

# Speech: PM speech on our future economic partnership with the European Union

I am grateful to the Lord Mayor and all his team at the Mansion House for hosting us this afternoon.

And in the midst of the bad weather, I would just like to take a moment before I begin my speech today to thank everyone in our country who is going the extra mile to help people at this time.

I think of our emergency services and armed forces working to keep people safe; our NHS staff, care workers, and all those keeping our public services going; and the many volunteers who are giving their time to help those in need.

Your contribution is a special part of who we are as a country – and it is all the more appreciated at a moment like this.

## **Five tests**

Now I am here today to set out my vision for the future economic partnership between the United Kingdom and the European Union.

There have been many different voices and views in the debate on what our new relationship with the EU should look like. I have listened carefully to them all.

But as we chart our way forward with the EU, I want to take a moment to look back.

Eighteen months ago I stood in Downing Street and addressed the nation for my first time as Prime Minister.

I made this pledge then, to the people that I serve:

I know you're working around the clock, I know you're doing your best, and I know that sometimes life can be a struggle.

The government I lead will be driven not by the interests of the privileged few, but by yours.

We will do everything we can to give you more control over your lives.

When we take the big calls, we'll think not of the powerful, but you.

When we pass new laws, we'll listen not to the mighty but to you.

When it comes to taxes, we'll prioritise not the wealthy, but you.

When it comes to opportunity, we won't entrench the advantages of the fortunate few.

We will do everything we can to help anybody, whatever your background, to go as far as your talents will take you.

We are living through an important moment in our country's history. As we leave the European Union, we will forge a bold new positive role for ourselves in the world, and we will make Britain a country that works not for a privileged few, but for every one of us.

That pledge, to the people of our United Kingdom is what guides me in our negotiations with the EU.

And for me that means five things:

First, the agreement we reach with the EU must respect the referendum. It was a vote to take control of our borders, laws and money. And a vote for wider change, so that no community in Britain would ever be left behind again. But it was not a vote for a distant relationship with our neighbours.

Second, the new agreement we reach with the EU must endure. After Brexit both the UK and the EU want to forge ahead with building a better future for our people, not find ourselves back at the negotiating table because things have broken down.

Third, it must protect people's jobs and security. People in the UK voted for our country to have a new and different relationship with Europe, but while the means may change our shared goals surely have not – to work together to grow our economies and keep our people safe.

Fourth, it must be consistent with the kind of country we want to be as we leave: a modern, open, outward-looking, tolerant, European democracy. A nation of pioneers, innovators, explorers and creators. A country that celebrates our history and diversity, confident of our place in the world; that meets its obligations to our near neighbours and far off friends, and is proud to stand up for its values.

And fifth, in doing all of these things, it must strengthen our union of nations and our union of people.

We must bring our country back together, taking into account the views of everyone who cares about this issue, from both sides of the debate. As Prime Minister it is my duty to represent all of our United Kingdom, England, Scotland, Wales and Northern Ireland; north and south, from coastal towns and rural villages to our great cities.

So these are the five tests for the deal that we will negotiate.

Implementing the decision of the British people; reaching an enduring solution; protecting our security and prosperity; delivering an outcome that is consistent with the kind of country we want to be; and bringing our country together, strengthening the precious union of all our people.

## **A crucial moment**

We are now approaching a crucial moment.

There is no escaping the complexity of the task ahead of us. We must not only negotiate our exit from an organisation that touches so many important parts of our national life. We must also build a new and lasting relationship while, given the uncertainty inherent in this negotiation, preparing for every scenario.

But we are making real progress.

At the end of last year, we agreed the key elements of our withdrawal.

We are in the process of turning that agreement into draft legal text. We have made clear our concerns about the first draft the Commission published on Wednesday – but no-one should be in any doubt about our commitment to the Joint Report we agreed in December.

We are close to agreement on the terms of an implementation period which was a key element of December's deal.

Of course some points of difference remain – but I am confident these can be resolved in the days ahead.

Both the UK and the EU are clear this implementation period must be time-limited and cannot become a permanent solution. But it is vital to give governments, businesses and citizens on both sides the time they need to prepare for our new relationship.

With this agreed, I want both sides to turn all our attention and efforts to that new relationship.

But before we can do that, we need to set out in more detail what relationship we want, building on my Lancaster House and Florence speeches.

So last month, I spoke in Munich about the security partnership we seek.

And today, I want to talk about the other pillar of that relationship: how we build our economic partnership.

## **Existing models will not work**

In my speech in Florence, I set out why the existing models for economic partnership either do not deliver the ambition we need or impose unsustainable constraints on our democracy.

For example, the Norway model, where we would stay in the single market, would mean having to implement new EU legislation automatically and in its entirety – and would also mean continued free movement.

Others have suggested we negotiate a free trade agreement similar to that which Canada has recently negotiated with the EU – or trade on World Trade

Organisation terms.

But these options would mean a significant reduction in our access to each other's markets compared to that which we currently enjoy.

And this would mean customs and regulatory checks at the border that would damage the integrated supply chains that our industries depend on and be inconsistent with the commitments that both we and the EU have made in respect of Northern Ireland.

This is a wider issue in our negotiations and I want to dwell on this for a minute.

Successive British governments have worked tirelessly – together with all the parties in Northern Ireland and with the Irish Government – to bring about the historic achievement of peace.

This is an achievement that we should all be proud of, and protect. That is why I have consistently put upholding the Belfast Agreement at the heart of the UK's approach.

Our departure from the EU causes very particular challenges for Northern Ireland, and for Ireland. We joined the EU together 45 years ago. It is not surprising that our decision to leave has caused anxiety and a desire for concrete solutions.

We have been clear all along that we don't want to go back to a hard border in Ireland. We have ruled out any physical infrastructure at the border, or any related checks and controls.

But it is not good enough to say, 'We won't introduce a hard border; if the EU forces Ireland to do it, that's down to them'. We chose to leave; we have a responsibility to help find a solution.

But we can't do it on our own. It is for all of us to work together.

And the Taoiseach and I agreed when we met recently that our teams and the Commission should now do just that.

I want to make one final point. Just as it would be unacceptable to go back to a hard border between Northern Ireland and Ireland, it would also be unacceptable to break up the United Kingdom's own common market by creating a customs and regulatory border down the Irish Sea.

My personal commitment to this is clear.

As Prime Minister of the whole United Kingdom, I am not going to let our departure from the European Union do anything to set back the historic progress that we have made in Northern Ireland – nor will I allow anything that would damage the integrity of our precious Union.

## **Facing up to some hard facts**

So existing models do not provide the best way forward for either the UK or the EU.

But before I turn to what a new and better model might look like, I want to be straight with people – because the reality is that we all need to face up to some hard facts.

We are leaving the single market. Life is going to be different. In certain ways, our access to each other's markets will be less than it is now. How could the EU's structure of rights and obligations be sustained, if the UK – or any country – were allowed to enjoy all the benefits without all of the obligations?

So we need to strike a new balance. But we will not accept the rights of Canada and the obligations of Norway.

The second hard fact is that even after we have left the jurisdiction of the ECJ, EU law and the decisions of the ECJ will continue to affect us.

For a start, the ECJ determines whether agreements the EU has struck are legal under the EU's own law – as the US found when the ECJ declared the Safe Harbor Framework for data sharing invalid.

When we leave the EU, the Withdrawal Bill will bring EU law into UK law. That means cases will be determined in our courts. But, where appropriate, our courts will continue to look at the ECJ's judgments, as they do for the appropriate jurisprudence of other countries' courts.

And if, as part of our future partnership, Parliament passes an identical law to an EU law, it may make sense for our courts to look at the appropriate ECJ judgments so that we both interpret those laws consistently.

As I said in Munich, if we agree that the UK should continue to participate in an EU agency the UK would have to respect the remit of the ECJ in that regard.

But, in the future, the EU treaties and hence EU law will no longer apply in the UK. The agreement we reach must therefore respect the sovereignty of both the UK and the EU's legal orders. That means the jurisdiction of the ECJ in the UK must end. It also means that the ultimate arbiter of disputes about our future partnership cannot be the court of either party.

The next hard fact is this. If we want good access to each other's markets, it has to be on fair terms. As with any trade agreement, we must accept the need for binding commitments – for example, we may choose to commit some areas of our regulations like state aid and competition to remaining in step with the EU's.

The UK drove much of the policy in this area and we have much to gain from maintaining proper disciplines on the use of subsidies and on anti-competitive practices.

Furthermore, as I said in Florence, we share the same set of fundamental beliefs; a belief in free trade, rigorous and fair competition, strong consumer rights, and that trying to beat other countries' industries by unfairly subsidising one's own is a serious mistake.

And in other areas like workers' rights or the environment, the EU should be confident that we will not engage in a race to the bottom in the standards and protections we set. There is no serious political constituency in the UK which would support this – quite the opposite.

Finally, we need to resolve the tensions between some of our key objectives.

We want the freedom to negotiate trade agreements with other countries around the world. We want to take back control of our laws. We also want as frictionless a border as possible between us and the EU – so that we don't damage the integrated supply chains our industries depend on and don't have a hard border between Northern Ireland and Ireland.

But there are some tensions in the EU's position too – and some hard facts for them to face as well.

The Commission has suggested that the only option available to the UK is an 'off the shelf' model.

But, at the same time, they have also said that in certain areas none of the EU's third country agreements would be appropriate.

And the European Council's Guidelines aspire to a balanced, ambitious, and wide-ranging deal, with common rules in a number of areas to ensure fair and open competition.

This would not be delivered by a Canada-style deal – which would not give them the breadth or depth of market access that they want.

And it is hard to see how it would be in the EU's interests for the UK's regulatory standards to be as different as Canada's.

Finally, we both need to face the fact that this is a negotiation and neither of us can have exactly what we want.

## **Future economic partnership**

But I am confident we can reach agreement.

We both want good access to each other's markets; we want competition between us to be fair and open; and we want reliable, transparent means of verifying we are meeting our commitments and resolving disputes.

But what is clear is that for us both to meet our objectives we need to look beyond the precedents, and find a new balance.

As on security, what I am seeking is a relationship that goes beyond the transactional to one where we support each other's interests.

So I want the broadest and deepest possible partnership – covering more sectors and co-operating more fully than any Free Trade Agreement anywhere in the world today. And as I will go on to describe we will also need agreements in a range of areas covering the breadth of our relationship.

I believe this is achievable because it is in the EU's interests as well as ours.

The EU is the UK's biggest market – and of course the UK is also a big market for the EU. And furthermore, we have a unique starting point, where on day one we both have the same laws and rules.

So rather than having to bring two different systems closer together, the task will be to manage the relationship once we are two separate legal systems.

To do so, and to realise this level of ambition, there are five foundations that must underpin our trading relationship.

First, our agreement will need reciprocal binding commitments to ensure fair and open competition.

Such agreements are part and parcel of any trade agreement. After all, why would any country enter into a privileged economic partnership without any means of redress if the other party engaged in anti-competitive practices?

But the level of integration between the UK and EU markets and our geographical proximity mean these reciprocal commitments will be particularly important in ensuring that UK business can compete fairly in EU markets and vice versa.

A deep and comprehensive agreement with the EU will therefore need to include commitments reflecting the extent to which the UK and EU economies are entwined.

Second, we will need an arbitration mechanism that is completely independent – something which, again, is common to Free Trade Agreements.

This will ensure that any disagreements about the purpose or scope of the agreement can be resolved fairly and promptly.

Third, given the close relationship we envisage, we will need to have an ongoing dialogue with the EU, and to ensure we have the means to consult each other regularly.

In particular we will want to make sure our regulators continue to work together; as they do with regulators internationally. This will be essential for everything from getting new drugs to patients quickly to maintaining financial stability. We start from the place where our regulators already have deep and long-standing relationships. So the task is maintaining that trust; not building it in the first place.

Fourth, we will need an arrangement for data protection.

I made this point in Munich in relation to our security relationship. But the free flow of data is also critical for both sides in any modern trading relationship too. The UK has exceptionally high standards of data protection. And we want to secure an agreement with the EU that provides the stability and confidence for EU and UK business and individuals to achieve our aims in maintaining and developing the UK's strong trading and economic links with the EU.

That is why we will be seeking more than just an adequacy arrangement and want to see an appropriate ongoing role for the UK's Information Commissioner's Office. This will ensure UK businesses are effectively represented under the EU's new 'one stop shop' mechanism for resolving data protection disputes.

And fifth, we must maintain the links between our people.

EU citizens are an integral part of the economic, cultural and social fabric of our country. I know that UK nationals are viewed in entirely the same way by communities across the EU. And this is why at every stage of these negotiations, I have put the interests of EU citizens and UK nationals at the heart of our approach.

We are clear that as we leave the EU, free movement of people will come to an end and we will control the number of people who come to live in our country.

But UK citizens will still want to work and study in EU countries – just as EU citizens will want to do the same here, helping to shape and drive growth, innovation and enterprise.

Indeed, businesses across the EU and the UK must be able to attract and employ the people they need. And we are open to discussing how to facilitate these valuable links.

Reciprocal commitments to ensure fair and open competition, an independent arbitration mechanism, an ongoing dialogue, data protection arrangements and maintaining the links between our people. These are the foundations that underpin the ambition of this unique and unprecedented partnership.

It will then need to be tailored to the needs of our economies.

This follows the approach the EU has taken with its trade agreements in the past – and indeed with its own single market as it has developed.

The EU's agreement with Ukraine sees it align with the EU in some areas but not others. The EU's agreement with South Korea contains provisions to recognise each others' approvals for new car models, whereas their agreement with Canada does not. Equally, the EU's agreement with Canada contains provisions to recognise each others' testing on machinery; its agreement with South Korea does not.

The EU itself is rightly taking a tailored approach in what it is seeking with the UK. For example, on fisheries, the Commission has been clear that no precedents exist for the sort of access it wants from the UK.



The fact is that every Free Trade Agreement has varying market access depending on the respective interests of the countries involved. If this is cherry-picking, then every trade arrangement is cherry-picking.

Moreover, with all its neighbours the EU has varying levels of access to the Single Market, depending on the obligations those neighbours are willing to undertake.

What would be cherry-picking would be if we were to seek a deal where our rights and obligations were not held in balance.

And I have been categorically clear that is not what we are going to do.

I think it is pragmatic common sense that we should work together to deliver the best outcome for both sides.

## **Goods**

Let me start with how we do this for goods.

This is the area where the single market is most established and both the UK and the EU have a strong commercial interest in preserving integrated supply chains that have built up over forty years of our membership.

When it comes to goods, a fundamental principle in our negotiating strategy should be that trade at the UK-EU border should be as frictionless as possible.

That means we don't want to see the introduction of any tariffs or quotas. And – as the Secretary of State for Exiting the European Union set out in his speech in Vienna last week – we must ensure that, as now, products only need to undergo one series of approvals, in one country, to show that they meet the required regulatory standards.

To achieve this we will need a comprehensive system of mutual recognition.

The UK will need to make a strong commitment that its regulatory standards will remain as high as the EU's. That commitment, in practice, will mean that UK and EU regulatory standards will remain substantially similar in the future.

Many of these regulatory standards are themselves underpinned by international standards set by non-EU bodies of which we will remain a member – such as the UN Economic Commission for Europe, which sets vehicle safety standards. Countries around the world, including Turkey, South Africa, South Korea, Japan and Russia, are party to the agreement.

As I said in my speech in Florence this could be achieved in different ways.

Our default is that UK law may not necessarily be identical to EU law, but it should achieve the same outcomes.

In some cases Parliament might choose to pass an identical law – businesses who export to the EU tell us that it is strongly in their interest to have a

single set of regulatory standards that mean they can sell into the UK and EU markets.

If the Parliament of the day decided not to achieve the same outcomes as EU law, it would be in the knowledge that there may be consequences for our market access.

And there will need to be an independent mechanism to oversee these arrangements.

We will also want to explore with the EU, the terms on which the UK could remain part of EU agencies such as those that are critical for the chemicals, medicines and aerospace industries: the European Medicines Agency, the European Chemicals Agency, and the European Aviation Safety Agency.

We would, of course, accept that this would mean abiding by the rules of those agencies and making an appropriate financial contribution.

I want to explain what I believe the benefits of this approach could be, both for us and the EU.

First, associate membership of these agencies is the only way to meet our objective of ensuring that these products only need to undergo one series of approvals, in one country.

Second, these agencies have a critical role in setting and enforcing relevant rules. And if we were able to negotiate associate membership we would be able to ensure that we could continue to provide our technical expertise.

Third, associate membership could permit UK firms to resolve certain challenges related to the agencies through UK courts rather than the ECJ.

For example, in the case of Switzerland, associate membership of the European Aviation Safety Agency means that airworthiness certifications are granted by its own aviation authority, and disputes are resolved through its courts. Without its membership, Swiss airlines would need to gain their certifications through another member state or through the Agency, and any dispute would need to be resolved through the ECJ.

Fourth it would bring other benefits too. For example, membership of the European Medicines Agency would mean investment in new innovative medicines continuing in the UK, and it would mean these medicines getting to patients faster as firms prioritise larger markets when they start the lengthy process of seeking authorisations. But it would also be good for the EU because the UK regulator assesses more new medicines than any other member state. And the EU would continue to access the expertise of the UK's world-leading universities.

And, of course, Parliament would remain ultimately sovereign. It could decide not to accept these rules, but with consequences for our membership of the relevant agency and linked market access rights.

Lastly to achieve as frictionless a border as possible and to avoid a hard

border between Northern Ireland and Ireland, we also need an agreement on customs.

The UK has been clear it is leaving the Customs Union.

The EU has also formed a customs union with some other countries.

But those arrangements, if applied to the UK, would mean the EU setting the UK's external tariffs, being able to let other countries sell more into the UK without making it any easier for us to sell more to them, or the UK signing up to the Common Commercial Policy. That would not be compatible with a meaningful independent trade policy. It would mean we had less control than we do now over our trade in the world. Neither Leave nor Remain voters would want that.

So we have thought seriously about how our commitment to a frictionless border can best be delivered. And last year, we set out two potential options for our customs arrangement.

Option one is a customs partnership between the UK and the EU. At the border, the UK would mirror the EU's requirements for imports from the rest of the world, applying the same tariffs and the same rules of origin as the EU for those goods arriving in the UK and intended for the EU. By following this approach, we would know that all goods entering the EU via the UK pay the right EU duties, removing the need for customs processes at the UK-EU border.

But, importantly, we would put in place a mechanism so that the UK would also be able to apply its own tariffs and trade policy for goods intended for the UK market. As we have set out previously, this would require the means to ensure that both sides can trust the system and a robust enforcement mechanism.

Option two would be a highly streamlined customs arrangement, where we would jointly agree to implement a range of measures to minimise frictions to trade, together with specific provisions for Northern Ireland.

First, measures to ensure the requirements for moving goods across borders are as simple as possible.

This means we should continue to waive the requirement for entry and exit declarations for goods moving between the UK and the EU.

And we should allow goods moving between the UK and the rest of the world to travel through the EU without paying EU duties and vice versa.

Second, measures to reduce the risk of delays at ports and airports. For example, recognising each other's "trusted traders" schemes and drawing on the most advanced IT solutions so that vehicles do not need to stop at the border.

Third, we should continue our cooperation to mitigate customs duty and security risks.

And fourth, measures to reduce the cost and burden of complying with customs

administrative requirements, including by maximising the use of automation.

And recognising the unique circumstances in Northern Ireland, and our shared commitments to avoiding a hard border, we should consider further specific measures.

80% of North-South trade is carried out by micro, small and medium sized businesses.

So for smaller traders – who as members of the community are most affected but whose economic role is not systemically significant for the EU market – we would allow them to continue to operate as they do currently, with no new restrictions.

And for larger traders we would introduce streamlined processes, including a trusted trader scheme that would be consistent with our commitments.

Both of these options for our future customs arrangement would leave the UK free to determine its own tariffs with third countries – which would simply not be possible in a customs union.

I recognise that some of these ideas depend on technology, robust systems to ensure trust and confidence, as well as goodwill – but they are serious and merit consideration by all sides.

So to conclude on goods, a fundamental principle in our negotiating strategy is that trade at the UK-EU border should be as frictionless as possible with no hard border between Northern Ireland and Ireland.

We believe this can be achieved via a commitment to ensure that the relevant UK regulatory standards remain at least as high as the EU's and a customs arrangement.

We recognise this would constrain our ability to lower regulatory standards for industrial goods. But in practice we are unlikely to want to reduce our standards: not least because the British public would rightly punish any government that did so at the ballot box.

## **Agrifood and fisheries**

This approach to trade in goods is important for agriculture, food and drinks – but here other considerations also apply.

We are leaving the Common Agricultural Policy and will want to take the opportunity that brings to reform our agriculture and fisheries management.

The UK has among the highest environmental and animal welfare standards of any nation on earth. As we leave the EU we will uphold environmental standards and go further to protect our shared natural heritage. And I fully expect that our standards will remain at least as high as the EU's.

But it will be particularly important to secure flexibility here to ensure we can make the most of the opportunities presented by our withdrawal from the

EU for our farmers and exporters.

We are also leaving the Common Fisheries Policy.

The UK will regain control over our domestic fisheries management rules and access to our waters.

But as part of our economic partnership we will want to continue to work together to manage shared stocks in a sustainable way and to agree reciprocal access to waters and a fairer allocation of fishing opportunities for the UK fishing industry.

And we will also want to ensure open markets for each other's products.

## **Services**

Just as our partnership in goods needs to be deeper than any other Free Trade Agreement, so in services we have the opportunity to break new ground with a broader agreement than ever before.

We recognise that certain aspects of trade in services are intrinsically linked to the single market and therefore our market access in these areas will need to be different.

But we should only allow new barriers to be introduced where absolutely necessary.

We don't want to discriminate against EU service providers in the UK. And we wouldn't want the EU to discriminate against UK service providers.

So we want to limit the number of barriers that could prevent UK firms from setting up in the EU and vice versa, and agree an appropriate labour mobility framework that enables UK businesses and self-employed professionals to travel to the EU to provide services to clients in person and that allows UK businesses to provide services to the EU over the phone or the internet. And we want to do the same for EU firms providing services to the UK.

And given that UK qualifications are already recognised across the EU and vice versa – it would make sense to continue to recognise each other's qualifications in the future.

There are two areas which have never been covered in a Free Trade Agreement in any meaningful way before – broadcasting and, despite the EU's own best efforts in the Transatlantic Trade and Investment Partnership, financial services.

But we have some ideas for how we can do this – and it is in all our interests to explore these.

On broadcasting, we recognise that we cannot have exactly the same arrangements with the EU as we do now. Currently, because of the "country of origin" principle, a company based in the UK can be licenced by Ofcom and broadcast into any EU member state and vice versa.

The relevant directive will not apply to the UK, as we leave the EU, and

relying solely on precedents will hurt consumers and businesses on both sides.

The UK's creative hub leads to the development of products that European consumers want – the UK currently provides around 30% of the channels available in the EU. But equally, many UK companies have pan-European ownership, and there are 35 channels and on-demand services, which are offered in the UK but licensed in the EU.

So we should explore creative options with an open mind, including mutual recognition which would allow for continued transfrontier broadcasting – recognising the enriching role that British broadcasters and programme makers play, not only in British – but more broadly in our common European – culture.

Similarly, on financial services, the Chancellor will be setting out next week how financial services can and should be part of a deep and comprehensive partnership. We are not looking for passporting because we understand this is intrinsic to the single market of which we would no longer be a member. It would also require us to be subject to a single rule book, over which we would have no say.

The UK has responsibility for the financial stability of the world's most significant financial centre, and our taxpayers bear the risk, so it would be unrealistic for us to implement new EU legislation automatically and in its entirety.

But with UK located banks underwriting around half of the debt and equity issued by EU companies and providing more than £1.1 trillion of cross-border lending to the rest of the EU in 2015 alone, this is a clear example of where only looking at precedent would hurt both the UK and EU economies.

As in other areas of the future economic partnership, our goal should be to establish the ability to access each others' markets, based on the UK and EU maintaining the same regulatory outcomes over time, with a mechanism for determining proportionate consequences where they are not maintained. But given the highly regulated nature of financial services, and our shared desire to manage financial stability risks, we would need a collaborative, objective framework that is reciprocal, mutually agreed, and permanent and therefore reliable for businesses.

There are many other areas where the UK and EU economies are closely linked – including energy, transport, digital, law, science and innovation, and education and culture.

On energy, we will want to secure broad energy co-operation with the EU. This includes protecting the single electricity market across Ireland and Northern Ireland – and exploring options for the UK's continued participation in the EU's internal energy market. We also believe it is of benefit to both sides for the UK to have a close association with Euratom.

On transport, we will want to ensure the continuity of air, maritime and rail

services; and we will want to protect the rights of road hauliers to access the EU market and vice versa.

On digital, the UK will not be part of the EU's Digital Single Market, which will continue to develop after our withdrawal from the EU. This is a fast evolving, innovative sector, in which the UK is a world leader. So it will be particularly important to have domestic flexibility, to ensure the regulatory environment can always respond nimbly and ambitiously to new developments.

We will want our agreement to cover civil judicial cooperation, where the EU has already shown that it can reach agreement with non-member states, such as through the Lugano Convention, although we would want a broader agreement that reflects our unique starting point. And our agreement will also need to cover company law and intellectual property, to provide further legal certainty and coherence.

The UK is also committed to establishing a far-reaching science and innovation pact with the EU, facilitating the exchange of ideas and researchers. This would enable the UK to participate in key programmes alongside our EU partners.

And we want to take a similar approach to educational and cultural programmes, to promote our shared values and enhance our intellectual strength in the world – again making an ongoing contribution to cover our fair share of the costs involved.

In all these areas, bold and creative thinking can deliver new agreements that are in the very best interests of all our people – both in the UK and across the EU.

And in the face of a worrying rise in protectionism, I believe such agreements can enable us to set an example to the world.

## **Post-Brexit Britain**

For the world is watching.

We should not think of our leaving the EU as marking an ending, as much as a new beginning for the United Kingdom and our relationship with our European allies.

Change is not to be feared, so long as we face it with a clear-sighted determination to act for the common good.

Nor is Brexit an end in itself.

Rather, it must be the means by which we reaffirm Britain's place in the world and renew the ties that bind us here at home. And I know that the United Kingdom I treasure can emerge from this process a stronger, more cohesive nation.

A United Kingdom which is a cradle for innovation; a leader in the industries of the future; a champion of free trade, based on high standards; a modern, outward-looking, tolerant country, proud of our values and confident of our

place in the world.

This is an optimistic and confident future which can unite us all.

A Global Britain which thrives in the world by forging a bold and comprehensive economic partnership with our neighbours in the EU; and reaches out beyond our continent, to trade with nations across the globe.

The approach I have set out today would: implement the referendum result, provide an enduring solution, protect our security and prosperity, helps us build the kind of country we want to be, and bring our country together by commanding the confidence of those who voted Leave and those who voted Remain. It is an approach to deliver for the whole of our United Kingdom and our wider family of overseas territories.

I am in no doubt that whatever agreement we reach with the EU, our future is bright. The stability and continuity of centuries of self-government, our commitment to freedom under the rule of law, our belief in enterprise and innovation, but above all, the talent and genius of all our people – and especially our young people – are the seeds of our success in the future, as they have been the guarantors of our success in the past.

I look forward to discussing our future partnership with our European friends. Because although we are leaving the EU – and in that regard we will become separate – we are all still European and will stay linked by the many ties and values we have in common. And because it is only by working together that we will find solutions that work for all our peoples.

Yes, there will be ups and downs in the months ahead. As in any negotiation, no-one will get everything they want. We will not be buffeted by the demands to talk tough or threaten a walk out. Just as we will not accept the counsels of despair that this simply cannot be done. We will move forward by calm, patient discussion of each other's positions. It is my responsibility as Prime Minister to provide that leadership for our country at this crucial time. By following the course I have set out today, I am confident we will get there and deliver the right outcome for Britain and the EU.

A generation from now what will be remembered is not the rough and tumble of negotiation but whether we reached an enduring solution cast in the interests of the people we are all here to serve.

So my message to our friends in Europe is clear.

We know what we want.

We understand your principles.

We have a shared interest in getting this right.

So let's get on with it.