



HM Government

**Explainer for the Political Declaration setting out the framework for the future relationship between the United Kingdom and the European Union**

**25 November 2018**

## Summary

1. The United Kingdom has reached agreement on the Political Declaration on the framework for the future relationship with the European Union. This means the scope and terms for the UK's future relationship with the EU have been established.
2. The Political Declaration published on 25 November 2018 should be considered alongside the Withdrawal Agreement published on 25 November 2018. The documents have been settled together on the basis that nothing is agreed until everything is agreed.
3. The future relationship between the UK and the EU will apply to the whole of the United Kingdom. The UK will negotiate the future agreements implementing the Political Declaration on behalf of all territories for whose external relations the UK is responsible to ensure an appropriate and beneficial future relationship with the EU, taking into account their existing relationships with the EU.
4. The Political Declaration will set the terms for legal agreements to be finalised by the end of 2020.
5. This document is intended as a guide to support the understanding of the Political Declaration following a format of:
  - a. Part I: Initial Provisions
  - b. Part II: Economic Partnership
  - c. Part III: Security Partnership
  - d. Part IV: Institutional and Other Horizontal Arrangements
  - e. Part V: Forward Process

## What is covered:

### Initial Provisions

- The future relationship should be based on the **shared values and principles** that the UK and the EU project and defend – respecting human rights, democracy, the rule of law, working together globally, and the non-proliferation of nuclear weapons. This includes the UK's commitment to the European Convention on Human Rights (ECHR) and the EU's and its Member States' continued commitment to the EU's Charter of Fundamental Rights.
- The UK and the EU share a commitment to **high personal data protection standards**. They will also agree terms for **potential UK participation in EU**

**programmes in areas of shared interest** such as science and innovation, youth, culture and education, development, defence capabilities, civil protection and space, as well as provisions for dialogue.

## **Economic Partnership**

- A **free trade area for goods** that provides for no tariffs or quotas, and ensures a trading relationship that is as close as possible, combining deep regulatory and customs cooperation. The extent of the UK's commitments, including alignment of rules, will be taken into account in the application of checks and controls. The UK and the EU will draw on all available technologies and facilitative arrangements as they develop these new customs arrangements, and establish **alternative arrangements** to permanently ensure no hard border on the island of Ireland and avoid the need for the backstop to ever be used.
- Ambitious arrangements for **services and investment** that go well beyond World Trade Organization (WTO) commitments and build on recent EU Free Trade Agreements (FTAs), including new arrangements on financial services, alongside timely equivalence decisions under existing frameworks.
- New and specific arrangements on **digital**, covering a wide-range of areas, including e-commerce, telecoms and emerging technologies, reflecting the growth and prominence of global digital trade.
- **Temporary entry arrangements** for people travelling for business, as well as **visa-free travel for short-term visits**, consistent with the UK's commitment to end the free movement of people.
- A **Comprehensive Air Transport Agreement**, and arrangements that allow comparable market access for freight and passenger road operators.
- **Mechanisms for efficient electricity and gas trade** over the infrastructure linking UK and EU markets, along with a **wide-ranging Nuclear Cooperation Agreement**.
- A **new fisheries agreement** covering, amongst other things, access to waters and quota shares, which the UK will negotiate as an **independent coastal state**.
- Commitments to **open and fair competition** — proportionate to the overall economic relationship — covering state aid, competition, social and

employment standards, environmental standards, climate change, and relevant tax matters.

## Security Partnership

- An **ambitious and comprehensive future security relationship** covering law enforcement and criminal justice and foreign policy, security and defence in addition to a range of thematic security issues including illegal migration and cyber security, reflecting the breadth and depth of shared interests and values.
- Comprehensive and close reciprocal **law enforcement and judicial cooperation** in criminal matters, that ensure criminals are brought swiftly to justice. Amongst other things, it will include establishing arrangements for effective and efficient exchanges of **Passenger Name Record (PNR)** data, of **DNA, fingerprints and vehicle registration** data (Prüm), alongside **swift and effective extradition** arrangements, so that suspected criminals can be quickly extradited back to the requesting country. In addition, it will include data-sharing arrangements for wanted and missing persons, and the exchange of criminal records and cooperation between the UK and Europol and Eurojust.
- **Arrangements on foreign policy, security and defence**, which provide for **close, flexible and scalable cooperation** that allow UK and EU efforts to be combined, when it is in both their interests. This includes **UK participation in EU missions** on a case by case basis, consideration of how best the UK and the EU might cooperate on **international development, consultation on sanctions**, and the voluntary and timely exchange of **intelligence**. The deal ensures that cooperation can be scaled up in the event of a crisis.
- Additional thematic cooperation in other areas, including close collaboration on **cyber security, illegal migration and health security**.

## Institutional and Other Horizontal Arrangements

- The future relationship will be based on an **overarching institutional framework**. This will be underpinned by mechanisms for **dialogue**, and robust arrangements for setting the direction and implementing the future relationship as well as **resolving disputes**, based on the dispute resolution mechanism in the Withdrawal Agreement.

## Forward Process

- **Preparatory organisational work** for the formal negotiations on the future relationship will begin as soon as the Withdrawal Agreement is concluded, and before the UK leaves the EU, focusing on key issues such as the development of alternative arrangements for ensuring the absence of a hard border between Northern Ireland and Ireland on a permanent footing. **Negotiations to conclude the legal agreements** will begin as soon as the UK becomes a third country. Both parties have committed to best endeavours to ensure the future relationship can come into force by the end of the implementation period.

## **PART I: INITIAL PROVISIONS**

### **I. BASIS FOR COOPERATION**

#### **A. Core values and rights**

6. The UK and the EU agree that the future relationship should be based on the shared values and principles that both parties project and defend — respecting human rights, democracy, the rule of law, working together globally, and championing non-proliferation. The UK and the EU agree that these shared values should underpin the relationship.

7. The future relationship will also recognise the UK's commitment to the ECHR and the EU's and its Member States continued commitment to the EU's Charter of Fundamental Rights which in this respect is based on the ECHR.

#### **B. Data protection**

8. The UK and the EU agree that the continued free flow of personal data is an important underpinning feature of the future relationship for both economic and security purposes. The UK and the EU have a shared commitment to high personal data protection standards.

9. The EU's data protection rules include a mechanism to facilitate the free flow of personal data to countries outside the EU. The European Commission can assess a third country to establish whether it provides an 'adequate' level of protection for personal data and the Commission can subsequently grant Adequacy Decisions. The EU has adopted Adequacy Decisions with countries such as New Zealand and Switzerland amongst others. The EU's adequacy assessment of the UK will begin as soon as possible after the UK leaves the EU on 29 March 2019, and importantly, the Commission will endeavour to adopt Adequacy Decisions by the end of the implementation period. This is necessary to maintain continuity in personal data flows. To the same time frame, the UK will also take steps to facilitate the flow of personal data from the UK to the EU. These arrangements will not affect the UK's or the EU's autonomy over their own data protection rules. The UK's Data Protection Act 2018 strengthened UK standards in line with the EU's General Data Protection Regulation (GDPR) and the Law Enforcement Directive (LED), providing a unique starting point for these arrangements.

10. The UK and the EU have also agreed to make arrangements for cooperation between the UK's Information Commissioner's Office (ICO) and the EU Data Protection Authorities.

## **II. AREAS OF SHARED INTEREST**

### **A. Participation in Union programmes**

11. The future relationship between the UK and the EU will span a broad range of areas of shared interest, reflecting how closely both sides work together in their mutual interest and want to continue to do so in the future.

12. The UK and the EU have agreed that the future relationship should include general principles, terms and conditions for UK participation in EU programmes, recognising that this would be subject to the relevant EU regulations which govern them. This could include areas such as science and innovation, youth, culture and education, development and external action, defence capabilities, civil protection and space.

13. The next generation of EU programmes are due to begin in 2021, and are currently under negotiation in the EU. The Government will make decisions on participation in specific programmes in light of these negotiations and wider UK priorities. Where the UK does participate, it will do so on the basis of a set of agreed terms and conditions which ensure that the UK will make a fair and appropriate financial contribution, UK participants will be treated fairly, and that the UK will be included in management and consultation of the programme reflecting the level of UK involvement. Both sides will be able to ensure that programme funding is managed properly.

14. The UK and the EU will also explore continued UK participation in European Research Infrastructure Consortium (ERICs) in line with their rules, which will be linked to UK participation in EU science and innovation programmes. The UK currently hosts two ERICs, the European Social Survey, which measures the attitudes, beliefs and behaviour patterns of diverse populations in more than thirty European countries, and INSTRUCT, which promotes innovation in biomedical science.

15. Both sides are committed to delivering a future PEACE programme in Northern Ireland after the current version ends in 2020, which will sustain vital work on reconciliation and a shared future for all communities there. The funding proportions for the programme will be maintained at current levels.

## **B. Dialogues**

16. The UK and the EU have agreed that there should be dialogue and exchanges in areas of shared interest, including science, innovation, culture and education, which will allow the UK and the EU to identify opportunities to cooperate, share information and expertise, and take action together. Both sides recognise that effective cooperation in these areas is enabled by the mobility of individuals and groups, such as scientists attending conferences and musicians performing at concerts, and the temporary movement of objects and equipment.

17. The European Investment Bank (EIB), and its subsidiary the European Investment Fund (EIF) provide financial support and expertise across a wide range of sectors and industries. The UK will cease to be a member of the EIB after exit, but will explore the possibility of a future relationship with the EIB as a non Member State, to the extent this supports shared growth and innovation objectives.

## **PART II: ECONOMIC PARTNERSHIP**

### **I. OBJECTIVES AND PRINCIPLES**

18. The UK and the EU have agreed to develop an ambitious, wide ranging and balanced economic partnership. This will be comprehensive, including goods and services, as well as wider sectoral cooperation. It will respect the integrity of the EU's Single Market and the Customs Union as well as the UK's internal market, and recognise the development of an independent trade policy by the UK beyond this economic partnership.

19. The UK and the EU are determined to replace the backstop solution on Northern Ireland by a subsequent agreement that establishes alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

### **II. GOODS**

#### **A. Objectives and principles**

20. The UK and the EU have agreed to develop a trading relationship on goods that is as close as possible, facilitating the ease of trade. They have committed to create a free trade area, which combines deep regulatory and customs cooperation, and will be underpinned by provisions to ensure a level playing field for open and fair competition between the UK and the EU.

#### **B. Tariffs**

21. The UK and the EU have agreed that there should be no tariffs, and no fees, charges or quantitative restrictions across all sectors. No other advanced economy has such a relationship.

22. There will be ambitious customs arrangements that develop the single customs territory provided for in the Withdrawal Agreement, which provides for tariff and quota free access to markets for goods, and which obviates the need for checks on rules of origin. This will be done in line with the principles and objectives that the UK and the EU have agreed, including respecting the integrity of the UK's internal market and recognising the development of the UK's independent trade policy beyond the partnership with the EU.

## **C. Regulatory aspects**

23. The UK and the EU will put in place provisions to ensure, as far as possible, that their regulatory approaches are transparent, efficient, compatible and avoid unnecessary trade barriers.

24. The UK and the EU will also agree provisions on product regulation, addressing what are known as 'technical barriers to trade'. These provisions will include common principles, including on standardisation, testing and approvals, and labelling. They will also include common principles for market surveillance, to enable cooperation between regulators ensuring unsafe or non-compliant products do not reach consumers.

25. The UK and the EU will also agree provisions on sanitary and phytosanitary measures, which apply to animals, animal products and plants in order to protect human, plant and animal health. As part of this, and in the event of disease outbreaks, the UK will recognise regionalisation when applying controls to UK imports in cases where the pest and disease status varies across the UK, and vice versa.

26. The UK and the EU will explore the possibility of cooperation between UK authorities and EU agencies, such as the European Medicines Authority (EMA), the European Chemicals Agency (ECHA), and the European Aviation Safety Agency (EASA).

27. The UK will also consider aligning with EU rules in relevant areas.

## **D. Customs**

28. The UK and the EU will put in place ambitious customs arrangements. These will make use of all available facilitative arrangements and technologies, and such facilitative arrangements and technologies will also be considered as part of the development of alternative arrangements for ensuring the absence of a hard border between Northern Ireland and Ireland.

## **E. Implications for checks and controls**

29. The purpose of making customs and regulatory commitments is to facilitate the ease of trade in goods. The UK and the EU will therefore take these commitments, including alignment by the UK with relevant EU rules, into account in the application of checks and controls.

30. The UK and the EU recognise that this means there could be a spectrum of different outcomes, and both wish to be as ambitious as possible, in order to facilitate the ease of trade in goods. The UK has put forward proposals that would enable frictionless trade to be achieved outside the Customs Union and Single Market. That is not something that is accepted by everyone in the EU, but the UK has the ability in the future negotiations to continue to work for its objective of achieving frictionless trade.

### **III. SERVICES AND INVESTMENT**

#### **A. Objectives and principles**

31. The UK and the EU have agreed to establish new arrangements on services and investment, which will be ambitious, comprehensive and balanced. They will ensure that both the UK and the EU have their own autonomy to regulate services and investment in the future.

32. The new arrangements on services and investment will go well beyond the WTO framework for global services trade, the General Agreement on Trade in Services (GATS), and will build on recent EU FTAs. These arrangements will have a broad scope, covering a substantial number of services sectors — including, among others, professional and business services — as well as all of the different types of services trade.

#### **B. Market access and non-discrimination**

33. The arrangements will include provisions on market access and national treatment for investors and businesses that provide services, in addition to provisions to address performance requirements for investors. This means that services suppliers and investors will be able to operate in a broad range of sectors across the EU and the UK without encountering unjustified barriers.

34. Under these arrangements UK businesses will face substantially the same rules in Member States as local businesses, and vice versa. They will not face discriminatory barriers, unless otherwise agreed.

35. The UK and the EU have further agreed that the provisions on non-discrimination will also apply to UK businesses establishing a commercial presence in the EU, and vice versa.

## **C. Regulatory aspects**

36. The UK and the EU will also cooperate on regulation, in a way that preserves regulatory flexibility for the UK, which is important for the UK's services-based economy.

37. In line with best practice in FTAs, the UK and the EU will agree arrangements on their respective regulatory approaches that aim to prevent the introduction of unnecessary regulatory barriers. For example, the UK and the EU have committed to follow good regulatory practices when developing and implementing new regulations, and to establish a framework to allow regulators to exchange information and share best practice.

38. There will also be arrangements to help professionals to practise across both the UK and the EU using a qualification from either the UK or the EU.

## **IV. FINANCIAL SERVICES**

39. The UK and the EU have agreed new arrangements for financial services. These reaffirm their shared principles, such as those in relation to financial stability and market integrity, while also recognising that both sides will be able to take their own decisions on financial services, including in relation to access to their markets. They have also agreed to continue to work closely together in relevant international bodies.

40. The EU has specific arrangements to recognise another country's regulatory regimes as equivalent to its own. This is sometimes known as 'equivalence frameworks' and decisions in individual areas as 'equivalence decisions'. Regulatory equivalence can have a range of benefits, including allowing businesses from another country to operate across borders and reducing overlaps in compliance with regulations. The EU has a range of equivalence frameworks in the field of financial services, and the UK intends to establish similar frameworks in its own legislation. Where these equivalence frameworks are in place, the EU has committed to assess the equivalence of the UK's regimes and to conclude these assessments by June 2020. The UK has committed to doing the same for the EU's regimes.

41. These arrangements on equivalence frameworks will also apply to equivalence decisions on accounting, audit regulatory equivalence and competent authority adequacy decisions in audit.

42. The UK and the EU have committed to keeping their financial services equivalence frameworks under review. The UK and the EU have also agreed that it would be in the interests of both sides to have a close and structured approach to the regulation and supervision of their financial services sectors, as a part of the future economic partnership between them. This cooperation will enable greater transparency, consultation and information exchange between the UK and the EU, providing industry with greater predictability around the adoption and withdrawal of equivalence decisions.

## **V. DIGITAL**

43. The UK and the EU have agreed to establish specific arrangements on digital. These will cover a wide range of areas, including e-commerce, telecoms, and emerging technologies, reflecting the growth and prominence of global digital trade in recent years as new technologies develop, evolve and drive innovation across the economy.

44. The new UK-EU digital arrangements will relate to both goods and services trade carried out by electronic means — such as online retail or cloud computing services — and will include provisions to facilitate digital trade.

45. For example, the UK and the EU will work together to address unjustified barriers to the free flow of non-personal data, where they could disrupt businesses, such as rules restricting where data must be stored and processed.

46. The UK and EU will also work together to promote a secure and trustworthy online environment, such as agreeing arrangements on electronic signatures or other online authentication methods that reduce administrative barriers and transaction costs for businesses. The new arrangements will also cover general measures to support open e-commerce markets, including a shared principle that digital services will not face discrimination or barriers to entry just because they are provided online.

47. There will be provisions for telecommunications services, including to address anti-competitive practices by major suppliers. These arrangements will enable wider trade flows by providing key digital infrastructure that consumers and business depend on to communicate and operate globally.

48. The UK and the EU will also establish a future dialogue on emerging technologies, as an area of digital innovation. This will help the UK and the EU to promote new technologies, such as artificial intelligence, and to cooperate on the global effort to ensure the internet is free, open and secure.

## **VI. CAPITAL MOVEMENTS AND PAYMENTS**

49. The UK and the EU have agreed that the future relationship will include arrangements that enable the free movement of capital and payments, supporting the free and timely flow of capital for day-to-day business and investment needs. There will be relevant exceptions, as now, which will ensure that the UK and the EU can put in place appropriate safeguards and carve-out provisions while still enabling liberalised payments and movements.

## **VII. INTELLECTUAL PROPERTY**

50. The UK and the EU have agreed that the future relationship should provide for more extensive cooperation on intellectual property than is possible under existing multilateral treaties. This will provide for a range of protections, for example in relation to trademarks, designs and patents.

51. The UK and the EU have also agreed that they will seek to put in place arrangements to provide appropriate protection for their geographical indications.

52. After exit, the UK and the EU will maintain the freedom to establish their own regimes for the exhaustion of intellectual property rights if they so choose. The exhaustion of intellectual property rights refers to the loss of the right to control distribution and resale of a product after it has been placed on the market within a specified territory by, or with the permission of, the right holder.

53. The UK and the EU have also noted the importance of being able to share information to facilitate the protection and enforcement of intellectual property rights. As such, they have agreed to establish a mechanism for cooperation and exchange of information when it is in their mutual interest.

## **VIII. PUBLIC PROCUREMENT**

54. The UK intends to continue to participate in the WTO's Government Procurement Agreement (GPA) — a plurilateral agreement that aims to mutually open government procurement markets among its parties. The UK and the EU have agreed that they will provide access to their respective procurement markets on a reciprocal basis, and in areas of mutual interest, beyond their GPA commitments. This will not prevent either side from protecting their essential security interests.

55. The UK and the EU will also ensure that procurement tenders are conducted transparently and based on clear rules, procedures and practices. These standards should be based on those in the GPA.

## **IX. MOBILITY**

56. Free movement will end as the UK leaves the EU. The UK will have a sovereign choice as to its plans for its future immigration system and will be able to make commitments in defined areas as set out below. These types of arrangements could also be considered as part of offers to other close trading partners in the future, where they support new and deep trade deals. The UK's relationship with the EU will not preclude that.

57. The UK will not discriminate between individual Member States — meaning the UK will treat all Member States in the same way. The agreement will apply equally to all Member States and therefore the UK expects there should be no difference between them in their treatment of the UK where the international agreement applies. The agreement on mobility will be based on reciprocity between the UK and the EU, so where the UK takes a commitment the EU will do likewise.

58. The UK and the EU will aim to provide for visa-free travel for short-term visits. The UK will implement this in domestic law rather than through an international agreement.

59. The UK and the EU will return to more detailed discussions on what conditions will be in place for entry and stay for the purposes of research, study, training and youth exchanges.

60. The UK and the EU will also return to more detailed discussions on defined areas of social security, reflecting the UK's future mobility arrangements with the EU as free movement ends. The UK is still seeking commitments in specific areas such as uprating of state pensions and reciprocal healthcare, including the European Health Insurance Card (EHICs), to ensure that UK citizens living in the EU, in future, continue to benefit from their pension entitlements and associated healthcare.

61. The UK and the EU will have more detailed discussions on border arrangements to ensure smooth passage for UK nationals when they travel to the EU, for example on business or on holiday, and vice versa for EU citizens.

62. The arrangements will apply to the UK and to Ireland as an EU Member State. However, they will not affect the continuing operation of the Common Travel

Area, which is a long standing arrangement concerning the movement of British and Irish citizens between the UK and Ireland and the Crown Dependencies.

63. The EU and the UK have agreed to explore options for judicial cooperation in matrimonial, parental responsibility and other related matters. This could set out the rules governing the interaction between each side's legal systems to ensure clarity for citizens. Both parties have also confirmed their commitment to the effective application of existing international family law instruments and the EU has noted that the UK intends to accede to the Hague 2007 Maintenance Convention in its own right. The Hague 2007 Maintenance Convention is designed to improve cooperation for the international recovery of child support and other forms of family maintenance.

64. These arrangements on mobility would be in addition to the services and investment section, which states that arrangements should allow for the temporary entry and stay of natural persons for business purposes in defined areas. These are known as Mode 4 arrangements, and they can provide for the mobility of people from one WTO member to another for the purpose of providing a service, for example a firm moving staff between offices in different countries, or sending staff to install a piece of machinery. These arrangements are a standard part of FTAs.

65. The commitment that parties' national laws cannot nullify Mode 4 arrangements is also standard to FTAs. For example, it means the UK and the EU can still require service providers to have a visa to travel, but cannot put in conditions that negate the trade offer, such as disproportionately high fees or longer waiting times.

## **X. TRANSPORT**

### **A. Aviation**

66. To ensure cargo and passenger air connectivity, the UK and the EU have agreed to put in place a Comprehensive Air Transport Agreement (CATA). The CATA will specify the level of market access granted to UK and EU airlines in each other's market, and will also cover arrangements for investment, aviation security, aviation safety and air traffic management.

67. The UK and the EU are also committed to high standards of aviation safety and security. To support this, they will make arrangements for close cooperation between EASA and the UK's Civil Aviation Authority (CAA).

## **B. Road transport**

68. The UK and the EU have agreed that UK and EU hauliers, and operators of coaches and buses, will have access to each other's markets on similar terms. The UK and the EU have also agreed to consider arrangements for private motorists travelling between and within both jurisdictions.

69. The UK and the EU will continue to uphold their obligations from relevant international road transport agreements. These agreements set out international standards for road transport, for example rules governing the hours that international commercial drivers may spend at the wheel. For international road transport, arrangements between the UK and the EU will also be underpinned by appropriate and relevant consumer protection requirements and social standards.

## **C. Rail transport**

70. The UK and the EU have agreed to facilitate the continued smooth functioning of cross-border rail services, through bilateral arrangements with the relevant EU countries. These will cover the Belfast-Dublin Enterprise Line and services through the Channel Tunnel. Arrangements will need to be put in place with France, Belgium, the Netherlands and Ireland.

## **D. Maritime transport**

71. To facilitate maritime transport between the UK and the EU, the parties have agreed to put in place appropriate arrangements for market access. There will be arrangements to allow co-operation between the UK authorities and the European Maritime Safety Agency (EMSA) on safety, and co-operation on security, including through the exchange of information.

# **XI. ENERGY**

## **A. Electricity and Gas**

72. The UK and the EU's electricity and gas markets are joined by interconnectors, the physical links that enable the cross-border transfer of energy. Energy is sold in different ways for delivery at different times (ranging from several years before the energy flows to delivery in the next hour). The UK and the EU have agreed to put in place mechanisms to enable electricity and gas to be traded in a cost-effective and timely way.

73. The UK and the EU have also agreed to establish a framework to facilitate continued technical cooperation between the UK's operators and organisations and those of the EU, including the European Networks of Transmission System Operators for Electricity and Gas.

## **B. Civil Nuclear**

74. The UK and the EU have agreed to a wide-ranging Nuclear Cooperation Agreement (NCA) between the UK and the European Atomic Energy Community (EURATOM). The UK and the EU have agreed the NCA will: facilitate trade in nuclear materials and equipment and the exchange of information in areas of mutual interest, such as safeguards and safety; and provide for the UK's participation as a third country in EU systems that monitor and exchange information on the levels of radioactivity in the environment.

75. To underpin these arrangements both parties have committed to maintain their existing high standards of nuclear safety and have noted the UK's intention to be associated with the EURATOM Research and Training Programme.

76. The UK and the EU have also agreed to cooperate on the supply of medical radioisotopes through the exchange of information. Radioactive isotopes are essential tools in medicine for both diagnosis and treatment.

77. In addition, both parties note that the EURATOM Supply Agency (ESA) intends to reassess, in a timely manner, its authorisations and approvals of existing contracts it has co-signed for the supply of nuclear material between businesses in the UK and the EU.

## **C. Carbon pricing**

78. The UK and the EU have agreed to consider an option to cooperate on carbon pricing by linking a new UK national greenhouse gas emissions trading scheme with the EU's existing Emissions Trading Scheme (EU ETS).

## **XII. FISHING OPPORTUNITIES**

79. The UK will be an independent coastal state. This means that the UK will have full control of access to fish in UK waters, and the UK will no longer be part of the EU's Common Fisheries Policy (CFP).

80. The UK and the EU will work together as international partners on the sustainable management of shared stocks. This could include cooperation with

other coastal states, for example where there are shared fish stocks, and in international organisations, where the UK will apply to join the Regional Fisheries Management Organisations, including the North East Atlantic Fisheries Commission. This is consistent with the UK's objectives, as set out in the Government's White Paper, 'Sustainable fisheries for future generations'.

81. The UK and the EU will also cooperate on the development of measures in relation to fisheries in a non-discriminatory manner. While this includes cooperating on the regulation of fisheries, the UK and the EU will have autonomy over regulations, and the UK will not be bound by EU rules or the CFP.

82. The UK and the EU have agreed that they should establish a new fisheries agreement on, amongst other things, access to waters and quota shares. This means that the UK will manage fishing in UK waters, with a new mechanism for negotiating with the EU, consistent with other coastal states who share stocks with the EU, such as Norway. It sets out that the UK and the EU will aim to have this agreement in place by July 2020, in time to be used to determine fishing opportunities for the first year after the implementation period.

### **XIII. GLOBAL COOPERATION**

83. The UK and EU have agreed to cooperate at the global level to address issues of shared interest. This cooperation will include areas such as climate change, sustainable development, cross-border pollution, public health, consumer protection, financial stability, and the fight against trade protectionism. Such cooperation is a normal part of international trading relationships, and is mutually beneficial for the UK and the EU.

84. The UK and the EU have also reiterated their respective commitments to international climate change agreements, such as the Paris Agreement, which aims to limit the rise in global temperatures compared to pre-industrial levels and provides a basis for reducing global greenhouse gas emissions. Effort share will be subject to future negotiations.

### **XIV. LEVEL PLAYING FIELD FOR OPEN AND FAIR COMPETITION**

85. Commitments on open and fair competition are a normal part of all trading relationships. The commitments in the future economic partnership will build on the arrangements provided for in the Withdrawal Agreement, and will be proportionate to the overall economic relationship. Consistent with recent EU FTAs and other international trading agreements, the areas that will be covered include:

- State aid: international trading agreements often include provisions that prevent either party from providing subsidies to companies that could distort trade. The UK has long been a proponent of rigorous state aid rules, and recognises that subsidising industry unfairly is inconsistent with the principle of free trade.
- Competition: it is standard for trading partners to commit to key competition principles, including prohibiting anti-trust behaviour and ensuring effective merger control. These principles are designed to protect consumers and create a market in which companies can compete fairly.
- Social and employment, and environmental standards: trading agreements often contain provisions that promote sustainable development, reiterate adherence to international environmental and labour commitments and promote cooperation on these issues between the parties.
- Climate change: climate change has also featured in international trade agreements, with trading partners often reaffirming their commitment to international obligations.
- Relevant tax matters: recent trade agreements have included 'tax good governance clauses' covering the principles of transparency, exchange of information, and fair tax competition. They do not fetter sovereign discretion on tax, including in relation to setting direct or indirect tax rates.

86. In agreeing the precise nature of the commitments, the UK and the EU will take into account appropriate and relevant EU and international standards. They will also agree appropriate commitments on domestic implementation, enforcement and dispute settlement.

## **PART III: SECURITY PARTNERSHIP**

### **I. OBJECTIVES AND PRINCIPLES**

87. The UK and the EU have agreed to design a new, comprehensive security partnership to promote the safety of citizens across the UK and Europe. While respecting the sovereignty of the UK and the autonomy of the EU, the partnership will include cooperation to address a range of established and evolving security concerns, including serious international crime, terrorism, and cyber-attacks.

88. The partnership between the UK and the EU will continue to promote the UK's and the EU's shared global approaches on security, prosperity and multilateralism. It will also be built on shared principles and values and will include future cooperation between the UK and the EU on law enforcement, foreign policy, defence and thematic cooperation on other security issues.

### **II. LAW ENFORCEMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS**

89. The UK and the EU agree on the importance of a full and close relationship on law enforcement and judicial cooperation. This will need to deliver the operational capabilities to allow the police, courts and other law enforcement and judicial authorities to prevent, investigate, detect and prosecute criminal offences. This cooperation will acknowledge and reflect the shared threats the UK and the EU continue to face, the mutual benefits of this cooperation in protecting the safety and security of their citizens whilst recognising that the UK will be a third country outside of Schengen, to which the principle of free movement of people will not apply.

90. The depth and breadth of this cooperation should be balanced against the rights and obligations that apply to the UK and the EU and one should reflect the other. Cooperation will also reflect the commitments the UK is willing to make to respect the EU's legal order, for example, ensuring consistency with EU rules where required, and processes for resolving disagreements including the role of the Court of Justice of the European Union (CJEU) in relation to the interpretation of Union law. The UK and the EU agree that a comprehensive partnership on security will need to be underpinned by their shared and long-standing commitments to protect the rights of individuals, including respecting the ECHR and the obligations within it, and ensuring personal data is adequately protected. In addition, the UK and the EU note the importance of the double jeopardy principle and procedural rights. The EU and its Member States will remain committed to the EU's Charter of Fundamental Rights.

91. The future relationship will cover three areas of cooperation — data exchange, operational cooperation between police, courts and judicial authorities of the UK and Member States, and anti-money laundering and counter-terrorism financing.

#### **A. Data exchange**

92. The UK and the EU acknowledge that sharing data and analysis is a key element of cooperation between police and other law enforcement and judicial agencies and authorities. This helps them to work together to address increasing and changing threats, fight terrorism and ensure investigations and prosecutions take place to keep the public safe.

93. The UK and the EU recognise the importance of swift data exchange for the purposes of law enforcement and judicial cooperation and agree that arrangements will be made to ensure the quick and efficient exchange of Passenger Name Records (PNR) including data stored within national processing systems. The UK and the EU also agree to exchange DNA, fingerprint and vehicle registration data (Prüm).

94. The UK and the EU agree to consider putting in place further arrangements to enable data exchange in other areas. For example, to enable the exchange of information on wanted or missing persons or objects, and the exchange of criminal records. This will be done with the aim of approximating arrangements as currently enabled by the EU's tools and measures to the extent this is possible and where it is in the UK's and the EU's interests. The relevant tools and measures in this area include the Second Generation Schengen Information System (SIS II) and the European Criminal Record Information System (ECRIS).

#### **B. Operational cooperation between law enforcement authorities and judicial cooperation in criminal matters**

95. The UK and the EU will ensure there is continued cooperation between law enforcement judicial bodies; a key part of this will be deciding on the terms for the UK to continue cooperation via Europol and Eurojust.

96. The UK and EU have agreed to establish extradition arrangements with streamlined procedures and time limits to enable the UK and EU to surrender suspected and convicted persons efficiently and expeditiously. These arrangements may include provisions for the UK and Member States to waive the requirement to

demonstrate double criminality, and determine whether the extradition arrangements should be applicable to their own nationals or for political offences.

97. The UK and the EU also agree to consider putting in place further arrangements to enable practical cooperation between law enforcement and judicial authorities in other areas. For example, to run joint investigation teams between the UK and Member States. This will be done with the aim of approximating arrangements as currently enabled by the EU's tools and measures, where possible, and in both the UK's and the EU's interests.

### **C. Anti-money laundering and counter-terrorism financing**

98. The UK and the EU agree to support international efforts to prevent and fight money laundering and terrorist financing. This will be done through following the international standards set by the Financial Action Task Force<sup>1</sup>, supplemented by additional cooperation between the UK and the EU, including cooperation to ensure transparency of beneficial ownership and to tackle anonymity enabled by the use of virtual currencies.

## **III. FOREIGN POLICY, SECURITY AND DEFENCE**

99. The UK and the EU will continue to work together closely on foreign and security policy issues, as part of an ambitious new security partnership. This partnership will be based on the UK and the EU's shared values, and commitment to work together to respond quickly and effectively to changing threats. The UK and the EU also agree to support the role of the United Nations and the North Atlantic Treaty Organisation in strengthening peace and security. The UK is clear that NATO will remain the cornerstone of Euro-Atlantic security.

100. The UK and the EU will continue to work together to address global development challenges, and share the same commitment to the UN Sustainable Development Goals. The UK remains supportive of the principles set out in the European Consensus on Development.

101. The starting point for the UK-EU partnership will be respect for the UK's right to make its own foreign policy choices and for the autonomy of EU decision-making. The partnership will enable both sides to combine efforts to the greatest effect, through flexible and scalable arrangements that will allow the UK and the EU

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<sup>1</sup> The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing.

to adapt and scale up cooperation, depending on the situations they are dealing with.

102. Consultation, dialogue, exchange of security experts and information sharing will underpin the future UK-EU partnership.

#### **A. Consultation and cooperation**

103. The UK and the EU agree that consultation is an important component of an effective foreign policy, security and defence relationship. To this end, there should be a baseline of structured consultation between the UK and the EU on strategic priorities, underpinned by regular dialogue on thematic and geographic issues.

104. This consultation should cover all foreign, defence and security policy areas, with provision for regular dialogue between UK and EU officials, and where appropriate, invitations for the UK to attend Ministerial meetings in informal sessions.

105. The UK and the EU will maintain a close level of cooperation on crisis preparedness and consular affairs in third countries, and may work together on development projects.

106. The UK and the EU will continue to work closely in international organisations, including through agreed statements, démarches and promoting shared positions on foreign policy issues, while respecting each other's autonomy.

#### **B. Sanctions**

107. Sanctions are a core multilateral foreign policy tool and cooperation is valuable to both the UK and the EU. The UK and EU will have independent sanctions policies, which will be driven by their respective foreign policies, and implemented using their respective legislative powers.

108. The UK and the EU will endeavour to exchange information and provide technical support to justify, implement and enforce sanctions listings. The UK and the EU should also be able to consult on new, prospective sanctions regimes. This cooperation can be intensified where the relevant UK and EU foreign policy objectives are aligned, to help coordinate the adoption of mutually supportive sanctions.

### **C. Operations and missions**

109. The UK will no longer be part of the EU's Common Security and Defence Policy (CSDP). The UK and EU have nonetheless agreed that the UK will be able to participate in EU civilian and military missions and operations. This will facilitate potential contributions of personnel and assets by the UK. The UK and EU will decide on whether the UK participates on a case-by-case basis, where it is in the mutual interests of both the UK and the EU. Any decision to deploy the UK's armed forces will always be a sovereign decision that can only be taken by the UK.

110. Conclusion of a Framework Participation Agreement will provide the basis for such UK participation, as such agreements do for other third countries.

111. UK involvement in EU planning processes could be intensified, commensurate with the prospective level of a UK contribution to the specific operation or mission. The additional understanding provided by this involvement would help the UK to determine how best it could contribute.

112. Where it is agreed that the UK will make a contribution to an operation or mission, the UK would be involved in associated processes and fora. This includes participation in Force Generation conferences (where Member States resource the personnel and equipment required to carry out a military operation), as well as the Call for Contributions (to resource civilian missions), and the Committee of Contributors (the fora for the EU to consult with all contributing third countries). The future partnership could also enable the UK to second personnel, including to the headquarters of EU military operations.

### **D. Defence capabilities development**

113. The UK and the EU will continue to collaborate on capability development, research and industrial cooperation to ensure armed forces remain capable and interoperable. Defence capability is an area where EU structures are evolving, which underlines the importance of a flexible partnership.

114. The UK and the EU agree that UK participation in relevant European Defence Agency (EDA) projects and initiatives, now and in the future, will be beneficial for both parties. Through the negotiation of an Administrative Arrangement — which is the formal agreement through which third countries can participate in EDA projects — the UK and the EDA can continue to work together on projects of mutual interest.

115. The EU is developing proposals for third country and third country industry participation in the European Defence Fund (EDF), which will commence in the next

EU budget cycle. These are currently very restrictive and would not enable a meaningful partnership between the UK and the EU in this area. The UK is working constructively with the EU to develop arrangements to facilitate mutually beneficial cooperation in future, respecting the EU's decision making autonomy. These arrangements would ensure that Member States can benefit from the EDF, while also working closely with third country partners on projects of mutual interest.

116. The development of Permanent Structured Cooperation (PESCO) — which is a political framework based on a set of commitments intended to improve the respective military assets and defence capabilities of PESCO participating Member States — has the potential to strengthen Europe's defence capabilities, in a way that should be coherent with NATO. The UK will not participate in the PESCO framework, but may participate as a third country in PESCO projects under rules expected to be agreed by the end of 2018.

#### **E. Intelligence exchanges**

117. To support future UK and EU cooperation, the UK and the EU should continue to share intelligence, on a voluntary basis. The relationship should allow for cooperation between the UK and appropriate EU intelligence analysis bodies.

#### **F. Space**

118. The UK and the EU note the growing importance of space technologies for their mutual prosperity and security and will consider appropriate arrangements for cooperation in this area, where it is in their shared interests. The UK is exploring alternative options for satellite navigation to meet its security and industrial requirements.

#### **G. Development cooperation**

119. As part of the future partnership the UK and the EU will continue dialogue on development issues, and work together to deliver maximum impact from their respective strategies for development programming and delivery.

120. The future UK-EU development relationship will be focused on areas of mutual interest. The UK and the EU will consider whether and how the UK might in future pool resources and expertise with the EU to maximise combined development impact, where it makes sense. For the UK this will also require an appropriate level of oversight over UK funds, and eligibility for UK entities to implement relevant programmes.

## **IV. THEMATIC COOPERATION**

### **A. Cyber security**

121. The UK and the EU have agreed to continue to cooperate on cyber security. This includes exchanging information on cyber security incidents (i.e. the techniques they are using, and the origin of the attackers), and share best practice to deal with these threats. This will all be done on a voluntary basis but where it takes place, it will be swift and reciprocal.

122. The UK will work closely with the Computer Emergency Response Team - European Union (CERT-EU), and will also participate in certain activities of the Cooperation Group (which was established under the Union's Network and Information Security Directive of the European Union Agency for Network and Information Security).

123. The UK and the EU will work together to promote their global cyber security practices in relevant international bodies.

124. The UK and the EU will start a dialogue to help promote cooperation and identify areas where there should be more cooperation in order to tackle new threats.

### **B. Civil protection**

125. The UK and the EU agree to cooperate in the event of natural or manmade disasters. This allows the UK to have the option to take part in the EU's civil protection mechanism once it has been negotiated and agreed.

### **C. Health security**

126. The UK and the EU will cooperate on health security, according to the precedents set by third countries. They will also cooperate through other international fora (such as the World Health Organisation) in a consistent manner on the prevention, detection and preparation for emerging and established threats, and their responses to those threats.

### **D. Illegal migration**

127. The UK and the EU will continue to cooperate to tackle illegal migration in a way that reflects their shared principles and commitment to address the drivers and

consequences of migration whilst protecting the most vulnerable. This will cover a range of cooperation:

- The UK and the EU will work together, with Europol, to tackle organised immigration crime which helps to facilitate the dangerous journeys that migrants make.
- The UK will be able work with the European Border and Coastguard Agency (formerly 'Frontex').
- The UK and the EU will continue to maintain a dialogue on illegal migration, including identifying shared objectives and areas for cooperation in upstream countries, and on an international level.

#### **E. Counter-terrorism and countering violent extremism**

128. The UK and the EU will work together to ensure their collective security and that they maintain a continued dialogue and operational cooperation so as to deal with threats consistently in the future. They will share methods and ways of working to best tackle terrorism, and will also share their expertise on specific issues or areas.

129. The UK will work with the appropriate analysis bodies in order to share assessments of security and terror threats. The UK and the EU will also continue to discuss emerging threats and trends, as well as identifying and sharing new capabilities.

#### **V. CLASSIFIED AND SENSITIVE NON-CLASSIFIED INFORMATION**

130. When the EU wishes to exchange classified information regularly with a third country it negotiates and concludes arrangements for sharing and protecting classified information through a Security of Information Agreement (SoIA). SoIAs set the legal framework in order to facilitate such exchanges. If further detail is required on how classified exchanges occur between a third country and the EU, these can be covered by more detailed supporting technical arrangements.

131. The UK and the EU agree that arrangements allowing the exchange of classified information will be important in building the future partnership. The exchange of classified information is fundamental to cooperation across the future partnership, especially in relation to security, but also in the context of economic cooperation.

132. In addition to a SolA, the EU and UK may exchange sensitive non-classified information to support some key areas of the partnership, such as in sanctions cooperation.

## **PART IV: INSTITUTIONAL AND OTHER HORIZONTAL ARRANGEMENTS**

### **I. STRUCTURE**

133. The UK and the EU will base their future relationship on an overarching institutional framework, reflecting the breadth and depth of the relationship the UK and the EU envisage. The future relationship is likely to involve various types of cooperation within a number of different chapters and linked agreements. An overarching structure will support this depth and scope by providing consistency and coherence.

134. Given the scope of the future relationship and the single overarching structure proposed, the UK and the EU have agreed it could take the form of an Association Agreement. An Association Agreement is a type of treaty between the EU and a non-EU country that creates a framework for particularly broad and close cooperation.

135. It may make sense for specific agreements to sit outside of this overarching framework, where it means that arrangements can function better for legal or operational reasons. Where this is the case, appropriate governance arrangements will be provided for, to oversee these agreements.

136. To ensure that the future relationship can evolve over time and respond to changing global opportunities and threats, the UK and the EU agree that there should be a provision for the future relationship to be reviewed.

### **II. GOVERNANCE**

137. To ensure that the future relationship can function properly and efficiently, the UK and the EU agree that there should be governance arrangements that provide for:

- strategic direction to the relationship;
- dialogue at summit, ministerial, technical and parliamentary levels, with encouragement of civil society dialogue;
- the management, administration and supervision, and interpretation of the relationship; and
- robust dispute settlement, enforcement and safeguard provisions.

## **A. Strategic direction and dialogue**

138. The future relationship will include dialogue at summit, ministerial, technical and parliamentary level, and the UK and the EU will also encourage civil society dialogue.

139. The summit and ministerial level will oversee the future relationship, set the strategic direction for the relationship, and consider whether global or regional issues require joint action or a coordinated response. This strategic, oversight level will not only support the operation of the agreements, but enable the UK and the EU to decide whether and how the future relationship should change over time. It will also give the UK and the EU the opportunity to continue to discuss and project together their values on the global stage.

140. There will be specific thematic dialogues on matters relating to the economic and security partnerships at ministerial and senior official level. These will take place as often as needed for the relationship to function well.

141. The UK and the EU will also support discussions between the UK Parliament and the European Parliament. These will allow legislatures to share views and expertise on a wide range of issues, from the functioning of the future relationship and its development to specific legislative changes that might be relevant.

## **B. Management, administration and supervision**

142. At a technical level, a Joint Committee will be established to oversee the management, administration and supervision of the future relationship, facilitate the resolution of disputes and make recommendations concerning the evolution of the partnership. A number of sub-committees may also be established to assist the Joint Committee in managing the relationship.

143. The Joint Committee will be comprised of representatives from both parties at an appropriate level. It will make its decisions by mutual consent, meet as often as required to fulfil its tasks, and define its own rules of procedure. Rules of procedure usually include rules regarding chairing and participation, as well as administrative procedures.

## **C. Interpretation**

144. The UK and the EU will ensure that there is consistent interpretation of the agreements that constitute the future relationship. This will provide certainty to

individuals and businesses that rules and regulations will be interpreted consistently in the UK and the EU.

145. In ensuring there is consistent interpretation of the agreements, the autonomy of the UK's and the EU's legal orders will be respected.

#### **D. Dispute settlement**

146. The UK and the EU will base the arrangements for dispute settlement and enforcement on those provided for in the Withdrawal Agreement.

147. In the first instance, the UK and the EU will consider issues in the Joint Committee, with the aim of reaching a mutually acceptable solution. If no mutually acceptable solution can be agreed, there will be a mechanism to establish an independent arbitration panel to rule on the dispute.

148. Where a dispute involves a question of interpretation of EU law, the panel will request the CJEU to give a ruling on the correct interpretation. It will still be for the arbitration panel, however, to rule on the dispute itself. Each party will be able to make representations about the need for a reference and a hearing will take place if either party disagrees with the panel's decision. It will ultimately be for the panel to determine whether an interpretation by the CJEU is required for it to decide on the dispute.

149. The arbitration panel's ruling on a dispute will be binding and the UK and the EU will be obliged to comply with the ruling within a reasonable period. Compensatory measures can be taken if one party does not comply, including financial compensation and, ultimately, suspension. Either party will be able to ask the arbitration panel to review the proportionality of measures taken.

### **III. EXCEPTIONS AND SAFEGUARDS**

150. The UK and the EU will be able to take appropriate, proportionate and temporary measures where the application of the partnership would create significant economic, societal or environmental difficulties — for example, if there was a significant national or global crisis. Such safeguard measures should be strictly limited in their scope and duration to that which is necessary to remedy the situation.

151. The UK and the EU agree that there will be certain exceptions in the future relationship relating to security, recognising that national security will remain the sole responsibility of the UK and Member States respectively.

## **PART V: FORWARD PROCESS**

152. The UK and the EU are committed to making every effort to take the necessary steps for the future relationship to come into force by the end of 2020. This commitment is also set out in binding form in the legal text of the Withdrawal Agreement. This means the UK and the EU will develop in good faith the agreements that will give effect to the relationship set out in the Political Declaration, and will begin the formal negotiations to deliver this as soon as possible.

153. As formal negotiations on legal agreements that will give effect to the future relationship can only begin once the UK has left the EU and is a third country, the UK and the EU will progress the development of these agreements in two stages: before the UK's withdrawal and after it.

### **I. BEFORE WITHDRAWAL**

154. Once the Withdrawal Agreement and the Political Declaration are signed, but before the UK has left the EU on 29 March 2019, the UK and the EU will each start preparatory work to ensure that negotiations can begin rapidly once the UK has left the EU.

155. As part of these preparations, the parties will develop a proposed schedule for the programme of work and consider the logistical requirements for delivering the negotiations. The UK and the EU have agreed that priority should be given to the issues likely to require the greatest consideration, such as the alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

### **II. AFTER WITHDRAWAL**

156. As soon as the UK has left the EU, the parties will, based on their preparatory work, agree a programme for negotiations that will deliver the legal agreements required to give effect to the future relationship by the end of 2020. This programme will include: the structure and format of the negotiation rounds; and a formal schedule of negotiating rounds.

157. The parties will negotiate in parallel the agreements required to give the future relationship legal form to ensure that these negotiations can progress as quickly as possible.

### **III. REVIEW POINTS**

158. The parties have agreed to review progress towards this goal regularly, and at a high level conference at least every six months. This will give the parties the opportunity to discuss and agree any actions required to drive negotiations forward.