

Hon. Laurent Fabius on ‘Europe and the International Order Post-Brexit’

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Minister of Foreign Affairs, Honourable ministers and members of Parliament, Ambassadors, Excellencies, Honourable guests, Ladies and Gentlemen.

International events are never simple to forecast, but today it is a particularly challenging exercise. The very day when Chinese President Xi Jinping receives a standing ovation in Davos, the new American president is criticized all around the world for his positions. Meanwhile, throughout Europe, which is a traditionally moderate and strong supporter of human values, extreme right parties might take the lead in many polls. In Colombia, a long-awaited agreement putting an end to a fifty-year civil war, awarded by a Peace Nobel Prize, is turned down by a referendum. All over the planet, autocrats and populists take the lead. And last June, in the United Kingdom, the Brexit won, in spite of opposite stands by most rational elites. In this changing and often paradoxical context, it would not be wise to take for granted, precisely, the international consequences of Brexit. But I am pleased to share with you more modestly some thoughts, highly debatable about Europe after Brexit.

First of all, I want to underline how much I am delighted to be here today to speak to you in Colombo. I would like to thank the Minister of Foreign Affairs, Minister Mangala, for his kind invitation and for his warm welcome. We met a few months ago when I was the French Minister of Foreign Affairs and the President of COP 21. Minister, allow me to take this opportunity to tell you how much I appreciate your commitment to the global action against climate change. Your country’s support was very important in reaching the Paris Agreement in December 2015, which Sri Lanka was one of the first signatories. I commend the efforts of your country in furthering this great cause, the preservation of our planet, and also for the ambitious goals you have set for renewable energy.

Our two countries, Sri Lanka and France, enjoy a solid friendship, but we do not have as many opportunities to visit each other as we should. So, when I was invited to come to your capital in order to meet with Sri Lankan leaders and address you, I was happy to accept. What I have seen here is positive and impressive.

After four years at the head of the French diplomacy, from May 2012 to February 2016, I am now president of the Constitutional Council of the French Republic. This institution is mainly in charge of ensuring that our legislation complies with our Constitution, especially with regard to rights and freedoms guaranteed thereby. We are also responsible for monitoring national elections – which will take up a fair share of our time this year, when we shall soon hold presidential and parliamentary elections in France.

Ladies and gentlemen, I have been asked to tackle an issue that is not particularly easy: what will become of Europe after Brexit? I am not sure that I can provide a definitive answer, but I can share a few considerations with you. I hope that they will shed some light on the current situation across the European continent. As you know, the European Union is an original and ambitious model of political construction. The idea of federating peoples of Europe progressively became a reality in the years following World War II, in order – if I were to sum up the main objective – to use economic cooperation to guarantee peace. In a few weeks, we will celebrate the sixtieth anniversary of the founding act of the European Union: in 1957, the Rome Treaty established the European Economic Community – the term ‘European Union’ did not come into use until 1992. Originally, this Community included six founding Member States: France, Germany, Italy and “Benelux” – that is to say Belgium, Netherlands and Luxembourg. The Union grew over time, through several enlargements – in particular in 1973 when it has been joined by the UK and in 2004 with the arrival of ten Member States from central and eastern Europe formerly part of the Soviet Bloc. The European Union is today made up of 28 States – and 27 once the UK will have effectively withdrawn. As a 510 million people community, the Union represents “Unity in diversity”, in the words of our motto.

Our European Union is built on a rather complex institutional system that has no equivalent elsewhere, intertwining national and supranational dimensions. The ‘European Council’ brings together heads of State or Government, who provide political guidelines on a regular basis. The ‘European Commission’, independent from Member States, acts as an executive body and a guardian of the treaties. Legislative powers are shared by the European Parliament, elected by direct universal vote, and by the ‘Council of the European Union’, which brings together ministers from Member States. Lastly, the Court of Justice of the European Union, in Luxembourg, ensures the application of European law.

The distance travelled in 60 years is remarkable. The European Union is recognized as an area of law, democracy, liberty and respect of fundamental values. It made a strong single market possible, centered on four fundamental freedoms – the free movement of people, goods, services and capitals. A common currency was created – the euro, shared by 18 of the 28 Member States –, as well as integrated policies in fields such as agriculture, trade, energy, environment and sectors including transportation, digital technology, higher education and research. All in all, the EU

represents nearly one-quarter of world growth and is one of the three largest international trading blocks, alongside the United States and China.

And yet, these successes have run parallel to significant difficulties and questions. Within the Union, there has been a growing disappointment and among the people. On the one hand, many European citizens consider – rightly so – that Europe is the best scale for meeting the great challenges of our times – the economy, diplomacy, the fight against terrorism, policies on migration, action against pollution –, but they also feel that European actions are not sufficiently effective. ‘Euroscepticism’ is often not so much a rejection of the principle of Europe as mistrust of the Union’s capacity for concrete action. Why?

1/ The first explanation is the economic and social European situation. Certainly, the different Member States have had different results, and overall the EU remains a world’s leading economic player; but average growth in the Union is below the ones of other major economic zones. General opinion holds that the future of the world lies not mainly in Europe, but will be played out elsewhere, in Asia-Pacific, Africa or North America. Yet here in Sri Lanka, as in many other parts of Asia, Europe remains as a matter of fact a leading economic partner. Brexit will not change that. Europe absorbs nearly one-third of your exports and remains one of the major sources of financing for your infrastructures. With the lifting of the embargo on fishery products last year, and this year’s elimination of the last tariffs on textiles, in the framework of the Generalised Scheme of Preferences, GSP+, the European Union will consolidate its major place as your commercial partner in the years to come.

2/ A second explanation for this European disillusion is that most national governments not only find it difficult to communicate on European achievements, but they are quick to blame Europe for decisions and situations for which they are responsible themselves. The same is probably true here, in Sri Lanka. How many people know that Europe has disbursed – mostly in the form of grants – nearly 800 million euro over the past decade, for a wide variety of development projects, and that we are now preparing to allocate more than 250 million for new projects by 2020? And these are only European projects, to which one must add Member States projects. Just to mention France’s example, 160 million euro have been mobilized for bridges construction, water distribution and hospitals, within the framework of the reconstruction programmes following the tsunami in 2004.

3/ Another factor in this European feeling of disappointment is related to the impression that while Europe plays an ever-greater role in the lives of European citizens and business, European people have less and less leverage over European decisions that concern them. The institutional tangle contributes to this lack of clear vision, an impression of distance or even powerlessness.

4/ Finally, the number of Member States and the Union's geographic limits also appear at least uncertain. As of today, there are 28 Member States, 27 after Brexit. But in the future, what about the Balkans? And what role for instance for Turkey? At a time when a new wave of doubt on the European identity has surged forward, people may feel swamped by questions concerning our borders, migration and security. These various demands have played a role in the success of Brexit and do exist in other European countries.

Yet, in the last few years, undeniable European progress has been made. European economic policy has shifted considerably: until recently, the main goal was budgetary consolidation, now the issues of growth and investment have become top priorities. Interventions of the European Central Bank, implementation of the ambitious 'Juncker Plan' for investments (315 billion euro), the achievement of our 'Banking Union' for better regulation of finance: all these measures have been positive. Europe has also been capable of taking action, though insufficiently, against major crises such as the fight against terrorism, the Greek crisis, massive flows of migrants, and the conflict in Ukraine.

This context was the background for the British referendum in June 2016, when nearly 52% of voters expressed their wish to leave the European Union.

The success of Brexit surprised a lot of people. It did not surprise me. I remember a chat with the former ambassador of the United Kingdom to France, just before the referendum on Brexit took place. I asked him what he was expecting and why, and he listed the arguments in favour of the 'remain': 'Great Britain draws many advantages – economic in particular – from membership in the EU', he said. And it was right. 'Prime Minister Cameron has already obtained significant concessions through negotiations with the Union'. But I was not convinced that the 'remain' would win. For one thing, it is not an easy task for a government to win a referendum. For another, most of British governments have been criticizing Europe non-stop for decades, so that it was difficult to ask voters to 'remain'. In addition, the sensitive debate on immigration took centre stage.

Unfortunately, my own prediction was confirmed in June 2016. I say 'unfortunately' because Brexit leaves several victims in its wake: not only Great Britain, but also, as I see it, other Member States and even the European Union itself. This is a lose-lose situation.

First of all, Brexit opens an historic breach in the European construction. While constant progress has been the rule up to now, the UK's exit is a step back, and may open the path to other forms of divisions and dispersion.

Furthermore, Brexit could mark the beginning of a destabilising period of uncertainty for the UK, and also for the European Union itself. In order to legally withdraw from the Union, the United Kingdom must formally trigger Article 50 of the Lisbon treaty, which provides a mechanism for voluntary withdrawal of a Member State. The UK will put Article 50 into effect before the end of March. In accordance with the UK Supreme Court's decision, the House of Commons recently

gave its authorization. A final vote is to be expected from the House of Lords later this month to give Brexit a parliamentary approval. Withdrawal negotiations, which will define the new terms of cooperation between UK and the European Union, will be probably long and complex. Prime Minister Theresa May announced that UK would leave the single market, but there is not yet a clarification on what precise rules might be set up particularly with regard to customs policies, border control, residency rights or measures covering workers from EU countries yet and, to a certain extent, British relationship with European countries. This uncertainty is damaging, especially for the economic sector, which requires predictability and legal safeguards.

Brexit could also somewhat jeopardize the unity within the United Kingdom. Among the 12 objectives outlined in the Brexit White Paper Prime Minister May issued in February, she included 'strengthening the Union', referring to the union formed by England, Scotland, Wales and Northern Ireland. However, concerning signals occurred. As for Scotland, a previous referendum organised in 2014 already shed light on pre-existing divisions, even if the choice of remaining in the UK won. While the UK, as a whole, voted Brexit with a 52% majority in June 2016, Scotland voted 'remain' by 62%. So did Northern Ireland, by 56%. Furthermore, after the UK's Supreme Court ruled that no permission was legally required from Scotland, Wales and Northern Ireland to trigger Article 50, Prime Minister Sturgeon, from Scottish National Party, brandished once again the threat of organising a new inner referendum to reaffirm Scotland's attachment to the European Union. As for Northern Ireland, where any change in neighbourly relations with the Republic of Ireland could bring back painful memories, a few questions have been raised about the prospect of the suspension of the EU borders policy that will proceed from Brexit. The main element of certainty is that London will go in tough negotiations not only with the European Union but also within the United Kingdom.

Brexit may also bring some changes to the international balance. We don't know if the United Kingdom will continue to participate in European Union field operations, such as the fight against terrorism in the Sahel, or against migrants smuggling in the Mediterranean. In his new geopolitical situation, United Kingdom may somewhat modify its positions, both toward NATO and the United Nations Security Council, where UK is a permanent member. The country will probably strengthen its ties with the United States – as the recent visit of Mrs. May to the United States suggests: she was the first foreign representative to meet with President Trump. Furthermore, the relative weight of the EU in major groups such as the G8 and the G20 may be weakened by Britain's departure. As for its historical partners within the Commonwealth, which you are part of, contradictory remarks have been made. Some say, and it was an argument developed by Brexiters, that the links with UK will be reinforced by Brexit. Others say that a weaker UK is not good for these links, that a UK opposed to Europeans' immigration will probably be opposed more generally to any immigration and that a non-EU UK will be less attractive for Commonwealth members.

This gives a quick hint of some challenges raised by the British people's decision last June. However, much will depend on the precise conditions of Great Britain's exit from the EU, which will be negotiated next. There are at least three basic scenarios that may play out.

1/ The first has been called "soft Brexit". Leaving the single market would not mean cut off all access to the European market. The UK could negotiate an association agreement with the Union. This would require a specific customs agreement promoting free trade with European partners, and the applicable law would be similar to what it is today. Norway and Switzerland already have this type of association agreement, with specific measures negotiated on a case-by-case basis. Yet, many European heads of State are calling for a firm hand in negotiations, insisting that 'Brexit means Brexit' – in other words, the UK cannot have one foot in the Union and one foot out, benefitting from certain advantages while rejecting constraints or mechanisms of solidarity. Therefore, we can expect the UK will find its position less comfortable and even less attractive after Brexit. Even a 'soft Brexit' would mean for UK a likely reduction of trade, investment and labour-related immigration.

2/ A second scenario would be a 'hard Brexit'. Prime Minister May supports this choice. This would be the case if the British were to totally break from the European Union rule of law. The legal vacuum thus created would have to be countered by the adoption of new national legislation in many different sectors. Trade and investment by major international groups would probably slow down because, in particular, the financial passport which enables banks established in UK to work freely throughout EU will disappear. The British Chancellor of the Exchequer has said that if differences with the Union were wider than expected, the UK might implement aggressively competitive tax strategies targeting its neighbours. In the event of confrontation, the European Union will react and it has room for manoeuvre, notably because of its far more numerous citizens.

3/ A third scenario would be an 'uncertain Brexit'. Far from being united, the 27 European member states would go into different and contradictory directions. UK and maybe the US would encourage these differences, hoping that they would take advantage of them. This scenario would weaken the EU, but my opinion is that it will not strengthen UK.

Ladies and Gentlemen,

As I explained, the consequences of Brexit will be complex and Brexit may be a source of negative effects and uncertainty for Europe. The only advantage is that it could oblige the European Union – at least I hope it will – to clarify its own strategy, its operations and its identity. My guess is that this is an opportunity to define the face of the Europe of the future.

After having promoted peace, built the single market, and reunified the continent, a new period is indeed unfolding for Europe. We face more challenges. The challenge of numbers: how can we build a coherent Union with 27 countries? The challenge of power: faced with the United States, China, India, and the so-called Continent States, how can we build a stronger political union, with

common economic governance, diplomacy and defence systems? Lastly, the challenge of solidarity: how can we build our Union to foster employment, social progress, culture, research and innovation, sustainable development? You might say, how can we move towards a more complete, better Europe? Among the indispensable clarifications required, the structure of Europe must be specified. This is all the more necessary as the question of migration and security, thus of borders, has grown urgent. The lack of clarity in these areas explains some of the disillusion felt by the people of Europe. For my part, like other French leaders such as François Mitterrand and Jacques Delors, I have advocated for a long time the proposal for a ‘Three circles Europe’, and more and more leaders are joining this vision.

After the two World Wars, Europe was built on a promise of peace and democracy. Then, through successive enlargements, the European Union grew stronger through shared principles and democratic values that gave it a certain force of attraction and an identity. Today, many Member States no longer seem able to reach into the original sources of European construction and pull out sufficient energy to define their common actions. And yet, our belief is that the union remains indispensable to the well-being of the people of Europe, to their economic development and their capacity for a peaceful action in the world.

This gap between, on the one hand, the ‘need for Europe’ and, on the other hand, the ‘disappointment with Europe’ must be resolved, because it is a threat to the European continent. Europe must both preserve and build. Preserve its values and achievements, the most important of which are European law and the single market; build, not only in the economic and social sphere, but in all priority fields as today’s upheavals require from us – I am thinking especially of migrations and security. The roadmap to reach these objectives could be as follows: Europe must agree on some shared priorities for horizon 2030 and bring together partners who are willing to move forward together. It is a matter of a differentiated Europe, in which the most willing States will be able to advance at the same pace, without obstacles from those who are not ready for greater integration, and without jeopardizing the project by unreasonable enlargement. This brings to the project of a Europe of three circles, which will be more and more discussed this year through the elections in Germany and France.

1/ In this scheme, the first circle should unite countries that are willing to move quickly to deepen their economic and social integration. These countries should be determined to manage their economies together and to plan for institutional, financial and legal means to do so. This first circle is also where diplomatic and military, cultural and scientific initiatives begin. It should be open to all member States who are ready to engage in the shared sovereignty and joint efforts that this change requires. The heart of the first circle will include France and Germany. No decisive action can take place without the commitment of this couple. Beyond national differences and the events of political life, both France and Germany hold an historic responsibility, and with the European Union they carry the weight and diversity of influences necessary to move forward. This is why

Europe needs close cooperation between France and Germany, which both have elections this year – in particular in the economic field and in matter of defence, because the European Union can and must become a larger actor on these levels on the international scene.

2/ A second circle would bring together all 27 member States. Some of these countries, over time, may indeed integrate the first circle. It would be wrong to force them to do so now, both because they are not ready today for the first circle, and because the circle itself would be held back from action.

3/ The third circle will be made up of those very States that are geographically close to Europe but not aimed, in a foreseeable future, at being members of the European Union. The Union cannot expand infinitely. This approach will make it possible to establish reasonable relations with the Union's neighbours, countries that will not be seeking membership in the short term. The Union will have privileged agreements with them, given their proximity. This approach will enable us to open new options and to put an end to the binary choice of full membership in the European Union or third-party status. This third circle could, in the end, be opened to some countries currently involved in the membership process – such as Turkey –, which would find advantages in a privileged relation with the European Union, without going as far as full membership.

Despite difficulties that ought not to be underestimated, presenting Europe as three circles could be quite advantageous with regard to populations. With these three circles, Europeans themselves will have a better understanding of the architecture of Europe and where exactly their own country fits into the overall project. This presentation could be also useful if one is to implement a genuine security policy within and outside of Europe. For instance, we can only control migration if we are certain of the Union's borders and the obligations of each State. Building a defence policy, which in no way contradicts NATO operations, also implies that each country has a clear position.

The three-circle architecture would be also easier to understand for those outside of Europe. I have often been struck by the problems European behaviour creates for example in our relations with China. China is in favour of European affirmation, which corresponds to its desire for a balanced multi-polar world. When Europe cuts off part of its own territory, when it hesitates whether or not to keep a Member State in the eurozone, when it has difficulties to manage control of its own borders, appears weak in the eyes of both its citizens and its foreign partners. It is clear that European Union should avoid showing weakness to his own supporters. Europe of three circles enables effective actions.

Another possible scheme which makes sense not far from this three circles Europe is a differentiated Europe, where different groups of countries would be built according to the different competences, through mechanisms of “enforced cooperations”. It is an interesting scheme, though

rather complex. Anyway, there is room and necessity for a major shift in our European countries and Brexit makes decisions necessary.

I would like to conclude by some quick remarks about the relations between the European Union and Sri Lanka. As I said earlier, Europe is Sri Lanka's largest trading partner and one of its leading sources of financing for infrastructures, especially if you take account of funds provided by the European Union itself, European States individually and the proportionate shares that European States contribute to multilateral banks. Beyond trade, there is also a political dialogue that, slowly but surely, has been established since the end of the war and the constitution of your government of national unity after the 2015 elections. Naturally, this political dialogue is all the more rich and rewarding when it is based on shared values, democracy, respect for human rights, and good governance – all of which are at the very heart of your government's program today, as I have seen since arriving here.

Will Brexit change all that? I believe Europe will remain unsurpassed with regard to keeping our borders open to products from Sri Lanka, because the tariffs are more or less taken equal to zero for most categories, after the renewal of the GSP+, as I mentioned. This preferential system is not fully in place, since the European Parliament must give approval by mid-May. The European Commission recommended it. We have reason to believe it will be adopted. I am convinced that Europe will remain a privileged source for financing infrastructures and general economic development in your country, in accordance with your institutions and their instruments. This support will mostly be provided in the form of grants, or contributions also from individual Member States. With regard to political dialogue, it is necessary that long-term friends speak frankly and friendly to each other and provide mutual assistance. Sri Lanka suffered through many years of civil war. Europe as well. We got rid of this trauma. We must help you rise up from that trauma, in whatever ways you find useful, at your own pace and in the respect of our commonly shared values.

Ladies and Gentlemen, here were a few modest considerations on this 'post-Brexit Europe', although with still a lot of uncertainty. Brexit will change a lot of things. But I am sure it will not weaken the necessity for a close and friendly relationship between EU and Sri Lanka, which is carrying out important and positive reforms. I am now ready to answer any questions you may have.