

Committees: Public Relations and Economic Development Sub (Policy and Resources) Committee	Dates: 6 October 2016
Subject: Engagement with EU Policymakers	Public
Report of: Director of Economic Development	For Information
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Summary

The report provides Members with an update on the City of London Corporation's engagement with EU policymakers (at both Member State and EU level) since the last meeting of the Public Relations and Economic Development Sub-Committee. Jeremy Browne has visited 25 EU countries this year on behalf of the City Corporation.

Recommendation

- Members are asked to note the report.

Netherlands (5-6 July 2016)

1. The Dutch like the British and feel let down by Brexit. They are instinctively economically pragmatic but they are founding members of the EU and wish to protect it from the risk of disintegration. They are a 'swing state' in the negotiations: they are currently inflexible about de-coupling single market access from freedom of movement. But they will want to be mature and rational in negotiations and find a satisfactory resolution. They are not in the camp that yearns to 'punish' Britain as they are keen to ensure a long-term relationship with the UK. The UK as a global financial centre is viewed in a positive light, with an understanding that the dispersal of its financial services activities across the EU would not be beneficial to Capital Markets Union.

Czech Republic (13-14 July 2016)

2. The Czechs share the UK's pro-market, pro-trade, anti-federalism approach and were therefore dismayed by Brexit, but have adopted a pragmatic outlook. They are keen to retain close relations with the UK post Brexit, and would be concerned if the EU were to become more integrated and protectionist. They may need to re-assess their position outside the Eurozone when the UK leaves the EU. There are relatively few Czech nationals living in the UK so freedom of movement is less of an issue for them, compared to other EU Member States.

Slovakia (7-9 September 2016)

3. The current holder of the EU Presidency, Slovakia, is one of the countries (along with Czech Republic, Poland and Hungary) which favours a "win-win" outcome to the Brexit negotiations. It has a limited enthusiasm for grand EU integrationist visions. It is more supportive of a looser EU which can better accommodate the

diverse requirements of the different Member States. Many of the political and business elites are well disposed towards free markets and free trade. It has a positive attitude towards the UK and a sympathetic view of the factors that led the British people to vote to leave the EU.

Poland and Hungary (12-14 September 2016)

4. As mentioned above, both Poland and Hungary favour a “win-win” outcome to the negotiations. Neither is strongly supportive of a more integrationist EU. However in the case of Hungary, its approach to inter-EU diplomacy may mean its support for the UK could be a mixed blessing and may have limited impact amongst other EU Member States. Both countries are sympathetic to Britain’s outlook but there are two key areas where we differ: freedom of movement of people and budget contributions. Warsaw has realistic expectations of what it could hope to achieve if jobs were to leave London, seeing itself as a location for back and middle office functions, as well as a central/eastern mini-hub.

Brussels activity

5. The City Office in Brussels hosted a roundtable event on trade at which David Martin MEP (Socialists & Democrats, UK) spoke about the future relationship between the UK and the EU. We were also joined by Veda Poon, Kris Camponi and Sophia Harrington of UK Permanent Representation to the EU. Citi, the Confederation of British Industry, Kreab and Parliamentary assistants were also in attendance.

The discussion centred on possible trade models (so-called 'off-the-shelf' and bespoke) that could exist in future between the UK and the EU. Further, future UK trade deals with non-EU countries were also discussed. One idea raised was the possibility of the UK retaining access to EU trade deals already struck with countries, such as Korea, given that the UK was an EU Member State at the time of agreement.

Mark Hoban meetings in Brussels

6. In July COIB organised a series of meetings for Mark Hoban in his capacity of chairman of the IRSG. The aim was to gauge the reaction to the result of the referendum and its implications for the City’s engagement. Meetings were held with MEPs, Gunnar Hökmark (Swedish EPP), Kay Swinburne and Vicky Ford (UK ECR). On the official side there were meetings with Anthony Teasdale, Director-General of the European Parliament’s Research Services, and with John Watson, Commission Representative on COREPER. Hoban met with Georg Huber, Head EU Representative Office for the German Savings Banks who was able to give an initial view of the political reaction in Germany, and with Judith Hardt of the Swiss Financial Council, who gave a first hand account of the challenges facing a third country in negotiations with the EU. Finally there was a meeting with the Irish Perm Rep to discuss the bilateral issues emerging from Brexit.

Jeremy Browne inward visit

7. The City Office in Brussels facilitated an inward visit of Jeremy Browne in August. The programme contained meetings with Pieter-Jan Van Steenkiste (financial counsellor at the Belgian Finance Ministry), Esther de Lange MEP (EPP, Netherlands), Andreas Schwab MEP (EPP, Germany) and Sir Ivan Rogers (UK Permanent Representative to the EU), accompanied by Peter Curwen and Veda Poon. Jeremy Browne and Mike Vercocke also addressed a delegation of Northern Ireland Assembly Members from the Ulster Unionist Party (UUP).
8. The conversations that took place centred on the UK referendum, events that have taken place since, and ways in which both the UK and EU can proceed with negotiations. Van Steenkiste discussed financial services and the regulatory issues posed by Brexit, as well as EU budget contributions. The MEPs and UUP politicians were interested in the City position on Brexit and also on how it might affect other parts of the EU (the border between Northern Ireland and the Republic of Ireland in the UUP's particular case).
9. During the meeting at the UK Representation to the EU, Sir Ivan Rogers confirmed that he had held meetings in London with the PM and ministers – UK officials have been told to consider all options from a soft to a hard Brexit. Rogers thought the high level plan would be ready in October but much more technical work would be required in the medium term.

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Appendices

- **Non Public Appendix A** – List of key people engaged with since July 2016
- **Non Public Appendix B** – Copies of the individual visit reports