

# **UK-EU TRADE AND COOPERATION AGREEMENT**

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Summary

December 2020

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## Foreword

This Agreement with the European Union is designed to honour the instruction of the British people – expressed in the referendum of 2016 and the general election last year – to take back control of our laws, borders, money, trade and fisheries. It changes the basis of our relationship with our European neighbours from EU law to free trade and friendly cooperation.

And this ambitious Agreement – carefully judged to benefit everyone – is the first the EU has ever reached allowing zero tariffs and zero quotas. We will preserve the immense benefits of free trade for millions of people in the United Kingdom and across Europe.

At the same time, our Agreement means that the UK will fully recover its national independence. At 11pm on 31 December, we will take back control of our trade policy and leave the EU customs union and single market. We will take back control of our waters, with this treaty affirming British sovereignty over our vast marine wealth. We will take back control of our money by ending vast payments to the EU. We will take back control of our borders and will introduce our new points-based immigration system at the start of next year. Most importantly, the agreement provides for the UK to take back control of our laws, affording no role for EU law and no jurisdiction for the European Court of Justice. The only laws we will have to obey are the ones made by the Parliament we elect.

While we made our fair share of compromises during the negotiations, we never wavered from the goal of restoring national sovereignty - the central purpose of leaving the EU. I have always said that Brexit was not an end but a beginning: the start of a new era of national change and renewal, the next act in the great drama of our country's story. We will regain the ability to wield powers that have for too long been the sole preserve of Brussels. We will now take up these tools to deliver the changes that people yearn for and, in so doing, we will restore faith in our democracy.

The UK is, of course, culturally, spiritually and emotionally part of Europe. This agreement provides for close and friendly cooperation with our neighbours in all the many areas where our values and interests coincide. It is my fervent hope that this Treaty, rooted in Britain's sense of itself as a proudly European country, will help to bring people together and heal some of the divisions created by the referendum over four years ago.

The responsibility now falls on our shoulders to take full advantage of the freedom of action our country has regained. Next year will be our opportunity to show what Global Britain can do, reasserting ourselves as a liberal free trading nation and a force for good in the world.

Rt Hon Boris Johnson MP  
Prime Minister

## Introduction

1. This document sets out the core provisions of the Agreement and how they apply to businesses and citizens.

## Trade and Cooperation Agreement: Overview

2. The United Kingdom and the European Union have agreed to unprecedented 100% tariff liberalisation. This means there will be no tariffs or quotas on the movement of goods we produce between the UK and the EU. This is the first time the EU has agreed a zero tariff zero quota deal with any other trading partner.
3. The Agreement also includes provisions to support trade in services (including financial services and legal services). This will provide many UK service suppliers with legal guarantees that they will not face barriers to trade when selling into the EU and will support the mobility of UK professionals who will continue to do business across the EU.
4. The Agreement firmly and explicitly recognises UK sovereignty over our fishing waters and puts us in a position to rebuild our fishing fleet and increase quotas in the next few years, finally overturning the inequity that British fishermen have faced for over four decades. Beyond this Agreement, we will also invest in our fishing communities and restore the UK's fishing fleet across the whole UK, including supporting our Scottish fishermen.
5. The Agreement ensures streamlined co-operation on law enforcement to ensure we continue to effectively tackle serious organised crime and counter terrorism - protecting the public and bringing criminals to justice.
6. The Agreement is based on international law, not EU law. There is no role for the European Court of Justice and no requirements for the UK to continue following EU law.
7. The Government has embedded into this Agreement our manifesto commitment to high labour environment and climate standards without giving the EU any say over our rules.
8. This Agreement ends the EU State Aid regime in Great Britain and allows us to introduce our own modern subsidy system so that we can better support businesses to grow and thrive in a way that best suits the interests of British industries.
9. The Agreement also includes arrangements for airlines and hauliers that provides them with certainty and gives people the ability to travel to and from the EU easily. It also includes a social security agreement that has practical benefits for UK citizens including accessing healthcare when travelling in the EU; agreements on energy provision which will benefit consumers; and collaboration on scientific research, fulfilling the Government's manifesto commitment to make the UK a science and research superpower.

10. The Agreement is structured into 7 Parts:

- Part 1 covers the common and institutional provisions in the Agreement;
- Part 2 covers trade and other economic aspects of the relationship, such as aviation, energy, road transport, and social security;
- Part 3 covers cooperation on law enforcement and criminal justice;
- Part 4 covers so-called “thematic” issues, notably health collaboration;
- Part 5 covers participation in EU Programmes, principally scientific collaboration through Horizon;
- Part 6 covers dispute settlement;
- Part 7 sets out final provisions.

11. Our original approach was that some of these policy aspects should form separate agreements rather than be incorporated into one overall one. We have nevertheless agreed robust provisions that, when necessary, treat the different parts separately, for example as regards the (very limited) scope for cross-suspension following disputes, or the separate and distinct termination clauses in most areas.

12. In parallel, we have agreed a separate Nuclear Cooperation Agreement and an agreement on Security Procedures for Exchanging and Protecting Classified Information.

## **Part 1 – Common and Institutional Provisions**

### **Title I - Common provisions**

13. These provisions provide for a range of matters across the Agreement including setting the object and purpose of the Agreement. These provisions also reaffirm the independence of the two Parties and remove any ambiguity about the UK’s status as a sovereign nation.

### **Title II - Principles of interpretation and definitions**

14. These provisions deliver on the Government’s commitment to ensure that the relationship between the UK and the EU is based on international law, not EU law.

### **Title III - Institutional framework**

15. These arrangements establish the necessary fora for both political and technical discussion. A Partnership Council will supervise the operation of the Agreement at a political level, providing strategic direction. Any decisions made will be by mutual consent. The UK must agree to anything for it to be binding. The Partnership Council will be supported by a network of other committees, including on trade. These will provide necessary opportunities for technical discussion to ensure the smooth implementation of the Agreement and its stable operation.

# Part 2 – Trade, Transport, Fisheries and Other Arrangements

## Heading 1 – Trade

### Title I – Trade in Goods

#### Chapter 1 – National treatment and market access for goods (including trade remedies)

16. The Agreement establishes zero tariffs or quotas on trade between the UK and the EU, where goods meet the relevant rules of origin. The Chapter includes provisions which reaffirm, incorporate and build upon WTO commitments and principles, facilitate trade, and address non-tariff barriers (such as import and export licensing restrictions). It also ensures that trade remedy measures are investigated and applied in a proportionate and transparent manner.

#### Chapter 2 – Rules of origin

17. The UK and EU have agreed a rules of origin Chapter which contains modern and appropriate rules of origin ensuring that only 'originating' goods are able to benefit from the liberalised market access arrangements agreed in the TCA, while reflecting the requirements of UK and EU industry. For example, the RoO we have agreed for batteries and electric vehicles will ensure that UK-made electric vehicles are eligible for preferential tariff rates, supporting our move towards Net Zero.
18. The Chapter also provides for full bilateral cumulation (cumulation of both materials and processing) 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. The ambitious arrangements include facilitations on average pricing, accounting segregation for certain products, as well as all materials, and tolerance by value. The rules are also supported by predictable and low-cost administrative arrangements for proving origin.

#### Chapter 3 – Technical Barriers to Trade (TBT)

19. This Agreement includes a TBT Chapter which addresses regulatory barriers to trade between the UK and EU, while allowing both Parties the freedom to regulate goods in the way most appropriate for their own market. This Chapter builds on the WTO TBT agreement and includes provisions on technical regulation, conformity assessment, standardisation, accreditation, market surveillance and marking and labelling.
20. The Agreement also envisages arrangements to share information on dangerous and non-compliant products on the UK and EU markets. Combined with operational cooperation between UK and EU market surveillance authorities, this exchange of information will help both Parties better protect their consumers.



21. In line with common FTA practice, the TBT Chapter also includes a number of sector-specific Annexes which seek to promote cooperation and tackle barriers to trade in the automotive, chemical, pharmaceutical, organic products and wine sectors.

#### Annex on medicinal products

22. This Annex aims to facilitate availability of medicines, promote public health and protect high levels of consumer and environmental protection in respect of medicinal products. It provides for mutual recognition of Good Manufacturing Practice (GMP) inspections and certificates, meaning that manufacturing facilities do not need to undergo separate UK and EU inspections, as well as ongoing co-operation.

#### Annex on motor vehicles and equipment and parts thereof

23. The objective of the Annex is to eliminate and prevent unnecessary barriers to trade in motor vehicles and parts. It confirms that the Parties will mutually recognise approvals based on UN regulations. It establishes dedicated cooperation mechanisms to address regulatory barriers, and provides for information exchange to support activities including market surveillance.

#### Annex on organic products

24. The Annex will provide for an equivalence agreement between the UK and EU. This means products that are certified as organic in one market will be recognised as organic in the other. There are also wider benefits, including provisions for effective regulatory cooperation to combat fraud, upholding the integrity of our organics production and control systems, and collaboration on the future development of organic standards.

#### Annex on trade in wine

25. The Annex provides for simplified certification, documentation, labelling and packaging requirements for the imports of wine produced in the other Party, reducing costs for exporters and consumers. It also sets out requirements to share information and to jointly review the agreement in future with a view to further facilitating trade in wine.

#### Annex on chemicals

26. The Annex seeks to facilitate trade in chemicals, ensure high levels of environmental and health protection and provides for cooperation between authorities. It includes joint commitments to comprehensive implementation of international classification and labelling rules as well as commitments to ongoing cooperation and information exchange.

### Chapter 4 – Sanitary and Phytosanitary (SPS) Measures

27. This Agreement includes an SPS Chapter which ensures that the UK and the EU can maintain fully independent SPS rules to protect human, animal and plant life and health, preserving each Party's right to independently regulate,

while not creating unjustified barriers to trade. This is standard practice in free trade agreements.

28. The Chapter includes commitments on regionalisation, which enables UK and EU trade to continue from disease or pest-free areas. Together with provisions on rapid notification and emergency measures, this will help both Parties to move quickly to protect their consumers, animals and plants during disease and pest outbreaks and food and feed safety incidents, while minimising the impacts on trade.
29. The Chapter also establishes a framework for cooperation on the fight against antimicrobial resistance, protecting animal welfare and sustainable food systems. All of these are areas where the UK and the EU are global leaders.
30. The Chapter includes bespoke arrangements for the UK and the EU to hold regular, joint reviews of their respective SPS border controls. The aim of these reviews is to see if each Party can further facilitate trade without compromising biosecurity.

#### Chapter 5 – Customs and Trade Facilitation (CTF)

31. The Agreement is based on the WTO Trade Facilitation Agreement and the World Customs Organisation (WCO) Revised Kyoto Convention and provides for efficient customs arrangements covering all trade in goods. As well as facilitating trade, the Agreement ensures that the customs authorities of both Parties remain able to protect their respective regulatory, security and financial interests.
32. The CTF Chapter includes measures to facilitate legitimate trade by addressing administrative barriers for traders, including through mutual recognition of ‘trusted trader’ (AEO) schemes. This includes provisions to support the efficiency of documentary clearance, transparency, advance rulings and non-discrimination. We have agreed measures that are bespoke to the UK-EU trading relationship, such as cooperation at ‘roll-on roll-off’ ports like Dover and Holyhead and also on exploring the possibility of sharing import and export declaration data, including by setting up pilot programmes where appropriate. This aims at reducing administrative burdens on business in the longer term.
33. The core provisions on CTF are accompanied by additional Protocols and an Annex to provide for specific forms of cooperation and trade facilitation.

#### Protocol on mutual administrative assistance on customs matters

34. This Protocol enables the Parties to work together while upholding their respective customs regimes, to safeguard revenue and prevent fraud through efficient and reciprocal exchange of information and mutual assistance across customs matters.

#### Annex on Authorised Economic Operators (AEOs)

35. This Annex provides for the mutual recognition of the Parties’ respective Authorised Economic Operator security and safety schemes. As a result,

AEOs assessed and recognised under either the UK or EU scheme will face fewer controls relating to safety and security when moving their goods between the UK and the EU, facilitating trade and flow at the border.

#### Protocol on administrative cooperation and combating fraud in the field of Value Added Tax and on mutual assistance for the recovery of claims relating to taxes and duties

36. This Protocol builds on existing international agreements, including the OECD Convention on Mutual Administrative Assistance in Tax Matters. It will enable UK and EU authorities to cooperate and exchange information relating to VAT, including for the purpose of combating VAT fraud. The Protocol will also allow for either Party to make a request of the other to recover unpaid customs duties, excise or VAT on its behalf.

#### Title II - Trade in Services and Investment

37. The Agreement establishes the treatment and level of access the UK and EU have agreed to grant each other's service suppliers and investors. These provisions will offer businesses and individuals the certainty and support they need to continue trading profitably with the EU, while maintaining the UK's right to regulate as an independent nation.
38. The Agreement significantly builds on the Parties' commitments under WTO rules and locks in market access across substantially all sectors. The level of ambition reflects the UK and EU's respective Free Trade Agreements with Japan, although in a few areas – most notably legal services – the agreement breaks new ground.

#### Chapter 1 - General provisions

39. This Chapter establishes the scope and definitions for the Agreement on Services and Investment and sets out provisions that apply to the whole title. It also includes a commitment for the Parties to review the services and investment provisions, with a view to introducing future improvements.

#### Chapters 2 and 3 – Cross-border trade in services and investment

40. The Agreement includes well-established provisions on cross-border trade in services and investment that will secure continued market access across a broad range of sectors, including professional and business services, financial services and transport services, and will support new and continued foreign direct investment. These chapters include obligations on:
- a. Market Access, to ensure service suppliers and investors do not face limitations such as economic needs tests, restrictions on corporate form and foreign equity caps;
  - b. National Treatment, to provide for non-discriminatory treatment between UK and EU service suppliers and investors;

- c. Local Presence, to ensure that cross-border trade is not inhibited by establishment requirements. This is only the second time the EU has agreed a separate obligation on Local Presence;
  - d. Prohibition of performance requirements, to ensure investments are not subject to conditions such as domestic content requirements or export restrictions;
  - e. Senior management and boards of directors, to prevent nationality restrictions on senior personnel; and
  - f. Most Favoured Nation, to ensure that the Agreement keeps pace with the Parties' future FTAs.
41. For all sectors covered by these chapters, the provisions on cross-border trade in services and investment liberalisation apply unless otherwise stated. Exceptions to these obligations are set out in Annexes to the Agreement.
42. These Annexes builds on existing agreements including:
- a. The EU and UK have scheduled new commitments on home title legal services;
  - b. The Parties have improved their level of commitment on combined transport services and telecommunications services; and
  - c. The UK has secured new protections for its competition regime and provided a clear statement of our policy space with respect to investment in the UK's fishing industry.

#### Chapter 4 – Temporary entry and stay of natural persons for business purposes

43. The Agreement sets out the commitments taken by the UK and EU on business mobility. These provisions will give the UK's firms and individuals the legal certainty and administrative clarity they need to continue engaging in business activity and delivering services in the EU when the transition period ends.
44. The Agreement includes well established commitments on short-term business visitors; business visitors for establishment purposes; intra-corporate transferees; contractual service suppliers; and independent professionals. The Parties have agreed not to impose market access restrictions (such as economic needs tests) or discriminatory barriers on business persons falling into these categories.
45. The Parties have also agreed commitments on length of stay that broadly reflect the outcome reached in the EU-Japan Economic Partnership Agreement. This includes the ability for UK short-term business visitors to travel to the EU for 90 days in any 180-day month period. The Parties have also agreed not to impose work permits on business visitors for establishment purposes.

46. Exceptions to the Parties' commitments on business mobility are set out in the Agreement's Annexes.
47. The Agreement also includes comprehensive measures on transparency and procedural facilitations, easing the burden on future visa and work permit applicants. It guarantees that intra-corporate transferees can be accompanied by their partners and dependents when placed abroad, with minimal administrative burdens.
48. All of this supports the government's new immigration policy, ensuring that the brightest and best global talent can come to the UK for business purposes.

## Chapter 5 – Regulatory framework

### Section 1 - Domestic Regulation

49. While preserving the regulatory autonomy of both Parties, the Domestic Regulation provisions will limit 'behind the border' barriers, such as lengthy and opaque authorisation processes. These provisions build on the Joint Initiative on Services Domestic Regulation under negotiation at the WTO and will enable service providers and investors in both the UK and the EU to conduct their business effectively.

### Section 2 - Mutual recognition of professional qualifications

50. The UK and the EU have agreed a framework for the recognition of qualifications between the Parties which is based on the EU's recent FTA agreements. It makes improvements on those agreements, which are designed to make the system more flexible and easier for regulatory authorities to use.
51. This approach will allow the UK and its regulators to maintain standards of professional competence. From early 2021, the government will provide help and guidance to UK regulatory authorities and professional bodies to help them benefit from these provisions as well as other recognition paths.
52. The Agreement clarifies that the provisions on professional qualifications are without prejudice to alternative arrangements that the UK may agree with the EU, allowing for improved mechanisms to be agreed in future. Agreements will be negotiated on a profession-by-profession basis.

### Section 3 - Telecommunications Services

53. The provisions on telecommunications regulation lock in existing levels of liberalisation in UK and EU markets, confirming both sides' leadership in this area and our commitment to openness. The Agreement includes standard provisions on authorisations, access to and use of telecoms networks, interconnection, fair and transparent regulation and the allocation of scarce resources. The provision on authorisation is the most liberalised authorisation regime agreed in any FTA. It ensures that businesses from either Party will not have to wait for prior authorisation before they begin to deliver services, giving our operators access to EU telecoms markets which is without precedent in an FTA.

54. The Agreement contains measures to encourage cooperation on the promotion of fair and transparent rates for international mobile roaming. It also covers obligations on net neutrality, which fulfils the UK's dual aims of securing commitments towards an open internet and protecting the safety of users online.

#### Section 4 - Delivery Services

55. The Agreement confirms the Parties' commitment to open and fair markets in delivery services. It promotes trade in postal and delivery services, while protecting the UK and EU's right to define national standards and regulatory requirements. Both Parties must maintain an independent regulatory body and prevent designated national suppliers from engaging in market distortive practices.

#### Section 5 - International Maritime Transport Services

56. The International Maritime Transport Services provisions include commitments on non-discriminatory access to ports; the use of port infrastructure; the use of maritime auxiliary services such as storage and warehousing; customs facilities and the assignment of berths and facilities for loading and unloading. The Agreement also includes important provisions which allow UK shipping companies to move empty containers and provide feeder services between ports in an EU Member State, subject to authorisation.

#### Section 6 - Financial Services

57. The Agreement includes provisions on cross-border trade in financial services and investment that will secure continued market access. The Agreement provides protections that will ensure that our regulatory and supervisory authorities will be able to act to ensure financial stability, market integrity and protect investors and consumers.

58. The Parties have agreed a joint declaration setting out their commitment to these shared objectives and have agreed to enhanced cooperation as well as information sharing and bilateral dialogue in order to establish a durable and stable relationship.

59. The declaration reaffirms the integrity of our respective, autonomous equivalence frameworks. The Parties will discuss how we move forward on specific equivalence determinations. The Parties will codify the framework for regulatory cooperation in a Memorandum of Understanding.

#### Section 7 - Legal Services

60. The Agreement includes ground-breaking provisions on legal services that go beyond what the EU has included in any other FTA to date. These measures will improve the clarity and certainty of market access for UK lawyers. The Agreement will give UK solicitors, barristers and advocates the right to advise their clients across the EU on UK and public international law using their home professional titles, except where EU Member States have placed specific limits on this activity.

61. Where EU Member States require UK lawyers to register in order to provide advice on UK and public international law, the Agreement makes clear this cannot mean requalification or admission to the local legal profession.

### Title III – Digital Trade

62. The Agreement contains some of the most liberalising and modern digital trade provisions in the world. These provisions will promote trade in digital services and facilitate new forms of trade in goods and services. The Agreement also ensures that the UK and the EU will cooperate on digital trade issues in future, including emerging technologies. This is the first time the EU has agreed provisions on data in a free trade agreement. The provision helps to facilitate the cross-border flow of data by prohibiting requirements to store or process data in a certain location. This prevents the imposition of costly requirements for British businesses. The Agreement confirms strong data protection commitments by both the UK and the EU, protecting consumers and helping to promote trust in the digital economy.
63. The Agreement includes a guarantee that neither the UK nor the EU will discriminate against electronic signatures or electronic documents on the basis that they are in digital form. The Agreement also ensures that contracts can be completed digitally, with a small number of exceptions.
64. The Agreement includes online consumer protection and anti-spam provisions giving consumers strong protections when buying from businesses in either the UK or the EU. The Agreement contains specially tailored exceptions to preserve policy space for the UK or the EU to protect users online. In parallel it ensures companies are protected by a guarantee against the forced transfer of source code, protecting valuable intellectual property.
65. The Agreement also includes a novel provision on open government data, inspired by recent discussions at the WTO. When governments choose to make non-personal or anonymised public sector data available, this provision will encourage them to make that data easily accessible and in machine-readable formats.

### Title IV: Capital movements, payments, transfers and temporary safeguard measures

66. The UK and EU have agreed commitments on the free flow of capital and payments for goods and services in order to facilitate trade and investment. The provisions ensure that the UK and EU can still pursue public policy objectives in their respective jurisdictions. We have also agreed specific exceptions allowing the Parties to impose appropriate temporary reservations – for example, in the event of a balance of payments crisis.

### Title V: Intellectual property

67. The Agreement includes precedented commitments on Intellectual Property (IP) that provide high standards of protection for, and enforcement of, IP rights. These include registered IP rights such as patents, trade marks and

designs, and unregistered rights such as copyright, trade secrets and unregistered designs. These provisions refer to, and in many areas exceed, the standards set out in international agreements such as the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) and World Intellectual Property Organization (WIPO) treaties.

68. The Agreement includes mechanisms for cooperation and exchange of information on IP issues of mutual interest. The Agreement also retains regulatory flexibility for each Party, enabling the UK to develop an IP system in line with our domestic priorities.
69. With respect to Geographical Indications (GIs), the Agreement enables both Parties to set their own rules and the future directions of their respective schemes. The UK and EU have agreed a review clause on GIs, which provides that the UK and EU may, if both Parties agree it is in their interests, use reasonable endeavours to agree rules for the protection and domestic enforcement of their GIs.

#### Title VI: Public procurement

70. The Agreement ensures that the UK can maintain a separate and independent procurement regime and will enable the Government to enact reform of our system. The Agreement provides for a transparent and non-discriminatory framework of rules for trade in public procurement. These rules are based on the WTO Government Procurement Agreement (GPA), with some precedented additions for covered procurement, including the use of electronic means in procurement, electronic publication of notices, environmental, social and labour considerations, and domestic review procedures.
71. The UK and EU have also agreed an extension of market access coverage beyond the GPA, which includes: the gas and heat distribution sector; private utilities that act as a monopoly; and a range of additional services in the hospitality, telecoms, real estate, education and other business sectors. This will provide businesses with additional opportunities and will benefit contracting authorities through increased competition, creating better value for money for the taxpayer.

#### Title VII: Small and Medium-sized Enterprises (SMEs)

72. The Agreement includes typical commitments to provide SMEs with clear and accessible online information about the Agreement, helping them to trade and do business in each Party's jurisdiction. This covers customs procedures, intellectual property rights, and public procurement. The Agreement commits each Party to provide for a searchable online database, on measures such as customs duties, taxes and rules of origin.
73. The Agreement also establishes a framework that will allow the Parties to work together to increase opportunities for SMEs and to report on their activities.



## Title VIII: Energy

74. The energy provisions support and strengthen the UK and the EU's respective energy and climate ambitions. This includes the way in which the parties trade electricity and gas over interconnectors, work together on security of supply, integrate renewables into our respective markets and cooperate to develop opportunities in the North Sea.
75. The Agreement commits both Parties to develop and implement new, efficient trading arrangements by April 2022. These will ensure that capacity on the interconnectors is maximised and that there is implicit trading in how this capacity is allocated (i.e. capacity and electricity are sold together). This will benefit UK consumers and help integrate renewables and other clean technologies onto the grid in line with our domestic commitment to net zero emissions. Whilst this system is being implemented, alternative trading arrangements will be in place for electricity. We have also agreed arrangements that will ensure we continue to trade gas efficiently via the PRISMA platform.
76. The UK and EU have agreed to enhance our cooperation on renewable energy, including in the North Sea. This will facilitate the development of hybrid projects that combine interconnectors and offshore windfarms, and opens up the potential for a North Sea grid. This will help realise the region's huge potential, enabling renewable energy to continue to power our homes and businesses in the future.
77. The Agreement provides for a new set of arrangements for extensive technical cooperation between the respective regulators and system operators, particularly with regard to security of supply, market abuse and network development.
78. The Agreement supports trade and investment in energy goods and raw materials between the UK and EU. These will help facilitate open and competitive markets, removing unnecessary barriers to trade.

## Title IX: Transparency

79. This Chapter recognises the benefits of a transparent and predictable regulatory environment. Reflecting existing UK practice, it provides for the publication of laws and regulations, procedures and administrative rulings to the public and business; a mechanism for enquiries from the public; and the possibility for review and appeal of administrative decisions. It applies only to the trade part of the Agreement.

## Title X: Good regulatory practices and regulatory cooperation

80. This Chapter provides principles of good regulatory practice, which reflect existing UK practice, as well as providing the basis for voluntary regulatory cooperation between the UK and the EU.

## Title XI: Level playing field for open and fair competition and sustainable development

81. The Agreement's provisions in this area, implementing commitments made in the 2019 Political Declaration, were the subject of considerable controversy during the negotiations. The EU was forced to drop its ambitious demands for dynamic alignment and for the UK to be legally required to maintain equivalent legislative systems to the EU's in some areas. The system that has been agreed upon does not compromise the UK's sovereignty in any area, does not involve the European Court of Justice in any way, and is reciprocal. Both sides have the right to set their own laws, subject to the broad constraints of this Agreement in this area as in any other. And both sides have the right, in certain constrained ways, and subject to arbitration, to take countermeasures if they believe they are being damaged by measures taken by the other Party in subsidy policy, labour and social policy, or climate and environment policy. If such measures are used too frequently either side can trigger a review of these provisions and the trade aspects of the Treaty more broadly, aiming to end with a different balance of rights and obligations.

### Chapter 1: General Provisions

82. The Chapter sets out some principles and objectives for this title. It recognises the right of each Party to set its own policies and priorities and determine the levels of protection it deems appropriate in its laws.

### Chapter 2: Competition

83. The Agreement commits both Parties to maintain their high standards of competition law, including enforcing these laws, maintaining their independent competition authorities, and applying competition law on a procedurally fair, transparent and non-discriminatory basis. The Chapter enables further cooperation between the UK and EU competition authorities.

### Chapter 3: Subsidies

84. The Agreement ensures that each Party will have in place its own independent system of subsidy control and that neither Party is bound to follow the rules of the other. It includes some broad principles which shape the design of both sides' systems, aiming to ensure that the granting of subsidy does not have detrimental effects on trade between the Parties. It also includes some specific principles on subsidies that are particularly distortive, such as those prohibited by the WTO. The Agreement makes clear that it is for each Party to determine how these principles will be implemented in its domestic law. There is a separate joint declaration that provides non-binding guidance on additional sectors which either side may take into consideration in their respective systems of subsidy control.

85. The Agreement requires both sides to be transparent about the subsidies they grant and to establish or maintain an independent body with an appropriate role in their respective subsidy systems, while retaining full discretion over any functions that body may have. The Agreement includes provisions on the role of domestic courts in reviewing domestic subsidy decisions. For the UK, this

reflects existing practice under the UK's system of judicial review. The UK and EU have also agreed that, in certain circumstances, domestic courts should have the power to order recovery of subsidies that have been granted illegally under domestic law.

86. Finally, the UK and the EU have agreed a reciprocal mechanism that allows either side to take rapid action where a subsidy granted by the other Party is causing or is at serious risk of causing significant harm to its industries. These measures can be challenged using an accelerated arbitration procedure and there is the possibility of compensation if a Party has used these measures in an unnecessary or disproportionate manner.

#### Chapter 4: State owned enterprises, enterprises granted special rights or privileges and designated monopolies

87. The Chapter commits both parties to additional disciplines on their State-owned enterprises, designated monopolies and enterprises granted special rights or privileges and to make best use of international standards when regulating them, in line with provisions in other FTAs.

#### Chapter 5: Taxation

88. The Agreement commits both Parties to uphold global standards on tax transparency and fighting tax avoidance (which the UK has played a leading role in developing and implementing through the G20 and OECD). It contains commitments to specific tax standards as they stand at the end of the transition period, including the international standards on exchange of information, anti-tax avoidance, as well as relevant standards in legislation on public country by country reporting by credit-institutions and investment firms.
89. The commitments on tax between the UK and the EU are also captured in a stand-alone Joint Political Declaration on Countering Harmful Tax Regimes. This is a political commitment to the principles of countering harmful tax regimes, and reflects the work done by the OECD in this area.
90. There are no provisions constraining our domestic tax regime or tax rates.

#### Chapter 6: Labour and social standards

91. The Agreement includes reciprocal commitments not to reduce the level of protection for workers or fail to enforce employment rights in a manner that has an effect on trade. This is very much in line with similar "non-regression" clauses in other FTAs and with international norms. The provisions are clear that both Parties have the freedom and ability to make their own decisions on how they regulate - meaning that retained EU law will not have a special place on the UK's statute books. This Chapter is not subject to the Agreement's main dispute resolution mechanism but will instead be governed by a bespoke Panel of Experts procedure.

#### Chapter 7: Environment and climate

92. In a similar way, the Agreement includes reciprocal commitments not to reduce the level of environmental or climate protection or fail to enforce its

laws in a manner that has an effect on trade. This includes reciprocal commitments to cross-economy greenhouse gas emission reduction targets. The Agreement gives both Parties the freedom to set their own climate and environmental policies in the way most appropriate to achieve our world-leading domestic aims. The domestic supervisory bodies of the UK and EU will cooperate to ensure effective enforcement of their respective environmental and climate laws. Once again, this chapter is not subject to the Agreement's main dispute resolution mechanism but will instead be governed by a bespoke Panel of Experts procedure.

93. The Agreement makes clear both parties will have their own effective systems of carbon pricing in place to help fulfil our respective climate goals. The Parties have agreed to cooperate on carbon pricing in future and consider linking their respective systems, although they are not under any obligation to do so.

#### Chapter 8: Other instruments for trade and sustainable development

94. The Agreement affirms the Parties' existing commitments to a range of international conventions and other commitments in the area of labour, environment, and climate, in a way that is standard in FTAs. This includes committing the Parties to the effective implementation of the Paris Agreement.

#### Chapter 9: Institutional provisions

95. The Agreement sets out tailored provisions for dispute settlement for Chapters 6-8 involving a Panel of Experts. Any recommendations made by the Panel of Experts are not binding on the Parties.
96. The Agreement provides for a rebalancing mechanism which allows the Parties to formally review the balance of the Agreement over time and enter into a negotiation on amendments to the economic provisions of the Agreement at the request of one Party. It also provides for Parties to take strictly limited and proportionate rebalancing measures on a more short-term basis, subject to the approval of an independent arbitration panel.

#### Title XII: Exceptions

97. This Title provides for a number of exceptions to ensure that a range of legitimate UK domestic policy aims are not affected by this Agreement. It applies to the trade part of the agreement. The exceptions provide that existing national security practices are not affected by the terms of the trade agreement. There is also an exception which protects legitimate domestic taxation policy. Finally, there is a general exception which allows for UK action in a list of areas, such as the protection of public security or public morals to maintain public order, or measures necessary to protect human, animal or plant life or health.
98. The Chapter also provides for the treatment of confidential information and WTO waivers.

## Heading Two – Aviation

### Title I – Air transport

99. The Agreement builds on existing precedent and sets out the arrangements for the operation of air transport services between the UK and the EU. UK airlines that are majority owned and controlled by UK and/ or EU/EEA/EFTA nationals at the end of December 2020 may continue to operate air transport services between the UK and the EU. EU airlines that are majority owned and controlled by EU/EEA/EFTA nationals may also continue to operate air transport services between the UK and the EU.
100. The Agreement provides operational flexibilities for UK and EU airlines. For example, UK airlines may lease aircraft and crew from UK or EU airlines and other providers to operate air transport services between the UK and the EU. UK airlines will also have extensive opportunities to cooperate with other airlines to offer a wide range of tickets to consumers.
101. The Agreement reflects the shared ambition of both the UK and the EU to cooperate in future, including commitments for continued cooperation and consultation on air traffic management, aviation security and consumer protection.
102. The Agreement also sets out the conditions under which the operation of air transport services between the UK and EU would not be permitted. Grounds for such action include reasons of aviation safety and security.

### Title II - Aviation safety

103. The Agreement is largely in line with precedent and sets out a framework for cooperation on aviation safety, and a process for agreeing Annexes to the agreement that will facilitate recognition of UK and EU certificates, approvals and licences. Areas where the UK and EU could agree Annexes in future include: monitoring of maintenance organisations; personnel licences and training; operation of aircraft; and air traffic management.
104. The airworthiness Annex to the Agreement sets out the conditions for the UK and EU to recognise each other's aeronautical products and designs. For example, minor changes and repairs to aeronautical products and designs that are approved in the UK will be automatically accepted by the EU. In addition, the Annex foresees the possibility of the EU extending their scope of automatic recognition of UK aeronautical products and designs once it gains confidence in the UK's capability for overseeing design certification.
105. The Annex also provides for the recognition of production certificates and regulatory oversight. For example, UK production certificates and oversight will be automatically recognised by the EU providing that the relevant aeronautical products were subject to UK oversight before the end of December 2020.

## Heading Three - Road Transport

### Title I – Transport of goods by road

106. The Agreement ensures continued market access rights for UK and EU road haulage operators. Operators will continue to be able to move goods to, from and through each other's territories with no permit requirements, and make additional movements within each other's territories, with limits on the number of permitted movements.
107. The Agreement also sets out the standards to which operators must adhere when undertaking international journeys between the UK and the EU. These standards only apply to international journeys and do not affect the UK's ability to regulate the domestic market. These standards for the international carriage of goods broadly reflect the standards to which UK operators are already subject when operating internationally, with some bespoke standards aimed at ensuring greater road safety and effective regulation. These standards include restrictions on driver hours, requirements about professional qualifications and tachographs and vehicle weight and dimension limits. There is a tailored mechanism to manage differences in national regulations in these areas in the unlikely event that they emerge. The ultimate safeguard in the case of real difficulties is that either side may terminate this Heading.
108. The Agreement also provides for a Specialised Committee process through which the Parties can agree, for example, to adopt additional measures to safeguard the proper functioning of the Agreement, including by amending the Annexes in the Agreement.
109. The Agreement includes a declaration reiterating the importance of the good and efficient management of visa and border arrangements for road hauliers, in particular across the United Kingdom-Union border. This declaration confirms the UK and EU's agreement to appropriately facilitate the entry and stay of hauliers.

### Title II – Passenger transport

110. The Agreement provides additional market access rights for UK and EU passenger transport operators, above and beyond what is provided by the multilateral Interbus Agreement. Operators will be able to continue running occasional services to, from and through each other's territories. The Agreement also provides a temporary bridging arrangement for regular and special regular services to continue, until the Interbus Agreement is expanded to cover these services.
111. Services on the island of Ireland will also be able to pick up and set down passengers in both Ireland and Northern Ireland, enabling cross-border services to continue with no restrictions.
112. The Agreement also provides for a Specialised Committee process through which the Parties can agree to adopt measures to implement the

Chapter and to amend the Annexes in the Agreement to reflect regulatory developments.

## Heading Four - Social Security Coordination and Visas for Short-term Visits

### Title I - Social Security Coordination

113. The provisions in the Protocol on Social Security Coordination will ensure that individuals who move between the UK and the EU in the future will have their social security position in respect of certain important benefits protected. Individuals will be able to have access to a range of social security benefits, including reciprocal healthcare cover and an uprated state pension.
114. This Protocol supports business and trade by ensuring that cross-border workers and their employers are only liable to pay social security contributions in one state at a time. Generally, this will be in the country where work is undertaken, irrespective of whether the worker resides within the EU or the UK, or indeed whether the employer is based in the EU or the UK.
115. UK workers who are sent by their employer to work temporarily in an EU Member State which has agreed to apply the “detached worker” rules will remain liable to only pay social security contributions in the UK for the period of work in that EU Member State. Similarly, if an EU worker is sent by their employer to work temporarily in the UK from a Member State which has agreed to apply the “detached worker” rules, they will remain liable to only pay contributions in that EU Member State.
116. Under the Protocol, the UK and EU Member States will be able to take into account relevant contributions paid into each other’s social security systems, or relevant periods of work or residence, by individuals for determining entitlement to a state pension and to a range of benefits. This will provide a good level of protection for people working in the UK and EU Member States. The Protocol also provides for the uprating of the UK State Pension paid to pensioners who retire to the EU.
117. On healthcare, where the UK or an EU Member State is responsible for the healthcare of an individual, they will be entitled to reciprocal healthcare cover. This includes certain categories of cross-border workers and state pensioners who retire to the UK or to the EU.
118. In addition, the Protocol will ensure necessary healthcare provisions – akin to those provided by the European Health Insurance Card (EHIC) scheme – continue. This means individuals who are temporarily staying in another country, for example a UK national who is in an EU Member State for a holiday, will have their necessary healthcare needs met for the period of their stay.
119. The Protocol also protects the ability of individuals to seek authorisation to receive planned medical treatment in the UK or the EU, funded by their responsible State.

## Title II - Visas for short-term visits

120. The Agreement confirms that the UK will treat the EU as a bloc for short-term visit visas. This provision will not apply to future Member States unless the UK agrees to do so.
121. This provision allows the UK to determine whether short-term visits from the EU should be subject to visa requirements. At present the United Kingdom provides for visa-free travel for short-term visits in respect of nationals of all Member States.

## Heading Five – Fisheries

122. The Agreement provides a framework for our future relationship on matters relating to fisheries.
123. The Agreement reflects the UK's departure from the EU's Common Fisheries Policy and new identity as a sovereign independent coastal State with the right to manage the resources in its waters. The UK is now free to create its own laws and fisheries management practices to the benefit of fishers and coastal communities across the whole UK.
124. The Agreement sets out the objectives and principles for fisheries management which the UK and EU share. It enshrines our joint commitment to sustainable fisheries management alongside shared principles of promoting long-term environmental, social and economic sustainability; protecting juveniles and spawning fish; protecting marine ecosystems; and timely cooperation, including sharing data to manage conservation and combat illegal fishing.
125. The Agreement provides for a significant uplift in quota for UK fishers, equal to 25% of the value the EU catch in UK waters. This is worth £146m for the UK fleet phased in over five years. It ends the dependence of the UK fleet on the unfair 'relative stability' mechanism enshrined in the EU's Common Fisheries Policy, and increases the share of the total catch taken in UK waters taken by UK vessels to circa two thirds.
126. New quota arrangements will be phased in over five years to allow the respective fleets time to adapt to the changed opportunities. There will be also be an adjustment period for access to waters which provide stable access for 5 ½ years. For the adjustment period, the Agreement also provides access to a limited part of the UK territorial waters for vessels which have traditionally fished in those areas.
127. Under the framework provided for in this Agreement, the UK will conduct annual fisheries negotiations with the EU alongside negotiations with other coastal States and international organisations regarding Total Allowable Catches for shared stock. These negotiations will also cover access arrangements.



128. The agreement includes arrangements for compensation if a Party decides not to grant access to its waters and dispute settlement, in the event that a Party breaches the obligations. All such measures must be commensurate to the economic and social impact caused by the actions of the other party and are subject to arbitration.
129. The Agreement includes an obligation on each Party to share relevant data and information necessary for implementing the Agreement, as well as ensuring compliance with fisheries management measures to deter and eliminate illegal, unreported and unregulated fishing.
130. The Agreement establishes a Specialised Committee on Fisheries which will provide a forum for the UK and the EU to discuss and cooperate on a range of fisheries matters. These include, but are not limited to: cooperation ahead of annual fisheries consultations, multi-year strategies, data-sharing and monitoring and compliance.
131. The Agreement can be terminated at any point with nine months notice. If the Agreement is terminated, any obligations of the Parties will continue until the end of the year.
132. The Agreement also contains provisions on the Crown Dependencies, which providing those jurisdictions so decide, would allow EU vessels to fish in Crown Dependency waters to levels consistent with historic patterns of fishing while ensuring they can benefit from the goods provisions in the Agreement.

## Heading Six – Other Provisions

133. This Chapter provides for a number of technical matters relating to the trade part of the agreement. This includes definitions, relationship to the WTO agreement, how WTO case law is to be considered in arbitration proceedings, and how amendments to any international agreements referred to are to be treated.

## Part 3 – Law Enforcement and Judicial Cooperation in Criminal Matters

134. The safety and security of our citizens is the Government's top priority. The Agreement provides a comprehensive package of operational capabilities that will help protect the public and bring criminals to justice.

### Title I – General provisions

135. The scope of this Part, as set out in the General Provisions, is to provide for law enforcement and judicial cooperation between the UK, the EU and its Member States in relation to the prevention, investigation, detection and prosecution of criminal offences and the prevention of and fight against money laundering and financing of terrorism.

136. The Agreement is based on a shared and longstanding respect for democracy, the rule of law and protection of fundamental rights. Any cooperation that takes place under this Part must be done in compliance with human rights.

## Title II – Exchanges of DNA, fingerprints and vehicle registration data

137. The Agreement provides 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.
138. DNA and fingerprint data will continue to be exchanged through the Prüm system and the Agreement enables the exchange of vehicle registration data in the future, in line with precedents between the EU and Norway, Iceland, Liechtenstein and Switzerland. This will enable us to build on the current operational benefits derived from our Prüm connections on DNA, which have been live since July 2019 and expand our fingerprints connections which commenced in October 2020.

## Title III - Transfer and processing of Passenger Name Record data

139. The Agreement provides for transfers of PNR data from the EU to the UK to be used to protect the public from terrorism and serious crime.
140. The Agreement is based on precedents for PNR agreements between the EU and third countries such as Australia and the US. It provides for more frequent transfers of PNR data from airlines to the UK prior to flights taking off between the EU and the UK than current arrangements. The agreement also provides for specific data protection safeguards, for a period of implementation during which the UK will make necessary technical adjustments to its systems to effectively operate those safeguards, and for cooperation between the UK and EU authorities that use PNR data.

## Title IV - Cooperation on operational information

141. The Agreement provides an additional basis for bilateral law enforcement cooperation to continue between the UK and EU Member States at the end of the transition period.
142. This includes information sharing in response to requests, as well as the spontaneous provision of information, including that which relates to wanted and missing persons and objects.

## Title V - Cooperation with Europol

143. The Agreement supports effective multilateral cooperation between the UK and EU Member States through Europol on serious and organised crime and terrorism. In line with third country precedent, it does not provide for membership of Europol.

144. The Agreement is broadly in line with those that Europol has with third countries such as the US but takes account of the scale and nature of the UK's contribution to the Agency. It enables the presence of UK liaison officers in Europol headquarters alongside their EU counterparts to facilitate cross-border cooperation, UK access to the SIENA secure messaging system and the fast and effective exchange of data, including personal data. This Agreement will be supplemented by more detailed administrative and working arrangements between the UK and the Agency.

## Title VI - Cooperation with Eurojust

145. The Agreement supports effective multilateral cooperation between the UK and EU Member States through Eurojust on the investigation and prosecution of serious cross-border criminal cases. In line with third country precedent, it does not provide for membership of Eurojust.

146. The Agreement is broadly in line with those that Eurojust has with third countries such as the US but takes account of the scale and nature of the UK's contribution to the Agency. It enables the UK to second a Liaison Prosecutor and their Assistants to Eurojust headquarters alongside their EU counterparts, and for the UK to exchange personal data and information with Eurojust. The Agreement will be supplemented by a more detailed working arrangement between the UK and the Agency.

## Title VII - Surrender

147. The Agreement provides for streamlined extradition arrangements, akin to the EU's Surrender Agreement with Norway and Iceland, but with appropriate further safeguards for individuals beyond those in the European Arrest Warrant.

148. To streamline cooperation, the Agreement provides for direct transmission between judicial authorities, limited grounds for refusal and time-limited processes. It also includes additional provisions which make clear that a person's surrender can be refused if their fundamental rights are at risk, extradition would be disproportionate, or they are likely to face long periods of pre-trial detention. Where extradition of own nationals from certain EU Member States is not possible due to their constitutional principles, we have ensured there is nevertheless a path to justice in every case, for example, by obliging EU Member States to refer cases to their own prosecution authorities.

## Title VIII - Mutual Assistance

149. The Agreement supports effective cooperation on mutual legal assistance in criminal matters supplementing the relevant Council of Europe Conventions by providing for streamlined processes, including standard formats for making requests and specific timescales for action.

150. The Agreement provides for direct transmission allowing UK prosecutors to send requests directly to competent authorities in EU Member States. This will ensure action can be taken quickly and effectively.

## Title IX - Exchange of criminal record information

151. The Agreement provides for the fast and effective exchange of criminal records data between the UK and individual EU Member States, recognising that this is important for investigations, prosecutions and sentencing, as well as for wider community safety.
152. The arrangements include streamlined and time-limited processes for exchanging criminal records information and specify that information can be exchanged for crime prevention and safeguarding purposes. The Agreement provides that criminal records will continue to be exchanged between the UK and EU Member States through shared technical infrastructure.

## Title X - Anti-Money Laundering and counter-terrorist financing

153. The Agreement commits the UK and EU to support international efforts to prevent and fight against money laundering and terrorist financing, exchange relevant information, and maintain comprehensive anti-money laundering and counter-terrorist financing regimes.
154. The Agreement commits the UK and EU to maintain high standards of beneficial ownership transparency. It goes beyond the international Financial Action Task Force Standards (FATF) in requiring registers of beneficial ownership of corporate entities and includes provisions on beneficial ownership of legal arrangements that are in line with the FATF Standards.

## Title XI - Freezing and confiscation

155. The Agreement supports effective cooperation on asset freezing and confiscation, supplementing the relevant Council of Europe Conventions by providing for streamlined processes, including standard formats for making requests and specific timescales for action.
156. The Agreement provides for more limited grounds for refusal of a request allowing for the broadest cooperation possible.

## Title XII – Other provisions

157. The Agreement sets out the specific circumstances in which either Party can suspend or terminate this area of cooperation, reflecting the different nature of this Part. For example, in addition to being able to terminate the law enforcement Part for any reason, either Party may suspend cooperation where it considers there are serious and systemic deficiencies in the way the other Party is protecting fundamental rights, the rule of law or data protection.

## Title XIII - Dispute settlement

158. The dispute settlement mechanism for the Law Enforcement Part is political in nature and only involves the Parties, with no arbitration or role for the CJEU. In the event of a dispute the parties can avail themselves of a time limited, consultations procedure in order to reach a mutually agreed solution.

## Part 4 – Thematic Cooperation

159. The agreement provides for future cooperation between the UK and EU on emerging challenges, including health and cyber security. The UK and EU have also agreed a joint declaration noting the importance of effectively managing migratory flows, and the UK's intention to engage in bilateral discussion with key EU Member States to discuss suitable practical arrangements on asylum, returns, family reunion for unaccompanied minors and illegal migration.

### Title I - Health Security

160. The Agreement supports effective arrangements and information sharing between the UK and the EU in the event of a serious cross border threat to health, which is particularly important in the context of Covid-19. The agreement enables the UK to request access to the EU's Early Warning and Response System in respect of a serious cross-border health threat so that the UK, the EU institutions and EU Member States can exchange information and coordinate measures to protect public health.

161. The Agreement provides that the EU may invite the UK to participate in the EU Health Security Committee to support the exchange of information and facilitate coordination in relation to specific serious cross-border threats to health. It also makes provision for cooperation on scientific and technical matters between the UK and the European Centre for Disease Prevention and Control (ECDC), including by concluding an MoU similar to those ECDC has with other third countries such as Canada.

### Title II - Cyber Security

162. The Agreement provides a framework for UK-EU cooperation in the field of cyber security, an area where cooperation is mutually beneficial given the cross-border nature of cyber threats and challenges.

163. The Agreement includes arrangements to support the exchange of information and cooperation in international bodies and fora to strengthen global cyber resilience where we believe it is in our mutual interest to do so. It also facilitates the UK's voluntary participation in the activities of expert bodies including the European Union Agency for Cybersecurity (ENISA) and the Network and Information Systems (NIS) Cooperation Group as well as voluntary cooperation with the EU's Computer Emergency Response Team (CERT-EU).

## Part 5 – Participation in Union Programmes

164. This Part sets out the arrangements for the UK's participation in Union programmes and access to programme services. These terms provide for a fair and appropriate financial contribution towards the programmes, fair treatment of UK participants, balanced provisions to ensure the sound financial management of programme funds, and appropriate governance arrangements.

165. The additional detail on the individual programmes the UK is intending to participate in - Horizon Europe, Euratom Research and Training, and Copernicus - will be included in a protocol to the main Agreement, once the regulations establishing the programmes are settled, a draft of which has been published alongside the main Agreement.

#### Chapter 1 – General conditions for participation in Union programmes

166. This Chapter covers the general terms of participation in programmes, including the treatment of UK entities and UK involvement in the governance of the programmes such as committees and working groups. It also sets out how the UK's financial contribution will be calculated and how the UK will be reimbursed if its participants are excluded from a part of the programme. It also sets out the grounds on which the UK and EU may review, suspend or terminate the UK's participation.

#### Chapter 2 – Sound financial management

167. This Chapter sets out how the UK and EU ensure programme funds are properly managed and includes provisions on communication and exchange of information to implement EU programmes, and statistical cooperation between the respective UK and EU bodies.

#### Chapter 3 – Access of the United Kingdom to services under Union programmes

168. This Chapter sets out the terms for the UK to access programme services without participating in programmes. A protocol to the Agreement will set out the UK's access to services from the EU Space Surveillance and Tracking programme on these terms and will be adopted by the Specialised Committee when the relevant Union regulations are finalised, a draft of which has also been published alongside this Agreement.

#### Chapter 4 – Reviews

169. This Chapter states that there will be a review of the UK's participation in EU programmes and that either Party may request that changes affecting the terms of participation be considered following the outcome of the review.

#### Chapter 5 – Participation fee in the years 2021-2026

170. The UK will pay a participation fee towards the administration costs of the Programmes, which will be introduced gradually.

## **Part 6 – Dispute Settlement and Horizontal Provisions**

### Title I: Dispute settlement

171. This Agreement includes dispute resolution mechanisms that are appropriate for a relationship between sovereign equals. This means that there is no role for the Court of Justice of the European Union. All these mechanisms are fully reciprocal and equally available to both Parties.

172. For certain areas of cooperation there is a process of consultations between the Parties, followed by independent arbitration if there is still disagreement. If the arbitration panel finds that there has been a breach, the Party at fault must either rectify the breach, or agree to provide suitable compensation. If it does not do either, then the other Party can suspend obligations in response to any imbalance identified. Conditions and limitations apply to cross-suspension in some areas.
173. Disputes relating to participation in Union programmes can also be subject to independent arbitration. There are also a series of specific conditions whereby the UK or EU can suspend or terminate participation in Union programmes.
174. For SSC, only disputes related to the way in which the EU or UK have enabled individuals to enforce their rights may be arbitrated. Individual's cases may not. In health security and cyber security, both sides can use the consultation process to resolve any problems that might arise. Given these areas concern the sharing of information and cooperation where it is in the Parties' mutual interest to do so, this governance mechanism is appropriate.

## Title II: Basis for cooperation

175. To underpin cooperation under this Agreement, the UK and EU have restated existing commitments to human rights, the rule of law, the fight against climate change and countering the proliferation of weapons of mass destruction. The UK and EU have also restated commitments in other areas – including small arms and light weapons, serious crimes of concern to the international community, counter-terrorism, and issues of shared economic, environmental and social interest.
176. The UK and EU have restated their commitment to high personal data protection standards, which contribute to trust in the digital economy and to the development of trade, and are key enabler for effective law enforcement cooperation.

## Title III: Fulfilment of obligations and safeguard measures

177. In the event a serious economic, societal or environmental difficulty arises and is likely to persist, the UK or the EU unilaterally may take strictly proportionate and time-limited measures to remedy the situation.

## Part 7 - Final Provisions

178. This Part provides for a range of provisions that apply across the agreement, such as when and how the Agreement enters into force, and the authentic languages of the agreement.
179. It provides for a review of the agreement between the EU and the UK every five years. It also provides for the procedure to be followed if a new country accedes to the EU.

180. This agreement applies without prejudice to any previous bilateral agreement between the UK and the EU. Both parties reaffirm their obligations to implement any such agreement.
181. Either the UK or EU may decide to terminate the Agreement with 12 months' notice. This overall termination clause is without prejudice to other termination clauses in the Agreement; certain areas of cooperation have bespoke termination clauses, meaning that either Party can decide to cease cooperation in these areas without the whole agreement being terminated.
182. This Part also includes a provision to provide for the continued free flow of personal data from the EU and EEA EFTA States to the UK until adequacy decisions are adopted, and for no longer than 6 months. The UK has, on a transitional basis, deemed the EU and EEA EFTA States to be adequate to allow for data flows from the UK.

### Territorial Scope

183. This Chapter specifies that the Agreement applies to the United Kingdom and, in some respects, to the Crown Dependencies (see below). Given the EU's clear position that it did not have the competence to negotiate on them, this Agreement does not apply to the overseas countries and territories of the EU and nor does it apply to the UK's Overseas Territories.
184. The UK, Gibraltar and Spain will continue to negotiate arrangements to seek the best possible outcome for the people of Gibraltar and the surrounding region. The Commission have confirmed that a separate UK-EU agreement on Gibraltar is possible and that they stand ready to examine any request from Spain and the UK to take this forward.
185. The Agreement between the UK and the EU includes arrangements relating to the trade in goods between the Crown Dependencies and the EU and sets out provisions for mutual fisheries access.



## Other Agreements

### Nuclear Cooperation Agreement

186. The UK and the European Atomic Energy Community (Euratom) have agreed a separate Nuclear Cooperation Agreement (NCA). An NCA is a commonly used international treaty which gives a legal underpinning to civil nuclear cooperation, and both Euratom and the UK already have similar agreements with several other countries.
187. The UK and Euratom are global leaders in supporting responsible practices in civil nuclear, particularly non-proliferation of nuclear weapons. This NCA demonstrates that both parties are fully committed to cooperation on civil nuclear, including safeguards, safety, and security. In particular, it provides and facilitates:
- a. robust mutual assurances that traded nuclear material will remain subject to safeguards (part of global nuclear non-proliferation);
  - b. a comprehensive framework and key assurances for transfers of nuclear materials and related items, including procedures for retransfers to third countries;
  - c. a long-term legal basis for future cooperation on research and development in both nuclear fission and nuclear fusion;
  - d. close cooperation on the supply and availability of medical radioisotopes.
188. Mutual commitments to improving global standards, cooperation, and sharing of information and technical expertise in relation to nuclear safety, including the UK's participation, as a third country, in systems such as the European Community Urgent Radiological Information Exchange (ECURIE) and the European Radiological Data Exchange Platform (EURDEP).
189. While this NCA provides the legal framework for long-term cooperation, the basis for the UK's participation in the Euratom Research and Training Programme for the period 2021-2025 and "Fusion for Energy" is set out in Part 5 (Participation in Union Programmes) of the Trade and Cooperation Agreement.

### Agreement on Security Procedures for Exchanging and Protecting Classified Information

190. We have negotiated an Agreement on Security Procedures for Exchanging and Protecting Classified Information. This will supplement the Trade and Cooperation Agreement and facilitate the voluntary exchange of classified information. In line with well-established precedent between the EU and other countries, this Agreement will govern how such information is shared and protected.

191. The UK and EU will protect the classified information of the other to the same standards as they would their own information.