



GRAYLING

Brexit: An Update

Where we stand & next steps in 2017

Russell Patten and Dickie Jukes

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Where we stand & what's to come

Autumn 2016

EU selects strong leaders to lead negotiations (Guy Verhofstadt, Didier Seeuws, Michel Barnier)

UK Government receives criticism from the public and Europe for 'lack of a plan'

Q1 2017

May sets out wish to leave Single Market & Customs Union, and agree FTA with the EU

EU leaders say the UK cannot "pick and choose" how to be part of the EU

May expected to trigger Article 50 in March and launch 2-year negotiations. **UK Parliament & MEPs will need to approve any deal.**

UK Court rules that UK Parliament **must** approve triggering of Article 50

April-May 2019

Negotiations expected to be completed in time for EU elections.

Ratification expected to take around 6 months (which may mean negotiations conclude earlier)

2019 and beyond

Possible transition period

Potential breakup of the UK, with Scotland possibly holding a second independence referendum



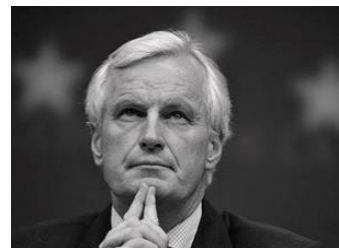
Didier Seeuws
Negotiator on
Brexit for the
European Council



David Davis
UK Secretary of State
for exiting the
European Union



Theresa May
UK Prime Minister



Michel Barnier
Negotiation leader for the
European Commission in the
Brexit negotiations



Guy Verhofstadt
Negotiation leader on
Brexit for the European
Parliament



Jean-Claude Juncker
European Commission
President



Angela Merkel
German Chancellor

May's 12 point plan

There are 12 objectives based on four principles: **certainty and clarity, a stronger Britain, a fairer Britain, and a global Britain.**

1. As much certainty as possible
2. Control over laws
3. The Union
4. Common Travel Area
5. Control over immigration
6. Right to remain for UK nationals living abroad and EU nationals living in the UK
7. Protecting workers' rights
8. A trade deal with the EU
9. Trade deals with other countries
10. Continuing to lead on science and innovation
11. Continued cooperation on crime, terrorism and security
12. A phased implementation process



High Court rulings

This week the UK Supreme Court ruled that

- ✓ The British Government has to consult Parliament before it can trigger Article 50
- ✓ The devolved regions (Scotland, Wales, Northern Ireland) cannot block the process
- ✓ Once triggered, Article 50 cannot be withdrawn



Next steps

This week - Bill likely to be published this week

Next week - MPs discuss it next week – but are not likely to block it

End Feb - House of Lord's discuss it

Mid-March – Approval obtained

End March – Article 50 triggered

What happens in Brussels when Article 50 is triggered...?

- Representatives from UK government and Commission (in the lead), supported by Council and Parliament, will meet regularly
- Series of high and low-level meetings will take place regularly from April 2017 to March 2019
- Negotiations expected to take 2 years, but could end early or be delayed/extended (as long as all EU countries agree)

The EU:

- ✓ Wants to negotiate the exit first
- ✓ Then, once this is done, begin discussing the future trade relationship

It's not a poker game, the EU is currently in no mood to compromise!

But...

"No deal is better than a bad deal" – Theresa May, 17th January 2017"

The economic impact and the future trade relationship

Besides the UK saying it wants to leave the Single Market, the relationship between the UK and the EU after negotiations remains unclear. However there are some options to be considered:

Norwegian model: UK joins EEA and EFTA	Turkish model: Customs Union	Swiss model: Bilateral agreements between the UK and EU27	An FTA with the EU	Operating under the WTO
The UK would still have to apply many EU regulations, make some payments and accept free movement of people.	The UK would still have to accept the free movement of people and make payments to the EU.	The UK would still need to apply EU laws to areas covered by the customs union.	This could be modelled on the EU-Canada or EU-Japan FTA. An economic partnership, but no free movement of people.	UK could not apply a different tariff regime to its trade with EU. UK likely to have less bargaining power with WTO members if outside the EU.

The final agreement will however likely be unique, taking elements of some or all of the above.

The impact on the transatlantic relationship



The impact on key sectors

Financial Services & Banking

Leaving single market will mean banks lose passporting rights, and may have to relocate

Manufacturing/ automotive

Additional red tape and trade tariffs could disrupt supply lines and route to market

Tech

EU may have to start to compete with UK for investment, which could lead to less stringent rules in the EU

Environment/ Consumer/ Health

UK can break away from stringent EU legislation but will have to obey it when trading with Single Market

What should businesses be doing today?

The outcome of Brexit must be a win-win for business on both sides of the channel

So what should Brexit look like:

A free trade
area for goods,
services, and
capital

Maximum
access to the
single market

We don't mind what
happens as long as
there are no
changes to how our
sector operates!

A quick and
smooth deal to
ensure certainty
for business

A sensible "people"
managed movement to
ensure the UK has the
human capital it needs
to continue attracting
investment

Grayling Brexit Unit

Brings together the very best consultants from across the Grayling network who have direct experience of working alongside the leading political figures charged with negotiating Brexit in London and Brussels.

The GBU is here to support, guide and inform your business by identifying how Brexit will impact the political dynamics in both London and Brussels.

What the GBU can provide:

- ✓ Strategic planning
- ✓ Stakeholder engagement
- ✓ Political intelligence
- ✓ Coalition and trade association mobilisation
- ✓ Political impact assessment
- ✓ Scenario planning

Drop us a line on GBU@grayling.com
Richard Jukes +44 (0)20 3861 3800 Richard.Jukes@grayling.com
Russell Patten +32 (0)273 27040 Russell.patten@grayling.com