



Select Committee on the European Union

Corrected oral evidence: Brexit: scrutiny of Brexit negotiations

Tuesday 20 February 2018

3.35 pm

Watch the meeting

Members present: Lord Boswell of Aynho (The Chairman); Baroness Falkner of Margravine; Baroness Kennedy of The Shaws; Earl of Kinnoull; Lord Liddle; Lord Teverson; Lord Whitty.

Evidence Session

Heard in Public

Questions 1 - 9

Witness

[I](#): Guy Verhofstadt MEP, European Parliament Brexit Coordinator.

Examination of witness

Guy Verhofstadt MEP.

Q1 The Chairman: Thank you very much. I am not sure I should welcome you to your own milieu, as it were, but basically our EU Committee is cross-party and tries to ask serious questions in serious circumstances. It has been engaging on the salient issues with Brexit, with a particular emphasis on areas where perhaps the British government machine is a little less acute to the political sensitivities, in other words. Quite a lot of us have been parliamentarians of one kind or another, and we are sensitive to that. We are also well aware of the provisions in relation to Article 50 and the need to have the assent of the European Parliament.

The final point before we start on our side is that we are quite interested in maintaining some kind of more durable institutional relationship—you have those with the Congress and others—after these particular episodes in the UK are concluded. Thank you very much for your time. We are going to do this on the record, if you like, although we are not televising it.

Guy Verhofstadt MEP: No problem.

The Chairman: So, if you are ready, we will ask you some questions. The first and, I hope, the last thing I have to say—knowing my colleagues, it will be, because they are very active in this area—is this. Can you give us an update on the work the European Parliament is undertaking in relation to Brexit, including your own role and that of the European Parliament Brexit Steering Group, which is a body of which we perhaps know less?

Guy Verhofstadt MEP: Yes. The name of the group is the Brexit Steering Group, and in the Council it is the Brexit Working Group; so, for once, they are working and we are steering. Normally it is the opposite—they are steering and we are working. These two bodies are in permanent and constant contact with the EU negotiator Michel Barnier and are both preparing, from the side of the Parliament and the Council, the mandate that Michel Barnier uses in these negotiations. That is the way it works.

The Brexit Steering Group is under the guidance of the COP—the Conference of Presidents. The Conference of Presidents is the body that is representing all political groups or the presidents of all political groups. The Brexit Steering Group is in fact based on those political groups, who, from the beginning, have voted positively on the resolutions. So, it is the huge majority opinion of the House, you could say, as representing the majority opinion of the House. Represented are the five groups there, plus the Chair of the Committee on Constitutional Affairs, Mrs Hübner. That body, with me chairing as a co-ordinator, prepares the work for the COP and the plenary sessions.

Where are we now? We are now preparing our fourth resolution on Brexit. The first was a resolution in April on how we saw the process; the second was more specifically on the issue of citizens' rights; and the third

was especially on the question of whether there is sufficient progress—yes or no—to go into the next phase of the negotiation. The fourth will be normally approved on a proposal by the Brexit Steering Group by the Conference of Presidents on 7 or 8 March, and it will then be transferred to the March plenary session.

The Chairman: Thank you for that. One point of information for you is that, of course, we have a similar consideration in our House of Lords upper Chamber, because it is not our normal remit to deal with constitutional affairs; there is a separate committee for that. We also have technical committees that look at secondary legislation and delegated powers, and others who have an interest, quite apart from the normal body of Members, who also have views and often some huge experience in this. So, we have some internal steering arrangements as well.

Before I ask my colleagues to come in, can I sound you out on two questions? I realise there is a degree of diffidence in this, but I would like your take on them. First, because we are in a sense also demandeur to our Government, just as you might be to the Commission, are you reasonably satisfied that the Commission and Mr Barnier are sharing enough information for you to be able to make a useful input into these negotiations?

Guy Verhofstadt MEP: My answer is yes. We have a nearly weekly meeting with Michel Barnier, but not only with Michel Barnier himself but with his negotiating team and the services of the European Commission, who are helping in all this. A good example of that is the preparation of the next phase of the negotiation. On at least 10 topics in total—which it will be at the end, more or less—the Commission is making presentations on the future relationship. This explanation, presentation and discussion with the Commission is done in parallel with the Council, the Brexit Working Group and the European Parliament Brexit Steering Group; and it is exactly the same presentation that they are giving. Then there is an exchange of views between us and Barnier and the Commission, and the same is happening on the side of the Council.

For the moment, we are quite satisfied that all the information we require is received from Barnier. Nearly every week, and from time to time even more than once a week—two or three times a week—there is the presence of Mr Barnier in the Brexit Steering Group. He is there physically and responding to questions. Mostly, it is also to say, “Okay, now we are going to have a debriefing”, if there was a negotiation round. In other Brexit Steering Groups, he is there preparing a new phase in the negotiation, or, as is happening now, preparing ourselves on the second phase of the negotiation by doing a collective exercise. That is what the Council and the Parliament, together with the Commission, are doing—a collective exercise on what such a future relationship would look like, taking into account, naturally, the red lines that the British Government have put on the table, because that is crucial in this. A number of

scenarios are not possible because of the red lines that have been put on the table.

The Chairman: Thank you. I am going to chance my arm by summarising my response to what you have said. I think we probably get from the British Government all the information that is absolutely essential or obligatory for them to give us, but not much more, and I suspect that you get almost all the information you need, unless there is some particular point of confidentiality. Whether that in fact works out I am not sure, but I am sure we will be very interested in what you are getting as things get more into the critical point.

Guy Verhofstadt MEP: Yes, as we go further in the process.

The Chairman: My other point is speculative, you will appreciate, and I am interested in your take on it. Some of us might feel, whatever our personal views on this, that the British debate has been relatively ill informed about the opinion of the EU 27—not everybody, of course—but do you have a view on that? Do you think that people understand here that, say, when you speak about citizens' rights you mean what you say collectively?

Guy Verhofstadt MEP: I think it is very difficult for me to judge how, on the other side of the channel, public opinion is informed about that, but it is true that we are very worried about the whole citizens' rights issue and the information that is given, I should say, from all sides at the moment. The joint report on citizens' rights was already a step in a good direction, certainly on content, but pieces of information are still lacking. The most important ones are what the procedure will be, when it will apply, at what date, and how it will work in practice, because it is not sufficient to put in a progress report, "Oh, the procedure will be simple". I can tell you that in my political career I have made many texts where I have said it will be simple, but then in practice it was quite complicated and quite bureaucratic. So, just because something is written in a text does not mean it will be like that in practice.

Certainly, on citizens' rights—but also on all the other issues, but that is for later—we need more clarity and more information as fast as possible. It may be that that can be given when we have the formal text of the withdrawal agreement, because we are now finalising the first stage of the negotiation, which means formalising the withdrawal agreement. Part of the withdrawal agreement will also be this transition period, and from all points of view also, as an annex, there will be a political declaration on the future relationship.

The Chairman: Thank you. I will stand back now and ask Helena Kennedy to come in.

Q2

Baroness Kennedy of The Shaws: You were terrific on Sunday talking to Andrew Marr. You were very, very positive in what you were saying were the expectations of the European Union in relation to citizens' rights, and I wanted to press you a little further on that. You were very

straightforward about the fact that you and the Parliament have continuing concerns, and I want to tease those out.

You have just said that you would like to know more detail about what the procedure will be, when it will come into play, how it will apply and so on, and that the detail of that does not seem to be in the public domain yet. First, how do you think those concerns will be addressed?

Secondly, on Sunday, when you were being interviewed by Andrew Marr, you really homed in on the business of the transition and that Britain seemed to be saying that after 29 March nobody could be claiming these special protections. You were very clear that people who still came to take up jobs in Britain during the transition period would also have to have their European Union rights recognised—that any settlement would have to include that. I should say that we have a Committee that did a report on the rights of European Union citizens and our citizens in Europe, and we were very concerned to maintain exactly the same rights. I am not sure how carefully we were listened to, but that was our recommendation.

Thirdly, one thorn in all this is going to be who gets to determine any conflict, and, of course, the red line on the European Court of Justice is problematic on this. Do you see a way of that being reconciled? Those are the areas on which you could perhaps be helpful to us.

Guy Verhofstadt MEP: We are quite pleased with the content of these rights as described in the joint report, because you have to know where we came from. In the beginning it was not what is in the joint report today. It has covered more or less all rights that we think need to be protected. The only thing is that the family reunification right should be extended to include future partners. That seems to us still lacking in the joint report, and we hope that that can be solved in the next phase of the negotiation.

Baroness Kennedy of The Shaws: So, Britain is still holding out on that piece.

Guy Verhofstadt MEP: Yes. That said, the other side are holding fire—their approval—on UK nationals. We are saying, “Sorry, but once UK nationals living on the continent have, for example, a residents’ permit, that permit has to be applicable in the whole 27”. The Parliament is not only fighting for or defending the rights of EU citizens or UK citizens. For us, it is “citizens”, and we do not want citizens to be the victims of this whole operation. That is another example on content where we still need further improvement.

The main improvement that we want to see in the withdrawal agreement or in the final conclusion is on the procedure. From the British side, they say, “Yes, we are going to put something online”. It is not because it is something online that it is satisfactory. We know that it is not done with a letter or in writing today—that it is online—but that does not solve all the problems. We want, in fact, a procedure that is declaratory in nature, with no introduction of conditionality. That means that the burden of

proof should be on the UK authorities and not the opposite. By declaring yourself, "I am an EU citizen. I am living in Britain", is sufficient for us, and then it has to be for the UK authorities to say, "Yes, we have proof of the fact that you were not there in fact; that you were not working; you are not living in Britain", and so on, and then it can start the whole presumption—

Baroness Kennedy of The Shaws: The presumption is, "Prove it"—the state would have to prove that you were not entitled.

Guy Verhofstadt MEP: Exactly. We want the process to be cost-free for those who are living there, but it is not sure for those who will be living there in the future. For families, we want a joint single declaration, not, if there is a man, a woman and three children, five applications. It should be one application for the five. That has to be possible, we think. We live in modern times, so why not?

Then, further clarity is needed on the role of the so-called independent national authority—the ombudsman that is foreseen—so that he can act on behalf of the citizens: not on behalf of the authorities but on behalf of the citizens, otherwise it is not an ombudsman.

Then, during the transition, which is the other point that you were raising, we say that the current rules have to continue. What is difficult for us to accept is the following situation: that, in transition, everything is continuing—exports, goods and services—and more or less nothing has changed, but only for the citizens there is already a restriction. If they really want to collapse the deal here, at the end of the whole process, that is the way to do it, because it is discrimination towards citizens because they are citizens. "Yes, but you are already aware that we are going to go out of the Union in 2020". Yes, but that is after transition. The situation is not equal, even if, yes, a human has a conscience and he knows that later on Britain goes out. We are already going to incorporate that in our treatment of these citizens. So, that is a huge problem.

We are not against the fact that the UK authorities are already preparing the new system during the transition period, because it is obvious that something absolutely needs to be put in place, to prepare this and to see that all this works. But the concept has to be in transition that the *acquis* stays in place, and the *acquis* is also the citizens' rights. That is more or less where we are on this issue.

Baroness Kennedy of The Shaws: In the discussions about reunification, do you understand that it is being accepted that, for example, a British man married to an Italian woman might be able to bring his wife's mother, who is a widow, in old age, to come and live with the family in the last stages of her life so that she is with her grandchildren?

Guy Verhofstadt MEP: That is foreseen.

Baroness Kennedy of The Shaws: That is all accepted.

Guy Verhofstadt MEP: That is accepted, yes. That is no longer a problem, I think.

Baroness Kennedy of The Shaws: Can I ask you one final thing? You know there is a case going on in the Netherlands, which was referred to—

Guy Verhofstadt MEP: Yes, it is going to be sent to the European Court of Justice. I am waiting, like you, with huge anticipation.

Baroness Kennedy of The Shaws: Bated breath.

Guy Verhofstadt MEP: What are they going to say? It is interesting. It is about the concept of EU citizenship. It could be a very important decision by the European Court saying to all of us, "What does it mean? Is it linked to nationality or not?" So I am interested.

The Chairman: Keep in touch. I know that Lord Teverson wants to ask a question, but can I ask one thing myself?

I have never been quite clear, and this may be ignorance on my part, whether anyone has really done any calculations on the numbers of EU nationals who are involved in this in either direction—EU nationals in the UK. I know we have some conventional figures of 2.5 million who are resident, and it is just under 1 million Brits in the EU, which I think was the latest figure. It is slightly different from the original calculation. But by the time you add in people's friends and relations—just canvassing our Committee, many people have links to some extent with the Irish Republic, as you would expect, but, for example, I have a Dutch niece and certain connections with Denmark, and I am sure Kishwer has with Germany by marriage. Has anyone done any systematic work on this, because I suspect the fallout from these issues is really quite a large proportion of our population?

Guy Verhofstadt MEP: More than 1 million are officially involved, I think, yes. That is also what you feel when you receive letters from them.

The Chairman: I wondered about the constituency feedback, as it were, as we would call it.

Guy Verhofstadt MEP: The number of letters we receive is huge. People are not only saying, "Oh, I am from that nationality", or "I live there in Britain", or the opposite, but I am also getting evidence of their family ties, and that is huge.

The Chairman: That is really helpful.

Lord Teverson: I was going to follow up on the Dutch case and say that in the resolution in December the Parliament records that many citizens of the UK have expressed strong opposition to losing rights they currently enjoy pursuant to Article 20, and so on. How much of a priority is that to the Parliament?

Guy Verhofstadt MEP: How far we have progressed on that?

Lord Teverson: Yes, or are you waiting for the ECJ?

Guy Verhofstadt MEP: Not a lot, but it will be on the table again in the next resolution; I can tell you that. We need to explain that EU citizenship is something special and in fact will continue for a number of British citizens. Take, for example, all Northern Irish citizens with an Irish passport. They will continue to have EU citizenship—600,000, 700,000, for the moment, and maybe more in the future. There are going to be a lot of British citizens still with EU citizenship.

The Chairman: I have a passport I have just renewed, which will make me an EU citizen for 10 years.

Guy Verhofstadt MEP: That could be another. For that reason, this referral by a Dutch court to the European Court of Justice is crucial. Let us hope that we find in their decision some ground for it. There was already another case—I do not remember exactly what case it was, but it was about an Austrian court, I think—which has in a certain way dealt with an Austrian living in Germany. It was also a case before the European Court saying that anyway his change of nationality, or something like that, did not remove his EU citizenship: once acquired, you can keep it. That was the understanding of that court, but here it is a very literal question that is put before the European court. That will be very helpful.

So, I keep it alive in the resolution because I think it is so crucial. EU citizenship is not a question of national identity; it is a question of belonging to a community of values on the European level, on the European scale.

The Chairman: Thank you. We have established a certain common ground of interest in this matter and we have a lot of other issues, so, if we may, we will pass on straight away to Lord Whitty with another of the issues in the phase 1 situation.

Q3 **Lord Whitty:** Yes. This relates to Northern Ireland, or Ireland, the Irish border and related issues.

The political agreement that was reached in December, which has now to be transformed into legal form, still presents a number of difficulties, shall we say. What is the take here from yourself and the Parliament on that? What issues are still to be determined before, in March, we can go on to effectively the next phase?

What is the position on the Irish border? The UK Government have said that we do not want to be part of the customs union. There are certain things that would seem to us to follow from that. From the EU point of view, you have said that the UK should come forward with a solution, but from the British and the Northern Irish point of view it looks as if it is the EU that is imposing a border, because you have to have a border for your external customs.

Guy Verhofstadt MEP: There is no border now.

Lord Whitty: There is no border now.

Guy Verhofstadt MEP: So, if there is a Brexit, automatically there comes a border and that we do not want, so that is the question.

Lord Whitty: That is the question, and have you a resolution? How much of a resolution do you require in the next four weeks and how much by—

Guy Verhofstadt MEP: No, we are where we are. We are with the text of the joint report. That is where we are. We are not further than that; we have no less than that and we have no more than that. Some people have said yes, that there are some contradictions in the text between paragraph whatever it is—

Lord Whitty: Paragraph 49.

Guy Verhofstadt MEP: And paragraph 50 and so on.

Lord Whitty: You have good lawyers here for the EU. Are they going to turn it into some legal form? Do you think we will get through that and be able to move on?

Guy Verhofstadt MEP: It will be necessary anyway before October, when this whole package comes to us, to find an agreement on this and then to have the same understanding about it. You will have the withdrawal agreement; you will have the transition, and that is not a problem because in transition we continue simply what exists today. But there is also the future relationship, so the problem will need to be tackled also in what we call the political declaration that will be an annex and will describe the future relationship. Progress is needed and we need to translate it into a solution, which is not the case today. It is a number of sound principles, but not more than that.

Lord Whitty: Right, okay.

The Chairman: At that point we might go on, Kishwer, if you would like to ask about the transition agreement and so on.

Q4 **Baroness Falkner of Margravine:** Thank you. Mr Verhofstadt, you have covered quite thoroughly some of the sticking points in the transition agreement, as well as in your Andrew Marr interview. I think it is fair to say that basically, nothing will change other than that the UK will not be involved in making any EU decisions. Is that correct? Is that an accurate representation?

Guy Verhofstadt MEP: Yes, but it is a little bit more complicated than that. For example, on international arrangements we will also need the help—hopefully it is not such a big obstacle—of the third countries involved to agree on the—

Baroness Falkner of Margravine: The continuation of arrangements.

Guy Verhofstadt MEP: Yes, on the continuation of what is in these arrangements, but I do not see that as a big obstacle. It is—

The Chairman: Is that even in relation to free trade agreements or trade agreements with third countries?

Guy Verhofstadt MEP: Yes, and there can be good co-operation between the Union and the UK to organise that. But mainly, besides this specific element, which hopefully can be solved, I see this as a continuation of the *acquis*. That is also what we already said in previous resolutions—that, for us, transition is the continuation of the rules, legislation and so on, but it gives also the opportunity in transition, at least for the British side, to make a number of preparations on citizens' rights and to start a number of negotiations on trade. But, in the transition, it will be the existing rules and arrangements. That is our view.

Some people are criticising us. We did not ask for a transition. A transition is a request of the British Government, who said, "Can we have a transition, because we will not be ready on 29 March?" Our response to that, as Parliament, from day one, was yes. We had even foreseen in our first resolution that there would be a request from the British side, because it was completely unthinkable that within such a short period it could find an agreement on the new relationship. That was naive, unrealistic, from them.

Baroness Falkner of Margravine: Perhaps it was naive in the drafting of Article 50 to put it as two years.

Guy Verhofstadt MEP: Yes, but it is my opinion that those who drafted Article 50 did not draft it with the idea of, "Oh, yes, we are going to apply it within a few years". That was not the idea.

Baroness Falkner of Margravine: It was *caveat emptor*, as they say: be careful what you buy.

Guy Verhofstadt MEP: There is also a logic in Article 50 to say it cannot last too long either, because how long is such a situation? That is also the case for the transition. That is also the reason why from the European Commission side, from Mr Barnier's side, they are saying, yes, until the end of 2020. It does not make it too long either, because otherwise you are—

Baroness Falkner of Margravine: That was my question, actually: can you foresee any extension of it, or do you think December 2020—the end of the multiannual financial framework—really is the endpoint?

Guy Verhofstadt MEP: We, as a Parliament, are a little bit more realistic on this.

Baroness Falkner of Margravine: Sceptical.

Guy Verhofstadt MEP: We have said in our first resolution that even three years is, for us, thinkable, but beyond three years—the goal is clear: by the end of 2020. If for one or other reason it has to be shorter or a little bit longer, that is not for us—

Baroness Falkner of Margravine: A sticking point.

Guy Verhofstadt MEP: A sticking point or an obstacle that cannot be overcome.

Baroness Falkner of Margravine: Excellent. I have one other small follow-up. I chair a Sub-Committee of the EU Committee looking after the EU budget and financial services. I know that you have also in your annexe to the January Council guidelines the thought that exceptionally, on a case-by-case basis, the United Kingdom could be invited to attend, without voting rights, some specific meetings. In other words, the United Kingdom could be allowed to participate in some form.

Guy Verhofstadt MEP: During the transition, do you mean?

Baroness Falkner of Margravine: During the transition period; indeed. There is a particular interest, of course, in financial regulation and supervision having some level of continuity. Currently you have a great deal of sound co-operation between the United Kingdom regulators and the European institutions, which follows through from Basel—the Financial Stability Board downwards. Do you foresee that that might continue in the interests of financial stability, which will be a big concern in the transition period?

Guy Verhofstadt MEP: I do not want to concentrate myself now on your example of financial services, but in general we accept that, during transition, there is the possibility for observing or the possibility to invite experts to meetings, or—

Baroness Falkner of Margravine: Technical co-operation.

Guy Verhofstadt MEP: Things like that, but without exactly defining what they will be now. Britain will no longer be in the European Parliament; it will no longer be in the European Commission; it will no longer be in the European Court of Justice; it will no longer be in the European Council and able to decide. But there are practical ways to have an interaction with each other. That seems to me possible, yes.

Q5 **The Earl of Kinnoull:** Could we move to Article 50? I promise you this is not a legal question. Article 50 is quite narrowly drafted, and I suppose our Committee has been concerned for a bit that trying to shoehorn the transition period into the way it is drafted is, legally speaking, open to question. We are worried, therefore, that one could see that whole issue referred in some way to the Court of Justice of the European Union and that that, in turn, would lead to a derailing of the withdrawal agreement. First, have you formed your own view on that particular conundrum? Secondly, how likely do you think the European Parliament is in some way to start that rather unpleasant ball rolling?

Guy Verhofstadt MEP: I understand the concern as there is in fact no specific mention in Article 50 of a transition period, but it does mention the arrangements for withdrawal and it continues, “bearing in mind the framework for the future relationship”. From our point of view, because

that has not been a topic at all inside the European Parliament, it seems, as a legal base, sufficient if transition is time limited.

The reason is also that there is a practice in international trade law in the European Union whereby you have a lot of provisions in such treaties that establish transitional arrangements already. For example, it is not the case for Britain here because Britain is leaving, but in the case of EU accession transition is foreseen already. Even Article 49 of the treaty, which deals with it, does not talk about transition either.

So, if for accession to the EU based on Article 49 transition is possible, why should that not be the case for Article 50, when it is concerning an exit from the Union, and where you have also this wording, "arrangements for withdrawal"? We think that there is not a problem legally when it is time limited. That is also one of the reasons why I think you cannot say, "Oh, yes, and then we see how long it lasts". That is not possible because then it could no longer fall under Article 50. But it is not a topic here in the Parliament; it is only my personal opinion. I do not see that it will be challenged by the EP before the Court.

The Earl of Kinnoull: I must say that you would make a very good lawyer in terms of putting the case, but, to reiterate one more time, you do not think there would be a rogue element within the Parliament or a rogue country that might in some way cause a problem here.

Guy Verhofstadt MEP: I do not see it for the moment, but maybe I will have to rectify myself within a few months when something uses that route; but I do not see it, if it is time limited. That is, I think, the understanding of the legal services of the institutions.

The Earl of Kinnoull: That is very helpful.

The Chairman: Could we go on to phase 2 of the negotiations, which also brings in some of the time-limited issues?

Q6 **Lord Liddle:** The question that concerns me is what we will actually know about our future relationship with the EU at the point that Parliament makes its final decision on Brexit.

The Chairman: This is likely to be October.

Guy Verhofstadt MEP: October, yes.

Lord Liddle: The question is, what is known about the future? David Davis has come to our Committee and said that the Government still expect the substance of a trade agreement to be negotiated by March next year. What is your view about that? You have talked, rightly, about the political declaration attached to the withdrawal agreement. What do you envisage as being in that? Do you think that will give people like me, who really want to know whether we are buying—

Guy Verhofstadt MEP: What you are buying.

Lord Liddle: Buying a pig in a poke, as it were.

Guy Verhofstadt MEP: A pig in a poke in Dutch is a “kat in de zak”.

Lord Liddle: What is your vision for this declaration?

Guy Verhofstadt MEP: Our vision about this political declaration is that it is a political declaration and there is—I am describing now my feeling—inside this House, but also I think with the Council, the common understanding that it has to be as detailed as possible, because you do not want to buy a “kat in de zak”. However, the same is true for the European side, and certainly for the member states, who want to know and do not want to be confronted later on with problems when we are specifying all this. It is not a concern only from your side. It is a concern from both sides that this political declaration is sufficiently detailed so that everybody knows what we are talking about. We see that personally as an annexe of the withdrawal agreement, including the transition in the withdrawal agreement, and there is still discussion about it, because we like it as an annexe. Why? It is because then it makes part of the withdrawal agreement—

Lord Liddle: I am sorry to interrupt, but it is very different from the legal text of a trade treaty, is it not?

Guy Verhofstadt MEP: Yes, but if it is annexed to it, it is part of the agreement. What I am saying is, it is not neutral. The fact that it is annexed upgrades the value of the text. You formalise it.

The Chairman: It is a political commitment.

Guy Verhofstadt MEP: You formalise it as a part of the deal of the agreement. Then, on the content itself, that is exactly what we will describe in our new resolution—how we see it as Parliament. Parliament has always, from day one, said that the best way is an association agreement based on Article 217 of the treaty, especially foreseen for that in the treaty, and because it gives a lot of flexibility. It does not say something about the content. An association agreement is a framework agreement, and it gives us the possibility not only to talk about trade and to make a trade agreement, but to make an agreement about thematic co-operation, a chapter about internal security and home affairs, a chapter about external security and defence co-operation, and so on. That is the reason why Parliament from day one—it is already in the first resolution—has always mentioned Article 217.

I am saying that because, yesterday, the House of Commons Committee Mr Benn was here. There is no contradiction between an association agreement and the idea of a trade agreement, because the trade agreement will be one of the agreements of an association agreement. You will have another arrangement on internal security and external security—thematic co-operation.

Lord Liddle: For clarity, you envisage this declaration being in the withdrawal agreement, which will be available, let us say, in October/November this year.

Guy Verhofstadt MEP: And accepted.

The Chairman: And voted on by the European Parliament.

Lord Liddle: Voted on by the Parliament.

Guy Verhofstadt MEP: As an annexe, yes.

Lord Liddle: Mr Davis seems to think that, in parallel with this process, detailed negotiations on trade will be integral and continuing, and that we will know more by the end of March.

The Chairman: Of this year.

Guy Verhofstadt MEP: Which March do you mean?

Baroness Kennedy of The Shaws: Not of this year—of next year.

Lord Liddle: Of next year. By that time, we will know more about the shape of the economic relationship before we withdraw from the EU.

Guy Verhofstadt MEP: I am a little bit more ambitious than him, then, because I want to see it already in October in the political declaration. Then you take the transition period to make it more defined, but my feeling—I can only describe my feeling—and in the Council and the Parliament, is that everybody, as you do, expect that this declaration or political statement is detailed enough so that you can make your judgment and say, okay, that is what—

Lord Liddle: Can I come back in here? You are saying that Parliament does not want this to be a fudged text. It does not want this to be a—

Guy Verhofstadt MEP: A sort of—

Baroness Kennedy of The Shaws: That is our fear, you see, that it is not granular enough.

Guy Verhofstadt MEP: For Parliament, as for the Council, nobody wants to see a surprise afterwards; that we have a withdrawal; that it is based on the withdrawal agreement, on a transition, on a political declaration. The political declaration is a very general text, and then all the surprises come afterwards that nobody wants.

The Chairman: You would like to be as clear as you can by October, which is when you vote in the resolution; that is what you are effectively saying. Given that the whole process is quite short of time anyway, including an allowance for a transition period, will it be possible to carry on the detailed negotiations to develop that—as we would say, to flesh it out, to put flesh on the bones of that future relations agreement—between October of this year and March of next year, which is the formal date of withdrawal?

Guy Verhofstadt MEP: I do not see that as possible, no.

The Chairman: We will not be frozen by—

Guy Verhofstadt MEP: No. You can continue. So you have your declaration and you continue your process. Do not lose time because—

The Chairman: There is no time to lose.

Guy Verhofstadt MEP: Even the end of 2020 is already a short time period, but I do not think it is possible between October and March to produce all these legal texts.

Baroness Falkner of Margravine: From what I understood of our evidence from David Davis, I think he was proposing to us that you would present to the European Parliament that the agreement between the EU and the United Kingdom on the future relationship would be a sort of heads of agreement, as in a legal document agreeing the sectors and what they would aim to do in which sector; but to not have, for example, the detail of financial regulation and supervision defining the treaties in which it appears currently and the reasons why it will in the future. But I think he was indicating that we will have a heads of agreement by the spring of this year—March or April.

Guy Verhofstadt MEP: It could be. I cannot speak for Mr Davis. I can only say what—

Baroness Falkner of Margravine: No, but do you see that as realistic?

Guy Verhofstadt MEP: What I see as realistic is that, if we have in October the withdrawal agreement, and an agreement on the transition and on the political text describing the future relationship, it will already be a hell of a job.

The Chairman: That will wrap up the Article 50 agenda and then maybe we will look at Article 218.

Guy Verhofstadt MEP: Exactly, and then you continue your work. You do not have to stop and say, “Now we are going to wait for five months until March to continue”—no: you continue your work.

The Chairman: I think this is where it comes to.

Guy Verhofstadt MEP: I think so. I see it like that, but, okay, maybe Mr Davis sees it differently.

Lord Teverson: I personally still cannot see with a 21-month transition that it is not just a kicking-the-can-down-the-road period. I cannot see how you can get to a full association agreement that is operational by that time.

Guy Verhofstadt MEP: In 21 months, you say.

Q7 **Lord Teverson:** I was interested in your optimism, as expressed to Kishwer, my colleague here, about the country agreements that we were talking about over lunch—the example of the tariff rate quotas to the

WTO—and how they have been disputed immediately and strongly by some, particularly in the southern hemisphere and the United States, which maybe shows it might be different, but I welcome your optimism.

My own question is this. You have outlined the red lines of the UK Government, which in a way is a negotiating position, or a stated position, but do you feel that the UK is sufficiently clear about what it is asking for in that relationship, and how should it set about putting that right if you feel that it is not?

Guy Verhofstadt MEP: On the red lines, the clarity exists.

Lord Teverson: I congratulate the Government on their clarity. I disagree, but the clarity is there.

Guy Verhofstadt MEP: That is only describing red lines, naturally. It is not describing a future relationship. There is still a difference, I think, between red lines and a future relationship. Red lines make some future relationships impossible, but they are not describing a future relationship. More clarity on how they see the future relationship is absolutely needed. That is also our feeling. But, again, we repeat constantly that, in the interests of both sides—the UK and Europe—if these red lines were not there, there are better solutions than with the red lines. We are going to repeat that and we are going to continue to repeat that. If there was not the red line of the freedom of movement of people, EEA is possible; if there was not the red line to regain the competence to negotiate the trade deals, a customs union would be possible, and so on. That is certainly what we are going to repeat.

Then we hope, secondly—and that is your point—that we have more clarity on that future relationship.

Lord Teverson: How should the British Government do that, and how quickly should they do that?

Guy Verhofstadt MEP: I do not have to give them lessons on how to do that. We did it by putting on the table position papers.

Lord Teverson: You are a previous head of government and I was just thinking, if you were in that position, what you would do.

Guy Verhofstadt MEP: Okay, but I am from a more modest country—Belgium. I would do it by putting on the table a position paper. That is the way to do it: to say, “We think this”, or, “Our proposal is that”. It does not mean that you are going to achieve it with a position paper, but the position paper gives a position. That is the way to do it. That is the way also the Union, from day one, in each of these topics has done it. I am not against all the fantastic speeches that have been organised in the last months and in the coming weeks—that is fine—but, in the end, what counts in such a negotiation is a position paper from both sides put on the table.

Lord Teverson: Do you think you know what the British Government

actually want? Do you have a feeling of what they do want that is possible?

Guy Verhofstadt MEP: I will go there at the beginning of March and I hope to—

Baroness Kennedy of The Shaws: To find out.

Guy Verhofstadt MEP: Find out, or maybe not. There is another possibility: you are sitting here and I am coming there, and I start to put your questions about it. "Can you tell me what the position is of the British Government about A, B, C, D and E?" It is a long list, yes.

The Chairman: You come and tell us. I have one other question, which I think is substantial and we should be thinking about it, but, as we begin to draw towards a close, may I say that that has been most helpful? I can assure you that, if you ever have the time when you are in London, we would love to see you, if you can spare the time to pop round and see some or any of us. Helena, you have a quick point.

Q8 **Baroness Kennedy of The Shaws:** I have a very quick point. Do you think that Article 50 is revocable?

Guy Verhofstadt MEP: It is revocable but you will not be alone. There will also be the EU 27 who have to agree. Since you started Article 50, it is not a unilateral process any more. That is our firm opinion about it, from all institutions.

Q9 **The Chairman:** I think that is pretty clear. I have one final question. You have been immensely helpful to us and we will reflect on the perceptions very carefully. As I rather hinted, I think sometimes the European perspective on this is not as well understood in Britain as it perhaps should be.

Having said that, many of us—and not purely for reasons of agreeable international tourism—take quite a strong interest in international and European affairs, and are likely to do so. It is clear, not least from our discussion about the framework of future relations, that there will be future relations, and very essential ones, between the United Kingdom and the European Union of 27, or however many you become.

Do you have any perception of the principles you would like to see underpinning a future political relationship? A parliamentarian is a parliamentarian, for example. I am aware that there is EU machinery with Switzerland, Norway and Turkey, closely associated countries, as indeed there is also with the United States, less closely associated in the trade field. Is this something we should begin to give thought to—because I think we are beginning to ourselves—where we would need to discuss future developments with you? Do you have a perspective on that yet, or should we come back to that later?

Guy Verhofstadt MEP: We have such a format. We use EUSC [EU Speakers' Conference], . There are different ones, and I have a long list here. Certainly, from the Parliament side, we are very open to looking

into this. Certainly, a goal some of us have here in this House is in the future to clarify the Union, because it is not so easy to explain the Union. There is more than one Union, with the euro and Schengen, and then there are opt-ins, opt-outs, rebates and the possibility to be outside the policy of the Union if you are a member state, and nevertheless inside that policy if you are not a member state. You should do that on the other side of the Atlantic; you cannot even explain it there.

I always make jokes about that, saying, "Can you imagine that California is saying the dollar is a fine currency, but we stick to the Spanish peseta, like we did until the mid-1990s?" Everybody would say something is wrong there.

What we need to do in the future, in my opinion, is to ask, "Are you a member of the European Union?", and then you are participating in everything in a consistent way, or you are not a member and then the association, as foreseen in the treaty and as what we are saying on Article 217, is the format. Then you can organise the scrutiny around that with the national parliaments that are involved in this association. That should be explored, I think, in the near future—certainly when we go down that route.

Lord Liddle: Ukraine.

Guy Verhofstadt MEP: Not Ukraine. You are saying Ukraine because it is an association agreement, but it is not Ukraine. Why? It is because an association agreement would give you all flexibility. Ukraine is only an example. It is in my opinion not the example for you. On the contrary, there we are working to convergence, and here we are not working to convergence. That is the first difference.

The second difference is that Britain is not Ukraine, yes? I think so, and I think you have the same opinion as I do. An association agreement is only a format: it is not saying, "Yes, Ukraine". An association agreement is a bespoke partnership that can be very close or very broad, that can cover only trade or economics or can cover all fields. How you do it depends essentially on the two parties discussing it. I am sorry that I am intervening, but yesterday Mr Kinnock, who sits in the House of Commons on the Benn Committee, was here and he had the same reaction, saying, "Yes, you want us to accept Ukraine". I said, "No!" The association agreement for Ukraine is based, effectively, on Article 217, but that is a specific case for Ukraine; an association agreement can be completely different.

The Chairman: The phrase coming into my mind, borrowing Mr Davis's phrase about trade and Canada plus-plus-plus, is perhaps that we should be looking for an association that is Ukraine plus-plus-plus.

Guy Verhofstadt MEP: But an FTA plus-plus-plus can be the economic or trade chapter of an association agreement. There is nothing wrong with it. That is the way it works. There are many FTAs in association agreements today in the European Union.

The Chairman: As we reflect, may I do two things? One is to thank you very much. It has been a most helpful political exchange, and genuinely so, with some very valuable material. Secondly, can I express, on behalf of all of us, not only our thanks but a certain determination to ensure that a continuing relationship persists after this? I will come round and give you a farewell on behalf of the Committee.

Guy Verhofstadt MEP: Thank you.