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# 3HR Legal Weekly

## Commercial

### Theresa May sets out the government's European plan – Brexit means Brexit

Theresa May has given the most important speech of her premiership, and has provided details about the government's plans in the upcoming Brexit negotiations. The president of the European Commission, Jean-Claude Juncker, has welcomed this "clarity".

Taking an aggressive stance, May made clear that the government will walk away from negotiations if the 27 remaining EU countries attempt to punish Britain for leaving the EU. She also said that the government could change the UK's economic model, and turn the country into a tax haven to draw businesses away from the continent. This would probably involve a reduction of corporation tax and red tape, which would be good news for businesses based in the UK.

The government also wants to be able to make its own trade deals with other countries. It has not had the freedom to do this previously, as all trade deals were negotiated by the European bloc as one unit. Countries that have indicated a willingness to enter into bi-lateral trade deals with the UK are: the United States, Iceland, India, Australia, New Zealand, Ghana, Canada, Switzerland, South Korea and Mexico. May has also said that she wants to negotiate tariff-free trade with Europe, to make business "as frictionless as possible." May's intention is to create a global Britain.

Recognising the EU's position that single market membership was reliant on the four freedoms (which includes the free movement of people), the prime minister indicated that the UK would also be leaving the single market. However, May made clear that the UK would be seeking "the greatest possible access to it through a new, comprehensive, bold and ambitious free trade agreement." This could include "elements of current single market arrangements in certain areas, since it makes no sense to start again from scratch." This would probably include the right for the financial services market in the City of London to do business across Europe.

Striking a more conciliatory tone, May said that she wants the UK "to be ... the best friend and neighbour to our European partners." Negotiations will begin after the activation of Article 50, intended to be due before the end of March, and the UK enters these negotiations as the fifth largest economy in the world.

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