

Preparing for Brexit

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Outline of presentation

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1 The importance of perspective – who you are

- Institutions, persons and groups face different risks
 - governments
 - sub-state public authorities
 - businesses (global/national/regional/local)
 - UK citizens
 - other UK residents
 - persons wishing to come to UK

1 The importance of perspective – what you believe

- Disagreement concerns both facts and values
- Facts Disagreement over likelihood of certain outcomes or of the ultimate effect of those outcomes e.g. what would be the economic effects of the UK leaving the customs union and the single market
- Values Disagreement over whether certain outcomes are good or bad, or a price ‘worth paying’ e.g. is reduction in immigration a ‘gain’ which offsets adverse economic effects?
- Both questions of fact and questions of value exhibit high levels of uncertainty

2 What uncertainties face the UK Government?

- Whether it can reach a deal with the EU by the deadline
- Whether it can agree a transitional deal with the EU
- Whether it can agree a long-term deal with the EU which is advantageous to the UK
- Whether it can secure new and advantageous trade agreements with non-EU countries post-Brexit (depends in part on the deal it makes with the EU)
- Whether it can 'sell' either a transitional or a final deal to the Conservative Party/House of Commons/House of Lords/Voters
- Whether it can get (or needs to get) agreement from the devolved governments (allegations of a 'power grab' and the Sewel convention)

2 What uncertainties face the UK Government?

- Uncertainties in specific policy areas e.g.
 - Agriculture, fisheries and food
 - environment
 - trade in goods
 - trade in services
 - regulation of banking and finance
 - universities
 - crime and security
 - data protection

3 What uncertainties face the private sector?

- Will there be a transitional deal with the EU/when will we know/how long will it last?
- What will be the long-term deal/when will we know/how long will it last?
- Whatever the deals are, what effect might they have on my sector?
- What sort of adverse/positive effects might there be from Brexit?
- How can I hedge against Brexit-related risks?
- Brexit increases UK Government's legal freedom to make policy. How will it use that freedom in future?

3 What uncertainties face the private sector?

Types of adverse/positive effect

- New tariffs on exported/imported goods
- Higher/lower non-tariff barriers to trade
- Exchange rate fluctuation
- Labour shortages/new sources of labour
- UK economic downturn/upswing effects on market for goods/services
- Changed regulatory environment

4 The UK Government 's negotiating position

- Delivering a smooth, orderly exit from the EU
- An ambitious and comprehensive free trade agreement with the EU and a new customs agreement
- Securing new trade agreements with Non-EU countries
- Maintaining the Common Travel Area and a soft border on the island of Ireland
- Control of UK immigration
- Securing rights for EU nationals in the UK, and UK nationals in the EU

White Paper, *The United Kingdom's exit from, and new partnership with, the European Union* Cm 9417

<https://www.gov.uk/government/publications/the-united-kingdoms-exit-from-and-new-partnership-with-the-european-union-white-paper>

5 The European Union's negotiating position

- **A phased approach** giving priority to an orderly withdrawal. An agreement on future relationship can only be concluded after Brexit
- **Single package** Negotiations will be conducted as a single package - nothing is agreed until everything is agreed
- **Transitional arrangements can be** agreed if necessary, but must be clearly defined, time-limited, and enforceable
- **Preserving the integrity of the Single Market:** Any future trade agreement should be balanced, ambitious and wide-ranging, but cannot amount to participation in the Single Market or parts thereof. It must ensure a level playing field for trade between UK and EU

5 The European Union's negotiating position

- **No legal vacuum** There should be no legal vacuum once the EU Treaties cease to apply to the UK (EU wants continuing jurisdiction for EU Court of Justice)
- **Citizens' rights** Reciprocal guarantees on citizens' rights which are enforceable and non-discriminatory.
- **A single financial settlement** covering all legal and budgetary commitments as well as liabilities, including contingent liabilities.
- Avoiding a hard border on the island of Ireland
- **Enforcement and Disputes** Future partnership must include appropriate enforcement and dispute settlement mechanisms that do not affect the Union's autonomy.

6 A possible timetable

29 March 2017	UK gives Article 50 notification
29 April 2017	European Council (EU27 format) adopts guidelines for Brexit talks
June 2017	Negotiations between EU and UK begin UK
November 2017	Parliament enacts Great Repeal Bill
January 2018	Discussions begin on post-Brexit trade deal
Oct/Nov 2018	Time by which a 'deal' negotiations must be agreed between UK and EU Council
Nov 2018 to March 2019	EU Parliament must approve deal and UK Parliament must approve deal
29 March 2019	UK leaves the EU (subject to extension of timetable)

7 Possible Outcomes

- The EU and UK are likely to agree a financial settlement
- There will be transitional arrangements lasting at least two years during which any current EU rules will continue to apply.
- Some kind of reciprocal deal will be done on citizens' rights after Brexit.
- Some special arrangements will be made for the Ireland/Northern Ireland border
- Beyond that everything is unclear.