

Michel Barnier's Press statement
26th July 2018

Ladies and gentlemen,

Dominic and I just had a second constructive meeting.

I agree with what Dominic said last week – **we must bring new energy into these negotiations.**

And we will need to sustain this energy over the coming weeks in order to reach an agreement.

We both want to conclude in October, with a deal.

We have two main challenges.

- 1- First, we need to finalise the outstanding issues of the Withdrawal Agreement, including a legally operative backstop for Ireland and Northern Ireland.
- 2- Second, we need to agree on a political declaration on our future relationship.

That is what we need to do if we are to reach a deal.

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Ladies and gentlemen,

Let me focus first on the future relationship.

Last Friday, I made some initial comments on the UK's White Paper.

This week confirmed that **the UK proposals on security mark a real step forward:**

- **The UK has provided new guarantees on the protection of fundamental rights and the uniform application of law:**
 - The White Paper commits the UK to membership of the European Convention on Human Rights.
 - It recognises the European Court of Justice as the only arbiter of EU law.

- **These are important safeguards. They enlarge the possibilities of what we can do together on internal security**, in particular on data exchange.
- Based on these safeguards, the protection of personal data, and on reciprocity, the EU and the UK can explore the modalities for close cooperation on:
 - the exchange of DNA, fingerprints, and vehicle registration information (so called "Prüm"),
 - the exchange of Passenger Name Records to better track and identify individuals involved in terrorism and crime,
 - swift and effective extradition, guaranteeing procedural rights for suspects.
- **Furthermore, I am particularly pleased with the progress in our talks on foreign policy and external security.**
 - We have a shared understanding on how to organise our future close cooperation, including on sanctions, defence capabilities and crisis management. The UK is a member of the UN Security Council, and an important player in security and defence. Our cooperation is even more important in today's geo-political context.
 - I recall that this cooperation is in addition to what we already do in NATO, and in bilateral agreements between the UK and certain Member States.

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Ladies and gentlemen,

In contrast, on our future economic relationship, it comes as no surprise that finding common ground between the EU27 and the UK is more difficult.

But we have agreed already on a common denominator: we both want an ambitious Free Trade Agreement.

In March, EU leaders proposed an unprecedented Free Trade Agreement.

Another area of convergence between the EU and the UK is the need for ambitious customs arrangements.

We are also both committed to a level playing field between our economies.

But we are not at the end of the road yet.

There are major issues to be discussed and questions to be answered.

We share a clear understanding on a core principle that will define our future economic relationship: the UK and the EU **will both preserve the autonomy of their decision-making.**

Both will preserve their regulatory autonomy.

The UK wants to take back control of its money, law, and borders, as Dominic said in an article this morning.

We will respect that.

But **the EU also wants to keep control of its** money, law, and borders.
The UK should respect that.

So, we share an objective in that regard.

A clear example of what this means concerns our future relationship in financial services.

- We discussed financial services this week and agreed that future market access will be governed by autonomous decisions on both sides.
- We recognised the need for this autonomy, not only at the time of granting equivalence decisions, but also at the time of withdrawing such decisions.
- And we agreed to have close regulatory cooperation, which will also have to respect the autonomy of both parties.

Maintaining control of our money, law, and borders **also applies to the EU's customs policy.**

- The EU cannot – and will not – delegate the application of its customs policy and rules, VAT and excise duty collection to a non-member, who would not be subject to the EU's governance structures.
- Any customs arrangements or customs union – and I have always said that the EU is open to a customs union – must respect this principle.
- In any case, a customs union, which would help to reduce friction at the border, would come with our Common Commercial Policy for goods.
- President Juncker's visit to Washington yesterday shows the importance of our Common Commercial Policy. It shows that we are stronger together.
- Any customs arrangement will also have to be workable and must protect EU and national revenue, without imposing additional costs on businesses and customs authorities.

This is the framework within which we will work with the UK over the coming weeks.

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Ladies and gentlemen,

This week, these customs discussions have also been the backdrop to the backstop.

We have a clear agreement between the EU and the UK that the Withdrawal Agreement must contain an all-weather insurance policy. We share the goal of avoiding a hard border on the island of Ireland.

Let me recall why.

Because, as we agreed in December, **the absence of a hard border has to be guaranteed no matter what the future relationship will be.**

Of course, we have always said that a better solution in the future EU-UK relationship could replace the backstop.

This explains the "unless and until" provision of the backstop to which the UK has agreed.

Continued uncertainty on this issue after the UK's withdrawal would be unacceptable for Ireland, for Northern Ireland, for the UK as a whole, and obviously for the EU27.

Ladies and gentlemen,

We also had agreed in March on the scope of the issues to be solved in the backstop.

This week, we focused on the customs element of the backstop.

The UK wants this to be UK-wide.

As I said last week, we have no objection in principle to this.

But we have doubts that this can be done without putting at risk the integrity of our Customs Union, our Common Commercial Policy, our regulatory policy, and our fiscal revenue.

We have had an open and frank – and therefore useful discussion – on these issues.

I think that the UK has understood our concerns and respects our principles.

And the UK has promised to come back to us with concrete proposals on how to address our concerns.

Both teams will reflect on this in the coming weeks. The next time we meet will be around mid-August. We must advance and agree on a legally operative backstop solution to conclude the Withdrawal Agreement.

Ladies and gentlemen,

Before giving the floor to Dominic and taking questions, let me just add one more point.

Today, I have been focusing on all the open issues and the work that we have ahead of us over the next few weeks to conclude the Withdrawal Agreement.

Let's keep in mind that we have already agreed on a large part of this Withdrawal Agreement.

This includes the very important issue of citizens' rights, which has been our priority since the beginning of this negotiation, as well as the priority of the European Parliament. It continues to be our priority.

But our work is not over. We will also have to work on making sure that citizens can easily avail themselves of the rights that will be guaranteed in the Withdrawal Agreement.

We are working with the Home Office on this point, as well as with the Member States.

Thank you for your attention.