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BREXIT- a rocky and uncertain road lies ahead

(see Peter Ludlow EUROCOMMENT and other sources)

The paper consists of five points:

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- 2. Theresa May's dilemma**
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- 4. The Prime Minister's speech on 17 January 2017 - a short analysis**
- 5. The road ahead**

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1. What has happened

The 23 June 2016 vote was first and foremost a protest vote: -

of the less well off against the better off; of non-Londoners against London; of those who have been left behind by globalisation against those who have profited from it; of the less well educated against the educated; of non-experts against experts; of the old, white working class against younger generations accustomed to a more flexible labour market; of British and more particularly English nationalists, both affluent and non-affluent, against foreigners, whether immigrants or supranational bureaucrats; of outsiders against insiders; of those who have rarely ever voted in general elections against those who for a variety of reasons including a sense of duty, habit and idealism, have regularly cast their votes, of the non-establishment against the establishment, and last but not least: the disenchantment with the European Union.

There was a majority of 62% against BREXIT in all Scottish electoral districts. There was also a majority of 56% against BREXIT in Northern Ireland, which has a land border with an EU member state, the Republic of Ireland.

2. Theresa May's dilemma

The key issue was immigration. On 23 June 2016 a majority of voters opted to leave the EU because they wanted the UK to regain its sovereignty by freeing itself from the primacy of EU law and, because they rejected unlimited freedom of movement between the UK and the rest of the EU. Interpreted by the Prime Minister herself as well as hard core 'Leavite' leaders, the meaning of the vote was absolutely clear: BREXIT MEANS BREXIT.

As a result the British government was and is trapped between a rock and a hard place. If it wants to remain in the single market, it must accept unrestricted freedom of movement, the primacy of EU law as well as the jurisdiction of the European Court of Justice - however, Norway is in the single market but not totally subservient to the ECJ. If however, Brexit means Brexit, it cannot stay in the single market. The British also have had a problem with the idea of a single currency throughout their 44 year membership of the European Union.

The role of the media is very important in this context: The owners and editors of papers like the *Daily Express*, the *Daily Mail*, and its Sunday sister, the *Sunday Mail*, the *Daily Telegraph* and the *Sunday Telegraph*, *The Sun*, *The Times* and the *Sunday Times* including in particular Rupert Murdoch, Conrad Black, David English and Paul Dacre have always had a disproportionate influence over the debate and fostered public ignorance and hostility towards the EU. Former Prime Minister David Cameron tried to persuade *Mail* owner Lord Rothermere to fire his editor. The three newspapers, however, which did not join the witch-hunt were the *Economist*, *Financial Times* and the *Guardian*. Despite all the rhetoric to the contrary, it can safely be assumed that the British government's room for manoeuvre is bound to be extremely limited.

3. Preparations for a divorce

There has been a lot of speculation whether the British government is well prepared and has done serious thinking about the negotiations – all indicators so far seem to point in another direction. This cannot be said about the EU. In a statement on 29 June 2016 Donald Tusk and the leaders of EU 27 defined their basic approach toward the negotiations in surprisingly clear and forthright terms. In addition both the Council and the Commission have prepared for the forthcoming negotiations in great detail. It is our impression that the EU institutions have never been better prepared than they currently are.

On the basis of the June 2016 statement, the EU heads of state and government have spelled out their position in greater details as follows:

- The European Council's guidelines will define the framework of negotiations under Article 50 and set out the overall positions and principles the EU will pursue throughout the negotiations.
- The European Council will remain permanently seized of the matter and will update guidelines in the course of negotiations as necessary.
- The Union negotiator Michel Barnier will systematically report to the European Council and its preparatory bodies.
- The European Council, the Council and COREPER assisted by a dedicated Working Party with a permanent chair, will ensure that the negotiations are conducted in line with the European Council guidelines and the COREPER negotiating directives.

Any agreement which will be concluded with the UK as a third country, will have to be based on a balance of rights and obligations. Access to the single market requires acceptance of all four freedoms! Such an agreement will be concluded with the UK as a third country - i.e. after the Article 50 negotiations are finished and Britain has ceased to be a member.

Finally, and most important of all, the British political class in general, the media and even the Prime Minister herself have shown themselves to be susceptible to two rather dangerous illusions. The first is that the EU is on the verge of collapse and the second that Britain itself is a “global leader”, economically and politically - neither is true. It would go beyond the scope of this paper to state the reasons for that in greater detail.

4. *The Prime Minister's speech on 17 January 2017 - a short analysis*

Ms May's speech was timely and important. It clarified the British government's strategy in several respects and, as it had been observed from the other side, it was more “realistic” than she or her ministers had said before. The core of her speech was built around a clear 12 point summary of the UK's objectives over the coming months and years.(for details see her speech!)

In a nutshell, what are the “positives” (and the “negatives”, see below) of the speech:

- The speech was articulate, coherent and reflected. This in stark contrast to most of the EU utterances by her predecessors.
- It gives a clear and forthright explanation of what, in the Prime Minister's mind, the Brexit vote meant in strategic terms.
- Firstly, it was not just about the European Union: “We ask ourselves what kind of country we want to be ...”.
- Secondly, by voting to leave the EU, the British did not reject the values which they and their continental partners share.
- Thirdly, it was a vote in favour of partnership “between an independent, self-governing, global Britain and our friends and allies in the EU”.

The speech also spelled out what a clean break would mean: it means NO to unrestricted freedom of movement, NO to membership of the single market, NO to full customs' union membership because that would “prevent the UK from negotiating our own comprehensive trade deals”, and NO to contributing huge sums to the EU budget.

Last but not least, at a moment when Donald Trump, not to mention Nigel Farage appear to welcome the break-up of the EU, the Prime Minister stated unequivocally that she did not want an unravelling of the EU .”It remains overwhelmingly and and compellingly in Britain's national interest that the EU should succeed”. The existential crises in which the Union finds itself is of course prevalent.

But here are the “negatives”:

- The Prime Minister called boldly for “a clean break with the single market and with the customs union”. At several points in her speech however the message was somewhat blurred - she is not yet absolutely reconciled with the fact that there can be no “cherry picking”.

- Ms May once again misrepresented the views of the UK's partners: the rights of the EU citizens who are already living in Britain, and the rights of British nationals in other states. She suggested to conclude agreements which "would give rights to those people right away" and many of the partners agreed to that - this is not so since the matter is far more complex.
- Her speech significantly overstates the UK's strength, not just economically but also politically.

5. *The road ahead*

The provisions of Article 50 are very clear. These negotiations will have to cover three major topics:

- the divorce settlement, including costs,
- the framework for the future relationship, and
- transitional arrangements after the UK has ceased to be a member.

The two sides will therefore be obliged to reach a political agreement on the scope and character of their future relationship before they complete the Article 50 process. The British government appears to assume that the two sides ought to be able to reach agreement on the contents of a trade and partnership agreement before March 2019.

This, however, will be a "mission impossible" considering the intricacies of trade agreements. So it seems safe to assume that the EU 27 guidelines will envisage sequential rather than parallel negotiations.

All in all – a rocky and uncertain road lies ahead for all of us.

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