup> Excluding those where there is an existing trade agreement



although the precise level of curtailment would depend on the specific reservations by each country contained in the relevant part of the EU's WTO commitment schedules (or schedules of the respective non-EU parties).

The commitments in legal services made by the EU and its members under GATS are limited to the provision of legal advice in public international law and home country law only. This excludes legal advice and representation under EU and domestic law which are important parts of the work that the UK law firms based in the EU carry out.

The types of barriers encountered in the context of legal services which might be encountered when trading with the EU on the basis of WTO rules include:

- limits on the ability to give advice which attracts legal professional privilege;
- limits on ability to open an office or partner with local lawyers
- limits on the ability to represent clients in European proceedings.<sup>25</sup>

The business impact would depend on the business models of individual law firms and the impact on resources which continued trade would have.

Individual lawyers may be particularly affected, depending on the nature of their work. For example competition lawyers and intellectual property lawyers are likely to have a particularly high level of interaction with the EU institutions. Loss of the ability to represent clients before the CJEU, in Commission investigation (notably competition proceedings), in proceedings before the EU Intellectual Property Office, or (in conjunction with a host state lawyer) before the courts and tribunals of other member states, could prove particularly damaging to Scottish solicitors who rely on those rights in a professional context.

The directive on mutual recognition of professional qualifications does not apply to nationals of third countries. Recognition of the diplomas which are required in order to practise regulated professional services by non-Community nationals remains within the competence of each Member State unless Community law provides otherwise. However, it must be borne in mind that the right to practise a regulated professional service in one Member State does not grant the right to practise in another Member State.

In terms of temporary movement of professionals, GATS applies to limited categories of professionals as compared with most of the recently concluded FTAs and the internal market (for example, GATS does not cover graduate trainees).

<sup>&</sup>lt;sup>25</sup> A fuller table is contained in the Bar Council's supplementary written evidence available here: <u>http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-internal-market-subcommittee/brexit-future-trade-between-the-uk-and-the-eu-in-services/written/45009.pdf</u>



The UK as a third country would fall within the scope of the Directive 2014/66/EC which regulates the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer. The Directive covers managers, specialists and trainee employees.

Finally, UK professionals would have to comply with EU and national immigration regimes which may severely impede the freedom of movement and of providing services (especially on a temporary basis).

As noted in written evidence put forward by other respondents, notably the Law Society of England and Wales,<sup>26</sup> the Bar Council<sup>27</sup> and Hook Tangaza,<sup>28</sup> the WTO does not present an attractive option for trade in legal services, particularly when compared to the advantages of the current system.

## 6. Would leaving the EU but remaining a member of the European Economic Area (EEA) retain present levels of market access for your business or not? Is this an attractive option?

As explained above EEA membership offers the same advantages in terms of market access and the mutual recognition of professional qualifications, which supports this. However, EEA membership does not offer the full range of benefits identified in response to question 3.

The EEA Agreement is an agreement between EFTA states and the EU and therefore, at least at present, membership is only open to members of those two groups.

## 7. Is a negotiated UK-EU Free Trade Agreement (FTA) an attractive option? How confident are you that the needs of your business/sector, including but not limited to market access, would be accommodated in such an agreement?

We welcome the Government's commitment to securing an ambitious agreement in relation to trade in goods and services between the UK and remaining EU Member States upon withdrawal. However, we are

<sup>28</sup> http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-internal-marketsubcommittee/brexit-future-trade-between-the-uk-and-the-eu-in-services/written/45539.pdf

<sup>&</sup>lt;sup>26</sup> <u>http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-internal-market-subcommittee/brexit-future-trade-between-the-uk-and-the-eu-in-services/written/41350.pdf</u>

<sup>&</sup>lt;sup>27</sup> See <u>http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-internal-market-subcommittee/brexit-future-trade-between-the-uk-and-the-eu-in-services/written/45009.pdf and http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-internal-market-subcommittee/brexit-future-trade-between-the-uk-and-the-eu-in-services/written/48121.pdf</u>



not aware of any trade agreement which offers a comparable level of market access for legal services to that enjoyed through EU Membership.

It is vitally important that the Government consults sectors on aspects of any FTA with those affected and that there is adequate opportunity for stakeholders to provide input. They should continue to engage throughout negotiations to ensure a productive dialogue. Any FTA should result in a practically workable and clear agreement with the EU in line with WTO rules. It must conform to the requirements of any other relevant trade law instruments and international legal norms.

It is true that the recently concluded trade agreements included several chapters that are relevant to legal services providers and individuals. These are in particular the chapters on domestic regulation, e-commerce (covering data flows), mutual recognition agreements, regulatory cooperation, movement of natural persons and requirements on transparency. However, the overall scope of market opening is very limited.

For example, many EU member states still maintain restrictions such as nationality requirements to be admitted to the bar or making provision of services conditional upon commercial presence. Other barriers include restrictions on the legal form and shareholding requirements or the ability to partner and / or employ local lawyers.

### 8. What should the Government's key objectives be for your sector in its negotiations with the EU?

The key objectives for EU negotiations should be:

- maintaining practising and establishment rights across EU Member States
- maintaining mutual recognition of professional qualifications
- maintaining recognition of legal professional privilege and confidentiality
- maintaining rights of audience before the EU institutions
- continued mutual recognition and enforcement of judgments through the Brussels I and II bis regimes or similar arrangements
- continued cooperation in terms of criminal justice and policing

All of these should be given effect against a background of ensuring the following general principles: respect for the rule of law; providing access to effective justice and enforcement of rights for individual citizens and businesses; and respect for fundamental rights.



#### **Opportunities**

9. Does leaving the EU raise significant benefits or growth opportunities for your business/sector? What are these and how can they best be exploited? To what extent do they offset/outweigh concerns about reduced access to EU markets?

We have no comment on this question.

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