Ursula von der Leyen: “We have to be very clear that Brexit is a matter of trade-offs and choices”

Following her recent lecture at LSE, the President of the European Commission, **Ursula von der Leyen***, took questions from LSE staff, students and members of the media on the Brexit process and the need for close relations to be maintained between the UK and the EU.*

Might it be possible to agree the outline of a deal (with the UK) in the time available, maybe covering goods, and then continue negotiating? Or, without a transition, must it be all or nothing by the end of the year?

The transition time is very, very tight. In my speech, I briefly touched on the topics we have to negotiate, but this was not even the whole list. It is basically impossible to negotiate all of what I have mentioned as well as the other dossiers that are there. Therefore, we will have to prioritise so long as we face that deadline of the end of 2020.

I can only recommend that we prioritise it in a way where we first of all tackle those topics where at the end of the year, when we’re running out of time, we will not have an international agreement or something to fall back on and where there would only be a hard exit, which would not be good for the UK or the European Union. The priorities will have to be sorted out. I am deeply convinced that when you consider all the fields involved, what we have to negotiate is huge. There are 9-10 months for negotiations at most because at the end the deal has to be ratified.

It’s not an all or nothing situation, but a question of the priorities we have to set. We have to work as hard as possible. I would prefer that we look at the whole picture during the summer – or before the summer starts would be better – because we might want to reconsider the timeframe before 1 July. But let us start first of all in February by sorting the fields involved and then going into the negotiations. As I have said, we are determined to work as hard as we can, but there are of course limits.

The notion of establishing a ‘Singapore on the Thames’ has been discussed in the UK. To what extent do you perceive this to be a threat to the interests of the European Union, and what are you prepared to do about it?

I would not recommend that we put labels on the situation at the end of the negotiations. It will be an EU-UK agreement. But I think we have to be very clear that Brexit is a matter of trade-offs and choices. Nothing will be as it was before, all will change, and we have to accept that fact. There is a difference between being a member state and not being a member state where access and ease is concerned.

Take the important field of financial services. Right now, a bank from one EU member state can operate in a different member state easily. This will change for the UK. It is over. The question is whether some equivalences can be reached for some sectors which will allow banks to operate in that way. But this would be a unilateral decision from the European Union. We have to go through a lot of topics to figure out how things will be at the very end. Of course, both sides have their strengths and weaknesses. Both sides have areas where they are better and areas where they are worse. But it is a matter of looking at the mutual interests that we have.

In the end, we want our economies to prosper, our citizens to have an easy life going back and forth, and we want science, research and universities to be open on the continent and in the UK. If this is the goal, we have to try to minimise as much as possible any deviation from the level playing field, and to negotiate as fast and as intensively as possible to have a smooth ongoing relationship because there are other challenges out there in the world that we have to tackle together.

How should the EU respond to the threat of citizen rights being watered down in the UK?

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The question of citizen rights is a pressing one. We have around 3.5 million EU citizens living in the United Kingdom and around 1.2-1.3 million British citizens living in the EU. The good news is that wherever you currently work and live, you can stay there under the same conditions for the rest of your life. You have absolute, clear status. In Europe, you have these rights in the member state that you live in. For example, if you are currently situated in Belgium, you will have the right to stay and work forever in Belgium for the rest of your life under the same conditions.

The bitter truth, though, is that the UK will become a third country after Brexit. And then we will have to negotiate. This applies to every subject I have mentioned. I am a true believer that we should have as many exchanges as possible between our citizens. But if, for example, the free movement of people is excluded from the deal between the UK and the EU, then there is a trade-off to that. Where we end up will be determined by the negotiations. The European Union is very open to this question and we are strong believers that both sides have benefited from the free movement not only of people, but of goods, services and capital, but those four principles go together. The coming weeks and months will give an indication of where we will end up.

The same goes for things like Erasmus and research projects. For example, if we have started a research project as 28 member states, we will finish this. Whatever we decided as 28 member states, we will finish as 28 member states. The status quo stays. But the future is a matter for the negotiations. This is why we must keep in mind that we have so many common interests. If we look around at the rest of the world, then you realise how much we share. We should be very, very careful within these negotiations to achieve the most possible for citizens and to establish a good partnership for the future.

What does the future of the UK-EU relationship look like when it comes to international disputes and issues like the US-China trade war?

There are questions of internal and external security – though, of course, both are linked. In terms of internal security, we have to talk about things like Europol and extradition. Where external security is concerned, the UK will be a third country. It can choose, if invited, to take part in missions and operations. We will have to negotiate about the other topics. For example, when it comes to taking part in projects in the European Defence Agency, there are clear rules for third countries and the UK will subject to these rules. Where the European Defence Union and the European Defence Fund are concerned, the EU is in the process of defining what the conditions are for third countries to join specific projects. The UK will fall under these rules.

If we look elsewhere across the world, we have enormous incentives on both sides to work as closely together as we can. For five years, I was the Defence Minister in Germany and I have seen our servicemen and servicewomen working on missions shoulder-to-shoulder. I have seen how they defend our values in what is a very complicated world. And I really think we must be clear-minded and far-sighted where threats and common interests are concerned, to build a security partnership that is unprecedented and that meets the purposes we’re all aiming at.

Where China is concerned, first of all I think it is important to state where we stand together. For me, it is always very clear in relation to the potential trade war between the United States and China, that we will never ever forget where we come from and on what side of the table – if I may put it that way – we are sitting. I am a strong believer in the transatlantic partnership, although we do have issues with the White House. But we are looking back at 70 years and more of a friendship built on millions of contacts in the cultural sector, in science, in business and on personal friendships. From that foundation, we can tackle these issues.

I think it is very important that with conflicts and trade, we always keep in mind who will benefit at the end. I would be very welcoming of sensible agreements that can be found with China. China is very assertive and far-reaching. I think we have to be very clear on topics where we disagree – very clear on that. We have to be very clear in the cyber domain, where we have a lot of worries.

But on the other hand, there are other topics where we have common ground. For example, the topic of climate change. China is now introducing an emissions trading system. It is coming to the European Union and asking for our experience from when we introduced the emissions trading system. This is good because in an ideal world when it comes to fighting climate change, we need a worldwide emissions trading system. If we get China to enter into that topic, it is good for us, it’s good for China, and it’s good for the planet. But as I said, you have to be very frank on other issues such as human rights and cyber security where we have huge differences.

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You have talked about the EU and the UK being like-minded allies in Nato. Given Emmanuel Macron’s recent comments, the situation in Turkey, and the recent military actions by the United States, do you think Nato remains a viable alliance? Will it contribute to the relationship between the EU and the UK or simply create more challenges?

I am deeply convinced that collective defence, Article 5 in Nato, will always be Nato. And this is a good thing. Nato is the strongest military alliance in the world. The European Union will never be a military alliance. It is much broader and substantially different. And it has completely different means and instruments.

We have, over the last three and a half years, started to build up the European Defence Union, which is complementary to Nato. We have followed the idea that as 27 member states, it is smart to be interoperable to a high degree, to procure together, and to develop and research together. It’s also in Nato’s interest because 22 of the EU’s member states are also members of Nato. But I see many fields beside collective defence, though this is a very important field, where the European Union is being called upon. Therefore, it has to get structures and procedures in place, as I have mentioned in terms of the European Defence Union.

But there is also the wide field of economic development, neighbourhood policies, and diplomacy – all of the topics that are needed not only to settle a conflict, but to win peace afterwards. I always think that we should never underestimate the importance of having dialogue and trusted relations. I know that during times in which there are tensions and conflicts, that is dominant. But at a certain point, in every conflict, you have to go back to talks. And then it is helpful to have established channels and trusted relations where you can start again to establish some kind of link to get out of a crisis and to work on increased peace and reconciliation within the region and beyond the region. I am a strong believer that Nato is important, but I am very much convinced that Nato also needs the European Union.

The above article is an edited transcript of a Q&A which took place following Ursula von der Leyen’s lecture at LSE on 8 January. The full event can be viewed here.

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Note: This article gives the views of the speaker, not the position of EUROPP – European Politics and Policy or the London School of Economics.

About the speaker

Ursula von der Leyen
Ursula von der Leyen is the President of the European Commission and formerly served as the German Minister of Family Affairs and Youth, the Minister of Labour and Social Affairs, and as Minister of Defence. She is an alumna of LSE.

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