

Barnier warning on Britain's transition demands

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The Brexit secretary, David Davis, has engaged in a war of words with the European Union's chief negotiator, Michel Barnier, over claims that agreement on a transition period had been thrown into doubt by unacceptable British demands.

Speaking in Brussels after the latest round of talks, Barnier said yesterday he had been left mystified by the positions taken by Downing Street in recent days. "To be quite frank, if these disagreements persist the transition is not a given," Barnier said.

His comments triggered a plunge in the value of the pound in an indication of the importance of a transition period in cushioning businesses from the effects of Brexit on 29 March next year. During the envisioned 21-month transition, the UK will effectively stay in the EU and under its laws but will lose its seat in its decision-making institutions.

Number 10 wants to treat EU citizens arriving in the UK during the transition period differently to those already living here. The UK is also seeking a right to object to the application of new EU laws, something fiercely opposed by member states.

Barnier said he was "surprised" by the UK's demands and suggested that, unless Downing Street gives way, the differences between the two parties could be insurmountable.

"When I met David Davis in London on Monday and once again in

Northern Ireland can remain in customs union, insists Brussels

Daniel Boffey *Brussels*
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Officials from the UK and EU are drawing up a plan to in effect keep Northern Ireland in the customs union and the single market after Brexit in order to avoid a hard border.

The opening of technical talks followed a warning from Brussels that keeping the province under EU laws was currently the only viable option for inclusion in its draft withdrawal agreement.

The development, first reported by the Guardian and later confirmed by the EU's chief negotiator, Michel Barnier, triggered an immediate response from Scotland's first minister, Nicola Sturgeon. She tweeted: "If NI stays in single market, the case for Scotland also doing so is not just an academic 'us too' argument - it becomes a practical necessity."

Of other solutions to avoiding a hard border left open in a joint report before Christmas, Barnier said yesterday that a trade deal would not avoid the need for infrastructure, while the UK had not offered any "specific solutions" to solve the problem.

British officials negotiating in Brussels had been told by their counterparts on Tuesday that while full alignment for Northern Ireland with EU laws would be the only option included in the withdrawal treaty, there could be a "sunset clause" included in the legally binding text, which is expected to be published in around two weeks.

Such a legal device would make the text on Northern Ireland null and void at a future date should an unexpectedly generous free trade deal or a hitherto unimagined technological solution emerge that could be as effective as the status quo in avoiding the need for border infrastructure.



▲ Michel Barnier speaks to the press after yesterday's negotiating round. David Davis did not join him

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negotiations in Brussels this week, the UK insisted that we should reach an agreement in March on this transition period," Barnier said. "At the same time, however, our partners set out a certain number of disagreements which I regard as substantial ... I don't understand some of the positions of the UK. If these disagreements persist, there will undoubtedly be a problem."

Davis, who did not join Barnier for the usual joint press conference at the end of a negotiating round, later told broadcasters that there was a "fundamental contradiction" in the EU's approach. "Given the intense work that has taken place this week it is surprising to hear that Michel Barnier is unclear on the UK's position in relation to the implementation period."

The Brexit secretary acknowledged

that "for any such period to work both sides will need a way to resolve disputes in the unlikely event that they occur ... But there is a fundamental contradiction in the approach the [European] commission is taking."

With reference to a clause in the EU's terms for the transition period that allows Brussels to sanction the UK for infringing EU law, Davis added: "Today they acknowledged that a way to resolve disputes and infringements is needed. Yet at the same time they dismissed the UK's push for reasonable safeguards to ensure our interests are protected. It is not possible to have it both ways."

The shadow Brexit secretary, Keir Starmer, described Barnier's comments as a "wake-up call".

Stephen Jones, chief executive of UK Finance, the lobby group for the financial services sector, said: "It is urgent and crucial for businesses that a definitive transition period is agreed by the UK and EU governments

ahead of the March European council meeting."

As pressure also grows on Theresa May to find agreement in the cabinet on a vision for a future trading relationship with the EU, Barnier claimed that a presentation on the issue had been cancelled by the British government yesterday morning due to what he described as "diary constraints on the UK side".

Government sources denied it had been cancelled and insisted a discussion had taken place later yesterday afternoon.

Barnier said there was no possibility of a trade deal that could avoid barriers to trade, and that the UK had not yet offered any "specific solutions" to avoid a hard border. Regulatory alignment between the EU and Northern Ireland had been accepted by the UK as the default position, he suggested.

"We are working with the UK on this full alignment. We will be working on those matters in the next few weeks."

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