

# The future relationship between the United Kingdom and the European Union

## Executive Summary

The United Kingdom will leave the European Union on 29 March 2019 and begin to chart a new course in the world. The Government will have delivered on the result of the 2016 referendum – the biggest democratic exercise in this country's history. It would have reached a key milestone in its principal mission – to build a country that works for everyone. A country that is stronger, fairer, more united and more outward-looking.

## A detailed vision

To fulfil that mission, the Government is advancing a detailed proposal for a principled and practical Brexit. This proposal underpins the vision set out by the Prime Minister at Lancaster House, in Florence, at Mansion House and in Munich, and in doing so addresses questions raised by the EU in the intervening months – explaining how the relationship would work, what benefits it would deliver for both sides, and why it would respect the sovereignty of the UK as well as the autonomy of the EU. At its core, it is a package that strikes a new and fair balance of rights and obligations. One that the Government hopes will yield a redoubling of effort in the negotiations, as the UK and the EU work together to develop and agree the framework for the future relationship this autumn.

## A principled Brexit

A principled Brexit means respecting the result of the referendum and the decision of the UK public to take back control of the UK's laws, borders and money – and doing so in a way that supports the Government's wider objectives across five key areas of the UK's national life.

For the economy, developing a broad and deep economic relationship with the EU that maximises future prosperity in line with the modern Industrial Strategy and minimises disruption to trade between the UK and the EU, protecting jobs and livelihoods – at the same time making the most of trading opportunities around the world.

For communities, addressing specific concerns voiced in the referendum by ending free movement and putting in place a new immigration system, introducing new independent policies to support farming and fishing communities, using the Shared Prosperity Fund to spark a new wave of regeneration in the UK's towns and cities, and keeping citizens safe.

For the union, meeting commitments to Northern Ireland by protecting the peace process and avoiding a hard border, safeguarding the constitutional and economic integrity of the UK, and devolving the appropriate powers to Edinburgh, Cardiff and Belfast – while ensuring the deal delivers for the Crown Dependencies, Gibraltar and the other Overseas Territories, noting there will be no change in their long-standing relationships with the UK.

For democracy, leaving the EU's institutions and reclaiming the UK's sovereignty, ensuring the laws people live by are passed by those they elect and enforced by UK courts, with clear accountability to the people of the UK. For the UK's place in the world, continuing to promote innovation and new ideas, asserting a fully independent foreign policy, and working alongside the EU to promote and protect shared European values of democracy, openness and liberty.

## A new relationship

Guided by these principles, the Government is determined to build a new relationship that works for both the UK and the EU. One which sees the UK leave the Single Market and the Customs Union to seize new opportunities and forge a new role in the world, while protecting jobs, supporting growth and maintaining security cooperation.

The Government believes this new relationship needs to be broader in scope than any other that exists between the EU and a third country. It should reflect the UK's and the EU's deep history, close ties, and unique starting point. And it must deliver real and lasting benefits for both sides, supporting shared prosperity and security – which is why the Government is proposing to structure the relationship around an economic partnership and a security partnership.

The future relationship also needs to be informed by both the UK and the EU taking a responsible approach to avoiding a hard border between Northern Ireland and Ireland, in a way that respects the constitutional and economic integrity of the UK and the autonomy of the EU.

## Economic partnership

In designing the new trading relationship, the UK and the EU should therefore focus on ensuring continued frictionless access at the border to each other's markets for goods.

To deliver this goal, the Government is proposing the establishment of a free trade area for goods.

This free trade area would protect the uniquely integrated supply chains and 'just-in-time' processes that have developed across the UK and the EU over the last 40 years, and the jobs and livelihoods dependent on them, ensuring businesses on both sides can continue operating through their current value and supply chains. It would avoid the need for customs and regulatory checks at the border and mean that businesses would not need to complete costly customs declarations. And it would enable products to only undergo one set of approvals and authorisations in either market, before being sold in both.

As a result, the free trade area for goods would see the UK and the EU meet their shared commitments to Northern Ireland and Ireland through the overall future relationship.

It would avoid the need for a hard border between Northern Ireland and Ireland, without harming the internal market of the UK – doing so in a way that fully respects the integrity of the EU's Single Market, Customs Union, and its rules-based framework.

These close arrangements on goods should sit alongside new ones for services and digital, giving the UK the freedom to chart its own path in the areas that matter most for its economy. The Government wants to minimise new barriers to trade between the UK and the EU and hopes that both sides will work together to reduce them further over time – but acknowledges that there will be more barriers to the UK's access to the EU market than is the case today.

Finally, a relationship this deep will need to be supported by provisions giving both sides confidence that the trade that it facilitates will be both open and fair. So, the Government is proposing reciprocal commitments that would ensure UK businesses could carry on competing fairly in EU markets, and EU businesses operating in the UK could do the same.

On this basis, the Government's vision is for an economic partnership that includes:

- a common rulebook for goods including agri-food, covering only those rules necessary to provide for frictionless trade at the border – meaning that the UK would make an upfront choice to commit by treaty to ongoing harmonisation with the relevant EU rules, with all those rules legislated for by Parliament or the devolved legislatures;
- participation by the UK in those EU agencies that provide authorisations for goods in highly regulated sectors – namely the European Chemicals Agency, the European Aviation Safety Agency, and the European Medicines Agency – accepting the rules of these agencies and contributing to their costs, under new arrangements that recognise the UK will not be a Member State;
- the phased introduction of a new Facilitated Customs Arrangement that would remove the need for customs checks and controls between the UK and the EU as if they were a combined customs territory, which would enable the UK to control its own tariffs for trade with the rest of the world and ensure businesses paid the right or no tariff, becoming operational in stages as both sides complete the necessary preparations;
- in combination with no tariffs on any goods, these arrangements would avoid any new friction at the border, and protect the integrated supply chains that span the UK and the EU, safeguarding the jobs and livelihoods they support;
- new arrangements on services and digital, providing regulatory freedom where it matters most for the UK's services-based economy, and so ensuring the UK is best placed to capitalise on the industries of the future in line with the modern Industrial Strategy, while recognising that the UK and the EU will not have current levels of access to each other's markets;
- new economic and regulatory arrangements for financial services, preserving the mutual benefits of integrated markets and protecting financial stability while respecting the right of the UK and the EU to control access to their own markets – noting that these arrangements will not replicate the EU's passporting regimes;
- continued cooperation on energy and transport – preserving the Single Electricity Market in Northern Ireland and Ireland, seeking broad cooperation on energy, developing an air transport agreement, and exploring reciprocal arrangements for road hauliers and passenger transport operators;
- a new framework that respects the UK's control of its borders and enables UK and EU citizens to continue to travel to each other's countries, and businesses and professionals to provide services – in line with the arrangements that the UK might want to offer to other close trading partners in the future; and
- in light of the depth of this partnership, binding provisions that guarantee an open and fair-trading environment – committing to apply a common rulebook for state aid, establishing cooperative arrangements between regulators on competition, and agreeing to maintain high standards through non-regression provisions in areas including the environment and employment rules, in keeping with the UK's strong domestic commitments.

Taken together, such a partnership would see the UK and the EU meet their commitments to Northern Ireland and Ireland through the overall future relationship: preserving the constitutional and economic integrity of the UK; honouring the letter and the spirit of the Belfast ('Good Friday') Agreement; and ensuring that the operational legal text the UK will agree with the EU on the 'backstop' solution as part of the Withdrawal Agreement will not have to be used. And while what the Government is proposing is ambitious in its breadth and depth, it is also workable and delivers on the referendum result – fully respecting the sovereignty of the UK, just as it respects the autonomy of the EU – with Parliament having the right to decide which legislation it adopts in the future, recognising there could be proportionate implications for the operation of the future relationship where the UK and the EU had a common rulebook.

In short, this proposal represents a fair and pragmatic balance for the future trading relationship between the UK and the EU – one that would protect jobs and livelihoods and deliver an outcome that is truly in the interests of both sides.

### **Security partnership**

Europe's security has been and will remain the UK's security, which is why the Government has made an unconditional commitment to maintain it.

During the UK's membership of the EU, it has worked with all Member States to develop a significant suite of tools that supports the UK's and the EU's combined operational capabilities and helps keep citizens safe. It is important that the UK and the EU continue that cooperation, avoiding gaps in operational capability after the UK's withdrawal.

The UK will no longer be part of the EU's common policies on foreign, defence, security, justice and home affairs. Instead, the Government is proposing a new security partnership that maintains close cooperation – because as the world continues to change, so too do the threats the UK and the EU both face.

On this basis, the Government's vision is for a security partnership that includes:

- maintaining existing operational capabilities that the UK and the EU deploy to protect their citizens' security, including the ability for law enforcement agencies to share critical data and information and practical cooperation to investigate serious criminality and terrorism – cooperating on the basis of existing tools and measures, amending legislation and operational practices as required and as agreed to ensure operational consistency between the UK and the EU;
- participation by the UK in key agencies, including Europol and Eurojust – providing an effective and efficient way to share expertise and information, with law enforcement officers and legal experts working in close proximity so they can coordinate operations and judicial proceedings quickly – accepting the rules of these agencies and contributing to their costs under new arrangements that recognise the UK will not be a Member State;
- arrangements for coordination on foreign policy, defence and development issues – acting together to tackle some of the most pressing global challenges where it is more effective to work side-by-side, and continuing to deploy the UK's significant assets, expertise, intelligence and capabilities to protect and promote European values;
- joint capability development, supporting the operational effectiveness and interoperability of the UK's and the EU's militaries, and bolstering the competitiveness of the European defence industry, delivering the means to tackle current and future threats; and
- wider cooperation, taking a 'whole of route' approach to tackle the causes of illegal migration, establishing a strategic dialogue on cyber security, putting in place a framework to support cooperation on counter-terrorism, offering support and expertise on civil protection and working together on health security.

### **Cross-cutting and other cooperation**

Finally, the Government believes the future relationship should include areas of cooperation that sit outside of the two core partnerships, but which are still of vital importance to the UK and the EU. These include:

- the protection of personal data, ensuring the future relationship facilitates the continued free flow of data to support business activity and security collaboration, and maximises certainty for business;
- collective endeavours to better understand and improve people's lives within and beyond Europe's borders – establishing cooperative accords for science and innovation, culture and education, development and international action, defence research and development, and space, so that the UK and the EU can continue to work together in these areas, including through EU programmes, with the UK making an appropriate financial contribution; and
- fishing, putting in place new arrangements for annual negotiations on access to waters and the sharing of fishing opportunities based on fairer and more scientific methods – with the UK an independent coastal state.

## **A practical Brexit**

To deliver the kind of practical relationship needed to secure prosperity for the UK and the EU, and maintain the security of UK and EU citizens, both sides will need to be confident they can trust and rely on the commitments made to each other.

To underpin the future relationship, the Government is proposing joint institutional arrangements that provide for proper democratic accountability, allow for the relationship to develop over time, mean cooperation can be managed effectively and enable the UK and the EU to address issues as they arise.

These arrangements, which could take the form of an Association Agreement, would ensure the new settlement is sustainable – working for the citizens of the UK and the EU now and in the future.

They would provide for regular dialogue between UK and EU leaders and ministers, commensurate with the depth of the future relationship and recognising the significance of each other's global standing.

They would support the smooth functioning of the relationship, underpinning the various forms of regulatory cooperation agreed between the UK and the EU. Where the UK had made a commitment to the EU, including in those areas where the Government is proposing the UK would remain party to a common rulebook, there would be a clear process for updating the relevant rules, which respected the UK's sovereignty and provided for Parliamentary scrutiny.

The arrangements would include robust and appropriate means for the resolution of disputes, including through a Joint Committee and in many areas through binding independent arbitration – accommodating through a joint reference procedure the role of the Court of Justice of the European Union as the interpreter of EU rules, but founded on the principle that the court of one party cannot resolve disputes between the two.

And they would make sure both the UK and the EU interpreted rules consistently – with rights enforced in the UK by UK courts and in the EU by EU courts, with a commitment that UK courts would pay due regard to EU case law in only those areas where the UK continued to apply a common rulebook.

Finally, these arrangements would enable flexibility, ensuring the UK and the EU could review the relationship, responding and adapting to changing circumstances and challenges over time.

## **Moving forward**

The Government believes this proposal for a principled and practical Brexit is the right one – for the UK and for the EU. It would respect the referendum result, and deliver on its promise, while ensuring the UK leaves the EU without leaving Europe – striking a new balance of rights and obligations that is fair to both sides. In keeping with the spirit of Article 50, and both sides' commitment to the principle that 'nothing is agreed until everything is agreed', the Withdrawal Agreement and the framework for the future relationship are inextricably linked – and so must be concluded together.

Both sides will need to focus on turning the 'Future Framework' into legal text as soon as possible, before ratifying the binding agreements to give it effect – with the aim of ensuring a smooth and orderly transition from the implementation period into the future relationship. On the basis of this proposal, the Government will now charge the UK's negotiating team to engage with the EU's at pace, working to reach a substantive agreement on the Future Framework alongside the Withdrawal Agreement later this year.

**The full government paper can be viewed [here](#).**