

# Statement to Parliament: Secretary of State update to the House of Commons on EU negotiations.

Mr Speaker, I will now update the House on the two rounds of negotiations with the EU which took place in July and August.

While at times these negotiations have been tough, it is clear that we have made concrete progress on many important issues.

I would like thank all our officials who have been working hard both at home, as well as out in Brussels, to make this happen.

Colleagues will have received my letter following the July negotiating round dated 9 August. I set out the dynamics of that round in some detail.

These rounds were not at this stage about establishing jointly agreed legal text. They were about reaching a detailed understanding of each other's position, understanding where there might be room for compromise and beginning to drill down into technical detail on a number of issues.

During both rounds discussions took place on all four areas including the specific issues relating to the rights of citizens on both sides, Northern Ireland and Ireland, the question of a financial settlement and a number of technical separation issues.

I will speak briefly about each in turn.

## **Citizens' rights**

Making progress on citizens' rights has been an area of focus for both negotiation rounds and we took significant steps forward in both July and August.

We have published a joint technical paper which sets out our respective positions in more detail, updated following the August round. This underlines both the significant alignment between our positions and also provides clarity on areas where we have not as yet reached agreement.

In July we achieved a high degree of convergence on:

- The scope of our proposals on residence and social security;
- The eligibility criteria for those who will benefit from residence rights under the scope of the withdrawal agreement;
- A shared commitment to make the citizens' rights application process as efficient and streamlined as possible.

In August we agreed:

- To protect the rights of frontier workers;
- To cover future social security contributions for those citizens covered by the Withdrawal Agreement;
- To maintain the right of British citizens in the EU27 to set up and manage a business within their Member State of residence, and visa versa; and
- That we should at least protect existing healthcare rights and arrangements for EU27 citizens in the UK and UK nationals in the EU. These are the European Health Insurance or 'EHIC' arrangements.

These areas of agreement are good news. They may sound technical but they matter enormously to individuals.

The agreement on health care rights, for example, will mean that British pensioners living in the EU will continue to have their health care arrangements protected, both where they live and when they travel to another Member State, where they will still be able to use an EHIC card.

On mutual recognition of qualifications, we have made progress in protecting the recognition of qualifications for British citizens resident in the EU27 and EU27 citizens resident in the UK. In fact, each one of these areas of agreement is reciprocal, they will work for Brits in the EU and the EU27 in the UK.

These areas of agreement help provide certainty and clarity for EU27 citizens in the UK and UK citizens in the EU27. They will make a tangible difference to these people's lives. I hope everyone recognises the importance of that.

The outcomes of these discussions demonstrate that we have delivered on our commitment to put citizens first and to give them as much certainty as early as possible in this process.

Of course, there remain areas of difference which we continue to work on.

For example, we will need to have further discussions on the specified cut-off date, future family reunion and the broader issue of compliance on enforcement. Progress on these areas will require flexibility and pragmatism from both sides.

During the Summer negotiating rounds a number of issues emerged in the EU offer that will need further consideration.

For example, the EU does not plan to maintain the existing voting rights for UK nationals living in the EU. We have made it clear that we will protect the rights of EU nationals living in the UK to stand and vote in municipal elections.

Similarly, the EU proposals would not allow UK citizens currently resident in the EU to retain their rights if they move within the EU.

Even in areas where there has been progress, more is needed. While the EU has agreed to recognise the qualifications of UK citizens resident in the EU, and vice versa, we believe this should go much further.

This recognition must extend to students who are currently studying for a qualification, it must apply to onward movement by UK citizens in the EU and it should extend more broadly to protect the livelihoods of thousands of people which depend on qualifications which will be gained before we exit the EU.

In these areas the EU's proposals fall short of ensuring UK citizens in the EU and EU citizens in the UK can continue to live their lives broadly as they do now.

## **Separation issues**

On separation issues, a very technical area, we have established a number of sub-groups. They made progress in a number of specific areas, and drew on papers the UK published ahead of both rounds.

I am pleased to say that we are close to agreement on our approach to post-exit privileges and immunities – on which we have published a position paper – which will benefit both the UK and EU to maintain after we leave.

We have agreed on our mutual approach to confidentiality requirements on shared information post-exit.

With respect to nuclear materials and safeguards, we held discussions on the need to resolve issues around the ownership of special fissile material and the responsibility for radioactive waste and spent fuel held both here and there.

We reiterated a strong mutual interest in ensuring that the UK and Euratom Community continue to work closely together in the future as part of comprehensive new partnership.

With respect to legal cases pending before the Court of Justice, the ECJ, the parties discussed and made progress on the cut-off points for cases being defined as 'pending'. There was also progress in discussions concerning the UK's role before the Court whilst these pending cases are being heard.

With respect to judicial cooperation in civil and commercial matters, and ongoing judicial cooperation in criminal matters, we made good progress on the principles of approach and the joint aim of providing legal certainty and avoiding unnecessary disruption to courts, businesses and families.

With respect to goods on the market, both parties reiterated the importance of providing legal certainty to businesses and consumers across the EU and UK at the point of departure.

In this area, in particular, we emphasised that the broader principles outlined in the UK's position paper seek to minimise the type of uncertainty and disruption for business which we are all working to avoid.

We remain committed to making as much progress as possible on those issues which are solely related to our withdrawal, but our discussions this week have exposed yet again that the UK's approach is substantially more flexible

and pragmatic than that of the EU as it avoids unnecessary disruption for British business and consumers.

I have urged the EU to be more imaginative and flexible in their approach to withdrawal on this point.

## **Ireland/Northern Ireland**

On Northern Ireland and Ireland, I'm pleased to report there has been significant, concrete progress in this vital area. The negotiation Coordinators explored a number of issues, including both the Belfast or Good Friday Agreement and the Common Travel Area. In August, the group also had detailed discussions on the basis of the UK position paper.

As both Michel Barnier and I said at last week's press conference, there is a high degree of convergence on those key issues, and we agreed to work up shared principles on the Common Travel Area.

We also agreed to carry out further technical work on cross-border co-operation under the Belfast Agreement.

Of course, as I have said all along, the key issues in relation to cross-border economic co-operation and energy will need to form an integral part of discussions on the UK's future relationship with the EU.

## **Financial settlement**

Finally on the financial settlement.

We have been clear that the UK and the EU will have financial obligations to each other that will survive our exit from the EU.

In July the Commission set out the European Union position. We have a duty to our taxpayers to interrogate that position rigorously. That is what we did, line by line.

At the August round we set out our analysis of the EU's position. We also had in-depth discussions on the European Investment Bank and other off-budget issues.

It is clear that the two sides have very different legal stances. But as we said in the Article 50 letter, the settlement should be in accordance with law and in the spirit of the UK's continuing partnership with the EU.

Michel Barnier and I agreed that we do not anticipate making incremental progress on the final shape of a financial deal in every round.

Generally we should not underestimate the usefulness of the process so far. But it is also clear that there are still significant differences to be bridged in this sector.

## **Governance and dispute resolution**

Initial discussions were also held on governance and dispute resolution.

These provided an opportunity to build a better, shared understanding of the need for a reliable means of enforcing the Withdrawal Agreement and resolving any disputes that might arise under it.

## **The future partnership**

Alongside the negotiations, we have also published a number of papers which set out our thinking regarding our future special partnership with the EU.

These future partnership papers are different from our papers that set out our position for the negotiations under our withdrawal agreement.

Our future partnership papers are part of a concerted effort to pragmatically drive the progress we all want to see.

All along, we have argued that talks around our withdrawal cannot be treated in isolation from the future partnership that we want.

We can only resolve some of these issues with an eye on how the new partnership will work in the future.

For example, on Northern Ireland it would be helpful to our shared objectives on avoiding a hard border to be able to begin discussions on how future customs arrangements will work.

Furthermore, if we agree the comprehensive free trade agreement we are seeking as part of our future partnership, solutions in Northern Ireland are of course then easier to deliver.

A second example is on financial matters.

As I have said, the days of making vast yearly contributions to the EU budget will end when we leave.

But there may be programmes that the UK wants to consider participating in as part of the new partnership that we seek.

Naturally we need to work out which of those we want to pursue. We need to discuss them as part of talks both on our withdrawal from the EU and our future as their long-standing friend and closest neighbour.

A third example is on wider separation issues.

While we are happy to negotiate and make progress on the separation issues, it is our long-term aim that ultimately many of these arrangements will not be necessary.

With the clock ticking Mr Barnier, it would not be in either of our interests to run aspects of the negotiations twice.

Last week, as we turned our heads to the next round of talks, my message to the Commission was: Let us continue to work together constructively to put people above process.

To that end my team will publish further papers in the coming weeks – continuing to set out our ambition for these negotiations, and a new deep and special partnership the UK wants to build with the EU.

Ultimately, businesses and citizens on both sides want us to move swiftly on to discussing the future partnership, and we want that to happen after the European Council in October if possible.

As colleagues know, at the start of these negotiations, both sides agreed that the aim was to make progress on four key areas: citizens' rights, the financial settlement, Northern Ireland and Ireland, and broader separation issues.

We have been doing just that.

No one has ever pretended this will be simple or easy. I have always said this negotiation will be tough, complex and, at times, confrontational.

So it has proved.

But we must not lose sight of our overarching aim – to build a deep and special new partnership with our closest neighbours and allies, whilst also building a truly global Britain that can forge new relationships with the fastest growing economies around the world.