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General Secretariat

Brussels, 22 November 2018

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LIMITE

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WORKING PAPER

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Outcome of the Brexit negotiations

Delegations will find attached a letter from President Juncker to President Tusk, the political declaration and the final version of Art. 132 of the draft Withdrawal Agreement.



Jean-Claude JUNCKER
President of the European Commission

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Brussels, 22 November 2018

Dear Mr President,

On 29 March 2017, Prime Minister May wrote to you notifying the European Council in accordance with Article 50(2) of the Treaty on European Union of the United Kingdom's intention to withdraw from the European Union.

On 14 November, I sent you the text of the draft Withdrawal Agreement, for which the Government of the United Kingdom had signalled its approval. On that basis, the Commission recommended to the European Council (Article 50) to find that decisive progress had been made in the negotiations on the orderly withdrawal of the United Kingdom from the European Union, allowing the negotiations on the Withdrawal Agreement to be concluded and the next step of the process to be initiated.

It follows from Article 50(2) of the Treaty on European Union, that the agreement with the United Kingdom setting out the arrangements for its withdrawal shall take account of the framework for its future relationship with the European Union.

/..

Mr Donald Tusk
President of the European Council



You will find attached a draft Political Declaration setting out the Framework for the Future Relationship between the European Union and the United Kingdom. It has been agreed at negotiators' level and agreed in principle at political level, subject to the endorsement of the Leaders. I also attach the agreed text of Article 132 of the draft Withdrawal Agreement, which was left open in the draft I sent to you on 14 November.

I look forward to our continued good cooperation on this matter.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized, elongated shape with a vertical stroke on the left side and a horizontal stroke extending to the right.

2 Enclosures

- Draft Political Declaration setting out the Framework for the Future Relationship between the European Union and the United Kingdom, agreed at negotiators' level and agreed in principle at political level, subject to the endorsement of the Leaders; and*
- Article 132 of the draft Withdrawal Agreement.*

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

INTRODUCTION

1. The European Union, hereafter referred to as “the Union”, and the United Kingdom of Great Britain and Northern Ireland, hereafter referred to as “the United Kingdom”, (“the Parties”) have agreed this political declaration on their future relationship, on the basis that Article 50(2) of the Treaty on European Union (TEU) provides for the negotiation of an agreement setting out the arrangements for the withdrawal of a departing Member State, taking account of the framework for its future relationship with the Union. In that context, this declaration accompanies the Withdrawal Agreement that has been endorsed by the Parties, subject to ratification.
2. The Union and United Kingdom are determined to work together to safeguard the rules-based international order, the rule of law and promotion of democracy, and high standards of free and fair trade and workers’ rights, consumer and environmental protection, and cooperation against internal and external threats to their values and interests.
3. In that spirit, this declaration establishes the parameters of an ambitious, broad, deep and flexible partnership across trade and economic cooperation, law enforcement and criminal justice, foreign policy, security and defence and wider areas of cooperation. Where the Parties consider it to be in their mutual interest during the negotiations, the future relationship may encompass areas of cooperation beyond those described in this political declaration. This relationship will be rooted in the values and interests that the Union and the United Kingdom share. These arise from their geography, history and ideals anchored in their common European heritage. The Union and the United Kingdom agree that prosperity and security are enhanced by embracing free and fair trade, defending individual rights and the rule of law, protecting workers, consumers and the environment, and standing together against threats to rights and values from without or within.
4. The future relationship will be based on a balance of rights and obligations, taking into account the principles of each Party. This balance must ensure the autonomy of the Union’s decision making and be consistent with the Union’s principles, in particular with respect to the integrity of the Single Market and the Customs Union and the indivisibility of the four freedoms. It must also ensure the sovereignty of the United Kingdom and the protection of its internal market, while respecting the result of the 2016 referendum including with regard to the development of its independent trade policy and the ending of free movement of people between the Union and the United Kingdom.

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

PART I: INITIAL PROVISIONS

I. BASIS FOR COOPERATION

A. Core values and rights

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

B. Data protection

8. In view of the importance of data flows and exchanges across the future relationship, the Parties are committed to ensuring a high level of personal data protection to facilitate such flows between them.
9. The Union's data protection rules provide for a framework allowing the European Commission to recognise a third country's data protection standards as providing an adequate level of protection, thereby facilitating transfers of personal data to that third country. On the basis of this framework, the European Commission will start the assessments with respect to the United Kingdom as soon as possible after the United Kingdom's withdrawal, endeavouring to adopt decisions by the end of 2020, if the applicable conditions are met. Noting that the United Kingdom will be establishing its own international transfer regime, the United Kingdom will in the same timeframe take steps to ensure the comparable facilitation of transfers of personal data to the Union, if the applicable conditions are met. The future relationship will not affect the Parties' autonomy over their respective personal data protection rules.
10. In this context, the Parties should also make arrangements for appropriate cooperation between regulators.

II. AREAS OF SHARED INTEREST

A. Participation in Union programmes

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

B. Dialogues

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

PART II: ECONOMIC PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES

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

II. GOODS

A. Objectives and principles

20. The Parties envisage having a trading relationship on goods that is as close as possible, with a view to facilitating the ease of legitimate trade.
21. These arrangements will take account of the fact that following the United Kingdom's withdrawal from the Union, the Parties will form separate markets and distinct legal orders.

Moving goods across borders can pose risks to the integrity and proper functioning of these markets, which are managed through customs procedures and checks.

22. However, with a view to facilitating the movement of goods across borders, the Parties envisage comprehensive arrangements that will create a free trade area, combining deep regulatory and customs cooperation, underpinned by provisions ensuring a level playing field for open and fair competition.

B. Tariffs

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

C. Regulatory aspects

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

D. Customs

26. The Parties will put in place ambitious customs arrangements, in pursuit of their overall objectives. In doing so, the Parties envisage making use of all available facilitative arrangements and technologies, in full respect of their legal orders and ensuring that customs authorities are able to protect the Parties' respective financial interests and

enforce public policies. To this end, they intend to consider mutual recognition of trusted traders' programmes, administrative cooperation in customs matters and mutual assistance, including for the recovery of claims related to taxes and duties, and through the exchange of information to combat customs fraud and other illegal activity.

27. Such facilitative arrangements and technologies will also be considered in developing any alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

E. Implications for checks and controls

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

III. SERVICES AND INVESTMENT

A. Objectives and principles

29. The Parties should conclude ambitious, comprehensive and balanced arrangements on trade in services and investment in services and non-services sectors, respecting each Party's right to regulate. The Parties should aim to deliver a level of liberalisation in trade in services well beyond the Parties' World Trade Organization (WTO) commitments and building on recent Union Free Trade Agreements (FTAs).
30. In line with Article V of the General Agreement on Trade in Services, the Parties should aim at substantial sectoral coverage, covering all modes of supply and providing for the absence of substantially all discrimination in the covered sectors, with exceptions and limitations as appropriate. The arrangements should therefore cover sectors including professional and business services, telecommunications services, courier and postal services, distribution services, environmental services, financial services, transport services and other services of mutual interest.

B. Market access and non-discrimination

31. The arrangements should include provisions on market access and national treatment under host state rules for the Parties' service providers and investors, as well as address performance requirements imposed on investors. This would ensure that the Parties'

services providers and investors are treated in a non-discriminatory manner, including with regard to establishment.

32. The arrangements should allow for the temporary entry and stay of natural persons for business purposes in defined areas.

C. Regulatory aspects

33. While preserving regulatory autonomy, the arrangements should include provisions to promote regulatory approaches that are transparent, efficient, compatible to the extent possible, and which promote avoidance of unnecessary regulatory requirements.
34. In this context, the Parties should agree disciplines on domestic regulation. These should include horizontal provisions such as on licensing procedures, and specific regulatory provisions in sectors of mutual interest such as telecommunication services, financial services, delivery services, and international maritime transport services. There should also be provisions on the development and adoption of domestic regulation that reflect good regulatory practices.
35. In this context, the Parties should establish a framework for voluntary regulatory cooperation in areas of mutual interest, including exchange of information and sharing of best practice.
36. The Parties should also develop appropriate arrangements on those professional qualifications which are necessary to the pursuit of regulated professions, where in the Parties' mutual interest.

IV. FINANCIAL SERVICES

37. The Parties are committed to preserving financial stability, market integrity, investor and consumer protection and fair competition, while respecting the Parties' regulatory and decision-making autonomy, and their ability to take equivalence decisions in their own interest. This is without prejudice to the Parties' ability to adopt or maintain any measure where necessary for prudential reasons. The Parties agree to engage in close cooperation on regulatory and supervisory matters in international bodies.
38. Noting that both Parties will have equivalence frameworks in place that allow them to declare a third country's regulatory and supervisory regimes equivalent for relevant purposes, the Parties should start assessing equivalence with respect to each other under these frameworks as soon as possible after the United Kingdom's withdrawal from the Union, endeavouring to conclude these assessments before the end of June 2020. The Parties will keep their respective equivalence frameworks under review.

39. The Parties agree that close and structured cooperation on regulatory and supervisory matters is in their mutual interest. This cooperation should be grounded in the economic partnership and based on the principles of regulatory autonomy, transparency and stability. It should include transparency and appropriate consultation in the process of adoption, suspension and withdrawal of equivalence decisions, information exchange and consultation on regulatory initiatives and other issues of mutual interest, at both political and technical levels.

V. DIGITAL

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

VI. CAPITAL MOVEMENTS AND PAYMENTS

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

VII. INTELLECTUAL PROPERTY

44. The Parties should provide for the protection and enforcement of intellectual property rights to stimulate innovation, creativity and economic activity, going beyond the standards of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and the World Intellectual Property Organisation conventions where relevant.
45. This should preserve the Parties' current high levels of protection, *inter alia*, of certain rights under copyright law, such as the *sui generis* right on databases and the artists' resale

right. Noting the protection afforded to existing geographical indications in the Withdrawal Agreement, the Parties should seek to put in place arrangements to provide appropriate protection for their geographical indications.

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

VIII. PUBLIC PROCUREMENT

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

IX. MOBILITY

50. Noting that the United Kingdom has decided that the principle of free movement of persons between the Union and the United Kingdom will no longer apply, the Parties should establish mobility arrangements, as set out below.
51. The mobility arrangements will be based on non-discrimination between the Union's Member States and full reciprocity.
52. In this context, the Parties aim to provide, through their domestic laws, for visa-free travel for short-term visits.
53. The Parties agree to consider conditions for entry and stay for purposes such as research, study, training and youth exchanges.
54. The Parties also agree to consider addressing social security coordination in the light of future movement of persons.

55. In line with their applicable laws, the Parties will explore the possibility to facilitate the crossing of their respective borders for legitimate travel.
56. Any provisions will be without prejudice to the Common Travel Area (CTA) arrangements as they apply between the United Kingdom and Ireland.
57. To support mobility, the Parties confirm their commitment to the effective application of the existing international family law instruments to which they are parties. The Union notes the United Kingdom's intention to accede to the 2007 Hague Maintenance Convention to which it is currently bound through its Union membership.
58. The Parties will explore options for judicial cooperation in matrimonial, parental responsibility and other related matters.
59. These arrangements would be in addition to commitments on temporary entry and stay of natural persons for business purposes in defined areas as referred to in Section III of this Part. Those commitments should not be nullified by the right of either Party to apply their respective laws, regulations and requirements regarding entry, stay and work.

X. TRANSPORT

A. Aviation

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

B. Road transport

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

carriage by road and carriage of dangerous goods by road. In addition, the Parties should consider complementary arrangements to address travel by private motorists.

C. Rail transport

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

D. Maritime transport

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

XI. ENERGY

A. Electricity and Gas

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

B. Civil Nuclear

68. Recognising the importance of nuclear safety and non-proliferation, the future relationship should include a wide-ranging Nuclear Cooperation Agreement between the European Atomic Energy Community (EURATOM) and the United Kingdom on peaceful uses of nuclear energy, underpinned by commitments to their existing high standards of nuclear

safety. The agreement should enable cooperation between EURATOM and the United Kingdom and its national authorities. This should include exchange of information in areas of mutual interest such as safeguards, safety and cooperation with the International Atomic Energy Agency (IAEA). It should facilitate trade in nuclear materials and equipment, and provide for the participation of the United Kingdom as a third country in Union systems for monitoring and exchanging information on levels of radioactivity in the environment, namely the European Community Urgent Radiological Information Exchange and the European Radiological Data Exchange Platform.

69. The Parties note the United Kingdom's intention to be associated with the EURATOM research and training programmes as provided for in Section II of Part I.
70. The Parties note that the EURATOM Supply Agency intends to reassess in a timely manner the authorisations and approvals of contracts for the supply of nuclear material between Union and United Kingdom undertakings which it has co-signed.
71. The Parties will also cooperate through the exchange of information on the supply of medical radioisotopes.

C. Carbon pricing

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

XII. FISHING OPPORTUNITIES

73. The Parties should cooperate bilaterally and internationally to ensure fishing at sustainable levels, promote resource conservation, and foster a clean, healthy and productive marine environment, noting that the United Kingdom will be an independent coastal state.
74. While preserving regulatory autonomy, the Parties should cooperate on the development of measures for the conservation, rational management and regulation of fisheries, in a non-discriminatory manner. They will work closely with other coastal states and in international fora, including to manage shared stocks.
75. Within the context of the overall economic partnership the Parties should establish a new fisheries agreement on, *inter alia*, access to waters and quota shares.
76. The Parties will use their best endeavours to conclude and ratify their new fisheries agreement by 1 July 2020 in order for it to be in place in time to be used for determining fishing opportunities for the first year after the transition period.

XIII. GLOBAL COOPERATION

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

XIV. LEVEL PLAYING FIELD FOR OPEN AND FAIR COMPETITION

79. The future relationship must ensure open and fair competition. Provisions to ensure this should cover state aid, competition, social and employment standards, environmental standards, climate change, and relevant tax matters, building on the level playing field arrangements provided for in the Withdrawal Agreement and commensurate with the overall economic relationship. The Parties should consider the precise nature of commitments in relevant areas, having regard to the scope and depth of the future relationship. These commitments should combine appropriate and relevant Union and international standards, adequate mechanisms to ensure effective implementation domestically, enforcement and dispute settlement as part of the future relationship.

PART III: SECURITY PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES

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

II. LAW ENFORCEMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS

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

84. Noting these commitments, the future relationship should cover arrangements across three areas of cooperation: data exchange; operational cooperation between law enforcement authorities and judicial cooperation in criminal matters; and anti-money laundering and counter terrorism financing.

A. Data exchange

85. Recognising that effective and swift data sharing and analysis is vital for modern law enforcement, the Parties agree to put in place arrangements that reflect this, in order to respond to evolving threats, disrupt terrorism and serious criminality, facilitate investigations and prosecutions, and ensure the security of the public.
86. The Parties should establish reciprocal arrangements for timely, effective and efficient exchanges of Passenger Name Record (PNR) data and the results of processing such data stored in respective national PNR processing systems, and of DNA, fingerprints and vehicle registration data (Prüm).
87. The Parties should consider further arrangements appropriate to the United Kingdom's future status for data exchange, such as exchange of information on wanted or missing persons and objects and of criminal records, with the view to delivering capabilities that, in so far as is technically and legally possible, and considered necessary and in both Parties' interests, approximate those enabled by relevant Union mechanisms.

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

88. The Parties recognise the value in facilitating operational cooperation between the United Kingdom's and Member States' law enforcement and judicial authorities, and will therefore work together to identify the terms for the United Kingdom's cooperation via Europol and Eurojust.
89. The Parties should establish effective arrangements based on streamlined procedures and time limits enabling the United Kingdom and Member States to surrender suspected and convicted persons efficiently and expeditiously, with the possibilities to waive the requirement of double criminality, and to determine the applicability of these arrangements to own nationals and for political offences.
90. The Parties should consider further arrangements appropriate to the United Kingdom's future status for practical cooperation between law enforcement authorities, and between judicial authorities in criminal matters, such as joint investigation teams, with the view to delivering capabilities that, in so far as is technically and legally possible, and considered

necessary and in both Parties' interests, approximate those enabled by relevant Union mechanisms.

C. Anti-money laundering and counter-terrorism financing

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

III. FOREIGN POLICY, SECURITY AND DEFENCE

92. The Parties support ambitious, close and lasting cooperation on external action to protect citizens from external threats, including new emerging threats, prevent conflicts, strengthen international peace and security, including through the United Nations and NATO, and address the root causes of global challenges such as terrorism or illegal migration. They will champion a rules-based international order and project their common values worldwide.
93. The Parties will promote sustainable development and the eradication of poverty. In this regard, they will continue to support the implementation of the United Nations Sustainable Development Goals and the European Consensus on Development.
94. The Parties will shape and pursue their foreign policies according to their respective strategic and security interests, and their respective legal orders. When and where these interests are shared, the Parties should cooperate closely at the bilateral level and within international organisations. The Parties should design flexible and scalable cooperation that would ensure that the United Kingdom can combine efforts with the Union to the greatest effect, including in times of crisis or when serious incidents occur.
95. To this end, the future relationship should provide for appropriate dialogue, consultation, coordination, exchange of information and cooperation mechanisms. It should also allow for secondment of experts where appropriate and in the Parties' mutual interest.

A. Consultation and cooperation

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

97. In this regard, the Political Dialogue on Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP) as well as sectoral dialogues would enable flexible consultation between the Parties at different levels (ministerial, senior official, working). The High Representative may, where appropriate, invite the United Kingdom to informal Ministerial meetings of the Member States of the Union.
98. The Parties should seek to cooperate closely in third countries, including on security, consular provision and protection, and development projects, as well as in international organisations and fora, notably in the United Nations. This should allow the Parties, where relevant, to support each other's positions, deliver external action and manage global challenges in a coherent manner, including through agreed statements, demarches and shared positions.

B. Sanctions

99. While pursuing independent sanctions policies driven by their respective foreign policies, the Parties recognise sanctions as a multilateral foreign policy tool and the benefits of close consultation and cooperation.
100. Consultation on sanctions should include the exchange of information on listings and their justification, development, implementation and enforcement, as well as technical support, and dialogue on future designations and regimes. Where foreign policy objectives that underpin a specific future sanction regime are aligned between the Parties, intensified exchange of information at appropriate stages of the policy cycle of this sanctions regime will take place, with the possibility of adopting sanctions that are mutually reinforcing.

C. Operations and missions

101. The Parties welcome close cooperation in Union-led crisis management missions and operations, both civilian and military. The future relationship should therefore enable the United Kingdom to participate on a case by case basis in CSDP missions and operations through a Framework Participation Agreement.
102. Where, following early consultation and exchange of information through the Political Dialogue, the United Kingdom indicates its intention to contribute to a planned CSDP mission or operation open to third countries, the Parties should intensify interaction and exchange of information at relevant stages of the planning process and proportionately to the level of United Kingdom's contribution. This would allow the United Kingdom to best tailor its contribution and provide timely expertise.
103. As a contributor to a specific CSDP mission or operation, the United Kingdom would participate in the Force Generation conference, Call for Contributions, and the Committee of

Contributors meeting to enable sharing of information about the implementation of the mission or operation. It should also have the possibility, in case of CSDP military operations, to second staff to the designated Operations Headquarters proportionate to the level of its contribution.

D. Defence capabilities development

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

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

E. Intelligence exchanges

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

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

F. Space

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

G. Development cooperation

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

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

IV. THEMATIC COOPERATION

A. Cyber security

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

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

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

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

B. Civil protection

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

C. Health security

115. The Parties should cooperate in matters of health security in line with existing Union arrangements with third countries. The Parties will aim to cooperate in international fora

on prevention, detection, preparation for and response to established and emerging threats to health security in a consistent manner.

D. Illegal migration

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

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

E. Counter-terrorism and countering violent extremism

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

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

V. CLASSIFIED AND SENSITIVE NON-CLASSIFIED INFORMATION

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

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

PART IV: INSTITUTIONAL AND OTHER HORIZONTAL ARRANGEMENTS

I. STRUCTURE

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

II. GOVERNANCE

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

A. Strategic direction and dialogue

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

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

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

B. Management, administration and supervision

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

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

C. Interpretation

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

D. Dispute settlement

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

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

134. Should a dispute raise a question of interpretation of Union law, which may also be indicated by either Party, the arbitration panel should refer the question to the CJEU as the sole arbiter of Union law, for a binding ruling. The arbitration panel should decide the

dispute in accordance with the ruling given by the CJEU. Where a Party considers that the arbitration panel should have referred a question of interpretation of Union law to the CJEU, it may ask the panel to review and provide reasons for its assessment.

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

III. EXCEPTIONS AND SAFEGUARDS

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

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

PART V: FORWARD PROCESS

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

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

140. The Parties will progress the development of the legal agreements giving effect to the future relationship in two stages.

I. BEFORE WITHDRAWAL

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

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

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

II. AFTER WITHDRAWAL

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

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

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

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

III. REVIEW POINTS

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

ARTICLE 132

Extension of the transition period

1. Notwithstanding Article 126, the Joint Committee may, before 1 July 2020, adopt a single decision extending the transition period **for up to one or two years**~~up to~~ ~~{31 December 20XX}~~.^{*}
2. In the event that the Joint Committee adopts a decision under paragraph 1, the following shall apply:
 - (a) by way of derogation from Article 127(6), the United Kingdom shall be considered as a third country for the purposes of the implementation of the Union programmes and activities committed under the multiannual financial framework applying as from the year 2021;
 - (b) by way of derogation from Article 127(1) and without prejudice to Part Five of this Agreement, the applicable Union law concerning the Union's own resources relating to the financial years ~~{2021—20XX}~~ **covered by the extension** shall not apply to the United Kingdom after 31 December 2020;
 - (c) by way of derogation from Article 127(1) of this Agreement, Articles 107, 108 and 109 TFEU shall not apply to measures of the United Kingdom authorities, including on rural development, supporting the production of and trade in agricultural products in the United Kingdom up to an annual level of support which shall not be more than the total amount of expenditure incurred in the United Kingdom under the Common Agricultural Policy in 2019, and provided that a minimum percentage of that exempted support complies with the provisions of Annex 2 to the WTO Agreement on Agriculture. Such minimum percentage shall be determined on the basis of the last available percentage by which the overall expenditure under the Common Agricultural Policy in the Union complied with the provisions of Annex 2 to the WTO Agreement on Agriculture. **In case the period by which the transition period is extended is not a multiple of**

^{*} In case of extension, the Union will notify other parties to international agreements thereof.

twelve months, the maximum annual level of exempted support shall be reduced pro rata in the year in which the extended transition period does not count twelve months;

- (d) for the period from 1 January 2021 to the end of the transition period, the United Kingdom shall make a contribution to the Union budget, as determined in accordance with paragraph 3;
- (e) subject to point (d) of paragraph 3, Part Five of this Agreement shall not be affected.

3. A decision of the Joint Committee under paragraph 1 shall:

- (a) establish the appropriate amount of the contribution of the United Kingdom to the Union budget for the period from 1 January 2021 to the end of the transition period, taking into account the status of the United Kingdom during that period, as well as the modalities of payment of that amount;
- (b) specify the maximum ~~annual~~ level of exempted support, as well as the minimum percentage thereof that shall comply with the provisions of Annex 2 to the WTO Agreement on Agriculture, as referred to in point (c) of paragraph 2;
- (c) lay down any other measure necessary for the implementation of paragraph 2;
- (d) adapt the dates or periods referred to in Articles 51, 62, 63, 84, 96, 125, 141, 156, 157 and Annexes IV and V to reflect the extension of the transition period.