

Surprise as Michel Barnier appointed chief Brexit negotiator

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Suzanne Lynch



European Commission's choice of French former EU commissioner may antagonise UK

Former European Union commissioner for internal markets and services Michel Barnier: seen by many as "no friend" of the City of London. Photograph: François Lenoir/Reuters

The [European Commission](#) has risked antagonising the United Kingdom ahead of its forthcoming negotiations on exit from the [European Union](#) with the surprise appointment of French former EU commissioner [Michel Barnier](#) as a leading [Brexit](#) negotiator.

The former internal markets commissioner was unveiled on Wednesday as the European Commission's chief Brexit official.

While Mr Barnier was most recently a special adviser to commission president Jean-Claude Juncker on defence, he is best known for his role in handling the internal markets and financial services portfolio during the height of the euro zone crisis.

At odds with City

During this time he introduced a raft of EU regulations on financial services, accountancy and banking, vowing to tighten EU financial regulation in the wake of the financial crisis and formulating the nascent banking union. His policies often put him at odds with the [City of London](#), as he backed controversial proposals such as a cap on bankers' bonuses.

Mr Barnier's official title will be chief negotiator "in charge of leading the Commission Taskforce for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 of the TEU."

However, it is expected that most of the heavy lifting and political decisions on the Brexit negotiations will be done by the [European Council](#), representing member states. Nonetheless, Mr Barnier is likely to play a key role in the technical negotiations. He will assume his post on October 1st.

The 65-year old Frenchman held the position of internal markets commissioner from 2009 until 2014, replacing Irish commissioner Charlie McCreevy in the role. He was succeeded in the role by British commissioner Jonathan Hill, who resigned from the position in the wake of the British referendum. Sir [Julian King](#), who was nominated by Downing Street this month to replace Lord Hill, is expected to be allocated a new portfolio by the end of the month, though the former commissioner's financial services portfolio has already been redistributed. Sir Julian, who was previously British ambassador to Ireland, must also be approved by the [European Parliament](#), most likely in September.

Spain and Portugal discussed

Mr Barnier's surprise announcement was made as EU commissioners met in [Brussels](#) for their final weekly meeting before the summer break at which the budgetary situation in Spain and Portugal was also discussed.

Despite both countries persistently missing their EU deficit targets, the European Commission refrained from imposing fines of up to 0.2 per cent of GDP (gross domestic product) on Spain

and Portugal. EU Commissioner [Pierre Moscovici](#) admitted that the imposition of punitive sanctions would have been politically difficult for the European Union.

Both countries are under scrutiny for their 2015 budgets. Spain reported a deficit of 5.1 per cent of GDP for last year, rather than the 4.2 per cent target set by the European Commission, while Portugal's deficit came in at 4.4 per cent in 2015, well above the commission's target of 2.5 per cent.

Separately, a new survey of [Irish Exporters Association](#) (IEA) members has found that most believe Brexit will be harmful for their business. The IEA found that 92 per cent of its members expected a negative effect to flow from the UK vote.