



HM Government

# **The Future Relationship with the EU**

## **The UK's Approach to Negotiations**

February 2020

CP211





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## The UK's Approach to Negotiations

Presented to Parliament by the Prime Minister

By Command of Her Majesty

February 2020



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# Introduction

1. On 31 January 2020 the United Kingdom left the European Union and the Withdrawal Agreement concluded with the EU entered into force.
2. On 31 December 2020, at the end of the transition period provided for in that agreement, the UK will fully recover its economic and political independence. The UK will no longer be a part of the EU Single Market or the EU Customs Union.
3. Against that background, this paper sets out the UK's approach to the negotiations with the EU that will begin shortly. It does not deal with issues relating to the implementation of the Withdrawal Agreement.

## Overall policy framework

4. The vision for the UK's future relationship with the EU has already been set out, successively, in the manifesto on the basis of which the Government won the 12 December 2019 General Election, and, subsequently, in the Prime Minister's speech in Greenwich on 3 February and his written Ministerial statement on the same day.
5. It is a vision of a relationship based on friendly cooperation between sovereign equals, with both parties respecting one another's legal autonomy and right to manage their own resources as they see fit. Whatever happens, the Government will not negotiate any arrangement in which the UK does not have control of its own laws and political life. That means that we will not agree to any obligations for our laws to be aligned with the EU's, or for the EU's institutions, including the Court of Justice, to have any jurisdiction in the UK.
6. The parameters for that future relationship are set out in the UK / EU Political Declaration of 17 October. As that Declaration makes clear, a Comprehensive Free Trade Agreement (CFTA) should be at its core. This Agreement should be on the lines of the FTAs already agreed by the EU in recent years with Canada and with other friendly countries, and this paper sets out the structure and the policy content of such a CFTA in some detail. The CFTA should be supplemented by a range of other international agreements covering, principally, fisheries, law enforcement and judicial cooperation in criminal matters, transport, and energy, and once again this paper sets out the content of such agreements in detail. All these agreements should have their own appropriate and precedented governance arrangements, with no role for the Court of Justice.
7. The Government will work hard to agree arrangements on these lines. However, if it is not possible to negotiate a satisfactory outcome, then the trading relationship with the EU will rest on the 2019 Withdrawal Agreement and will look similar to Australia's.

8. The Government agrees that all the areas of policy set out in the Political Declaration will be relevant to the UK's future cooperation with the EU. But the Government does not agree that that requires every area to be incorporated into a negotiated Treaty or similar arrangement. Many policy areas – for example foreign policy or immigration policy – are for the UK Government to determine, within a framework of broader friendly dialogue and cooperation between the UK and the EU: they do not require an institutionalised relationship. That approach is reflected in the arrangements set out in this paper.

## Timing and pace of the negotiations

9. The Government will not extend the transition period provided for in the Withdrawal Agreement. This leaves a limited, but sufficient, time for the UK and the EU to reach agreement. The UK is committed to working in a speedy and determined fashion to do so, with an appropriate number of negotiating rounds between now and the June high-level meeting foreseen in the Political Declaration. The Government would hope that, by that point, the broad outline of an agreement would be clear and be capable of being rapidly finalised by September. If that does not seem to be the case at the June meeting, the Government will need to decide whether the UK's attention should move away from negotiations and focus solely on continuing domestic preparations to exit the transition period in an orderly fashion. In so doing, it will be necessary to take into account in particular whether good progress has been possible on the least controversial areas of the negotiations, and whether the various autonomous processes on both sides are proceeding on a technical basis according to agreed deadlines.

## Negotiating arrangements

10. The Government is committed to establishing the future relationship in ways that benefit the whole of the UK and strengthen the Union. International relations (including relations with the European Union) remain the responsibility of the UK Government and the UK Parliament. However, the UK Government recognises the interests of the devolved administrations in our negotiations with the EU, and their responsibilities for implementation in devolved areas. The UK Government is committed to working with the devolved administrations to deliver a future relationship with the EU that works for the whole of the UK. The Government will in particular ensure that any future arrangements for cooperation on law enforcement and judicial cooperation in criminal matters respect the separate and distinct legal systems in Scotland and Northern Ireland.
11. The Government will act in these negotiations on behalf of all the territories for whose international relations the UK is responsible. In negotiating the future relationship between these territories and the EU, the UK Government will seek outcomes which support the territories' security and economic interests and which reflect their unique characteristics.

## Economic impact of the future relationship

12. Finally, the Government intends to invite contributions about the economic implications of the future relationship from a wide range of stakeholders via a public consultation. That process will begin later this spring.



# Part 1: The Comprehensive Free Trade Agreement (CFTA)

1. The Comprehensive Free Trade Agreement (henceforth: the Agreement) should be structured as follows and cover broadly the following ground.

## Chapter 1: General Definitions and Initial Provisions

2. The Agreement should set out the terms used in the CFTA and should explain the relationships with the World Trade Organization (WTO) and other relevant international agreements.

## Chapter 2: National Treatment and Market Access for Goods

3. The Agreement should provide liberalised market access for trade in goods. The provisions on market access should be comprehensive and ensure there are no tariffs, fees, charges and quantitative restrictions on trade in manufactured and agricultural goods between the UK and the EU, where goods meet the relevant rules of origin; and should ensure that Special Agricultural Safeguards are not applied to goods traded between the parties.
4. There should be standard provisions to uphold and build upon WTO commitments and principles, and to ensure transparency and certainty for businesses. In a similar way to recent EU Free Trade Agreements such as the EU-Canada Comprehensive Economic and Trade Agreement (CETA), it should facilitate trade and address non-tariff barriers for UK exports to the EU (such as import and export licensing restrictions) and vice versa. It should also facilitate cooperation and data-sharing in relation to trade in goods between the UK and the EU.

## Chapter 3: Rules of Origin

5. The Agreement should contain provisions on rules of origin which ensure that only 'originating' goods are able to benefit from the liberalised market access arrangements agreed in the CFTA. There should be general provisions on the conditions that products need to have satisfied to be considered 'originating', similar to the provisions in recent EU FTAs such as the EU-Japan Economic Partnership Agreement (EPA) and CETA. These rules should be supported by predictable and low-cost administrative arrangements for proving origin. All this should be accompanied by detailed product-specific rules of origin. In line with general practice, these arrangements should reflect the requirements of UK and EU industry.

6. The Agreement should provide for cumulation between the UK and the EU, allowing EU inputs and processing to be counted as UK input in UK products exported to the EU and vice versa. It would also be appropriate to include measures that support trade and integrated supply chains with partners with which both the UK and the EU have free trade agreements or other preferential trade arrangements (diagonal cumulation).

## Chapter 4: Trade Remedies

7. The Agreement should provide for the protection of domestic industry from injury caused by dumped or subsidised goods, or surges of imports of goods.
8. In line with best practice, the UK and the EU should reaffirm their rights and obligations with regard to trade remedies, as set out under the WTO Anti-Dumping Agreement, Agreement on Subsidies and Countervailing Measures and Agreement on Safeguards, and should demonstrate commitments to transparency, due process and proportionate use of trade remedies.
9. As in recent EU Free Trade Agreements, the Agreement should ensure that the parties follow appropriate procedures for conducting fair and transparent anti-dumping and countervailing investigations by providing for notification, disclosure and consultation requirements which both parties must follow. It should provide that both parties may apply the lesser duty rule and must apply an economic/public interest test during anti-dumping and countervailing investigations to ensure proportionate use of trade remedies. In a similar way to the EU-Japan EPA, it should also include provisions to ensure that neither party may apply multiple safeguard measures to the same good, at the same time.

## Chapter 5: Technical Barriers to Trade (TBT)

10. The Agreement should promote trade in goods by addressing regulatory barriers to trade between the UK and EU, while preserving each party's right to regulate, as is standard in free trade agreements. It should apply to trade in all manufactured goods, as well as to agri-food products for issues not covered by sanitary and phytosanitary (SPS) requirements. The Agreement should cover technical regulation, conformity assessment, standardisation, accreditation, metrology, market surveillance, and marking and labelling.
11. The Agreement should build upon the WTO TBT Agreement, in line with recent EU Free Trade Agreements such as CETA and the EU-Japan EPA. It should promote principles of good regulatory practice when setting technical regulation, to ensure it is not more trade-restrictive than necessary. It should include provisions to facilitate the acceptance of the results of conformity assessment procedures, to ensure that these are not applied more strictly than is necessary to provide adequate confidence to the importing party. It should establish a framework for either party to request that the other consider its technical regulation to be equivalent to its own regulation.

12. The Agreement should encourage the use of relevant international standards and cooperation between standardising bodies, including within international fora. It should include commitments to cooperate and share information when setting marking or labelling requirements to ensure these are applied in a non-discriminatory manner and do not constitute unnecessary obstacles to trade. It should promote a risk-based approach to market surveillance and establish mechanisms for cooperation and data-exchange.
13. The core TBT provisions in the Agreement should be augmented by protocols and annexes that address specific technical barriers, facilitate trade in particular sectors, and reflect existing international commitments and recent EU agreements. These should include the following.

***Protocol on the mutual recognition of conformity assessment results***

14. This protocol should facilitate trade in goods that are subject to third party conformity assessment processes as set out in the technical regulations of either party, consistent with provisions found in CETA. It should apply to all relevant sectors. It should establish routes for the designation of conformity assessment bodies in either party to test against the requirements in the other. It could also include transitional provisions to automatically recognise bodies that are currently recognised between the parties, and any approvals that they have already issued.

***Protocol on the mutual recognition of certificates of conformity for marine equipment***

15. This protocol should facilitate trade in marine equipment by providing for mutual recognition of certificates of conformity, similar to the EU-US agreement on the same topic. Mutual recognition should be provided for, based on both parties' adoption of the relevant international instruments of the International Maritime Organisation (IMO) and the relevant testing standards. It should also include dedicated provisions on cooperation, information-sharing and market surveillance.

***Annex on chemicals***

16. This annex should facilitate trade in chemical substances and related products and ensure high levels of protection for the environment and human and animal health. It could provide for cooperation between UK and EU authorities, including on implementing the Global Harmonised System of Classification and Labelling of Chemicals. In order to ensure high levels of protection and to support UK and EU businesses to meet the separate regulatory requirements of the two markets, the parties could agree data and information sharing mechanisms, in line with the relevant provisions set out in UK and EU regulation and existing third-country mechanisms.
17. This annex should also include a commitment to develop a memorandum of understanding (MOU) to enhance cooperation further, similar to the MOUs that the European Chemicals Agency has agreed with Australia and Canada.

***Annex on medicinal products***

18. This annex should facilitate trade in medicinal products and support high levels of patient safety. It should provide for mutual recognition of certificates of Good Manufacturing Practice (GMP) compliance issued by the regulatory authority of either

party, as well as acceptance of batch testing certificates issued by a manufacturer based in either party, in line with provisions in CETA. It should include commitments to cooperate on pharmacovigilance and to develop a comprehensive confidentiality agreement between regulators, in line with agreements between the European Medicines Agency and Swiss, US and Canadian authorities. This should facilitate information sharing and enable regulators to act promptly to safeguard patient safety and public health, such as by responding to urgent adverse drug reactions. To further promote public health, this annex could also cover procedures relating to vaccines and other biological medicinal products, and clinical trials.

### ***Annex on motor vehicles and parts***

19. This annex should facilitate trade in all categories of motor vehicles, equipment and parts, based on international standards on vehicle safety and environmental protection. It should draw on the parties' commitments to mutual recognition of type approvals for products covered by UN regulations, consistent with the approach in agreements such as the EU-Japan EPA. It should also allow for either party to designate technical services in the other, in accordance with UK and EU regulation. It could also establish dedicated cooperation mechanisms to address regulatory barriers, and provide for information exchange to support activities including market surveillance.

### ***Annex on organic products***

20. This annex should facilitate trade in organic products, by enabling products marketed as organic in one party to be marketed as organic in the other. It should contain provisions establishing equivalence between the UK and EU on technical regulation for organic products. It should also include provisions relating to labelling, the exchange of information, peer review, and control authorities. This annex should be broadly in line with the agreement on organics the EU has with Chile.

## **Chapter 6: Sanitary and Phytosanitary (SPS) Measures**

21. The UK will maintain a robust SPS regime reflecting our existing high standards. The SPS agreement should build on the WTO SPS Agreement in line with recent EU agreements such as CETA and the EU-NZ Veterinary Agreement.
22. The Agreement should protect human, animal and plant life and health, and the environment while facilitating access to each party's market. It should ensure parties' SPS measures do not create unjustified barriers to trade in agri-food goods between the UK and EU. The Agreement should reflect SPS chapters in other EU preferential trade agreements, including preserving each party's autonomy over their own SPS regimes.
23. The UK will continue to pursue a risk-based approach to disease management and surveillance, based on scientific evidence. In line with precedent, the Agreement should include:
  - a. the recognition of both parties' health and pest status, and provisions on regionalisation and compartmentalisation, which will enable UK-EU trade to continue from approved zones and compartments in the event of disease and pest outbreaks;

- b. provisions that will allow the parties to conduct an audit or verification of the SPS controls of the other party, in accordance with agreed underlying principles for carrying out audits;
  - c. Emergency Measures provisions that commit the parties to notifying each other rapidly of any emergency SPS measures, and to taking account of shipments in transit at the time emergency measures are introduced.
24. The Agreement should include an equivalence mechanism for SPS measures, as is standard in free trade agreements, to determine and manage equivalence over time while managing risks to biosecurity and to facilitate access to each party's markets. The Agreement should also agree reciprocal equivalence in certain commodities, reflecting UK-EU trade flows. The provisions on equivalence should be based on recent EU Free Trade Agreements, such as CETA and the EU-NZ Veterinary Agreement. The Agreement should outline the level of checks and fees to which agri-food commodities will be subject at the border of the importing party. Where the parties make a determination of equivalence, the relevant agri-food goods would be subject to reduced levels of checks at the border and could benefit from simplified certification, in line with CETA and the EU-NZ Veterinary Agreement.
25. The Agreement should include provisions to enhance cooperation between the parties including an agreement on data and information sharing, to the level which is required to manage the delivery of the SPS chapter within the Agreement. It should encourage the use of relevant international standards, guidelines and recommendations of the International Plant Protection Convention (IPPC), the World Organisation for Animal Health (OIE) and Codex Alimentarius, and encourage cooperation in these international fora. The SPS provisions should also cover transparency and non-discrimination, inspection and approval procedures and approval of establishments without prior inspections.
26. The UK and EU are global leaders in antimicrobial resistance (AMR) and Animal Welfare. As precedented in other EU Free Trade Agreements, the Agreement should include a joint commitment for both parties to establish a framework for UK-EU dialogue and to continue to cooperate on preventing AMR and raising global animal welfare standards.

## Chapter 7: Customs and Trade Facilitation (CTF)

27. The Agreement should provide for streamlined customs arrangements covering all trade in goods, in order to smooth trade between the parties, while ensuring that customs authorities remain able to protect their regulatory, security and financial interests.
28. To that end, the Agreement should draw on the WTO Trade Facilitation Agreement, the World Customs Organization (WCO) Revised Kyoto Convention, and other international precedent on CTF. It should reflect the nature of trade between the UK and EU and the associated practical steps that customs authorities will need to take in introducing controls on those routes.
29. The Agreement should therefore include measures to facilitate legitimate trade by addressing administrative burdens for traders. This should include provisions to support

the efficiency of documentary clearance, customs simplifications, transparency, advance rulings, and non-discrimination. It should also provide for cooperation on measures to improve the efficiency and ease of making declarations over time.

30. The Agreement should also support the flow of goods across borders, particularly with regard to key trade routes between the UK and EU. It should therefore include measures on customs security which support legitimate trade. Acknowledging the practical constraints of “roll-on roll-off” trade, it should include measures to minimise delays at the border associated with customs clearance.
31. The core provisions on CTF should be accompanied by annexes to provide for specific forms of cooperation and trade facilitation.

#### ***Annex on customs security measures***

32. This annex should include measures on customs security which support legitimate trade between the two parties. This should be consistent with the WCO Standards to Secure and Facilitate Global Trade framework and similar to EU agreements with other countries.

#### ***Annex on customs cooperation and mutual administrative assistance***

33. This annex should enable the parties to work together while upholding their respective customs regimes, to protect revenue and combat criminality through efficient and reciprocal exchange of information and mutual assistance across customs matters. The annex should reflect similar agreements the EU has negotiated with partners such as New Zealand and Japan.

## Chapter 8: Cross-Border Trade in Services

34. The Agreement should promote trade in services and investment by providing service suppliers and investors with certainty and transparency about their future operating environment. The Agreement should enhance cooperation between the parties and competent authorities, and facilitate trade through provisions on issues such as the recognition of professional qualifications.
35. The provisions on services and investment should be based on recent EU FTAs, such as CETA and the EU-Japan EPA, and could draw on precedent from trade negotiations where the EU has made offers to other third-country partners. It should deliver ongoing liberalisation for trade in services and investment and provide the basis for the future development of services trade between the parties.
36. The Agreement should provide for balanced and reciprocal market access. It should have substantial sectoral coverage and cover all four modes of supply.<sup>1</sup> The

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<sup>1</sup> The WTO's General Agreement on Trade in Services defines four modes of supply:

1. From the territory of one Member into the territory of another Member.
2. In the territory of one Member to the service consumer of any other Member
3. By a service supplier of one Member, through commercial presence, in the territory of another Member
4. By a service supplier of one Member through the presence of natural persons in the territory of another Member



provisions should respect both parties' right to regulate and be subject to limited, justified carve-outs, such as for services in the exercise of governmental authority.

37. On Cross-Border Trade in Services specifically, the Agreement should include provisions on:
  - a. Market Access, to ensure service suppliers do not face limitations such as economic needs tests;
  - b. National Treatment, to provide for non-discriminatory treatment between UK and EU service suppliers;
  - c. Local Presence, to ensure that cross-border trade is not inhibited by establishment requirements – as the EU has recently agreed with Mexico; and
  - d. As part of a balanced and reciprocal agreement, Most Favoured Nation treatment, to ensure the Agreement continues to provide for ongoing liberalisation.
38. Both sides should provide a transparent schedule of their commitments against these obligations, and the baseline for the negotiation on schedules should be both parties' best offer to date. In areas of key interest, such as professional and business services, there may be scope to go beyond these commitments.

## Chapter 9: Investment

39. In line with existing EU FTAs, the Agreement should include provisions on investment, including:
  - a. Market Access, to ensure investors do not face limitations such as those on corporate form and foreign equity caps;
  - b. National Treatment, to provide for non-discriminatory treatment between UK and EU investors;
  - c. the prohibition of performance requirements, to ensure investments are not subject to conditions such as domestic content requirements;
  - d. senior management and boards of directors, to prevent restrictions on residency and nationality for senior personnel; and
  - e. as part of a balanced and reciprocal agreement, Most Favoured Nation treatment, to ensure the Agreement continues to provide for ongoing liberalisation.
40. Both sides should schedule their commitments against these obligations in a way that provides a clear and predictable basis upon which EU businesses can invest in the UK, and UK businesses can realise investment opportunities in the EU. The baseline for the negotiation on schedules should be both parties' best offer to date.

## Chapter 10: Temporary Entry and Stay for Business Purposes

41. The Agreement should also promote trade in services where it is facilitated by the temporary entry and stay of natural persons for business purposes (otherwise known as 'Mode 4').

42. The Agreement should include commitments that will provide legal certainty to service suppliers and businesses who move employees between the UK and EU, as well as investors.
43. The Agreement could build on the Mode 4 commitments in CETA and the EU-Japan EPA, and should cover: short-term business visitors, including for establishment purposes; intra-company transferees; contractual service suppliers; and independent (i.e. self-employed) professionals and investors.
44. Both parties should clearly set out, on a reciprocal basis, the activities that can be undertaken by a short-term business visitor.
45. The provisions of the Agreement will be without prejudice to, and consistent with, the UK's recently announced points-based immigration system.

## Chapter 11: Domestic Regulation

46. Reflecting recent WTO discussions, the Agreement should tackle bureaucracy and unnecessary regulatory measures. The Agreement, while respecting the parties' right to regulate, should reduce practical impediments to the ability of foreign service suppliers to compete on equal terms with their domestic counterparts. The Agreement should include reciprocal commitments to ensure that authorisations, licences, qualification requirements, and other permissions, which are needed to provide a service, are open to service suppliers on non-discriminatory terms and are processed in a timely, affordable way.
47. The Agreement should include best practice commitments on the transparency of these processes and the conditions that apply to authorisations, licencing and qualification procedures and requirements, and other permissions. The Agreement should also include best practice commitments on transparency of regulation and the development of technical standards, for example, by identifying sources of information for service suppliers and the relevant competent authorities.

## Chapter 12: Mutual Recognition of Professional Qualifications

48. The Agreement should provide a pathway for the mutual recognition of professional qualifications, underpinned by regulatory cooperation. Comprehensive coverage would ensure that qualification requirements do not become an unnecessary barrier to trade in regulated services, across the modes of supply, between the UK and the EU.
49. The Agreement should ensure that the parties can set their own professional standards and protect public safety. The parties should explore how competent authorities could recognise applicants who demonstrate that they meet the host states' standards.



## Chapter 13: Telecommunications Services

50. The Agreement should provide commitments to ensure fair and equal access to telecommunications networks and services, preventing anti-competitive practices and delivering benefits for consumers. Telecommunications services provide key infrastructure for the digital economy and equitable access will provide mutual benefits for the parties, reinforcing the provisions of the digital chapter.

## Chapter 14: Delivery Services

51. The Agreement should provide commitments to promote trade in postal and delivery services, while protecting the UK's right to define national standards and regulatory requirements. The UK and the EU are world leaders in the area of postal services liberalisation and the Agreement should reflect continued commitment to these principles.

## Chapter 15: Audio-Visual Services

52. The Agreement could promote trade in audio-visual services as well as associated businesses in the audio-visual supply chain by ensuring fair access and treatment for audio-visual services, and provide protections for the UK's audio-visual services policy framework.

## Chapter 16: Financial Services

53. The Agreement should promote financial stability, market integrity, and investor and consumer protection for financial services, providing a predictable, transparent, and business-friendly environment for cross-border financial services business.
54. The Agreement should include legally binding obligations on market access and fair competition, in line with recent CETA precedent.
55. The Agreement should also build on recent precedent, such as the EU-Japan EPA and international best practice, by establishing regulatory cooperation arrangements that maintain trust and understanding between our autonomous systems of regulation as they evolve. This could include appropriate consultation and structured processes for the withdrawal of equivalence findings, to facilitate the enduring confidence which underpins trade in financial services.<sup>2</sup>

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<sup>2</sup> Equivalence decisions themselves are covered separately under "Technical and other processes beyond the scope of the future relationship negotiations".

## Chapter 17: Digital

56. The Agreement should promote trade in digital services and facilitate modern forms of trade in both services and goods and in both new, technology-intensive businesses and traditional industries.
57. The Agreement should include commitments on market access and regulatory governance of digital trade. Commitments on market access should minimise barriers to the supply of digital services provided from the territory of a party into the territory of the other party and will provide a clear and predictable basis upon which business can invest. This should lock in regulatory certainty, while preserving the UK's regulatory autonomy.
58. The Agreement should include provisions to promote an open, secure and trustworthy online environment; encourage regulatory cooperation and a strategic dialogue on emerging technologies; and stimulate e-commerce through measures that facilitate the cross-border flow of data. Elements of this could draw upon international best practice and ongoing negotiations, for example negotiations on the WTO's Joint Statement Initiative on E-Commerce.
59. Digital is a growing, dynamic sector. Reflecting this, the digital provisions in recent EU Free Trade Agreements have been evolving. The provisions on digital trade in the Agreement could, in specific areas, go beyond those precedents to reflect the direction of travel in current digital trade negotiations. For example, provisions on electronic authentication have continued to evolve as part of EU Free Trade Agreement negotiations with Australia and Mexico and at the WTO, and this should be reflected in the Agreement.

## Chapter 18: Capital Movements, Payments and Transfers

60. In line with EU-Japan EPA and CETA precedents, the Agreement should provide commitments on capital movements and payments as a key facilitator of trade and investment. The Agreement should ensure protection for bilateral capital flows and prevent the imposition of restrictions, while safeguarding the ability of the parties to pursue legitimate public policy objectives.

## Chapter 19: International Road Transport

61. The UK and EU should secure continued connectivity for commercial road transport services, i.e. road haulage and passenger transport (buses and coaches).
62. The UK and EU should ensure a liberalised market for road transport between the UK and the EU to allow for the competitive provision of services. UK and EU road transport operators should be entitled to provide services to, from and through each other's territories with no quantitative restrictions. While there is no direct EU precedent for this (the EU's FTAs are with countries where significant cross-border road transport is impractical for geographical reasons) this is consistent with many commercial road transport bilateral agreements EU Member States have with countries outside the EU. The Agreement, which could take the form of a protocol to the CFTA, could also cover other rights and operating flexibilities that bring economic

and environmental benefits through increasing the efficiency of road transport services.

63. UK hauliers and passenger transport operators would be expected to comply with the relevant international rules (such as ECMT and AETR<sup>3</sup>) when operating outside of the UK. The Agreement should respect the UK's autonomy as a third country and not require the UK to follow EU standards. The parties should agree how to cooperate on monitoring and enforcement. The Agreement would leave the UK free to regulate domestic haulage and passenger transport, including in a way which reflects the circumstances of the island of Ireland.

## Chapter 20: Subsidies

64. The UK will have its own regime of subsidy control. The Agreement should include reciprocal commitments to transparency about the award of subsidies which go beyond the notification requirements set out in the WTO Agreement on Subsidies and Countervailing Measures. This should include an obligation on both parties to notify the other every two years on any subsidy granted within its territory, applying to goods or services, in line with EU-Japan EPA. The Agreement should also include the right to request consultations on any subsidy that might be considered to harm the interests of the parties.
65. In line with precedent such as CETA and the EU-Japan EPA, the consultation commitment should not be subject to the Agreement's dispute resolution mechanism outlined in Chapter 32.

## Chapter 21: Competition Policy

66. In line with precedent, such as CETA, the Agreement should commit the parties to maintain effective competition laws, covering merger control, anticompetitive agreements and abuse of dominance, while maintaining the right to provide for public policy exemptions. This does not require legal or regulatory alignment. Both parties should have the regulatory freedom to respond to new and emerging challenges in these areas.
67. The Agreement should include provisions that have transparent, non-discriminatory rules and enforcement procedures for competition law. It should also recognise the mutual importance of effective cooperation between the parties on competition law.
68. In line with precedent such as CETA, EU-Japan EPA and EU-South Korea, the provisions of this chapter should not be subject to the Agreement's dispute resolution mechanism outlined in Chapter 32.

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<sup>3</sup> ECMT is the European Conference of Ministers of Transport; AETR is the European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport

## Chapter 22: State Owned Enterprises, Enterprises Granted Special Rights or Privileges and Designated Monopolies

69. The Agreement should ensure that the UK and EU's State Owned Enterprises operate in a fair and transparent manner and do not discriminate against businesses in the other party when buying and selling on commercial markets.
70. These provisions should apply to business enterprises where the state has significant control through full, majority, or minority ownership. They should cover designated monopolies and any enterprise granted special rights or privileges by the State.

## Chapter 23: Intellectual Property

71. The Agreement should include an Intellectual Property (IP) chapter that secures mutual assurances to provide high standards of protection for IP rights, including registered IP rights such as patents, trademarks or designs, or unregistered rights such as copyright, trade secrets or unregistered designs. These provisions should make reference to and exceed the standards set out in international agreements such as the WTO agreement on Trade-Related Aspects of Intellectual Property and World Intellectual Property Organisation treaties. The UK is open to discussing mechanisms for cooperation and exchange of information on IP issues of mutual interest.
72. There are different ways of proceeding on Geographical Indications (GIs) and the UK will keep its approach under review as negotiations with the EU and other trading partners progress. Any agreement on GIs must respect the rights of both parties to set their own rules on GIs and the future directions of their respective schemes.

## Chapter 24: Good Regulatory Practice and Regulatory Cooperation

73. The Agreement should include provisions on Good Regulatory Practice and Regulatory Cooperation, in relation to business activities. These provisions aim to reduce non-tariff barriers to trade between the parties, creating an environment that promotes investor and exporter confidence in all sectors. They should include reciprocal commitments to regulation-making processes that are robust, transparent, evidence-based and proportionate, and ensure that regulatory burdens are kept to a minimum.

## Chapter 25: Trade and Sustainable Development

74. The Agreement should include provisions for sustainable development covering the protections afforded by labour and environmental law.

## Chapter 26: Trade and Labour

75. The Agreement should include reciprocal commitments not to weaken or reduce the level of protection afforded by labour laws and standards in order to encourage trade or investment. In line with precedent, such as CETA, the Agreement should recognise

the right of each party to set its labour priorities and adopt or modify its labour laws. The Agreement should also include commitments from both parties to reaffirm existing International Labour Organisation (ILO) principles and rights. The Agreement should establish cooperation provisions between the parties, including dialogue and exchange of best practice.

76. In line with precedent such as CETA, EU-Japan EPA and EU-South Korea, these provisions should not be subject to the Agreement's dispute resolution mechanism outlined in Chapter 32.

## Chapter 27: Trade and Environment

77. The Agreement should include reciprocal commitments not to weaken or reduce the level of protection afforded by environmental laws in order to encourage trade or investment. In line with precedent, such as CETA, the Agreement should recognise the right of each party to set its environmental priorities and adopt or modify its environmental laws. The Agreement should also include commitments from both parties to continue to implement effectively the multilateral environmental agreements to which they are party. The Agreement should establish cooperation provisions between the parties on environmental issues.
78. In line with precedent such as CETA, EU-Japan EPA and EU-South Korea, these provisions should not be subject to the Agreement's dispute resolution mechanism outlined in Chapter 32.

## Chapter 28: Tax

79. While not commonplace in EU FTAs, the Agreement could include commitments to the principles of tax good governance as reflected in international standards, including on tax transparency, exchange of information, fair taxation and the Base Erosion and Profit Shifting (BEPS) minimum standards.
80. The Agreement should not constrain tax sovereignty in any manner.
81. The provisions of this chapter should not be subject to the Agreement's dispute resolution mechanism outlined in Chapter 32.

## Chapters 29-31: Administrative Provisions, Transparency, and Exceptions

82. The Agreement should include provisions to establish a UK / EU Joint Committee, provide for commitments to transparency, and set out exceptions, for example on national security.

## Chapter 32: Managing the Agreement

83. The Agreement should include provisions for governance arrangements that are appropriate to a relationship of sovereign equals, drawn from existing Free Trade Agreements, such as those the EU has with Japan and Canada. These should be based on a Joint Committee to support the smooth functioning of the Agreement, and provide mechanisms for dialogue, and, if necessary, dispute resolution. The arrangements will reflect the regulatory and judicial autonomy of the UK and accordingly there will be no role for the Court of Justice of the European Union in the dispute resolution mechanism. This is consistent with previous Free Trade Agreements concluded by the EU.

## Chapter 33: Final Provisions

84. This Chapter should set out the usual range of final provisions.

## Part 2: Other Agreements

1. The CFTA should be supplemented by a range of other international agreements covering, principally, fisheries, law enforcement and judicial cooperation in criminal matters, transport, and energy, as set out below.

### Agreement on Fisheries

2. The UK is ready to consider an agreement on fisheries that reflects the fact that the UK will be an independent coastal state at the end of 2020. It should provide a framework for our future relationship on matters relating to fisheries with the EU. This would be in line with precedent for EU fisheries agreements with other independent coastal states. Trade in fisheries products should be covered by the CFTA. Overall, the framework agreement on fisheries should provide a clear basis for an on-going relationship with the EU, akin to the EU's relationship with other coastal states, one that respects the UK's status as an independent coastal state and the associated rights and obligations that come with this.
3. Any such framework agreement on fisheries should cover access to fish in UK and EU waters, fishing opportunities and future cooperation on fisheries management, as follows.
  - a. It should set out the scope and process for annual negotiations on access to the parties' exclusive economic zones and fishing opportunities (total allowable catch and shares).
  - b. Fishing opportunities should be negotiated annually based on the best available science for shared stocks provided by the International Council for Exploration of the Seas (ICES). The UK will no longer accept the 'relative stability' mechanism for sharing fishing quotas, which is outdated, based on historical fishing activity from the 1970s. This means that future fishing opportunities should be based on the principle of zonal attachment, which better reflects where the fish live, and is the basis for the EU's fisheries agreement with Norway.
  - c. Any EU vessels granted access to fish in UK waters in annual negotiations would be required to comply with UK rules and would be subject to licensing requirements including reporting obligations. New fisheries management measures will be notified in good time.
  - d. The UK is committed to acting as a responsible coastal state and to working closely with the EU and its Member States and other coastal states on the sustainable management of shared stocks in line with our international obligations. The UK is, therefore, open to providing, in the agreement on fisheries, for the creation of a forum for cooperation on wider fisheries matters outside of annual negotiations. This could include cooperation on matters to support



responsible fisheries management, such as data-sharing, science and control and enforcement.

- e. It should include provisions for sharing vessel monitoring data and information to deter and eliminate illegal, unreported and unregulated fishing. If annual negotiations provide for access to fish in UK waters, then additional data-sharing would be required for control and enforcement. As part of an agreement on fisheries, the parties could agree to designate additional ports under the rules of the North East Atlantic Fisheries Commission (NEAFC) to ensure each other's vessels are able to land in those ports.
  - f. It should include arrangements for dispute settlement along the lines common to other fisheries agreements, including provision for the suspension of the agreement on fisheries if necessary.
4. The UK will be negotiating separate fisheries framework agreements with other independent coastal states, notably Norway.
  5. The UK Government recognises the interests of the devolved administrations in this area and is committed to working with them in the consideration of any agreement.

## Agreements on Aviation

6. The UK and EU should agree a Comprehensive Air Transport Agreement (CATA) to ensure continued connectivity for passengers, and operational and commercial flexibility for industry. The UK and the EU should also agree a Bilateral Aviation Safety Agreement (BASA) to minimise regulatory barriers for the aviation and aerospace industry and maintain high safety outcomes.

### ***Comprehensive Air Transport Agreement (CATA)***

7. The UK and EU should establish a Comprehensive Air Transport Agreement (CATA) which is consistent with the best international precedents. This should include provisions on liberalised market access for air services on a reciprocal basis, close co-operation to maintain high aviation security standards, and collaboration on air traffic management to ensure interoperability between UK and EU airspace. It should include, but not be limited to, the following areas.
  - a. **Traffic rights:** the CATA should include, as a minimum, the rights for UK and EU airlines to operate passenger, all-cargo and charter services between points in the UK and points in the EU without restrictions on frequency or capacity.
  - b. **Ownership and control:** there should be no unnecessary restrictions on the nationality of who can own or effectively control a UK or EU airline making use of the traffic rights in the CATA.
  - c. **Modern commercial practices, including code-sharing and wet-leasing:** any UK or EU airline should be able to enter into code-sharing arrangements, without restriction, with any airline of the parties, or any airline of a third country, so long as the operating carrier has the necessary traffic rights. The CATA should also provide for UK and EU airlines to wet-lease from each other, without restriction or



time limits, and with minimal administrative burden, on condition of compliance with the relevant safety standards.

- d. **Aviation security:** the CATA should provide for the mutual recognition of designations of air carriers transporting cargo on the basis that both sides apply equivalent minimum aviation security standards. It should also include cooperative arrangements between technical experts on the development of aviation security standards, and the right to attend airport inspections. These arrangements should not limit the autonomy of either party to apply more stringent aviation security measures than the baseline where they are deemed necessary and proportionate.
- e. **Air traffic management:** the CATA should provide for the mutual recognition of certificates for air navigation service providers and continued cooperation on the functioning of the European Geostationary Navigation Overlay Service (EGNOS). It should also facilitate cooperation between the UK and EU on the research, development and deployment of new ATM technologies, regulations and network management functions.
- f. **Avoiding trade distortions:** Both sides should agree to eliminate all forms of discrimination and unfair practices which would adversely affect the fair and equal opportunity of UK and EU airlines to compete in providing air services, including subsidies. The CATA should also commit the UK and EU to build on current levels of environmental protection to ensure the sustainable development of aviation. Such provisions should not restrict the regulatory autonomy of either side.
- g. **Appropriate governance arrangements.**

### ***Bilateral Aviation Safety Agreement (BASA)***

8. The UK and EU should also establish a Bilateral Aviation Safety Agreement (BASA). This will facilitate the recognition of aviation safety standards and regulatory co-operation between the UK Civil Aviation Authority (CAA) and the European Union Aviation Safety Agency (EASA). The BASA should be in line with existing EU precedent for cooperative aviation safety arrangements with third countries. It should include, but not be limited to, the following areas.
  - a. **Minimising regulatory barriers:** the BASA should allow for the mutual acceptance of certification processes where possible and limit the duplication of recertification or retesting assessments.
  - b. **Scope:** both sides should seek to agree a broad range of technical annexes to the BASA, including but not limited to: design certification; product organisation approvals; maintenance organisation approvals; flight simulator qualification; and personnel licensing and training.
  - c. **Regulatory cooperation:** the BASA should establish measures to facilitate regulatory cooperation, including the provision of information on any significant revisions proposed to aviation safety regulations. The BASA should also provide for the exchange of relevant safety information and data.
  - d. **Appropriate governance arrangements.**

## Agreement on Energy

9. The UK is open to considering an agreement on energy if it reflects its interests, and as long as it respects the fact that the UK will make independent decisions on its energy policies. An agreement could cover energy trading over the interconnectors between the UK and the EU, carbon pricing, and climate change.

### ***Electricity & Gas Trading***

10. Electricity is traded over interconnectors that run under the sea between Great Britain and mainland Europe (France, Netherlands, Belgium), and between Great Britain and Northern Ireland and Ireland. Similarly, the UK trades gas over interconnectors with Belgium, the Netherlands and Ireland.
11. The UK has undertaken domestic preparations to enable trade in electricity and gas over the interconnectors to continue from 1 January 2021 without an energy agreement. Existing arrangements, including work carried out with regulators and Transmissions System Operators, will ensure security of energy supply is unaffected. In Northern Ireland, the Ireland/Northern Ireland Protocol to the Withdrawal Agreement provides the basis for the continued operation of the Single Electricity Market.
12. An energy agreement covering electricity and gas trading could improve these baseline arrangements by:
  - a. facilitating efficient cross-border electricity and gas trade;
  - b. facilitating technical cooperation between electricity and gas network operators and organisations in the planning and use of energy infrastructure connecting their systems; and
  - c. supporting the integration of renewable power and investment in decarbonisation projects in the north seas.

### ***Carbon Pricing***

13. The UK is committed to carbon pricing as a decarbonisation tool. We will establish a UK system that supports our world leading climate ambition, including net zero greenhouse gas emissions by 2050. This will enable UK energy generators, heavy industry and aviation to decarbonise their operations in an efficient and cost-effective manner.
14. In the context of our approach to carbon pricing, the UK would be open to considering a link between any future UK Emissions Trading System (ETS) and the EU ETS (as Switzerland has done with its ETS), if it suited both sides' interests. Any such agreement would need to recognise both parties as sovereign equals with our own domestic laws. It could:
  - a. provide for mutual recognition of allowances, enabling use in either system;
  - b. establish processes through which relevant information will be exchanged; and
  - c. set out essential criteria that will ensure that each trading system is suitably compatible with the other to enable the link to operate.

### **Climate Change**

15. The UK is committed to tackling climate change and as COP26 President will work with all partners to deliver on the Paris Agreement.
16. This agreement should reaffirm both sides' commitments to tackling climate change under the Paris Agreement. It should also recognise both parties' right to regulate to meet our respective climate goals.

### **Mobility and Social Security Coordination**

17. Social security coordination can remove barriers and support mobility of labour between countries. Arrangements that provide healthcare cover for tourists, short-term business visitors and service providers, that allow workers to rely on contributions made in two or more countries for their state pension access, including uprating principles, and that prevent dual concurrent social security contribution liabilities, could be good for business and support trade. These arrangements could benefit UK nationals and EU citizens travelling or moving between the UK and the EU in future.
18. The UK is ready to work to establish practical, reciprocal provisions on social security coordination. Any agreement should be similar in kind to agreements the UK already has with countries outside the EU and respect the UK's autonomy to set its own social security rules. These arrangements should support mobility by easing the process for those working across borders, including underpinning the reciprocal arrangements on the temporary entry and stay for business purposes ('Mode 4' provisions).

### **Participation in Union Programmes**

19. The UK is ready to consider standard third country participation in certain Union programmes where it is in the UK's and the EU's interest that we do so.
20. The UK will consider a relationship in line with non-EU Member State participation with the following programmes: Horizon Europe, Euratom Research and Training, and Copernicus. The UK will consider service access agreements for the following programmes: EU Space Surveillance and Tracking, and the European Geostationary Navigation Overlay Service.
21. The UK will consider options for participation in elements of Erasmus+ on a time-limited basis, provided the terms are in the UK's interests.
22. Any agreements relating to Union programmes should contain fair terms for UK participation. This should include fair treatment of participants, a fair and appropriate financial contribution, provisions allowing for sound financial management by both parties, and appropriate governance and consultation.
23. The UK also notes its specific ongoing commitment to delivering the PEACE PLUS programme. The UK will deliver the PEACE PLUS programme as part of the UK's unwavering commitment to uphold the hard-won peace in Northern Ireland. The UK will work with the European Commission and the Irish Government to shape the programme, maintaining the current funding proportions for the future programme.

## Nuclear Cooperation Agreement

24. The UK and European Atomic Energy Community (Euratom) should conclude a Nuclear Cooperation Agreement (NCA) for cooperation on civil nuclear matters. The NCA should cover compliance with international nuclear safeguards, safety and security standards, and will facilitate civil nuclear trade. It should also provide for commitments in respect of technical cooperation and information-sharing, and facilitate cooperation in related areas such as nuclear research and the supply of medical radioisotopes.
25. The NCA should facilitate civil nuclear trade while maintaining the parties' commitments to non-proliferation. As such it should deliver the following.
- a. **On safeguards**, a mechanism to enable cooperation between the Office for Nuclear Regulation (ONR) and Euratom regulators, and provisions that give mutual assurances, in line with standard NCA practice, that traded nuclear material will remain subject to safeguards.
  - b. **On nuclear transfers**, agreement to facilitate civil nuclear trade while maintaining the parties' commitments to non-proliferation, by providing for a comprehensive framework for transfers of a range of nuclear materials and related items, including procedures for retransfers to third countries.
  - c. **On nuclear research**, a long-term legal basis for future cooperation in civil nuclear research and development in both fission and fusion, including advanced nuclear technologies and waste management.
  - d. **On the supply of medical radioisotopes**, cooperation through the exchange of information. The NCA should facilitate mutual cooperation, information exchange and transparency between the UK and Euratom on the supply of radioisotopes to ensure that the global supply is monitored effectively, to support the development of novel technologies and treatments, and to minimise the risks of shortage of supply.
  - e. **On information sharing and technical cooperation**, openness and transparency through a commitment to the appropriate and proportionate sharing of information, for example on levels of radioactivity in the environment.
26. The NCA should also contain standard NCA provisions on implementation and dispute resolution, and should provide for the agreement of administrative arrangements that set out in detail the procedures to implement the NCA.

## Agreement on Law Enforcement and Judicial Cooperation in Criminal Matters

27. The safety and security of our citizens is the Government's top priority. The UK already has world leading law enforcement capabilities. At the end of the transition period, we will fully recover our sovereign control over our borders and immigration system, which will further enhance our security capabilities.

28. Against this background, the UK stands ready to discuss an agreement on law enforcement and judicial cooperation in criminal matters, to the extent that this is in both parties' interests. It should include: arrangements that support data exchange for law enforcement purposes; operational cooperation between law enforcement authorities; and judicial cooperation in criminal matters.
29. The agreement should facilitate police and judicial cooperation between the UK and EU Member States; equip operational partners on both sides with capabilities that help protect the public and bring criminals to justice; and promote the security of all our citizens.
30. This should be a separate agreement with its own appropriate and proportionate governance mechanism. The agreement must not constrain the autonomy of the UK's legal system in any way. It should not provide any role for the CJEU in resolving UK-EU disputes, which is consistent with the EU's approach to cooperation with third countries on law enforcement and judicial cooperation in criminal matters, including between the EU and neighbouring non-EU countries on tools such as the Second Generation Schengen Information System (SIS II) and Prüm.
31. Cooperation will be underpinned by the importance attached by the UK and the EU to safeguarding human rights, the rule of law and high standards of data protection. The agreement should not specify how the UK or the EU Member States should protect and enforce human rights and the rule of law within their own autonomous legal systems.
32. The agreement should include a clause that allows either party to suspend or terminate some or all of the agreement. This should enable either the UK or the EU to decide to suspend – in whole or in part – the agreement where it is in the interests of the UK or the EU to do so.
33. In line with precedents for EU third country agreements on law enforcement and judicial cooperation in criminal matters, the agreement should not specify the reasons for invoking any suspension or termination mechanism.

***Data exchange for law enforcement purposes and operational cooperation between law enforcement authorities***

34. The agreement should cover the following operational capabilities.

*Exchange of criminal records*

35. The agreement should provide for the fast and effective exchange of criminal records data between the UK and individual EU Member States, recognising that this is an important tool for investigations, prosecutions and sentencing, as well as for wider community safety.
36. To that end, the agreement should provide for capabilities similar to those provided by the European Criminal Records Information System (ECRIS). ECRIS is a secure, automated, electronic system providing for exchange of criminal records information held on countries' own national databases within specific deadlines.

37. These arrangements should draw on precedents for similar networks of national databases for law enforcement purposes between the EU and third countries (see Prüm below).

*Exchange of DNA, fingerprints and vehicle registration data*

38. The agreement should provide for the fast and effective exchange of national DNA, fingerprint and vehicle registration data between the UK and individual EU Member States to aid law enforcement agencies in investigating crime and terrorism.
39. The agreement should provide similar capabilities to those currently delivered through the Prüm system, drawing on the precedent for such cooperation between the EU, Norway and Iceland as well as between the EU and Switzerland and Liechtenstein. These precedents include a political dispute resolution mechanism with no jurisdiction in those third countries for the CJEU.

*Passenger Name Record (PNR) data*

40. The agreement should provide for reciprocal transfers of PNR data to protect the public from serious crime and terrorism.
41. The transfer of Passenger Name Record data from airlines to the UK or EU Member State competent authorities is an important law enforcement capability. It enables law enforcement and security agencies to identify known and otherwise unknown individuals involved in terrorism related activity and serious crime, and track criminal networks from their patterns of travel.
42. The agreement should be based on, and in some respects go beyond, precedents for PNR Agreements between the EU and third countries – most recently, the mandate for the EU-Japan Agreement.

*Real-time alerts on persons and objects that are wanted, missing or otherwise of interest*

43. The agreement should provide a mechanism for the UK and EU Member States to share and act on real-time data on persons and objects of interest including wanted persons and missing persons. This capability is currently provided by the Second-Generation Schengen Information System II (SIS II), making alerts accessible to officers on the border as well as to front-line police officers in the UK.
44. SIS II is used by EU and non-EU Schengen members (Switzerland, Norway, Iceland and Liechtenstein). The UK will continue to use SIS II until the end of 2020.
45. The agreement should provide capabilities similar to those delivered by SIS II, recognising the arrangements established between the EU and non-EU Schengen countries (Switzerland, Norway, Iceland and Liechtenstein). The EU's agreements with these non-EU Schengen countries include a political dispute resolution mechanism with no jurisdiction in those third countries for the CJEU.

*Operational cooperation between the UK and Europol*

46. The agreement should provide for cooperation between the UK and Europol to facilitate multilateral cooperation to tackle serious and organised crime and terrorism. The UK is not seeking membership of Europol. Europol already works closely with a



number of non-EU countries, including the US, through dedicated third country arrangements.

47. The agreement could go beyond existing precedents given the scale and nature of cooperation between the UK and Europol. For example, the UK was the highest contributor of data to Europol for strategic, thematic and operational analysis in 2018.

### ***Judicial Cooperation in Criminal Matters***

48. The agreement should cover the following areas.

#### *Operational cooperation between the UK and Eurojust*

49. The agreement should provide for cooperation between the UK and Eurojust. Eurojust is an EU agency which brings together prosecutors, magistrates and law enforcement officers to assist national authorities in investigating and prosecuting serious cross-border criminal cases. The UK is not seeking membership of Eurojust.
50. Eurojust already works closely with a number of non-EU countries, including the US, through dedicated third country arrangements. The agreement should follow these precedents to enable ongoing cooperation between the UK and Eurojust.

#### *Extradition*

51. The UK is not seeking to participate in the European Arrest Warrant as part of the future relationship. The agreement should instead provide for fast-track extradition arrangements, based on the EU's Surrender Agreement with Norway and Iceland which came into force in 2019, but with appropriate further safeguards for individuals beyond those in the European Arrest Warrant.

#### *Mutual Legal Assistance including asset freezing and confiscation*

52. The agreement should provide for arrangements delivering fast and effective mutual legal assistance in criminal matters including asset freezing and confiscation. These arrangements should build and improve on those provided by relevant Council of Europe Conventions including the 1959 Council of Europe Convention on Mutual Legal Assistance and its Protocols, for example by providing for streamlined and time limited processes.

#### *Arrangements on the transfer of prisoners*

53. The agreement should establish effective and reciprocal arrangements to transfer prisoners between the UK and EU Member States, enabling prisoners to be moved closer to home and be rehabilitated in the community to which they will be released. These should build and improve on arrangements provided by the 1983 Council of Europe Convention on the Transfer of Sentenced Persons and its Protocols, and could include time limited processes.

## Agreement on Asylum and Illegal Migration (AIM)

54. The UK has made a specific commitment to seek to negotiate a reciprocal agreement for family reunion of unaccompanied children seeking asylum in either the EU or the UK, with specified family members in the UK or the EU, where this is in the child's best interests.
55. Beyond this, the UK is open to an agreement regulating asylum and migrant returns between the UK and the EU, or alternatively with individual Member States, underpinned by data sharing, to help counter illegal migration and deter misuse of our asylum systems.

## Security of Information Agreement

56. The UK is open to negotiating a Security of Information Agreement covering classified information, if the EU requires it. The agreement should provide a framework and set out the mechanisms for the UK and EU to exchange classified information. Such an agreement would facilitate, but not mandate, the exchange of classified information. It should be in line with the EU's existing third country arrangements in this area with a number of countries.

## Other

57. The UK is open to exploring cooperation between the UK and EU in other specific and narrowly defined areas where this is in the interest of both sides, for example on matters of health security.



## Part 3: Technical and other processes beyond the scope of the future relationship negotiations

### Third country listing and similar procedures for animals, plants and foodstuffs

58. There should be rapid agreement that the UK and the EU will list each other for trade in live animals, animal products, seeds and other plant-propagating material, other agri-food goods requiring listing for trade, as well as for non-trade related movements including: eels, pet travel, recognition of UK breeding bodies, Approved Inspection Service status for export of fresh fruit and vegetables, notification of UK veal competent authority and operators, eggs equivalence, optional indicators for poultry meat, wine certification, and hops.

### Data Adequacy

59. The UK will have an independent policy on data protection at the end of the transition period and will remain committed to high data protection standards.
60. To maintain the continued free flow of personal data from the EU to the UK, the UK will seek 'adequacy decisions' from the EU under both the General Data Protection Regulation and the Law Enforcement Directive before the end of the transition period. These are separate from the wider future relationship and do not form part of trade agreements. This will allow the continued free flow of personal data from the EEA States to the UK, including for law enforcement purposes. The European Commission has recognised a number of third countries globally as providing adequate levels of data protection.
61. On a transitional basis, the UK has allowed for the continued free flow of personal data from the UK to the EU. The UK will conduct assessments of the EEA States and other countries under an independent international transfer regime.
62. The UK will also seek appropriate arrangements to allow continued cooperation between the UK Information Commissioner's Office and EU Member State data protection authorities, and a clear, transparent framework to facilitate dialogue on data protection issues in the future.

## Equivalence in Financial Services

63. The UK and the EU have committed to carrying out unilateral equivalence assessments for financial services, distinct from the CFTA. The fact that the UK leaves the EU with the same rules provides a strong basis for concluding comprehensive equivalence assessments before the end of June 2020.

## Civil Judicial Cooperation

64. The UK proposes continuing to work together with the EU in the area of civil judicial cooperation through multilateral precedents set by the Hague Conference on Private International Law and through the UK's accession as an independent contracting party to the Lugano Convention 2007.



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