



## Communication of the Presidency West Coast Model EU 2017

### Reforming the European Union's Fiscal Capacity

The European Union (EU), in its recovery from the recent financial crisis, has been working to improve the budgetary and fiscal shortcomings of past policies. We have already created the European Semester which harmonizes budgetary surveillance and oversight for member states, and a Fiscal Compact which serves to reinforce fiscal discipline amongst member states. The Presidency of the European Council, together with the Maltese Presidency (the Presidency), is working to promote meaningful fiscal and budgetary reform in the EU, to further strengthen fiscal cooperation and cohesion, and to secure a stronger European Union. **The Presidency hereby sets forth two agenda items to be discussed at the summit.** First, we seek to **establish "Eurobonds"** which will ease government borrowing through burden sharing and mutual accountability. The establishment of Eurobonds would be coordinated by the European Central Bank (ECB) as a means to share liability across member states, lower the cost of borrowing for many member states, and send a signal of stability to private investors. Second, we seek to **establish a joint unemployment insurance and re-training scheme** within the EU which will lessen the burden of member states when they face short-term economic instability. As we continue to push for deeper economic integration in Europe, sign new free trade agreements, and increase economic growth, it is important to ensure that we carry the short-term burdens and costs associated with the increasingly global marketplace we live in as a group. The Presidency believes that deeper levels of integration, greater levels of cooperation, and increased levels of burden sharing will make our European project and union ever more resilient.

## Formal Brexit Negotiations

On the 23 June 2016, the people of the United Kingdom voted in a referendum to rescind their membership in the European Union. The EU now faces a profusion of questions regarding the future of UK-EU relations. All the procedures for the withdrawal of the UK from the EU are clear and set out in the treaties. In order for the UK to leave the EU, it has to invoke Article 50 of the Lisbon Treaty. This states that once a member state has notified the European Council of its decision to leave the EU, the EU institutions and the departing member state will negotiate an agreement “setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union”. Article 50 sets a two-year deadline for a deal with the EU on the UK’s withdrawal agreement. This deadline can be extended with the unanimous agreement of European Council members. To effectively prepare for the activation of Article 50 and the exit negotiation, the Presidency deems discussion and negotiation between member states on **access to the single market, and the rights of EU citizens living in the UK and of UK citizens living in the EU**, as the two most pressing agenda topics. The EU is based on the idea of a single market, characterized by four freedoms. They are the free movement across borders of goods, services, capital, and people. Thus the first set of negotiations will be around access to the single market following UK’s exit from the EU. Citizenship of the Union is conferred directly on every EU citizen by the Treaty on the Functioning of the EU. This treaty entails the right to move and reside freely within the EU. A second question raised by Brexit is which rights will be protected. The presidency proposes an associate EU citizenship open to nationals of a country that has left the union but who want to stay part of the European project and retain some of their EU rights, and would welcome a debate on this issue. The Union is the framework for our common future. The Presidency would like to reassure member states that there will be no legal vacuum. Until the United Kingdom formally leaves the European Union, EU law, meaning rights and obligations, will continue to apply to and within the UK.