

Merkel Warns U.K. It'll Have to Pay EU Obligations in Brexit

German Chancellor Angela Merkel warned the U.K. that it must pay what it owes the European Union as part of Brexit talks, saying it's misleading to view the costs as a divorce bill.

"This is about obligations that Great Britain has entered into and that naturally must remain on the books," Merkel said in her weekly podcast published Saturday. "It's not about the cost of divorce — that makes it sound like fines. We're still at the very start of these negotiations."

Talks on the U.K.'s exit from the European Union are to resume on Monday in Brussels with little clarity on key topics, including the amount of the financial settlement that's an early part of the discussions. With Prime Minister Theresa May's government silent on how much it'll pay the EU, Merkel said the two are facing a "very difficult issue."

How much the U.K. owes the EU in leaving the bloc is among the most difficult issues, with analysts estimating the EU will put forward a gross bill of as much as 100 billion euros (\$120 billion). Britain's government acknowledged in July that it will have a bill to pay, saying it wants to "determine a fair settlement of the U.K.'s rights and obligations."

Separately from any Brexit deals, the EU's next budget talks will "surely be very difficult" because the 28-nation bloc is losing a net contributor, Merkel said.

As Merkel runs for a fourth term in Germany's Sept. 24 election on a platform of defending EU values, she joined French President Emmanuel Macron in criticizing Poland for a government push to encroach on the courts.

No 'False Compromises'

While countries such as Poland and Hungary can always take grievances to the European Court of Justice, "we can't make any false compromises," Merkel said in response to questions from a German student in the podcast.

"That's why we're in a very serious situation, particularly with Poland," Merkel

said. “But we can’t say that the member states have unlimited plurality. Rather, it has its limits at those points where fundamental democratic values might be infringed.”

After a series of government overhauls of Poland’s judiciary raised questions about the independence of courts, the EU’s biggest eastern economy may face EU sanctions over what the union calls an attack on the rule of law. Along with countries such as Hungary and the Czech Republic, Poland has also ignored EU policy and refused to take in refugees, citing security concerns.

“We can’t pick and choose the areas in which Europe offers solidarity,” Merkel said.

Separately, Spiegel magazine reported that European Commission President Jean-Claude Juncker is preparing a motion that could strip Poland of its voting rights in the European Council if the country doesn’t roll back the reforms of its judiciary system, a move that Merkel opposes and that Hungary may veto.

Source: <https://www.bloomberg.com/news/articles/2017-08-26/merkel-warns-u-k-it-ll-have-to-pay-eu-obligations-under-brex>

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