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**"Welcome and introductory remarks at the European Manufacturing and
Brexit Preparedness"**

23rd of January 2019, European Parliament, Brussels, Belgium

Just before I came here, I saw a tweet that exactly 6 years today, David Cameron delivered his speech at Bloomberg clearly stating "I am in favour of a referendum". So if you wonder, this is why we are here today. I continue to believe that referendum happened by accident.

We are meeting in a moment when I can say that on our side of the channel, we are in a waiting and listening mood. The ball is clearly in the British court. What is not yet clear is whether this is the government or the House of Commons court.

We can only hope that on the UK side, the clarity might come with the vote of Ms. May's resolution on January 29th. We worry that the way the process is handled, it might not lead to achieving a positive majority in the House of Commons for any constructive solution. Actually it is amazing that for such a long time remainers and brexiteers stay together in a coalition of negative majority. Why this coalition has not been broken so far? It is probably too late to ask this question. But the truth is also that the remainers have not prepared so far a constructive proposal and the leavers have not proposed any alternative to Ms May deal.

Of course, we regret the outcome of the meaningful vote when the Withdrawal Agreement was rejected. We have to respect it. Now, it is up to U.K. authorities to agree at home on what is necessary to bring forward an orderly withdrawal.

Exit without agreement would be catastrophic. I suspect, many of you would agree with me. There seems to be also in UK a clear majority against the no deal scenario. However, Theresa May said this week that it would not be possible for her to revoke

Brexit, to move to a second referendum and even to ask for the extension of negotiations. This last option would not be easy if asked by the British side which many see a probable solution.

For the EU accepting by unanimity the request of the article fifty extension could be feasible only if the U.K. indicated clearly for how long and what for the extension would be. The U.K. needs to have a clear plan of actions, so that a one off extension could be considered, and this seems very difficult. Let us be also realistic that a new referendum or election as justification for extension would not bring any certainty to the process. Might put us in the same situation we are today but just some months later.

What seems rather frustrating is that negotiation process has not been a learning process, revealing the nonsense of red lines which in practice do not open any rational solution. I am sure, in the second part of our meeting, Hermione Gough will explain in details attempts to shape the agreement through the complex voting next week and what in practical terms taking back the control over the whole process by the House of Commons might mean.

A number of amendments have been tabled that have the potential to stop no deal and prolong art. 50 or allow to move to a second referendum, also on backstop or on citizens. We don't know which of them will be voted, as the British parliamentary democracy is based on a very specific set of rules and depends as well on the personality of the speaker. In any case more power over Brexit will stay in the months to come with the legislative rather than the executive. British Prime Minister herself clearly encouraged MPs to table amendments. I feel tempted to say that it is very likely that next week might be the last moment for any constructive decision on the UK side. A lack of movement on the UK side after that vote will lead in my view directly to "no deal". However, there are some crucial amendments which can pave the path to solution.

What's going on here, in the European Parliament? As you know, we are not negotiators, although we are deeply involved. The European Parliament will prepare its consent - vote at the end on the deal. Although we can only accept or reject it, we

accompanied the whole process carefully via our works in the Brexit Steering Group, our parliamentary resolutions and numerous meetings with all stakeholders involved. Myself, I have had around 400 Brexit related meetings in the last two years.

In our plenary debate on 16th of January where there was a broad agreement on main issues. First, we have agreed that the ball is now waiting in the camp of U.K. Second, the Members have stressed the need in the UK to work on cross-party basis.

Third, it has been underlined that the backstop not renegotiable. Fourth, we highlighted once again that we are open for closer relationship. Fifth, we need to intensify no deal preparations. Finally, sixth, citizens can never pay the price for Brexit.

Now, of course we will continue to monitor the evolving situation. The Committee I chair on constitutional affairs committee will start to prepare the consent procedure after the referral of the Council's decision, which will take place probably during the next week mini parliamentary session.

Let me now briefly say some words on preparedness. The EP has been regularly informed about the progress in preparedness process by Martin Selmayr. The better we are prepared for no deal, the better we are also prepared for any negotiation afterwards, especially negotiating with the UK as a third country under future agreement

What brings us here is a process, which has been with us with for nearly three years now and still can be described by the word "uncertainty". Particularly worrying at this moment is the possibility of no-deal option. UK will become a 3rd country on 30th of March. All EU primary and secondary law will cease to apply with all disruptions that would follow. Introducing contingency planning and measures have to be stepped up on the EU side.

The ratification of the WA is our preferred scenario. But we have to be prepared for a no deal scenario. It means a country leaving disorderly the EU, and this is now a realistic possibility. This is therefore an exercise of damage limitation.

Our colleague from the Commission, Dorthe Christiansen, will speak on the work on preparedness at the European level. But preparation for a no deal is first of all a task for economic operators and also for Member States.

Commission talks with member states on preparedness, general and specific, legal, sectorial, administrative preparedness measures and steps.

Member states identify the need to adapt their legislation, administrative measures. Member states will also play their role in the implementation and enforcement of the EU law toward UK as a third country. In particular, performing checks and controls at borders, processing authorizations and licenses, recruiting for this additional personnel, building infrastructure.

Contingency planning and actions are about mitigating effects of exit without a withdrawal agreement. There will be no transition under no deal scenario. Effects of withdrawal would materialize on 30 March. You are aware that in narrowly defined areas a limited number of contingency measures have been already introduced to protect EU interests. We are discovering that EU rules are flexible. Still some limited adjustments might be necessary, because current rules do not offer satisfactory solution to mitigate consequences of no deal based Brexit. Of course, they will be temporary in nature, adopted unilaterally by the EU. I assume that it can be revoked at any time by the EU. We have discovered that also thanks to Brexit how much of economic activity remains under national competences. So the whole preparedness and contingency will respect division of competences. And it goes without saying, national measures will have to be compatible with EU law and its international obligations.

However, of course, a big, if not major part of contingency and preparedness stays with you, with industry. It is good to remember that no deal Brexit will be rough for Ireland (Peace and Interreg programmes will continue even in a no deal scenario, EGTC)

