

Brexit Insight Issue 6:

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| BREXIT Insight



A Weekly Analysis for Senior Executives

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The UK's withdrawal from the European Union is about to commence. Both houses of the British Parliament have passed legislation authoring the UK government to invoke Article 50 of the Treaty on European Union and Mrs May will initiate the withdrawal process on the 29th March. This issue focuses on what happens over the next few weeks.

Mrs May has announced that Article 50 of the Treaty on European Union will be triggered on the 29th of the month. That sets the withdrawal process in motion. Article 50 lays down a number of steps which first of all require the UK to notify the European Council that it intends to withdraw from the European Union. We now know the timing but the content of the notification remains unknown. It could be short and formal or lengthy and political.

EU Negotiating Mandate

The second step is also procedural. Article 50 requires the European Council to provide guidelines for the negotiations and while they have already been drafted they have not yet been seen by the EU 27 Prime Ministers. The President of the European

Council, Donald Tusk, says he will publish them within 48 hours of receiving Mrs May's letter. That will start a debate among the EU 27 but no one really knows how long it will take to reach a consensus. It has to be remembered that they will negotiate as a collective and that there will be no

bi-lateral deals with the UK. That puts a premium on consensus, not an easy thing to achieve when there are 27 sets of national interest to be satisfied, such as ours on maintaining the Common Travel Area and a soft border. Current estimates are that it will take a number of weeks to finalise the mandate for

“The very idea of having to pay a bill before checking out has come as a total shock to the Brexiteers”

Monsieur Barnier, the EU chief negotiator.

Agreeing the Agenda

When the mandate is settled the next step will be



for the two teams of negotiators to agree the agenda. That's going to be more difficult than it appears. Monsieur Barnier has let it be known that Britain's Brexit Bill is to be item Number One and will have to be settled before moving on to other issues. The very idea of having to pay a bill before checking out of the Union has come as a total shock to the Brexiteers who campaigned on the promise that the UK would save around €20bn annually by leaving the EU. The two points of view could hardly be further apart. It can be taken that the size and content of the bill will be vigorously contested - by both sides.

Future Framework

Assuming some accommodation can be reached on the Brexit Bill then the negotiations will proceed to other aspects of the divorce settlement. But the negotiations will have to go further than that because Article 50 says the Withdrawal Agreement is to be concluded with the departing member state *"taking account of the framework for its future relationship with the Union"*. A framework is a somewhat vague formulation but it is being interpreted as a political understanding of how the UK will relate to the Union having become a third country, say with regard to Single Market access. One way or another, there will have to be agreement between both sides on the shape of the future relationship alongside the divorce settlement and size of the Brexit Bill. Not an easy task.

Two Year Limit

Sorting out the Brexit Bill and shaping a new EU/UK relationship is going to take time, lots of time. But, as is well known, there is a two year time limit

on concluding the Withdrawal Agreement, although it can be extended by the unanimous decision of all the 28 states involved. On the other hand, there will be great pressure to get the deal done and dusted before the next European Parliament elections scheduled for May 2019 given that the EP must approve the Withdrawal Agreement before it is signed off by the European Council. It's going to be some task to meet that deadline.

An Interim Deal

But the timetable gets a bit murkier from that point on as it is only when the UK leaves the EU that the new relationship can be formally negotiated and concluded. Self-evidently, it will take time to work out a trade deal and consequently there will have to be an interim arrangement to bridge the gap between the divorce taking effect and the new deal coming into force. To add to the murkiness, both the divorce settlement and the new deal will each have to be phased in over a number of years. So far, this aspect of the timetable has received little public attention.

Uncertainty

For business, all this adds up to unnecessary uncertainty. For that reason future issues of the *Brexit Insight* will analyse events as they unfold and try to minimise the unknown. We'll do our best to create islands of certainty in a sea of uncertainty.

The latest news is that Donald Tusk has called a meeting of the European Council for the 29th April to agree the EU negotiating mandate.

The Brexit Insight is produced by the IIEA Brexit Project Group chaired by Dáithí O’Ceallaigh, former Ambassador to the UK. This issue is written by Brendan Halligan, President of the Institute.

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