



Political
Intelligence

Brexit

The Final Countdown

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Brexit: The Final Countdown

With Westminster returning from its self-enforced political slumber, the issue of Brexit will rear its head once again. Political Intelligence examines the current state of play and the questions that still need to be answered before the UK withdraws from the EU.

The White Paper – the right paper?

The Brexit White Paper represented a significant step forward for the UK Government. Not only was the Prime Minister able to get most (but not all) of her Cabinet to agree to a common vision of Brexit, but the European Commission and Member States are now under pressure to reach a consensus in time for the October EU summit.

Businesses now have a clearer idea of the future relationship with the EU that the Government wants to see. However, the proposals set out in the White Paper should not be regarded as the precise form that Brexit will eventually take. Continued political instability, together with the wide array of positions held by EU Member States, mean that even those closest to the negotiations are unlikely to have a clear idea on the final form that Brexit will take.

What we do know is that the UK is seeking, amongst other things, continued access to the Single Market for goods but not services and the phased introduction of a new 'facilitated customs arrangement' as an alternative to continued customs union membership, which has been all but ruled out by the EU.

The Government's positioning was too much for some Ministers – most notably David Davis and Boris Johnson, who resigned as Brexit Secretary and Foreign Secretary respectively. The resignation of Davis – already somewhat marginalised in negotiations by internal wrangling – has allowed Number 10 to undertake a further power-grab. It was confirmed in July that the Prime Minister would lead negotiations with the EU with the new Brexit Secretary Dominic Raab deputising. The increasing influence of Oliver Robbins, the Prime Minister's EU Sherpa and Coordinator of the negotiations with the European Commission, was also confirmed, as the Europe Unit which heads in the Cabinet Office has been given overall responsibility for the preparation and conduct of negotiations. As a result, the Department for Exiting the European Union (DExEU) has arguably been relegated as a coordinating and information hub, most recently around preparations for a 'no deal'.



"Brexit should be about opportunity and hope. It should be a chance to do things differently, to be more nimble and dynamic, and to maximise the particular advantages of the UK as an open, outward-looking global economy... That dream is dying, suffocated by needless self-doubt."

- Boris Johnson MP's July 2018 resignation letter to the Prime Minister

What's next?

May's challenge now lies in gaining wider support for her proposals for a future UK-EU relationship and building consensus around the future framework for negotiations to this end. It will be no small feat, given the current positions of her parliamentary colleagues on both sides of the Brexit debate and the position of the European Commission on cake, cherries and such.



The European Commission has already ruled out May's proposal for collecting tariffs on the EU's behalf, with Chief Negotiator Michel Barnier warning against damage to the Single Market. Whilst Barnier's tone seemed to soften a few weeks back, announcing that he is prepared to offer "a partnership such as there never has been with any other third country", he remains "strongly" opposed to significant parts of the Chequers proposals. His insistence that there will be no "a la carte" Single Market remains a sticking point. The notion of a common rulebook for goods but not services has not only been criticised by Barnier but also by Brexiteers who favour a "cleaner Brexit". It therefore falls on May to win both these groups over, but not before she has sought the ear of the 27-member states, on which the future of the Chequers proposal rests.

France has remained steadfast in its support for Barnier's negotiating position, which rules out many of May's proposals, whilst others have offered a more considerate ear to May's plans. Member States reportedly remain concerned by the continued political uncertainty in the United Kingdom, worried that any future framework agreed to, which may include concessions, will be ripped apart by a new Government if May's precarious position falters. There are some signs, however, that President Macron's position is changing amid reports that he is preparing to use this month's Austria summit to spell out a new structure for European alliances, made up of 'concentric circles' with EU and the euro at the centre.

Trade agreements are notoriously difficult to agree with the EU, owing to the need to balance the interests of all Member States and agree a common position. The Commission has warned the UK that it cannot 'divide-and-rule' as it seeks support across the continent. Cabinet ministers were sent to meet their EU counterparts to convince them of the merits of the Chequers plan ahead of a final push in Austria between EU leaders on the 20th September. Following the summit, the likelihood of success of the Chequers proposal will be clearer. If it falls flat, an alternative is likely to be proposed, which is expected to build on existing agreements the EU has with third states – something reportedly being worked on by the Department for Exiting the European Union according to David Davis.



"As we enter the final phase of the negotiations in the lead-up to the October council – and the possibility that it may creep beyond that – we want to see some renewed energy."

- Dominic Raab MP appearing before the Lords EU Committee, August 2018

The next watershed date will be the October European Council meeting – the target date for both sides to agree a deal. Ahead of the resumption of Brexit talks, Dominic Raab told a House of Lords Committee that a deal was “within our sights”. However, indicating that the timetable was under duress, he conceded there was now “leeway” over how quickly a deal can be signed. If some press reports are to be believed, then the October deadline has already been dropped behind the scenes and officials on both sides are now working to a mid-November deadline.

Regardless of when a final agreement is completed, it will need to have the support of both the UK Government and the European Council and Commission before they present it to their respective parliaments. At this stage, parliamentarians will debate and vote on the final UK-EU Agreement made up of three parts: The Withdrawal Agreement, the Transition Agreement and the Future Framework Agreement. Each depends heavily on the other with the repercussions of a vote against any final deal yet to be fully realised.

‘No deal’ technical notices

On 23rd August 2018, the Department for Exiting the European Union published the first 25 in a set of a expected 70-80 ‘technical notices’ informing people and businesses in the UK of practical measures they may need to take in the event of a ‘no deal’ Brexit. Just after the documents were released Chancellor Philip Hammond reiterated Treasury warnings that a ‘no deal’ Brexit could lower GDP by 7.7% over the next 15 years in a letter to the Treasury Select Committee. Hammond’s warnings were described as “hard to swallow” by fellow Cabinet member Liam Fox and one Conservative backbencher to label it as “another instalment of dodgy project fear”.

The first 25 technical notices covered industries including medicine, farming and finance and warned of higher credit card fees when buying goods from the EU, Britons living elsewhere in Europe possibly losing access to UK banking and pension services, and requests to pharmaceutical companies to stockpile an extra six weeks’ worth of medicine.

May – will she remain?

While May has survived weeks of Tory in-fighting over her Chequers deal, she remains on thin ice. In some ways her situation is now less precarious; the resignations of heavyweights Boris Johnson and David Davis have arguably led to fewer Cabinet power-struggles and the publication of the White Paper provides her with a clearer position for her supporters to get behind. Indeed, May has been working hard to woo grassroots Tories and party Chairs to endorse her plan in recent weeks.

There is also a clear lack of an obvious replacement, although Boris Johnson has recently experienced a post-resignation revival in both notoriety and support. The former Foreign Secretary topped a poll when ‘ConservativeHome’ asked members who they wanted to succeed Theresa May, followed by Sajid Javid

and Jacob Rees-Mogg respectively. This does not, of course, necessarily mean that any of them would have the support required to beat May in a leadership race.

Under Conservative Party rules, which require 15% of Conservative MPs to write to the 1922 Committee of backbench Tory MPs to force a vote of no confidence, disgruntled Eurosceptics could possibly reach the 48 signatures needed but might struggle to muster the 159 votes needed to trigger a leadership contest. If such a ballot was triggered only to ultimately be unsuccessful, there would be no option for another such vote for an entire year – taking Theresa May beyond ‘Brexit day’. Prominent Conservatives such as former Foreign Secretary Lord William Hague have also come forward to warn Eurosceptics against derailing Brexit by weakening May’s negotiating power with a no-confidence vote.

After last year’s election saw the Conservatives fail to secure an overall majority, the Prime Minister stood before her colleagues and urged her party to ‘get behind her on Brexit’ or risk a Labour Government. Whilst Labour now face their own internal party rows, the same risks of a Corbyn-shaped ‘bogeyman’ continue to worry some Conservatives, who fear that a leadership contest could, ultimately, trigger a general election.



As Brexit negotiations continue the Prime Minister has work to do to please the various factions of her fragmented party. The European Research Group (ERG), led by grassroots favourite Jacob Rees-Mogg, are working on their own alternative blueprint for a harder Brexit which is expected just before the Conservative Party Conference. The emergence Stand Up 4 Brexit, a new campaign urging the Government to rip up the EU negotiations to date and supported by the likes of Priti Patel and Iain Duncan Smith, only adds to the pressure. This is before even considering the reported dissatisfaction amongst the grassroots themselves – with three-quarters of voters in 44 marginal seats ‘dissatisfied’ with the Government’s handling of Brexit negotiations. May also faces demands from pro-business Remainers to vehemently reject the demands of hard-Brexiteers. Perhaps an indication of May’s challenge lies in Remain voter Nick Boles’ recent warning that the Chequers proposals are destined to fail.

If May can secure a deal with the EU, then the final hurdle will be passing it through Parliament. If Parliament do reject an EU-agreed deal, then Britain faces the prospect of leaving the EU with no agreement at all. Such an outcome could lead to a host of other options, such as invoking emergency legislation to extend negotiations or even a second referendum – both opposed by the Government at

present. May has firmly stated that a second referendum would not honour the result of the first. However, such an option could be forced on her if Labour's opposition to the second referendum is dropped - made more likely by talk of a motion at Labour conference in September change their policy. Whatever happens, May has already proven many of her critics wrong by remaining in power throughout one of the most tumultuous periods of British politics, leaving many wondering if she can see it through to the end of the process.

The key dates to look out for



4th September

House of Commons returns from recess



12th September

EU State of the Union speech by Jean-Claude Juncker



26th September

Jeremy Corbyn speaks at Labour Conference



3rd October

Theresa May speaks at Conservative Conference



7th-9th October

Scottish National Party Conference



18th-19th October

Original deadline for a final UK-EU Agreement to be reached

About Political Intelligence

For further information on Brexit developments or if you'd like to discuss the ways in which Political Intelligence could support your organisation in your public affairs activity, please get in touch.

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