



Press statement by Michel Barnier following the July 2018 General Affairs Council (Article 50)

Brussels, 20 July 2018

Minister, dear Gernot,

Ladies and gentlemen,

First and foremost, allow me to extend my best wishes to the Austrian Presidency, which is taking place at a key moment. In particular, it will be under your presidency, dear Gernot, that we will have to conclude the Brexit negotiations.

Between now and the October European Council, which is thirteen weeks away, our objective will be to finalise the Withdrawal Agreement - 80% of which is already "green" in the text, meaning it has been agreed. Our objective is also to agree with the United Kingdom, in a political declaration, the framework for the future partnership.

This morning, I had the opportunity to do a joint analysis with the 27 Ministers, at the end of a new week of negotiations and following my discussion yesterday with Dominic Raab, with whom I had a very useful and friendly meeting. It also follows the British White Paper on the future relationship, which we received last Thursday.

Ladies and gentlemen,

This White Paper is the fruit of an intensive – and necessary – debate in the United Kingdom. Everybody can see that this debate is not yet over.

From our point of view, there are several elements that open the way for a constructive discussion on the political declaration on our future relationship, for example:

- The proposal of a Free Trade Agreement, which should make up the core of our future economic relationship. This matches a key proposal of the European Council guidelines: an ambitious Free Trade Agreement.
- Commitments regarding a level playing field, notably in state aid and environmental and labour standards.
- A large convergence of views on possible and necessary cooperation in the field of internal and external security.

The United Kingdom has provided guarantees regarding the protection of fundamental rights and recognises the European Court of Justice as the only arbiter of EU law.

This will facilitate data exchange between us and the United Kingdom, and therefore it opens the possibility of widening our offer regarding cooperation in internal security, in particular.

Ladies and gentlemen,

Concerning the future economic partnership, the White Paper raises three series of questions on which we expect answers:

1) First of all, are the proposals in the White Paper compatible with the principles that the 27 Heads of State and Government have defined since the beginning of this negotiation - principles which the foreign ministers recalled today? They are:

- The integrity of the Single Market and Customs Union and our Common Commercial Policy;
- The indivisibility of the four freedoms;
- The autonomy of the European Union's decision-making.

These are the principles of my mandate, and I will make sure they are respected scrupulously throughout this negotiation.

In any event, our responsibility is to protect the Single Market of the European Union and what we are, especially nowadays.

Take for example: the United Kingdom has said that it is ready to align to EU standards for goods - but

only for those standards that are checked at the border.

The United Kingdom, therefore, would not align itself to our agri-food standards, for example, on GMOs or pesticides, because these are not checked at the border.

This was confirmed to us this week in the negotiations.

But how, then, can we protect European consumers? On what basis could we accept free movement of goods?

2) Second question: are the proposals in the White Paper workable? Can they be applied without additional complexity or bureaucracy?

This question is valid for the regulatory alignment of goods, but even more so for the "Facilitated Customs Arrangement", proposed by the UK.

This proposal would consist of applying two tariffs - the UK one or the EU one - to goods entering the UK, depending on whether the goods are destined for the British or European markets.

This poses a number of practical questions. For example:

- How can customs authorities verify the final destination of goods, and therefore assure that the correct customs tariff is applied? Is there not a major risk of fraud?

- What would the additional financial and administrative costs be for businesses and customs authorities in order to conform to this new system? I would like to simply say that Brexit cannot, and will not, be a justification for creating additional bureaucracy.

- What would the impact be of a UK tariff that is lower than the EU tariff, with regards to revenues for both the Union budget and Member States?

This complex customs system also poses a more fundamental question:

- How can the Union delegate the application of its customs rules to a non-member of the EU, who would not be subject to governance structures? Would that be acceptable or, simply, legally possible?

3) Third question: are the UK's proposals in the economic interest of the European Union?

It is also in my mandate to protect the economic interests of the European Union.

Two observations:

By definition, the "common rulebook" for goods would not concern services, where the U.K. would be free to diverge. When we know that 20%-40% of the value of products that we use every day is linked to services, how would we avoid unfair competition which European businesses could be faced with?

How could we avoid that an autonomous British commercial policy, while keeping all the advantages of our customs union, offers British companies major competitive advantages, to the detriment of EU companies?

Ladies and gentlemen,

These were some of the questions we discussed yesterday with Dominic Raab.

We will continue this discussion. And we will look constructively at the answers that we will get to our questions.

But our main focus must be the finalisation of the Withdrawal Agreement.

Let me recall that the Withdrawal Agreement is the prerequisite for an orderly withdrawal, for the transition period, and for creating the trust that we need to build a solid partnership for the future.

This requires in particular a legally operative backstop – an "all-weather insurance policy" – to address the issues of Ireland and Northern Ireland. All 27 Member States insist on this.

Why? Because we are committed to protecting Ireland and Northern Ireland against the consequences of Brexit and to preserve the Good Friday Agreement in all its dimensions.

I said this on my last visit in Ireland and Northern Ireland a few weeks ago, where I engaged with stakeholders across both communities.

Let me simply recall the commitment taken by Prime Minister Theresa May to have a backstop in her letter to President Tusk in March. The respect of this commitment is essential.

And I made clear to Dominic Raab yesterday that we are not asking for a border between Northern Ireland and the rest of the UK. What we need is checks on goods because the UK wants to leave the Single Market, the Customs Union and our common commercial policy.

We cannot afford to lose time on this issue. And this is why we have invited the UK to work on the backstop next week.

We are open to any solutions as long as they are workable and can be transformed into a legally operative text in time for the Withdrawal Agreement.

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Ladies and gentlemen,

Even if we want to reach a deal, it is also our responsibility to be prepared for all scenarios, including a "no deal".

As the European Council said, we have to step up preparation at all levels, for all scenarios.

And the Communication adopted by the Commission yesterday should be read in this context.

We are encouraging national administrations and companies to use the time we have, which is very short, to accelerate this preparation.

Ladies and gentlemen,

We need to quickly find an agreement on all the subjects that are still open in the Withdrawal Agreement. This, of course, includes the question of Ireland and Northern Ireland, which is the most serious, but also the question of the British military bases in Cyprus, and obviously Gibraltar. Each of these points is necessary. I repeat necessary.

And we need to build with the UK a political declaration on our future relationship between now and October.

At this stage of the negotiation, even if we only have a few weeks left, we don't need more time. We need choices and decisions, clarity and legal certainty.

The sooner these decisions and clarity come, the sooner we can concentrate on the essential, i.e. a future partnership which we want to be the most ambitious possible, on trade, sectoral cooperation, and also on internal security and foreign and defence policy.

Thank you for your attention.

AS DELIVERED

Monsieur le Ministre, cher Gernot,

Mesdames et Messieurs,

Avant toute chose, permettez-moi de dire tous mes vœux à la Présidence autrichienne, qui se tient à un moment clef. C'est en particulier sous votre Présidence, cher Gernot, que nous devons conclure les négociations sur le Brexit.

D'ici au Conseil européen d'octobre, dans 13 semaines, notre objectif est de finaliser l'accord de retrait, dont 80% des dispositions sont déjà en vert dans le texte, c'est-à-dire qu'elles font l'objet d'un accord. Et notre objectif est aussi de nous mettre d'accord avec le Royaume-Uni sur le champ du futur partenariat, dans une déclaration politique.

Ce matin j'ai pu faire une analyse commune avec les 27 ministres, au terme d'une nouvelle semaine de négociations, de ma discussion hier avec Dominic Raab, avec lequel j'ai eu un entretien très utile et très cordial, et alors que nous avons reçu jeudi dernier le Livre blanc britannique sur la future relation.

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Mesdames et Messieurs,

Ce Livre blanc est le fruit d'un débat très intense au Royaume-Uni qui était nécessaire. Chacun peut constater que ce débat n'est pas terminé.

De notre point de vue, il y a plusieurs éléments qui ouvrent la voie à une discussion constructive pour la déclaration politique sur notre future relation, par exemple :

- la proposition d'un accord de libre-échange, qui devrait constituer le cœur de notre future relation économique. On rejoint là une proposition clef des *guidelines* du Conseil européen : un ambitieux *free trade agreement* ;
- des engagements en matière de *level playing field*, notamment en ce qui concerne les aides d'Etat et les règles sur l'environnement et l'emploi ;
- et une large convergence de vues sur de possibles et nécessaires coopérations en matière de sécurité intérieure et extérieure.

Le Royaume-Uni apporte des garanties en matière de protection des droits fondamentaux et reconnaît la Cour de justice de l'UE comme seul arbitre du droit européen.

Cela facilitera les échanges de données entre le Royaume-Uni et nous, et cela ouvre donc la possibilité d'élargir notre offre en matière de coopération sur la sécurité interne en particulier.

Mesdames et Messieurs,

Concernant notre futur partenariat économique, le Livre blanc soulève trois séries de questions auxquelles nous attendons des réponses :

1/ D'abord, les propositions du Livre blanc sont-elles compatibles avec les principes posés par les 27 chefs d'état et de gouvernement dès le début de cette négociation, principes rappelés par les ministres des affaires étrangères aujourd'hui, parmi lesquels :

- L'intégrité du marché intérieur et de l'union douanière et de notre politique commerciale commune ;
- L'indivisibilité des quatre libertés ;
- L'autonomie de décision de l'Union européenne.

Voilà les principes qui sont dans mon mandat et que je ferai respecter scrupuleusement tout au long de cette négociation.

En tout état de cause, notre responsabilité est de protéger le marché intérieur de l'Union européenne, ce que nous sommes, surtout dans la période actuelle.

Prenons un exemple : le Royaume-Uni se dit prêt à s'aligner sur les standards de l'Union pour les biens – mais uniquement pour les standards contrôlés à la frontière.

Le Royaume-Uni ne s'alignerait donc pas sur nos règles agro-alimentaires relatives, par exemple, aux OGM ou aux pesticides, puisque le respect de ces règles n'est pas contrôlé à la frontière.

Cela nous a été confirmé cette semaine dans la négociation.

- Mais comment pourrions-nous alors protéger les consommateurs européens ?
- Sur quelle base pourrions-nous accepter la libre circulation de ces biens ?

2/ Deuxième question : ces propositions du Livre blanc sont-elles opérationnelles, "*workable*" ? Est-ce qu'elles sont applicables sans complexité supplémentaire ni bureaucratie additionnelle ?

Cette question se pose pour l'alignement réglementaire sur les biens, mais encore plus pour le "*facilitated customs arrangement*" proposé par le Royaume-Uni.

Cette proposition consisterait à appliquer deux tarifs – celui du Royaume-Uni ou celui de l'Union – aux biens qui entrent au Royaume-Uni, selon que ces biens sont destinés au marché britannique ou au marché européen.

Cela pose de nombreuses interrogations pratiques. Par exemple :

- Comment les services douaniers pourraient-ils vérifier la destination finale des biens, et donc s'assurer que le bon tarif douanier leur est appliqué ? N'y a-t-il pas là un risque majeur de fraude ?
- Quels seraient les surcoûts financiers et administratifs pour les entreprises et les services douaniers contraints de se conformer à ce nouveau système ? Je veux dire simplement que le Brexit ne peut pas être, et ne sera pas, une justification pour créer une bureaucratie additionnelle.
- Quel serait l'impact de tarifs britanniques inférieurs à ceux de l'Union sur les recettes, à la fois pour le budget européen et pour les Etats membres ?

Ce système douanier complexe poserait aussi une question plus fondamentale :

- Comment l'Union pourrait-elle déléguer l'application de ses règles douanières à un pays non membre de l'UE, qui ne sera plus soumis à notre cadre de gouvernance ?
- Cela serait-il acceptable, ou tout simplement juridiquement possible ?

3/ Troisième question : les propositions du Royaume-Uni sont-elles dans l'intérêt économique de l'Union européenne ?

Et c'est aussi dans mon mandat de protéger les intérêts de l'Union européenne.

Deux observations :

Par définition, le "*common rulebook*" pour les biens ne concernerait pas les services, sur lesquels le Royaume-Uni veut être libre de diverger. Quand on sait que 20 à 40% de la valeur des produits que nous utilisons tous les jours est liée aux services, comment éviterait-on la concurrence déloyale qui

pourrait s'exercer sur les entreprises européennes ?

Comment éviter qu'une politique commerciale britannique autonome, tout en gardant tous les avantages de notre union douanière, offre aux entreprises britanniques des avantages compétitifs majeurs au détriment des entreprises de l'Union ?

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Mesdames et Messieurs,

Nous devons trouver rapidement un accord sur tous les sujets encore ouverts dans l'accord de retrait. Ceci inclut bien sûr la question de l'Irlande et de l'Irlande du Nord, qui est la plus grave, mais aussi la question des bases militaires britanniques à Chypre et évidemment Gibraltar. Chacun de ces points est nécessaire. Je répète, nécessaire.

Et nous devons construire avec le Royaume-Uni la déclaration politique sur notre future relation d'ici octobre.

A ce stade de la négociation, même s'il nous reste peu de semaines, nous n'avons pas besoin de plus de temps. Nous avons besoin de choix et de décisions, de clarté et de certitude juridique.

Plus tôt viendront ces décisions et cette clarté, plus tôt nous pourrions nous concentrer sur l'essentiel, c'est-à-dire le futur partenariat que nous souhaitons le plus ambitieux possible, pour le commerce, pour les coopérations sectorielles, mais aussi pour notre sécurité intérieure et pour la politique étrangère et la défense.

Merci pour votre attention.