

# Brussels' provocations

By Horst Teubert

German business associations are calling on the EU Commission to end its Brexit provocations. A disorderly Brexit would entail enormous costs for the German economy, the President of the German Chambers of Industry and Commerce (DIHK) warned; therefore an amicable Brexit agreement with London must be reached. The Federation of German Industries (BDI) expressed a similar view. The head of the EU's Commission's recent audacious financial demands and deliberate indiscretions have stirred massive resentment in the United Kingdom and were rightfully considered an attempt to influence Britain's upcoming parliamentary elections. Observers attribute these indiscretions to EU Commissioner Jean-Claude Juncker's German Chief of Staff, Martin Selmayr (CDU), who is currently playing a key role in the Commission's Brexit negotiations' preparations. The German Chancellery is now calling for restraint in view of the severe damage a hard Brexit could entail for the German economy.

## The Commission's Indiscretions

German businesses are complaining about the EU Commission's recent provocations: On the one hand, the deliberate indiscretions concerning confidential talks on April 26 in London between the British Prime Minister, Theresa May, the President of the EU Commission, Jean-Claude Juncker, and their respective closest collaborators in preparation of Brexit negotiations. The alleged contents of the talks were leaked to a German newspaper, which published a detailed report, spiked with assessments, presenting the British government as blind to reality, uncompromising and disunited.[1] Juncker's statements, reproduced in the report, are rightfully regarded in Britain as an attempt to tarnish Theresa May's Conservative government and thereby reinforce EU-oriented forces,

particularly among the Liberal Democrats and segments of the Labour Party during the election campaign – apparently to no avail. The obvious attempt to interfere in the country's internal affairs has stirred massive resentment in the United Kingdom. In last week's local elections in various parts of the country, all pro-EU parties, except the Welsh Plaid Cymru, lost mandates, whereas the conservative party made substantial gains. In spite of the significance of particularities in local elections, this is regarded as an expression of the wide approval for May's political course.

## **Berlin's Special Role**

London has taken note of the special role Germany is playing in this affair. The indiscretions were published in a German newspaper and were probably leaked by the German EU official Martin Selmayr, a member of the CDU. Selmayr is Commission President Juncker's Chief of Staff, and, according to reports, he is closely allied with Chancellery Minister Peter Altmeier. He is considered to be Juncker's most important prompter, having a "tight grip" on the Commission, according to observers. (german-foreign-policy.com reported.[2]) He also holds a prominent position in the Brexit negotiations: Last October, Juncker mandated him to conduct regular preliminary talks on the Brexit negotiations with London. In the meantime, Selmayr has repeatedly announced that "Brexit will never become a success,"[3] thereby following Berlin's suggestion that the Brexit could possibly have a deterrent effect on EU critics in other member countries. Selmayr is suspected of having leaked the recent indiscretions, because they contained also those parts of the confidential talks in London, in which only he and Juncker had participated on behalf of the EU. Michel Barnier, the chief Brexit negotiator, and his deputy, Sabine Weyand, joined the talks only later on April 26th. Alongside Selmayr, trade expert Weyand is the second German in a decisive procedural position in the Brexit negotiations.

## **100 Billion Euros**

Alongside this indiscretion, the most recent hike in the amount Brussels is demanding that London pay for its exit from the EU is being met with resentment in Great Britain. Even the 60 billion euros, mentioned a while back must be seen – to put it mildly – as an unrealistically exorbitant starting point for the negotiations. Last week, the commission increased the amount even further, to €100 billion, according to which, two years after its exit, the United Kingdom is to pay, for example, agricultural subsidies for other EU countries, as well as EU administrative costs, alongside co-financing both the European Central Bank (ECB) and the refugee agreement with Turkey. On the other hand, London would not be able to lay any claims to its share of the EU's assets.[4] Observers suppose that these unorthodox demands have been ultimately raised to increase pressure on London's government and lower its re-election possibilities in favour of EU-oriented forces – until now, to no avail.

## **More Strain on Germany**

Instead, Brussels' provocations are now leading to public complaints from the German economy. Britain is its third largest sales market for the highly export-dependent German industry and its second largest foreign investment site. At a time when business with important business partners is suffering – due to sanctions (Russia) or political tensions (Turkey), when trade with its most important ally, the United States, has become unreliable with the recent change of government and its number one sales market – the Euro zone – remains deeply embedded in a crisis, German business associations are adamantly refusing to take on any more risks.[5] “Now, it is important not to smash any more porcelain during the talks,” warns Dieter Kempf, President of the Federation of German Industries (BDI), in reference to Brexit negotiations. “Reason and pragmatism” must be the guidelines for “both” negotiating partners.[6] One should not

forget “that the Brexit will come at high costs, also for the German economy,” warned Eric Schweitzer, President of the German Chambers of Industry and Commerce (DIHK). A disorderly Brexit, in which merely WTO standards apply between the EU-27 and Great Britain, trade between Great Britain and the EU would engender trade tariffs of around twelve billion euros. Because of the extensive exports to the United Kingdom, this “would engender an enormous additional strain, also on German enterprises.”[7]

## **Calls for Restraint**

Over the weekend, the first calls for restraint had been heard in Berlin because of complaints from within business circles, and the fact that the EU’s provocations seem to be backfiring in the United Kingdom. Chancellor Angela Merkel made known that she is “upset” about Commission President Juncker, because “his failed Brexit dinner” has only made the climate worse between Brussels and London.[8] The German MEP Ingeborg Gräßle (CDU), chair of the European Parliament’s budgetary control committee, criticized Juncker in the name of the European Parliament. “It is time that the EU Commission presents a bill comprehensible for everyone,” she demanded in view of the sum London has to pay for the Brexit. “We want to maintain good relations with the British.” The most recent demands – a good example of the EU Commission’s dealing – are “completely exaggerated.”[9]

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**[1] Thomas Gutschker: Das desaströse Brexit-Dinner. [www.faz.net](http://www.faz.net) 01.05.2017.**

**[2] See Eine nie dagewesene Machtkonzentration.**

**[3] Florian Eder, David M. Herszenhorn: Brexit will**

never be a success: Juncker's top aide. [www.politico.eu](http://www.politico.eu)  
05.05.2017.

[4] Hendrick Kafsack: Ich will mein Geld zurück.  
Frankfurter Allgemeine Zeitung 04.05.2017.

[5] See A Dangerous Game and Auf brüchigem Boden.

[6] BDI fordert Pragmatismus im Brexit-Poker.  
[www.handelsblatt.com](http://www.handelsblatt.com) 06.05.2017.

[7] DIHK warnt vor hohen Brexit-Kosten. [www.dihk.de](http://www.dihk.de)  
04.05.2017.

[8] Merkel verärgert über Juncker nach Brexit-Dinner.  
[www.spiegel.de](http://www.spiegel.de) 06.05.2017.

[9] Andre Tauber: Wie hoch ist der britische Anteil am  
EU-Vermögen? [www.welt.de](http://www.welt.de) 07.05.2017