

# **News story: Joint article: a deep and special partnership**

**By Chancellor of the Exchequer, Philip Hammond and Secretary of State for Exiting the European Union, David Davis**

Today (10 January 2018) we're both in Germany to highlight the important relationship that exists between our countries.

It's a relationship built on shared interests and shared values, that has helped both our nations prosper and grow.

And while the UK will leave the EU next year, we can still look to the future with a shared vision – one that sees Germany, Britain and the EU continue to thrive, and our relationship remain strong and close.

Trade between the UK and EU 27 is worth €750 billion a year – and a quarter of EU exports to Britain, worth €113 billion, come from Germany, more than any other EU country.

Of course we understand that Germany and other EU countries want to protect the integrity of the single market, and that without all the obligations of EU membership third countries cannot have all the benefits.

Those priorities are not inconsistent with ours – a deep and special partnership with our closest trading partners and allies.

Our commitment to Europe's security is unwavering, and we'll seek to agree new arrangements that allow us to keep the close UK-EU cooperation to tackle the shared threats we face.

Meanwhile, there are still important choices to be made about how we find the right balance in Britain's new relationship with the EU.

As two of Europe's biggest economies, it makes no sense to either Germany or Britain to put in place unnecessary barriers to trade in goods and services that would only damage businesses and economic growth on both sides of the Channel.

So as Brexit talks now turn to trade, the UK will look to negotiate a new economic partnership with the EU – the most ambitious in the world – that recognises the extraordinary levels of interconnectedness and cooperation that already exist between us.

When we leave the European Union, we will leave the Customs Union and Single Market, but in agreeing a new model of cooperation, we should not restrict ourselves to models and deals that already exist.

Instead we should use the imagination and ingenuity that our two countries and the EU have shown in the past, to craft a bespoke solution that builds on

our deeply integrated, unique starting point to maximise economic cooperation, while minimising additional friction.

The economic partnership should cover the length and breadth of our economies including the service industries – and financial services.

Because the 2008 Global Financial Crisis proved how fundamental financial services are to the real economy, and how easily contagion can spread from one economy to another without global and regional safeguards in place.

That is why the UK has worked with our partners in the EU to ensure we led the world in making the regulation and supervision of finance safer.

In particular, we've sought to ensure that financial authorities across the world can cooperate in rule-setting and supervising systemically important global firms, to make sure such a catastrophe doesn't happen again.

That work shouldn't end because the UK is leaving the EU. On the contrary, we must re-double our collective effort to ensure that we do not put that hard-earned financial stability at risk, by getting a deal that supports collaboration within the European banking sector, rather than forcing it to fragment.

For such a close trade partnership in goods and services to succeed, we will need to maintain our common principles – including our shared belief in high standards – and continue the intelligent cooperation of our regulators.

Because the trust we place in each others regulators, in a whole range of areas, has been built up over many years of cooperation and there's no good reason why it should disappear after the UK leaves the EU.

We also propose to provide as much certainty to businesses throughout the EU as possible, through a time-limited implementation period after Britain leaves the EU.

During this period, we propose that access to one another's markets will continue in its current form, using the EU's existing rules, regulations and agencies.

That way, UK and European businesses have time to prepare for a single set of changes – once we know what our future trading partnership will look like.

This implementation period is clearly in the mutual interests of the UK, Germany, and the EU – that is why the December EU Council signalled its support for rapid progress on this agreement, which we should deliver at the March council.

So this week, we both take the message to German business leaders that agreeing the details of this period with the Commission is a major priority for the UK Government.

Brexit will inevitably mean a shift in the way UK and European companies do business together.

But with the next set of negotiations just around the corner, a bold, positive and exciting new chapter in our history together awaits.

We will continue to work closely together, to make sure we put in place a new relationship that works best for the UK, for Germany and for Europe.