

Ministerial Statement
To the House of Assembly

BY

The Hon Michael H. Dunkley JP, MP
Premier

EU Referendum – UK Withdrawal from the European Union

Friday, 15th July 2016

Mr Speaker,

I rise today to update this House on the Government's engagement regarding the UK's Withdrawal from the European Union, and in so doing wish to extend on behalf of the Government and people of Bermuda congratulations to the Rt Hon Theresa May, MP who has recently been appointed by Her Majesty the Queen to serve as the Prime Minister of the United Kingdom.

We have established strong links and partnerships with the UK Government, which we will continue to develop with the new UK Government. On behalf of the Government and people of Bermuda I have written to the new Prime Minister to offer our congratulations and to outline Bermuda's significant economic contribution to the UK.

Mr Speaker,

The Prime Minister has indicated that she will respect the wishes of the UK voters and will proceed to withdraw the UK from the European Union. This will not be completed quickly and there remains much to be understood in this regard. In consideration of the potential impact of the UK decision on Bermuda, the Government has held discussions with officials within the UK Government and also among key officials within the Bermuda Government. I can inform this House that a great deal of uncertainty remains within the UK with regard to the implications of and process for the UK's withdrawal from the EU. Prime Minister Theresa May

will have responsibility for activating Article 50 of the European Union Treaties, triggering the steps required for the UK to formally sever its membership in the EU. Until the date of entry into force of the withdrawal agreement, the UK remains a member of the European Council, and as such the relevant EU law continues to apply to and within the UK.

The European Council met on 28th – 29th June and agreed under the legal basis of Article 50 of the *Treaty of the European Union* that once notification has been received from the UK, the European Council will adopt guidelines for the negotiations of an agreement with the UK. The Council has already determined that *'Any agreement, which will be concluded with the UK as a third country, will have to be based on a balance of rights and obligations. Access to the Single Market requires acceptance of all four freedoms.'* If no agreement is reached within two years of the UK activating Article 50, the UK would leave the EU without any new agreement being in place.

Mr Speaker,

The Overseas Territories Department within the Foreign Office has already actively engaged the Europe Directorate to immediately identify the issues as it relates to Overseas Territories. A new EU Unit has been established within the UK Cabinet Office that will oversee the negotiations for the UK to leave the EU and the subsequent relationship of the Foreign and Commonwealth Office to the EU. Our team alongside other Overseas Territories and the Foreign Office has already identified priority complex issues to be forwarded to the EU unit within the UK Cabinet Office.

Mr Speaker,

The details of UK's plans to manage its consultation and negotiation process remain unclear at this stage. However we are preparing alongside the Foreign office to ensure that priorities relating to the Overseas Territories are streamed within the negotiation structure. We will of course be keenly interested in the impact on any existing Treaties in which Bermuda has an interest, particularly those covered by the Overseas Association Decision, and also on the impact of the free access across Europe by most Bermudians under the Schengen Agreement.

Mr Speaker,

The legal position is clear: the UK remains a member of the EU and the full range of rights and obligations afforded under the Treaties still apply. This will remain the case until the conclusion of the exit negotiations.

Mr Speaker,

Next week I will be travelling to the Turks and Caicos Islands to join my fellow Premiers and Chief Ministers in dialogue at the Pre-Joint Ministerial Council. I will be accompanied by the Cabinet Secretary, Dr Derrick Binns and our UK Representative Ms Kimberley Durrant who acts as Bermuda's Sherpa in the Joint Ministerial Council.

Our discussions will focus on our relationship with the European Union, in view of BREXIT. It is a priority that we assess the future of Overseas Territories within the EU and our collective priorities within UK negotiations. Among the many topics to be discussed, we will focus on the global tax and transparency agenda attached to our financial services industry, Child Safeguarding and Sustainable Economic Development. I will have an opportunity to lead the discussion on the latter topic.

These discussions are prudent and timely, as we prepare to engage with new UK Ministers across Whitehall.

Thank you Mr Speaker.