

Speech by Michel Barnier at the Centre for European Reform on 'The Future of the EU'

Good morning ladies and gentlemen,

I would like to thank the Centre for European Reform, and its Director, Charles Grant, for inviting me today.

If I may say so, it is good to see that this UK-based centre is stepping up its presence in Brussels. Good timing!

It feels a bit unusual to speak about Brexit here.

Because this is a conference on the future of the EU.

And Brexit is about disentangling the UK from the EU, and settling the past.

But Brexit could prove to be a turning point in the European project.

For future historians, the year 2016 – with the UK referendum, the change of power in Washington, geopolitical tensions, terrorist attacks, and the rise of populist parties – will perhaps be seen as a time of awakening.

2016 could become the moment when the EU realised that it had to stand up for itself. And that nobody would do for us what we don't do for ourselves.

In 2012, the UK Prime Minister published a table to show his strong support of the Single Market and incidentally his support for the Commissioner in charge of the Single Market.

It shows that, in 2050, there will be no European countries left in the G8. But by remaining together, the 27 will stay, in the long term, in the top 5.

We need to continue speaking with one voice in the world. Even though we speak many different languages, as the novelist Fernando Pessoa said. Otherwise we will not sit at the table where decisions are made.

And we also need to act together to build a stronger Europe.

- The Eurozone needs a more complete Banking Union and a fiscal capacity with a finance minister. The EU needs a more integrated Capital Markets Union. Such increased risk sharing needs common rules and common enforcement.
- The EU needs a stronger capacity to prevent and tackle internal and external threats – with stronger cooperation in fighting terrorism, but also with respect for fundamental rights.
- The EU needs a truly common foreign policy and European defence.

- The EU needs to lead on global challenges, from climate change to openness in trade based on its social market economy. And it needs to continue leading in global financial regulation, to make finance work for the real economy.
- And we need more solidarity in our Union – with a humane and efficient migration policy, and a strong pillar of social rights, as agreed last Friday in Gothenburg.

This stronger European Union will want to have a close relationship with the UK.

We have a shared history – it started long before the last 44 years.

That is why the “no deal” is not our scenario. Even though we will be ready for it.

I regret that this no deal option comes up so often in the UK public debate.

Only those who ignore, or want to ignore, the current benefits of European Union membership can say that no deal would be a positive result.

Ladies and gentlemen,

There are three keys to building a strong partnership with the UK.

First, we need to agree on the terms for the UK’s orderly withdrawal.

The 27 Member States and the European Parliament have been always very clear on what this means.

And we have been consistent:

- on citizens’ rights;
- on settling the accounts accurately; we owe this to taxpayers as well as to all those benefiting from EU-funded projects, in the UK and the EU;
- on Ireland.

Let me say a few words on Ireland specifically.

We need to preserve stability and dialogue on the island of Ireland.

We need to avoid a hard border.

I know that this point is politically sensitive in the UK.

It is not less sensitive in Ireland.

Some in the UK say that specific rules for Northern Ireland would “endanger the integrity of the UK single market”.

But Northern Ireland already has specific rules in many areas that are different to the rest of the UK.

Think of the “all-Island” electricity market, or of the specific regulations for plant health for the whole island of Ireland.

Think of rules that prevent and handle animal disease, which I know well as a former Minister for Agriculture.

There are over one hundred areas of cross-border cooperation on the island of Ireland.

Such cooperation depends in many cases on the application of common rules and common regulatory space.

We have nearly finished our common reading of the Good Friday Agreement. We have agreed on the principles for the Common Travel Area.

The UK and the EU have recognised that Ireland poses specific challenges. And that the unique circumstances there require a specific solution.

On the EU side, we must preserve the integrity of the Single Market and the Customs Union at 27. The rules for this are clear.

The UK said it would continue to apply some EU rules on its territory. But not all rules.

What is therefore unclear is what rules will apply in Northern Ireland after Brexit. And what the UK is willing to commit to, in order to avoid a hard border.

I expect the UK, as co-guarantor of the Good Friday Agreement, to come forward with proposals.

The island of Ireland is now faced with many challenges.

Those who wanted Brexit must offer solutions.

The second key is the integrity of the Single Market.

Public debate on what leaving the EU means needs to be intensified. Everywhere. Not only in the UK.

There are two contradicting sound bites from ardent advocates of Brexit:

- The UK will finally “set itself free” from EU regulations and bureaucracy, some claim.
- Others claim that – after Brexit – it will still be possible to participate in parts of the Single Market. Simply because we have been together for more than four decades, with the same rules, and we can continue to trust each other.

None of these views seems to offer a sound basis for going forward.

The same people who argue for setting the UK free also argue that the UK should remain in some EU agencies. But freedom implies responsibility for building new UK administrative capacity.

On our side, the 27 will continue to deepen the work of those agencies, together. They will share the costs for running those agencies. Our businesses will benefit from their expertise. All of their work is firmly based on the EU Treaties which the UK decided to leave.

Those who claim that the UK should “cherry-pick” parts of the Single Market must stop this contradiction.

The Single Market is a package, with four indivisible freedoms, common rules, institutions and enforcement structures. The UK knows these rules like the back of its hand. It has contributed to defining them over the last 44 years. With a certain degree of influence...

We took note of the UK decision to end free movement of people.

This means that the UK will lose the benefits of the Single Market. This is a legal reality.

The EU does not want to punish, once again.

It simply draws the logical consequence of the UK's decision to take back control.

On financial services, UK voices suggest that Brexit does not mean Brexit –Brexit means Brexit, everywhere.

They say there would be no changes in market access for UK-established firms.

They say joint UK-EU Rules would be decided in a new “symmetrical process” between the EU and the UK, and outside of the jurisdiction of the European Court of Justice.

This would contradict the April European Council guidelines, which stress the autonomy of EU decision-making, the integrity of our legal order and of the Single Market.

The legal consequence of Brexit is that UK financial service providers lose their EU passport. This passport allows them to offer their services to a market of 500 million consumers and 22 million businesses.

But the EU will have the possibility to judge some UK rules as equivalent, based on a proportional and risk-based approach. And in those areas where EU legislation foresees equivalence.

The global financial crisis was not so long ago.

It destroyed value and millions of jobs.

It was the cause of social suffering, including in the UK.

Let's not have a short memory! We will not compromise on financial stability – we will never compromise on financial stability – in the EU and in the Eurozone.

Globally, we will continue our regulatory cooperation in the G20, in the Financial Stability Board, and perhaps even through bilateral regulatory dialogues, like we have with the United States.

We will remain committed to convergence of global rules. And avoid fragmentation of financial markets.

Once again, the integrity of the Single Market is not negotiable.

The Single Market is one of our main public goods. It is the main reason why countries around the world – such as China, Japan, and the US – look to us as a strong partner.

Ladies and gentlemen,

The UK will, of course, have access to the Single Market. But this is different from being part of the Single Market.

And a good deal on our future relationship should facilitate this access as much as possible. And avoid a situation where trade would happen under the WTO rules for goods and services.

To achieve this, there is a third key: we need to ensure a level playing field between us.

This will not be easy. For the first time ever in trade talks, the challenge will be to limit divergence of rules rather than maximise convergence.

There will be no ambitious partnership without common ground in fair competition, state aid, tax dumping, food safety, social and environmental standards.

It is not only about rules or laws. It is about societal choices – for health, food standards, our environment and financial stability.

The UK has chosen to leave the EU. Does it want to stay close to the European model or does it want to gradually move away from it?

The UK's reply to this question will be important and even decisive because it will shape the discussion on our future partnership and shape also the conditions for ratification of that partnership in many national parliaments and obviously in the European Parliament. I do not say this to create problems but to avoid problems.

Ladies and gentlemen,

If we manage to negotiate an orderly withdrawal, fully respect the integrity

of the Single Market, and establish a level playing field, there is every reason for our future partnership to be ambitious.

This is our preferred option. This is why we have started internal preparations with Member States. To be ready to talk about the future, as soon as we will have agreed on how to settle the past.

The EU will of course be ready to offer its most ambitious FTA approach.

And the future partnership should not be limited to trade. It should be based on our common values. We need to work together to protect the security of our citizens, to combat crime and terrorism, in Europe and globally and logically we will need to cooperate on foreign and defence challenges.

But in none of these fields, the EU will wait for the UK. We must continue to advance.

We are negotiating new free trade agreements in addition to the ones we already have with 60 countries.

We will continue to develop our internal market and to make it fit for digitalisation; we will step up our investment in research and innovation; we will continue to use the strength of this internal market to shape globalisation.

We will continue to show solidarity to refugees, while better protecting our external borders and tackling root causes of migration, notably by continuing our development policy, in particular with Africa, where the EU and the UK will keep a mutual interest.

And we are developing our defence cooperation, with unprecedented steps taken to set up a European Defence Fund and, last week, to finally launch the Permanent Structured Cooperation on which I worked closely with Chris Patten at the time – a very different time.

Against the backdrop of global turmoil in an interconnected world, Europe is today more necessary than ever. The future of Europe is more important than Brexit.

But in all these fields, the EU is willing to cooperate with the UK. And it will be in the UK's interest to have a strong EU as a close partner.

I hope that these ideas and orientations will help the discussion that John Bruton, Monique Ebell, Peter Mandelson and also Paul Adamson with now have on squaring the Brexit circle, in which I find myself.

Thank you for your attention.