European Commission

THE EU-UK TRADE AGREEMENT EXPLAINED

European Commission
DG Trade

European Commission

CONTENTS

1. What is the EU-UK trade agreement?
2. EU-UK Trade and Investment relations
3. What does the trade part of the agreement with the UK mean?
4. The agreement chapter by chapter
5. Next steps towards implementation

European Commission

1. WHAT IS THE EU-UK TRADE AGREEMENT?

EU-UK RELATIONS:
From the UK referendum to a new Partnership Agreement

European Commission

23/06/2016
The UK votes to leave the EU in referendum

29/03/2017
The UK formally notifies its intention to leave the EU (Article 50)

29/04/2017
European Council adopts principles and guidelines for the negotiations

19/06/2017
Launch of formal negotiations on the UK's withdrawal

08/12/2017
EU27 leaders agree "sufficient progress" made in withdrawal negotiations; agree to open talks on framework for future relationship

23/03/2018
European Council adopts guidelines on the framework for a future relationship with the UK after Brexit

14/11/2018
EU and UK negotiators (under Prime Minister Theresa May) reach agreement on the Withdrawal Agreement & on a Political Declaration on future relationship

25/11/2018
EU27 leaders endorse Withdrawal Agreement, including Protocol on Ireland and Northern Ireland, and approve the Political Declaration

Summer-Autumn 2019
Renegotiation of the Protocol on Ireland and Northern Ireland (under Prime Minister Boris Johnson)

17/10/2019
EU and UK negotiators reach agreement on a revised Withdrawal Agreement & Political Declaration

17/10/2019
EU27 leaders endorse revised Withdrawal Agreement and approve Political Declaration

30/01/2020
Ratification of Withdrawal Agreement is complete

01/02/2020
The UK leaves the EU; start of transition period during which EU rights and obligations still apply to the UK

25/02/2020
Council adopts a mandate for the negotiation on the future EU-UK partnership

02/03/2020
Launch of formal negotiations on a future EU-UK Partnership Agreement

24/12/2020
EU & UK negotiators agree on draft Partnership Agreement

01/01/2021
Transition period ends. Provisional application. Once ratified, new EU-UK Partnership Agreement enters into force

European Commission

European Commission

THE STEPS TO A NEW RELATIONSHIP

Until 31 January 2020	EU Membership
1 Feb 2020 to 31 Dec 2020	Transition period and Withdrawal Agreement
1 January 2021	New EU-UK Agreement, Withdrawal Agreement (citizens´ rights, protection of GI) and Northern Ireland Protocol

EU-UK RELATIONS:
Architecture of the new Partnership Agreement

Partnership Agreement for Cooperation and Trade

Trade, economic, social & environmental partnership

Free, fair & sustainable trade

- Trade in goods
- Customs & regulatory cooperation
- Trade in services & investment
- Public procurement
- Rules for fair competition & sustainability
- Intellectual Property Rights

Connectivity, sustainability & shared opportunities

- Transport
- Energy and climate
- Fisheries & natural resources
- Social security coordination
- Union programmes

Internal security partnership for citizens' safety

- Law enforcement & judicial cooperation in criminal matters
- Protection of fundamental rights
- Data exchange
- Anti-money laundering

New EU-UK governance framework for a lasting partnership

- Partnership Council
- Dispute settlement, enforcement & sanctions mechanisms
- Periodic reviews

EU unilateral measures

Not covered by the negotiations:

- Equivalences in financial services
- Adequacy decision on data protection
- UK third-country SPS listing

European Commission

WHY IS THIS AGREEMENT DIFFERENT FROM OTHER AGREEMENTS COVERING TRADE?

- This is the only time the EU negotiated an agreement with a former member of the European Union. It deals with the management of divergence, rather than seeking convergence.

- The agreement covers a wide range of areas, from fisheries to justice and home affairs, that go far beyond usual Free Trade Agreements.

- The agreement is unprecedented given the geographic proximity of the UK and the degree of economic convergence and mutual interdependence.

European Commission

2. EU-UK TRADE AND INVESTMENT RELATIONS

EU 27 AND UK IN COMPARISON

	EU27		UK	
Population (Q3 2020)	448.5 million		67.3 million	
GDP (2019)	13 964 billion €		2 523 billion €	
Trade in goods (2019)	1st world trader		5th world trader (after EU, China, US and Japan)	
Imports	1 940 billion €	of which 194 billion € from UK (10%, 3rd supplier)	620 billion €	of which 49% from EU (1st supplier)
Exports	2 132 billion €	of which 319 billion € to UK (15%, 2nd client)	420 billion €	of which 46% to EU (1st client)
Total trade	4 072 billion €	of which 514 billion € with UK (13%, 3rd partner)	1 040 billion €	of which 48% with EU (1st partner)

The EU represents almost 50% of UK trade

- EU first trading partner for the UK (48,1%).
- UK third trading partner for the EU after the US and China (12,6%).

	Share			Ranking		
Goods/2019	Imports	Exports	Total trade	Imports	Exports	Total trade
UK in EU trade	10,0%	15,0%	12,6%	3	2	3
EU in UK trade	49,4%	46,1%	48,1%	1	1	1

European Commission

EU's positive balance in trade in goods stable

Machinery, cars and chemicals are the main exports in both directions

MAIN EU EXPORTS OF GOODS

Machinery and appliances (20%)

Transport equipment (20%)

Chemical products (13%)

Foodstuff, beverages, tobacco (7%)

Base metals (5%)

Plastics, rubber (5%)

MAIN UK EXPORTS OF GOODS

Machinery and appliances (21%)

Chemical products (15%)

Transport equipment (14%)

Mineral products (12%)

Base metals (6%)

Foodstuffs, beverages, tobacco (5%)

Trade in Services: balance in favour of the EU, with a slight increase since 2016

EU exports to UK: business, professional and tourism services

UK exports to EU: Business, professional and financial services

Total stock of mutual investments remain among the highest in the world

European Commission

EU investment flows in the UK in steady decline since 2016

2013	2014	2015	2016	2017	2018
64.018	47.496	200.381	143.137	94.232	-76.666

…while UK flows to EU 27 have increased in 2017 and 2018

2013	2014	2015	2016	2017	2018
58.788	-13.649	130.395	-11.755	57.723	81.708

3. The TRADE PART of the AGREEMENT with the UK

European Commission

THE AGREEMENT DOES NOT REPLICATE EU MEMBERSHIP

- No frictionless trade
- Potentially different rules for industrial products
- No possibility to certify products for export to the exporting country
- No obligation to reduce levels of border checks as regards SPS requirements
- No passporting rights for financial services
- No automatic recognition of professional qualifications
- Host country principle applies (as opposed to Single Market's home country rule)

BUT

European Commission

DELIVERS THE CHALLENGE OF SECURING HIGH QUALITY MARKET ACCESS WITH 2 CRITICAL CONDITIONS

A high quality market access while:

- Not compromising the autonomy and integrity of the internal market and
- Securing a clear and enforceable level playing field

European Commission

THE AGREEMENT SECURES HIGH QUALITY MARKET ACCESS

- Zero tariffs and zero quotas
- High quality market access on services and investment beyond the level achieved with Japan
- Unprecedented results on public procurement

European Commission

PROVIDES THE COMPLEMENT TO MARKET ACCESS WHILE PRESERVING THE AUTONOMY AND INTEGRITY OF THE EU INTERNAL MARKET

- A framework for cooperation on regulatory affairs in key sectors (e.g. maritime transport)
- Modern rules of origin based on the EU platform
- Self-declaration of conformity for large producers

European Commission

AND GUARANTEING A LEVEL PLAYING FIELD

- Solid disciplines for state aid control, competition, state-owned enterprises
- Non-regression from labour and social, environment and climate, taxation levels of protection
- Rules on trade and sustainability
- Robust enforcement tools (domestic enforcement, dispute settlement, unilateral tools)
- Management of divergence on rules over time

4. THE AGREEMENT CHAPTER BY CHAPTER

European Commission

THE STRUCTURE OF THE ECONOMIC AGREEMENT

1. Title I: Trade in Goods
2. Title II: Trade in Services and Investment
3. Title III: Digital trade
4. Title IV: Capital movements and payments
5. Title V: Intellectual property
6. Title VI: Public procurement
7. Title VII: Small and medium-sized enterprises
8. Title VIII: Energy EU: and raw materials
9. Title IX: Transparency
10. Title X: Good regulatory practices and regulatory cooperation
11. Title XI: Level playing field for open and fair competition and sustainable development
12. Title XII: Exceptions

I: MARKET ACCESS & National Treatment (1)

MAIN PURPOSE:

- Reciprocal duty and quota free trade between the EU and the UK
- Establishing WTO plus disciplines in bilateral trade

KEY ELEMENTS:

- All customs duties on bilateral imports for goods originating in the EU and UK are prohibited
- Export duties are equally prohibited
- No customs fees & charges, except for specific services rendered, and proportionate to the cost of the service

I: MARKET ACCESS & National Treatment (2)

- Going **beyond WTO rules** on avoiding restrictions in trade between the EU and the UK:
  - Prohibition of **import & export monopolies** and **import & export restrictions**, including **no price requirements** on imports and exports and **no performance requirements in licensing.**
  - **Import and export licensing procedures**: adding WTO plus provisions limiting the use of non-automatic import licenses and on establishing rules on export licensing procedures
  - **Customs fees: as a rule free,** except if specific services are rendered: for such cases transparent and proportional to actual cost of service, not value of the good**.**
- Incorporation of GATT provisions on **national treatment**, **freedom of transit.**
- **Circular economy** promoted by extending preferential treatment to products that have been remanufactured or repaired by the Parties.

I: MARKET ACCESS (3): Industrial goods

What Duty-free Quota-free means for some key sectors

Sector	EU Exports to UK in billion €, 2019	EU exports to UK as % total EU sector exports	EU Exports liberalised in FTA	Tariffs in case of no deal
Vehicles	44.4	26%	100%	10-22%
Car parts	18.7	16%	100%	up to 8%
Chemicals	32.8	14%	100%	up to 6.5%
Metal industries	17.0	14%	100%	up to 7.5%
Textiles & clothing	11.7	19%	100%	up to 12%
Footwear	3.9	26%	100%	8-17%

I: MARKET ACCESS (4): Agriculture

What Duty-free Quota-free means for some key sectors

Sector	EU exports to UK in billion €, 2019	EU exports to UK as % of total EU sector exports	EU exports to UK as % of EU production	Tariffs in case of no deal
Beef	1.4	55%	5.3%	~45%
Pork	2.8	22%	4.3%	~40%
Poultry	2.1	55%	6.3%	~30%
Dairy	3.2	23%	4.7%	40-70%
Cereals & flours	0.8	7%	0.8%	Up to 50%
Sugar	0.2	25%	2.7%	110%
Processed food (except beverages)	12.4	26%	n.a.	20-40%

I: CULTURAL OBJECTS & ANTIFRAUD

PURPOSES:

- Facilitate the return of **cultural property** illicitly removed from a territory of a Party
- Protect taxpayers' money from **customs fraud** and administrative errors

KEY ELEMENTS (cultural objects):

- Cooperation in facilitating the return of cultural property illicitly removed from the territory of a Party, in line with the principles enshrined in the UNESCO Convention
- Removed from territory of a Party on or after 1 January 1993
- Cooperation shall involve the Customs authorities of the Parties, and creation of a contact point

KEY ELEMENTS (antifraud):

- Enhanced cooperation mechanisms for detecting and combating breaches or circumventions of customs legislation
- Temporary suspension of preferences for a given product in case of systematic and large scale breaches

I: TRADE REMEDIES

PURPOSE:

- Address unfair trade practices (dumping, subsidies) or a sudden surge in overall imports

KEY ELEMENTS:

- Confirm the availability of WTO trade defence instruments (anti-dumping, anti-subsidy, safeguard)
- Confirm the availability of WTO agricultural safeguard mechanism
- Include rules on transparency and best practice

I: RULES OF ORIGIN (1)

PURPOSE:

- Establish origin criteria for preferential market access
- Only goods "originating" in the EU and the UK can benefit from tariff preferences

KEY ELEMENTS:

- **Rules corresponding to the EU platform for preferential Rules of Origin**
- **Modern and business friendly** general rules, allowing **full** bilateral cumulation,
- **No cumulation with any third countries.**
- **Trade facilitating product-specific rules** in line with the most modern EU platform for rules of origin in FTAs, with some adaptation to reflect technological developments.
- **Modern procedures** for claim of preferences and verification

I: RULES OF ORIGIN (2)

Product-specific rules

EU platform with some adaptation for technological developments and economic interests.

Machinery: Change of tariff heading or maximum 50% foreign content (with new more relaxed rules for TVs and other machines)

Electric Cars and Batteries: Rules promote significant production of batteries in the EU and UK, with more relaxed transitional rules during 6 years

Aluminium: Requiring 50% value added, with annual quota with more relaxed rule

Chemicals: Three alternative set of rules, including all chemical processes

Textiles and clothing: Based on double transformation (same as revised PEM)

Agricultural products: Most wholly obtained in the EU or UK, inputs in processed agricultural products reflecting sourcing patterns

I: RULES OF ORIGIN (3)

Procedures

Claim for tariff preference

- Based on self-certification by the exporter (for registered exporters/REX)
- Or the importer's knowledge that the product is originating
- Grace period of one year for collecting the documentary evidence for issuing proof of origin

Verification

- Based on cooperation between customs authorities
- EU customs will check the origin for EU exports

Denial of tariff preference

- Party of importation has the final say about determination of origin
- Consultations between Parties to resolve differences

I. SANITARY AND PHYTOSANITARY MEASURES (1)

PURPOSE:

- Maintain the regulatory autonomy of the EU.
- Protect the life and health of humans, animals and plants, while facilitating trade between the Parties.
- Promote avoidance of unnecessary barriers to trade in goods with predictable, transparent and efficient procedures.
- Reaffirm and go beyond the WTO obligations of the parties.

I. SANITARY AND PHYTOSANITARY MEASURES (2)

KEY ELEMENTS OF THE SPS CHAPTER (Outcome):

- Uphold **stringent EU SPS rules to all products** sold in the EU, produced domestically or imported.
- **Transparency and information exchange**, also to keep unsafe products out of the EU market.
- "**EU as a single entity",** i.e. UK treating the union as a whole as regards import authorisation, and only EU member state by member state if requested by the EU.
- "**Pre-listing**" of all EU establishments approved to export to the UK.
- "**Regionalisation**", i.e. exports from non-affected zones can continue despite a disease present in some areas within the EU, including those in place at the end of the transition period.
- **Cooperation** on the fight against antimicrobial resistance, promotion of sustainable food systems, protecting animal welfare, and on electronic certification.

I. SANITARY AND PHYTOSANITARY MEASURES (3)

KEY ELEMENTS OF THE SPS CHAPTER (Outcome):

- Lists of **approved export establishments** will only be required for the products for which that was required at the end of the transition period;
- For those products, establishments will be listed based on the guarantees provided by the exporting Party, without prior inspection of individual establishments by the importing Party.
- In case of a serious risk to human, animal or plant life and health, **emergency measures** may be taken without prior notification

I. SANITARY AND PHYTOSANITARY MEASURES (4)

Scope

FOOD SAFETY

Sanitary

Humans

ANIMAL HEALTH

Sanitary

Animals & their products

PLANT HEALTH

Phytosanitary

Plants & their products

I. SANITARY AND PHYTOSANITARY MEASURES (5)

Complying with EU SPS import rules

- The agreement does **not change the EU's SPS rules**
- All imported foods must comply with **EU's own SPS standards, which are not negotiable**
- No concessions as regards the UK request to **establish equivalence mechanisms** aiming to maintain facilitated access to the EU market without being obliged to remain aligned with the EU SPS rules
- The EU remains **free to regulate** with all necessary care – the agreement explicitly upholds the "precautionary principle"', allowing the EU to keep a product out of the EU market if even if the science regarding its safety is inconclusive
- The Agreement allows for either party to **unilaterally reduce the frequency** of certain types of border import controls, under certain criteria set in the agreement

I. SANITARY AND PHYTOSANITARY MEASURES (6)

Controls of imported animals, plants and their products

1

- **BEFORE IMPORTS START AND AFTER (risk based)**
- On-the-spot audits of the competent authority of the exporting countries (checking conditions of health certificates) and public listing of companies/premises approved to export to the EU.

2

- **DURING IMPORTS (border controls)**:
- Documentary checks on all consignments, and identity checks and physical checks performed at an appropriate frequency (risk based).

3

- **AFTER IMPORTS (EU market)**
- Random sampling and laboratory analyses of products already on sale in the EU market.

I: TECHNICAL BARRIERS TO TRADE (1)

PURPOSE:

- Addressing unnecessary technical barriers and requirements, including via bilateral regulatory cooperation
- Simplifying conformity assessment procedures

KEY ELEMENTS:

- Ensuring future compatible approaches in technical regulation through a common definition of international standards
- Both parties agreed to allow manufacturers to continue to "self-declare" compliance with product rules for low and medium-risk products
- A number of annexes aiming at facilitating trade were agreed in key EU export areas: cars, chemicals, medicines, wine and organics
- Cooperation on market surveillance

I: TECHNICAL BARRIERS TO TRADE (2)

Precise definition of international standards

- Agreeing on an **exhaustive common definition of international standards** in key sectors (ISO, IEC, Codex, ITU) and of international standard-setting organisations reflecting the European principles of standardisation helps future compatibility of technical regulations

- Compatible technical regulations based on the same international standards help limit adaptation costs for exporters and give them competitive advantage over competitors who rely on different standards.

I: TECHNICAL BARRIERS TO TRADE (3)

Conformity assessment

- In the field of conformity assessment, we preserved a liberal approach to conformity assessment allowing manufacturers to continue to "**self-declare" compliance** with product rules for **low and medium-risk products**, while in line with our regulatory autonomy, the UK was not allowed to maintain its important position in the certification of high risk products obtained thanks to its EU membership
- A number of **sectoral annexes aiming at facilitating trade** were agreed in key EU export areas: cars, chemicals, medicines, wine and organics
- Agreement to apply trade-friendly disciplines on **marking and labelling of products**, while respecting the Parties' right to regulate in respect of health and safety requirements

I: TECHNICAL BARRIERS TO TRADE (4)

Transparency and Good regulatory Practices

- Rules on **Regulatory Impact Assessment** of envisaged technical regulations
- **Public consultation** - interested persons of the other Party will be allowed to participate in consultations on new technical regulations and conformity assessment procedures
- **Regular review** of technical regulations to increase compatibility with international standards

I: TECHNICAL BARRIERS TO TRADE (5)

Cooperation

- Robust cooperation provisions on market surveillance and exchange of information on dangerous and non-compliant products in the interest of consumer safety

- Future cooperation between the Parties on areas of standards and conformity assessment

I: TECHNICAL BARRIERS TO TRADE (6)

Sectoral Annexes

Cars:

- Regulatory alignment on the basis of UN Regulations
- Acceptance of UN certificates on the basis of the 1956 Agreement
- Cooperation on market surveillance

Chemicals

- Compatible approaches on classification and labelling by implementing the relevant international standards (UN SEGHS)
- Voluntary cooperation, inter alia, in the area of dissemination of information to consumers and on new and emerging issues

I: TECHNICAL BARRIERS TO TRADE (7)

Sectoral Annexes

Medicinal products:

- Acceptance of GMP certificates based on the existing identical GMP standards to avoid duplicative inspections of manufacturing facilities
- Possibility to accept third-country inspections
- No waiver of batch testing in line with preserving the EU's strategical autonomy in supply of medicines

Wine

- Mutual acceptance of simplified certificates for wines
- Compatible regulatory approaches based on international standards adopted by the OIV
- Trade-friendly provisions on labelling

I: TECHNICAL BARRIERS TO TRADE (8)

Sectoral Annexes

Organics:

- Recognition of each other's system based on identical rules, allowing continued access to each other's markets of products produced in the EU and the UK and certified by EU and UK control bodies
- Review clause to establish equivalence by 2023 under the new, stricter organics legislation that will enter into application on 1st January 2022.

I: CUSTOMS AND TRADE FACILITATION (1)

PURPOSE:

- Facilitate movement of goods
- including transit
- Ensure enforcement

KEY ELEMENTS:

- Recognise each other's "Authorised Economic Operators" programmes
- Includes a Protocol on mutual assistance to combat fraud and recover duties and taxes
- Sets the ground for enhancing Customs cooperation and address challenges arising from new forms of trade
- Goes beyond WTO 2017 Trade Facilitation Agreement in many areas including transit, transparency, risk management, RORO traffic

I: CUSTOMS AND TRADE FACILITATION (2)

- The **'Authorised Economic Operators'** programmes, enables trusted traders that benefit from this status to enjoy certain simplifications and/or facilitations relating to security and safety in the customs procedures/possible inspections

- Given the magnitude of the trade flows between the Parties, **cooperation between customs authorities of the Parties** is essential to facilitate legitimate trade and enhance enforcement of pertinent legislation at border/fight against fraud

- The cooperation on **Value Added Tax** foresees the recovery of claims relating to indirect taxes and customs duties

European Commission

II. TRADE IN SERVICES AND INVESTMENT

PURPOSE:

- Maintain many existing business opportunities (but not to the extent of the internal market)
- Facilitate new investment and the supply of services
- Create legal certainty
- Provide transparency
- Ensure a level playing field for UK and EU companies

KEY ELEMENTS:

- Comprehensive coverage: all modes of services supply and investment, in almost all economic sectors
- Preserve the right to regulate
- (Temporary) Movement of key categories of professionals
- Best practice rules on licensing and qualifications
- Common regulatory provisions for delivery services, telecommunications services, financial services, maritime transport, legal services

II. TRADE IN SERVICES AND INVESTMENT

Scope

- **Comprehensive** sectoral scope for services, including :

Financial

Delivery

Professional and business services

Telecommunications

Transport

Environment

- **Enable investment in services and** manufacturing, agriculture, forestry, fisheries, energy and other primary and secondary industries.

II. TRADE IN SERVICES AND INVESTMENT

Public interest safeguards

- The Agreement **will not affect the parties' right to regulate** in a non-discriminatory manner in order to achieve legitimate policy objectives (protecting health, safety and the environment, consumers…)

- The Agreement **will not liberalise public services** such as public healthcare or state-funded education.

European Commission

II. TRADE IN SERVICES AND INVESTMENT

- **EU investors** will benefit from:
  - **market access for establishment and operation** of companies in the UK
  - **non-discrimination** vis-à-vis UK and foreign operators
  - **prohibition of onerous performance requirements** such as mandatory transfer of technologies or domestic content requirements

  with only minimal exceptions.
- In some areas, the outcome improves on the results of EU agreements with other trading partners, e.g. the UK has committed to grant EU-owned companies incorporated in the UK the right to own UK-flagged vessels, which are the entry point for a wide range of activities, including maritime transport and fisheries.

II. TRADE IN SERVICES AND INVESTMENT

Cross-border trade in services

- As a general rule, we agreed **not to require establishment or residency** as a condition for those sectors where cross-border supply of a service is granted.
- The Agreement also includes a **forward-looking "most-favoured nation"** clause.

European Commission

II. TRADE IN SERVICES AND INVESTMENT

Mode 4 - mobility of professionals for business purposes

- The UK has chosen to no longer allow the free movement of EU citizens to the UK. This means that business travel between the EU and the UK will be more restricted in future.
- Nonetheless, regarding the **mobility of professionals for business purposes** ('**mode 4**'), the agreement:
  - allows the transfer of certain employees from companies located in the UK to work in an associated company located in the EU for a maximum of 3 years, and vice-versa **(intra-corporate transferees).**
  - facilitates the movement of "**contractual service suppliers**" or "**independent professionals**" of the EU to supply services in the UK, and vice-versa, on the basis of existing contracts and under certain conditions.
  - **Business visitors** not supplying services will also be allowed entry and short-term stay in order to carry out certain activities.

European Commission

II. TRADE IN SERVICES AND INVESTMENT

Recognition of professional qualifications

- As of 1/1/2021, as a general rule, UK nationals, irrespective of where they acquired their qualifications will need to have them recognised in each relevant Member State on the basis of the existing rules applicable to the qualifications of third-country nationals.
- The agreement foresees a mechanism whereby the EU and the UK may adopt, on a case-by-case basis and for specific professions, **arrangements for the mutual recognition of professional qualifications**. These arrangements would apply to all Member States and the UK.

II. TRADE IN SERVICES AND INVESTMENT

Legal services

- The Agreement includes, for the first time ever, **disciplines for the supply of legal services** covering advice in home-title law (i.e. advice on UK law supplied in the EU and vice versa) and international law.
- The EU and Member States retain existing policy space, including the right to apply domestic regulation and carry out supervision.

II. TRADE IN SERVICES AND INVESTMENT

Financial services

- The Parties will continue to keep their **markets open for the establishment** of financial institutions of the other Party.
- Full right to adopt **measures for prudential reasons** ('prudential carve-out'), including in order to preserve financial stability and the integrity of financial markets.
- **No passporting rights** i.e. an authorisation issued by one Member State will not enable access throughout the entire EU Single Market.
- **No equivalence frameworks** for financial services, as these are unilateral decisions of each party.

European Commission

II. TRADE IN SERVICES AND INVESTMENT

"Domestic regulation" - facilitation of the provision of services and investment

- Requirements and procedures for **authorisations, qualifications and licenses** must be **transparent**, and based on **objective criteria.**
- The **same rules** on authorisations **apply to all operators** in services and non-services sectors.
- **Increased transparency** and **streamlined procedures** will help EU businesses active on the UK market (e.g. obligation to publish information)

II. TRADE IN SERVICES AND INVESTMENT

Regulatory framework for telecommunication and delivery services

- For **delivery and telecommunication services**, markets will remain open, competitive and regulated in a transparent and non-discriminatory manner.
- On **telecommunications services**: specific provisions no need for prior approval.
- However, **no more free roaming** for UK based users when travelling to the EU, as the UK has left the Internal Market.

II. TRADE INSERVICES AND INVESTMENT

Regulatory framework for international maritime transport services

Set of rules guaranteeing continued **unrestricted access to international maritime markets**, including:

- No discrimination against ships flying the flag of the other Party
- No discrimination against transport suppliers of the other Party
- Commitments on empty containers and feedering services
- Ban of cargo sharing agreements/ cargo reservations.

III. DIGITAL TRADE

PURPOSE:

- Facilitate trade by electronic means
- Legal certainty Remove unjustified barriers
- Secure online environment for consumers

KEY ELEMENTS:

- **Broad scope**: any transaction facilitated by electronic means (trade in goods, trade in services, public procurement, intellectual property rights etc.).
- **Ambitious**, well suited to respond to the challenges of the digital economy.
- Preserving the EU's **right to regulate**, and protection of **personal data.**

III. DIGITAL TRADE

Specific rules

- Prohibition of protectionist barriers, such as **data localisation requirements** or mandatory **disclosure of source code**
- **Protection of consumers** in online environment; and against **spam**
- Rules underpinning electronic transactions, for example the use of **electronic signatures or electronic contracts**
- Prohibition of **protectionist authorisation** procedures
- **Cooperation** on regulatory issues

IV. CAPITAL MOVEMENTS AND PAYMENTS

PURPOSE:

- Allow and facilitate capital movements and payments related to transactions liberalised under the agreement

KEY ELEMENTS:

- Funds necessary for any transaction liberalised under the Agreement, including under the services and investment title can be transferred freely, without any delay and in a freely convertible currency.
- Necessary safeguards included for balance of payment difficulties and operation of the economic and monetary union.

V: INTELLECTUAL PROPERTY RIGHTS (IPR) (1)

PURPOSE:

- Ensure high level of IPR protection and enforcement
- Facilitate trade in and access to innovative products and services
- Enhance cooperation in the area of IPR

KEY ELEMENTS:

- Commitments going beyond multilateral treaties in the area of IPR (following slides)
- Wide coverage of various types of IPR, including copyright and related rights, trade marks, designs, plant varieties, trade secrets, etc.
- Civil, administrative and border enforcement of IPR

V: INTELLECTUAL PROPERTY RIGHTS (IPR) (2) Scope

- **Copyright and related rights**:
  - high level protection of rights of authors, performers, producers and broadcasters in books, music, films, media, software, performances and broadcasts,
  - artists' right to a resale royalty, ensuring that art galleries and auction houses pay to the EU artists a percentage of any resale price of their works of art (only obtained previously in the FTA with Mexico)
  - cooperation and transparency in collective management of rights
- **Trade marks**:
  - modern substantive and procedural rules on trade mark protection, including
  - protection of well-known trademarks and preventing bad faith applications
- **Designs**:
  - registered and unregistered design protection applying in industry, fashion, etc.

V: INTELLECTUAL PROPERTY RIGHTS (IPR) (3) Scope

- **Patents**:
  - potential extension of a patent for a medicinal and plant protection product which is subject to a marketing authorisation procedure
- **Undisclosed data**:
  - remedies against trade secret disclosure contrary to honest commercial practices,
  - protection of regulatory data submitted to authorities for a marketing authorisation of medicinal, plant protection and biocidal products
- **Plant varieties:**
  - protection of plant varieties in line with the latest international standards

V: INTELLECTUAL PROPERTY RIGHTS (IPR)

(4) Enforcement and Cooperation

Measures, procedures and remedies to ensure **effective enforcement** of IPRs:

- **Civil and administrative enforcement**: measures for preserving evidence and provision of information, provisional and precautionary measures, injunctions, all applicable online and offline and subject to appropriate safeguards
- **Trade secrets:** specific civil judicial procedures and remedies
- **Border measures**: full coverage of all IPRs and advanced rules on specific customs procedures available to IPR holders

Provisions on **cooperation** between the respective authorities, including exchanges of information and experience of IPR protection. Focus on cooperation on the enforcement of IPRs, including by customs, police, administrative and judicial bodies.

V: INTELLECTUAL PROPERTY RIGHTS (GEOGRAPHICAL INDICATIONS) (5)

The Agreement will not supersede the protection offered for Geographical Indications foreseen in the Withdrawal Agreement:

- Full protection for all EU GIs registered before the 31/12/2020
- Review by the European Court of Justice
- Rendez-vous clause in the Agreement to extend the list to cover future GIs

VI. PUBLIC PROCUREMENT (1)

PURPOSE:

- Increase market opportunities
- Further facilitate access for EU companies, goods and services to public procurement contracts in the UK on equal terms as UK companies, goods and services

KEY ELEMENTS:

- The most ambitious agreement ever concluded by the EU
- Market access commitments beyond the WTO level
- No discrimination of established companies even below WTO thresholds
- Access to procurement by private monopolies

VI. PUBLIC PROCUREMENT (2)

Rules and procedures

- Incorporation of WTO Government Procurement Agreement (GPA)
- Non-discrimination for EU companies established in the UK for any, also non-covered, procurement
- Easier access maintained thanks to:
  - enhanced use of electronic means,
  - single portal for all notices,
  - acceptance of self-declarations,
- Possibility to take into account social considerations throughout the procedure.

VI. PUBLIC PROCUREMENT (3)

Market access commitments

- On top of most comprehensive bilateral commitments between any WTO Government Procurement Agreement parties.
- Unprecedented coverage of additional entities, namely:
  - Privately owned procuring entities with monopoly rights in all utility sectors, and
  - Procuring entities operating gas or heat networks.
- Additional coverage for services, including:
  - Hotel, restaurant and catering services
  - Telecommunication related and other business services
  - Education services

VII. SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)

PURPOSE:

- The overall Agreement aims at maintaining favorable cross-border trade conditions for SMEs
- The SME Title adds specific provisions to help small businesses take advantage of the new framework

KEY ELEMENTS:

- Rules on **information-sharing for SMEs** through :
  - a dedicated website to facilitate SMEs' access to information
  - a link to public procurement notices, and
  - a searchable database by tariff nomenclature

- The **SME Contact Points** will ensure that SME needs are taken into consideration during the implementation phase of the Agreement.

VII: ENERGY AND RAW MATERIALS

Ensure undistorted trade and competition for EU companies

- Prohibition of **dual pricing** of energy goods and raw materials in these sectors and for industry as such.
- Strong commitments to ensure a **level playing field** with regard to [state interventions and] state aid in the energy sector.
- Prohibition of **export pricing**, and **import & export monopolies** (Market access National Treatment Chapter)

VII: ENERGY AND RAW MATERIALS

- Comprehensive approach to ensuring liberalized energy markets, including disciplines on **domestic price regulation, third party access** to energy networks, **regulatory independence** and **authorization procedures.**

- Framework for enhanced **trade over the interconnectors** and cooperation on **security of supply.**

- Dedicated provisions **supporting integration and deployment of renewable energy**, including as regards connection to and use of the electricity network, participation in balancing markets,, licensing, standards, and **cooperation in the North Sea.**

IX. TRANSPARENCY

PURPOSE:

- Promote a transparent and predictable regulatory environment

KEY ELEMENTS:

- Publication of measures electronically
- Contact points for enquiries
- Objective and impartial administration of measures in individual cases
- Possibility of review and appeal of administrative decisions in trade matters

X. GOOD REGULATORY PRACTICES AND REGULATORY COOPERATION

PURPOSE:

- Promote good regulatory practices throughout the regulatory cycle
- Provide a horizontal structure for cooperation

KEY ELEMENTS:

- The Parties commit to good regulatory practices, such as public consultations, impact assessment and retrospective evaluations to foster a business-friendly regulatory environment
- Preserves the right to regulate of each Party
- Provides for a flexible, horizontal structure for voluntary regulatory cooperation between the Parties in all areas of trade

XI LEVEL PLAYING FIELD AND SUSTAINABILITY

PURPOSE:

- Ensure level playing field today and tomorrow
- Trade and investment must contribute to sustainable development

KEY ELEMENTS:

- **Solid disciplines for state aid control, competition, state-owned enterprises**
- **Non-regression from the current high levels of protection in labour and social, environment and climate, as well as taxation**
- **Wide ranging and ambitious rules on trade and sustainability**
- **Robust enforcement tools**
- **Management of divergences on rules over time**

XI SUBSIDIES CONTROL 1/2

PURPOSE:

- ensure that neither party uses trade distorting subsidies, and in this way preventing diversion of investment and jobs losses

SUBSTANTIVE OBLIGATIONS:

- **General principles: subsidies must respect a defined set of binding principles in order to be granted**
- **Specific assessment principles: specific principles for key sectors (e.g. transport, energy) or types of subsidies (e.g. rescue and restructuring)**
- **Transparency for the public and interested parties**

XI SUBSIDIES CONTROL 2/2

ENFORCEMENT TOOLS

- Guarantees of robust domestic enforcement:
  - the respect of the general principles can be challenged by competitors and verified by courts in either the EU or the UK
  - courts could order recovery
- Effective dispute settlement:
  - applies to key provisions (recovery, key specific assessment principles)
- Unilateral remedial measures:
  - right to take unilateral measures (for example reintroduction of tariffs or quotas on certain products) in case of a subsidy having serious negative effects on trade or investment

XI COMPETITION AND STATE OWNED ENTERPRISES

Purpose: prevent distortions created by anti-competitive practices, or discriminatory and abusive behavior by state-owned enterprises

Obligation to maintain competition law addressing anti-competitive business practices

State-owned enterprises, enterprises granted special rights or privileges, and designated monopolies must not discriminate or abuse their market position

XI NON REGRESSION: Labour and social, environmental and climate, taxation 1/3

PURPOSE:

- Prevent negative effects on trade or investment by lowering the current highs standards

SUBSTANTIVE OBLIGATIONS:

Strong prohibition to lower levels of protection in manner affecting trade or investment (for labour and social, environment and climate); absolute prohibition for taxation

Non-regression obligation covers future targets that are in laws, and apply after the end of the transition period (e.g. 2030 economy-wide climate objectives, 2030 waste recycling targets, 2027 water targets, etc.)

NON REGRESSION: Labour and social, environmental and climate, taxation 2/3

SUBSTANTIVE OBLIGATIONS IN SPECIFIC AREAS:

Environment: inclusion of the key environment principles, including precautionary principle, polluter pays, and integration principle;

Climate: unprecedented commitment to implement a system of carbon pricing; Paris among essential elements for the first time

Taxation: political declaration countering harmful tax regimes and practices, good governance clause and tailor made non-regression obligation

NON REGRESSION: Labour and social, environmental and climate, taxation 3/3

ENFORCEMENT:

- Domestic enforcement: appropriate administrative and judicial proceedings in the areas related to labour and social standards, environment and climate protection; Aarhus convention in environment

- Dispute settlement for labour and social, environment and climate: innovative hybrid approach based on the panel of experts with a possibility to apply sanctions

XI. TRADE AND SUSTAINABLE DEVELOPMENT

Purpose: Ensure that trade will support sustainable development

Substantive obligations:

- Deep and ambitious commitments to international labour and social agreements and standards,
- Effective implementation of multilateral environmental agreements, incl. the Paris Agreement
- Combating illegal wildlife trade, illegal logging and IUU fishing and related trade
- Promoting trade and investment in green goods and encouraging responsible business practices
- Enhanced cooperation bilaterally and international fora

TRADE AND SUSTAINABLE DEVELOPMENT (2)
Protecting labour and social rights in line with international standards

Substantive obligations:

- respect core labour standards and ratify any outstanding fundamental ILO convention
- implement all the ILO conventions ratified and the European Social Charter provisions accepted
- promote through domestic laws and practices the entire Decent Work agenda, including wages, working hours, health and safety at work, non-discrimination at work
- protect and promote social dialogue

TRADE AND SUSTAINABLE DEVELOPMENT (3)
Protecting the environment and fighting climate change

Substantive obligations:

- **Promote effective implementation of multilateral environmental agreements**, including on biodiversity, chemicals and waste, climate and atmosphere
- **Effective implementation of the Paris Agreement**
- **Facilitating trade and investment in green products and services**
- **Commitments to:** Fight illegal logging and trade in illegal timber; combating wildlife trade and protecting biodiversity when subject to trade pressures; sustainable fisheries and aquaculture and fighting Illegal, unregulated, and unreported fishing and excluding IUU products from trade

UNILATERAL TOOLS IN LEVEL PLAYING FIELD

PURPOSE:

- Address distortions in a timely manner; management of divergences on rules over time

KEY ELEMENTS:

- Individual subsidies: possibility to react quickly by applying a remedial measure where a subsidy creates a significant negative effect on trade or investment between the EU and the UK.
- Divergence (of labour and social, environment or climate protections, or of subsidy control systems): possibility to apply rebalancing measures; if measures are legitimate and are applied often they may lead to the review of the agreement

XVIII. STATE TO STATE DISPUTE SETTLEMENT

PURPOSE:

- Securing enforcement of agreed commitments
- Legal certainty and predictability
- Favouring mutually agreed solutions
- Providing for rules-based resolution
- Guaranteeing compliance

KEY ELEMENTS:

- Exclusive application
- Obligatory nature
- Comprehensive coverage
- Efficient and effective: swift procedure and possibility to retaliate across areas of the agreement to secure compliance
- Transparency

5. NEXT STEPS TOWARDS ENTRY INTO FORCE

European Commission

THE PROCESS IN BRIEF (EU side)

- Revision of text by lawyer-linguists (legal scrubbing)
- Translation into all official EU languages
- Commission proposal to the Council and European Parliament for signature and conclusion of the agreement
- Consideration by the Council
- Signature
- Provisional application as from 1st January 2021
- Parliamentary consent
- Conclusion and entry into force

European Commission

More information

- EU-UK Trade Agreement: https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement
- EU Trade website: https://ec.europa.eu/trade/
- EU Trade on Twitter: https://twitter.com/Trade_EU
- EU Trade Newsletter: https://ec.europa.eu/trade/trade-policy-and-you/publications/newsletters/
- Import/export conditions for EU-UK trade in goods incl. ROSA: https://trade.ec.europa.eu/access-to-markets/en/content/
- Access2Markets twitter account: https://twitter.com/TradeHelpdesk