

Leaving the EU

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Options for UK re: EU

- EU/UK Withdrawal Agreement



- No Deal



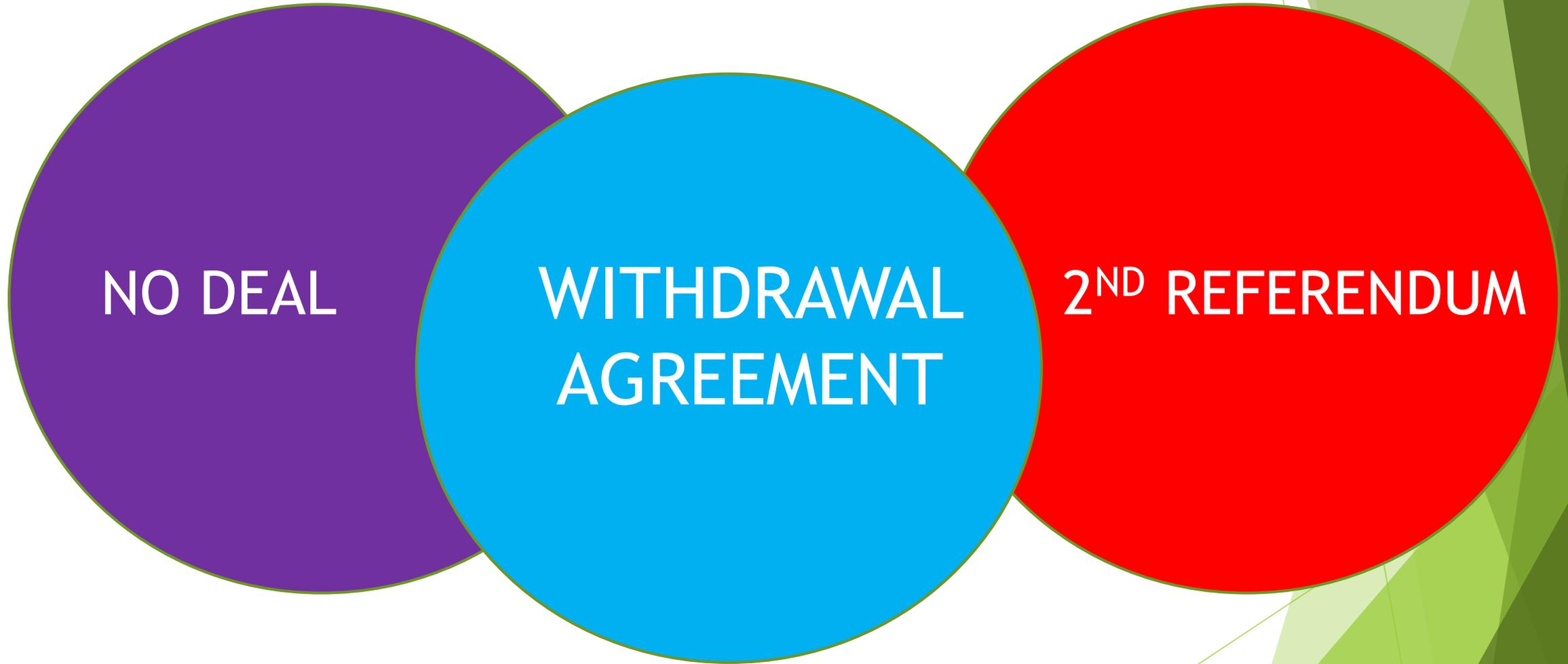
- Second Referendum/General Election



Leave - 59%



Remain - 41%



80% Constituency Turnout

Timeline for Exit

Timeline for Exit

- ▶ **June 2016:** Referendum Result
- ▶ **March 2017:** UK Government triggers Article 50
- ▶ **June 2017:** UK/EU start formal negotiations
- ▶ **Dec 2017:** Parliament obtains vote on final Brexit deal

Timeline for Exit

- ▶ **Dec 2017:** EU/UK agree 1st Phase (*'Divorce Bill', Irish border & citizens' rights*)
- ▶ **March 2018:** EU/UK agree 2nd Phase (*transition period, further citizens' rights & fishing policy*)
- ▶ **June 2018:** EU Withdrawal Act becomes law
- ▶ **July 2018:** UK issues White Paper for Future Relationship
- ▶ **Nov 2018:** EU/UK agrees Withdrawal Agreement and Framework for Future Relationship
- ▶ **11 Dec 2018:** Parliament votes

Timeline for Exit and Deal

- ▶ **End 2018:** UK and EU Parliament to agree Withdrawal Agreement
- ▶ **11pm 29 March 2019:** UK leaves the EU
- ▶ **31 Dec 2020:**
 - (a) Implementation Period ends and Future Relationship takes over; or
 - (b) EU/UK extend Implementation Period or trigger Northern Ireland Backstop option until Future Relationship is agreed

Timeline for Exit and No Deal

- ▶ **March 2019:** UK and EU fail to ratify Withdrawal Agreement
- ▶ **Option 1: No Deal**
 - 29 March 2019: UK leaves the EU
 - April 2019: UK/EU trade on WTO rules with no other formal arrangements
- ▶ **Option 2: No Agreement but No 'No Deal'**
 - Potential agreement on other terms (Norway) if EU agrees?
 - Back to people via (a) General Election or (b) Second Referendum??

Withdrawal Agreement

Taken together, the Government's proposal for the future relationship will **deliver benefits across a range of areas.**



Frictionless trade at the border in goods



Flexibility on services and digital



No border NI / Ireland or NI / GB



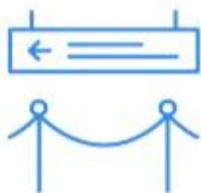
Out of EU agri and fisheries policies



End to the jurisdiction of CJEU in the UK



Freedom to sign trade deals with others



End to free movement of people in UK



No more vast contributions to the EU budget



Continued security cooperation



An end to the direct effect of EU law

Withdrawal Agreement

Withdrawal Agreement provides for:

- A deal on citizens' rights
- Separation provisions to wind down arrangements
- Implementation period
- Financial settlement
- Governance arrangement
- Northern Ireland arrangements
- Sovereign base commitments
- Gibraltar commitments

Part 2 - Citizens' Rights (Pages 16 - 68)

- ▶ 3.5m EU26 citizens in UK; 800,000 UK citizens in EU26 (excludes Ireland)
- ▶ Citizens residing in the UK or EU26 by end of implementation period have right to **stay**
- ▶ Citizens who have been living in UK or EU26 for 5 years at end of implementation period have right to **permanent residency**
- ▶ **Family** members residing with EU citizens by Dec 2020 can stay
- ▶ **Close family** members not residing by Dec 2020 can join from 2021 if relationship formed beforehand
- ▶ Citizens included will also have same rights to work, study and access benefits

Part 2 - Citizens' Rights (Pages 16 - 68)

- ▶ Protecting citizens' rights
- ▶ Rights binding in UK law
- ▶ UK judges may refer to European Court
- ▶ Time limited to 29 March 2027
- ▶ Independent monitor to oversee rights

Part 3 - Separation Provisions (Pages 69 - 195)

- ▶ Ends EU Legal Order in UK at end of Implementation Period
- ▶ *'We've started so we'll finish'*

Part 4 - Implementation (Transition) Period (Pages 196 - 209)

- ▶ Initial 21 month period to allow transition to Future Relationship
- ▶ EU rules and obligations continue to govern UK/EU relationship until end of Implementation Period
- ▶ UK's new free trade agreements can be agreed but not implemented until end of Implementation Period
- ▶ UK/EU Future Relationship terms can take over prior to end of Implementation Period

Part 4 - Implementation (Transition) Period (Pages 196 - 209)

- ▶ Transition Period can be extended beyond initial 31 Dec 2020 expiry
- ▶ UK can request extension prior to 1 July 2020
- ▶ UK does not pay a share of EU budget but will pay to extend
- ▶ UK/EU Future Relationship terms can take over prior to end of Implementation Period

Part 5 - Financial Settlement (Pages 210 - 267)

- ▶ £35 billion to £39 billion paid by UK to EU
- ▶ Covers implementation period of 2019 and 2020 EU budgets
- ▶ UK receives funding from EU budgets to 2020
- ▶ UK continues to pay for ongoing liabilities and programmes joined
- ▶ UK has right to appoint auditors
- ▶ UK/EU Joint Committee to determine disputes in payments
- ▶ UK Parliament will scrutinise

Part 6 - Institutional and Final Provisions (Pages 268 - 300)

- ▶ Shared understanding of purpose of Withdrawal Agreement
- ▶ Governs disputes
- ▶ UK/EU Joint Committee to determine

Institutional and Final Provisions (Pages 268 - 300)

► Dispute Resolution

1. Joint Committee resolves within 3 months
2. Independent Arbitration Panel formed
3. Issues of EU law referred to European Court
4. Panel determination is binding
5. Failure to comply = fine
6. Non-payment or failure to comply with ruling = suspension of Withdrawal Agreement in part or full

Protocol - Northern Ireland/Ireland (Page 302)

- ▶ UK/EU committed to (a) avoiding a hard border between Northern Ireland and Ireland and (b) upholding 1998 Belfast (Good Friday) Agreement
- ▶ Backstop: UK will remain in Customs Union in the event that Future Relationship not signed by Dec 2020 or Implementation Period not extended by UK application
- ▶ Backstop not preferred outcome for UK or EU
- ▶ No intention to create permanent EU/UK relationship
- ▶ Dispute mechanism applies if EU delays alternatives

Future Relationship

- ▶ Agreed 26 page 'Political Declaration' on future relationship
- ▶ Further developed as Future Relationship legal agreement
- ▶ Envisages following terms:
 - Free trade area and rules for Goods
 - Continued trade in Services and Finance
 - Visa-free travel and exchanges for education and research
 - End to free movement of people
 - Continued passenger, freight and cargo flows
 - New fisheries agreement
 - Global cooperation
 - New security, foreign policy, defence and law and order partnership
- ▶ • EU jurisdiction ends but new EU obligations formed

Brexit Economic Impact Analysis

How Brexit will affect UK growth

Figures estimate impact on GDP 15 years after the UK leaves the EU



Note: Each scenario has a range of outcomes, these figures show the middle point assuming 100% reduction in migration.

Source: Office for National Statistics, Bank of England

No Deal

- ▶ Applies only if Withdrawal Agreement/Future Declaration not agreed or ratified
- ▶ UK leaves EU and becomes Third Country at 11pm on 29 March 2019
- ▶ No Deal Preparations ramped up
- ▶ UK Legislation: Withdrawal Act + Sector Legislation

No Deal

- ▶ World Trade Organisation Rules will apply to UK/EU trade and UK/World trade
- ▶ Most favoured nation rules = treat every WTO member on same terms
- ▶ 164 WTO countries - EU trades with many
- ▶ List of specified tariffs and quotas to apply + non tariff barriers
- ▶ No talks on No Deal status (will EU treat UK per US or Switzerland?)
- ▶ EU No Deal view: no citizens' rights; border checks; transport impacted; UK becomes a third party with less market

Alternatives to Withdrawal Agreement or No Deal?

- ▶ EU say Withdrawal Agreement *'is the only deal possible'*
- ▶ Alternative 'Norway Option'
 - Abides by Single Market
 - Outside of Customs Union
 - Pays into EU budget and abides by European Court rules
 - Outside EU Common Fisheries and Agricultural Policy
 - Agrees to Freedom of Goods, Services, Capital and *People*

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- ▶ Alternative ‘CETA Canada Option’
 - Loose trade agreement with EU
 - Removes 98% of tariffs on goods (not services or agri)
 - Imposes border through the Irish Sea
 - Canada/EU geography and trade range different to UK/EU

▶ Second Referendum

- Needs EU to extend Article 50
- Needs Parliament to legislate
- Question: (1) UK/EU Withdrawal Agreement (2) No Deal (3) Remain in EU?

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the left and right sides of the frame, leaving a large white central area.

Questions?