



## Speech by Michel Barnier at the European Economic and Social Committee

Brussels, 23 January 2019

Ladies and Gentlemen,

Since the beginning of these negotiations, we have worked with the 27 Member States and the European Parliament to negotiate the Withdrawal Agreement, taking into account the concerns expressed by social partners and civil society, on the basis of the numerous discussions I have had in Brussels and in the other capital cities.

The result of this work is the 585-page treaty providing guarantees, answers and legal certainty in the face of all the uncertainty that Brexit has created.

In particular, we have agreed five points to enable an orderly withdrawal of the United Kingdom.

1) The rights of the 4.5 million European citizens living in the United Kingdom and British citizens living in the EU; these rights have been our priority, your priority, and that of the European Parliament.

Any citizens who settled in their country of residence before the end of the transition period will be able to continue to live, work, study and to bring their families there, for the rest of their lives.

2) The budgetary issue, which is clearly a significant concern for all Member States, but also for the many farmers, regions, organisations, businesses and universities in each of our countries who are carrying out projects financed by the EU budget for the 2014-2020 period.

We have agreed with the United Kingdom that all commitments taken by the 28 must be honoured by the 28.

3) A number of other issues relating to the separation, such as Euratom or the protection of 3,000 geographical indications, a million trademarks and data exchanged between the EU and the United Kingdom.

4) The issue of Ireland and Northern Ireland, on which the European Council has asserted from the beginning of the negotiations its commitment to preserving all aspects of the Good Friday Agreement and to avoid reintroducing a hard border, whilst maintaining the integrity of the internal market.

The European Parliament has consistently taken the same line.

In December 2017, Mrs May herself made a commitment with us to avoid under all circumstances the return of a hard border, regardless of the future relationship between her country and the European Union.

Ladies and Gentlemen,

In order to implement this joint commitment, we have therefore agreed on an insurance mechanism in the treaty, the 'backstop' arrangement, which provides that:

- the United Kingdom and the EU would form a single customs territory, at the specific, insistent request of the United Kingdom. We have aligned ourselves with this UK idea, which was not in our blueprint for the backstop;
- the necessary EU rules for smooth cooperation between Northern Ireland and Ireland and for the integrity of our Single Market would continue to apply in Northern Ireland. These rules only concern goods.

Why have the United Kingdom and the European Union wanted, by mutual agreement as of June 2017, to deal with the Irish issue in the Withdrawal Agreement, and not leave it for the negotiations on the future relationship?

I would remind you of three things:

1. It is the UK's decision to leave the EU that has created this specific problem in Ireland and Northern Ireland. This decision requires a specific solution, as David Davis and Theresa May recognised in autumn 2017.
2. The peace and reconciliation process in Northern Ireland remains fragile. The issue of the backstop goes far beyond goods and trade; it concerns people who need certainty. It is in

nobody's interests to prolong the uncertainty beyond March 2019.

3. Above and beyond the specific Irish situation, Ireland's border is the border of our 27 countries. This is therefore also a question of the integrity of the Single Market. Any goods arriving from Northern Ireland will be entering not just Ireland, but also Belgium, Italy or the Czech Republic. This is a European issue, and under no circumstances can it be allowed to dominate negotiations on the future relationship for years to come.

These are three reasons why we had to handle this matter in the Withdrawal Agreement. They are objective reasons and not an expression of hostility. Together with the United Kingdom, we have simply sought and found solutions to the problem created by Brexit.

Clearly, we have no desire to use the backstop, just as none of you has any desire to use your insurance policies.

We will do everything we can to avoid having to use it.

The agreement that is on the table commits us to use 'our best endeavours' to conclude a subsequent agreement by the end of December 2020, which will replace the backstop.

5) Finally, the Withdrawal Agreement makes provision, at the request of the UK government, for a transition period to run until 31 December 2020, which could be extended once by mutual agreement for a maximum of 24 months. This option offered to the United Kingdom would give us even more time to avoid implementation of the backstop.

During this transition period the United Kingdom will retain all the rights and obligations of a Member State, although it will no longer participate – in accordance with the choice it has made – in the decision-making processes of the Union.

- This will provide businesses and public administrations with the stability they need to adapt, once only, to the future relationship.
- And it will enable us to continue negotiating the details of our future relationship.

Ladies and Gentlemen,

We will be ready to open the second round of negotiations on the future relationship as soon as possible after the withdrawal of the United Kingdom, as Presidents Tusk and Juncker clearly reaffirmed in a letter to Theresa May on 14 January.

The political declaration agreed between the European Council and the UK government has already laid the framework for this, making provision for an ambitious partnership on security and the economy.

This partnership will naturally have to be governed by specific obligations guaranteeing a level playing field on social, environmental, taxation and State aid matters.

I know how committed you are and what an active contribution you are making to defining all these 'rules of the game', which enable the proper operation of our competitive social market economy.

I know that you, like the European Parliament and the national parliaments of the 27 Member States, will be careful to ensure that any trade agreement with the United Kingdom guarantees both fair competition and the protections we consider necessary.

Mr President, ladies and gentlemen,

After 18 months of negotiation we have reached a balanced agreement which, given the difficult circumstances and the complexity of Brexit, is the best deal possible.

There remains now the decisive step of ratification.

Without ratification there will be no Withdrawal Agreement and no transition agreement; nor will there be the mutual trust we need in order to build our future relationship.

To reiterate: these are not ordinary trade negotiations where failure just means the parties going back to square one.

In the case of Brexit, a no deal scenario, unlike an orderly withdrawal which would allow us to prepare for the future, would take us back to a distant past when customs duties were part of the daily life of our businesses.

We still cannot rule out this no deal scenario. So economic and social stakeholders but also civil society must all prepare for this eventuality, just as we are doing at European level.

On 19 December the Commission set out 14 measures which the Union could introduce unilaterally in areas where a no deal scenario would cause major disruption to the public and businesses in the EU 27.

For example:

- In order to avoid major problems in the aviation sector, the Commission proposed allowing certain air services to be operated between the UK and the European Union for 12 months on condition of reciprocity.
- In the customs field the Commission proposed adding the UK to the list of countries to which EU Member States are allowed to export dual-use items with civilian and military applications.
- In the area of financial services the Commission proposed conditional equivalence for 12 months in order to avoid any immediate disruption in the central clearing of derivatives.

What all of these measures would have in common is that they are temporary, limited in scope and adopted unilaterally by the European Union.

The aim of these measures is to protect European interests, not to negotiate mini-deals with the United Kingdom. It will not be possible for the UK to maintain the advantages of EU membership.

The no deal scenario would obviously create specific problems in Ireland on the human, social, economic and political level.

Throughout the negotiations we have seen the Union, the 27 Member States and the European Parliament all demonstrate strong solidarity with Ireland in dealing with the consequences of Brexit. Let me assure you that, in the event of a no deal, the Union will continue to display this same solidarity.

And in such a scenario, the UK would face a great responsibility for finding a solution to the question of the border on the island of Ireland.

Ladies and gentlemen,

Even though we are doing everything to prepare for it, a no deal has never been and never will be our preferred scenario.

On the European side, the ratification of the Withdrawal Agreement by the Member States and the European Parliament is well on track.

In the UK, the debate under way in Parliament is a moment of significant political responsibility. The country has to make choices fundamental to its future.

Much has been said and written about the backstop, but there is also another more fundamental question which the UK authorities have to answer: what future relationship does the United Kingdom want with the European Union after its withdrawal?

On this point, the leaders of the European Union have always said that they are open to several possible options.

Given the red lines set out by the British government, the political declaration currently envisages a free trade agreement with ambitious customs cooperation.

If the UK's red lines were to change in the days or weeks to come, the Union would immediately be prepared to look at other – more ambitious - models for the relationship, each of them based on a balance between rights and obligations.

We are therefore prepared to rework the content and the level of ambition of the political declaration if the UK shifts its red lines.

My feeling today is that we need to leave the British Parliament the time – which is short – to have this debate and take its decision. We must remain calm, resolute, open and always respectful of the debate in the British Parliament.

Mr President, ladies and gentlemen,

In July 2017, I concluded my address by urging us all to prepare together for Brexit, calmly, objectively – but without being naïve – so that we could then concentrate on what was most important, namely the future of our Union of 27.

Eighteen months on, that conclusion remains as valid as ever.

This future as a Union of 27 must obviously include a partnership with the United Kingdom, which will remain a great country, which I personally admire and respect, a neighbour, ally and economic and cultural partner.

But we must also use the unity which we have forged over the course of these negotiations to push a positive agenda for the Union of 27, as the Commission is doing under its President Jean-Claude Juncker and in line with the wishes of President Donald Tusk too.

We must continue to use this unity to build an agenda that combines sovereignty and proximity and to

rise to the challenges we face, challenges which the Economic and Social Committee and your committees address. The challenges are numerous: climate change, security and defence, migration, the digital agenda, cohesion and social dialogue.

We will not be able to meet these challenges unless we stand together, united.

Thank you.

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