

# Invitation letter by President Donald Tusk to the members of the European Council ahead of their meetings on 22 and 23 March 2018

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At the upcoming spring European Council we will focus on trade and the planned US tariffs, the economic situation in the EU, digital taxation as well as Turkey and Russia. Additionally, we will discuss Brexit at 27 and the euro area reforms in the Euro Summit formation of 19 Leaders.

First we will discuss trade. On this issue, we stand by the European Commission, which is currently holding talks with our American friends on how to exempt the EU from the planned steel and aluminium tariffs. We must prepare for all possible scenarios. As the world's biggest trading power, the EU's response will be responsible and reasonable. Free and fair trade has created millions of jobs in Europe, and elsewhere, contributing to peace and stability all around the world. As Montesquieu put it, 'the natural effect of trade is to further peace'. Therefore, we will always want more trade, not less. Hence our recent trade deals with Canada, Japan, Singapore and Vietnam, the ongoing talks with Mercosur and Mexico, and planned trade discussions with Australia and New Zealand.

When the US raised tariffs in 1930, which applied to 1/3 of our trade, it led to a global trade war. The tariffs currently proposed, if implemented, would affect around 1,5% of transatlantic trade. I bring these numbers up not to diminish the need for a suitable, WTO-compatible response – indeed, such a response would be inevitable given the number of potentially affected jobs in Europe. But I do this to demonstrate the broader perspective. Transatlantic relations are a cornerstone of the security and prosperity of both the United States and the European Union. Given the importance of this relationship, we should continue to engage with the US in order to strengthen the transatlantic economic relationship, not weaken it. Despite seasonal turbulences.

When it comes to Brexit, we will discuss how to approach the rest of the negotiations with the UK, including on our future relationship. I want us to have a broad debate on our negotiating strategy. In this context I will ask you to adopt a first set of guidelines on the future relationship with the

UK. Additionally, yesterday our negotiators reached a solution on parts of the withdrawal agreement. Whether all 27 Member States can welcome this at the European Council remains open. I still need a couple more hours to consult with some of the most concerned Member States. To me, one thing is clear. We have achieved success when it comes to citizens' rights and the financial settlement. As I have stated from the very beginning of these negotiations, defending the rights of our citizens will be the number one priority for the EU. And we have made it. European citizens will be fully protected from the consequences of Brexit. This also means that our citizens crossing the Channel in this period will not get worse treatment than those who did so before. This is good news for all Europeans. As regards the most contentious issue, namely Ireland, Prime Minister May has reassured me that she accepts all options agreed in December to be on the negotiating table. Including the option of full regulatory alignment between Ireland and Northern Ireland if there is no other possibility to avoid a hard border. This bodes well for the rest of the negotiations.

Last but not least, on Russia. Following the Salisbury attack we should not only express our full solidarity with the UK but also draw operational conclusions, as this incident poses a challenge to our shared security. I therefore propose we strengthen our resilience to Chemical Biological Radiological and Nuclear-related risks, including through closer cooperation among the EU institutions, our States and NATO. We should also continue to bolster our capabilities to address hybrid threats, including in the areas of cyber, strategic communication and counter-intelligence.

As for the meeting agenda: after our traditional exchange of views with European Parliament President Tajani at 15.00 on Thursday, Prime Minister Borissov will give us an overview of progress in implementing our previous conclusions, including ongoing work on the reform of the Common European Asylum System. Then we will have a full discussion on trade and adopt relevant conclusions. We will also adopt the decision appointing the Vice-President of the ECB. Following that, European Central Bank President Draghi will join us for an exchange on the current economic situation in the EU and we will adopt conclusions in this domain. Finally, before we break for our press conferences, I will invite Eurogroup President Centeno to inform us on the ongoing work in the Eurogroup on the Banking Union.

Over dinner I hope to have an open and frank political debate on taxation, on the basis of the enclosed Leaders' note and without written conclusions at this stage. Following from the discussion we had at our informal meeting in February, we will also review recent developments with Turkey, with a view to the high-level meeting scheduled to take place in Varna on 26 March. At the end of our dinner we will adopt conclusions following the Salisbury attack.

On Friday, we will reconvene at 27 to review progress on negotiations with the UK and adopt guidelines on the framework for our future relationship. Finally, the Leaders of the euro area Member States will have an open debate on the long-term development of our Economic and Monetary Union, based on the other Leaders' note. Our meeting should end before lunch.

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# Multilateral investment court: Council gives mandate to the Commission to open negotiations

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On 20 March, the Council adopted the negotiating directives authorising the Commission to negotiate, on behalf of the EU, a **convention establishing a multilateral court for the settlement of investment disputes**. The Council also decided to make the negotiating directives public.

The overall objective for creating a multilateral investment court (MIC) is to set up a **permanent body to settle investment disputes**. This multilateral investment court would adjudicate disputes under future and existing investment treaties. For the EU, **the MIC would eventually replace the bilateral investment court systems** included in EU trade and investment agreements.

The initiative is part of the **EU's new approach to investment dispute resolution**, moving away from the traditional arbitration framework towards a **court system**. It aims at responding to some of the legitimate public concerns raised in the context of the traditional investor-to-state dispute settlement, by bringing key features of domestic and international courts to investment arbitration.

On the basis of the mandate provided by the Council, the Commission will start negotiations with its trading and investment partners in the framework of the **United Nations Commission on International Trade Law (UNCITRAL)**.

While the exact features of the MIC (such as the composition of the court, its budget, the possibility of getting support from a secretariat, etc.) will depend on the outcome of the upcoming negotiations between the countries that will sign up to the new system, the **EU will favour a system based on the following principles:**

- the court should be a permanent international institution;
- the judges should be tenured, qualified and receive permanent remuneration. Their impartiality and independence should be guaranteed;
- proceedings before the court should be conducted in a transparent

manner;

- the court should give the possibility of appeal against a decision;
- effective enforcement of the decisions of the court would be vital;
- the court should rule on disputes arising under future and existing investment treaties that countries decide to assign to the authority of the court.

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## **8 things you didn't know about Lib Dem members**

Recently YouGov & Queen Mary University, London did a massive survey of the membership of the 4 largest political parties in the UK (us 'obvs', Labour, Conservatives and the Scottish National Party). They came out some pretty interesting stuff, such as...

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## **Supporting students: our record**

In government we're working to make sure all our young people get equal chances and choices to succeed in life.

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## **Henan Liaison Unit hosts "New Year Gathering of Hong Kong Residents in**

## Henan 2018” (with photos)

The Henan Liaison Unit (HALU) of the Hong Kong Economic and Trade Office in Wuhan (WHETO) of the HKSAR Government held “New Year Gathering of Hong Kong Residents in Henan 2018” in Zhengzhou to celebrate the Chinese New Year with over 100 Hong Kong people who live and work in Henan.

In his welcome remarks, the Director of the WHETO, Mr Vincent Fung, said that since the commencement of operation of the HALU in September 2016, it has been organising a number of activities to foster closer ties with Henan in areas such as trade, economic and cultural exchanges; actively uniting the Hong Kong people living and working in Henan and offering support to them. As 2018 is the 40th anniversary of the reform and opening up of China and Hong Kong will also be connected to the national high-speed rail network this year, the HALU will seize the opportunities to facilitate co-operation between Henan and Hong Kong.

During the reception, Mr Fung spoke with representatives of the provincial government of Henan. He also talked with Hong Kong people who live and operate businesses in the Province to know more about their experiences there.

