

# [Brexit report: social and economic impact on cities, regions and businesses](#)

The European Committee of the Regions (CoR) published a report today in Brussels detailing the consequences of Brexit on trade and the economy in the EU27 regions and cities. Based heavily on data gathered from a joint survey with EUROCHAMBRES, the report reveals a lack of awareness, information and preparation and recommends greater flexibility in state aid rules and inter-regional cooperation.

A year ahead of the scheduled departure of the UK from the EU, uncertainty surrounding the nature of the future EU27-UK relationship complicates the process of adjustment for many EU regions. This uncertainty which was also not eased out by the [latest transition deal](#) is compounded in many cases by a lack of analysis of the likely impact on local economies. In turn, this restricts local and regional authorities' capacity to formulate strategies to address the adverse effects of the UK leaving the EU on their economies.

*"The results of both this report and the CoR's territorial impact assessment show that there will be no winner from Brexit and that Europe's local and regional authorities already know it. After the UK, Irish regions will be the most economically and socially impacted by Brexit because of their close relations and direct border with the UK. However, regions in Germany, the Netherlands, Belgium, France, Italy and Spain also anticipate a severe impact. Whilst still difficult to assess the precise consequences for each European region or city, it is already possible and necessary to take action at European level to counter negative impacts and soften the blow",* said **Michael Murphy**, Head of the Irish delegation in the CoR and member of Ireland's Tipperary County Council.

The CoR and EUROCHAMBRES conducted a survey of regional and city authorities and chambers of commerce to feed into a process of analysing and debating the exposure of EU27 regions and cities to Brexit. This resulted in the report presented at a joint briefing in Brussels today ([read the full report here](#)), summarising the expected economic and social effects and the impact on public administrations, and setting out conclusions and recommendations.

*"The survey results show that chambers sense a greater exposure to the effects of Brexit. This is not surprising given that EU27 businesses will directly feel the additional friction in trade that will result from the UK leaving the EU customs union and single market",* said **Arnaldo Abruzzini**, CEO of EUROCHAMBRES. *"We must now seek to minimize that friction, which requires precise quantitative and qualitative feedback, so it's worrying that this process also reveals a lack of analysis in many regions of the specific effects of Brexit. This needs to be addressed swiftly if the EU27's regions,*

*cities and businesses are going to be well-placed to adjust effectively.”*

The report concludes that there is a need for more specific, localised impact studies to get a better understanding of the potential impact and of the linkages across and between business sectors. Awareness raising and information sharing will further help businesses, notably SMEs, to be better prepared to face the ensuing structural and economic adjustments.

The report also echoes proposals from the CoR’s opinion on “[The European Commission Report on Competition Policy 2016](#)”, drafted by Mr Murphy, to allow greater flexibility of State aid rules. It further highlights the importance of continued interregional cooperation between EU27 and UK regions post-Brexit and the need for territorial cooperation programmes and macro-regional strategies to share information and pool resources.

### **Background:**

The CoR started a process of analysing and debating the exposure of EU27 regions and cities to Brexit, to prepare for the repercussions of the UK’s withdrawal and the potential asymmetric territorial impact within the EU27 (with some regions substantially affected). The process resulted in a shared report and included a discussion between CoR members and the chief EU negotiator Michel Barnier, the adoption of a resolution, a study, a Territorial Impact Assessment workshop and a survey in cooperation with EUROCHAMBRES.

The dedicated CoR interregional group on Brexit, made up of 29 members from seven Member States, will meet for the first time in Brussels on 23 March 2018. Meanwhile, EUROCHAMBRES Brexit Working Group will convene on 20 March and EUROCHAMBRES President, Christoph Leitl, will speak at a European Parliament Trade (INTA) Committee on Brexit and future trading relations on 21 March.

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# Invitation letter by President Donald Tusk to the members of the European Council ahead of their meetings on 22 and 23 March 2018

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At the upcoming spring European Council we will focus on trade and the planned US tariffs, the economic situation in the EU, digital taxation as well as Turkey and Russia. Additionally, we will discuss Brexit at 27 and the euro area reforms in the Euro Summit formation of 19 Leaders.

First we will discuss trade. On this issue, we stand by the European Commission, which is currently holding talks with our American friends on how to exempt the EU from the planned steel and aluminium tariffs. We must prepare for all possible scenarios. As the world's biggest trading power, the EU's response will be responsible and reasonable. Free and fair trade has created millions of jobs in Europe, and elsewhere, contributing to peace and stability all around the world. As Montesquieu put it, 'the natural effect of trade is to further peace'. Therefore, we will always want more trade, not less. Hence our recent trade deals with Canada, Japan, Singapore and Vietnam, the ongoing talks with Mercosur and Mexico, and planned trade discussions with Australia and New Zealand.

When the US raised tariffs in 1930, which applied to 1/3 of our trade, it led to a global trade war. The tariffs currently proposed, if implemented, would affect around 1,5% of transatlantic trade. I bring these numbers up not to diminish the need for a suitable, WTO-compatible response – indeed, such a response would be inevitable given the number of potentially affected jobs in Europe. But I do this to demonstrate the broader perspective. Transatlantic relations are a cornerstone of the security and prosperity of both the United States and the European Union. Given the importance of this relationship, we should continue to engage with the US in order to strengthen the transatlantic economic relationship, not weaken it. Despite seasonal turbulences.

When it comes to Brexit, we will discuss how to approach the rest of the negotiations with the UK, including on our future relationship. I want us to

have a broad debate on our negotiating strategy. In this context I will ask you to adopt a first set of guidelines on the future relationship with the UK. Additionally, yesterday our negotiators reached a solution on parts of the withdrawal agreement. Whether all 27 Member States can welcome this at the European Council remains open. I still need a couple more hours to consult with some of the most concerned Member States. To me, one thing is clear. We have achieved success when it comes to citizens' rights and the financial settlement. As I have stated from the very beginning of these negotiations, defending the rights of our citizens will be the number one priority for the EU. And we have made it. European citizens will be fully protected from the consequences of Brexit. This also means that our citizens crossing the Channel in this period will not get worse treatment than those who did so before. This is good news for all Europeans. As regards the most contentious issue, namely Ireland, Prime Minister May has reassured me that she accepts all options agreed in December to be on the negotiating table. Including the option of full regulatory alignment between Ireland and Northern Ireland if there is no other possibility to avoid a hard border. This bodes well for the rest of the negotiations.

Last but not least, on Russia. Following the Salisbury attack we should not only express our full solidarity with the UK but also draw operational conclusions, as this incident poses a challenge to our shared security. I therefore propose we strengthen our resilience to Chemical Biological Radiological and Nuclear-related risks, including through closer cooperation among the EU institutions, our States and NATO. We should also continue to bolster our capabilities to address hybrid threats, including in the areas of cyber, strategic communication and counter-intelligence.

As for the meeting agenda: after our traditional exchange of views with European Parliament President Tajani at 15.00 on Thursday, Prime Minister Borissov will give us an overview of progress in implementing our previous conclusions, including ongoing work on the reform of the Common European Asylum System. Then we will have a full discussion on trade and adopt relevant conclusions. We will also adopt the decision appointing the Vice-President of the ECB. Following that, European Central Bank President Draghi will join us for an exchange on the current economic situation in the EU and we will adopt conclusions in this domain. Finally, before we break for our press conferences, I will invite Eurogroup President Centeno to inform us on the ongoing work in the Eurogroup on the Banking Union.

Over dinner I hope to have an open and frank political debate on taxation, on the basis of the enclosed Leaders' note and without written conclusions at this stage. Following from the discussion we had at our informal meeting in February, we will also review recent developments with Turkey, with a view to the high-level meeting scheduled to take place in Varna on 26 March. At the end of our dinner we will adopt conclusions following the Salisbury attack.

On Friday, we will reconvene at 27 to review progress on negotiations with the UK and adopt guidelines on the framework for our future relationship. Finally, the Leaders of the euro area Member States will have an open debate on the long-term development of our Economic and Monetary Union, based on the other Leaders' note. Our meeting should end before lunch.

## [Multilateral investment court: Council gives mandate to the Commission to open negotiations](#)

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On 20 March, the Council adopted the negotiating directives authorising the Commission to negotiate, on behalf of the EU, a **convention establishing a multilateral court for the settlement of investment disputes**. The Council also decided to make the negotiating directives public.

The overall objective for creating a multilateral investment court (MIC) is to set up a **permanent body to settle investment disputes**. This multilateral investment court would adjudicate disputes under future and existing investment treaties. For the EU, **the MIC would eventually replace the bilateral investment court systems** included in EU trade and investment agreements.

The initiative is part of the **EU's new approach to investment dispute resolution**, moving away from the traditional arbitration framework towards a **court system**. It aims at responding to some of the legitimate public concerns raised in the context of the traditional investor-to-state dispute settlement, by bringing key features of domestic and international courts to investment arbitration.

On the basis of the mandate provided by the Council, the Commission will start negotiations with its trading and investment partners in the framework of the **United Nations Commission on International Trade Law (UNCITRAL)**.

While the exact features of the MIC (such as the composition of the court, its budget, the possibility of getting support from a secretariat, etc.) will depend on the outcome of the upcoming negotiations between the countries that will sign up to the new system, the **EU will favour a system based on the following principles**:

- the court should be a permanent international institution;

- the judges should be tenured, qualified and receive permanent remuneration. Their impartiality and independence should be guaranteed;
- proceedings before the court should be conducted in a transparent manner;
- the court should give the possibility of appeal against a decision;
- effective enforcement of the decisions of the court would be vital;
- the court should rule on disputes arising under future and existing investment treaties that countries decide to assign to the authority of the court.

[Visit the meeting page](#) [Download as pdf](#)

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## **Press Release: EU Public Private Partnerships suffer from widespread shortcomings and limited benefits, say Auditors**

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## **Pressemitteilung: Öffentlich-private Partnerschaften in der EU werden von weitverbreiteten Defiziten beeinträchtigt und bieten nur begrenzte Vorteile, so das Fazit der EU-Prüfer**

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