# Questions & Answers: EU-UK Trade and Cooperation Agreement

Brussels, 24 December 2020

**Questions & Answers:**

**EU-UK Trade and Cooperation Agreement**

## Introduction

The EU-UK Trade and Cooperation Agreement covers the following areas: trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

The Agreement will confer rights and obligations on both the EU and the UK, in full respect of their sovereignty and regulatory autonomy. It will be governed by an institutional framework on the operation and enforcement of the Agreement, as well as binding dispute settlement and enforcement mechanisms.

The EU-UK Agreement respects the principles set by the European Council in April 2017, including the need to protect the integrity of the Single Market, the indivisibility of its four freedoms, and the integrity of the EU's legal order, while ensuring that a non-member does not enjoy the same benefits as what EU membership offers.

On 1 January 2021, the United Kingdom will lose all the rights and obligations it had as an EU Member State and during the transition period under the Withdrawal Agreement. It will no longer benefit from seamless access to the EU Single Market and Customs Union, or from EU policies and international agreements (including its free trade agreements with other third countries).

This will create new barriers to trade in goods and services, and to cross-border mobility and exchanges that do not exist today – in both directions. While the new agreement will serve to limit disruptions compared to a situation without an agreement being in place, public administrations, businesses, citizens and stakeholders on both sides will inevitably be affected. The Commission has issued extensive guidance on how best to deal with these changes (available here).

### *How long did it take to negotiate the deal?*

Negotiations on the Trade and Cooperation Agreement formally began on Monday, 2 March 2020. Nine formal rounds of negotiations were held in Brussels, London, and via videoconference (due to the outbreak of the coronavirus pandemic) between March 2020 and October 2020. From that point onwards, negotiations were intensified, with contacts taking place on a daily basis, seven days a week. More information on each negotiation round is available here.

Before this, the EU and the UK had spent over two years negotiating the terms of the UK's withdrawal from the EU (from June 2017 to October 2019). During that time, the EU and the UK also negotiated the general terms of their future relationship and agreed to this end on a joint Political Declaration, concluded alongside the Withdrawal Agreement on 17 October 2019.

On the EU side, the negotiations were led by the European Commission's Chief Negotiator Michel Barnier and the Task Force for Relations with the United Kingdom (UKTF) together with all Commission services. Negotiations were based on negotiating directives set by the Council, taking into account the resolutions of the European Parliament.

Throughout these negotiations, the European Commission has ensured an inclusive process, holding regular meetings with the 27 EU Member States, with the European Parliament and national parliaments, as well as with EU consultative bodies, stakeholders and civil society. The Commission

sought to ensure the highest possible levels of transparency throughout the process. In March 2020, the Commission services published a draft legal text of the Agreement.

**Provisional application and ratification process**

The entry into application of the Trade and Cooperation Agreement is a matter of special urgency.

- The United Kingdom, as a former Member State, has extensive links with the Union in a wide range of economic and other areas. If there is no applicable framework regulating the relations between the Union and the United Kingdom after 31 December 2020, those relations will be significantly disrupted, to the detriment of individuals, businesses and other stakeholders.
- The negotiations could only be finalised at a very late stage before the expiry of the transition period. Such late timing should not jeopardise the European Parliament's right of democratic scrutiny, in accordance with the Treaties.
- In light of these exceptional circumstances, the Commission proposes to apply the Agreement on a provisional basis, for a limited period of time until 28 February 2021.

The Commission has proposed Council decisions on the signature and provisional application, and on the conclusion of the Agreement.

The Council, acting by the unanimity of all 27 Member States, is to adopt a decision authorising the signature of the Agreement and its provisional application as of 1 January 2021. Once this process is concluded, the Trade and Cooperation Agreement between the EU and the UK can be formally signed.

The European Parliament will then be asked to give its consent to the Agreement.

As a last step on the EU side, the Council must adopt the decision on the conclusion of the Agreement.

***Will there be enough time to translate the document into all EU languages?***

The Commission is aware of the exceptional nature of these negotiations. Every effort has been made to conclude these negotiations in due time to allow for the proper democratic scrutiny by the European Parliament and Council. Given the short time left, flexibility will be needed in all these processes.

The Commission's translation services are working hard to ensure that translated versions of the Trade and Cooperation Agreement are available in the coming days.

***Do national parliaments play a role in the ratification process?***

Throughout the negotiations, the European Commission has held regular meetings with national parliaments of all 27 Member States to keep them fully informed.

The Commission is of the view that the Agreement with the UK can be concluded as an EU-only agreement since it covers only areas under Union competence, be it exclusive or shared with the Member States. The Commission has chosen Article 217 TFEU as the legal basis for the conclusion of the Agreement. This requires the unanimous agreement of the Member States in the Council and the consent of the European Parliament.

***Withdrawal Agreement: have you resolved all outstanding issues? What will you do about the Internal Market Bill and Taxation Bill?***

The United Kingdom left the European Union on the basis of the Withdrawal Agreement, which was agreed and ratified by both sides, and entered into force on 1 February 2020.

The Withdrawal Agreement contains, amongst others, provisions on citizens' rights, the financial settlement and a legally operative solution to avoid a hard border on the island of Ireland, protecting the all-island economy and the Good Friday (Belfast) Agreement in all its dimensions while safeguarding the integrity of the EU's Single Market.

The rigorous, timely and full implementation of the Withdrawal Agreement is and will always remain a key priority for the EU.

On 9 September 2020, the UK government published the Internal Market Bill, which would have enabled the United Kingdom to unilaterally suspend parts of the Withdrawal Agreement, and notably of the Protocol on Ireland and Northern Ireland. This bill was in clear breach of the Withdrawal Agreement – and therefore international law. As a result, on 1 October 2020, the Commission sent the United Kingdom a letter of formal notice for breaching its obligations under the Withdrawal Agreement. This marked the beginning of a formal infringement process. The European Parliament also signalled that it would not give its consent to any agreement on a future partnership if the UK went forward with this proposal.

On 17 December 2020, the EU-UK Joint Committee met to endorse all formal decisions and other practical solutions related to the implementation of the Withdrawal Agreement. As part of these mutually agreed solutions, the UK has agreed to withdraw the contentious clauses of the UK Internal Market Bill, and will not introduce any similar provisions in the Taxation Bill.

Thanks to intensive discussions between the EU and the UK in the Joint Committee and the various Specialised Committees, the Withdrawal Agreement – and the Protocol on Ireland and Northern Ireland, in particular – will be implemented on 1 January 2021.

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## TRADE IN GOODS

The European Union and the United Kingdom are major trading partners. In 2019, some 13% of the EU's total trade with third countries in goods was with the UK, whereas the UK relied on the EU for roughly half of its total trade in goods.

While the UK was an EU Member State and participated in the EU Single Market and Customs Union, this trade was completely seamless thanks to the fact that the EU, including the UK, formed a single customs territory and shared the same standards, rules, and supervision and enforcement systems.

### *What changes on 1 January 2021?*

As of 1 January 2021, the UK leaves the EU Single Market and Customs Union. As a result, it will no longer benefit from the principle of free movement of goods.

Even with the new agreement in place, businesses will face new trade barriers, leading to increased costs and requiring adjustments to integrated EU-UK supply chains.

### *What is covered by the draft agreement?*

To preserve their mutually beneficial trading relationship, the two sides have agreed to create an

ambitious free trade area with no tariffs or quotas on products, regulatory and customs cooperation mechanisms, as well as provisions ensuring a level playing field for open and fair competition, as part of a larger economic partnership.

The provisions in the agreement do not govern trade in goods between the EU and Northern Ireland, where the Protocol on Ireland and Northern Ireland included in the Withdrawal Agreement will apply.[1]

### *How ambitious is the Free Trade Agreement?*

The Agreement reflects the EU's modern trade policy thanks to the inclusion of ambitious commitments for the protection of workers' and consumer rights, environmental protection, the fight against climate change and tax transparency, thereby ensuring that trade is not just open but also fair and sustainable. It also favours the circular economy by extending preferential treatment to products that have been repaired or remanufactured (see Chapter of Q&A on 'Level Playing Field and Sustainability for more information).

The Trade and Cooperation Agreement foresees the most ambitious commitments towards liberalising market access for goods ever to feature in an EU free trade agreement, including zero tariffs and zero quotas on all goods from day one, as well as modern rules to avoid certain barriers in bilateral trade.

Without this agreement, products like:

- beef, dairy, poultry, pork, lamb, cereals, sugar and several processed foodstuffs could have faced tariffs of some 50% or above under World Trade Organization rates;
- processed fish products would have faced tariffs of up to 25%;
- cars would have also been hit by tariffs of 10%;
- textiles and footwear would be subject to tariff peaks of 12% and 17%, respectively.

These tariffs would have increased prices for consumers, and caused economic damage for agricultural and manufacturing producers on either side of the Channel.

In addition to providing for zero tarifs on goods, the Agreement also limits the fees that customs may charge for services rendered and includes several modern disciplines that go beyond standard World Trade Organization commitments, for instance in the areas of import and export monopolies, non-automatic import licences, import and export restrictions (prohibition of price requirements and licensing subject to performance requirements).

### *Will the Trade and Cooperation Agreement allow goods to be exchanged between the EU and the UK as they are today?*

Trading under 'FTA' (free trade agreement) terms – even one as ambitious as this one, with zero tarifs or quotas – will inevitably be very different compared to the frictionless trade enabled by the EU's Customs Union and Single Market.

In particular:

- rules of origin will apply to goods in order to qualify for preferential trade terms under the agreement;
- all imports will be subject to customs formalities and will need to comply with the rules of the importing party;
- and all imports into the EU must meet all EU standards and will be subject to regulatory checks and controls for safety, health and other public policy purposes.

### *What action can be taken in case of unfair trade practices?*

According to World Trade Organization rules, governments may take remedial action against imports that are causing material injury to a domestic industry due to a sudden surge of foreign goods or to unfair practices such as dumping or trade-distorting subsidies.

The EU-UK Agreement confirms the right of both parties to apply trade defence instruments according to those WTO rules, including a special agriculture safeguard mechanism to protect farmers against surges in imports or price declines below a certain level.

In case of unfair practices that affect the level playing field, specific, autonomous, and swift measures are also envisaged (see Chapter of Q&A on 'Level Playing Field and Sustainability for more information).

***What are the applicable 'rules of origin' and what will traders need to do to comply with them?***

Rules of origin are an intrinsic component of every free trade area. They determine the 'economic nationality' of products when these have been produced using components or materials made in more than one country.

Such rules are necessary to ensure that the products benefiting from the terms of the free trade agreement (in this case, zero tarifs, zero quotas) are either wholly obtained from or manufactured in the free trade area itself (in this case, the EU and the UK), or sufficiently worked or processed there (e.g. by setting a limit on the value of non-originating materials that can be used in order to benefit from the agreement.

This ensures that the free trade agreement benefits the operators inside that free trade area, preventing circumvention.

Under the  Trade and Cooperation Agreement, EU and UK traders would have to meet rules of origin comparable to those which the EU and the UK have with other trading partners. These rules and procedures are therefore familiar to our respective business operators.

The Agreement also includes specific mechanisms aimed at facilitating compliance with these rules of origin, namely:

- A provision on 'full cumulation', which allows traders to account not only for the origin of materials used, but also if their processing took place in the territory of one of the Parties. This mechanism enables the agreement to capture to the greatest extent the value added in the free trade area.

Exporters will also be able to self-certify the origin of the goods, thereby making it easier for traders to prove the origin of their products and reducing red tape. In addition, the operators will benefit from additional flexibility in collecting documentary evidence to prove origin during the first year, to allow them to benefit from the preferences despite the little time available between conclusion and application of the Agreement.

***What new customs checks and formalities will apply between the EU and the UK?***

As of 1 January 2021, the UK will no longer be part of the EU Customs Union. Therefore, all customs controls and formalities required under EU law (and in particular the Union Customs Code), including entry and exit summary declarations, will apply to all goods entering the customs territory of the EU from the UK, or leaving that customs territory to the UK. This does not concern trade in goods between the EU and Northern Ireland, where the Protocol on Ireland and Northern Ireland included in the Withdrawal Agreement will apply.[2]

The two sides have, however, agreed to recognise each other's 'Authorised Economic Operators' programmes, enabling trusted traders that benefit from this status to enjoy certain simplifications and/or facilitations relating to security and safety in their customs operations with the customs authorities of the other Party. However, there is no waiver on such security and safety declarations, as this requires alignment between the Parties on security standards.

The Agreement also reiterates a number of mechanisms provided for in EU legislation (Union Customs Code) and UK customs rules to facilitate trade and reduce administrative burdens for businesses.

It sets the ground for further developing customs cooperation in the future, including for instance with regard to innovative solutions, in full respect of both Parties' domestic rules, concerning the handling of customs procedures for roll-on/roll-off ("ro-ro") traffic, i.e. ships carrying loaded trucks, or exchange of customs-related information.

The Trade and Cooperation Agreement also includes a Protocol on mutual assistance to combat customs fraud as well as an ambitious Protocol allowing Parties to cooperate on Value Added Tax (VAT) matters and the recovery of claims relating to indirect taxes and duties. It also provides for clauses to protect taxpayers' money from customs fraud and administrative errors, where these lead to consequences in terms of import duties.

***Will traders have to comply with two different sets of regulations and compliance procedures if they want to serve both the EU and UK markets?***

As of 1 January 2021, the Union and the United Kingdom will be two separate regulatory and legal spaces. This means that all products exported from the EU to the UK will have to comply with UK technical regulations and will be subject to any applicable regulatory compliance checks and controls. Similarly, all products imported from the UK to the EU will need to comply with EU technical regulations and will be subject to all applicable regulatory compliance obligations, checks and controls for safety, health and other public policy purposes.

Nonetheless, the Trade and Cooperation Agreement contains a number of provisions aimed at preventing and addressing unnecessary technical barriers and requirements, including through bilateral cooperation, and simplifying procedures used to demonstrate compliance with them (conformity assessment procedures).

In particular, the two sides agreed a definition of international standards that identifies the relevant international standard-setting bodies. This will ensure that both sides' domestic product standards and technical regulations are based on the same international references and are therefore compatible to the extent possible. This will make compliance of products with the other Party's rules easier and less costly, all the while safeguarding each side's 'right to regulate'.

In the field of conformity assessment, the Parties agreed to maintain simplified access to each other's markets through, in particular, the continued use of self-certification of conformity by the manufacturer where this is currently applied in both the EU and the UK. This covers a very large share of bilateral trade.

The Parties also agreed a comprehensive framework for cooperation on market surveillance and product safety that will underpin the robust enforcement of product safety rules and the high levels of protection of consumers and other users both Parties are committed to. This framework will be implemented in particular through arrangements for information sharing concerning the Parties' respective market surveillance activities and measures taken with respect to unsafe or otherwise non-compliant products.

In a number of sectors, the Parties have agreed specific arrangements to facilitate bilateral trade, as well as regulatory cooperation. These sectors include automotive, pharmaceuticals, chemicals, wine and organic products.

The main trade facilitation outcomes can be summarised as follows:

***What was agreed to facilitate trade in automotive?***

- Regulatory convergence will be based on the use of the international technical standards set at UNECE (United Nations Economic Commission for Europe) level. Both Parties will cooperate and, where appropriate, plan initiatives to promote greater international harmonisation of technical requirements.
- Both Parties will accept, in their respective markets, products that are covered by a valid UN type-approval certificate.
- There will be cooperation and exchange of information in the field of market surveillance to support the identification and addressing of non-conformities of motor vehicles.
- There will be cooperation in the field of research and exchange of information linked to the development of new vehicle safety regulations or related standards, advanced emission reduction, and emerging vehicle technologies.

***What was agreed to facilitate supplies of medicinal products?***

- Recognition of results of inspections carried out by the authorities of the other Party in manufacturing facilities located in the territory of the issuing authority. This will avoid unnecessary duplication of inspections of manufacturers of medicinal products to assess their compliance with Good Manufacturing Practice requirements.
- Possibility for each Party to unilaterally extend such recognition for manufacturing facilities located outside the territory of the issuing authority, under specific terms and conditions.

***What was agreed to facilitate trade in chemicals?***

- Regulatory cooperation, while respecting each Party's right to regulate, both bilaterally and in relevant international fora, on the assessment of hazards and risks of chemicals and the formats for documenting the results of such assessments.
- Both Parties' commitment to implementing the United Nations Globally Harmonized System of Classification and Labelling of Chemicals as well as any scientific and technical guidelines issued by relevant international organisations and bodies.
- Transparent procedures for the classification of substances and the possibility of the exchange of non-confidential information.

***What was agreed to facilitate trade in wine?***

- Simplified certification requirements for reciprocal market access: wine producers will be allowed to self-certify conformity and quality of their wine.
- Common principles on labelling, ensuring adequate information for consumers while avoiding unnecessary or disproportionate labelling requirements.
- Both Parties' commitment to mutually accept the importation of wines produced according to each other's definitions and oenological practices, as long as in line with oenological practices recommended by the International Organisation of the Vine and Wine ("OIV"). Some additional oenological practices and restrictions not covered by OIV have also been agreed.
- Exchange of information and cooperation on wine matters and a review clause whereby the Parties will consider, within three years from the entry into force of the Agreement, further steps to facilitate trade in wines.

***What was agreed to facilitate trade in organic products?***

- Reciprocal recognition of equivalence of the current EU and UK organic legislation and control system, for all categories of organic products.
- Organic products complying with EU law and certified by control bodies recognised by the EU will be accepted on the UK market and vice-versa.
- In view of new EU rules for organic products applying as of 1.1.2022, equivalence will be reassessed by end-2023.

***What does the agreement say about cultural objects?***

The EU has long been committed to the safeguard of cultural property, developing a series of measures to tackle the illegal excavation and trafficking of items of cultural property (such as antiquities and archaeological objects), combatting their illegal trade (also recognising the clear links between terrorist financing, money laundering and the illicit movement of cultural goods), and returning unlawfully removed cultural objects to their countries of origin.

The Agreement ensures that the UK will continue to work with the EU in these important endeavours by including an innovative enhanced cooperation provision to facilitate the return of cultural property illicitly removed from the territories of either side.

***Will sanitary and phytosanitary requirements (SPS) for imported food, animals and plants change?***

Sanitary and phytosanitary (SPS) measures are a set of rules defined by the importing party necessary for the protection of human and animal health ("sanitary") and plant health ("phytosanitary"). EU law includes detailed SPS rules to ensure high levels of food safety, and reduce or eliminate possible health threats to EU citizens, as well as to animals and plants in the EU. This also includes high standards on matters such as the use of hormones or genetically modified organisms (GMOs).

There will be no changes to these food safety standards and the Trade and Cooperation Agreement will safeguard the EU's high levels of SPS standards.

Just like agri-food exporters from every other non-EU country, UK agri-food exporters will have to meet all EU SPS import requirements and be subject to official controls carried out by Member States' authorities at Border Control Posts. Where required, these controls include the verification of

health certificates in line with international standards.

Similarly, EU agri-food exporters will have to meet all UK SPS import requirements.

If either Party has significant concerns with respect to food safety, plant or animal health or an SPS measure of the other Party, it can request technical consultations with that Party, or request audits and verifications of the other Party's inspection and certification system.

***Does the agreement provide for any faciliations on SPS?***

The  Trade and Cooperation Agreement includes a number of measures aimed at limiting SPS import procedures where possible, while upholding strict sanitary standards.

In particular, the Agreement allows for either party to unilaterally decide to reduce the frequency of certain types of border import controls, taking into account the extent to which their SPS rules converge.

It also ensures a simplified process for the approval of imports, where relevant by drawing up lists of establishments that are eligible to export to the other party, based on guarantees provided by the authorities of the exporting Party.

***What happens in case of an animal or plant disease outbreak?***

In case of animal or plant disease outbreaks in the territory of either Party posing a serious threat to animal or public health, the authorities of either Party may apply temporary protective measures – including suspension of imports from all or part of the country concerned or special requirements on products from that country.

Nevertheless, in order to improve the predictability of agri-food trade, the EU and the UK have agreed on procedures to speed up the recognition of disease-free regions in such cases.

***What about trade between Great Britain and Northern Ireland?***

The provisions of the Trade and Cooperation Agreement do not govern trade in goods between the EU and Northern Ireland, where the Protocol on Ireland and Northern Ireland included in the Withdrawal Agreement will apply.[3]

In accordance with that Protocol, Union acquis, including the Union Customs Code, legislation on goods, sanitary rules for veterinary controls ("SPS rules"), rules on agricultural production/marketing, or VAT and excise in respect of goods, will apply to all goods entering Nortern Ireland.

As a result, from 1 January 2021, goods entering Northern Ireland from Great Britain will constitute "imports".  This means that such goods will need to comply with EU product rules and be subject to checks and controls for safety, health and other public policy purposes, including all necessary SPS controls applicable between the EU and the UK.

This solution was agreed between the EU and the UK to avoid a hard border on the island of Ireland, protects the all-island economy and the Good Friday (Belfast) Agreement in all its dimensions, and safeguards the integrity of the Single Market.

Following discussions in the Joint Committee on the Implementation of the Withdrawal Agreement, the EU and the UK have agreed to certain flexibilities that will help limit disruptions caused by the implementation of the Protocol on trade between Great Britain and Northern Ireland.

An agreement in principle has been found in the following areas, amongst others: export declarations, the supply of medicines, the supply of certain chilled meats and other food products to supermarkets, and a clarification on the application of State aid under the terms of the Protocol.

For example, certain chilled meat, for which imports in the Union market are normally prohibited, will be accepted for delivery to supermarkets in Northern Ireland during a limited period of 6 months:

- Minced meat of poultry, frozen or chilled. Chilled minced meat from animals other than poultry (e.g. minced beef.
- Chilled meat preparations (e.g. sausages, meatballs, pork pies)..

- Any fresh meat, including minced meat and meat preparations, produced from triangular trade (e.g. EU meat exported to Great Britain, cut or minced in Great Britain and re-exported to Northern Ireland).

Another example is that, during a limited period of 3 months, the goods coming from Great Britain and destined for supermarkets located in Northern Ireland will be accompanied with a simplified, collective certificate covering all the goods transported in the same truck, instead of individual certificates.

During this period of time, the UK shall maintain its current EU SPS legislation for the products concerned.

The scope is limited to a restricted number of food suppliers for supermarkets which are approved by the UK authorities after demonstrating that they meet a range of trust criteria. This list of members will be established by the United Kingdom in cooperation with the European Commission before 31 December 2020 and cannot be extended after that date.

***Why will the current UK pet passport no longer be valid as of 1 January 2021 ?***

The United Kingdom does not commit to align with the EU's sanitary acquis and more specifically the rules on pet dogs, cats and ferrets after the end of the transition period, and that it will thus not remain in the EU's SPS area.

Therefore, for pet dogs, cats and ferrets introduced into the EU and Northern Ireland an animal health certificate will be required (without the requirement for a test for rabies antibody).

This also applies to the UK Crown Dependencies.

More information is available on the Commission's "readiness notice" on travelling between the EU and the United Kingdom.[4]

**SERVICES & INVESTMENT**

The EU and the UK are major partners when it comes to trade in services and investment.

While the UK was an EU Member State, participating in the EU Single Market and benefitting from the free movement of persons and services, businesses could supply services freely across the EU. The UK benefitted from the EU's Single Market ecosystem based on common rules, a single supervisory framework, and a common jurisdictional system.

***What changes will occur on 1 January 2021?***

As of 1 January, the UK will no longer benefit from the principles of free movement of persons, free provision of services and freedom of establishment.

As a result, UK service suppliers will lose their automatic right to offer services across the EU. They may need to establish themselves in the EU to continue operating. In any event, they must comply with the – often varying – host-country rules of each Member State, as they will no longer benefit from the 'country-of-origin' approach or 'passporting' concept, according to which authorisations issued by one Member State under EU rules enable access throughout the entire EU Single Market.

***What is covered by the Trade and Cooperation Agreement?***

The Agreement provides for a significant level of openness for trade in services and investment, going beyond the baseline provisions of the WTO's General Agreement on Trade in Services (GATS), to which both the EU and the UK are parties, and commensurate with the commitments taken by the EU with other industrialised third countries throughout the world.

As in all its free trade agreements, the EU fully maintains the right to regulate its own markets.

***Which sectors are covered by the Trade and Cooperation Agreement?***

As required by the WTO's General Agreement on Trade in Services (GATS), the Agreement has substantial sectoral coverage, including professional and business services (e.g. legal, auditing, architectural services), delivery and telecommunication services, computer-related and digital services, financial services, research and development services, most transport services and environmental services. Furthermore, the scope of the Agreement applies to investment in sectors other than services such as manufacturing, agriculture, forestry, fisheries, energy and other primary industries.

As in any free trade agreement negotiated by the EU, there are a number of exceptions to the scope of liberalisation: namely, public services and services of general interest; some transport services; as well as audiovisual services.

***Under what conditions will EU service suppliers be able to operate in the UK and vice versa ?***

The non-discrimination obligations of the Agreement ensure that service suppliers or investors from the EU will be treated no less favourably than UK operators in the UK, and vice-versa. This entitles them to receive more favourable treatment than that granted to service suppliers or investors of third countries without similar provisions in place.

Naturally, given that the UK will no longer be in the Single Market, all UK service suppliers and investors must abide by the domestic rules, procedures and authorisations applicable to their activities in the countries where they operate.

For UK service suppliers, this means complying with – often varying – host-country rules of each Member State, as they will no longer benefit from the 'country-of-origin' principle, mutual recognition or 'passporting'.

The actual level of market access will depend on the way the service is supplied: whether it is supplied on a cross-border basis from the home country of the supplier, e.g. over the internet ('mode 1'); supplied to the consumer in the country of the supplier, for example a tourist travelling abroad and purchasing services ('mode 2'); supplied via a locally-established enterprise owned by the foreign service supplier ('mode 3'), or through the temporary presence in the territory of another country by a service supplier who is a natural person ('mode 4').

In practice, the actual ability to supply a particular service or invest in a certain sector will also depend on specific reservations set out in the agreement, which may be imposed on UK service suppliers when supplying services in the EU in some sectors, and vice-versa.

The EU-UK Agreement also includes a forward-looking "most-favoured nation" clause that would allow the EU and the UK to claim any more favourable treatment granted by the UK or the EU respectively in their future agreements on trade in services and investment with other third countries – except in the area of financial services.

It also includes a review clause encouraging the parties to consider whether there are possibilities to improve trade in services and investment relations between the EU and the UK in the future – except in the area of financial services.

***How easy will it be for professionals to travel between the EU and the UK under the Trade and Cooperation Agreement?***

The UK has chosen to no longer allow the free movement of EU citizens to the UK. It also refused to include a chapter on mobility in the Agreement. These choices inevitably mean that business travel between the EU and the UK will no longer be as easy as it currently is.

Nonetheless, regarding the **temporary movement of natural persons for business purposes** (often refered to as '**mode 4**'), the EU and the UK have agreed on a broad range of reciprocal commitments facilitating the ability of companies located in a Party to transfer certain employees, as intra-corporate transferees, to work in an associated company located in the other Party. As intra-corporate transferees constitute temporary migration, the maximum duration of such transfers is capped at three years. With respect to UK nationals transferred to the EU, this duration includes periods of mobility between Member States. This is in line with current EU practice with other third countries.

The EU-UK Agreement also facilitates the movement of "contractual service suppliers" or "independent professionals" to supply services under certain conditions. Business visitors not providing services will also be allowed short-term entry in order to carry out certain activities.

***Does the Agreement provide for the recognition of professional qualifications?***

As a member of the EU and the EU Single Market, UK nationals and EU citizens holding a qualification from the United Kingdom previously benefitted from a simplified – in some cases automatic – recognition regime in other EU countries, which allowed professionals such as doctors, nurses, dental practitioners, pharmacists, veterinary surgeons, lawyers, architects or engineers to supply services across the European Union, including in the United Kingdom.

As of 1 January, as a general rule, UK nationals, irrespective of where they acquired their qualifications, and EU citizens with qualifications acquired in the United Kingdom will need to have their qualifications recognised in the relevant Member State on the basis of each country's existing individual rules applicable to the qualifications of third-country nationals as of the end of the transition period.

The Trade and Cooperation Agreement nevertheless foresees a mechanism whereby the EU and the UK may later agree, on a case-by-case basis and for specific professions, on additional arrangements for the mutual recognition of certain professional qualifications.

***Will EU lawyers still be able to provide legal services in the UK and vice versa?***

The EU and its Member States, and the UK will allow lawyers from the other Party to provide legal services relating specifically to the practice of international law and the law of the country where they are authorised under their "home" title.

However, it should be noted that EU law is not considered to be international law, but instead the law of the Member State in which EU lawyers are established or hold their "home title".

***Does the Agreement cover financial services?***

The draft EU-UK Trade and Cooperation Agreement covers financial services in the same way as they are generally covered in the EU's other FTAs with third countries.

In particular, the Agreement commits both parties to maintain their markets open for operators from the other Party seeking to supply services through establishment. The parties also commit to ensuring that internationally agreed standards in the financial services sector are implemented and applied in their territories. Both parties preserve their right to adopt or maintain measures for prudential reasons (`prudential carve-out'), including in order to preserve financial stability and the integrity of financial markets. The parties will also aim to agree by March 2021 a Memorandum of Understanding establishing a framework for regulatory cooperation on financial services.

***What about the equivalence decisions on financial services?***

The Agreement does not include any elements pertaining to equivalence frameworks for financial services. These are unilateral decisions of each party and are not subject to negotiation.

The Commission has assessed the UK's replies to the Commission's equivalence questionnaires in 28 areas. A series of further clarifications will be needed, in particular regarding how the UK will diverge from EU frameworks after 31 December, how it will use its supervisory discretion regarding EU firms and how the UK's temporary regimes will affect EU firms. For these reasons, the Commission cannot finalise its assessment of the UK's equivalence in the 28 areas and therefore will not take decisions at this point in time. The assessments will continue. The Commission has taken note of the UK's equivalence decisions announced in November, adopted in the UK's interest. Similarly, the EU will consider equivalence when they are in the EU's interest.

**DIGITAL TRADE, INTELLECTUAL PROPERTY, PUBLIC PROCUREMENT AND SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)**

***Does the Agreement cover digital trade?***

The Agreement contains provisions aimed at facilitating digital trade, by addressing unjustified barriers, and ensuring an open, secure and trustworthy online environment for businesses and

consumers, along with high standards of personal data protection. It notably prohibits data localisation requirements, while preserving the EU's policy space regarding the protection of personal data.

***Will the Agreement ensure strong protection of EU intellectual property in the UK?***

The draft Trade and Cooperation Agreement complements the existing international multilateral legal framework with specific and more detailed standards on the respect of intellectual property rights.

In particular, these enhanced standards apply in respect of copyright (including the collective management of rights, and rights such as the resale right for visual works, which are not covered by international conventions and which are particularly important for international artists), but also to trade marks, design rights, patents (supplementary protection certificates), the protection of trade secrets and other undisclosed information, plant variety rights and the enforcement of intelletual property rights (including border enforcement).

All EU geographical indications already registered in the EU by end December 2020 (the "stock") will be protected in the United Kingdom by virtue of the Withdrawal Agreement. No provisions pertaining to the protection of geographical indications that the EU could register in the future could be agreed with the UK.

***Will EU firms be allowed to bid for UK public sector contracts?***

The Agreement contains some of the most ambitious provisions on public procurement ever entered into by the EU. It goes well beyond commitments under the WTO Government Procurement Agreement (GPA), to which the UK is in the process of acceding.

EU companies will be able to participate on an equal footing with UK companies in bids for procurement tenders covered by the agreement, and vice versa.

The Agreement further provides for non-discrimination of EU companies established in the UK (and vice versa) for small-value procurement, i.e. below the threshold of the GPA (from EUR 139,000 to EUR 438,000, depending on the contracting entity, and EUR 5,350,000 for construction services).

The Agreement also allows the use of its bilateral dispute settlement mechanisms for disputes that might arise in regards to the procurement opportunities subject to the GPA.

***What is foreseen to support small and medium sized enterprises?***

The whole draft Agreement seeks to maintain favorable cross-border trade conditions for SMEs. In addition, it includes specific provisions on facilitating SMEs' access to the framework created by the future economic partnership, namely via online platforms and dedicated bilateral cooperation.

**ENERGY**

The EU's internal energy market ensures the security of supply of electricity, gas and oil. It also enables the free flow of energy throughout the EU based on adequate infrastructure and without technical or regulatory barriers.

Within this market, EU and UK energy markets were deeply interlinked, thanks to interconnectors (electricity cables and gas pipelines) running between Great Britain and France, the Netherlands, Belgium, Ireland and Northern Ireland. Today, the UK is a net importer of energy, with the EU currently providing some 5-10% of its electricity supply and 12% of its gas needs.

***What changes on 1 January 2021?***

On 1 January 2021, the UK will leave the EU's internal energy market.

Energy trades over electricity interconnectors between the EU and Great Britain will then no longer be managed through existing Single Market tools, such as market coupling, as they are reserved to EU Member States.

Only Northern Ireland will maintain the Single Electricity Market with Ireland as provided by the

Withdrawal Agreement.

The UK will also no longer be part of the EU's joint action against climate change. It will no longer benefit from the financial support EU Member States receive to develop and deploy low-carbon technologies, or for adaption measures. It will leave the EU's Emissions Trading Scheme (EU ETS) – the EU's flagship cap-and-trade tool for reducing greenhouse gas emissions – and will be excluded from its effort-sharing arrangements which allow Member States to share the burden of meeting decarbonisation targets.

Furthermore, the UK will leave the European Atomic Energy Community (Euratom), the Single Market for trade in nuclear materials and technology, which ensures the security of atomic energy supply and enables the pooling of knowledge, research, infrastructure and funding of nuclear energy.

***What is covered by the Trade and Cooperation Agreement?***

The EU and the UK have agreed to establish a new framework for their future cooperation in the energy field, ensuring the efficiency of their cross-border trading. This framework is underpinned by strong provisions in the Agreement aimed at creating a robust level playing field.

The Agreement also establishes an ambitious framework for cooperation in the fight against climate change, as well as provisions for cooperation in the development of offshore energy, with a clear focus on the North Sea.

A separate agreement between Euratom and the UK on the safe and peaceful uses of nuclear energy provides for wide-ranging cooperation on nuclear safety and peaceful uses of nuclear energy, underpinned by assurances that both sides will comply with international non-proliferation obligations and will not lower their current level of nuclear safety standards.

***Will energy trading be as efficient as before?***

The EU has an interest in the continuation of cost-efficient, clean and secure supplies of energy that are essential to the functioning of EU economies.

As of 1 January 2021, the UK will no longer participate in the internal energy market of the EU, and will have to trade with the EU on third-country terms. Nevertheless, the Agreement foresees the possibility to develop, over time, separate arrangements for trade over interconnectors, based on a coupling model [multi-region loose volume coupling].

This model is different from and less efficient than the market coupling used within the EU. However, within the constraints applicable to energy trade between the EU and a third country, the model should still allow to maximise benefits for both the Union and the UK in the trade of electricity over interconnectors.

The Agreement also includes:

- provisions guaranteeing non-discriminatory access to energy transport infrastructure and a predictable and efficient use of electricity and gas interconnectors. These should allow energy providers to trade efficiently and competitively across the Channel;
- a new framework for cooperation between EU and UK Transmission System Operators (TSOs) and energy regulators (given that the UK will no longer participate, inter alia, in the European Network of Transmission System Operators for Electricity and Gas);
- provisions regulating subsidies to the energy sector to ensure they will not be used to distort competition;
- provisions committing the Parties to ensuring the security of supply, particularly relevant for Ireland, which will remain isolated from the EU internal energy market until new interconnections become operational.

***What measures are foreseen to ensure a robust Level Playing Field in the energy sector?***

On the one hand, the Agreement's horizontal level playing field provisions, including those on social and environmental issues, will apply to the energy sector.

On the other, the Agreement also includes specific provisions aimed at creating a robust level playing field in the energy sector.

In particular, it contains principles and provisions to regulate subsidies to the energy sector, as well as to promote renewable sources in a non-discriminatory manner.

It also includes a prohibition on export restrictions (including export monopolies and export licences) and on dual pricing of energy goods.

In addition, it sets out provisions on authorisations for exploration and production, which are aimed at ensuring the respect by both parties of important safety and environmental standards.

All these measures are aimed at encouraging open and fair energy trade and cross-border energy investments and ensuring that a proper level playing field applies to the energy sector.

***What did you agree with regard to offshore renewable energy?***

The Agreement contains provisions for cooperation in the development of offshore energy, with a clear focus on the North Sea. The EU and the UK will be able to continue to cooperate in this area, building on the North Sea Energy Cooperation, a platform developed by the EU, a number of its Member States and Norway to develop the use of renewables in this region. The scope of the cooperation in the area of off-shore energy envisaged by the Agreement reflects the EU's Strategy on Offshore Renewable Energy, as presented on 19 November 2020, in which the Commission proposes to increase Europe's offshore wind capacity to at least 60 GW by 2030 and to 300 GW by 2050.

***Will the UK still be bound by EU climate change targets and policies?***

The UK will define its own climate change targets and policies.

However, the Agreement establishes an ambitious framework for cooperation in the fight against climate change.

Under the Agreement, both sides agree that the fight against climate change, and in particular the 2015 Paris Agreement on climate, constitute an essential element of their partnership. Any violation of this essential element by one Party gives the other Party the right to terminate or suspend all or parts of the Agreement.

The EU and the UK also reaffirm their ambition to achieve economy-wide climate neutrality by 2050.

A strong principle of non-regression, including on carbon pricing, is included in the Agreement, ensuring that the current level of climate protection in the EU and in the UK will continue to be upheld. This means that both sides have agreed to ensure that, at a minimum, the level of climate protection in place at the end of the transition period shall be guaranteed also in the future. Moreover, each Party also committed to seeking to increase its levels of protection over time.

Finally, under the aviation title, both sides also agreed not to prohibit the taxation of fuel supplied to aircraft on a discriminatory basis, as this would go counter to ensuring a level playing field and meeting climate-neutrality targets.

***Will the UK continue to participate in the EU Emissions Trading System (ETS)?***

The UK committed to implementing a system of carbon pricing as of 1 January 2021. The EU and UK committed to ensure that their carbon-pricing systems cover greenhouse gas emissions from electricity generation, heat generation, industry and aviation.

The UK will no longer participate in the EU's Emissions Trading System, but the Parties will give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness, for instance by adding further sectors, such as buildings. This would be subject to an agreement to be negotiated separately in the future.

**Separate Agreement: Safe and peaceful uses of nuclear energy**

A separate agreement between Euratom and the UK provides for wide-ranging cooperation on safe and peaceful uses of nuclear energy, underpinned by commitments by both sides to comply with international non-proliferation obligations and uphold a high level of nuclear safety standards.

This Agreement enables:

- the supply and transfer of nuclear material, non-nuclear material, technology and equipment;
- trade and commercial cooperation relating to the nuclear fuel cycle;
- cooperation in the safe management of spent fuel and radioactive waste;
- nuclear safety and radiation protection;
- use of radioisotopes and radiation in agriculture, industry and medicine;
- geological and geophysical exploration;
- development, production, further processing and use of uranium resources.

The Agreement also allows for continued cooperation between the EU and the UK in the European Community Urgent Radiological Information Exchange (ECURIE) or the European Radiological Data Exchange Platform (EURDEP). This will make early notification and reliable radiological information available to EU Member States and to the UK, in case of nuclear accidents. It will also allow rapid, coordinated responses to radiological emergencies by sharing real-time data.

Finally, this Agreement enshrines a clear commitment by both parties not to reduce their current standards of nuclear safety, as well as a joint commitment to cooperating internationally to ensure the implementation, and promote the improvement of, international nuclear safety standards.

***Why did you conclude a separate agreement on nuclear safety and not include the provisions in the Trade and Cooperation Agreement?***

The Euratom Community has negotiated separate agreements on the peaceful uses of nuclear energy with a number of third countries based on the Euratom Treaty, and a well-established pattern in this sense exists both in the Community and at international level.

Moreover, Euratom possesses specific competences linked to the substance of these type of agreements, for which the specific and separate Euratom legal basis is necessary.

***How will disputes be managed and what remedies are foreseen in case of non-compliance in the context of the separate agreement on nuclear safety?***

As per other agreements in the areas of nuclear safety and peaceful uses, disputes between the Parties are to be addressed mostly via consultations, with the possibility to suspend or terminate the agreement in case of non-compliance.

**LEVEL PLAYING FIELD FOR OPEN AND FREE COMPETITION AND SUSTAINABLE DEVELOPMENT**

***What is a level playing field and why is it so important?***

Given their geographic proximity and economic interdependence, the EU and the UK agreed to robust commitments to ensure a level playing field for open and fair competition and to contribute to sustainable development.

The nature of these commitments reflects the scope and the depth of the wide-ranging and ambitious economic partnership, including in particular the absence of tariffs and quotas for trade in all goods, comprehensive market access commitments and rules on services and investment, as well as very high level of openess for governement procurement. The agreement also foresees unprecedented cooperation on energy and dedicated titles on aviation and road transport, all of which require appropriate level playing field guarantees.

These commitments will prevent distortions to trade and investment, today and tomorrow, and will contribute to sustainable development.

More specifically, these provisions mean that:

- The current high standards applicable in the areas of labour and social standards, environment, and climate can not be lowered in a manner affecting trade or investment between the Parties.
- Robust and comprehensive rules will prevent distortions created by subsidies, anti-competitive practices, or dicriminatory and abusive behaviour by state-owned enterprises.
- Specific standards and rules and the joint political declaration in the area of taxation will

contribute towards tax transparency, and will counter tax avoidance and harmful tax regimes and practices.

- A wide-ranging set of commitments building on the EU's most ambitious precedents will ensure that trade supports sustainable development, including through cooperation at the international level.

### *What happens if one side unilaterally distorts the level playing field?*

The EU and the UK agreed to effective tools and mechanisms for the enforcement of their level playing field commitments, namely:

- **Effective implementation domestically**, including the control of subsidies by domestic authorities and courts, and a role for an independent authority or body, and appropriate administrative and judicial proceedings in the areas related to labour and social standards, environment and climate;
- **Appropriate and effective governance and dispute settlement mechanisms** for solving disputes between the EU and the UK over the application of the Agreement, including through the horizontal dispute settlement mechanism or tailored panel of experts;
- **Unilateral remedial measures** to react quickly where a subsidy creates a significant negative effect on trade or investment between the EU and the UK.

Furthermore, the Agreement provides for the possibility to apply **unilateral rebalancing measures** in the case of significant divergences in the areas of labour and social, environment or climate protection, or of subsidy control, where such divergences materially impact trade or investment between the Parties. This might be relevant, for example in a situation where one Party would significantly increase its levels of protection related to labour or social standards, the environment or climate above the levels of the other Party. This may entail an increase in the costs of production and hence a competitive disadvantage. Another example would be a situation where one Party would have a system of subsidy control that would systemically fail to prevent the adoption of trade distorting subsidies, which would provide a competitive advantage for that Party.

In such cases, a Party would be able to adopt measures to rebalance the competitive advantage of the other Party.

By addressing the possibility of regulatory divergence at any point in time, this mechanism allows for the future-proofing of level playing field provisions to maintain open and fair competition over time.

Each Party could also, at regular intervals and if rebalancing measures have been taken frequently or for more than 12 months, seek a review of the trade and other economic parts of the Agreeent to ensure an appropriate balance between the commitments in the Agreement on a durable basis. In this case, the Parties could negotiate and amend relevant parts of the Agreement. Any trade or economic part of the Agreement, including aviation, that would remain in place or be renegotiated would retain appropriate level playing field commitments.

### *What exactly was agreed with regards to subsidies?*

The EU and the UK agreed on two elements, which ensure that neither Party uses trade-distorting subsidies, and in this way seek to prevent diversion of investment and jobs losses:

1. **Substantive rules**

#### *1.1 General principles*

Subsidies must respect a defined set of binding principles in order to be granted. These principles include

- a contribution to a well-defined objective of public interest (for example the green transition);
- the need for state intervention to remedy a market failure (for example ensuring school bus services to remote villages);
- appropriateness or incentive effect of the subsidy (there is no other measure available that would lead to the same effect);
- the proportionality of the subsidy, taking into account its negative effects on trade between the EU and UK.

### *1.2 Specific principles*

These general principles are complemented by specific binding principles applicable to key sectors (e.g. air transport, energy, financial services) or types of aid (e.g. rescue and restructuring of ailing companies, unlimited guarantees, export subsidies, services of public economic interest, large cross-border projects).

The EU and UK have also agreed to make reference in a Joint Declaration to non-binding principles on other specific subsidies relating to research and development, the development of disadvantaged areas (the so-called regional subsidies) and subsidies to the transport sector (airports, ports, road transport). These principles would guide the two Parties in the implementation and development of their rules on subsidies.

### *1.3 Transparency*

The EU and UK will publish information on an official website or a public database within 6 months of the granting of the subsidy and within 1 year for subsidies in the form of tax measures. In the UK, interested parties, such as competitors, that are considering applying for a review by a court of a subsidy decision, will also have the possibility to request further information to allow them to assess the application of the principles by the granting authority and decide whether to challenge such subsidy in court.

2. **Enforcement tools**

### *2.1 Guarantees of robust domestic enforcement*

The agreement contains guarantees for domestic enforcement. These will ensure that the respect of the general principles can be challenged by competitors and verified by courts in either the EU or the UK. The courts will be empowered to order beneficiaries to pay back the subsidy if the courts found, for instance, that the assessment principles were not correctly applied to that subsidy.

### *2.2 Effective dispute settlement*

The EU and the UK can each submit a conflict regarding the application of relevant provisions on subsidy control to the horizontal dispute settlement mechanism.

Non-compliance by one Party with the arbitral ruling may lead to sanctions authorised by the arbitration tribunal, such as the suspension of commitments (leading for example to the introduction of tariffs or quotas on goods or of other market access barriers).

### *2.3 Unilateral remedial measures:*

Each Party has the right to take unilateral remedial measures (for example reintroduction of tariffs or quotas on certain products) in case the other Party grants a subsidy in a way that leads to significant negative effects on trade or investment between the Parties.

### *How will you ensure that taxation isn't used as a means to distort competition?*

The Parties agreed on a good governance clause and commitments to uphold the taxation standards on exchange of tax information, anti-tax avoidance, and public tax transparency.

These provisions are based on international standards, including OECD standards, related to the exchange of tax information; rules on interest limitation, controlled foreign companies and hybrid mismatches, as well as on the Party's domestic standards related to public country-by-country reporting.

In addition to that, the EU and the UK set out, in a separate joint-declaration, specific principles on the countering of harmful tax regimes and affirmed jointly their commitment to apply these principles. They also agreed to hold an annual dialogue on their application of these principles.

### *How will you ensure that the EU's high social and labour, as well as environmental and climate levels of protection will be upheld?*

Citizens in the EU and in the UK benefit from some of the highest labour and social standards and environmental and climate committments in the world.

The respect of these standards and rules can come with costs for businesses, but since they are followed by the economic actors in the EU's Single Market, there is no risk of distorted competition.

Since the UK, as a neighbouring third country, gains access to the EU's market without tariffs or quotas, the Parties have agreed to continue upholding the current high levels of protection to avoid unfair competitive advantages from the lowering of their levels of protection.

To that extent, a binding and enforceable commitment of non-regression was included in the chapters dedicated to labour and social standards as well as environment and climate, ensuring that the current levels of protection in the EU and in the UK will continue to be upheld. Each Party also committed to seek to increase over time its levels of protection in these areas.

***In which areas will levels of protection be protected?***

The EU and the UK agreed to uphold levels of protection in the areas reated to labour and social standards, and environment and climate.

Labour and social levels of protection cover the following areas:

- fundamental rights at work;
- occupational health and safety standards;
- fair working conditions and employment standards;
- information and consultation rights at company level; or
- restructuring of undertakings.

Environmental levels of protection include the following areas:

- industrial emissions;
- air emissions and air quality;
- nature and biodiversity conservation;
- waste management;
- the protection and preservation of the aquatic environment;
- the protection and preservation of the marine environment;
- the prevention, reduction and elimination of risks to human health or the environment arising from the production, use, release or disposal of chemical substances; or
- the management of impacts on the environment from agricultural or food production, notably through the use of antibiotics and decontaminants.

The climate level of protection applies to:

- emissions and removals of greenhouse gases covering EU's and the UK's respective 2030 economy-wide targets including their systems of carbon pricing; and
- the phasing-out of ozone depleting substances.

***What does the Agreement foresee with respect to the environment?***

As befits a trade agreement between two Parties with ambitious environmental policies, the Agreement contains several guarantees in terms of environmental protection, over and above the non-regression provisions applying to environment, climate and labour and social protection. These include:

- A recognition of the shared biosphere;
- Coverage of future targets that are now in the laws of the parties – the 2030 waste recycling targets, the 2027 water targets and the 2030 air pollution ceilings;
- Full inclusion of the key environment principles, including precautionary principle, polluter pays, and integration principle;
- Full inclusion of the principles of the Aarhus Convention with modernised text, including access to justice, access to information and public participation;
- Effective co-operation mechanism foreseen between the supervisory body or bodies in the UK in terms of protection of the environment, and the Commission;
- The recognition of the relevance of procedures for evaluating the likely impact of a proposed activity on the environment, such as an environmental impact assessment or a strategic environmental assessment.

***Does the Agreement cover health and product sanitary quality in the agricultural and food sector?***

The broad scope of the commitment on the environment clearly refers to agricultural and food production. In addition, it specifies two of the most important areas for the level playing field with regards to agriculture and food production, namely the use of antibiotics and decontaminants.

***Why is there no commitment to an independent body to enforce non-regression in the field of environment?***

The Agreement provides for cooperation between the Commission and the relevant UK bodies in preserving a level playing field in the field of environment. We note that the UK intends, as part of its domestic law, to put in place an independent body or bodies that will seek to preserve non-regression, for instance the office of environmental protection and similar devolved bodies.

***What was agreed with regards to climate change?***

The Agreement establishes an ambitious framework for cooperation in the fight against climate change.

Under the Agreement, both sides agreed that the fight against climate change and in particular the 2015 Paris Agreement on climate constitutes an essential element of their partnership. Any violation of this essential element by one Party gives the other Party the right to terminate or suspend all or parts of the Agreement. The fight against climate change is for the first time on par with other essential elements namely democracy, human rights and the rule of law and non-proliferation of weapons of mass destruction.

The EU and the UK also reaffirm their ambition of achieving economy-wide climate neutrality by 2050.

A principle of non-regression, including carbon pricing, is included in the Agreement, ensuring that the current level of climate protection in the EU and in the UK will continue to be upheld. This means that both sides have agreed to ensure that, at minimum, the level of climate protection in place at the end of the transition period shall be guaranteed also in the future. Moreover, each Party also committed to seek to increase its levels of protection over time.

Both sides have also agreed in the aviation title not to exempt aircraft fuel from taxation.

***What about carbon pricing?***

The UK also committed to implement a system of carbon pricing as of 1 January 2021. The EU and UK committed to ensure that their carbon pricing systems cover greenhouse gas emissions from electricity generation, heat generation, industry and aviation.

***Will the UK continue to participate in the EU Emissions Trading System (ETS)?***

The UK will no longer participate in the EU's Emissions Trading System, but the Parties will give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness. This would be subject to an agreement to be negotiated separately in the future.

***Why is there no separate chapter on the fight against climate change?***

Climate change represents an existential threat to humanity and both parties have strong commitments to strengthening the global response to this threat.

These objectives are included in the chapter on environment and climate with dedicated commitments on climate change and carbon pricing.

***How does the Agreement contribute to trade and sustainable development?***

The EU and the UK recognised in the Agreement that their bilateral trade and investment must take place in a manner conducive to sustainable development.

To that end, the EU and the UK agreed to promote the implementation of the United Nations 2030 Agenda and the United Nations' Sustainable Development Goals, and to adhere to the implementation of relevant internationally agreed principles, rules and agreements, such as:

- Conventions of the International Labour Organisation (ILO) and the European Social Charter of the Council of Europe ratified by the EU and the UK;
- Multilateral environmental agreements, including climate change mitigation-related multilateral initiatives, such as the
- United Nations Framework Conventions on Climate Change, and the Paris Agreement of 2015;
- Combating illegal wildlife trade, illegal logging and illegal, unreported and unregulated (IUU) fishing and related trade.

In addition to that, the EU and the UK agreed to promote trade and investment in green goods, to cooperate bilaterally and at the international level on the sustainability agenda and to encourage responsible business practices.

***Does the EU have level playing field provisions in any other of its FTAs?***

Each Free Trade Agreement (FTA) is different as it takes into account the particular circumstances of the EU's exchanges with the third country in question.

The Agreement with the UK is unique as it is an agreement with a former Member State. The UK currently shares the same high standards as the EU in many regulatory areas. Moreover, the two Parties start from a unique level and intensity of trade and investment resulting from their economic integration, and a high level of interconnectedness and geographic proximity. Once the Agreement enters into force, the UK will become the EU's largest FTA partner in Europe and the world.

Furthermore, the Agreement provides for a high level of market access, including an unprecedented zero tariff, zero quota economic partnership across all goods. That kind of access to the EU Single Market requires clear and credible rules to guarantee fair and open competition, including an effective dispute resolution mechanism and unilateral measures. Open and fair competition will be beneficial for EU and UK consumers and businesses.

## TRANSPORT

Transport is an essential driver of economic benefits in EU-UK relations. Each year, some 210 million passengers and 230 million tonnes of cargo are transported between the EU and the UK, by air, sea, road and rail.

***What changes on 1 January 2021?***

While the UK was an EU Member State and participated in the EU Single Market and Customs Union, transport service operators could operate freely between and within the Single Market, on the basis of a single licence or authorisation, and without being unduly hindered by border checks and controls.

As of 1 January 2021, the UK will no longer be a part of the EU Single Market and Customs Union, or in the Union's VAT and excise duty area. It will therefore no longer benefit from the principle of free movement of goods and people. This was the UK's choice.

Since the UK will no longer be part of the Single Market, all transport businesses conducting operations between the EU and the United Kingdom will have to ensure compliance with EU and UK certification requirements respectively.

The UK will also no longer be a member of the European Union Aviation Safety Agency (EASA), and will have to build up its own capacity for aviation safety purposes.

Finally, transport operators will also be affected by changes in the formalities required when crossing the UK-EU border.

***What is covered by the draft Trade and Cooperation Agreement?***

The Agreement covers the terms and conditions according to which EU and UK air transport operators, road haulage and passenger bus operators, as well as maritime transport operators will be able to perform services between the EU and the UK as of 1 January 2021. It also specifies the terms and conditions for EU-UK cooperation in the area of aviation safety.

Importantly, the Agreement also includes provisions to ensure that competition between EU and UK operators takes place on a level playing field, ensuring high levels of transport safety, workers' and passenger rights, and environmental protection.

## AVIATION

***Will air carriers still have the same rights to operate between and within the EU and the UK?***

As of 1 January 2021, the UK will no longer participate in the fully liberalised EU aviation market and UK airlines will no longer be considered as EU carriers.

As a result, UK airlines can no longer enjoy the same level of traffic rights across EU airspace.

To ensure connectivity between EU and UK airports for passengers, goods and mail, the Agreement sets out new terms and conditions for market access, as well as arrangements for cooperation in the areas of aviation safety, security and air traffic management.

UK carriers will be able to fly across the territory of the EU without landing; make technical stops in the territory of the EU for non-traffic purposes; and carry passengers and/or cargo on any routes between a given point in the UK and a point in the EU (so-called 3rd and 4$^{th}$ freedoms).

UK carriers will, however, no longer be able to transport passengers or cargo between two points in the EU, nor perform onwards carriage services between the UK and two other Member States (e.g. Manchester-Munich-Warsaw). Nor will they be allowed to carry passengers onwards between the UK, a Member State and a third country (so-called '5$^{th}$ freedom', e.g. London-Amsterdam-Bangkok).

The Agreement does nonetheless allow Member States and the United Kingdom to bilaterally exchange such 5$^{th}$ freedom rights for extra-EU all-cargo operations only (e.g. Paris-London-New York).

***What conditions will air carriers need to fulfill in order to benefit from the Agreement?***

UK air carriers wishing to fly under this Agreement will have to comply with certain conditions, such as holding a valid licence from the UK's competent authorities, having their principal place of business in the UK and being majority UK-owned and controlled. UK carriers that are majority UK-/EEA- and/or Swiss-owned and controlled at the end of the transition period may also continue to operate.

EU carriers will have to respect similar conditions on licences and principal place of business and continue to comply with EU requirements on EU/EEA/Switzerland majority ownership and control.

***Will UK aviation safety certificates still be valid?***

As of 1 January 2021, the UK will no longer apply the EU's regulatory framework for aviation safety, and no longer participate in the European Union Aviation Safety Agency (EASA).

The Agreement defines new arrangements for the recognition of future design and environmental certificates, as well as for production organisation oversight, to ease the use of parts produced in the other's territory.

While this does not remove duplications and additional administrative burdens, it will facilitate the trade in aeronautical products.

The Agreement also ensures that existing design certificates issued under EU rules before 1 January 2021 remain valid, so that products and designs covered by them can continue to be used.

***What about UK organisations, pilots, mechanics, examiners, instructors etc…?***

Many holders of UK certificates, including pilots, mechanics, examiners, instructors, etc. who wish to continue their activities in the EU were able to obtain a certificate from an EU Member State before the end of the transition period. Furthermore, UK organisations currently certified by the UK competent authorities and who wish to continue activities in the EU have been able to apply to EASA for a certificate to operate as a third country organisation.

Thousands of applications have been filed with EU Member States for the transfer of pilot licences, for example, and with EASA for certificates allowing UK companies in fields such as aircraft maintenance or pilot training to operate as third country organisations under EASA oversight and EU rules.

For more details, stakeholders should consult the relevant Commission 'readiness notices'[5], or refer to the EASA website for technical issues[6].

***Does the Agreement contain specific provisions to ensure fair competition between air carriers?***

The Agreement will guarantee that airlines on both sides compete on an equal footing. Not only will the agreement's horizontal level playing field provisions, including those on social and environmental issues, apply to aviation. But the Agreement also includes specific provisions on business issues such as ground handling and slots (non-discrimination and effective access), alongside provisions for the protection of passenger rights.

Furthermore, the Agreement ensures that neither Party can prohibit the taxation of fuel supplied to aircraft on a discriminatory basis, as this would go counter to ensuring a level playing field and meeting climate-neutrality targets.

***Will EU passenger rights still be protected in the same way?***

As of 1 January 2021, the level of protection of passengers travelling between the EU and the United Kingdom will be affected, as the UK will be a third country.

This means that EU air passenger rights will continue to apply to flights operated from the UK to the EU by an EU airline, or to flights operated from the EU to the UK, whether operated by an EU or a UK airline. They will not however apply to UK-operated flights from the UK to the EU.

Nonetheless, the Agreement provides that both Parties will guarantee that effective measures are put in place to protect access to information for passengers, passengers with disabilities and reduced mobility, reimbursement and compensation, and the efficient handling of complaints.

**ROAD TRANSPORT**

***Will road hauliers still have the same rights to operate between and within the EU and the UK?***

As of 1 January 2021, UK companies will no longer hold an EU licence or be able to perform transport services within the Union as part of the Single Market.

The draft EU-UK Trade and Cooperation Agreement provides for quota-free point-to-point access for operators transporting goods by road between the EU and the UK. This means UK lorries would be able to reach the EU and return from the EU, including when not loaded. The same rights are conferred to EU hauliers travelling from any point in the EU to the UK, and back from the UK to anywhere in the EU.

Without the Agreement, only a very small number of operators holding licences from the European Conference of Ministers of Transport (ECMT) would have been able to conduct such journeys.

UK and EU trucks will also be able to perform up to two additional operations in the other party's territory, once they have crossed the border.

This will allow EU hauliers that carry a load to the UK to perform two cabotage operations in the UK, thus limiting the risk of having to travel back to the EU without a load.

For UK hauliers, these additional operations can be composed of two cross-trade operations (i.e. transport operations between two Member States) or one cross-trade and one "cabotage" operation

(i.e. a transport operation within two points of a single Member State). Special provisions are made in the case of Ireland, as Northern Irish hauliers will be able to perform two cabotage operations in Ireland.

The Agreement also provides for full transit rights across each other's territories (to reach third countries or other parts of their own territory).

***Does the draft Trade and Cooperation Agreement contain specific provisions on road safety and fair competition between hauliers?***

Yes. All operators, drivers and vehicles involved in cross-border journeys will be bound by common high standards set out in the agreement, which are specific to the road haulage sector. These include in particular the working conditions of drivers, their level of qualification, technical requirements for vehicles, and minimum conditions for operators to obtain a licence. Such conditions are essential to ensure fair competition, good working conditions for drivers and a high level of road safety. In addition, the fair competition and social provisions that apply to the entire agreement will also apply to the road haulage sector.

***Are there any special provisions to ensure the transport of goods by road between Ireland and the rest of the EU can continue?***

The Agreement allows for full transit rights. This means EU operators can cross Great Britain to reach the EU, or other third countries, from Ireland (the so called "land bridge"). Similarly, UK operators can transit through EU territory to reach other parts of the UK (e.g. Northern Ireland) or third countries. These provisions will allow the continuation of logistics links between Ireland and the rest of the EU via the UK. Irish businesses will be able to continue to use these trade routes, unless they decide to use direct routes to the rest of the EU by sea or air. Operators based in Ireland and in Northern Ireland will also be able to perform two cabotage operations in the other's territory.

***Will bus services operate as before between the EU and the UK?***

The draft EU-UK Agreement will allow regular international bus services to continue to link the EU and UK. Its provisions reflect those of the Protocol of the multilateral Interbus Agreement on regular and special regular services, which is expected to come into force in 2021. When the Protocol comes into force, the equivalent provisions in the Agreement will no longer apply.

Occasional international services will be covered by the multilateral Interbus agreement of 2002, which covers the EU and currently seven non-EU countries. The UK will accede to that agreement on 1 January 2021.

The Agreement includes special provisions applicable to the island of Ireland, where regular and occasional bus services that connect Ireland and Northern Ireland will be able to continue their services in the same way as before.

**OTHER TRANSPORT TOPICS**

***What does the draft agreement say on rail services via the Channel Tunnel?***

The Trade and Cooperation Agreement does not include particular provisions on rail services.

Cross-border rail services will be able to continue after 1 January 2021, provided that railway undertakings from the EU and the United Kingdom hold licences valid under EU law for those sections of the service operated within the EU. Undertakings must also comply with the legal requirements applicable in the European Union, e.g. with regard to safety certificates, rolling stock authorisations and personnel (train drivers') licences;[7] they will need to hold valid UK licences and comply with UK requirements for operations in the UK.

***What does the draft Trade and Cooperation Agreement say on maritime transport services?***

The provisions on international maritime services are in line with other EU Free Trade Agreements and would guarantee open and reciprocal access to the other's international maritime transport

markets (e.g. access to ports, access to port services such as pilotage, containers repositioning etc.). National maritime cabotage operations will however be excluded.

## SOCIAL SECURITY COORDINATION AND VISAS FOR SHORT-TERM VISITS

### *What changes on 1 January 2021?*

By leaving the EU, the UK has chosen to put an end to the free movement of persons between the EU and the UK as of 1 January 2021.

All movements after 1 January 2021 will be subject to the EU's and UK's existing immigration legislation applicable to all third country nationals.

Those who were or had been already in a cross-border situation between the EU and the UK before 1 January 2021 are covered under the Withdrawal Agreement, which allows for their continued right to remain, ensures non-discrimination and protects their social security rights.

### *What is covered by the draft Trade and Cooperation Agreement?*

The UK refused to include a chapter on mobility in the Agreement, or any provision aimed at facilitating short-term visits or long-term stays. The only exception relates to the temporary movement of natural persons for business purposes, or mode 4, as defined in the chapter on Trade in Services of this document). As a result, the Agreement does not cover the right to enter (with or without visa), work, reside or stay of EU citizens in the UK or of UK nationals in the EU.

The Agreement nevertheless contains a number of social security coordination measures aimed at protecting the entitlements of EU citizens temporarily staying in, moving to or working in the UK and of UK nationals temporarily staying in, moving to or working in the EU after 1 January 2021.

### *Does this mean that visas will be necessary for all travel between the EU and the UK?*

No. The EU had already taken the decision to allow UK nationals short-term visa-free visits of up to 90 days within any 180-day period, as of 1 January 2021. The UK has also decided to allow visa-free short-term visits for EU citizens.

The EU decision is conditional on the UK continuing to provide for equal visa-free travel for short-term visits for EU citizens of *all* EU Member States, without discrimination between EU nationals.

Should the UK introduce a visa requirement for nationals of at least one Member State, the EU's reciprocity mechanism (Article 7 of Regulation (EU) 2018/1806) will be applied without delay, meaning that a series of gradually increasing measures are taken, which could lead to suspending the visa-free status of the UK, in case the UK, after consultations does not drop the visa requirement.

### *Can the UK discriminate between EU citizens in the context of short-term travel or social security?*

Whilst the EU and the UK are free to determine their respective visa policies, the UK must treat all nationals of EU Member States equally; it cannot decide to grant a visa waiver for short-term travel to citizens of certain Member States, whilst excluding others.

This principle of non-discrimination between EU citizens is also applicable in other areas of the agreement which are directly relevant to citizens, such as in relation to temporary stays for business purposes, Social Security Coordination, or participation in Union Programmes.

### *What about long-term stays?*

UK nationals intending to stay in an EU Member State for periods exceeding 90 days for any purpose (e.g. work, research, study, training) will be able to do so under the conditions for entry and stay for third country nationals set under EU law and the national laws of the Member States.

EU citizens intending to move to the UK will need to comply with the applicable immigration conditions set by the UK government.

### *Who is covered by provisions on social security coordination?*

The Agreement covers EU citizens, UK and third-country nationals, stateless persons and refugees, in a cross-border situation as of 1 January 2021, legally residing in the EU or the UK, and whose situation is not confined to a single country from a social security perspective. It also covers their family members and survivors.

### *What exactly will be covered under the coordination of social security systems?*

The Agreement ensures that social security benefits are coordinated. It also ensures that only one set of rules applies to a person at any given time. This will avoid the risk that such a person would pay double social security contributions or that no legislation applies to them at a given moment and are therefore left without social security protection.

The draft Agreement provides wide protection to EU and UK citizens. The majority of social security benefits will be coordinated and protected between the EU and the UK, so that citizens preserve their rights if, for example:

- they are or will be in a cross-border situation and work or will work in more than one country, one of them being the UK as from 1 January 2021;
- they reside in one Party and work in another;
- they move residence to the other Party; or
- they travel between the EU and the UK for a temporary stay.

More specifically, such a person will not lose their right to old-age and survivors' pensions, death grants, pre-retirement benefits, or maternity/paternity benefits related to the birth of a child in the other Party.

Accidents at work will also be coordinated so that a person working outside the State of insurance may be treated in the State of work where the accident happened. If they move to the other Party, they may continue to receive their cash benefits there as well.

### *What won't be covered?*

The Agreement foresees equal treatment of EU citizens with UK nationals and vice versa for the purpose of social security contributions and benefits.

However, there are some exceptions. For example, certain benefits are not included in the Agreement and that means that access to such benefits will be left for domestic legislation which may then choose to treat the concerned persons differently.

Such benefits include family benefits, long-term care, special non-contributory benefits or assisted conception services.

### *What happens to periods worked both in the EU and in the UK when it comes to people's benefits?*

A person will not lose the periods worked in the EU and in the UK, which will be taken into consideration when their benefits will be determined and calculated (e.g. unemployment benefits, old-age and survivors' pensions).

Periods worked in the UK and the EU will also be taken into account when determining a person's entitlement to invalidity benefits.

### *What provisions are there for healthcare?*

Healthcare is included in the scope of the Agreement and the current arrangements will, in principle, continue to apply.

For example, an EU citizen on a temporary stay in the UK (a tourist, student, or business person) will continue to benefit from necessary (such as emergency) healthcare based on the European Healthcare Insurance Card.

However, for longer stays, domestic immigration legislation may provide for additional requirements. In particular, the UK imposes on third-country nationals for the time being a healthcare surcharge as a condition for issuing an entry visa for stays longer than 6 months. This surcharge will have to be paid by EU citizens as well, but will be reimbursed for students and persons who remain insured in their Member State (Portable Document S1 holders as explained below).

Pensioners will continue to benefit from healthcare in their State of residence on behalf of the State paying their pension if they move to the UK or the EU. The same goes for frontier workers, working in one Party and residing in another. While additional requirements may apply under domestic immigration legislation, the Agreement secures that the country of insurance reimburses the country of residence, so that ultimately the same arrangements apply as now.

***What about posted workers?***

The posting of workers is part of the free movement of services within the EU, subject to conditions. The Agreement does not include rules for the posting of UK workers in the EU, or vice-versa. This means that, for example, a worker sent by the UK to the EU to work will have to pay social security contributions in the EU Member State and will be subject to the legislation of that country.

It was however agreed that in this area, and as a transitional provision, Member States may request, upon notification to the Commission, to continue the posting system as it exists now for a period of up to 15 years. Member States can terminate the posting system earlier.

During this period of time, posted workers will then pay their social security contributions in the Party that sent them (i.e. the UK in the example provided).

**FISHERIES**

The economic value of fisheries in UK waters for EU vessels represents 637m EUR[8].

This represents on average 12% of Member States' overall total catches in value – although this varies significantly among Member States, ranging from less than 1% for Spain to 33% for Denmark, 38% for Ireland and 43% for Belgium.

Conversely, the UK catches €110 million in value of landings in the EU27's exclusive economic zone (10% of its total catches), although access to EU waters in the Channel is of significant importance to certain fishing communities in the UK.

Furthermore, a large share (more than 2/3) of UK fisheries production is exported to the EU market, while most locally consumed products in the UK are supplied by non-EU trade partners (Iceland, Norway) or by processing plants in the EU (Germany, Poland).

***What are the consequences of the UK leaving the EU?***

The UK will leave the Common Fisheries Policy on 1 January 2021 – the EU's joint legal framework providing for equal access to EU waters for Member States, as well as stable arrangements for quota-sharing and the sustainable management of resources.

By leaving the Common Fisheries Policy, the UK becomes an independent coastal state. This changes the setting for fisheries management in the North-East Atlantic Ocean and in the North Sea. The EU and UK will become responsible, under international law, for jointly managing approximately 100 shared fish stocks. This is an unprecedented challenge in terms of international cooperation in fisheries management.

UK waters (i.e. the territorial sea up to 12 nautical miles and adjacent exclusive economic zone up to 200 nautical miles) will no longer be part of EU waters. In the absence of any provisions to the contrary, access to each other's waters would no longer be guaranteed.

***What does the draft EU-UK Trade and Cooperation Agreement cover?***

The Agreement sets out new arrangements for the joint and sustainable management of some hundred shared fish stocks in EU and UK waters, in full respect of each parties' rights and obligations as independent coastal States, and based on best available scientific advice.

It sets out new provisions on reciprocal access to waters in the Exclusive Economic Zone and in the 6-12 mile nautical zone, as well as on new stable arrangements for sharing quotas.

***Will EU fishing communities still have the same level of access to UK waters?***

Under the Agreement there will be a gradual phasing in of any changes of quota shares and provisions on access to waters. After a period of stability of 5,5 years, during which the current rules will remain in place regarding reciprocal access, the agreement provides for annual consultations to establish the level and conditions of reciprocal access to each Party's Exclusive Economic Zones and territorial waters.

There will be gradual changes to the quota shares for total allowable catches (TACs) of the shared stocks that also include stocks managed trilaterally (e.g. with Norway) or in multilateral settings. These changes will take into account the need to guarantee a sustainable management of marine resources, and to preserve the activities and livelihoods of fishing communities reliant on those waters and resources.

***Will they still have access to the same levels of quotas?***

The Agreement provides for a gradual change of quota-sharing arrangements. The agreed reduction of EU quota shares takes account of the need to ensure an equitable burden-sharing among Member States affected and the need to preserve the livelihoods of fishing communities reliant on those waters and resources

The agreed quota shares are set out in the annexes of the Agreement, thereby providing for long-term clarity.

***Why do the parties need annual consultations?***

The EU and the UK will hold annual consultations to jointly determine the total allowable catch (TAC) for each stock – i.e. the maximum quantities of a stock (or stocks) of a particular description that may be caught over a given period. This shall be done taking into account scientific advice on conservation needs, as well as relevant socio-economic factors. These 'TACs' will then be allocated to each party in accordance with the quota shares set out in the agreement. However, if the parties fail to agree on a TAC, a provisional TAC will be defined corresponding to the level advised by the International Council for the Exploration of the Sea (ICES) until an agreement is reached.

Access to each other's waters will be granted to make use of the available fishing opportunities. After an adjustment period, when current full access remains in place, levels and conditions of reciprocal access to waters will be decided in annual consultations.

***What happens if one party decides to withhold or withdraw access?***

After the adjustment period, if one party withdraws access to the other party due to a lack of agreement on total allowable catches, the other party may apply compensatory measures, including the suspension of tariff concessions for fisheries products or the suspension of access, in part or in whole, to its waters. Such compensatory measures shall be proportionate to the economic and societal difficulties caused by the withdrawal of access.

A party can also take measures, for example, to suspend parts of the Agreement, under the general safeguard clause of the Agreement, in case the closure of waters creates serious or social difficulties for fisheries activities and the communities that depend on them.

***Does the Agreement extend to the UK's Crown Dependencies (Jersey, Guernsey, Isle of Man)***

The Crown Dependencies are not part of the UK, but represented internationally by the UK. They are subject to specific rules in the Agreement, safeguarding the rights of vessels that are currently fishing in these waters.

**SECURITY, LAW ENFORCMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS**

Ensuring the safety and security of both the EU's and UK's citizens against common and evolving threats such as cross-border crime, cybercrime and terrorism remains a shared priority of the EU and the UK.

This requires effective and swift cooperation, data sharing and analysis.

At the same time, close and comprehensive police and judicial cooperation with any third country must be accompanied by solid and lasting guarantees for the protection of human rights and fundamental freedoms of individuals, including data protection.

All relevant provisions take into account the status of the United Kingdom as a third country outside of the Schengen area.

***What changes on 1 January 2021?***

Over the years, the EU has built up a comprehensive legal framework for swift and structured cross-border cooperation between EU Member States in order to close down the space in which criminals and terrorists operate and to ensure speedy and effective investigations and prosecutions.

The UK's choice to leave the EU and be a third country outside of the Schengen cooperation zone effectively means that it also leaves the EU's area of freedom, security and justice. Therefore, this legal framework will cease to apply to the UK as of 1 January 2021.

Without an Agreement, cooperation between the EU and the UK would have relied on international cooperation mechanisms only (such as Interpol and the relevant Council of Europe Conventions). The UK would not have been able to benefit from a cooperation framework with EU law enforcement agencies such as Europol and Eurojust.

***What does the draft Trade and Cooperation Agreement cover?***

The Agreement covers cooperation on law enforcement and criminal justice.

In particular, the EU and the UK have agreed to establish a new framework for law enforcement and judicial cooperation in criminal matters, allowing for strong cooperation between national police and judicial authorities, including ambitious extradition arrangements, and the swift exchange of vital data.

***Why did the EU ask the UK to sign up to safeguards for fundamental rights and individual freedoms in the context of police and judicial cooperation? What was agreed?***

The Agreement provides for close relations between the EU and the UK on law enforcement and judicial cooperation in criminal matters. It would cover, amongst other things, ambitious extradition arrangements and the exchange of sensitive information that may impact human lives or rights (e.g. by leading to deprivation of liberty). Such relations require a high degree of confidence that the human rights concerned will be upheld and a common understanding on how we protect those rights.

To this end, the Agreement commits the EU, its Member States and the United Kingdom to continue to respect democracy and the rule of law, and protect and give domestic effect to fundamental rights such as those set out in the European Convention on Human Rights (ECHR), which is the reference text on fundamental rights in 47 countries in the European continent and beyond.

***Will my data still be protected under the agreement?***

The Agreement also includes a commitment by the EU and UK to uphold high levels of data protection standards. In principle, where personal data are transferred, the transferring Party shall respect its rules on international transfers of personal data.

For law enforcement and judicial cooperation, high levels of data protection standards are essential. These are to be ascertained by adequacy decisions taken unilaterally by each side. On the EU side, this means decisions attesting that UK standards are essentially equivalent to the EU standards set out in the EU's General Data Protection Regulation (GDPR) and Law Enforcement Directive, and that they respect specific additional data protection standards stemming from opinions of the EU Court of

Justice.

The European Commission has been intensively working on its adequacy decisions for the UK since March. Once it is satisfied with the information received, the Commission will launch the adoption process without delay. The adoption of each adequacy decision requires an opinion from the European Data Protection Board (EDPB) and the green light from Member States (as part of a comitology procedure).

This means that there will be a time gap between the possible entry application of the Agreement and the adoption of the adequacy decisions. For this reason, a bridging solution has been found and inserted in the Agreement to ensure stability and continuity during that interim period.

***What happens if the UK does not respect its commitments on fundamental rights and data protection?***

In addition to a specific dispute settlement mechanisms, the agreement contains provisions on suspension and termination of the law enforcement and judicial cooperation part of the agreement, in case guarantees to protect human rights fundamental freedoms and personal data are no longer ensured, or in case of serious breach of an obligation under the Agreement.

***Will Passenger Name Records (PNR) continue to be exchanged to prevent, detect and investigate terrorism and other forms of serious crime?***

The draft EU-UK agreement includes ambitious arrangements for timely, effective and efficient exchanges of Passenger Name Records (PNR) and the protection of data shared by EU airline carriers to the UK.

An essential precondition for these arrangements is that the UK applies data protection standards essentially equivalent to those set out in the EU's standards, i.e. the General Data Protection Regulation and Law Enforcement Directives, and complies with specific additional data protection standards stemming from the CJEU opinion on EU-Canada PNR agreement (opinion 1/15).

***Will DNA, fingerprints and vehicle registration data be exchanged between the UK and EU for law enforcement purposes? (Prüm)***

The negotiating directives provide that arrangements should be established for timely, effective, efficient and reciprocal exchanges of data on DNA, fingerprint and vehicle registration data (so-called 'Prüm data' – which have never before been exchanged between the EU and a non-Schengen third country).

However, with regard to DNA and fingerprint data there will be no direct, real-time access to such sensitive personal data but only through a decentralised system that confirms that there is a match (hit/no-hit). In case of a match, additionals steps are needed to obtain further personal data in compliance with the applicable laws of the country that holds those data.

Essential preconditions for any such arrangements are that the UK applies data protection standards essentially equivalent to those set out in the EU's Law Enforcement Directive, and provides reciprocal access to EU Member States of data available at UK national level in the same way as EU27 Member States do.

***Will the UK keep access to the Schengen Information System (SIS)?***

The Schengen Information System (SIS) is the most widely used and largest information-sharing system for security and border management in Europe. It enables competent national authorities in the Schengen area, such as the police and border guards, to enter and consult alerts on persons or objects.

The UK, like other non-Schengen third countries, cannot have acces to SIS. Indeed, SIS is intrinsically linked to the free movement of persons and acces is provided only to Member States and very closely associated countries that accept all accompanying obligations (e.g. third countries building Schengen together with Member States).

Instead, the agreement sets up new ways of data sharing taking into account the UK's future status, including information on wanted and missing persons and objects.

This will be achieved via different complementary tools. These are:

- making full use of Interpol alerts;
- existing bilateral arrangements for the exchange of alerts or other information between law enforcement authorities;
- arrangements for UK cooperation with Europol as a third country; and
- secure communication channels to facilitate and speed up cooperation.

### *Will the UK still participate in Europol and Eurojust?*

As a third country, the UK will no longer participate in EU law enforcement and judicial cooperation agencies such as Europol and Eurojust. It will no longer have a say in the decisions of those agencies.

Nonetheless, the draft EU-UK agreement will enable effective cooperation between the United Kingdom and Europol and Eurojust, in line with the rules for third countries established in EU legislation.

This will help ensure robust capabilities in tackling serious cross-border crime.

In practice, provisions on Europol and Eurojust would enable the UK to take part in common operations, in investigation teams and in analysis projects on specific crime areas such as drug trafficking or terrorism, get analytical support from Europol, use common secure communication channels, second Liaison Officers to Europol and a Liaison Prosecutor to Eurojust, share data, and be informed about relevant data concerning the UK. The UK would not have access to the Europol Information System nor full access to Eurojust's case management system, nor have any role in the governance of the two EU agencies.

### *Will the UK still participate in the European Arrest Warrant?*

The European Arrest Warrant is an internal EU instrument, used exclusively among Member States and subject to the jurisprudence of the Court of Justice of the EU. Therefore, it will no longer be used with the UK.

The draft EU-UK agreement will nevertheless enable the swift surrender of criminals between the EU and the UK, avoiding lengthy extradition procedures thanks to streamlined procedures, strict deadlines, robust safeguards, procedural rights and judicial control. This level of cooperation is unprecedented for a non-Schengen third country.

Under the agreement, the UK or EU Member States can still refuse surrender or ask for additional safeguards in a number of specific cases, namely in respect of own nationals.

### Mutual legal assistance in criminal matters, including asset freezing and confiscation

The future partnership will facilitate and supplement the application of the Council of Europe convention on mutual assistance with third countries in criminal matters, for example by streamlining procedures, fixing time limits, and using standard forms and technological advancements. The cooperation includes a wide range of investigative measures, including requests for freezing and confiscating property.

### *Will the EU and the UK cooperate on anti-money laundering?*

The EU-UK agreement provides for cooperation on combating money laundering and the financing of terrorism. It does so by confirming the EU and UK's continued commitment to Financial Action Task Force (FATF) standards.

Beyond that, it sets out arrangements to ensure the transparency of beneficial ownership for companies and trusts and the exchange of such information between competent authorities.

### *Will the EU and the UK still cooperate on foreign policy, security and defence issues?*

While the EU had also proposed to establish a framework for cooperation on foreign policy, security and defence to address external security threats, the UK did not wish to negotiate provisions in these

areas.

As of 1 January 2021, there will therefore be no framework in place between the UK and the EU to develop and coordinate joint responses to foreign policy challenges, for instance the imposition of sanctions on third country nationals or economies.

Any participation of the UK in the EU Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP), including defence integration and capability development efforts, such as the European Defence Fund (EDF), Permanent Structured Cooperation (PeSCo) or the Coordinated Annual Review on Defence (CARD), will be subject to strict rules on participation of third countries.

## THEMATIC COOPERATION

There are further topics on which the EU and the UK agreed that it was in their mutual interest to continue a close cooperation in the future, notably: health security, cybersecurity and information security.

### Health Security

International cooperation is crucial to protect the health of populations across borders, as evidenced most recently by the ongoing Coronavirus health crisis.

EU Member States have organised their cooperation on health security through a number of structures, including the Early Warning and Response System, the Health Security Committee and the European Centre for Disease Prevention and Control.

- The **Early Warning and Response System (EWRS)** of the European Union is a platform with restricted access for monitoring public health threats in the EU. Access to and posting in the platform are confidential and reserved to the European Centre for Disease Prevention and Control, the EU Member States and the European Commission.
- The **EU Health Security Committee** is a dedicated forum on health security including EU Member States and the European Commission. The Committee reinforces coordination and sharing of best practices and information on national preparedness activities, and provides a platform for consultation amongst Member States to coordinate national responses to serious cross-border threats to health.
- The **European Centre for Disease Prevention and Control (ECDC)** is an independent agency of the EU, which mission is to strengthen Europe's responses to infectious diseases.

These structures are usually accessible only to EU institutions and Members States.

***Does this mean there will be no cooperation on health security between the EU and the UK as of 1 January 2021?***

Taking geographic proximity into consideration, the EU and the UK agreed on dedicated provisions for cooperation in the field of health security, referring in particular to the possibility for the UK to be invited to participate on a temporary basis in a set of EU structures.

- The EU and the UK agreed on the possible participation of the UK in the **Early Warning and Response System (EWRS) and in the EU Health Security Committee**, whenever a joint health threat makes it necessary or advisable.

The decision on UK participation will be taken unilaterally by the EU on a case-by-case basis and will always remain limited in time and scope.

The Agreement provides that the UK shall abide, for the time of its participation in these structures, by the rules and regulations governing the EWRS and the EU Health Security Committee. These are the same obligations that also apply to EU Member States.

- The EU and the UK have agreed that the **European Centre for Disease Prevention and Control** and the relevant UK body responsible for surveillance, epidemic intelligence and scientific advice on infectious diseases, shall cooperate on issues of mutual interest and may

conclude to this end a Memorandum of Understanding.

***Do similar exceptions exist for other third countries in the EU's direct neighbourhood, like Switzerland or Norway?***

The regime applicable to the UK for cooperation with the EU in the field of health security reflects the conditions applied to other third countries the EU cooperates with in this policy area.

**Cybersecurity**

Cybersecurity threats are often cross-border in nature, and are estimated to cost the global economy €400 billion every year. These attacks can affect our security, prosperity and democratic order.

Faced with increasing cybersecurity challenges, EU Member States cooperate at multiple levels to ensure the highest possible protection for its citizens. This cooperation can be extended to third countries.

***How will the EU cooperate with the UK in the future?***

The Agreement sets out a number of initiatives between the EU and the UK including a regular dialogue on cybersecurity, and cooperative actions at international level to strengthen global and third countries' cyber-resilience.

The EU and the UK have also agreed to exchange best practices and actions aimed at promoting and protecting an open, free, and secure cyberspace.

Subject to an invitation by the relevant EU authorities, these actions include the possibility for the UK, to:

- cooperate with the **EU Computer Emergency Response Team** (CERT-EU) to exchange information on cyber-related tools and methods;
- participate in activities conducted by the **Cooperation Group** established by Directive (EU) 2016/1148, related to capacity building, security-related exercises, risk and incident-related best practices, awareness raising, education and training, and research and development;
- participate in certain activities of the **EU Cybersecurity Agency** (ENISA) related to capacity building, knowledge and information, and awareness-raising and education.

**Separate Agreement: Security of Information**

The exchange of classified information between partners remains an important tool of cooperation in addressing common security threats.

If a joint security threat makes it necessary, certain EU classified information can be shared with third countries, but only on a case-by-case basis and provided that a dedicated Security of Information Agreement (SIA) has been concluded between the EU and a third country.

Against this background, the EU and the UK have concluded a Security of Information Agreement. The Agreement will allow the EU and the UK to exchange classified information, applying strong guarantees as to the handling and protection of the exchanged information.

***Why did you conclude a separate agreement on information security, why not include the provisions in the EU-UK Agreement?***

This is one of the standard "security agreements" concluded by the EU with third countries. These agreements provide the necessary guarantees for the protection of the exchange of EU classified information (EUCI) released to third parties. They constitute the basis for exchanging EUCI and indicate the maximum and minimum level of EUCI which may be exchanged.

***How will disputes be managed and what remedies are foreseen in case of non-compliance?***

Security of Information Agreements provide a legal framework, which includes also dispute resolution provisions based on consultations between the Parties.

***What about irregular migration, why was it not discussed?***

During the negotiations of the Agreement and in line with the Political Declaration, the Commission has proposed to the UK to establish a regular dialogue to cooperate in addressing irregular migration.

The UK did not engage on this EU proposal and expressed instead interest in concluding with the EU agreements on the readmission of illegally entering or residing persons, and the transfer of unaccompanied minor asylum seekers. However, neither of these two topics was covered by the EU mandate.

In the context of the Agreement, the Parties have agreed a Joint Declaration on these matter, noting that the UK may wish to approach some Member States bilaterally on these matters.

**PARTICIPATION IN EU PROGRAMMES**

EU Member States, based on their very close partnership and their common values and goals, use parts of the EU budget to fund joint programmes in many areas.

Some areas such as regional development and cohesion, environmental protection, agricultural support, civil protection or defence capabilities benefit from particularly close cooperation.

***What are the consequences of leaving the EU?***

As a third country, the UK does not have the right to participate in any EU programmes as these are reserved for EU Member States only.

However, when it is in the interest of the EU, non-EU countries can get the possibility to participate under clearly defined conditions. Detailed provisions for such participation are laid out in the basic EU acts establishing each programme, as well as in the relevant rules of the Multiannual Financial Framework 2021-2027.

***Were the conditions of the UK's continued participation in Union programmes based on the pre-existing legal framework, or are they tailor-made for the UK?***

The EU and the UK based themselves on the existing legal framework for the participation of third countries in Union programmes, when they agreed on the overarching principles and conditions for the UK to participate: a fair and appropriate financial contribution, provisions for sound financial management, fair treatment of participants, and appropriate consultation mechanisms.

***How will the financial contribution be calculated?***

The fair and appropriate financial contribution will be ensured with:

- A contribution based on the wealth of the UK in comparison with the wealth of the EU. The contribution of the UK shall be proportional to its GDP.
- A participation fee, covering the administrative costs of organising the system of Union programmes. The participation fee, being a new type of contribution, will be phased-in progressively.
- In addition, for Horizon Europe, a standard adjustment mechanism ensuring a balance between UK contributions and the benefits for its entities, through specific corrective measures.

The EU and the UK agreed to cooperate to ensure the sound financial management of the funds used for the implementation of the programmes, including the UK contributions. Sound financial management addresses issues such as auditing the implementation of the programme or fighting against fraud.

***Is there a fixed duration for participation in a Union programme?***

Given the long-term planning needed for the implementation of the programmes, and the stability needed to ensure their success, the parties also agreed that the UK would have to commit to the full period for each of the programmes in which it participates during the Multiannual Financial Framework 2021-2027.

***Which Union programmes will the UK participate in also in the future?***

At the beginning of the negotiations, the UK asked to continue its participation in five EU programmes. The programmes in question were:  Horizon Europe, the Euratom Research and Training programme, the International Thermonuclear Experimental Reactor (ITER), Copernicus, and Erasmus.

It also requested access to the services of the European Geostationary Navigation Overlay System (EGNOS) and the EU's Satellite Surveillance & Tracking (SST).

The parties were able to agree the UK's continued participation in the following EU programmes:

- **Horizon Europe**

Horizon Europe is the European Union's seven-year (2021-2027) research and innovation programme. With a proposed programme budget of around €100 billion, Horizon Europe will support EU Member States and associated third countries in unlocking their national research and innovation potential in funding frontier research projects, fellowships and the mobility of researchers. Horizon Europe sets ambitious, EU-wide goals to tackle some of today's biggest problems, such as health crises or the fight against climate change, as it reinforces technological and industrial capacities across the EU.

- **Euratom Research and Training programme**

Complementary to Horizon Europe, the Euratom Research and Training programme covers research and training activities to continually improve nuclear safety, security, radioactive waste management and radiation protection. The Programme furthermore carries out research in the medical uses of radiation, for the benefit of all European citizens.

- **International Thermonuclear Experimental Reactor (ITER)**

The fusion test facility ITER is currently under construction in the South of France, and will, once completed, aim to prove the feasibility of fusion as a large-scale and carbon-free source of energy based on the same principle that powers the sun and stars. The project was so far funded and run by seven member entities (EU, India, Japan, China, Russia, South Korea and the United States), the EU being the host party and main contributor (45%). The UK will participate in the programme through its association with Euratom.

- **Copernicus**

Copernicus is the EU's satellite system for monitoring the Earth. It consists of a complex set of systems which collect data from multiple sources: Earth observation satellites and in situ sensors such as ground stations, airborne sensors, and sea-borne sensors. It processes this data and provides users with reliable and up-to-date information through a set of services related to environmental and security issues.

The EU and the UK also agreed that the UK would have continued access to the services provided by:

- **EU Satellite Surveillance & Tracking (SST)**

With this branch of its Space programme, the EU is able to detect, catalogue and predict the movements of space objects orbiting the Earth to mitigate the risk of collisions.

***Does this mean that the UK will discontinue its participation in PEACE+?***

The EU and the UK have jointly committed to continue the implementation of PEACE+, the EU's cross-border programme that will continue contributing to a more prosperous and stable society in Northern Ireland and the Border Region of Ireland (comprising counties Cavan, Donegal Leitrim, Louth, Monaghan and Sligo).

Being a programme managed under shared management, a system where Member States and associated countries actively manage the programme together with the Commission, PEACE+ is not covered by the Agreement.

However, during all the negotiations, the UK, Ireland and the EU have confirmed a strong political commitment to implement the PEACE+ programme. Discussions have already started at technical level on the modalities of its implementation.

***Why won't the UK continue to participate in Erasmus?***

By leaving the EU, the UK effectively terminated the possibility for EU and UK students to benefit from the Erasmus exchange programme.

The Erasmus programme is open to the participation of third countries under the conditions set out in the basic act establishing the programme. Among these, third countries that become associated to Erasmus have to participate in the programme in full, to ensure the synergies between the different areas in the programme.

The UK requested partial participation in the programme, which is not foreseen in the basic act establishing Erasmus. The UK subsequently decided that it did not want to participate in Erasmus.

This will mean that UK participants will lose the chance to benefit from the programme: during the period 2014-2020, over 7 300 UK organisations were involved in the programme. The programme benefitted more than 197 000 UK participants, of which more than 100 000 UK students went abroad in the framework of the programme.

***Why didn't you agree on continued access to the European Geostationary Navigation Overlay System (EGNOS)?***

The UK was interested in a service level agreement to access the EGNOS services, but this is not possible under the basic act of the programme: for EGNOS, only full participation is foreseen by the draft Space Programme regulation, and the UK was not interested in this option.

In the past, EGNOS enabled safer aircraft landing in 16 British airports.

***Why has the Protocol establishing the association of the UK to the EU programmes not been finalised?***

The Protocol can only be finalised when the basic acts establishing the relevant programmes have been adopted, to ensure that it is aligned with those legal instruments. When those basic acts are adopted, the Specialised Committee on Participation in Union Programmes, made up of representatives of the EU and UK, will discuss and adopt the Protocol. A Joint Declaration attached to the Agreement indicates the expected content of the Protocol.

**GOVERNANCE**

The Agreement does not just include a free trade agreement underpinned by commitments to ensure a level playing field, but also provisions on transport, energy, fisheries, law enforcement and judicial cooperation, health security, cyber-security and social security. A horizontal institutional framework is therefore necessary to govern and enforce all aspects of the Agreement.

***Why did you insist on a single governance framework?***

The scope and complexity of the Agreement call for a single and clear governance framework, setting

out how implementation is operated and controlled, and how the parties' commitments are enforced.

This way, multiple parallel structures and additional bureaucracy are avoided, and businesses, consumers and citizens in the EU and in the UK have legal certainty about the applicable rules, as well as robust guarantees of compliance by the Parties.

***Doesn't this make the Trade and Cooperation Agreement heavy and more difficult to govern?***

On the contrary, the Agreement is conceived to be flexible and adaptable to the specific needs that may arise in different areas of cooperation. Its overarching structure will help sustain the EU-UK relationship over the long term as it evolves, lead to coherence and transparency, and avoid overlapping procedures, which in turn will ensure thorough implementation across all sectors.

***You did decide not to include two agreements in the main agreement: on nuclear safety and security of information. Why did you exclude them from the main agreement?***

Indeed, one fully separate agreement governs EU-UK cooperation on nuclear safety, and another agreement on information security is linked up to the main agreement to ensure the same dates for the entry into application and termination of the agreements. Nuclear safety agreements are usually separate from other arrangements. They are concluded on a separate Euratom legal basis and do not need to come under the same governance and enforcement structures as other areas as they have their own robust structure.

For more information on these agreements please refer to the sections on Energy and on Information Security of this document respectively.

***What body will supervise the implementation of the draft Trade and Cooperation Agreement?***

The EU and the UK agreed to create a joint body, called the Partnership Council, to efficiently manage the Agreement.

The Partnership Council is co-chaired by a Member of the European Commission and a representative of the UK at ministerial level. It meets at least once a year, but can meet more often at the request of either the EU or the UK. Any decision is taken by mutual consent between the EU and the UK.

The Partnership Council oversees the attainment of the objectives of the Agreement. The EU or the UK can refer to the Partnership Council any issue relating to the implementation, application and interpretation of the Agreement.

The Partnership Council is assisted in its work by Specialised Committees and in some areas by technical working groups.

**Clear commitment to common values**

Modern international agreements do not only strengthen the economy and create jobs. They are also a vehicle to promote common values and ensure their protection.

In line with this approach, the EU and the UK agreed to base their cooperation explicitly on shared values such as the protection of human rights and fundamental freedoms, the rule of law, the fight against climate change and respect of the Paris Agreement.

***You call the fight against climate change an essential element. What does this mean concretely?***

This is the first time the EU has included the fight against climate change as an "essential element" in a bilateral agreement with a third country. This means for example that if the EU or the UK were to withdraw from the Paris Agreement, or take measures defeating its purpose, the other party would have the right to suspend or even terminate part or all of the EU-UK Agreement.

This new clause reflects one of the European Commission's fundamental commitments as part of the European Green Deal.

By agreeing to include the fight against climate change as an essential element of the Agreement, the EU and the UK confirm their global leadership on this important issue and hope to set an example for future agreements.

***Will the UK be able to continue to participate in EU regulatory agencies as a third country?***

No. The UK loses all influence on the governance of the EU. In addition to the EU institutions, this also applies to the agencies which have been set up to support the EU and its Member States to develop and implement EU rules. A third country leaving these rules, and their supervision, can no longer participate in these agencies. This applies for instance to the European Chemicals Agency, the European Aviation Safety Agency, the European Medicines Agency or still the European Food Safety Authority, to name but a few.

***What role for the European Parliament?***

The Agreement enables the European Parliament and the Parliament of the United Kingdom to create a joint parliamentary assembly to exchange views on the Agreement and make recommendations to the Partnership Council.

***Will civil society get a say in the implementation of the Agreement?***

The EU and the UK commit to regularly consult civil society organisations on the implementation of the Agreement. This is a key commitment in all modern international agreements negotiated by the EU.

**Horizontal Dispute Settlement Mechanism**

The Agreement includes a robust mechanism to resolve disputes that may arise between the EU and the UK on the interpretation or implementation of their commitments.

This mechanism covers disputes arising in any economic area, including trade and level playing field commitments, as well as social security coordination, energy, transport or fisheries.

Law enforcement and judicial cooperation has its own mechanism to resolve disputes swiftly (please find more information in the dedicated chapter).

***What exactly happens in case of a dispute?***

The EU and the UK first consult in good faith to try to resolve any issue.

If disagreements persist, the complaining party may request the establishment of an independent arbitration tribunal. The parties choose three arbitrators jointly, if necessary drawing from pre-agreed lists of potential arbitrators and the tribunal is to deliver a binding ruling within a set timeframe.

***Is the Court of Justice competent to rule on the disputes under the agreement?***

No, disputes between the parties on the application of the agreement are settled under the dispute settlement mechanism set up in the agreement, and not by the courts of either party. The EU is of course subject to the oversight of the Court, also for concluding and implementing international agreements.

**Enforcement of the Agreement**

The Agreement contains mechanisms to ensure timely compliance with the arbitration tribunal's ruling, in order to maximise legal certainty for businesses, consumers and citizens.

***What measures can be taken if a Party doesn't comply with the arbitration ruling?***

If compliance is not achieved immediately or within a reasonable period of time, the complaining Party may suspend its own obligations in a proportionate way until the other Party complies with the

ruling of the tribunal.

This includes the suspension of obligations across all economic areas, for instance by imposing tariffs on goods if the other Party persists in breaching its obligations on social security, transport or fisheries. Such "cross-suspension" mechanisms are an essential tool to ensure that both Parties ultimately comply with all their commitments under the Trade and Cooperation Agreement.

The use of cross-suspension mechanisms must be proportionate and appropriate; it can be challenged before an arbitration tribunal.

***Are the measures always the same, no matter what kind of dispute or in what sector it occurs?***

To take into account their specificities, some areas of cooperation also have their own arrangements for effective enforcement, allowing for example for remedial measures, including the swift suspension of obligations by the other Party in case of breaches of level playing field or fisheries commitments.

***How does this Agreement relate to the Withdrawal Agreement concluded in January 2020?***

This Agreement does not replace nor supersede any part of the Withdrawal Agreement.

For instance, citizens' rights protected by the Withdrawal Agreement after 1 January 2021 as well as commitments taken by the EU and the UK in the Protocol on Ireland and Northern Ireland are fully safeguarded.

**Territorial Scope**

The new Agreement applies, on one hand, to the territories of the Member States as defined in the EU treaties, and, on the other, to the metropolitan territory of the United Kingdom. This means that the overseas countries and territories of both Parties are in principle not covered.

By derogation, the Agreement applies to the Crown dependencies, i.e. Bailiwick of Guernsey, Bailiwick of Jersey and Isle of Man but only for the purposes of trade in goods and fishing.

Finally, in accordance with the negotiating mandate given to the EU negotiator, the Agreement does not apply to Gibraltar nor has any effects on its territory. This does not exclude the possibility to have in the future a separate agreement between the EU and the UK in relation to Gibraltar.

[1] Subject to the consent, four years after the end of the transition period, by the Northern Ireland Legislative Assembly to the continued application of the Protocol.

[2] Subject to the consent, four years after the end of the transition period, by the Northern Ireland Legislative Assembly to the continued application of the Protocol.

[3] Subject to the consent, four years after the end of the transition period, by the Northern Ireland Legislative Assembly to the continued application of the Protocol.

[4] https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/travelling_en_3.pdf

[5] https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_aviation_safety.pdf.

[6] https://www.easa.europa.eu/brexit

[7] Issues related to the shared management of the Channel Tunnel are subject to bilateral negotiations between the United Kingdom and France, pursuant to the empowerment granted to France by the Union on 21 October. In parallel, the Union has put in place contingency arrangements in case the bilateral agreement is not in place before the end of the transition period.

[8] The value of the EU-11 landings from the UK EEZ averaged EUR 636.7 million per year for the period 2015-2018; *JRC Technical Report : Fisheries Landings and Value of Catches from the UK EEZ by the EU Member States and by the UK from the EU27 and UK EEZs: 2015-2018*,

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