

DRAFT FOR CONSULTATION PURPOSES

POLITICAL DECLARATION SETTING OUT THE FRAMEWORK FOR THE FUTURE RELATIONSHIP BETWEEN THE EUROPEAN UNION AND THE UNITED KINGDOM

INTRODUCTION

1. The European Union, hereafter referred to as “the Union”, and the United Kingdom of Great Britain and Northern Ireland, hereafter referred to as “the United Kingdom”, (“the Parties”) have agreed this political declaration on their future relationship, on the basis that Article 50(2) of the Treaty on European Union (TEU) provides for the negotiation of an agreement setting out the arrangements for the withdrawal of a departing Member State, taking account of the framework for its future relationship with the Union. In that context, this declaration accompanies the Withdrawal Agreement that has been endorsed by the Parties, subject to ratification.
2. **The Union and the United Kingdom affirm that a permanent relationship between both parties cannot rest on the provisions of Article 50(2) of the TEU, and the future economic relationship must instead rest on a separate agreement between the Parties. The Parties acknowledge that this Political Declaration is intended to provide the basis for that negotiation.**
3. **In that context, the** Union and United Kingdom are determined to work together to safeguard the rules-based international order, the rule of law and promotion of democracy, and high standards of free and fair trade and workers’ rights, consumer and environmental protection, and cooperation against internal and external threats to their values and interests.
4. In that spirit, this declaration establishes the parameters of an ambitious, broad, deep and flexible partnership across trade and economic cooperation, law enforcement and criminal justice, foreign policy, security and defence and wider areas of cooperation. Where the Parties consider it to be in their mutual interest during the negotiations, the future relationship may encompass areas of cooperation beyond those described in this political declaration. This relationship will be rooted in the values and interests that the Union and the United Kingdom share. These arise from their geography, history and ideals anchored in their common European heritage. The Union and the United Kingdom agree that prosperity and security are enhanced by embracing free and fair trade, defending individual rights and the rule of law, protecting workers, consumers and the environment, and standing together against threats to rights and values from without or within.
5. The future relationship will be based on a balance of rights and obligations, taking into account the principles of each Party. This balance must ensure the autonomy of the Union’s

decision making and be consistent with the Union's principles, in particular with respect to the integrity of the Single Market and the Customs Union and the indivisibility of the four freedoms. It must also ensure the sovereignty of the United Kingdom and the protection of its internal market, while respecting the result of the 2016 referendum including with regard to the development of its independent trade policy and the ending of free movement of people between the Union and the United Kingdom.

6. The period of the United Kingdom's membership of the Union has resulted in a high level of integration between the Union's and the United Kingdom's economies, and an interwoven past and future of the Union's and the United Kingdom's people and priorities. The future relationship will inevitably need to take account of this unique context. While it cannot amount to the rights or obligations of membership, the Parties are agreed that the future relationship should be approached with high ambition with regard to its scope and depth, and recognise that this might evolve over time. Above all, it should be a relationship that will work in the interests of citizens of the Union and the United Kingdom, now and in the future.

PART I: INITIAL PROVISIONS

I. BASIS FOR COOPERATION

A. Core values and rights

7. The Parties agree that the future relationship should be underpinned by shared values such as the respect for and safeguarding of human rights and fundamental freedoms, democratic principles, the rule of law and support for non-proliferation. The Parties agree that these values are an essential prerequisite for the cooperation envisaged in this framework. The Parties also reaffirm their commitment to promoting effective multilateralism.
8. The future relationship should incorporate the United Kingdom's continued commitment to respect the framework of the European Convention on Human Rights (ECHR), while the Union and its Member States will remain bound by the Charter of Fundamental Rights of the European Union, which reaffirms the rights as they result in particular from the ECHR.

A. Data protection

9. In view of the importance of data flows and exchanges across the future relationship, the Parties are committed to ensuring a high level of personal data protection to facilitate such flows between them.
10. **In view of the importance of e-commerce for consumers and businesses, and the increasing importance of data flows which underpin all international trade, the Parties are committed to ensuring the highest possible level of data flow between them, consistent with the shared goal of personal data protection.**
11. The Union's data protection rules provide for a framework allowing the European Commission to recognise a third country's data protection standards as providing an adequate level of protection, thereby facilitating transfers of personal data to that third country. On the basis of this framework, the European Commission will start the assessments with respect to the United Kingdom as soon as possible after the United Kingdom's withdrawal, endeavouring to adopt decisions by the end of 2020, if the applicable conditions are met. Noting that the United Kingdom will be establishing its own international transfer regime, the United Kingdom will in the same timeframe take steps to ensure the comparable facilitation of transfers of personal data to the Union, if the applicable conditions are met. ~~The future relationship will not affect the Parties' autonomy over their respective personal data protection rules.~~ **Where the parties maintain the same shared goal of maximum data flow consistent with personal data protection, technical differences in regulation should not prevent continued equivalence and adequacy rulings necessary to preserve data flow**

between them.

12. In this context, the Parties should also make arrangements for appropriate cooperation between regulators.

II. AREAS OF SHARED INTEREST

A. Participation in Union programmes

13. Noting the intended breadth and depth of the future relationship and the close bond between their citizens, the Parties will establish general principles, terms and conditions for the United Kingdom's participation in Union programmes, subject to the conditions set out in the corresponding Union instruments, in areas such as science and innovation, youth, culture and education, ~~overseas~~ international development and external action, defence capabilities, civil protection and space. These should include a fair and appropriate financial contribution, provisions allowing for sound financial management by both Parties, fair treatment of participants, and management and consultation appropriate to the nature of the cooperation between the Parties.
14. The Parties will also explore the participation of the United Kingdom to the European Research Infrastructure Consortia (ERICs), subject to the conditions of the Union legal instruments and individual ERIC statutes, and taking into account the level of participation of the United Kingdom in Union programmes on science and innovation.
15. The Parties recall their shared commitment to delivering a future PEACE PLUS programme to sustain work on reconciliation and a shared future in Northern Ireland, maintaining the current funding proportions for the future programme.

B. Dialogues

16. The Parties should engage in dialogue and exchanges in areas of shared interest, with the view to identifying opportunities to cooperate, share best practice and expertise, and act together, including in areas such as culture, education, science and innovation. In these areas, the Parties recognise the importance of mobility and temporary movement of objects and equipment in enabling cooperation. The Parties will also explore ongoing cooperation between culture and education related groups.
17. In addition, the Parties note the United Kingdom's intention to explore options for a future relationship with the European Investment Bank (EIB) Group.

PART II: ECONOMIC PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES AND THE IRISH BORDER

18. The Parties recognise that they have a particularly important trading and investment relationship, reflecting more than 45 years of economic integration during the United Kingdom's membership of the Union, the sizes of the two economies and their geographic proximity, which have led to complex and integrated supply chains.
19. Against this backdrop, the Parties agree to develop an ambitious, wide-ranging and balanced economic partnership. This partnership will be **based on an advanced, comprehensive, encompassing a free trade area as well as wider sectoral agreement including Irish border facilitations, regulatory cooperation where it is in the mutual interest of both Parties, and customs facilitations.** It will be underpinned by **include** provisions ensuring a level playing field for open and fair competition, as set out in Section XIV of this Part. It should facilitate trade and investment between the Parties to the extent possible, while respecting the integrity of the Union's Single Market and the Customs Union as well as the United Kingdom's internal market, and recognising the development of an independent trade **and regulatory** policy by the United Kingdom beyond this economic partnership.
20. The Parties will retain their autonomy and the ability to regulate economic activity according to the levels of protection each deems appropriate **while respecting the principle of Good Regulatory Practice** in order to achieve legitimate public policy objectives such as public health, animal health and welfare, social services, public education, safety, the environment including climate change, public morals, social or consumer protection, privacy and data protection, and promotion and protection of cultural diversity. The economic partnership will recognise that sustainable development is an overarching objective of the Parties. The economic partnership will also provide for appropriate general exceptions, including in relation to security.
21. **[If the backstop is in the Withdrawal Agreement.]** The Parties recall their determination to **replace avoid the application of the backstop solution on Northern Ireland by and, in the event that it should apply, to replace it with** a subsequent agreement that establishes alternative arrangements **for ensuring as set out in paragraph 22 below that ensure** the absence of a hard border on the island of Ireland on a permanent footing.

[If backstop is not in the Withdrawal Agreement] The Parties will agree arrangements on the Irish border to maintain a seamless invisible border there with no physical infrastructure and no checks and controls on the border itself. The Parties will agree a comprehensive Irish Border protocol which will include the key elements listed in paragraph 22 below.

22. **The [alternative arrangements]/[key elements] shall consist of the following:**

- a) The avoidance physical infrastructure for the inspection of goods or for the accomplishment of other export and import formalities on or near the Border.
- b) The maximum use of WTO and UCC flexibilities such as but not limited to the WTO Frontier Traffic Exemption, and the national security exemptions.
- c) Maximum use of advanced trusted trader programmes, mutually recognised by both parties
- d) Ensuring that administrative burden and physical checks and infrastructure are reduced to the least possible amount in order to ensure a seamless flow of goods and reduce any risk of security/peace threats on the Isle of Ireland, by maximising the use of customs and related facilitations and simplification (such as transit, temporary storage, simplified and special procedures and the use of modern technology), while respecting the customs and related legislation of the UK and EU.
- e) Maintaining the island of Ireland as a Single Epidemiological Unit for both livestock and also for SPS goods intended for animal consumption.
- f) Consideration of a common SPS area for the island of Britain and the island of Ireland with a common rule book. If the UK sought to diverge from the EU in the SPS area at any stage, then the Parties anticipate that the Northern Ireland assembly and executive would make the decision about whether Northern Ireland follows the UK in its divergence or whether Northern Ireland follows the SPS rules of Ireland.
- g) Securing exemptions for Ireland and Northern Ireland in the Common Transit Convention and their respective customs legislation to ensure physical infrastructure can be reduced to the least possible amount. These exemptions can include, but are not limited to, exemptions related to the customs office of transit.
- h) Increased use of market surveillance in Ireland to ensure that the EU Single Market and Customs Union is properly protected, and that the UK and Ireland will adopt laws regarding the sale of non-conforming products with substantial penalties to disincentivise smuggling and the export of non-conforming products.
- i) Exemption of small traders in respect of customs and fiscal formalities if they trade only between Northern Ireland and Ireland.
- j) Consideration by the UK of establishing a Transition Adjustment Fund for economic operators on both sides of the border to conduct formalities either directly or the use of representatives, which they have not done before, recognising that these parties will have filed VAT and SPS declarations and notifications already.
- k) Consideration by the UK of establishing a Capacity Building Fund for both UK Customs (“HMRC”) and the Irish Revenue Commissioners
- l) A requirement for customs authorities of Member States to engage in an immediate dialogue with HMRC so proper arrangements can be made between them to facilitate the flow of goods across all UK borders into the EU-27.
- m) Further development and enhancement of the UK system of National Targeting Centres to deal with smuggling and non-conforming goods.
- n) Postponed accounting for VAT to facilitate trade.

II. GOODS

A. Objectives and principles

23. The Parties envisage having a trading relationship on goods that is as close as possible, with a view to facilitating the ease of legitimate trade.
24. These arrangements will take account of the fact that following the United Kingdom's withdrawal from the Union, the Parties will form separate markets and distinct legal orders. Moving goods across borders can pose risks to the integrity and proper functioning of these markets, which are managed through customs procedures and checks.
25. However, with a view to facilitating the movement of goods across borders, the Parties envisage comprehensive arrangements that will create a free trade area, combining deep regulatory and customs cooperation, underpinned by provisions ensuring a level playing field for open and fair competition.

B. Tariffs

- ~~26.~~ The economic partnership should ensure no tariffs, fees, charges or quantitative restrictions across all sectors, with ambitious customs arrangements that, in line with the Parties' objectives and principles above, ~~build and improve on the single customs territory provided for in the Withdrawal~~ **consistent with a comprehensive and advanced Free Trade Agreement** ~~which obviates the need for checks on rules of origin.~~

C. Regulatory aspects

27. While preserving regulatory autonomy, the Parties will put in place provisions to promote regulatory approaches that are transparent, efficient, promote avoidance of unnecessary barriers to trade in goods and are compatible to the extent possible. Disciplines on technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) should build on and go beyond the respective WTO agreements. Specifically, the TBT disciplines should set out common principles in the fields of standardisation, technical regulations, conformity assessment, accreditation, market surveillance, metrology and labelling. The Parties should treat one another as single entities as regards SPS measures, including for certification purposes, and recognise regionalisation on the basis of appropriate epidemiological information provided by the exporting party. The Parties will also explore the possibility of cooperation of United Kingdom authorities with Union agencies such as the European Medicines Agency (EMA), the European Chemicals Agency (ECHA), and the European Aviation Safety Agency (EASA).

28. In this context, the United Kingdom will consider aligning **regulatory goals** with **the Union rules** in relevant areas **consistent with the WTO TBT and SPS agreements**.

D. Customs

29. The Parties will put in place ambitious customs arrangements, in pursuit of their overall objectives. In doing so, the Parties envisage making use of all available facilitative arrangements and technologies, in full respect of their legal orders and ensuring that customs authorities are able to protect the Parties' respective financial interests and enforce public policies. To this end, they intend to consider mutual recognition of trusted traders' programmes, administrative cooperation in customs matters and mutual assistance, including for the recovery of claims related to taxes and duties, and through the exchange of information to combat customs fraud and other illegal activity.
30. Such facilitative arrangements and technologies will also be considered in developing any alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing. **These specific arrangements for the island of Ireland are set out in paragraph 22.**

E. Implications for checks and controls

31. The Parties envisage that the extent of the United Kingdom's commitments on customs and regulatory cooperation, including with regard to alignment of **rules regulatory goals and the appropriate scope of deemed equivalence arrangements, and prevailing WTO rules in the TBT and SPS areas** would be taken into account in the application of related checks and controls, considering this as a factor in reducing risk. This, combined with the use of all available facilitative arrangements as described **in paragraph 22** above, can lead to a spectrum of different outcomes for administrative processes as well as checks and controls, and the Parties note in this context their wish to be as ambitious as possible, while respecting the integrity of their respective markets and legal orders.

III. SERVICES AND INVESTMENT

A. Objectives and principles

32. The Parties should conclude ambitious, comprehensive and balanced arrangements on trade in services and investment in services and non-services sectors, respecting each Party's right to regulate. The Parties should aim to deliver a **high** level of liberalisation in trade in services well beyond the Parties' World Trade Organization (WTO) commitments and building on recent **Union state of the art** Free Trade Agreements (FTAs).

33. In line with Article V of the General Agreement on Trade in Services, the Parties should aim at substantial sectoral coverage, covering all modes of supply and providing for the absence of substantially all discrimination in the covered sectors, with exceptions and limitations as appropriate. The arrangements should therefore cover sectors including professional and business services, telecommunications services, courier and postal services, distribution services, environmental services, financial services, transport services and other services of mutual interest.

B. Market access and non-discrimination

34. The arrangements should include provisions on market access and national treatment under host state rules for the Parties' service providers and investors, as well as address performance requirements imposed on investors. This would ensure that the Parties' services providers and investors are treated in a non-discriminatory manner, including with regard to establishment.
35. The arrangements should allow for the temporary entry and stay of natural persons for business purposes in defined areas.

C. Regulatory aspects

36. While preserving regulatory autonomy, the arrangements should include provisions to promote ~~regulatory approaches that are transparent, efficient, compatible to the extent possible, and which promote avoidance of unnecessary regulatory requirements.~~ **Good Regulatory Practices that are efficient, transparent and are the least damaging to trade and market competition with respect to the UK and the EU consistent with a clearly stated, legitimate public policy goal.**
37. In this context, the Parties should agree disciplines on domestic regulation. These should include horizontal provisions such as on licensing procedures, and specific regulatory provisions in sectors of mutual interest such as telecommunication services, financial services, delivery services, and international maritime transport services. There should also be provisions on the development and adoption of domestic regulation that reflect good regulatory practices.
38. In this context, the Parties should establish a framework for voluntary regulatory cooperation in areas of mutual interest, including exchange of information and sharing of best practice.

39. The Parties should also develop appropriate arrangements on those professional qualifications which are necessary to the pursuit of regulated professions, where in the Parties' mutual interest.
40. The Parties should agree, in line with WTO rules, the greatest possible degree of regulatory recognition and deemed equivalence between their regulatory systems, taking full account of the fact that their regulatory systems will be identical on day one of Brexit. The Parties shall agree a mechanism to manage divergence as it occurs so that neither Party can remove regulatory recognition or a deemed equivalence finding without good reasons.
41. The Parties shall consider whether the diverging party has satisfied Good Regulatory Practice, whether it maintains the same regulatory goals and whether these goals are objectively achieved by the diverging party in deciding whether to remove recognition.
42. The decision to remove recognition shall be subject to a binding dispute settlement mechanism.

IV. FINANCIAL SERVICES

43. The Parties are committed to preserving financial stability, market integrity, investor and consumer protection and fair competition, while respecting the Parties' regulatory and decision-making autonomy, and their ability to take equivalence decisions in their own interest. This is without prejudice to the Parties' ability to adopt or maintain any measure where necessary for prudential reasons. The Parties agree to engage in close cooperation on regulatory and supervisory matters in international bodies.
44. Noting that both Parties will have equivalence frameworks in place that allow them to declare a third country's regulatory and supervisory regimes equivalent for relevant purposes, the Parties should start assessing equivalence with respect to each other under these frameworks as soon as possible after the United Kingdom's withdrawal from the Union, ~~endeavouring~~ **using their best endeavours** to conclude these assessments before the end of June 2020. The Parties will keep their respective equivalence frameworks under review, **and will be guided by similar principles as set out in the horizontal regulatory section above. Given the nature of financial services, the Parties will agree an appropriate specific dispute settlement mechanism meeting the needs of the financial services sector.**
45. The Parties agree that close and structured cooperation on regulatory and supervisory matters is in their mutual interest. This cooperation should be grounded in the economic partnership and based on the principles of regulatory autonomy, transparency and stability. It should include transparency and appropriate consultation in the process of adoption, suspension and withdrawal of equivalence decisions, information exchange and consultation

on regulatory initiatives and other issues of mutual interest, at both political and technical levels.

V. DIGITAL

46. In the context of the increasing digitalisation of trade covering both services and goods, the Parties should establish provisions to facilitate electronic commerce, address unjustified barriers to trade by electronic means, and ensure an open, secure and trustworthy online environment for businesses and consumers, such as on electronic trust and authentication services or on not requiring prior authorisation solely on the grounds that the service is provided by electronic means. These provisions should also facilitate cross-border data flows and address unjustified data localisation requirements, noting that this facilitation will not affect the Parties' personal data protection rules.
47. The Parties should provide, through sectoral provisions in telecommunication services, for fair and equal access to public telecommunication networks and services to each other's services suppliers and address anticompetitive practices.
48. The Parties should work together through multilateral and multi-stakeholder fora, and establish a dialogue to exchange information, experience and best practice relating to emerging technologies.
49. **The Parties will agree where possible adequacy arrangements for the transfer of data so that data flow between the parties can be assured.**

VI. CAPITAL MOVEMENTS AND PAYMENTS

50. The Parties should include provisions to enable free movement of capital and payments related to transactions liberalised under the economic partnership, subject to relevant exceptions.

VII. INTELLECTUAL PROPERTY

51. The Parties should provide for the protection and enforcement of intellectual property rights to stimulate innovation, creativity and economic activity, going beyond the standards of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and the World Intellectual Property Organisation conventions where relevant.
52. This should preserve the Parties' current high levels of protection, *inter alia*, of certain rights under copyright law, such as the *sui generis* right on databases and the artists' resale right. ~~Noting the protection afforded to existing geographical indications in the Withdrawal Agreement, the Parties should~~ **The parties may** seek to put in place arrangements to provide appropriate protection for their geographical indications.

53. The Parties should maintain the freedom to establish their own regimes for the exhaustion of intellectual property rights.
54. The Parties should establish a mechanism for cooperation and exchange of information on intellectual property issues of mutual interest, such as respective approaches and processes regarding trademarks, designs and patents.

VIII. PUBLIC PROCUREMENT

55. Noting the United Kingdom's intention to accede to the WTO Government Procurement Agreement (GPA), the Parties should provide for mutual opportunities in the Parties' respective public procurement markets beyond their commitments under the GPA in areas of mutual interest, without prejudice to their domestic rules to protect their essential security interests.
56. The Parties should also commit to standards based on those of the GPA ensuring transparency of market opportunities, public procurement rules, procedures and practices. Building on these standards, the Parties should address the risk of arbitrary behaviour when awarding contracts, and make available remedies and review procedures, including before judicial authorities.

IX. MOBILITY

57. Noting that the United Kingdom has decided that the principle of free movement of persons between the Union and the United Kingdom will no longer apply, the Parties should establish mobility arrangements, as set out below.
58. The mobility arrangements will be based on non-discrimination between the Union's Member States and full reciprocity.
59. In this context, the Parties aim to provide, through their domestic laws, for visa-free travel for short-term visits.
60. The Parties agree to consider conditions for entry and stay for purposes such as research, study, training and youth exchanges.
61. The Parties also agree to consider addressing social security coordination in the light of future movement of persons.
62. In line with their applicable laws, the Parties will explore the possibility to facilitate the crossing of their respective borders for legitimate travel.

63. Any provisions will be without prejudice to the Common Travel Area (CTA) arrangements as they apply between the United Kingdom and Ireland.
64. To support mobility, the Parties confirm their commitment to the effective application of the existing international family law instruments to which they are parties. The Union notes the United Kingdom's intention to accede to the 2007 Hague Maintenance Convention to which it is currently bound through its Union membership.
65. The Parties will explore options for judicial cooperation in matrimonial, parental responsibility and other related matters.
66. These arrangements would be in addition to commitments on temporary entry and stay of natural persons for business purposes in defined areas as referred to in Section III of this Part. Those commitments should not be nullified by the right of either Party to apply their respective laws, regulations and requirements regarding entry, stay and work. **The Parties should seek the most liberal Mode 4 services provisions in the EU-UK FTA.**

X. TRANSPORT

A. Aviation

67. The Parties should ensure passenger and cargo air connectivity through a Comprehensive Air Transport Agreement (CATA). The CATA should cover market access and investment, aviation safety and security, air traffic management, and provisions to ensure open and fair competition, including appropriate and relevant consumer protection requirements and social standards.
68. The Parties should make further arrangements to enable cooperation with a view to high standards of aviation safety and security, including through close cooperation between EASA and the United Kingdom's Civil Aviation Authority (CAA).

B. Road transport

69. The Parties should ensure comparable market access for freight and passenger road transport operators, underpinned by appropriate and relevant consumer protection requirements and social standards for international road transport, and obligations deriving from international agreements in the field of road transport to which both the United Kingdom and the Union and/or its Member States are signatories, notably concerning

conditions to pursue the occupation of a road transport operator, certain conditions of employment in international road transport, rules of the road, passenger carriage by road and carriage of dangerous goods by road. In addition, the Parties should consider complementary arrangements to address travel by private motorists.

C. Rail transport

70. The Parties agree that bilateral arrangements should be established, as appropriate, for cross-border rail services, including to facilitate the continued smooth functioning and operation of rail services, such as the Belfast-Dublin Enterprise Line and services through the Channel Tunnel.

D. Maritime transport

71. The Parties note that passenger and cargo connectivity in the maritime transport sector will be underpinned by the international legal framework. The Parties should also make appropriate arrangements on market access for international maritime transport services.
72. The future relationship should facilitate cooperation on maritime safety and security, including exchange of information between the European Maritime Safety Agency (EMSA) and the United Kingdom Maritime and Coastguard Agency (MCA), consistent with the United Kingdom's status as a third country.

XI. ENERGY

A. Electricity and Gas

73. The Parties should cooperate to support the delivery of cost efficient, clean and secure supplies of electricity and gas, based on competitive markets and non-discriminatory access to networks.
74. The Parties should establish a framework to facilitate technical cooperation between electricity and gas networks operators and organisations, such as the European Networks of Transmission System Operators for Electricity and Gas, in the planning and use of energy infrastructure connecting their systems. The framework should also include mechanisms to ensure as far as possible security of supply and efficient trade over interconnectors over different timeframes.

B. Civil Nuclear

75. Recognising the importance of nuclear safety and non-proliferation, the future relationship should include a wide-ranging Nuclear Cooperation Agreement between the European Atomic Energy Community (EURATOM) and the United Kingdom on peaceful uses of nuclear energy, underpinned by commitments to their existing high standards of nuclear safety. The agreement should enable cooperation between EURATOM and the United Kingdom and its national authorities. This should include exchange of information in areas of mutual interest such as safeguards, safety and cooperation with the International Atomic Energy Agency (IAEA). It should facilitate trade in nuclear materials and equipment, and provide for the participation of the United Kingdom as a third country in Union systems for monitoring and exchanging information on levels of radioactivity in the environment, namely the European Community Urgent Radiological Information Exchange and the European Radiological Data Exchange Platform.
76. The Parties note the United Kingdom's intention to be associated with the EURATOM research and training programmes as provided for in Section II of Part I.
77. The Parties note that the EURATOM Supply Agency intends to reassess in a timely manner the authorisations and approvals of contracts for the supply of nuclear material between Union and United Kingdom undertakings which it has co-signed.
78. The Parties will also cooperate through the exchange of information on the supply of medical radioisotopes.

C. Carbon pricing

79. The Parties should consider cooperation on carbon pricing by linking a United Kingdom national greenhouse gas emissions trading system with the Union's Emissions Trading System.

XII. FISHING OPPORTUNITIES

80. The Parties should cooperate bilaterally and internationally to ensure fishing at sustainable levels, promote resource conservation, and foster a clean, healthy and productive marine environment, noting that the United Kingdom will be an independent coastal state.
81. While preserving regulatory autonomy, the Parties should cooperate on the development of measures for the conservation, rational management and regulation of fisheries, in a non-

discriminatory manner. They will work closely with other coastal states and in international fora, including to manage shared stocks.

82. Within the context of the overall economic partnership the Parties should establish a new fisheries agreement on, *inter alia*, access to waters and quota shares.
83. The Parties will use their best endeavours to conclude and ratify their new fisheries agreement by 1 July 2020 in order for it to be in place in time to be used for determining fishing opportunities for the first year after the transition period.

XIII. GLOBAL COOPERATION

84. The Parties recognise the importance of global cooperation to address issues of shared economic, environmental and social interest. As such, while preserving their decision-making autonomy, the Parties should cooperate in international fora, such as the G7 and the G20, where it is in their mutual interest, including in the areas of:
 - a) climate change;
 - b) sustainable development;
 - c) cross-border pollution;
 - d) public health and consumer protection;
 - e) financial stability; and
 - f) the fight against trade protectionism.
85. The future relationship should reaffirm the Parties' commitments to international agreements to tackle climate change, including those which implement the United Nations Framework Conventions on Climate Change, such as the Paris Agreement.

XIV. LEVEL PLAYING FIELD FOR OPEN AND FAIR COMPETITION

86. The future relationship must ensure open and fair competition. Provisions to ensure this should cover ~~state aid, competition, social and employment~~ **taxation, labour** standards, environmental standards, ~~climate change, and relevant tax matters, building on the level playing field arrangements provided for in the Withdrawal Agreement and~~ **state aids and competition** commensurate with the overall economic relationship. The Parties should consider the precise nature of commitments in relevant areas, having regard to the scope and depth of the future relationship **and ensure that the benefits of trade liberalisation are not undone by domestic barriers**. These commitments should combine appropriate and relevant Union and international standards, adequate mechanisms to ensure effective implementation domestically, enforcement and dispute settlement as part of the future relationship.

A. Taxation

87. The Parties will commit to implementing the principles of good governance in the area of taxation, including the global standards on transparency and exchange of information, and fair taxation. They will promote good governance in tax matters, improve international cooperation in the tax area and facilitate the collection of tax revenues.

B. Labour Standards

88. Each Party will set its labour priorities, to establish its levels of labour protection and to adopt or modify its laws and policies accordingly in a manner consistent with its international labour commitments and each Party will seek to ensure those laws and policies provide for and encourage high levels of labour protection and will strive to continue to improve such laws and policies with the goal of providing high levels of labour protection. Each Party will ensure that its labour law and practices embody and provide protection for the following fundamental principles and rights at work:
- a) freedom of association and the effective recognition of the right to collective bargaining;
 - b) the elimination of all forms of forced or compulsory labour;
 - c) the effective abolition of child labour; and
 - d) the elimination of discrimination in respect of employment and occupation.
89. Each Party will ensure that its labour law and practices promote the following objectives:
- a) health and safety at work, including the prevention of occupational injury or illness and compensation in cases of such injury or illness;
 - b) establishment of acceptable minimum employment standards for wage earners, including those not covered by a collective agreement; and
 - c) non-discrimination in respect of working conditions, including for migrant workers.
90. As regards health and safety at work, each Party will ensure that its labour law and practices embody and provide protection for working conditions that respect the health and safety of workers, including by formulating policies that promote basic principles aimed at preventing accidents and injuries that arise out of or in the course of work, and that are aimed at developing a preventative safety and health culture where the principle of prevention is accorded the highest priority. When preparing and implementing measures aimed at health protection and safety at work, each Party will take into account existing relevant scientific and technical information and related international standards, guidelines or recommendations, if the measures may affect trade or investment between the Parties.
91. Each Party will effectively implement in its law and practices in its whole territory the fundamental ILO Conventions that either party has ratified respectively. The Parties will exchange information on their respective situations and advances regarding such other ILO Conventions that may be appropriate.

92. The Parties recognise that it is inappropriate to encourage trade or investment by weakening or reducing the levels of protection afforded in their labour law and standards and neither Party will:
- a) waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labour law and standards, to encourage trade or investment in its territory; or
 - b) through a sustained or recurring course of action or inaction, fail to effectively enforce its labour law and standards to encourage trade or investment in its territory.
93. With respect to health and safety at work, each Party will promote compliance with and will effectively enforce its labour law, including by:
- a) maintaining a system of labour inspection in accordance with its international commitments aimed at securing the enforcement of legal provisions relating to working conditions and the protection of workers which are enforceable by labour inspectors; and
 - a) ensuring that administrative and judicial proceedings are available to persons with a legally recognised interest in a particular matter who maintain that a right is infringed under its law, in order to permit effective action against infringements of its labour law, including appropriate remedies for violations of such law. Each Party will, in accordance with its law, ensure that such proceedings are not unnecessarily complicated or prohibitively costly, do not entail unreasonable time limits or unwarranted delays, provide injunctive relief, if appropriate, and are fair and equitable, including by:
 - i. providing defendants with reasonable notice when a procedure is initiated, including description of the nature of the proceeding and the basis of the claim;
 - ii. providing the parties to the proceedings with a reasonable opportunity to support or defend their respective positions, including by presenting information or evidence, prior to a final decision;
 - iii. providing that final decisions are made in writing and give reasons as appropriate to the case and based on information or evidence in respect of which the parties to the proceeding were offered the opportunity to be heard; and
 - iv. allowing the parties to administrative proceedings an opportunity for review and, if warranted, correction of final administrative decisions within a reasonable period of time by a tribunal established by law, with appropriate guarantees of tribunal independence and impartiality.

C. Environmental Standards

94. The Parties will recognise each other's right to set its environmental priorities, to establish its levels of environmental protection and to adopt or modify its laws and policies accordingly in a manner consistent with the multilateral environmental agreements to which it is party. Each Party will seek to ensure that those laws and policies provide for and encourage high levels of environmental protection as our consistent with internationally agreed best practice.

95. Each Party reaffirms its commitment to effectively implement in its law and practices, in its whole territory, the multilateral environmental agreements to which it is party.
96. The Parties recognise the value of international environmental governance and agreements as a response of the international community to global or regional environmental problems and stress the need to enhance the mutual supportiveness between trade and environment policies, rules, and measures. In this context, the Parties will exchange views and information on trade-related environmental matters of mutual interest in the meetings of the Committee on Trade and Sustainable Development, and as appropriate in other fora.
97. Each Party will take the necessary measures to meet their respective commitments to international agreements to address climate change, including those which implement the United Nations Framework Conventions on Climate Change, such as the Paris Agreement of 2015.
98. The Parties commit to consult and cooperate as appropriate with respect to environmental issues of mutual interest related to multilateral environmental agreements, and in particular, trade-related issues. This commitment includes exchanging information on:
 - a) the implementation of multilateral environmental agreements, to which a Party is party;
 - b) on-going negotiations of new multilateral environmental agreements where appropriate; and
 - c) each Party's respective views on becoming a party to additional multilateral environmental agreements, where appropriate.
99. The Parties recognise that it is inappropriate to encourage trade or investment by weakening or reducing the levels of protection afforded in their environmental law and agree neither Party will:
 - d) waive or otherwise derogate from, or offer to waive or otherwise derogate from, its environmental law, to encourage trade or investment;
 - e) through a sustained or recurring course of action or inaction, fail to effectively enforce its environmental law to encourage trade or investment.
100. However neither Party will be prevented from adopting or maintaining measures to implement the multilateral environmental agreements to which it is party, provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination against the other Party or a disguised restriction on trade.

D. State Aid

101. The United Kingdom will be free to adopt, develop and implement its own independent state aid policy and enforcement measures as described below having appropriate regard to the decisions of the Court of Justice of the European Union, in accordance with its own legislation and regulations and as applied by the courts and tribunals of the United Kingdom.

102. Measures of the United Kingdom authorities supporting the production of and trade in agricultural products in the United Kingdom customs territory up to a determined maximum overall annual level of support, and provided that a determined minimum percentage of that exempted support complies with the provisions of Annex 2 to the WTO Agreement on Agriculture will be allowed. The United Kingdom will set its own levels of Aggregate Measure of Support (AMS) independently of the Union.
103. The United Kingdom will establish or maintain an operationally independent authority ("the Independent Authority"). In performing its duties and exercising its powers, the independent authority will have the necessary guarantees of independence from political or other external influence and will act impartially.
104. The independent authority will have powers and functions equivalent to those of the European Commission acting under the Union State aid law and will be appropriately equipped with the resources necessary for the full application and the effective enforcement of the Union State aid law. These resources include human, technical and financial resources, premises and infrastructure.
105. Decisions of the Independent Authority will produce in respect of and in the United Kingdom equivalent legal effects as those which comparable decisions of the European Commission acting under the Union State aid law produce within the Union and its Member States.
106. With a view to ensuring consistent surveillance in the field of State aid throughout the free trade area, the European Commission and the Independent Authority will cooperate.
107. The European Commission and the independent authority will:
 - a) exchange information and views on the implementation, application and interpretation of the Union State aid law, and
 - b) provide on a case-by-case basis information and exchange views on individual State aid cases which affect that trade between the parts of the Free Trade Area. The European Commission and the Independent Authority will exchange this information taking into account the limitations imposed by the requirements of professional and business secrecy.
108. If the Independent Authority or the European Commission, whichever is the case, decides to open the procedure referred to in the first and second subparagraphs of Article 108(2) of the TFEU, the Independent Authority or the European Commission will communicate that decision to the other party and give it the opportunity to submit its comments in accordance with the applicable time limits in Regulation (EU) 2015/1589.
109. The Independent Authority and the European Commission will consult each other on all draft decisions it intends to adopt. The Independent Authority or the European Commission, whichever is the case, will have up to 3 months to communicate its opinion, and the other party will take account of that opinion before adopting the decision. In cases of urgency, one party may invite the

other to communicate its opinion as soon as possible.

110. Where the Independent Authority or the European Commission considers, during the period referred to in the first subparagraph, that it requires further information before it can formulate its opinion, it may address a request for additional information to the other party.
111. Nothing will prevent the European Commission or the Independent Authority from rendering decisions that it thinks are appropriate.
112. The courts of the United Kingdom will be competent to:
 - a) review and enforce compliance by the United Kingdom's authorities UK State Aid law and not to put a proposed measure in effect until the independent authority has authorised it;
 - b) review and enforce compliance with a decision of the independent authority by the United Kingdom's authorities, and impose penalties in case of non-compliance;
 - c) decide on actions for a failure of the independent authority to act, and order the independent authority to act; and
 - d) decide on actions for private damages and award such damages.
113. The Independent Authority, the European Commission and interested parties will have legal standing before courts or tribunals in the United Kingdom or the Union to bring such cases. The term "interested parties" has the same meaning as it does under Union State aid law provisions.
114. The Parties will maintain a system of transparency of aid granted for individual State aid grants above EUR 500 000.
115. Each Party will be entitled, after giving notice to the other Party, to take appropriate remedial measures including trade sanctions where one Party considers that the other Party has failed to comply with its obligations with respect to State aid provided that a Party considers that the other Party's failure to comply threatens to undermine the equal conditions of competition between the parts of the Free Trade Area. In such a case, the appropriate remedial measures taken by the complainant Party may take effect at the earliest 30 days after it has given the Other Party notice.
116. The appropriate remedial measures taken by the aggrieved Party will cease to apply when:
 - a) the Party is satisfied that the risk to the equal conditions of competition between the parts of the free trade area has been remedied; or
 - b) an arbitration panel has decided that the defendant Party has not failed to comply with its obligations.
117. The State aid rules will not be applicable to enterprises established and operating in the United Kingdom in their capacity as contractors for equipment used in the defence of the security interests of the United Kingdom.

E. Competition Rules

118. The United Kingdom will be free to adopt, develop and implement its own independent competition policy and enforcement measures as described below having appropriate regard to the decisions of the Court of Justice of the European Union, in accordance with its own legislation and regulations and as applied by the courts and tribunals of the United Kingdom.
119. The Union and the United Kingdom recognise the importance of free and undistorted competition in their trade and investment relations. The Union and the United Kingdom acknowledge that anti-competitive business practices, concentrations of undertakings and State interventions have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation.
120. The competition rules set out below are without prejudice to the specific provisions applicable in the Union to agricultural products in accordance with Article 42 of the TFEU, and equivalent laws, regulations and practices applicable in the United Kingdom.
121. With regard to state interventions and rule-making, the Parties will respect and make best use of the OECD Competition Assessment Toolkit.
122. The following should be prohibited in so far as they may affect trade between the Union and the United Kingdom: all agreements between undertakings, decisions by associations of undertakings and concerted practices which have as their object or effect the prevention, restriction or distortion of competition, and in particular those which:
- a) directly or indirectly fix purchase or selling prices or any other trading conditions;
 - b) limit or control production, markets, technical development or investment;
 - c) share markets or sources of supply;
 - d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
 - e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

Such agreements or decisions will automatically be void. These provisions may, however, be declared inapplicable in the case of:

- any agreement or category of agreements between undertakings,
- any decision or category of decisions by associations of undertakings,
- any concerted practice or category of concerted practices,

which contributes to improving the production or distribution of goods or to promoting technical or economic progress, which allows consumers a fair share of the resulting benefit, and which does not:

- a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;
- b) afford such undertakings the possibility of eliminating competition in respect of a

substantial part of the products in question.

123. Any abuse by an undertaking of a dominant position in the territories of the Union and the United Kingdom as a whole or in a substantial part thereof should be prohibited, in so far as it may affect trade between the Union and the United Kingdom. Such abuse may, in particular, consist in:
- a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
 - b) limiting production, markets or technical development to the prejudice of consumers;
 - c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;
 - d) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.
124. Concentrations between undertakings which are notifiable to the Union or United Kingdom and which threaten to significantly impede or to substantially lessen effective competition, in particular as a result of the creation or strengthening of a dominant position, should be declared incompatible, in so far as they have an effect on the Union or United Kingdom markets respectively and can be shown to substantially lessen competition in a relevant product or geographic market, unless remedies are offered to address adequately the identified competition concerns.
125. In the case of public undertakings and undertakings to which the Member States or the United Kingdom grant special or exclusive rights, the Union and the Parties will ensure that there are neither enacted nor maintained in force any measures contrary to the rules set in paragraphs 122 to 124 above.
126. Undertakings entrusted with the operation of services of general economic interest or having the character of revenue-producing monopoly will be subject to the rules set out in paragraphs 122 to 124, in so far as the application of those rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them. The development of trade must not be affected to such an extent as would be contrary to the interests of the Union and the United Kingdom.
127. The Parties will take all appropriate measures to ensure that their respective competition rules address in an effective manner all of the practices set out in paragraphs 122 to 124 above and shall enforce them in their respective territories.
128. In particular, the United Kingdom will adopt or maintain a competition law which addresses, in an effective manner, all of the practices set out in paragraphs 122 to 124 above and establish or maintain an operationally independent authority or authorities ("the independent authority"). The independent authority will have the necessary guarantees of independence from political or other external influence and shall be able to perform its duties and exercise its powers impartially. It will be appropriately equipped with all the powers and resources necessary for the

full application and the effective enforcement of this competition law. The United Kingdom shall apply this competition law in a transparent and non-discriminatory manner, respecting the principles of procedural fairness and rights of defence of the undertakings concerned, irrespective of their nationality or ownership status.

129. In order to enhance effective competition enforcement, the Parties acknowledge that it is in their common interest to promote cooperation with regard to competition policy development and the investigation of antitrust and merger cases. For this purpose, the competition authorities of the Union and the United Kingdom will endeavour to coordinate, where this is possible and appropriate, their enforcement activities relating to the same or related cases. To facilitate this cooperation, the competition authorities of the Union and the United Kingdom may exchange information enter into a separate agreement or agree upon a separate framework on cooperation between the competition authorities.

F. State-Owned Undertakings

130. The Parties will respect and make best use of relevant international standards including, inter alia, the OECD Guidelines on Corporate Governance of State-Owned Undertakings. Any regulatory body or function that is established or maintained in the Union or the United Kingdom will:

- a) be independent from and not accountable to any of the undertakings that it regulates in order to ensure the effectiveness of the regulatory function, and
- b) act impartially in like circumstances with respect to all undertakings that it regulates.

131. The Parties will ensure the enforcement of laws and regulations in a consistent and non-discriminatory manner.

G. Dispute Settlement

132. The application of binding dispute settlement to the level playing field provisions will be the subject of subsequent consideration by the Parties during the negotiations. Any such provisions will have to apply equally to both Parties.

PART III: SECURITY PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES

133. With a view to Europe's security and the safety of their respective citizens, the Parties should establish a broad, comprehensive and balanced security partnership. This partnership will take into account geographic proximity and evolving threats, including serious international crime, terrorism, cyber-attacks, disinformation campaigns, hybrid-threats, the erosion of the rules-based international order and the resurgence of state-based threats. The partnership will respect the sovereignty of the United Kingdom and the autonomy of the Union.
134. The Parties will promote global security, prosperity and effective multilateralism, underpinned by their shared principles, values and interests. The security partnership should comprise law enforcement and judicial cooperation in criminal matters, foreign policy, security and defence, as well as thematic cooperation in areas of common interest.

II. LAW ENFORCEMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS

135. The future relationship will provide for comprehensive, close, balanced and reciprocal law enforcement and judicial cooperation in criminal matters, with the view to delivering strong operational capabilities for the purposes of the prevention, investigation, detection and prosecution of criminal offences, taking into account the geographic proximity, shared and evolving threats the Parties face, the mutual benefits to the safety and security of their citizens, and the fact that the United Kingdom will be a non-Schengen third country that does not provide for the free movement of persons.
136. The Parties agree that the scale and scope of future arrangements should achieve an appropriate balance between rights and obligations – the closer and deeper the partnership the stronger the accompanying obligations. It should reflect the commitments the United Kingdom is willing to make that respect the integrity of the Union's legal order, such as with regard to alignment of rules and the mechanisms for disputes and enforcement including the role of the Court of Justice of the European Union (CJEU) in the interpretation of Union law. It should also be underpinned by long-standing commitments to the fundamental rights of individuals, including continued adherence and giving effect to the ECHR, and adequate protection of personal data, which are both essential prerequisites for enabling the cooperation envisaged by the Parties, and to the transnational *ne bis in idem* principle and procedural rights. It should also reflect the Union's and its Member States' commitment to the Charter of Fundamental Rights of the European Union.
137. Noting these commitments, the future relationship should cover arrangements across three

areas of cooperation: data exchange; operational cooperation between law enforcement authorities and judicial cooperation in criminal matters; and anti-money laundering and counter terrorism financing.

A. Data exchange

138. Recognising that effective and swift data sharing and analysis is vital for modern law enforcement, the Parties agree to put in place arrangements that reflect this, in order to respond to evolving threats, disrupt terrorism and serious criminality, facilitate investigations and prosecutions, and ensure the security of the public.

139. The Parties should establish reciprocal arrangements for timely, effective and efficient exchanges of Passenger Name Record (PNR) data and the results of processing such data stored in respective national PNR processing systems, and of DNA, fingerprints and vehicle registration data (Prüm).

140. The Parties should consider further arrangements appropriate to the United Kingdom's future status for data exchange, such as exchange of information on wanted or missing persons and objects and of criminal records, with the view to delivering capabilities that, in so far as is technically and legally possible, and considered necessary and in both Parties' interests, approximate those enabled by relevant Union mechanisms.

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

141. The Parties recognise the value in facilitating operational cooperation between the United Kingdom's and Member States' law enforcement and judicial authorities, and will therefore work together to identify the terms for the United Kingdom's cooperation via Europol and Eurojust.

142. The Parties should establish effective arrangements based on streamlined procedures and time limits enabling the United Kingdom and Member States to surrender suspected and convicted persons efficiently and expeditiously, with the possibilities to waive the requirement of double criminality, and to determine the applicability of these arrangements to own nationals and for political offences.

143. The Parties should consider further arrangements appropriate to the United Kingdom's future status for practical cooperation between law enforcement authorities, and between judicial authorities in criminal matters, such as joint investigation teams, with the view to delivering capabilities that, in so far as is technically and legally possible, and considered necessary and in both Parties' interests, approximate those enabled by relevant Union

mechanisms.

C. Anti-money laundering and counter-terrorism financing

144. The Parties agree to support international efforts to prevent and fight against money laundering and terrorist financing, particularly through compliance with Financial Action Task Force (FATF) standards and associated cooperation. The Parties agree to go beyond the FATF standards with regard to beneficial ownership transparency and ending the anonymity associated with the use of virtual currencies, including through obliging virtual currency exchanges and custodian wallet providers to apply customer due diligence controls.

III. FOREIGN POLICY, SECURITY AND DEFENCE

145. The Parties support ambitious, close and lasting cooperation on external action to protect citizens from external threats, including new emerging threats, prevent conflicts, strengthen international peace and security, including through the United Nations and NATO, and address the root causes of global challenges such as terrorism or illegal migration. They will champion a rules-based international order and project their common values worldwide.

146. The Parties will promote sustainable development and the eradication of poverty. In this regard, they will continue to support the implementation of the United Nations Sustainable Development Goals and the European Consensus on Development.

147. The Parties will shape and pursue their foreign policies according to their respective strategic and security interests, and their respective legal orders. When and where these interests are shared, the Parties should cooperate closely at the bilateral level and within international organisations. The Parties should design flexible and scalable cooperation that would ensure that the United Kingdom can combine efforts with the Union to the greatest effect, including in times of crisis or when serious incidents occur.

148. To this end, the future relationship should provide for appropriate dialogue, consultation, coordination, exchange of information and cooperation mechanisms. It should also allow for secondment of experts where appropriate and in the Parties' mutual interest.

A. Consultation and cooperation

149. The Parties should establish structured consultation and regular thematic dialogues identifying areas and activities where close cooperation could contribute to the attainment of common objectives.

150. In this regard, the Political Dialogue on Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP) as well as sectoral dialogues would enable flexible consultation between the Parties at different levels (ministerial, senior official, working). The High Representative may, where appropriate, invite the United Kingdom to informal Ministerial meetings of the Member States of the Union.

151. The Parties should seek to cooperate closely in third countries, including on security, consular provision and protection, and development projects, as well as in international organisations and fora, notably in the United Nations. This should allow the Parties, where relevant, to support each other's positions, deliver external action and manage global challenges in a coherent manner, including through agreed statements, demarches and shared positions.

B. Sanctions

152. While pursuing independent sanctions policies driven by their respective foreign policies, the Parties recognise sanctions as a multilateral foreign policy tool and the benefits of close consultation and cooperation.

153. Consultation on sanctions should include the exchange of information on listings and their justification, development, implementation and enforcement, as well as technical support, and dialogue on future designations and regimes. Where foreign policy objectives that underpin a specific future sanction regime are aligned between the Parties, intensified exchange of information at appropriate stages of the policy cycle of this sanctions regime will take place, with the possibility of adopting sanctions that are mutually reinforcing.

C. Operations and missions

154. The Parties welcome close cooperation in Union-led crisis management missions and operations, both civilian and military. The future relationship should therefore enable the United Kingdom to participate on a case by case basis in CSDP missions and operations through a Framework Participation Agreement.

155. Where, following early consultation and exchange of information through the Political Dialogue, the United Kingdom indicates its intention to contribute to a planned CSDP mission or operation open to third countries, the Parties should intensify interaction and exchange of information at relevant stages of the planning process and proportionately to the level of United Kingdom's contribution. This would allow the United Kingdom to best tailor its contribution and provide timely expertise.

156. As a contributor to a specific CSDP mission or operation, the United Kingdom would participate in the Force Generation conference, Call for Contributions, and the Committee of Contributors meeting to enable sharing of information about the implementation of the mission or operation. It should also have the possibility, in case of CSDP military operations, to second staff to the designated Operations Headquarters proportionate to the level of its contribution.

D. Defence capabilities development

157. The future relationship should benefit from research and industrial cooperation between the Parties' entities in specific European collaborative projects to facilitate interoperability and to promote joint effectiveness of Armed Forces. In this regard, while both Parties should preserve their respective strategic autonomy and freedom of action underpinned by their respective robust domestic defence industrial bases, the Parties agree to enable to the extent **acceptable to both Parties and** possible under the conditions of Union law:

- a) the United Kingdom's collaboration in relevant existing and future projects of the European Defence Agency (EDA) through an Administrative Arrangement;
- b) the participation of eligible United Kingdom entities in collaborative defence projects bringing together Union entities supported by the European Defence Fund (EDF); and
- c) the United Kingdom's collaboration in projects in the framework of Permanent Structured Cooperation (PESCO), where invited to participate on an exceptional basis by the Council of the European Union in PESCO format.

E. Intelligence exchanges

158. The Parties should exchange intelligence on a timely and voluntary basis as appropriate, in particular in the field of counter-terrorism, hybrid threats and cyber-threats, and in support of those CSDP missions and operations to which the United Kingdom will be contributing. While the Parties will produce intelligence products autonomously, such intelligence exchange should contribute to a shared understanding of Europe's security environment.

159. ~~The future relationship should allow for timely exchanges of intelligence and sensitive information between the relevant Union bodies and the United Kingdom authorities.~~ The European Union Satellite Centre (EUSC) and the United Kingdom should cooperate in the field of space-based imagery.

F. Space

160. The Parties should consider appropriate arrangements for cooperation on space.

G. Development cooperation

161. The Parties should establish a dialogue to enable strategies in the programming and delivery of development that are mutually reinforcing.

162. On the basis of their mutual interest, the Parties should consider how the United Kingdom could contribute to the Union's instruments and mechanisms, including coordination with the Union's delegations in third countries.

IV. THEMATIC COOPERATION

A. Cyber security

163. The Parties reaffirm their commitment to promote security and stability in cyberspace through increased international cooperation. The Parties agree to exchange information on a voluntary, timely and reciprocal basis, including on cyber-incidents, techniques and origin of the attackers, threat-analysis, and best practices to help protect the United Kingdom and the Union from common threats.

164. In particular, the United Kingdom should cooperate closely with the Computer Emergency Response Team – European Union (CERT-EU) and, subject to the conclusion of an agreement as provided for in Union law, participate in certain activities of the Cooperation Group established under the Union's Directive on Security of Network and Information Systems and of the European Union Agency for Network and Information Security (ENISA).

165. The Parties should cooperate to promote effective global practices on cyber security in relevant international bodies.

166. The United Kingdom and the Union will establish a cyber dialogue to promote cooperation and identify opportunities for future cooperation as new threats, opportunities and partnerships emerge.

B. Civil protection

167. The Parties should cooperate in the field of civil protection in respect of natural or man-made disasters. This cooperation would be enabled by the United Kingdom's participation in the Union's Civil Protection Mechanism as a Participating State.

C. Health security

168. The Parties should cooperate in matters of health security in line with existing Union arrangements with third countries. The Parties will aim to cooperate in international fora on prevention, detection, preparation for and response to established and emerging threats to health security in a consistent manner.

D. Illegal migration

169. The Parties will cooperate to tackle illegal migration, including its drivers and its consequences, whilst recognising the need to protect the most vulnerable. This cooperation will cover:

- a) operational cooperation with Europol to combat organised immigration crime;
- b) working with the European Border and Coastguard Agency to strengthen the Union's external border; and
- c) dialogue on shared objectives and cooperation, including in third countries and international fora, to tackle illegal migration upstream.

E. Counter-terrorism and countering violent extremism

170. The Parties should cooperate on counter-terrorism, countering violent extremism and emerging threats to advance their common security and shared interests. Recognising the mutual advantage of collective dialogue and operational cooperation, the partnership should support:

- d) sharing best practice and expertise on key issues and themes;
- e) cooperating with the appropriate intelligence analysis bodies to ensure effective assessment sharing between the Parties, including on counter-terrorism; and
- f) a close dialogue on emerging threats and new capabilities.

V. CLASSIFIED AND SENSITIVE NON-CLASSIFIED INFORMATION

171. The Parties agree to conclude a Security of Information Agreement, along with Implementing Arrangements, that would provide for reciprocal guarantees for the handling and protection of the Parties' classified information.

172. Where necessary, the Parties should set out the terms for the protection of sensitive non-classified information provided and exchanged between them.

PART IV: INSTITUTIONAL AND OTHER HORIZONTAL ARRANGEMENTS

I. STRUCTURE

173. The future relationship should be based on an overarching institutional framework covering chapters and linked agreements relating to specific areas of cooperation, while recognising that the precise legal form of this future relationship will be determined as part of the formal negotiations. Where appropriate, the Parties may establish specific governance arrangements in individual areas.
174. The Parties may also decide that an agreement should sit outside of the overarching institutional framework, and in those cases should provide for appropriate governance arrangements.
175. The Parties note that the overarching institutional framework could take the form of an Association Agreement.
176. The Parties should provide for the possibility to review the future relationship.

II. GOVERNANCE

177. In order to ensure the proper functioning of the future relationship, the Parties commit to engage in regular dialogue and to establish robust, efficient and effective arrangements for its management, supervision, implementation, review and development over time, and for the resolution of disputes and enforcement based on the arrangements provided for in the Withdrawal Agreement, in full respect of their own legal orders.

A. Strategic direction and dialogue

178. The future relationship should include dialogue between the Parties at summit, ministerial and technical level, as well as at parliamentary level. The Parties should encourage civil society dialogue.
179. In this context, the summit and ministerial level should oversee the future relationship, provide strategic direction and discuss opportunities for cooperation in areas of mutual interest, including on regional and global issues. This would foster a strong relationship between the Parties, support the operation of the agreements, and enable the partnership to evolve in response to changing and unforeseen circumstances.

180. There should also be specific thematic dialogues at ministerial and senior official level, established as part of the economic and security partnerships, which should take place as often as is necessary for the effective operation of the future relationship.

181. The Parties support the establishment of a dialogue between the European Parliament and the Parliament of the United Kingdom, where they see fit, in order for the legislatures to share views and expertise on issues related to the future relationship.

B. Management, administration and supervision

182. The Parties should establish a Joint Committee responsible for managing and supervising the implementation and operation of the future relationship, facilitating the resolution of disputes as set out below, and making recommendations concerning its evolution.

183. The Joint Committee should comprise the Parties' representatives at an appropriate level, establish its own rules of procedures, reach decisions by mutual consent, and meet as often as required to fulfil its tasks. As necessary, it could establish specialised sub-committees to assist it in the performance of its tasks.

C. Interpretation

184. In full respect of the autonomy of the Parties' legal orders, the Union and the United Kingdom will seek to ensure the consistent interpretation and application of the future relationship.

D. Dispute settlement

185. The Parties will base the arrangements for dispute settlement and enforcement on those ~~provided for in the Withdrawal Agreement~~ **in recent EU free trade agreements and relevant association agreements**. To that end, the Parties should first make every attempt to resolve any matter concerning the operation of the future relationship through discussion and consultation. If either Party deemed it necessary, it should be able to refer the matter to the ~~Joint Committee for formal resolution~~ **dispute settlement mechanism**.

~~133 Unless otherwise provided, the Joint Committee may agree to refer the dispute to an independent arbitration panel at any time, and either Party should be able to do so where the Joint Committee has not arrived at a mutually satisfactory resolution within a defined period of time. The decisions of the independent arbitration panel will be binding on the Parties.~~

~~134 Should a dispute raise a question of interpretation of Union law, which may also be indicated by either Party, the arbitration panel should refer the question to the CJEU as the sole arbiter of Union law, for a binding ruling. The arbitration panel should decide the dispute in accordance with the ruling given by the CJEU. Where a Party considers that the arbitration panel should have referred a question of interpretation of Union law to the CJEU, it may ask the panel to review and provide reasons for its assessment.~~

186. Where a Party fails to take measures necessary to comply with the binding resolution of a dispute within a reasonable period of time, the other Party would be entitled to request financial compensation or take proportionate and temporary measures, including suspension of its obligations within the scope of the future relationship. The future relationship will also set out the conditions under which obligations arising from parts of any agreement between the Union and the United Kingdom may be suspended, including as foreseen in Article 178 of the Withdrawal Agreement. Either Party may refer the proportionality of such measures to the independent arbitration panel.

III. EXCEPTIONS AND SAFEGUARDS

187. The future relationship should provide for appropriate exceptions regarding security; national security is the sole responsibility of the Member States of the Union and the United Kingdom respectively.

188. The future relationship should address the possibility for a Party to activate temporary safeguard measures that would otherwise be in breach of its commitments in case of circumstances of significant economic, societal or environmental difficulties. This should be subject to strict conditions and include the right for the other Party to rebalancing measures. The proportionality of measures taken will be subject to independent arbitration.

PART V: FORWARD PROCESS

~~189.~~ In setting out the framework of the future relationship between the Union and the United Kingdom, this declaration confirms, as set out in the Withdrawal Agreement, that it is the clear intent of both Parties to develop in good faith agreements giving effect to this relationship and to begin the formal process of negotiations as soon as possible. ~~after the United Kingdom's withdrawal from the Union, such that they can come into force by the end of 2020.~~

190. Both Parties affirm that the achievements, benefits and commitments of the peace process in Northern Ireland will remain of paramount importance to peace, stability and reconciliation. They agree that the Good Friday or Belfast Agreement reached on 10 April 1998 by the United Kingdom Government, the Government of Ireland and the other participants in the multi-party negotiations (the "1998 Agreement") must be protected in all its parts, and that this extends to the practical application of the 1998 Agreement on the island of Ireland and to the totality of the relationships set out in the 1998 Agreement.

191. The Parties will progress the development of the legal agreements giving effect to the future relationship ~~in two stages~~ **immediately**.

I. BEFORE WITHDRAWAL

192. Between the approval of this declaration and the United Kingdom's withdrawal from the Union, the Parties will each engage in preparatory organisational work, with the aim of enabling rapid commencement of and progress in formal negotiations.

193. This work should draw up a proposed schedule to deliver the work programme required, having identified the areas likely to require the greatest consideration, such as those elements related to the alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

194. The Parties will also consider the logistical requirements of the formal negotiations.

II. AFTER WITHDRAWAL

195. After the Union has taken the steps necessary to begin formal negotiations under Article 218 of the Treaty on the Functioning of the European Union (TFEU), it is envisaged that the Parties will negotiate in parallel the agreements needed to give the future relationship legal form.

196. Immediately following the United Kingdom's withdrawal, and based on their preparatory work, the Parties will agree a programme including:

- a) the structure and format of the negotiation rounds, including with respect to parallel tracks; and
- b) a formal schedule of negotiating rounds.

197. This programme will be designed to deliver the Parties' shared intention as set out in paragraph ~~138~~ 189.

III. REVIEW POINTS

198. The Parties will convene a high level conference at least every ~~six~~ three months from the date of the United Kingdom's ~~Kingdom's~~ withdrawal from the Union to take stock of progress and agree, as far as is possible between them, actions to move forward.