

LABOUR EURO-SAFEGUARDS CAMPAIGN

BULLETIN

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QUESTIONS AND ANSWERS ON WHERE

WE NOW ARE ON THE BREXIT NEGOTIATIONS

1. What are the current sticking-points on the current Brexit negotiations?

We are approaching the crunch point on the UK's Brexit negotiations with the EU27. With the UK's withdrawal from the EU scheduled to take place at the end of March 2019, Parliament is going to have to vote on two crucial but inter-connected matters this side of Christmas, if sufficient time is going to be available for whatever decisions are taken to be implemented before we leave at the end of March 2019. One is the Withdrawal Agreement in which the key issues will be the severance payment to be made to the EU27 by the UK and our commitment on the Irish border. The other will be on trade. What are the outcomes likely to be?

2. What will Parliament have to commit to on the Withdrawal Agreement?

The Withdrawal Agreement will be a legally enforceable international treaty. In it the UK is going to be expected by the EU27 to give an irrevocable undertaking to pay to the EU27 the £39bn proposed by the Prime Minister in her speech in Florence September 2017. In return the EU27 will provide the UK with an extended period, currently to the end of 2020, to negotiate a trade agreement with the EU27. There will, however, be no certainty when the Withdrawal Agreement comes to Parliament what the trade terms might be and the UK will have relinquished a crucial bargaining counter if it agrees to pay the £39bn without knowing what it is going to get in return. On the Irish border, the UK will be expected by the EU27 to guarantee that whatever trading arrangements there are to be between Northern Ireland and Eire will meet the EU's interpretation of what was agreed by the UK government in December 2017 to get the trade discussions started. As it will be for the EU27 to decide whether their conditions on the Irish border have been met, this will give them an effective veto on any trade proposals which are under discussion.

3. What is Parliament likely to be asked to agree on trade?

It seems increasingly likely that the arrangements which the Prime Minister will put to Parliament sometime this autumn will be some variant of the Chequers proposals. These will entail keeping Northern Ireland in complete regulatory alignment with the Irish Republic, to satisfy the commitments the UK gave to the EU27 on the Irish border, the inevitable consequence being the creation of a border in the Irish Sea unless the UK also stays in alignment with the EU27. This looks like being achieved by the UK staying in the Single Market and the Customs Union for a protracted period until alternative arrangements satisfactory to the EU27 have been agreed. The problem is that it is very difficult to see what these might be, the result being that the UK is likely to be bound for an indefinite time to being subject to all the rules and obligations of the Single Market and the Customs Union but with no say on how they change or develop. There will be short-term advantages to this happening in terms of avoiding a disruptive “no deal” scenario and providing continuity for trade. No doubt the government will rely on these to try to get a deal along these lines through Parliament, but at the cost of heavy long-term problems.

4. What will happen if Parliament accepts the government's proposals?

It may be that Parliament will agree proposals along these lines, possibly with the support of some Labour MPs offsetting votes against them from some European Research Group Conservatives and possibly the DUP, on whom the government depends for its majority. If this happens, the way ahead to the end of March 2019 will be clear. The UK will leave the EU – but effectively, to a very large extent, in name only. There will not be a cliff edge and there should be enough goodwill left to avoid any risks of lorries stacking up either side of the channel, food and medicines running short, and the economy dipping down. The downside is that none of the concerns which underpinned the Leave majority in the June 2016 EU referendum will have been addressed. We will still be liable for a net payment into the EU budgets of £11bn or £12bn a year. There will still be free movement of people from the EU27 to the UK – and vice versa. We will still be justiciable by the European Court of Justice. We will still effectively be in the Common Fisheries Policy, which almost no-one in the UK thinks has been in our interest, and in the highly protectionist Common Agricultural Policy, which keeps food prices well above where they need to be. We will be unable to negotiate our own free trade deals throughout the world. Above all, the UK which, less than 100 years ago, had a major degree of sovereignty over about a quarter of the world's land surface, will have a substantial part of its economic, commercial and social policies controlled by a foreign organisation over which we will have no control, which has no reasons for wanting us to be particularly successful, and with which inevitably we will have clashes of interest, from which we will be unable to protect ourselves.

5. What will happen if Parliament rejects the government's proposals?

It is also possible that Parliament will reject the government's proposals. If this happens there may then be further negotiations leading to a revised version of the government's plans coming back to Parliament. Time will then, however, be running very short because it will take at least three months to ratify and implement any deal. This means that it will have to be finalised before the end of 2018. If, however, no deal is in place before the end of this year, we will be moving into "no deal" territory. This could take a number of forms. One would be a rapid move towards negotiating a Canadian CETA free trade agreement with the EU27. This has been offered on various occasions to the UK. It would require more flexibility from the EU27 on the Irish border than has been exhibited so far, but even if this was forthcoming it is not clear that Parliament would vote for it. Another way ahead – favoured by a vocal minority of Remainers – would be for the UK to decide, via a second referendum, to remain in the EU. This option, however, is fraught with problems over timing, the questions to be put, unpopularity with the electorate, let alone democratic legitimacy, and also seems very unlikely to attract a parliamentary majority. A third possibility would be for the UK – at least temporarily – to join the European Economic Area, like Norway. Unfortunately, this option does not look very likely to be supported by the Norwegians and there are also major timing and institutional obstacles in the way. This then leaves a relatively complete "no deal" outcome as a significant possibility.

6. What would a full "no deal" outcome look like?

How a full "no deal" outcome would look like is hard to call. It would depend hugely on the extent to which both the UK but particularly the EU27 took a pragmatic view on making the best of the situation rather than taking a punitive stance. It is in no-one's interest to have chaos at the ports and disruptions to supplies. The obvious way ahead would be to keep existing arrangements covering trade and all the other relationships between the UK and the EU27 in place as they are while further discussions about the future took place. It would make no sense for tariffs on trade between the UK and the EU27 to be imposed while talks continued. Nor would it be in anyone's interest for aircraft to be grounded and co-operation on everything from climate change to combating terrorism to stop. The issue is how willing the EU27 would be to take this kind of co-operative approach. Clearly there is a spectrum from wholeheartedly making the best of the circumstances to being as disruptive as possible. The best outcome not just for the UK but for the EU27 would undoubtedly be to minimise disruption and hopefully this would be the attitude which everyone would take. If this is not what happened, the UK would be well advised to act unilaterally as co-operatively as possible.

7. Where does this leave the Labour Party in terms of support?

Brexit has exposed deep divisions within the Labour movement. Nearly all Labour MPs favoured Remain. The vast majority of delegates to the recent Labour Party Conference were clearly in the Remain camp, accurately reflecting views on the EU within the Labour Party membership, now numbering well over half a million people. The position among traditional Labour voters, however, is very different. Among this group there is a large minority – perhaps even a majority – of Leave support. Nearly 70% of the seats held by Labour had Leave majorities in the EU referendum. In the 2017 general election, while Labour's vote as a percentage of the total rose from 29% to 40%, Labour only increased its overall number of seats in the Commons by four, while 130 seats – almost all outside London and university towns – showed swings against Labour. There is little sign of Leave people's support for Brexit changing. If, therefore, Labour is ever to form a majority government, it cannot afford to adopt too Europhile a stance at the risk of losing support among voters it badly needs to attract in marginal seats in Wales, the Midlands and the North.

8. What should Labour tactics be?

In all these circumstances, Labour MPs have unenviable choices in front of them when the Withdrawal Agreement and the trade deal come before Parliament. They could support deeply unsatisfactory and unpopular government proposals or cast their votes against them with the risk that this could lead to supporting a Brexit outcome which, at least in the short term, could be severely disruptive. In the light of the outcome of the referendum and the choices available to the country, the Labour Euro-Safeguards Campaign has always believed that a deal along the lines of the Canadian CETA free trade agreement – Canada +++ – was the best option, but this entails the UK leaving the Single Market and the Customs Union which most Labour MPs oppose. Time is now running very short, but given the possibility of some extension of negotiating time clearly being a sensible way ahead, this may provide more time still to put a deal along these lines in place. Naturally, Labour wants to oppose and to embarrass the government and to force a general election if possible, but there are such crucial national issues now at stake that the Party needs to avoid appearing to be opportunistic and unpatriotic. Tying the Party to a second referendum – a People's Vote – seems the least likely way of binding our very divided country back together again. The choices facing Labour MPs are tough and difficult ones and we need to support them, especially as the Party does all it can, at the same time, to maintain its backing throughout the country.