

Germany's Merkel says EU must prepare for no-deal Brexit

BRUSSELS (Reuters) - Germany will continue to push to seal a new partnership agreement with Britain by the end of the year, but the European Union should also prepare for an abrupt split from 2021, Chancellor Angela Merkel said on Wednesday.

Britain left the EU in January and is currently in a standstill transition period with the bloc to give the two sides time to fix a new relationship in everything from trade to security.

Last week's round of talks was cut short, with both sides saying that, while they wanted an agreement, they had yet to overcome the gulf in positions that could see Britain leaving the transition period without a trade deal.

British and EU officials meet in London this week for talks on goods, services, fisheries, governance, the so-called level playing field guarantees of fair competition and law enforcement after the two sides' negotiators had an informal dinner.

"Progress in negotiations thus far has been slim, to put it diplomatically," Merkel told the European Parliament as Germany assumed the EU's rotating presidency for the rest of the year.

"We have agreed with the UK to accelerate the pace of the talks ... I will continue to push for a good solution, but we should also prepare for a possibility of a no-deal scenario."

Britain has so far rejected EU pressure to commit to close ties in areas ranging from fisheries to harmonizing competition standards - a 'level playing field' - since Prime Minister Boris Johnson - a key campaigner for Brexit - wants only a narrower trade deal.

A spokesman for Johnson described a dinner between Britain's chief negotiator David Frost and the EU's chief negotiator Michel Barnier as "a constructive opportunity for David and Michel Barnier to meet in a more informal way ahead of

the specialized sessions that are taking place today”.

On Wednesday, Barnier repeated that his team was working hard on fisheries and a level playing field – two of the elements that have blocked an agreement so far in talks.

Johnson late on Tuesday told Merkel in a telephone call that Britain would leave the transition period “on Australia terms” if no better deal was agreed. Australia does not have a comprehensive trade agreement with the EU.

Should such a no-deal emerge, some businesses say major trade and travel disruptions could ensue.

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