

Brexit deadlock over ‘by CHRISTMAS’: German businesses could cave and trigger trade talks

PRESSURE from businesses in Germany could help break the deadlock in the Brexit talks over a divorce bill and kickstart trade talks by Christmas.

By [Camilla Tominey, exclusive](#)

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Sources close to Brexit Secretary David Davis say Michel Barnier, the EU’s chief negotiator, wants to start trade talks in December but needs to persuade Germany and other European Union members that “sufficient progress” has been made.

Amid fears Angela Merkel will seek to block the move – in a bid to force Britain into paying a huge divorce bill – German car companies, which make billions from UK sales, will lobby the Chancellor to speed up the process.

Dr Bernd Atenstaedt, chairman of German Industry UK, which represents 250 companies in Britain employing 250,000 people, said: “We expect Mrs Merkel to calm matters down in Brussels and will be calling on her to speed up the process.

“Our businesses want clarity and a very good future relationship with the UK. It’s so important because we depend a lot on the UK.”

He added: “What we want is to continue with free access and no tariff barriers. The UK is one of our most important locations and markets.”



Britain is Germany's third-largest export market after France and the US.

Thanks to the popularity of Porsche, BMW, Volkswagen and Mercedes-Benz, Germany sells more cars to us than it does to any other country, with 810,000 exported last year.

Yet the German government has been blocking Britain's attempts to progress to trade talks because it fears it will be shouldered with the financial burden of meeting the UK's contributions once we leave.

A leaked draft of the planned conclusions from next week's European Council meeting in Brussels, which Theresa May is due to attend on Thursday and Friday, suggests that EU leaders are prepared to begin internal talks to agree a common position on future trade and transition arrangements at a summit in December – but only if Britain makes progress on the so-called divorce settlement.

In the document, council president Donald Tusk acknowledges that “considerable progress” has been made, despite Brussels briefings to the contrary.



Mr Davis is intending to “hold firm” on refusing to commit any money beyond the UK honouring its financial commitments until the end of the two-year transition period in 2021 – a total sum of around £18billion.

An insider said: “We always knew there would be a jolly good inspection of the whites of each other's eyeballs. It's very clear that if the Florence Speech hadn't happened, we'd be in a much worse position. We're not there yet, but it's definitely moved things forward.

“What's needed now is a political route – for the remaining 27 to come to an agreement and get it done.”

Italian businesses based in Britain have also called for “a practical solution to maximise the opportunities”.

Leonardo Simonelli, president of the Italian Chamber of Commerce and Industry for the UK, said: “The UK is our second-biggest export market for cars so any disruption of trade will be horrendous.



Mrs May was forced to overrule Mr Hammond when he said he would not commit 'billions'

“We need cooperation, not delays. Italy would not like to lose what they have with Britain – the relationship on trade and investment are excellent.

“At the same time, Italy is a very good market for the UK in terms of services, so a long-term free trade agreement is a win-win. We need changes for the better, not the worse. We don’t want to lose jobs.”

Bart de Wever, mayor of Antwerp, home to one of the EU’s busiest ports, called for Brussels to agree a free trade agreement with Britain “as soon as possible”.

He added: “Britain is our fourth biggest trade partner, accounting for 27 billion euros in exports.

“What we need is continuity. Now Britain has decided to leave, they should be treated rationally not emotionally and certainly not with any vindictiveness. We don’t want a fight, we want to continue as friendly neighbours. And many EU states will agree with that. The political elite’s dream of a federalised EU is often a nightmare to the people of Europe.