

THE RT HON THERESA MAY MP



HOUSE OF COMMONS

23 March 2018

Dear Colleague,

I am writing to update you on what was agreed at the European Council, in particular on Brexit, Russia and steel.

**Brexit**

On Brexit, the Council welcomed the agreement of large parts of the draft Withdrawal Agreement, including the section setting out the detailed terms of a time-limited Implementation Period. It also agreed guidelines for the next stage of the negotiations on our future relationship, restating “the Union’s determination to have as close as possible a partnership with the UK”.

David Davis agreed the terms of the Implementation Period on Tuesday and the Council has endorsed that agreement. I want to thank him and his team for what they have achieved. I set out the case for such a period in my speech in Florence in September and that case stands today. Governments and businesses in both the United Kingdom and the European Union need time to prepare themselves for the new relationship once the terms of that relationship have been agreed. It would not be in the national interest to make businesses undertake two sets of changes, so it follows that during that Implementation Period they should continue to trade on current terms.

I understand if a number of colleagues feel some frustration at the persistence of those current terms until the end of 2020. After all, if the country had been satisfied with the current terms of our membership of the European Union – e.g. in fishing or the jurisdiction of the ECJ – we would not now be leaving it. Nevertheless, for the reasons set out above, having an implementation period based on current terms is the right thing to do if we are to deliver a smooth and successful Brexit, which is profoundly in the country’s interest. It is notable that our agreement of the Implementation Period has been welcomed by organisations representing all kinds

of businesses, from the FSB, who welcomed the ‘certainty’ that small business owners across the country have been given, to the CBI, who said this is a ‘critical milestone that will provide many hundreds of businesses with the confidence to put their contingency planning on hold and keep investing in the UK’, and the BCC, who described it as, ‘great news for trading firms on both sides of the Channel’.

As David Davis has set out, we have now agreed three quarters of the draft Withdrawal Agreement, including on citizens’ rights and the financial settlement as well as aspects of issues relating to Northern Ireland, such as the preservation of the Common Travel Area. Some key questions remain to be agreed, however, such as the governance of the Agreement or how the backstop plan for avoiding a hard border between Ireland and Northern Ireland should be turned into legal text. Proposals in the European Commission’s text on this were, as I have said, unacceptable, and we have explained why (they would break up the UK’s internal market and are incompatible with the Belfast Agreement). We remain committed to the agreement we reached in December in its entirety, including the commitments to avoid a hard border between Ireland and Northern Ireland as well as respect for Northern Ireland’s position as an integral part of the United Kingdom and the integrity of the United Kingdom’s internal market and Northern Ireland’s place within it.

Negotiations on these remaining aspects of the Withdrawal Agreement will continue and will need to be settled by the autumn. At the same time, phase two of the negotiations on our future relationship now formally begin. It is that future relationship, which will last for many years to come, which must rightly be our focus.

Our position on that future relationship was, of course, set out in the speeches I gave at Munich on a security partnership and at Mansion House on an economic partnership. The EU’s guidelines envisage a similarly broad partnership and, whilst as you would expect there are some clear differences we will have to resolve, they are a useful starting point for the negotiations that will now get underway. The rapid progress we have made in the past few weeks has undoubtedly been supported by the sense of unity at home. The greater our unity, the stronger our hand is in the negotiations to deliver the right deal for Britain.

The UK will be leaving the EU in just over a year’s time. It is clear from this Council that, while we continue to plan for all contingencies, we can look forward with increasing confidence to doing so on the basis of a good deal between the UK and the EU.

## **Russia**

The Council also dealt with two other important issues: the attempted murder of Sergei and Yulia Skripal in Salisbury with a nerve agent of the type produced by Russia, and the United States' proposed tariffs on steel.

On what happened in Salisbury, we wanted to share with European partners our assessment that it is highly likely that Russia is responsible for their attempted murder and the exposure of many others to potential harm, and to demonstrate that we would collectively uphold our values and the international rules-based system in the face of this incident and the wider Russian threat.

All my fellow leaders agreed and our conclusions were changed to reflect this, making clear that there is no alternative plausible explanation than the Russian state was responsible. The serious and unprecedented nature of this reckless and brazen act, clearly had an effect on my fellow European leaders' view of Russia, but was also seen in the context of a broader pattern of aggressive Russian behaviour across Europe and beyond.

To underscore this message the EU agreed collectively that we would withdraw the head of delegation to Moscow for consultation. Recognising the threat posed to national security in all our countries, EU leaders will coordinate on further measures. European nations will also now act to strengthen their resilience to chemical, biological, radiological and nuclear-related risks, as well as bolstering their capabilities to deal with hybrid threats.

## **Steel**

On the United States' announcement on steel and aluminium tariffs, we have been arguing for an EU-wide exemption and supporting preparations in the EU to defend our industry in a proportionate manner, in compliance with WTO rules. While we welcome the temporary exemption for the European Union, we will work hard to ensure this becomes permanent. The steel industry and its workers are important to the UK and we will continue to work with the EU to safeguard its interests, including from any indirect impact of US tariffs.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'T. May', with a stylized flourish at the end.

**The Rt Hon Theresa May MP**