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Brexit

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Chapter Contents

Reader's Guide

This chapter examines the so-called 'Brexit' phenomenon, the first time an existing EU member state has voted in a referendum to leave the Union. The chapter examines the historical context that shaped the UK's decision to join the EEC and its subsequent relationship with the EU. It charts the events leading to the EU referendum, including the campaign and explains the reasons for the narrow 'Leave' vote in the referendum. The Brexit negotiations under Article 50 are discussed by focusing on process, actors, and outcomes, specifically the content of the March 2018 Draft Withdrawal Agreement. The penultimate section of the chapter explains Brexit by drawing on the extant European integration literature with a focus on the concepts of disintegration, differentiated integration, Europeanization, and politicization, while surveying the likely scenarios for a future EU–UK relationship. The chapter ends by discussing the impact and implications of Brexit for the EU.

Introduction

On 23 June 2016, in a referendum on EU membership, 52% of the UK electorate voted for what had become known as '**Brexit**' (British exit from the European Union). To understand the referendum outcome, and 'Brexit' more widely cast, means looking not only to short-term factors leading to the poll, but also to longer-term trends. This is because the UK's involvement in the European Union (EU) has been shaped by its history and its culture. Indeed, stories from the past combine with pragmatic economics, short-term (party) political and media interests, social and economic cleavages, and broader global and technological issues to form a base-line for understanding why, in the 1950s, European states decided to work together to forge a common market; why the UK decided first to stay out of and then applied to join this venture; and why—after 43 years—on 23 June 2016, the country voted to leave the EU.

This chapter offers an introductory overview of Brexit, an unprecedented process in the EU that will have lasting effects on the UK and the Union. It starts by examining the historical context shaping the UK's post-1945 relationship with its European neighbours. It then charts the events leading to the EU referendum, including the campaign and explains the reasons for the narrow 'Leave' vote in the referendum. The Brexit negotiations under Article 50 are discussed by focusing on process, actors, and outcomes. This is followed by a section that explains Brexit from the perspective of existing analytical lenses while discussing the likely scenarios for a future EU–UK relationship. The chapter ends by reflecting on the implications of Brexit for the European Union.

The UK in Europe after 1945

In the 1950s, six West European states agreed to co-ordinate first their coal and steel industries and later other economic sectors to form a European community. By 1958, the European Economic Community (EEC) was up-and-running. The British government had been invited to participate, but had declined. There was little enthusiasm in the UK for supranational integration, because of concerns over its implications for British sovereignty. By the end of the 1950s, however, the UK's position had altered. The British economy was stagnant and the Suez crisis had put paid to the view that the UK retained its status as a pre-eminent world power. After initially toying with an alternative free trade arrangement, the UK government applied to join the EEC in 1961.

The road to accession was far from smooth. Notwithstanding opposition at home French president Charles de Gaulle created the biggest barrier to the UK's EEC membership, vetoing UK membership twice, in 1963 and 1967. It was only after he left office in 1969 that negotiations could proceed, led by the pro-European Conservative Prime Minister, Edward Heath. The negotiations were completed quickly, culminating in the UK joining the EEC on 1 January 1973.

The 'anti-marketeers', opposed to EEC membership, argued that the UK had conceded too much. The opposition Labour Party leader, Harold Wilson, facing elections in 1974 with a party divided over EEC membership, sought a pragmatic solution. Foreshadowing David Cameron's actions more than four decades later, Wilson agreed, if elected, to renegotiate the UK's EEC deal and to hold a UK-wide referendum on EEC membership. Once elected, and with little enthusiasm, the Prime Minister engaged in a rather limited renegotiation. The referendum to decide whether the UK would leave the EEC was held less than 18 months after it had joined, in June 1975.

A clear majority of 67% supported membership. The fact that all political parties, aside from the Communist Party, supported staying in the EEC, as did all national newspapers aside from the Communist *Morning Star*, no doubt helped the pro-EEC campaign. The latter, the 'ins', was also much better funded and organized. The 'outs' comprised a rather ill-assorted group of politicians, including Tony Benn on the far left and Enoch Powell on the far right.

Wilson's renegotiation had ignored several tricky questions, including the UK's contribution to the European budget. This was one of several issues which provoked tension throughout the 1970s, coming to a head after Margaret Thatcher took office as Prime Minister in 1979. At the Fontainebleau summit in 1984, European leaders struck a deal on this issue, heralded in the British media as a great victory. However, the aggressive way in which the discussions had taken place left European leaders bruised.

While Thatcher continued to adopt an adversarial approach on European issues, she was willing to bargain when in the UK's interest. She was supportive of plans to create a Single Market as this initiative was in line with her domestic deregulatory agenda and could benefit the UK economy, even if it was likely to have long-term institutional and political ramifications. Ultimately, despite or perhaps because of Thatcher's tough stance, the European issue ended up playing a part in her downfall. It also plagued her successor, John Major, in his struggles to negotiate the Maastricht Treaty (Treaty on European Union). Although he managed to gain opt-outs for the UK on Euro membership and social policy, these concessions were

not enough to quell the opposition of backbenchers, who came close to bringing down the government in 1993. The legacy of this period continues to influence British European policy.

Meanwhile, by the early 1980s, the Labour Party in opposition had moved substantially to the left, so much so that the 1983 election manifesto included a commitment to withdraw from the EEC. After electoral defeats in 1983 and 1987, the Labour Party began to adopt a more pro-European position. With a new Prime Minister, Tony Blair, in office from 1997, the tone of the UK's relationship with the EU seemed to improve. Indeed, the first Blair government opted back into the EU's social 'chapter' and negotiated an important deal with France on defence cooperation. However, while Blair favoured Euro membership, his Chancellor Gordon Brown was hostile. The criteria and tests established to judge whether the time was right for the UK to join failed to demonstrate the benefits to the UK economy, and as public opinion proved unsupportive, the issue of Euro membership was eventually dropped.

Although the **United Kingdom Independence Party (UKIP)** emerged onto the British political scene in the mid-1980s, it was only in the 2000s that it had its first electoral successes. These culminated in their lead position in the 2014 European Parliament elections, and successes—albeit to a lesser extent—in the 2015 UK general election. UKIP was also able to influence the mainstream political parties, especially the Conservative Party. While UKIP campaigned on a range of issues, its *raison d'être* had from the start been withdrawal from the EU via an in/out referendum. During the Major and Blair governments there had been frequent calls for European referendums on specific European issues, and in 2007, David Cameron, then leader of the opposition, gave an 'iron-clad guarantee' that a Conservative government would hold a referendum on the Lisbon Treaty. The referendum issue had entered public discourse.

In office, Cameron's back-tracking on this referendum pledge angered Eurosceptic Conservative backbenchers, turning Europe into the defining issue of his premiership. Although Cameron had a reputation as soft Eurosceptic, he had not wanted Europe to dominate his government. He had already told his Party in 2006 that politicians alienated the public by 'banging on about Europe'. Refusing to hold a referendum on a treaty that had already come into force made sense, but simmering tension on this

issue required action. Cameron therefore supported legislation (the 2011 European Union Act) to prevent Parliament agreeing any major *future* treaty reform without first holding a referendum, a so-called 'referendum lock'.

The European Union Act did nothing to quell Conservative backbench discontent. Conservative Members of Parliament (MPs) who felt impassioned on the EU issue were encouraged by a Eurosceptic media and supported by more moderate MPs concerned about UKIP's electoral successes. This led to politically embarrassing backbench rebellions, such as in October 2011 over a proposed bill setting out plans for an EU referendum, and another almost exactly a year later over an EU budget deal.

It was in this context, in his now-famous January 2013 'Bloomberg' Speech, that Cameron outlined his vision for a reformed EU and the UK's place within it. The Prime Minister outlined the British agenda for EU reform around four proposals. He acknowledged the gap between the EU and its citizens and the need to address this lack of democratic accountability and consent; he gave an assurance that developments in the eurozone would not prejudice those outside the single currency; he proposed a limit to welfare incentives encouraging EU citizens to seek work in Britain; and emphasized the need to maintain competitiveness, jobs, growth, innovation, and success. He also confirmed that a referendum that would be held before the end of 2017 to settle the European question was contingent on the negotiation of a 'new settlement' for the UK in the EU (Cameron, 2013; see Box 27.1).

KEY POINTS

- Although there was initially little enthusiasm in the UK, by the early 1960s, the economic rationale for joining the EEC had become more convincing. The UK joined in 1973.

- A post-membership referendum in 1975 resulted in 67% of the electorate voting to stay in the Community.

- The UK supported European initiatives where they were perceived to be in the national interest.

- The European issue in the UK remained contentious.

- After 2010, the PM addressed the rise of UKIP and ongoing backbench hostility to the EU by calling a referendum on membership of the Union.

BOX 27.1   THE 'NEW SETTLEMENT'

At the June 2015 European Council, Cameron presented his plans for an in/out referendum. This was followed by technical talks between UK and EU officials; a more thorough discussion was postponed to the December European Council. During the summer of 2015, the British government embarked on a diplomatic offensive across Europe's capitals. Finally, on 10 November 2015, the British government outlined its proposal for a new UK settlement in a reformed EU. The wish list outlined four main areas for reform namely economic governance, competitiveness, sovereignty, and migration (Cameron, 2015); but it was clearly narrower and less aspirational than what had been outlined in the Conservative manifesto earlier that year. These requests fell short of fundamentally changing the relationship with the rest of the EU or reforming the workings of the EU in any substantive way. Initial discussions took place in late 2015 and early 2016 in a context shaped by terrorist attacks in Paris and the failure of the EU to resolve the refugee crisis. By February 2016, the

European Union Referendum Act had been enacted, setting the terms for holding a referendum on the UK's EU membership.

On 2 February 2016, Donald Tusk presented a proposal for a new settlement for the EU in response to the concerns raised by the British government. To ensure a broad agreement, Tusk and his team engaged in a series of consultations with EU leaders after which the member states agreed a 'legally binding and irreversible decision' on the UK's special status in the EU to become effective as soon as the British government confirmed that the country would remain in the EU. Cameron hailed the agreement as the 'best of both worlds'. Critics were quick to point out that the outcome fell short of the promises made before the general election. This state of affairs played to the interests of the Leave campaigners who could very quickly identify holes in the terms of this new special status, while also doing very little to assuage the internal divisions in the Conservative Party.

The Brexit Referendum

The Conservative Party fought and won the 2015 general election on the basis of a promise to change the UK's relationship with the EU and reclaim power from Brussels; and with the commitment to hold an in/out referendum. The PM decided to hold that referendum in June 2016. From the end of February to the official start of the campaign on 15 April 2016, the Leave and Remain camps rallied to attract supporters from the worlds of politics, business, and entertainment, while seeking to organize themselves into coherent campaigns. The challenge for the referendum campaigns was twofold: to translate a generic question: 'Should the United Kingdom remain a member of the European Union or leave the European Union?' into meaningful issues that would interest and mobilize voters; and to devise a cohesive message shared by a majority of those supporting each side of the campaign, given the heterogeneous make-up of the supporters for the respective campaigns and the cross-party nature of the campaign divide.

The key message put forward by the Leave campaign was 'take back control'. Much of this related to control over borders and immigration and to reinstate British sovereignty over key policies. The Leave side argued that the UK could retain the benefits of access to the EU Single Market without the obligation to allow free

movement of people. The call for referendum day to become 'independence day' and the promise that the country would be made 'great again', summarized the ability of the Leave campaign to appeal with skill to national pride and sentiment. The Leave campaign also stressed the vast trading and economic opportunities available to the UK outside the EU, arguing that as one of the largest economies in the world, the UK would thrive.

The Remain campaign made the economy its key theme, arguing that a Brexit would have a devastating effect on UK growth. Drawing on extensive expertise from the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), and the Bank of England, it stressed that as well as creating short-term instability, a decision to leave the EU would plunge the country into recession. The Chancellor, George Osborne, promised an emergency budget if the country voted to leave, a commitment that contributed to the Leave campaign's argument that those in the Remain camp were engaged in 'Project Fear'.

The Remain campaign avoided confronting the immigration and border control issue. When it did address it, it failed to recognize until late in the campaign that promises to reduce migration were meaningless in the context of the EU's free movement of people; and to recognize the fears and misconceptions of large sections of society, particularly those worst hit by the

effects of globalization and government austerity policies; that is, those who regarded EU immigration as a challenge to their national identity, a cause of unemployment, and an unsustainable burden on the country's healthcare, housing, and education systems.

The issue of the UK's territorial integrity emerged during the campaign as the opinion polls highlighted an enhanced level of support for a Remain vote in both Northern Ireland and Scotland. Wales was an outlier, with the UKIP vote in the Welsh elections in May 2015 already having shown evidence of discontent in traditionally Labour working-class areas over the loss of jobs in the industrial sectors.

With the debate focused mainly on the economy, the Leave campaign could dismiss Remain's 'doom-and-gloom' narrative by discrediting expert advice as elitist. This reaction wrong-footed the Remain campaign, which seemed unable or unwilling to develop a progressive and positive narrative about EU membership. As the date of the referendum drew closer, the tone of the campaign became more abrasive. A much larger debating space opened up for the Leave campaign, which was able to strengthen its anti-immigration narrative and frame the debate as one of 'us' (the decent, ordinary people passionate for our country) against 'them' (the uncaring disconnected elites in both Westminster and in Brussels). At this point, any attempt by the Remain campaign to challenge the narrative by the Leave side based on their misleading messages about Turkey's imminent EU membership, the possibility of staying in the Single Market without free movement, or the instant transfer of funds from the UK's contribution to the EU budget to fund the National Health Service (NHS), became fruitless. The Remain side was criticized as promises to limit immigration were very clearly at odds with the European Union's principle of free movement of people.

On 23 June 2016, the UK electorate voted to leave the EU. In total 17,410,742 people voted to leave and 16,141,241 voted to remain. That amounted to 51.9% for Leave and 48.1% for Remain, with a turnout of 72.16%. The referendum showed the UK to be a divided country. Regional variations had been expected. Scotland and Northern Ireland voted to say in the EU, while England and Wales voted to leave. As predicted before the referendum, there was a marked difference in voting patterns across age groups. The older the voter, the more likely they were to vote Leave. In the 18–24-year-old age group, 73% supported Remain. Among the over-65s, 60% supported Leave. The best

indicator of whether someone would vote Leave or Remain (other than in Scotland) was whether they had a university degree or not. Other indicators suggested social class was an important factor. Areas with a large preponderance of working-class votes tended to have higher levels of support for Leave.

Over the summer of 2016 there was a lull in Brexit activity. While allowing for backward-looking reflection, this also left unanswered important questions about the future. After Theresa May was appointed as Prime Minister in July there was little evidence of any plan at all. The paucity of information emanating from the government was reflected in the attention given by the media to the Prime Minister's rather meaningless assertion that 'Brexit means Brexit', and that she would work for the 'best possible terms' arising from any future negotiations. It was not until the Conservative Party Conference on 2 October, that the Prime Minister gave her first full-length speech. In it, she announced that Article 50, the **Lisbon Treaty** provision that set out the process by which EU member states might leave the Union, would be invoked by the end of March 2017. May also confirmed that she would commit to a hard Brexit; namely, the UK would leave the EU, the EU's **Single Market** (of which non-EU countries are also members) and the EU **Customs Union** (of which non-EU countries are also members) if necessary in order to defend the UK against free movement of people, but kept her options open on that score. From October 2016, the Brexit debate focused on the extent to which a 'hard' Brexit would be detrimental to the UK's interests, and what form a 'soft Brexit'—that is, the UK staying either within the EU's Single Market by becoming a member of the **European Economic Area** (like Norway), or in the European Customs Union, or both—might take, if that were the route pursued. It was not until the January 2017 Lancaster House speech that the Prime Minister finally ruled out membership of the Single Market and the Customs Union and thus a firm preference for hard Brexit. This would take the form of a Free Trade Agreement. This line of argument was reiterated in the letter ultimately sent to the European Council on 29 March 2017 to trigger Article 50 and in subsequent interventions by Mrs May such as the Florence speech of September 2017, or the Mansion House speech of March 2018.

The Prime Minister's decision to exclude Parliament from the invocation of Article 50 led a coalition of civil society actors, including a concerned citizen, Gina Miller, to launch a legal challenge in the UK High

Court. The case was initially heard by three High Court judges who ruled on 3 November that Parliament had to legislate before Article 50 could be invoked. The judgment led to a media frenzy with the government deciding to pursue the case to the UK Supreme Court, which on 24 January 2017 ruled against the government. The ruling meant that Parliament had to legislate to trigger Article 50 but it was evident that Parliament—neither the House of Commons nor the House of Lords—would vote against the government.

Despite splits during the referendum campaign, the Conservative Party presented a united front behind their new Prime Minister. Even though she had ostensibly voted Remain, Theresa May proved her Brexit credentials by appointing hard-line Brexiteers, David Davis and Liam Fox, to key ministerial positions (as the head of the new Department for Exiting the EU, and as Trade Secretary). At the same time the Labour Party did not offer any real opposition on Brexit. The Labour leader, Jeremy Corbyn, stuck with the argument that the outcome of the referendum should not be contested. Moreover, for Remain MPs whose constituencies had voted Leave, their position was a difficult one, raising questions of whether they should stick by their principles or reflect the views of their constituents. The fact that many Labour 'Remainers' voted in favour of triggering Article 50 demonstrated their unwillingness to go against most of their constituents. For other political parties, their response seemed less equivocal. The Liberal Democrats and the Green Party threw themselves into their role as defenders of the 48% who had voted to remain in the EU. UKIP, by contrast, found itself in a more difficult position. Arguably, its *raison d'être* was fast disappearing, and with Nigel Farage stepping down as leader after the referendum, UKIP entered—and not for the first time—a period of contentious leadership wrangling.

The political parties representing the UK's nations, Scotland, Northern Ireland, and Wales, responded in different ways to the government's Brexit plans. The Scottish National Party (SNP) reflected the majority Remain position held by Scotland by arguing for a soft Brexit, for more involvement in the Brexit process, and subsequently for a UK government commitment to hold a second Independence Referendum in late 2018 or 2019. In Northern Ireland, which also supported Remain, there was serious concern about the land border with the Republic of Ireland. The UK Prime Minister's commitment that there would be no reinstatement of a hard border between North and South,

something that would seem to undermine the Good Friday Agreement, lacked clarity since it was unclear how a soft border was in line with the Prime Minister's commitment to a hard Brexit. Moreover, electoral and party political travails meant that the Northern Ireland parties were often at loggerheads and divided on how to respond to Brexit. The failure of power-sharing after the March 2017 election meant that even as Article 50 was triggered, there was still relatively little attention being paid to the issue and equally little pressure on the UK government to make its negotiating position clear. Finally, the result in Wales was a majority vote for Leave, and with Labour the largest party in the Welsh government and no talk of independence, there was little controversy. Even so, there were concerns in some quarters about the economic impact of Brexit on Wales given the principality's reliance on EU funding. Moreover, the Welsh watched the Scottish and Northern Irish situation nervously, aware that any threat to the UK's constitutional settlement elsewhere in the country could also have repercussions for Wales.

The economic implications of Brexit remained politicized throughout this period. However, with Article 50 only triggered at the end of March 2017, the economic responses to Brexit in 2016–17 were no more than responses to uncertainty, or to indications of political choices to come. After all, Brexit had not actually happened and commentators remained in the business—as they were during the referendum campaign—of prediction, with some arguing that great opportunities would come from the new outward looking trade policies that could be pursued in the future, where others foresaw business transferring their operations overseas, and the City of London entering a terminal decline.

In many respects, therefore, the interim period between the referendum and the early preparations for Brexit was marked by many of the same themes that affected the campaign itself. There is a good reason for that. For both camps there was still a great deal to play for. The committed Leavers campaigned to ensure that Brexit was not, as they saw it, watered down by the UK staying in the Single Market or Customs Union. They made their case strongly and managed to convince the Prime Minister to follow suit. They set up new frameworks, as in the case of Boris Johnson's 'Change Britain' group, launched in September 2016. They argued that the losers were 'Remoaners' who failed to accept the legitimate outcome of the vote, and who wanted to temper that outcome with a half-hearted compromise which would see the UK

neither fully in nor fully out of the EU. It may be argued that they had a point, as some of those who had voted to Leave realized that the form that leaving would take had not been settled in advance. Many in this camp remained attached to the Single Market, even if they felt that there were elements of the EU that they wanted to be rid of. Of the 48% who did not vote to leave the EU, some threw themselves into the pro-Single Market, soft Brexit, campaign; others did not give up on the prospect that Brexit might not still happen, whether they silently hoped that this would come to pass, or actively sought to campaign. Several thousand people in this camp attended a demonstration in London in March 2017.

KEY POINTS

- The Leave campaign focused on the theme of 'take back control' while the Remain campaign emphasized the impact on the UK economy.

- The result of the referendum was 51.9% in favour of leaving the EU.

- The referendum result showed clear evidence of the UK being a divided country. These divisions remained evident in the aftermath of the referendum and in the period prior to the triggering of Article 50.

- The new Conservative government favoured a hard Brexit scenario with the UK leaving both the Single Market and the Customs Union.
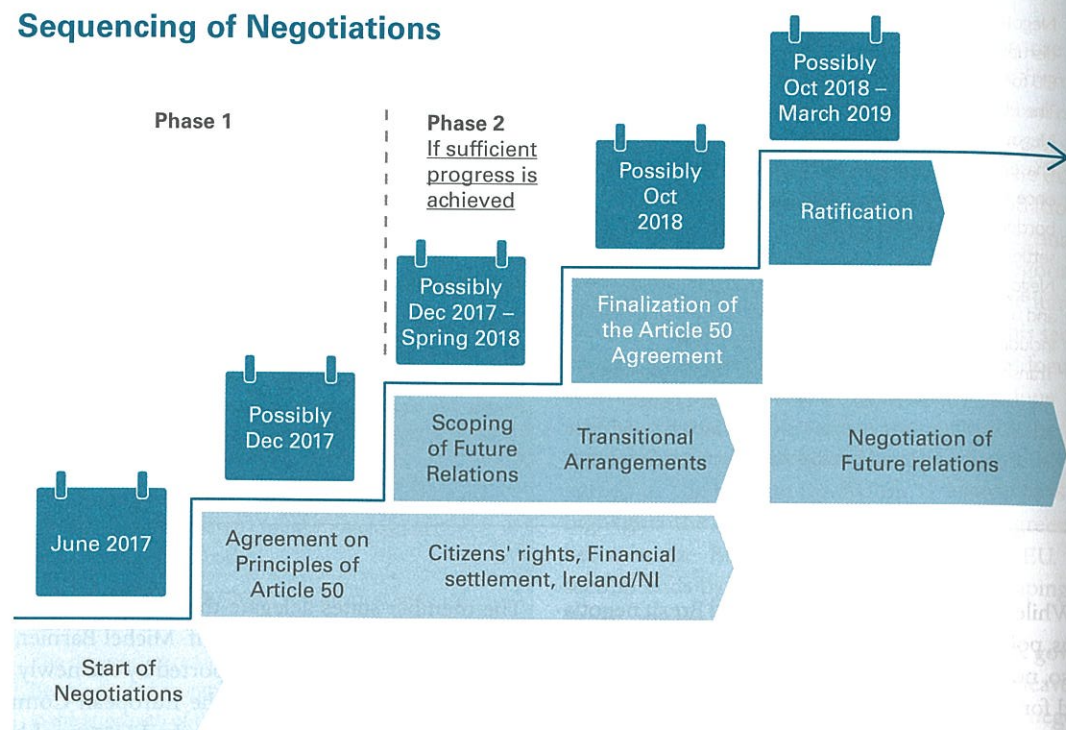
BOX 27.2 ARTICLE 50 TEU

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.

2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.

3. The Treaties shall cease to apply to the State in question from the date of entry into force of the Withdrawal Agreement or, failing that, two years after the notification

referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.

4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it.

5. A qualified majority shall be defined in accordance with Article 238(3)(b) of the Treaty on the Functioning of the European Union.

6. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.

Source: Article 50 TEU

The Brexit negotiations under Article 50

Article 50 (see Box 27.2) was drafted to ensure that states might withdraw in an orderly fashion from the EU. It sets out the time frame, scope, and broad negotiating procedure; and it identifies the key actors and the balance of power between the EU and the exiting member state. The governance of the negotiations is further shaped by the European Council's negotiating guidelines of 29 April 2017, the Council negotiating directives of 22 May 2017, and the Supplementary directives of 29 January 2018 (see Box 27.3). This section discusses the Brexit negotiation process, by focusing on its scope, actors, and progress between June 2017 and March 2018. The section also outlines the content of the provisional **Withdrawal Agreement (WA)** agreed by the UK and the EU on 19 March 2018 and highlights the areas of agreement and disagreement between the British government and the EU. The section ends by discussing the dynamics shaping the Brexit process.

The Brexit process was initiated by the UK government when it communicated its intention to leave the Union on 29 March 2017. The duration of the negotiation process is two years from notification day unless the European Council, unanimously and in agreement with the UK government, decides to extend this period. This means that the Brexit negotiations are scheduled to end on 29 March 2019.

BOX 27.3 EU NEGOTIATING PRINCIPLES

- Negotiations aimed at mitigating the uncertainty and disruption caused by the UK decision to withdraw from the EU for citizens, businesses and Member States.

- The EU27 to act with one voice.

- Negotiations as a single package, no informal talks.

- Phased approach to the negotiations. Phase one completed once sufficient progress achieved on citizens rights, the border in the island of Ireland and the UK's financial settlement.

- Negotiations in the second phase should translate into clear and unambiguous legal terms the results of the negotiations, including those obtained during the first phase.

- Transitional arrangements are possible. These should be in the interest of the EU and aimed at providing bridges towards a future relationship. They must be clearly defined and limited in time and be subject to effective enforcement mechanisms.

- Sincere cooperation between the UK and the EU during the negotiations.

- Ensuring the integrity of the internal market.

- Commitment to the Good Friday agreement and peace in Northern Ireland.

- Commitment to a final Brexit agreement.

- No cherry picking: a non-EU MS cannot have the same rights and enjoy the same benefits as a member.

- Nothing is agreed until everything is agreed.

- A commitment to transparency.

Sources: Council of the European Union (2017a) *Draft guidelines following the United Kingdom's notification under Article 50 TEU*, XT 21001/17, Brussels, 31 March 2017. Council of the European Union (2017b) *Special meeting of the European Council (Art. 50)—Guidelines*, 29 April. Council of the European Union (2017c) *Directives for the negotiation of an agreement with the United Kingdom of Great Britain and Northern Ireland setting out the arrangements for its withdrawal from the European Union*, 22 May.

While, legally, it is possible to extend Brexit negotiations, politically, there is likely to be limited appetite to do so, not least because European elections are scheduled for 23–26 May 2019 and a new European Commission President will be appointed after that. The EU27 do not want the 2019 elections to be shaped by Brexit while managing the election of MEPs from an exiting country would be a complication that the EU prefers to avoid. If at the end of those two years, no Withdrawal Agreement has been concluded, and the EU27 do not unanimously agree to extend the negotiating period, the UK leaves the EU anyway.

The key actors in the negotiation process are, on the British side, the Secretary of State for Exiting the European Union, Dominic Raab (David Davis performed this role until his resignation on 9th July 2018) who is supported by a newly created Department for Exiting the European Union (DExEU). At the end of the negotiations and as part of the **EU Withdrawal Bill**, the British government has promised Parliament a single meaningful vote that is expected to cover both the withdrawal arrangement and the terms of the UK's future relationship with the EU.

On the EU side, Brexit negotiations are firmly intergovernmental. The EU's negotiating guidelines are drafted by the European Council, which acts on the advice of the EU Council via the General Affairs Council. Donald Tusk, president of the European Council, has become the face the of the EU27 governments.

The member states delegate the European Commission to negotiate on their behalf. Michel Barnier, the EU's Chief Negotiator, is supported by the newly created Article 50 Taskforce in the European Commission. The Commission informs the EU27 weekly on the progress of the negotiations, liaises with the European Parliament and national parliaments, and drafts the EU negotiating positions.

Once the negotiations conclude, the EU Council decides on the Withdrawal Agreement by qualified majority voting; that is, 72% of the 27 remaining member states (i.e., 20) and 65% of these states' combined population. The EP must provide its consent (by a simple majority of voting members) to the Withdrawal Agreement. The Parliament has appointed its own Brexit coordinator, Guy Verhofstadt, who also chairs the Brexit Steering Group.

The Brexit negotiations formally started on 19 June 2017. A phased approach to the Brexit negotiations was confirmed by both the EU and the UK (see Figure 27.1). Phase one, in line with the terms of Article 50, focused on the so-called withdrawal issues—namely: the status of UK citizens in the EU and EU citizens in the UK; the border between the Republic of Ireland and Northern Ireland; and the settlement of the UK's financial obligations. Phase two, ongoing at the time of writing, focuses on finding solutions to the three issues negotiated at a more general level during the first six months, particularly a solution to the Irish border that ought to respect the terms of the **Good**

Figure 27.1 The Sequencing of the UK–EU Negotiations

Sequencing of Negotiations

Source: Exiting the European Union Committee (2017) *The progress of the UK's negotiations on EU withdrawal. Second Report of Session 2017–19 - HC 372,* p. 12

BOX 27.4 THE IRISH BORDER

How to square the commitment by the British government and the EU27 to not introduce a border between the Republic of Ireland (an EU member state after Brexit) and Northern Ireland (part of the UK and thus outside the EU after Brexit) has become one of the most difficult stumbling blocks in the Brexit negotiations.

The British government is negotiating Brexit on the basis of the UK leaving the Single Market and the Customs Union. According to the British government, flexible and imaginative solutions that include the use of smart technology will ensure a borderless island of Ireland without crossing its negotiating red line.

However, leaving the Single Market would mean the end of the four freedoms (freedom of movement of people, goods, services, and capital) and the sharing of standards and regulations on both sides of the Irish border. Remaining in the Customs Union or in a specifically tailored customs union between the UK and the EU would allow for the free movement of certain goods, tariff-free trade, but it would not secure freedom of movement of people or services and customs checks would be required.

On 7 June 2018, the British government proposed the creation of a new temporary customs territory comprising the customs territories of the UK and the EU and where the UK would collect trade tariffs on behalf of the EU at its external border. The EU raised concerns about the implementation of such a solution and the lack of detail of the British proposal.

The EU27 had proposed a so-called 'backstop solution' as part of the Withdrawal Agreement. This means that unless the British government can find an alternative solution, the UK will maintain full alignment with those rules of the Internal Market and the Customs Union, which, now or in the future, support North–South cooperation, the all-island economy, and the protection of the Good Friday Agreement.

For the British government, any solution that creates a border between NI and the rest of the UK will be strongly opposed by the DUP, the party that allows the Conservative Party to retain a majority in Parliament. The Irish border has become more than just a stumbling block in the Brexit negotiations but also a potential constitutional problem for the UK.

Friday Agreement; the Withdrawal Agreement and potential transition period, and the framework for future relations between the UK and the EU. This latter issue has been a point of contention between the EU and the UK. The British government wants to negotiate its withdrawal and its future relationship with the EU in parallel. But the EU, following the terms of Article 50, only aims at achieving a political declaration on the future relationship by the autumn of 2018. The UK and the EU agreed that the second phase could not start until 'sufficient progress' on the phase one negotiations—that is, sufficient convergence of the UK and EU27 positions—had been achieved.

The months of difficult negotiations showed evidence of a well-prepared and unified EU27 around the shared interest to protect the integrity of the Single Market and the stability of the EU, and a divided, reactive, and unprepared British government. At the end, the two negotiating parties published a Joint Report on the Progress of Phase One of the Brexit Negotiations on 8 December 2017. The UK and the EU had reached agreement in principle across the three areas under consideration in the first phase of negotiations. (1) Protecting the rights of Union citizens in the UK and UK citizens in the EU. Crucially on this issue the UK and the EU agreed to provide reciprocal protection for EU and UK citizens exercising free movement rights by the date of the UK's departure; reassurances around family reunion; and a commitment that the administrative procedures to apply for new status post-Brexit would be transparent, smooth, and streamlined. (2) A framework for addressing the unique circumstances in Northern Ireland (NI) that respected the Good Friday Agreement and avoided the reinstatement of a hard border between the Irish Republic and NI. The UK committed to propose specific solutions to the border should these not be possible through the overall EU–UK relationship agreement. And to maintain full alignment with those rules of the Internal Market and the Customs Union which support North–South cooperation, the all-island economy, and the protection of the Good Friday Agreement (see Box 27.4). (3) On the

financial settlement, the methodology for working out the final outstanding bill (estimated to be between €40 bn and €60 bn) was settled but the final figure and the payment schedule were not. Both the UK and the EU agreed that the commitments made in phase one of the negotiations would be maintained in phase two.

Sufficient progress was confirmed by the European Council on 15 December 2017 unlocking the way to phase two. The first round of phase two meetings took place on 16–17 January and this was followed by a new set of Council negotiating guidelines published on 29 January 2018. The guidelines reaffirmed the EU's commitment to respecting the agreements achieved in phase one and confirmed that a distinct negotiating strand on the Island of Ireland, during phase two. The document outlined other issues for negotiation such as the governance of the Withdrawal Agreement, intellectual property rights, ongoing public procurement procedures, customs-related matters needed for an orderly withdrawal from the Union, protection of personal data, and use of information obtained or processed before the withdrawal date.

The EU27 requested more clarity form the British government on its vision for its future relationship with the EU to ensure that the Withdrawal Agreement was informed by that future agreement. Further, the EU27 reiterated their previous commitment to a transitional arrangement subject to effective enforcement mechanisms and preserving the integrity of the Single Market to last until 31 December 2020. Controversially, the EU expected that in return for enjoying the benefits of the Single Market and the Customs Union, the UK would no longer participate in the EU institutions or decision-making during the transition period, while the *acquis communautaire* would still apply to the UK and EU institutions would retain full competences vis-à-vis the exiting country (crucially CJEU jurisdiction).

The dynamics of a well-prepared and unexpectedly agile EU negotiating team and a reactive British negotiating team that characterized phase one, were still present in phase two of the Brexit negotiations. Thus, on 28 February 2018 the European Commission published a 'Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community' (from now on the Withdrawal Agreement or WA) governing the details of Brexit (see Table 27.1). An updated version was published on 15 March 2018 after the text was discussed by the EU General Council and the Brexit Steering Group of the European Parliament.

Table 27.1 Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

Structure	Content
Preamble	
Part One—Common Provisions	Articles 1–7 This section sets out definitions to be used in the remainder of the WA including the objective of the agreement, territorial scope and the principle of good faith.
Part Two—Citizens' Rights	(Articles 8–35) All EU citizens arriving in the UK during the transition period should have exactly the same rights as EU citizens who arrived before the UK's withdrawal. After the end of the transition period, those EU citizens, and UK citizens who arrive in a Member State after withdrawal but before the end of the transition period, should be covered by the personal scope of the Withdrawal Agreement. Family reunification rights also cover future partners. An independent Authority should be created in the UK to monitor the implementation and application of the citizens' rights part of the Withdrawal Agreement.
Part Three—Separation Provisions	Articles 36–120 This part of the agreement outlines rules applicable to procedures that are ongoing when EU law ceases to apply to the United Kingdom ranging from European Arrest Warrants to Geographical Indicators, VAT, intellectual property, public procurement, EURATOM. It protects EU officials, judges and politicians' immunity from prosecution and taxpaying obligations in the UK until the end of the transition period.
Part Four—Transition	Articles 121–126 The agreement offers a 21-month transition period until 31 December 2020. During this time, the UK will continue benefitting from the Single Market and Customs Union and be bound by the same obligations, even new ones acquired during the transition period, while being a third country. However, during the transition, the UK will lose all voting rights and decision-making power. The Court of Justice of the European Union has full jurisdiction over the United Kingdom with regard to all matters in the Withdrawal Agreement during the transition period.
Part Five—Financial Provisions	Articles 127–150 This part translates into legal terms the agreement reached on 8 December 2017 between the EU and UK negotiators on the terms of the financial settlement and includes additional details such as payment deadlines.
Part Six—Institutional and Final Provisions	Articles 151–168 The agreement envisages the creation of a Joint Committee that will be responsible for supervising and facilitating the implementation and application of the WA. It will comprise representatives of the EU and the UK. It also envisages the creation of five specialised committees on citizens' rights; on the other separation provisions; on issues related to the implementation of the Protocol on Ireland/Northern Ireland; on issues related to the implementation of the Protocol relating to the Sovereign Base Areas in Cyprus; and on the financial provisions. Other dispute resolution mechanisms include the Court of Justice of the EU, the possibility of a court or tribunal in the UK to request the Court of Justice to give a preliminary ruling on a question on the interpretation of citizens' rights. This part also includes the mechanisms to address non-compliance by the UK and the possibility of suspension of benefits afforded during the transition period.

(continued)

Table 27.1 *(continued)*

Structure	Content
Protocol on Ireland/Northern Ireland	A default solution to the island of Ireland that avoids a hard border and respects the Good Friday Agreement is proposed. This option is aimed at addressing the fact that an agreement on the future relationship will not be in place at the time of withdrawal, and the absence of a British solution. The option in the Withdrawal Agreement means that the United Kingdom maintains full alignment with those rules of the Internal Market and the Customs Union, which, now or in the future, support North–South cooperation, the all-island economy, and the protection of the Good Friday Agreement.
Protocol relating to the Sovereign Base Areas in Cyprus	This protocol sets the general framework for the implementation of the applicable EU law in relation to the Sovereign Base Areas in Cyprus after Brexit
Annexes	

Source: Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, 19 March 2018

Although the principle of 'nothing is agreed until everything is agreed' still governed the negotiation process, the British government agreed to the provisional text on 19 March. On 23 March, the European Council confirmed the agreements and adopted guidelines on the framework for post-Brexit relations with the UK.

The document incorporates into a legal text some of the agreements arrived at during phase one of the negotiations and outlines the terms of the British exit. The published text highlights in green those areas were the UK and the EU have achieved an agreement, mainly on the transition period, citizens' rights, and the financial settlement; areas in yellow where there is agreement on the policy objective but further clarification is needed for example on VAT or protection of EU and Euratom classified information; and leaves in white the areas where further negotiation is required, crucially on the future of the Irish border covered by a protocol. The expectation is that the final version of the Withdrawal Agreement will be concluded by the Autumn of 2018.

Under the terms of the WA, the UK and the EU have agreed that the UK will leave the EU on 29 March 2019 and that a transition period will last until 31 December 2020 (21 months, shorter than the two years requested by the UK). The transition period is conceived of by the UK and the EU as providing certainty and more time to negotiate the future relationship.

During the transition period, the UK government will be able to negotiate new trade agreements with third parties but these cannot come into force until after December 2020.

A new Joint Committee made up of representatives from the EU and the UK is set up to oversee the implementation of the WA. The committee will be supported by sub-committees on citizens' rights, the separation provisions, the Protocol on Ireland/Northern Ireland, and the Protocol on sovereign base areas in Cyprus, and the financial provisions. While the final legal interpretation of the WA rests with the CJEU, disputes on the implementation of the agreement are dealt with by the Joint Committee. The Committee may put forward a recommendation to the parties or decide to refer the matter to the CJEU whose rulings would be binding. A good faith clause commits both sides to respecting each other's interests.

On citizens' rights all EU 'citizenship' rights will continue to apply to EU nationals and their family members throughout the transition period. EU/UK nationals and their family members would acquire the rights of permanent residence or settled status after accumulating five years' continuous lawful residence. The WA expects a user-friendly application process. An independent authority will be created in the UK to monitor the implementation and application of the citizens' right part of the agreement. Citizens' groups have expressed concerns about the fact that post-Brexit British citizens residing in the EU stand to lose their right to free movement. The British government has relinquished its initial preference to

limit the rights of EU citizens moving to the UK after Brexit day.

To the surprise of many Brexit supporters in UKIP and in the Conservative Party, the UK government has agreed that during the transition period, the UK will continue to follow all EU rules, pay into the budget, and abide by rulings of the CJEU in return from enjoying the benefits of the Single Market and the Customs Union. However, as the UK will no longer be a EU member state, it will not enjoy the benefits of membership and thus not participate in the decision-making institutions of the EU and will not be consulted apart from on certain issues such as fisheries and foreign policy and defence collaboration. This outcome clearly reflects the EU's preference and has been challenged by Brexiteers because it turns the UK into a **'vassal state'.**

Last but not least, the UK and the EU have not agreed on a solution to the Irish border yet. The WA outlines a so-called 'backstop' solution to avoid a border between the Irish Republic and NI. This default solution proposed by the EU and not yet agreed to by the British government envisages the creation of a 'common regulatory area' in the Island of Ireland allowing for the free movement of goods. It would include provisions on agriculture and inland fisheries, the Single Electricity Market, environmental protection, and state aid. This proposal aims to ensure a borderless solution after the transition period, in the absence of a suitable solution avoiding a border either proposed by the British government or a solution covered by the terms of the future relationship (for example, should the UK remain a member of the Single Market and thus allow for the four freedoms to continue in the island). The fall-back position outlined in the draft agreement is highly controversial for the British government. A maximalist interpretation of the proposal would suggest that NI would have a special status in relation to the EU not shared by the rest of the UK, which has been regarded by many as challenging the integrity of the country. A minimalist interpretation of the solution, would see the rules on full regulatory alignment for NI as providing a template that could be applied to the entire UK but that is regarded by many as challenging the hard Brexit position preferred by the British government to date. By the Autumn of 2018, only a few months before Brexit date, the Irish border remains a major area of disagreement between the UK and the EU: the EU does not agree with the all-UK customs plan proposed by the British government, and wants the back-stop solution to be written into the WA. While the UK government does

not want to compromise the integrity of the United Kingdom by agreeing to an Irish backstop that would come into operation if the post-Brexit trade deal does not produce a solution that can prevent a hard border in the island of Ireland (see Box 27.4).

The Brexit process is not an ordinary international negotiation. Once Article 50 is triggered it places the balance of power firmly with the EU. The experience of phase one of the Brexit negotiations illustrates the power asymmetry between the UK and the EU27. Surprisingly, the EU27 maintained a solid, unified voice while earlier concerns about a Brexit domino effect across the continent had been assuaged. The British government arguably wasted its bargaining advantage by triggering Article 50 in March 2017 despite being unprepared for the magnitude of the negotiations ahead. Since then, it has been weakened by a reduced majority in Parliament and its dependence on the Northern Irish Democratic Unionist Party as well as by an absence of a concrete vision for its future relationship with the EU. Meanwhile, the Brexit clock is ticking. An agreement on a transition period may afford the negotiating parties more time to agree the terms of the future relationship but as Michel Barnier put it explaining the publication of the draft WA, 'if we want to succeed in this negotiation, and I want to succeed, we must accelerate', hence the publication of a draft legal text to pave the way for an agreement by the autumn of 2018.

Explaining Brexit and future scenarios for an EU–UK relationship

A country seeking withdrawal from the EU and an alternative to EU membership is uncharted territory not just for the EU and the UK but also for scholars who are trying to explain an unprecedented process. Helen Wallace (2017) has criticized European Studies scholarship for being too optimistic and not paying sufficient attention to the potential for European disintegration. Vollaard (2014) points out the irony attached to this gap in knowledge given that, at a general level, processes of disintegration and secession are more common than large-scale integration processes such as European integration.

Despite the criticism, the European Studies conceptual and theoretical toolkit contains a number of lenses through which the UK's withdrawal from the EU can be explained. These perspectives include comparative federalism which explores processes of secession from a nation-state; comparative imperialism with its focus on the rise and fall of empires; conceptualizations of the EU's existential challenges that result from increasing contestation and the shift in the EU from permissive consensus to constraining dissensus (Hooghe and Marks, 2009); the comparative study of crises faced by the EU; and flexible integration dynamics affecting the EU. This section discusses in turn the contributions to our understanding of Brexit made by students of disintegration, flexible integration, Europeanization, and contestation.

The concept of European disintegration, in the sense of a country's withdrawal from the EU and its seeking of an alternative relationship with the EU other than full membership, has allowed authors to frame Brexit as part of a wider set of crises (eurozone, migration, populism, aging) affecting the EU and thus challenging the positive narrative of an inevitable and incremental integration process (Rosamond, 2016). Vollaard (2014) warns, however, against a simplistic account of disintegration as little more than integration turned upside down, and challenges traditional theories of integration for being too state-centric. He proposes a holistic and multi-causal explanation that considers Eurosceptic dissatisfaction, the economic and migration crises, Vollaard criticizes the internal rigidity of the EU for not having the tools to structure
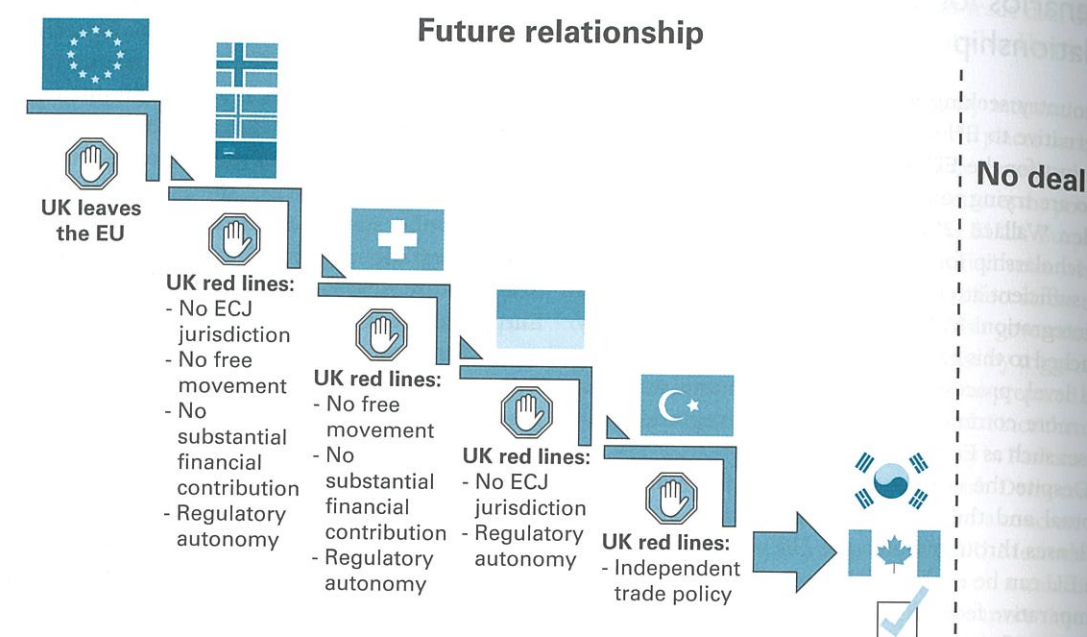
dissenting Eurosceptic dissatisfaction which promotes the tendency towards exit.

As a way of accommodating such dissatisfaction the concept of differentiated integration, broadly defined as a series of strategies to reconcile heterogeneity within the EU (Stubb, 1996: 2; Schimmelfennig 2018), might help. As the UK leaves the EU, differentiated integration addresses the challenge of how to cope with a new category of third country—that of an 'ex-member state' that has enjoyed all the benefits of EU integration and hopes to retain some of them in the future. It also addresses the capacity of the European Union to meet the UK government's demands for a bespoke agreement, post-Brexit (Leruth and Lord, 2015: 761). An agreement that not only governs that future relationship but also observes two EU priorities: its commitment not to give the UK all the benefits of membership after it leaves; and the EU's preference to draw on existing models of external relationship (Gstöhl, 2015) such as free trade agreements or membership of the European Economic Area (see Figure 27.2)

The concept of Europeanization can also be of use. It is broadly defined in this context as domestic adaptation to the pressures emanating from EU membership. At first sight, however, it does not seem to offer much intellectual capital to explain a country's withdrawal from the EU. However, a discreet sub-set of the Europeanization literature has devoted attention to whether Europeanization is an irreversible process (Featherstone, 2003), particularly in relation to the accession of new member states to the EU. Featherstone suggests that not only can the effects of Europeanization be differentiated over time, but also its systemic effects are far from permanent or irreversible. Brexit reflects the reversibility and impermanent nature of Europeanization as the UK government prepares to exit the regulatory framework of the Customs Union and the Single Market. At the same time, the study of Europeanization beyond the EU will help explain the new asymmetry in the UK–EU relations because once out of the EU and with an aspiration to maintain the closest possible trade relations, the UK will become a taker and no longer a maker of EU policy (see Chapter 8) in return for access to the EU's internal policies.

Contestation and the increasing politicization of European integration are not new dynamics (see Chapter 15). The EU's achievements do not translate easily into popular legitimacy, and its recent

Figure 27.2 The Future Relationship between the UK and the EU

Future relationship

No deal

UK leaves the EU

UK red lines:
- No ECJ jurisdiction
- No free movement
- No substantial financial contribution
- Regulatory autonomy

UK red lines:
- No free movement
- No substantial financial contribution
- Regulatory autonomy

UK red lines:
- No ECJ jurisdiction
- Regulatory autonomy

UK red lines:
- Independent trade policy

Source: Slide presented by Michel Barnier, European Commission Chief Negotiator, to the Heads of State and Government at the European Council (Article 50) on 15 December 2017, available at https://ec.europa.eu/commission/sites/beta-political/files/slide_presented_by_barnier_at_euco_15-12-2017.pdf

shortcomings, such as the effects of its austerity policies and its inability to manage migration pressures, are typically framed as the inability of detached political elites to deliver for the people; while the loss of sovereignty derived from integration is not protected by adequate democratic mechanisms at the EU level. The Brexit vote reflects the exclusion that certain elements of the British society feel from political life. Their discontent took a variety of forms. It reflects concerns over economic security (Halikiopoulou and Vlandas, 2017), at times channelled into anti-immigrant sentiment and support for UKIP. It reflects distrust of politics and politicians, and the feeling that the voice of the people was not being heard.

When the UK leaves the EU on 30 March 2019 it will become a third country. Both the UK and the EU agree that the two parties should aim for a close partnership post-Brexit but they disagree on what this means. At the time of writing the UK is committed to leaving the Single Market and Customs Union. This means ending free movement and concluding the CJEU's jurisdiction, though the UK also hopes to retain the same commercial benefits enjoyed by EU member states. The UK has called for a bespoke trade deal that accommodates its preferences. Meanwhile the EU is committed to limiting the benefits of Single Market and Customs Union to members only. The disagreement is perfectly illustrated by the European Commission's own explanatory chart (see Figure 27.2) that shows the templates for the external relationships available to the EU set against the UK government's negotiating positions.

The first option for the UK is the European Economic Area (EEA) or Norwegian option. EEA members are required to incorporate EU law relevant to the EU's four freedoms (free movement of goods, persons, services, and capital) into their domestic jurisdictions. EEA membership means accepting EU policies on transport, competition and social policy, consumer protection, environment policy, and statistics and company law, but without having a seat at the table when the rules are decided. This solution would minimise the trade costs of Brexit, but it would mean paying about 83% as much into the EU budget as the UK currently does. It would also require retaining most EU regulations.

The second option is the Swiss option. Here the UK could negotiate bilateral deals with the EU. Switzerland has tariff-free access to the Single Market for goods, but there is no agreement on services, including financial services, a sector in which the UK is a major exporter. Switzerland can pursue an independent trade policy with countries outside the EU but still faces regulation without representation and pays about 40% as much as the UK to be part of the Single Market in goods.

The third option is the Ukrainian option. This reflects the content of the recently ratified EU–Ukraine Deep and Comprehensive Free Trade Agreement, which is part of a wider Association agreement (see Chapter 18), a scenario championed by the European Parliament. This agreement is modelled as a framework for cooperation between the EU and a third country (the UK in this case). While it includes provisions on trade, it can also cover wider issues such as security policy, migration, asylum and border management, and combating international organized crime. In return for tariff-free market access, the Ukraine is obliged to achieve conformity with the relevant EU sectoral regulation—namely: trade remedies; mutual recognition of equivalent technical standards; and joint observance of EU policies on public procurement, competition, state aid, and intellectual property. Mediation and trade dispute settlement machinery has also been established. Crucially for the UK, this agreement offers high degree of access to the Single Market for three of the four freedoms (goods, services, capital) but not the free movement of persons. The movement of labour into the EU is subject to work permits.

The fourth option is the Customs Union arrangement in a form similar to the agreement between the EU and Turkey. Turkey's customs union with the EU covers all industrial goods, but not agriculture (except processed agricultural products), services, or public procurement. It also excludes the free movement of labour. Turkey imposes the EU's Common External Tariff on all goods imported from non-EU countries that are covered by the customs agreement. Turkey is not involved in decisions about the Common External Tariff or setting the direction of the Common Commercial Policy, however. Turkey and the EU negotiated an extension and deepening of their customs union agreement to include services and public procurement, though these negotiations were suspended in 2002.

The fifth option is the so-called Free Trade Agreement option. This option mirrors the recent Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, the Free Trade Agreement between the EU and South Korea, and the Free Trade Agreement between the EU and Japan. CETA gives Canada preferential access to the EU Single Market without all the obligations that Norway and Switzerland face, eliminating most trade tariffs. It would not give the UK financial services sector the same EU market access that it has now, including 'passporting' rights for its services in the EU. Firms exporting to the EU would have to comply with EU product standards and technical requirements without having any say over setting them.

The sixth option reflects a no-deal scenario, where the UK would leave the EU without a trade agreement and would subsequently trade with its former partners under World Trade Organization (WTO) rules. This would give the UK more control over future trade deals with non-EU countries, though as a small country, the UK would have less bargaining power than the EU in negotiating those deals.

Beyond the options outlined in Figure 27.2, the final and perhaps less likely option might be a no-Brexit scenario—that is, the UK not leaving the EU after all. A campaign to try and shift public opinion and thus stop Brexit acquired some momentum in the spring of 2018. Given the challenges faced by the EU Withdrawal Bill in the House of Lords, evidence that the potential post-Brexit scenarios do not allow the UK to retain the benefits of EU membership, and the EU27 expressed preference for the UK to remain in the EU, Remain campaigners seem to have identified a window of opportunity to stop Brexit. The suggested route would be a parliamentary vote or a referendum on the final Withdrawal Agreement, which, in light of an inferior and thus less beneficial relationship with the EU, would result in the rejection of the WA and thus the British government withdrawing its intention to leave the EU.

In the uncharted territory of Brexit, a challenge for the EU is to make use of its extensive experience of consensus-building and adaptation in dealing with new situations to define a future relationship with the UK that does not undermine European integration, but that also does not isolate a key ally. This demands

a swift negotiation process to limit uncertainty; and a political will that combines a robust negotiating stance with clear red lines.

The challenge for the UK is to deliver its commitment of ending Single Market membership while fulfilling its promise of a borderless Island of Ireland and its aspiration of a global Britain post-Brexit. At the time of writing there is little evidence how the UK government intends to achieve this goal beyond vague demands for a preferential partnership which is significantly more ambitious than CETA, and a commitment that the UK should become a free trade champion signing new agreements with China, Brazil, the Gulf States, Australia, New Zealand, India, and not least the USA.

The challenge for the European Studies scholarship is to develop a body of work that explains Brexit, the likelihood of one or another model shaping the future UK–EU relationship post-Brexit, and the effect of the UK's departure on the future of European integration (see Chapter 28).

KEY POINTS

- Brexit challenges traditional theories of integration. The concept of disintegration frames Brexit as part of a set of crises facing the EU such as Euroscepticism, economic and migration crises, and the EU's own rigidity to address these challenges.

- Differentiated integration addresses the challenge of how to manage a new category of 'ex-member state' that has enjoyed the benefits of EU membership and hopes to enjoy as many of these after leaving the EU.

- Europeanization offers an insight into the reversibility of integration and the temporary nature of EU influence on member states.

- The politicization literature captures the discontent about European integration and the EU's inability to translate its successes into popular support.

- There are a number of alternative scenarios for the future UK–EU relationship post-Brexit but given the British government red lines, a Free Trade agreement appears to be the most likely outcome.

Conclusion

While the UK government presents Brexit as the realization of the democratic will of the people, the EU27 regard Brexit as a lose-lose outcome. There are four ways in which Brexit could affect the EU.

First, Brexit could weaken the EU. To avoid this scenario the EU needs to continue to show the unity demonstrated by the EU27 during the negotiations and the member states' commitment to safeguarding the integrity of European integration. This means that the UK cannot enjoy the same rights and benefits as a EU member state after it leaves. This should help to avoid potential contagion. While European integration continues to be challenged by populist movements from the left and the right; the uncertainty surrounding Brexit and the ability of pro-EU parties to limit the impact of Eurosceptic parties' success in the Dutch, Austrian, and German general elections have given some breathing space to the EU and its member states.

Second, Brexit could help to bring the EU closer to its citizens at a time of increasing Euroscepticism and nationalism across Europe as the recent electoral successes of Five Star in Italy or the Freedom Party in Austria illustrate. This is a task that cannot be undertaken by the EU alone through mechanisms such as EP elections, European citizenship, the European Citizens Initiative,

or the deployment of symbols such as the flag, the anthem, or the common passport or currency. Such a step would require the active involvement of member state governments, who would need to move away from any tendency to utilize the EU as a scapegoat to justify unpopular political decisions. It is notable that after the Brexit Referendum, support for the EU has increased across the board, with 62% of EU citizens willing to vote to remain in the EU in August 2016, compared with 57% in March of the same year (Bertelsmann Stiftung, 2016). In 2018 60% of Europeans considered EU membership a good thing (Eurobarometer 2018).

Third, the referendum result offers an opportunity for the EU to reform. Some national leaders, such as President Macron in France or Chancellor Merkel in Germany, may regard the UK's exit as an opportunity to strengthen EU integration to address key challenges; others are more likely to see Brexit as an opportunity to enhance the use of opt-outs and calls for exceptionalism to counterbalance the success of Eurosceptic narratives at home. Less-versus-more integration is not a new debate and the EU cannot lose sight of its salience. As the recent Commission White Paper on the future of Europe shows, thinking around this dynamic is taking place in the EU with an acknowledgement that, as

part of the five future scenarios for Europe by 2025, a more agile Union, less integration, and more flexibility are part of the way forward.

Finally, the forthcoming divorce may weaken the international standing of both the UK and the EU. Viewed from China, India, and the USA, for example, Brexit may suggest a weak and divided Europe which is in decline, if not disintegrating. For the first time, the EU is shrinking in size, a prospect that goes against conventional wisdoms that see progress bound up with forward steps in integration and enlargement. Some may find it hard to imagine that the EU will be taken seriously in matters of global economy and politics under these circumstances, as shifts of this order are likely to demand a period of introspection during which the nature of European integration is rethought. The prospect of global EU leadership on issues ranging from environmental protection to the

exchange of anti-terrorist intelligence seems perhaps less likely; and despite its robust standing within the United Nations Security Council (UNSC), the G8, the G20 groupings of nations, the Commonwealth, and NATO, the UK will need to ensure that it does not become marginalized in the international arena. Its international strength has in part been a product of its EU membership; once on the fringes of Europe, this may change.

To conclude, Brexit alone is unlikely to make or break the European Union or to be the final nail in its coffin. However, it does exacerbate and reinforce existing trends and challenges. It adds to the sense that Europe in in crisis. It is the cumulative effect of these crises that could pose a threat to the EU. Political leaders in the EU are trying to face the challenges ahead to see crisis as a precursor to new opportunities for Europe rather than as some kind of existential threat.

? QUESTIONS

1. What factors led to the UK joining the EEC in 1973?

2. In what senses did membership of the EU change the UK?

3. How important were UKIP's electoral successes in shaping David Cameron's decision to hold a referendum on EU membership?

4. Why did the UK vote to leave the EU in June 2016?

5. Why is the Brexit negotiation a distinct form of international negotiation?

6. Under what conditions would the 'no-deal' option be the most likely scenario for the UK–EU relationship post-Brexit?

7. Which theory or theories are more successful in explaining Brexit?

8. What are the likely effects of Brexit on the European Union?

≋ GUIDE TO FURTHER READING

Diamond, P., Nedergaard, P., and Rosamond, B. (eds) (2018) *Routledge Handbook of the Politics of Brexit* (London: Routledge) An excellent collection that offers an insightful analysis of the political, economic, regulatory, theoretical, and policy-oriented dimensions of Brexit.

Evans, G. and Menon, A. (2017) *Brexit and British Politics* (Cambridge: Polity Press) A short, but well-informed overview of both long- and short-term factors leading to the decision to leave the EU, covering in more detail many of the same themes as covered in this chapter.

Fabbrini, F. (ed.) (2017) *The Law and Politics of Brexit* (Oxford: Oxford University Press) A serious academic collection by leading voices on Brexit, covering a range of questions but with a particular focus on the constitutional change dimension of Brexit.

Shipman, T. (2016) *All Out War: the Full Story of How Brexit Sank Britain's Political Class* (London: William Collins) One of the best of a series of non-academic books by journalists, in this case by the political editor of *The Sunday Times*; a study in contemporary political history in real time (almost).

🌐 WEBLINKS

https://ec.europa.eu/info/departments/taskforce-article-50-negotiations-united-kingdom_en   Taskforce on Article 50 negotiations with the UK.

http://www.europarl.europa.eu/unitedkingdom/en/ukevents/brexit.html   Brexit and the European Parliament.

http://www.consilium.europa.eu/en/policies/eu-uk-after-referendum/   European Council's Brexit Timeline.

http://www.esrc.ac.uk/research/our-research/the-uk-in-a-changing-europe/   The UK in a Changing Europe (ESRC).

https://theconversation.com/uk/topics/brexit-9976   The Conversation Brexit.

https://www.parliament.uk/business/publications/research/eu-referendum/   UK Parliament Brexit: research and analysis.

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The Future of the EU

Brigid Laffan

Chapter Contents

Reader's Guide

This chapter is structured around four scenarios on the future of the EU: 'Disintegration', 'Piece-meal Adjustment', 'Functional Federalism', and 'A European Sovereignty'. The chapter argues that, although systemic disintegration is unlikely, there are disintegrative fissures in the EU arising from Brexit, the victories of secessionist movements in Catalonia, and heightened political volatility across the continent. The political battle concerning the future of the Union is a battle that cuts across all four scenarios. It is evident that disintegrative fissures cannot be ignored. 'Piecemeal Adjustment', the dominant response to the EU crisis and to events on Europe's borders, continues to have reso-nance, as does 'Functional Federalism', defined as further integration but in specific fields. The fourth scenario, 'a European Sovereignty' has re-emerged on the political agenda with the election of French President Macron in May 2017. The discussion of the four scenarios is followed by a review of the external challenges bearing down on Europe and the Franco-German relationship as intervening factors that will shape any future scenario for the EU.

Introduction

Debate and discussion on the future of the European Union (EU) never abates because the EU is not a stable polity. The Union, which is very tangible and evident in daily life, remains indeterminate and ambiguous, as captured by the idea that European integration is *A Journey to an Unknown Destination* (Schonfeld,