

**HMA SPEECH**  
**HUNGARIAN ECONOMIC ASSOCIATION – CONFERENCE ON “SOCIAL EUROPE BEFORE AND AFTER BREXIT”**  
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*Tisztelt Hölgyeim és Uraim, tisztelt Államtitkár Úr, kedves Szabolcs, kedves jelenlévők!*

*Először is engedjék meg, hogy megköszönjem a Magyar Közgazdasági Társaságnak, hogy napirendre tűztek egy ilyen fontos és aktuális témát, és köszönöm, hogy ma itt lehetek és megoszthatok Önökkel pár gondolatot az Egyesült Királyság Európai Unióból való kilépéséről.*

On 23 June last year, the people of the United Kingdom voted to leave the European Union. That decision was no rejection of the values we share as fellow Europeans. Nor was it an attempt to do harm to the European Union or any of the remaining member states. On the contrary, as Prime Minister May has said several times, the UK wants the European Union to succeed and prosper. Instead, the referendum was a vote to restore our national self-determination. We are leaving the European Union but we want to remain committed partners and allies to our friends across the continent.

*Ugyan elhagyjuk az EU-t és kilépünk az uniós intézményrendszerből, nem fordítunk hátat Európának. Európai országgént továbbra is kivesszük részünket az európai értékek közvetítésében és hozzájárulunk Európa védelmi képességeinek megőrzéséhez a biztonsági fenyegetésekkel szemben. Továbbá mindent meg fogunk tenni az Európai Unió sikeréért és jólétéért. Az Egyesült Királyság teljes mértékben szerepet fog vállalni ezen célok elérésében, egy erős Európai Unióval kötött új, széleskörű és különleges partnerség keretében.*

Since the first round of negotiations took place in July, we have made significant progress. The British Government’s objectives for Brexit were clearly laid out in Prime Minister Theresa May’s Article 50 letter at the end of March, the Government’s White Paper in May, and in Mrs May’s speech in Florence on 22 September. We have also published 14 papers covering different areas of our departure, the so-called separation issues, as well as our vision for our future relationship.

Mrs May’s Florence speech added new momentum to the negotiations by making a firm commitment on the financial settlement; and proposing a time limited implementation period that is in the interests of both the UK and the EU. Both sides are agreed that subsequent rounds have been conducted in a new spirit, and are determined to work together to get an outcome they can stand behind and works for our people.

During the latest discussions between the UK and the European Commission last week, we consolidated progress in a number of important areas.

### **First, increasing certainty for citizens:**

We are in touching distance of an agreement on citizens' rights, thanks to the significant progress that has been made in each round of negotiations.

I know that many Hungarians in the UK and also their families and friends here have been concerned about what will happen after the UK leaves the EU. Providing reassurance to people has been the UK's top priority in the negotiations, as Mrs May has repeatedly made clear.

EU citizens who came to the UK before the EU Referendum, and before the formal Article 50 process for exiting the EU was triggered, came on the basis that they would be able to settle permanently, if they were able to build a life here. We recognise the need to honour that expectation. No EU national, currently in the UK lawfully, will need to leave the country when the UK exits the EU.

*The UK remains one of the most tolerant and welcoming places in the world.* Let me reiterate what Mrs May said in an open letter on 20 October to the over 3 million EU nationals living in the UK: we want you and your families to stay. Mrs May was very clear on this in her letter: *We hugely value the great contribution that EU nationals who have made their lives in the UK make to the economic, social and cultural fabric of the UK.*

The outcome of our negotiation with the EU on citizens' rights will be included in the Withdrawal Treaty, which will be incorporated into UK law, allowing individuals to enforce their rights. No one should doubt the independence of our courts or the rigour with which they will uphold individuals' legal rights. And UK courts should be able to take account of European Court of Justice case law in order to ensure consistent interpretation, addressing the EU's concerns over divergence.

### **Second, providing reassurance on our mutual financial obligations:**

We also want to give certainty to remaining EU members like Hungary over the EU Budget. Our friends across Europe will not need to pay more or receive less over the remainder of the current EU budget plan as a result of our decision to leave. The UK will also honour financial commitments made during the period of our membership.

Officials have engaged constructively in talks and this has been vital to developing both parties' understanding because nowhere do the treaties spell out the obligations that survive a Member State's withdrawal. This can only be resolved as part of the settlement of all the issues that we are discussing.

### Third, agreeing some of the key principles on issues relating to Northern Ireland:

There is a high degree of alignment between the UK and the EU regarding the issue of Northern Ireland. All sides are resolved to find solutions to this complex issue. We have agreed that the Good Friday Agreement should be protected in full, including its constitutional arrangements. We will not accept any physical infrastructure at the land border and we welcome the Commission's commitment to this. We have developed joint principles on the continuation of the Common Travel Area and associated rights, and we have mapped out areas of cooperation that function on a North-South basis to ensure this continues once the UK has left the EU.

But Northern Ireland is a prime example of one of the British Government's key arguments. Many **withdrawal issues are of course linked to the future relationship**. In areas that range from agreeing judicial cooperation on criminal matters to deciding what happens to imported goods on UK and EU supermarket shelves on exit day, we need to discuss withdrawal issues and our future partnership at the same time. The Northern Ireland border is another example of this. Solutions would be easier to deliver if we could begin discussions on how future customs arrangements will work and on the detail of our future economic partnership.

*Most engedjék meg, hogy röviden elmondjam, hogyan is képzeljük el jövőbeni kapcsolatunkat az EU-val. Ahogy May Miniszterelnök Asszony több alkalommal is elmondta, egy átfogó és ambiciózus szabadkereskedelmi kapcsolatot szeretnénk, mely hatályát tekintve olyan széles, mint még egy hasonló szerződés sem eddig.*

So let me tell you a bit more about the UK's broad vision for the future relationship, and the need for a transitional period.

We are looking for the closest possible trading relationship. As Foreign Minister Szijjártó has repeatedly said, it makes no sense to throw up barriers to trade, if we can avoid it. The UK agrees.

First, let me say a few words about how the British economy is performing. Our economy is fundamentally strong. The economy has grown continuously for more than four years, the deficit is down and there are a record number of people in work. We are proud of this record but not complacent. We must restore productivity growth to deliver higher wages and living standards for people across the country. That is why we are committed to investing in infrastructure, technology and skills to deliver the best possible base for strong future growth. Our decision to leave the EU means there may be a period of adjustment but our economy is resilient. We are determined to get the very best deal for households and businesses and help the UK make the most of the opportunities ahead by laying the foundations of a stronger Britain outside the EU - a country that works for everyone. We are committed to protecting the economy from future shocks and boosting productivity and living standards.

Back to the trading relationship between the UK and EU.

Exactly what shape that takes will depend on the negotiations. We do not want merely to adopt a model already enjoyed by other countries. One way of approaching our future partnership is to put forward a stark and unimaginative choice between something based on European Economic Area membership, or a traditional Free Trade Agreement, such as that the EU has recently negotiated with Canada.

Neither of these options would be best for the UK nor best for the EU.

We want to find a creative solution to a new economic relationship that can support prosperity for all our peoples.

The UK and the EU start from the unique position of regulatory alignment, trust in one another's institutions and a shared spirit of cooperation. We recognize that membership of 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.

Our future relationship will not replicate membership, but we should be optimistic and ambitious about what we can achieve as we share the same set of fundamental beliefs: in free trade, rigorous and fair competition, strong consumer rights, and high regulatory standards.

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. We want to deliver the greatest possible tariff and barrier free trade, including by reaching a new customs agreement.

And that brings me to another key point.

It is in the interests of both the UK and the EU that the UK's exit is as smooth and orderly as possible, with as little disruption and uncertainty as possible for UK and European business, service providers and consumers.

The United Kingdom will cease to be a member of the European Union on 29th March 2019. At that point, neither the UK - nor the EU and its Member States - will be in a position to implement smoothly many of the detailed arrangements that will underpin our new relationship.

So we have proposed a time-limited period for implementation, which will of course need to be negotiated. The framework for this period, which can be agreed under Article 50, would be the existing structure of EU rules and regulations. We want our departure from the EU to be as smooth as possible - it wouldn't make sense to make people and businesses plan for two sets of changes in the relationship between the UK and the EU.

And to provide certainty as soon as possible, we want to agree this implementation period as soon as possible.

So that is trade.

After we leave we want to have a partnership with the EU that covers not just trade, but also security, law enforcement, criminal justice cooperation and many other areas.

The UK will remain unconditionally committed to maintaining Europe's security. We want a bold, new strategic security partnership with the EU, taking in cooperation on diplomacy, defence and security, and development.

The UK has a lot to bring to the table. We are not stepping back from the world. The UK remains a global player in our own right, and one with European and global interests.

As a permanent member of the UN Security Council, of NATO, of the G7, the G20 and the Commonwealth, we continue to play a leading role globally.

We are the only major country which will simultaneously meet the NATO target of spending 2% of our GDP on defence and the UN target of spending 0.7% of our GNI on development. Our aid programmes are responding to humanitarian crises around the world including famine in parts of South Sudan and risk of famine in Somalia, where British Peacekeepers are also providing support to UN missions.

We want to continue working with the European Union on all of these important shared challenges.

So we now need to look forward to the **December European Council**.

Thanks to the constructive and determined manner with which both sides have conducted these negotiations, we are moving forward. The EU has now agreed to start internal preparatory discussions in relation to the framework for the future relationship and on transitional arrangements. We need to maintain this momentum. And while our future relationship will not replicate membership, we should be optimistic and ambitious about what we can achieve as we share the same set of fundamental beliefs: in free trade, rigorous and fair competition, strong consumer rights, and high regulatory standards.

Britain is open for business, committed to peace and security, and a leading supporter of the international rules-based system. Our commitment to our extensive security cooperation with international partners remains steadfast.

In leaving the European Union we will drive even greater openness with international partners and put Britain firmly at the forefront of global trade and investment. Our message to businesses, investors and international partners is clear – the UK is a beacon for open trade and we will continue to be an outward-looking, globally-minded, big-thinking country.