

News story: David Davis' Teesport Speech: Implementation Period – A bridge to the future partnership between the UK & EU

Thank you for that kind introduction.

Welcome everybody to tropical Teesport.

When the Cabinet meets next week and various of my colleagues moan about how cold it was in Davos I'll suggest they try the North Sea in January.

Teesport – this is the export capital of England really.

Teesport handles more than 40 million tonnes of cargo a year, importing and exporting goods that are used in sectors right across the economy. It acts as a gateway to the world for businesses not just in the North East, but also across the UK and Europe.

And as we get on with the job of leaving the European Union – a move backed overwhelmingly by the people of Teesside – there will be new opportunities for ports like this, as you actually outlined in your speech, and for businesses like the ones in this room to cast their sights beyond Europe, to new markets around the whole world.

Today I want to talk specifically about the bridge that we plan to build, to smooth the path to our new relationship with the European Union after Brexit.

A strictly time limited implementation period, which forms a sound basis for the UK's future prosperity.

That allows us to grasp the benefits of Brexit by setting in place the fundamental building blocks for the country as we leave and a bridge that will give more certainty and clarity for ports like this, and businesses right across the United Kingdom and Europe.

Setting the scene

Firstly – let me set the scene.

At the end of last year, we made an important breakthrough in the Brexit negotiations.

It was a landmark of which we can proud.

Giving confidence to more than 4 million citizens across our continent that their rights would be protected and reassurance to the wide range of businesses and institutions that have a vested interest in our discussions.

It also meant that millions of British people, whichever way they voted in the referendum could be reassured that we are one step closer to securing Britain's open, free trading exit from the EU.

Securing our parliamentary independence as we leave and a sensible deal that ensures a smooth exit from the European Union when we leave on the 29th March 2019.

In the coming days and weeks, my officials and I will travel to Brussels to meet with our counterparts, and talk about the next phase.

We will launch exploratory talks about the future relationship.

But our immediate goal, our immediate goal, will be to reach an agreement on the implementation period.

And because our objectives are largely the same, I am confident that political agreement can be reached at the March European Council.

The rationale

Now I know that there are many people who question why we need an implementation period – some of them very strongly and sincerely.

So I want to explain why we need this period, on the terms the Prime Minister set out in Florence.

Fundamentally it is in no one's interest in the United Kingdom or the European Union to see businesses delay decisions about their future, or rush through contingency plans based on guesses about the future deal rather than planning on the basis of knowledge.

Without a bridge to the future – that is exactly what they would have to do.

We would see delayed investment, slowing job creation and a stifling of hard-won economic growth upon which our continent depends.

It should come as no surprise, therefore, that similar arguments for this bridge, this implementation period, have been deployed by both sides.

Firstly – it will allow the United Kingdom time to build new infrastructure, and set up new systems, to support our future partnership and allow for as free and frictionless trade as possible.

It will ensure our businesses are ready, and only have to adjust to one set of changes.

Secondly – it will allow European governments to do the same.

Ports like Teesport, like Rotterdam, like Antwerp, will need time to prepare for our new customs arrangements.

As I told business leaders last year, while we're already planning for all

scenarios, many European Union Governments may not put their plans in place until the deal is struck.

Thirdly – and perhaps most importantly – we need to ensure that the move to our future relationship is in keeping with both sides' legal commitments.

As the Prime Minister set out in Florence, the European Union is not legally able to conclude an agreement with the United Kingdom as an external partner while we are still a Member State.

It is only possible for us to sign this agreement when we are outside the European Union.

And such an agreement on the future partnership will require the appropriate legal ratification, which would itself take time.

This will need to happen during the implementation period.

Extending Article 50, staying a member of the European Union for a further few years, would not solve that problem. And it would not solve the problem either of navigating the legal structures of the European Union.

In fact, it would create a new uncertainty about whether and when we would actually leave the Union.

So, it's only by being outside the EU but continuing with the existing structures of rules and regulation that we can meet the requirements for a smooth, orderly and successful exit.

And Britain's argument is reflected in the European Union's stance.

So there's much we agree on.

We agree the implementation period should be delivered as a part of the Withdrawal Agreement, to be adopted under Article 50. That means it can be adopted quickly and efficiently.

That it should see the UK outside of the European Union, no longer a Member State.

We also agree on the need for this period to have a strict time limit, guided by how long it will take us all to prepare and implement the new processes.

And we agree on the need to base this period on the existing structure of rules and regulations.

Including, crucially, on continued access to each other's markets on current terms.

I want to stress – this is not a zero-sum game.

We both stand to benefit.

Which is why Britain and the European Union are on the same page on the need

for this period.

The details

For such a period to work, both sides must continue to follow the same, stable set of laws and rules.

Without compromising the integrity of the single market, and the customs union to which we will maintain access on current terms.

Maintaining the same regulations across all sectors of the economy – from agriculture to aviation, transport to financial services, as part of a new international treaty.

In keeping with the existing structure of EU rules that will allow a strictly time-limited role for the European Court of Justice during that period.

During this implementation period, people will of course be able to travel between the UK and EU to live and work.

And as agreed in December, we will fulfil the financial commitments we have made during the period of our membership.

With Britain upholding its responsibilities during this period, it follows the European Union will need to respect our rights and our interests too.

And this means we must discuss how regulators and agencies can best provide continuity and clarity for businesses during this period in a way that benefits everyone.

Continued cooperation

Of course, we will leave the institutions of the Union next March.

But we will still make our voice heard.

This will be a relationship where respect flows both ways – as we move from being a member of the European Union to its closest partner.

A relationship which will not just be for the short term, but one which will endure to our mutual benefit for decades and indeed generations to come.

And it's in that spirit we should approach the implementation period as the bridge to this new relationship.

That means each side committing to not taking any action that undermines the other.

Because it usually takes around two full years for major legislation to make its way through the European Union system into law – virtually all of the laws that will come into effect during this time will have been drafted while the United Kingdom was a Member State.

However, we will have to agree a way of resolving concerns if laws are deemed to run contrary to our interests and we have not had our say and we will agree an appropriate process for this temporary period.

So that we have the means to remedy any issues, through dialogue, as soon as possible. It's very, very important. If there are new laws that affect us, we have the means to resolve any issues during that period.

International agreements

Now, the implementation period has implications beyond the relationship between the UK and the European Union.

It's also relevant to our relationships with the rest of the world – both our existing international agreements – struck during our membership of the European Union and the new trading relationships the United Kingdom will build on the outside.

The existing international agreements we are party to should continue to apply during this period.

They are an important part of the existing EU structure of rules and regulations, to which we will remain a part during the implementation period.

And they cover a wide range areas from aviation through to security.

They also include the trade agreements the EU has struck while we were a member. So this matters particularly with respect to Teesport.

These trade deals are – by their definition – mutually beneficial.

So whether you're a Dutch manufacturer or a British farmer, it's in the UK and EU's interests that the deals that have already been signed, stand during this period.

That's also in the interests of countries who have signed those trade deals with the European Union.

So since the terms of trade between the UK and EU will not have changed, a simple step forward is for all parties, all parties, to agree that the United Kingdom will continue to be party to these agreements while we continue to work on ensuring they maintain their effects in perpetuity.

And, of course, the biggest international challenge we face is ensuring the security of our continent.

Throughout this period, as in our future partnership, the United Kingdom and European Union will need to work together and respond to the ever changing threats we face in areas from terrorism to cyber crime.

There are both known and unknown threats.

Therefore, there should not be any obstacles, any obstacles all, to us

jointly deciding to take action in the face of these shared challenges during that implementation period.

Our top priority will always be the safety of our citizens.

What will change

While the aim of the implementation period is to provide certainty and continuity, we must keep sight of the fact that this is a bridge to a new future partnership.

Where, crucially, the United Kingdom is outside of the single market, and outside of the customs union.

Where the United Kingdom courts are sovereign once more.

And where the United Kingdom can take advantage of its status as an independent trading nation, forging its own way in the world.

So, during the implementation period, the UK must be able to prepare for this new relationship not just with the European Union, but with the rest of the world too.

The United Kingdom will be able to design a new immigration system, that works in the national interest.

That welcomes talent from around the world, and people who want to come to Britain to work hard and contribute.

During the period, when people from the EU move to the UK freely, we will have a registration system in place.

It will have no bearing on people's ability to work or visit.

But the system will allow us to better plan for our future public services, and prepare for our future immigration system.

And as an independent country, no longer a member of the European Union, the United Kingdom will once again have its own trading policy. This is a vital aspect of this period.

For the first time in more than 40 years, we will be able to step out and sign new trade deals with old friends – and new allies – around the globe.

Increasingly, we are trading with the key emerging markets of the world in Asia and the Americas.

The UK's fastest growing export markets between 2005 and 2014 included countries like China and Brazil.

These are the future.

We will be able to build on this in coming years.

Of course maintaining access to each other's markets on current terms means that we will replicate the effects of the EU customs union during the implementation period including new rights and obligations of trading arrangements entered into by the European Union.

But participating in a customs union should not and will not preclude us from formally negotiating – and indeed signing – independent trade agreements.

Although, of course, they would not enter into force until the implementation period has ended.

Talking to other countries about our future trade will allow businesses – like those in this room – to take action and make decisions based on the new opportunities that will be open to them.

It will also allow us to kick-start a new global race to the top in quality and standards.

Because Britain cannot outcompete emerging economies with cheap labour.

There is no future in us trying to be cheaper than China, or other emerging economies which have enormous low wage cost advantages.

Instead we must work with our international partners to drive up quality and standards.

And with 90% of future global growth expected to happen outside Europe's borders – driven by developments in new technologies and innovations and industries that haven't even yet been invented, the premium for agility in national policy-making has never been higher.

Over the coming years and decades we, as a country, need to be flexible and nimble to take advantages of the changing landscape of the global economy.

We start from an incredibly strong position.

A world leader in engineering, life sciences, medicine, media, commerce, law.

From our skilled workforce to our world-class universities or the simple fact that English is the language of business throughout the entire world, we are well placed to take advantage of these new opportunities.

So getting ready for that is all part of our preparation for when the implementation period is over – and Britain and the European Union are enjoying their new partnership.

Because we want companies to have more confidence, to take investment decisions, to exchange contracts, to employ workers, to make plans.

Conclusion

The value of the implementation period is strongly correlated to the speed at which political agreement is reached.

Many decisions which businesses and governments need to take have long lead times.

From investing in a new office or a factory, to hiring people. Businesses like those represented in this room need to start making these decisions well before they become operational.

Speed is of the essence.

Because the longer we leave talking about the implementation period, the less valuable it becomes to the businesses right across Europe.

The next few months therefore are unprecedented. An unprecedented chance for the United Kingdom and the European Union to work together to build on the progress we have already made and provide that much needed clarity and security.

For our firms.

For our economies.

And for our citizens.

That's what they expect us to do. And that's what we will do.

Thank you.