Framework for the UK-EU partnership
Economic partnership

MAY 2018
Introduction

This presentation is part of a series produced by the UK negotiating team for discussion with the EU, in order to inform the development of the future framework.

It focuses on an element of the vision for our future relationship set out by the Prime Minister in Munich and at Mansion House.

The future framework will set out the terms of our future relationship, to be translated into legally binding agreements after the UK’s withdrawal.

The UK and the EU will conclude the future framework alongside the Withdrawal Agreement later this year.
Our vision for the future partnership

The United Kingdom wants to build a **new, deep and special partnership** with the European Union.

A partnership that **protects our shared interests and values**, ensuring we can act together for our mutual benefit.

An approach that delivers for **the whole United Kingdom** and our wider family of overseas territories, as well as for the EU.

We believe this partnership should have **two core parts**.

An **economic partnership**, that goes beyond any existing FTA, covering more sectors and with deeper cooperation.

And a **security partnership**, maintaining and strengthening our ability to meet the ever evolving threats we both face.

These will sit alongside **cross-cutting areas** such as data protection.
## Structure of discussions on the future framework

The UK and EU negotiating teams have jointly published the **structure for discussions on the future framework**, reflecting the breadth of the partnership both sides want to build.

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The UK’s domestic economic and financial policy regime

A strong economy that works for all, embracing economic and social reform, and building on the UK’s record of high standards, independent regulation, and free and open markets.

**STRONG FOUNDATIONS**
Built on sustainable public finances, monetary and financial stability and an open and dynamic economy, with a practical approach to regulation that brings prosperity to all

**COMMITMENT TO HIGH STANDARDS**
- Champion of a global rules based system and international standards
- Fair and open markets, with independent enforcement
- Predictable, competitive and responsible tax system
- Environmental standards that are not only maintained but enhanced
- Legal protection for workers that keeps pace with the changing labour market
- Highest standards on tackling financial crime

**MODERN INDUSTRIAL STRATEGY**
The industrial strategy sets a path to boost productivity, successful businesses, and earning power across the whole of the UK
Our shared values and approaches

The UK and the EU share the same fundamental values and have adopted the same approach across a number of policy areas.

**RULE OF LAW**
We value predictability in the law, providing citizens and businesses with legal certainty and ensuring accountability of law-makers

**FAIR AND OPEN COMPETITION**
We believe in open and fair competition – for example the UK has aligned its domestic competition regime with the EU wide regime

**INTERNATIONAL STANDARDS**
We work together to improve global standards, cooperating internationally

**STRONG INSTITUTIONS**
We are both committed to strong institutions that uphold rules, independent of political interference

**AUTONOMY**
We both want our future relationship to protect the autonomy of our separate legal orders
Principles for the economic partnership

The UK believes it would be in our mutual interest to deliver an economic partnership with the EU that is broad, deep and balanced, underpinned by robust arrangements.

**BROAD**

The partnership should cover more sectors than any other free trade agreement, including areas where our economies and peoples are linked, such as financial services, energy, transport, and digital.

**DEEP**

The partnership should break new ground on depth of mutual market access, reflecting our unique starting point where at the end of the implementation period we will have the same laws and rules.

**BALANCED**

The partnership should include reciprocal commitments to ensure open and fair competition, proportionate to the level of market access, and needs to be consistent with our commitments on Northern Ireland.
A comprehensive economic partnership

The UK wants a comprehensive economic partnership that covers more sectors than any free trade agreement anywhere in the world today.

I. Aims of the economic partnership
II. Goods
   a. General principles
   b. Tariffs and rules of origin
   c. Non-tariff barriers
III. Agricultural, food and fisheries products
   a. General principles
   b. Tariffs and rules of origin
   c. Non-tariff barriers
IV. Customs
V. Services and investment
   a. General principles
   b. Investment
   c. Mutual recognition of professional qualifications
VI. Financial services
VII. Digital and broadcasting
   a. General principles
   b. Telecoms
   c. Broadcasting
   d. Digital trade, consumer measures and technology
VIII. Transport
   a. Aviation
   b. Road
   c. Maritime
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IX. Energy
   a. Electricity and gas
   b. Civil nuclear
X. Horizontal measures
   a. State aid and competition law
   b. Environment and sustainable development
   c. Social
   d. Civil judicial cooperation
   e. Company law
   f. Public procurement
   g. Intellectual property
   h. Consumer protection
XI. Mobility framework

FRAMEWORK FOR THE UK-EU PARTNERSHIP | ECONOMIC PARTNERSHIP
A deep economic partnership: goods and services

The depth of the existing UK and EU relationship, coupled with our unique starting point, means we have the opportunity to break new ground in the depth of our future relationship.

**GOODS**

System of mutual recognition to prevent non-tariff barriers, and support €246bn of EU exports to the UK and €142bn of UK exports to the EU

**CUSTOMS**

A new customs arrangement, in addition to maintaining zero tariffs between the EU and the UK

**SERVICES AND INVESTMENT**

Minimising barriers to trade, and mutually recognising professional qualifications; the UK is the EU’s 2nd largest services trading partner

**AGRIFOOD AND FISHERIES PRODUCTS**

An agreement based on outcome equivalence, to support €37bn of EU exports to the UK and €15bn of UK exports to the EU

**FINANCIAL SERVICES**

Mutual market access based on equivalent outcomes and cooperation, to benefit businesses and consumers in the UK and the EU
A deep economic partnership: goods and services

The depth of the existing UK and EU relationship, coupled with our unique starting point, means we have the opportunity to break new ground in the depth of our future relationship.

**DIGITAL**

An agreement that supports this innovative and fast evolving sector, in which the UK is a world leader

**BROADCASTING**

Mutual recognition for transfrontier broadcasting, supporting freedom of transmission and promoting cultural exchange

**TRANSPORT AND ENERGY**

Continuity of air, maritime and rail services, and protecting the rights of our road hauliers; broad cooperation on energy

**MOBILITY FRAMEWORK**

A framework that links our citizens and enables our businesses and professionals to travel to provide services

**HORIZONTAL MEASURES**

Fair market access with binding commitments where appropriate, for example remaining in step with the EU’s state aid and competition regimes
A balanced economic partnership

The UK is leaving the single market and the customs union, so our rights and obligations will need to be held in a new and different balance.

Like any trading agreement, the economic partnership will need to include **reciprocal, binding commitments** to ensure fair and open competition. This is in our mutual interest.

The UK recognises that a deep and broad economic partnership will need to include a balanced set of commitments to underpin a fair and open trading environment.

The UK will transpose the EU state aid rules and principles in full through the EU Withdrawal Bill.

We have said we will consider keeping in step with the EU’s state aid rules and competition regime. Binding commitments that go further than those in a standard FTA should be in return for **commensurate levels of market access**.
PART I  BACKGROUND
PART II  CONTEXT
PART III  OBJECTIVES
PART IV  FRAMEWORK
PART V  CONCLUSION
Framework for delivering the economic partnership

To underpin an enduring relationship, provisions will need to ensure that competition is fair and open, there is a formal institutional structure and there are robust governance arrangements.

**FAIR AND OPEN COMPETITION**

The cooperation provided for in the agreements should ensure that trade between the parties is as frictionless as possible.

But equally, that this is based on an environment where competition remains open and fair.

**GOVERNANCE**

To underpin this wide ranging cooperation, the institutional provisions will also need to include robust governance arrangements to give confidence to individuals and businesses, maintain regular dialogue and resolve disputes as they arise.

**STRUCTURE**

The institutional structure should provide for a broad range of cooperation, requiring an overarching framework.

But it should be sufficiently flexible to allow some parts of the agreement to fall outside of this framework where this makes sense.
Structure: precedents

There are a variety of precedents for economic cooperation between the EU and third countries. It is clear that deeper cooperation requires a more formal and deeper institutional structure.

Some EU-third country agreements have a shallow level of cooperation that is inconsistent with our ambition and therefore only need to have limited institutional arrangements.

Other EU-third country agreements have a much deeper level of cooperation, and therefore require more comprehensive institutional arrangements.

The EU and Switzerland are in negotiations to agree an institutional framework agreement that would govern bilateral relations.

As set out in the Florence speech, existing models for the economic partnership either do not deliver the ambition we need or impose unsustainable constraints on our democracy.
Structure: proposal for the UK-EU economic partnership

A deep and special partnership would likely require an overarching framework, but be flexible enough for some agreements to be standalone, outside of this framework.

The overarching institutional framework could include other parts of the future partnership, which are not subject to discussion today.

The political oversight could provide for Leaders and Ministers from the UK and EU to give direction to the development of the future relationship - making decisions about how and when changes to the relationship were necessary, and ensuring accountability to our parliaments.

The Joint Committee could take direction from political oversight. It could ensure the agreements operated effectively, manage the processes for regulatory cooperation, and propose changes as necessary.

The economic partnership could consist of a number of different agreements, covering a broad range of issues. The majority of these agreements could fall under the overarching institutional structure, and therefore be subject to the political oversight and the Joint Committee, and arrangements for the resolution of disputes and regulatory cooperation...

... but some agreements could sit outside it – for example where specific governance arrangements are needed, or an agreement should enter into force earlier than the institutional framework itself.
Governance

The cooperation that sits within the economic partnership will need to be underpinned by robust governance arrangements.

**Regulatory cooperation**: including methods to demonstrate that our rules are substantially similar – identical or equivalent in outcomes

**Non-compliance measures**: determining the consequences in the event of a breach of the terms of the agreement

**Monitoring and enforcement**: ensuring domestic legislation is compatible with the agreement, and rights and obligations are upheld

**Dispute resolution**: putting in place robust provisions to resolve differences between the UK and the EU over interpretation or application, including through independent arbitration
PART I  CONTEXT
PART II  OBJECTIVES
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Conclusion

This presentation has set out the **UK’s objectives for the economic partnership**, and the principles that should guide our approach to securing an enduring solution in the interests of the UK and EU.

We have set out a proposal for delivering our ambition for the future economic partnership, through the **institutional structure, the governance arrangements and provisions to ensure fair and open competition**.

Taken together, our proposed approach would **make the most of our unprecedented situation**, and this unique opportunity to lead global thinking on free trade.

We only have a short amount of time to negotiate a partnership that benefits both the UK and the EU. Building on the agreed topics published jointly on 4 May, we should **agree next steps on the process**, taking into account the time available.