

Firenze - 22 settembre 2017

- SHARED HISTORY ...
- SHARED CHALLENGES ...
- THE DECISION OF THE BRITISH PEOPLE ...
- NEGOTIATIONS ...

In my speech at Lancaster House earlier this year, I set out the UK's negotiating objectives. Those still stand today. Since that speech and the triggering of Article 50 in March, the UK has published 14 papers to address the current issues in the talks and set out the building blocks of the relationship we would like to see with the EU, both as we leave, and into the future.

We have now conducted three rounds of negotiations. And while, at times, these negotiations have been tough, it is clear that, thanks to the professionalism and diligence of David Davis and Michel Barnier, we have made concrete progress on many important issues.

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We have also made significant progress on how we look after European nationals living in the UK and British nationals living in the 27 Member States of the EU. I know this whole process has been a cause of great worry and anxiety for them and their loved ones.

But I want to repeat to the 600,000 Italians in the UK – and indeed to all EU citizens who have made their lives in our country – that we want you to stay; we value you; and we thank you for your contribution to our national life – and it has been, and remains, one of my first goals in this negotiation to ensure that you can carry on living your lives as before.

I am clear that the guarantee I am giving on your rights is real. And I doubt anyone with real experience of the UK would doubt the independence of our courts or of the rigour with which they will uphold people's legal rights.

But I know there are concerns that over time the rights of EU citizens in the UK and UK citizens overseas will diverge. I want to incorporate our agreement fully into UK law and make sure the UK courts can refer directly to it.

Where there is uncertainty around underlying EU law, I want the UK courts to be able to take into account the judgments of the European Court of Justice with a view to ensuring consistent interpretation. On this basis, I hope our teams can reach firm agreement quickly.

- SHARED FUTURE ...

ECONOMIC PARTNERSHIP

Let me start with the economic partnership.

The United Kingdom is leaving the European Union. We will no longer be members of its single market or its customs union. For we understand that the single market's four freedoms are indivisible for our European friends.

We recognise that the single market is built on a balance of rights and obligations. And we do not pretend that you can have all the benefits of membership of the single market without its obligations.

So our task is to find **a new framework** that allows for a close economic partnership but holds those rights and obligations in a new and different balance.

But as we work out together how to do so, **we do not start with a blank sheet of paper**, like other external partners negotiating a free trade deal from scratch have done.

In fact, we start from **an unprecedented position**. For we have the same rules and regulations as the EU - and **our EU Withdrawal Bill will ensure they are carried over into our domestic law at the moment we leave the EU.**

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So the question for us now in building **a new economic partnership** is not how we bring our rules and regulations closer together, but what we do when one of us wants to make changes

One way of approaching this question is to put forward a stark and **unimaginative choice between two models:** either something based on **European Economic Area** membership; or **a traditional Free Trade Agreement,** such as that the EU has recently negotiated with **Canada.**

I don't believe either of these options would be best for the UK or best for the European Union.

European Economic Area membership would mean the UK having to adopt at home - automatically and in their entirety - new EU rules. Rules over which, in future, we will have little influence and no vote.

Such a loss of democratic control could not work for the British people. I fear it would inevitably lead to friction and then a damaging re-opening of the nature of our relationship in the near future: the very last thing that anyone on either side of the Channel wants.

As for a Canadian style free trade agreement, we should recognise that this is the most advanced free trade agreement the EU has yet concluded and a breakthrough in trade between Canada and the EU.

But compared with what exists between Britain and the EU today, it would nevertheless represent such a restriction on our mutual market access that it would benefit neither of our economies.

Not only that, it would start from the false premise that there is no pre-existing regulatory relationship between us. And precedent suggests that it could take years to negotiate.

We can do so much better than this.

As I said at Lancaster House, let us not seek merely to adopt a model already enjoyed by other countries. Instead let us be **creative** as well as **practical** in designing an **ambitious economic partnership which respects the freedoms and principles of the EU, and the wishes of the British people**. I believe there are good reasons for this level of optimism and ambition.

First of all, **the UK is the EU's largest trading partner**, one of the largest economies in the world, and a market of considerable importance for many businesses and jobs across the continent. And **the EU is our largest trading partner**, so it is in all our interests **to find a creative solution**.

The European Union has shown in the past that creative arrangements can be agreed in other areas. For example, it has developed a diverse array of arrangements with neighbouring countries outside the EU, both in economic relations and in justice and home affairs.

Furthermore, 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.

So **there is no need to impose tariffs where we have none now**, and I don't think anyone sensible is contemplating this.

And as we have set out in a future partnership paper, when it comes to trade in goods, we will do everything we can to avoid friction at the border. But of course the regulatory issues are crucial.

We share a commitment to **high regulatory standards**.

People in Britain do not want shoddy goods, shoddy services, a poor environment or exploitative working practices and I can never imagine them thinking those things to be acceptable. The government I lead is committed not only to protecting high standards, but strengthening them.

So I am optimistic about what we can achieve by finding a creative solution to a new economic relationship that can support prosperity for all our peoples.

Now in any trading relationship, both sides have to agree on a set of rules which govern how each side behaves.

So we will need to discuss with our European partners new ways of managing our interdependence and our differences, in the context of our shared values. There will be areas of policy and regulation which are outside the scope of our trade and economic relations where this should be straightforward.

There will be areas which do affect our economic relations where we and our European friends may have different goals; or where we share the same goals but want to achieve them through different means. And there will be areas where we want to achieve the same goals in the same ways, because it makes sense for our economies.

And because rights and obligations must be held in balance, the decisions we both take will have consequences for the UK's access to European markets and vice versa.

To make this partnership work, because disagreements inevitably arise, we will need a **strong and appropriate dispute resolution mechanism.**

It is, of course, vital that **any agreement reached – its specific terms and the principles on which it is based – are interpreted in the same way by the European Union and the United Kingdom and we want to discuss how we do that.**

This could not mean the European Court of Justice – or indeed UK courts – being the arbiter of disputes about the implementation of the agreement between the UK and the EU however. **It wouldn't be right for one party's court to have jurisdiction over the other.**

But I am confident we can find **an appropriate mechanism for resolving disputes.**

So this new economic partnership, would be comprehensive and ambitious. It would be underpinned by high standards, and a practical approach to regulation that enables us to continue to work together in bringing shared prosperity to our peoples for generations to come.

- SECURITY RELATIONSHIP ...

- IMPLEMENTATION

That is the partnership I want Britain and the European Union to have in the future. None of its goals should be controversial. Everything I have said is about creating a long-term relationship through which the nations of the European Union and the United Kingdom can work together for the mutual benefit of all our people.

If we adopt this vision of a deep and special partnership, the question is then **how we get there**: how we build a bridge from where we are now to where we want to be.

The United Kingdom will cease to be a member of the European Union on 29th March 2019. We will no longer sit at the European Council table or in the Council of Ministers, and we will no longer have Members of the European Parliament. Our relations with countries outside the EU can be developed in new ways, including through our own trade negotiations, because we will no longer be an EU country, and we will no longer directly benefit from the EU's future trade negotiations.

But the fact is that, at that point, neither the UK - nor the EU and its Members States - will be in a position to implement smoothly many of the detailed arrangements that will underpin this new relationship we seek.

Neither is the European Union legally able to conclude an agreement with the UK as an external partner while it is itself still part of the European Union. And such an agreement on the future partnership will require the appropriate legal ratification, which would take time.

It is also the case that people and businesses – both in the UK and in the EU – would benefit from a period to adjust to the new arrangements in a smooth and orderly way.

As I said in my speech at Lancaster House **a period of implementation would be in our mutual interest**. That is why I am proposing that there should be such a period after the UK leaves the EU.

Clearly people, businesses and public services should only have to plan for one set of changes in the relationship between the UK and the EU. So during the implementation period access to one another's markets should continue on current terms and Britain also should continue to take part in existing security measures. And I know businesses, in particular, would welcome the certainty this would provide.

The framework for this strictly time-limited period, which can be agreed under Article 50, would be the existing structure of EU rules and regulations.

How long the period is should be determined simply by how long it will take to prepare and implement the new processes and new systems that will underpin that future partnership.

For example, it will take time to put in place the new immigration system required to re-take control of the UK's borders. So during the implementation period, people will continue to be able to come and live and work in the UK; but there will be a registration system – an essential preparation for the new regime.

As of today, these considerations point to **an implementation period of around two years**. But because I don't believe that either the EU or the British people will want the UK to stay longer in the existing structures than is necessary, we could also agree to bring forward aspects of that future framework such as new dispute resolution mechanisms more quickly if this can be done smoothly.

It is clear that what would be most helpful to people and businesses on both sides, who want this process to be **smooth and orderly**, is for us to agree **the detailed arrangements for this implementation period as early as possible**. Although we recognise that the EU institutions will need to adopt a formal position.

And at the heart of these arrangements, there should be a **clear double lock**: a guarantee that there will be a period of implementation giving businesses and people alike the certainty that they will be able to prepare for the change; and a guarantee that this implementation period will be time-limited, giving everyone the certainty that this will not go on for ever.

These arrangements will create valuable **certainty**.

But in this context I am conscious that our departure causes another type of uncertainty for the remaining member states and their taxpayers over the EU budget.

Some of the claims made on this issue are exaggerated and unhelpful and we can only resolve this as part of the settlement of all the issues I have been talking about today. **Still I do not want our partners to fear that they will need to pay more or receive less over the remainder of the current budget plan as a result of our decision to leave. The UK will honour commitments we have made during the period of our membership.**

And as we move forwards, we will also want to continue working together in ways that promote the long-term economic development of our continent. This includes continuing to take part in those specific policies and programmes which are greatly to the UK and the EU's joint advantage, such as those that promote science, education and culture – and those that promote our mutual security. And as I set out in my speech at Lancaster House, in doing so, we would want to make an ongoing contribution to cover our fair share of the costs involved.

- Conclusion ...