

MEMO# 30526

January 18, 2017

UK Prime Minister's Speech on Negotiating Objectives for Brexit

[30526] January 18, 2017 TO: ICI Global Brexit Task Force
International Committee
International Operations Advisory Committee RE: UK Prime Minister's Speech on
Negotiating Objectives for Brexit

On 17 January 2017, the UK's Prime Minister (PM), Theresa May, delivered a speech setting out the UK Government's negotiating objectives for exiting the EU (European Union).[\[1\]](#) Mrs. May confirmed her intention for the UK to leave the EU, and set out 12 priorities that the UK government will use to negotiate Brexit. The priorities of greatest relevance to regulated funds and asset managers are below.

Certainty and clarity

- **Certainty** – the UK Government will provide certainty where it can. It will repeal the European Communities Act[\[2\]](#) and convert EU *acquis* into British law. The final deal the Government negotiates with the EU will be put to a vote in both Houses of Parliament, before it comes into force;

A Stronger Britain

- **Control of our own laws** – the UK Government plans to end the jurisdiction of the European Court of Justice in the UK;
- **Strengthening the Union** – as powers are repatriated, the UK Government will return these powers either to Westminster and/or, as is determined, to the devolved administrations of Scotland, Wales and Northern Ireland;
- **Maintain the Common Travel Area with Ireland** – the UK Government will seek to deliver a practical solution that maintains the Common Travel Area with the Republic of Ireland;[\[3\]](#)

A Fairer Britain

- **Control of immigration** – the UK Government will seek to ensure the UK is open to international talent, but will manage immigration to ensure it serves the national interest;
- **Rights for EU nationals in Britain, and British nationals in the EU** – the UK Government will seek to guarantee the rights of EU citizens living in the UK, and the rights of British nationals in other member states, as early as possible;
- **Protect workers' rights** – the UK Government will seek to protect and enhance

employment rights, as the body of EU law is translated into domestic regulations;

A Truly Global Britain

- **Free trade with European markets** – the UK Government will not seek membership of the Single Market but instead seek the greatest possible access to it through a “new, comprehensive, bold and ambitious Free Trade Agreement.” This Agreement may take in elements of current Single Market arrangements in certain areas, including the freedom to provide financial services across national borders;
- **New trade agreements with other countries** – the UK Government will seek to either: (i) negotiate a new customs agreement; (ii) become an associate member of the Customs Union^[4] in some way; or (iii) remain a signatory to some elements of it, to enable the UK to be free to establish its own WTO tariff schedules.

A phased approach

Mrs. May set out her desire for a smooth, orderly Brexit to avoid a disruptive cliff-edge as the UK changes its existing relationship to a new partnership with the EU. To achieve this, the UK Government will seek an agreement about its future partnership with the EU by the time the two-year Article 50 process has concluded.^[5] Following the conclusion of the Article 50 process, the UK Government intends a phased process of implementation, during which the UK and EU institutions and EU Member States will prepare for the new arrangements, for instance the future legal and regulatory framework for financial services. Mrs. May noted that for each issue, the phase-in period for the new arrangements may differ.

The Right Deal for Britain

Mrs. May stated that the UK Government would not accept “punitive deal that punishes Britain” and that such a deal “would be an act of calamitous self-harm for the countries of Europe”. She concluded that “no deal for Britain is better than a bad deal for Britain” and, if new barriers to trade are erected, this would mean a loss of access for European firms to the financial services of the City of London.

Next Steps

The UK Government has announced that it will submit a notification under Article 50 of the Treaty on the European Union by the end of March 2017, thereby triggering the start of formal negotiations on the UK’s withdrawal from the EU.

Giles Swan
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endnotes

^[1] Speech – The government’s negotiating objectives for exiting the EU: OM speech, 17 January 2017, available from <https://www.gov.uk/government/speeches/the-governments-negotiating-objectives-for-exiting-the-eu-pm-speech>

^[2] <http://www.legislation.gov.uk/ukpga/1972/68/contents>

^[3] <https://www.gov.uk/government/publications/common-travel-area-cta/common-travel-ar>

[ea-cta](#)

[4] https://europa.eu/european-union/topics/customs_en

[5]

[http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577971/EPRS_BRI\(2016\)577971_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577971/EPRS_BRI(2016)577971_EN.pdf)

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