

Secretary of State speech at the Ambrosetti Forum: Intelligence on the World, Europe, and Italy

You opened with the reference to 'order' 'order' and I'm very conscious, as we go through an uncertain period, that often in the House of Commons there does not seem to be much order despite the speaker's proclamations to that effect.

Ladies and gentlemen, it probably comes as no surprise after the week in Westminster to say, what a pleasure it is to be here. And also a pleasure to follow on from Minister Kurtika, not least because of his successful Presidency of COP24 which we in the UK very much hope to follow with the 26th COP in 2020, which we have bid to jointly host with Italy. This joint bid reflects the outward looking, globally facing approach the UK and Italy have always shared.

In March, a reflection of that was in the sharing of the Magna Carta. It was taken to Italy for the first time as part of a cultural exchange between our two countries. So, it may be more than 800 years old but I hope that Mr Barnier and I can take inspiration that a political treaty can in fact be negotiated, agreed, and indeed stand the test of time. I'm here with you today because I want to be clear as to what the UK's position is at this critical time and in particular, our commitment to leave the European Union on the 31st October.

And the reason for that is any refusal to honour the biggest vote in our history would create long-term negative consequences for the UK and indeed our partners, in particular weakening trust in our democracy. So my mandate is to lead the political negotiations to secure a new deal with Europe. A deal that acknowledges the political reality within the UK, a deal which reflects the reality of the relationship we want with the European Union; one that is close, but separate. A deal that respects my country's constitutional integrity. And a deal that can be accepted by my Parliamentary colleagues. Because if we cannot pass a deal, the UK's departure from the EU will be more painful for both of us than it needs be. I hope to shed more light on these issues today and to reassure just how much the United Kingdom values the bilateral relationship we have with Italy, as indeed with all of our European partners and friends.

In recent years, some voices have shouted loudly to try and frame all UK relationships, including the UK-Italian relationship, through the prism of Brexit. But that ignores the strength of the ties between us and no more so than in terms of our citizens. There's over 700,000 Italian citizens who have chosen to make their homes and lives in the United Kingdom, contributing greatly to our culture and our economy. And those who do indeed follow the House of Commons will know for example, my colleague Alberto Costa is a very frequent champion of this huge contribution that is made. And indeed, around

70,000 UK nationals have made their homes here in Italy. If one looks at trade, with what I appreciate is very much a business audience, trade between Italy and the UK is close to 50 billion Euros. And these numbers are increasing. This morning I flew over Milan, the home of €1.2bn of service exports to the UK every year, that totals 20% of Italy's service market. And indeed, many of the people here will know our renowned London Stock Exchange and Milan's Bors Italiana joined forces a decade ago to create Europe's most diversified Exchange Group together.

Key products, which are well known. Italian pasta holds 70% of market share in the UK. Perhaps less well known, precision engineering accounts for 16% of total exports from Italy to the UK.

But to me it's about much more than the weight of our economic ties. We work together to defend our values and our way of life through NATO. Our Armed Forces work closely together. Just in July this year, Italy and the United Kingdom signed a Statement of Intent to deepen our bilateral defence relationship.

And I'm sure in an audience like this there are many who are football fans who will well know Gazza's experience at Italia 90 or the many footballers of Italian background like Zola that played at Chelsea and many other clubs in the Premiership. So we have a deep connection between the UK and Italy.

But in a deal situation, so take for example citizens' rights, the UK has made a clear offer in a deal situation – it's within the implementation period. In a no deal situation the UK has guaranteed the rights of those 700,000 Italian citizens in the UK. The UK citizens have not been offered the same rights here. For example, we have said Italians and other EU citizens living in the UK will have until the end of December 2020 to register for settled status. But our citizens here are told they need to do so by the 31st of October this year.

One of the key things I really want to emphasise today is our commitment, the Prime Minister's commitment, to securing a deal. I spoke with Michel Barnier on Thursday. The Prime Minister's Europe Advisor, David Frost, and his team were in Brussels on Wednesday and Friday having lengthy discussions. As the UK prepares to enter into an election, there is a view among the 17.4 million British people who voted to leave that their wishes have been denied and that their concerns dismissed. We must not ignore the democratic decision and my job is to fight for them as well as the whole country. And that is why we are so committed to securing a deal. Failing to address the concerns of voters will inevitably store up greater problems over time. That would, in turn, damage the close and valued ties between the UK and European Union and its member states that I and the Prime Minister want to preserve. We are leaving the institutions of Europe but remain a European country, with shared values and common goals like on climate change. So it is crucial that Brussels and Member States appreciate the very real political pressures and how a failure to act now will only see those grow during a General Election campaign. Just as we in turn in the United Kingdom recognise the political pressures that apply within the EU27 Member States. We need to recognise that the UK cannot ignore the frustrations of the British public, nor should our partners. And

indeed in my conversations with European counterparts, they tell me that they want to see a deal. But the risk is that the Commission sets a test that is impossible to meet. What they are in reality asking for is a UK commitment to remain in large parts of the Single Market by continuing to insist on the inclusion of the backstop. This is politically impossible in a country that has voted to leave and indeed Parliament has rejected the backstop three times. So whatever solution we present will always fall short of these Commission demands. We are trapped in a zero sum game which is no way to conduct a negotiation. We need the EU to recognise this and to think with us creatively, not remain rigid or inflexible.

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As the Prime Minister made clear to Donald Tusk, Parliament will not allow the people of Northern Ireland to be required to accept laws over which they have no consent. I know that any politician can understand what I would mean if, say, the people of Sardinia or Sicily overnight became citizens with different rights to the rest of Italy. It would mean Northern Irish voters – UK citizens – being governed by large numbers of rules in which they have no say. And since we can only leave the backstop by the agreement with the EU, once it is triggered we could be locked in it forever making it harder to leave the backstop than it is to leave the European Union itself. That is what the UK Attorney General in his legal advice to Parliament made clear. To achieve a deal, we need greater creativity and flexibility from all sides and for Member States to give their negotiators room for negotiation. I fully understand why Member State's commitment to the Commission's request for unity is as it is, but to reach a deal there has to be room for detailed and creative discussions. If behind the public comments there is no scope for a genuine negotiation then any creative and flexible solutions will always be quickly shot down.

Now the EU says on one hand it wants to look for "creative and flexible solutions on the border in Northern Ireland" – in fact those were the very words used by the European Council in their own guidelines. Yet at the same time the Commission has refused to progress work on alternative arrangements until after the Withdrawal Agreement has been ratified, waiting five months when we could have been working together. That rigid approach is neither creative nor flexible. The Commission accepted at Strasbourg that alternative arrangements have merit as an alternative to the backstop. And European capitals have said they will be happy to explore the details of such arrangements. In public, the EU position has suggested flexibility – from being clear there can be no change to the Withdrawal Agreement, to being open to changes if "legally operative text" on alternative arrangements can be made. But the private briefings strike a different note. To coin a phrase, with them, nothing has changed. The responsibility sits with both sides to find a solution with genuine cross-party consent. When politicians ask the people to make a choice, it is the responsibility of the elected representatives to deliver on that choice. It is not, as the Prime Minister has said, for politicians to choose which votes they want to act upon and those they would prefer to ignore.

People voted for Brexit and it is important to our democracy that we deliver

it. As a result, we have stepped up our preparations in the United Kingdom significantly under the new Government in the event that we do have a no deal that neither of us desires. So we will be prepared, despite the media stories that seek to unnerve, and it is important that our friends and partners across Europe are also prepared. But the reality is that no deal is not in either sides' interests. Two thirds of Irish medicine comes through Great Britain, while 60% of Irish exports go through Dover the other way. These are reciprocal issues where we have a shared desire to get it right.

So it's far better for us to agree a mutually beneficial deal if not for the sake, for example, of Geographical Indicators. There are more than 3,000 European Union Geographical Indicators. In the UK, there's only 88. Italy holds three of the top ten most valuable GIs in the EU.

With a deal, these are protected in the implementation period. But this is not the case in no deal. There are similar impacts in other key areas, security or data sharing. We will be ready within the United Kingdom for no deal if it happens but from the meetings I have had across the Continent, one thing is absolutely clear, businesses want certainty. They want to have the confidence to continue to invest in the UK which remains the number one destination for inward investment within Europe.

Our citizens want their elected representatives to honour the democratic decision and move forward. We risk crystallising disruption in November because of an all weather absolute test for the end of the implementation period at the end of 2020. So our shared ambitions are of a deal. A deal which honours the Belfast/Good Friday Agreement to which the UK is unconditionally committed but without the backstop that the UK Parliament has rejected three times. And it requires a commitment to a creative and flexible approach in finding solutions.

That is what our Government seeks, that is what our Prime Minister seeks and ladies and gentlemen, with goodwill on all sides it is what I know we can deliver. Thank you very much.