

**CULTURE, TOURISM, EUROPE &  
EXTERNAL RELATIONS COMMITTEE**  
#SPICeBrexitWeekly

Issue 16

10 January

2017

# BREXIT UPDATE

SPICe weekly update

**BREXIT:  
SIX MONTHS ON**

**THE UK GOVERNMENT'S  
POSITION ON BREXIT**

**FUTURE EU  
TRADE DEALS**

**SPICe**

**The Information Centre**  
An t-Ionad Fiosrachaidh

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The Scottish Parliament  
Pàrlamaid na h-Alba

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### About this paper

This regular paper produced by SPICe sets out developments in the UK’s negotiations to leave the European Union which are expected to formally begin early in 2017.

Ahead of the UK Government’s triggering of Article 50, the updates will provide information on the UK Government’s approach to leaving the EU, along with details of the Scottish Government and the other Devolved Administrations positions. The updates will also provide information on developments within the EU with regard to the UK’s departure. Finally the update will provide information on the key issues likely to be at play during the negotiations and in developing the UK’s future relationship with the European Union.

As was clear during the referendum campaign and since the decision to leave the EU was taken, there is an abundance of information and analysis available, and this SPICe paper will try to cover the key issues by drawing on that information and analysis. This week’s update provides information on the publication of the UK in a Changing Europe research paper examining Brexit six months on from the referendum along with a brief summary of some of the other events that happened during the holidays including a change at the top of UKREP.

## Scottish Government's proposals for Scotland's place in Europe

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As reported in the last [update](#) before Christmas, on 20 December, the Scottish Government published its [proposals](#) for Scotland's place in Europe. The proposals cover why the European Single Market matters to Scotland and the possibility of the UK as a whole remaining in the Single Market through European Economic Area (EEA) membership. The Government's proposal then looks at the options for a differentiated proposal for Scotland retaining EEA membership whilst remaining part of the UK in the event the UK Government chooses to leave the EEA.

The First Minister made a [statement](#) to the Scottish Parliament on the day Scotland's place in Europe was launched and took questions from MSPs.

More information on the Scottish Government's proposals along with reaction to them is provided in a special SPICe weekly update.

## Brexit: Six months on

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On 23 December, the UK in a Changing Europe published a research paper timed to coincide with the 6 month anniversary of the UK's vote to leave the EU. [Brexit: Six months on](#) looks at the key political, economic, legal, social and security changes that have occurred since 23 June as well as at how other EU countries view Brexit. According to the [UK in a Changing Europe summary](#) of the research paper:

*“Professor Matthew Goodwin highlights how Brexit has exposed a deep and widening divide in the Labour Party. It faces tensions between its working-class, struggling, northern, eurosceptic and anti-immigration seats (70% of Labour seats voted Brexit) and its more middle class, financially secure, southern, pro-EU and cosmopolitan constituencies.*

*Findings from the report reveal a combination of massive shock and inertia in the British Government. There has been a major reorganisation of Whitehall, which has seen the creation of new ministries and the marginalisation of the Treasury and Foreign Office. Yet, Dr Simon Usherwood notes: “The government seems to have articulated little more than a series of unrelated and mutually conflicting aspirations, which highlights the absence of a game-plan.”*

*The report highlights how Brexit has united the EU27 to a degree rarely seen before. EU member states believe the British Government is working opportunistically with only UK interests in mind and little consideration for wider European issues and priorities. Support for the UK has declined significantly, as even Denmark, the UK's 'little brother', which usually follows in its footsteps, has made clear that any concessions that do not benefit Copenhagen will be rejected. Sara Hagemann concludes: “The UK Government can take the tone and position of this small and likeminded ally as a signal of what is ahead when actual negotiations begin during 2017.”*

Dr Angus Armstrong deciphers the government's preferred trading relationship with the EU and finds the evidence suggests that:

- The UK will no longer be a member of the single market and (probably) not the customs union.
- Goods will be covered by a Free Trade Agreement or a low tariff schedule. The UK requires as broad an agreement on services as possible
- The UK will also seek to continue to participate in a number of EU programmes, for which EU membership is not required, like Horizon 2020 or Erasmus
- The prime minister seems to have ruled out the ECJ, but not the EFTA Court
- The UK would sweeten this deal with continuing payments to the EU budget and preferential access for EU workers to the UK labour market.

On immigration, Jonathan Portes argues that the evidence suggests:

- It will be fully under UK Government control
- Policies will be relatively restrictive, resulting in a large fall in EU migration as well as continued downward pressure on non-EU migration
- The UK will probably retain some degree of preference for EU nationals compared to non-EU nationals
- There may be some sector-specific schemes.

Publishing the research, Anand Menon, director of The UK in a Changing Europe, said:

*"This report takes stock of the decision on 23 June for the UK to leave the EU. What is striking is that, six months on, we are little closer to knowing what Brexit actually means.*

*"Having said that Brexit has precipitated fundamental shifts in British politics. It has also brought up significant questions, which still remain unanswered, about Britain's future laws and its foreign and immigration policies as well as the nations' relationship within the United Kingdom."*

## **Head of UKREP changes**

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On 4 January it was [announced](#) that the Head of the UK Government's Representation (UKREP) in Brussels had resigned. The Permanent Representative, Sir Ivan Rogers was due to leave his post in November 2017 but decided to leave early. According to the BBC:

"A government spokeswoman said: "Sir Ivan Rogers has resigned a few months early as UK permanent representative to the European Union.

"Sir Ivan has taken this decision now to enable a successor to be appointed before the UK invokes Article 50 by the end of March. We are grateful for his work and commitment over the last three years."

The day after his resignation, the BBC [published](#) Sir Ivan Roger's final letter to UKREP staff in Brussels. On his decision to leave the letter stated:

*"As most of you will know, I started here in November 2013. My four-year tour is therefore due to end in October - although in practice if we had been doing the Presidency my time here would have been extended by a few months.*

*As we look ahead to the likely timetable for the next few years, and with the invocation of Article 50 coming up shortly, it is obvious that it will be best if the top team in situ at the time that Article 50 is invoked remains there till the end of the process and can also see through the negotiations for any new deal between the UK and the EU27.*

*It would obviously make no sense for my role to change hands later this year.*

*I have therefore decided to step down now, having done everything that I could in the last six months to contribute my experience, expertise and address book to get the new team at political and official level under way.*

*This will permit a new appointee to be in place by the time Article 50 is invoked."*

Sir Ivan Rogers also appeared to use his letter to staff to outline some of his frustrations with regard to how the Brexit process is being handled. On the UK Government's direction with regards to the negotiations he wrote:

*"I am sorry about that, but I hope that it will help produce earlier and greater clarity on the role that UKREP should play.*

*My own view remains as it has always been. We do not yet know what the government will set as negotiating objectives for the UK's relationship with the EU after exit."*

And on the expertise required to negotiate Brexit, he wrote:

*"There is much we will not know until later this year about the political shape of the EU itself, and who the political protagonists in any negotiation with the UK will be.*

*But in any negotiation which addresses the new relationship, the technical expertise, the detailed knowledge of positions on the other side of the table - and the reasons for them, and the divisions amongst them - and the negotiating experience and savvy that the people in this building bring, make it essential for all parts of UKREP to be centrally involved in the negotiations if the UK is to achieve the best possible outcomes.*

*Serious multilateral negotiating experience is in short supply in Whitehall, and that is not the case in the Commission or in the Council."*

Finally, on supporting UK Government Ministers in negotiating Brexit, Sir Ivan wrote:

*“The government will only achieve the best for the country if it harnesses the best experience we have - a large proportion of which is concentrated in UKREP - and negotiates resolutely.*

*Senior ministers, who will decide on our positions, issue by issue, also need from you detailed, unvarnished - even where this is uncomfortable - and nuanced understanding of the views, interests and incentives of the other 27.”*

On 7 January, it was confirmed Sir Ivan Rogers had also resigned from the UK Civil Service.

Following Sir Ivan Rogers resignation, there was speculation about who might replace him. The UK Government moved quickly to appoint Sir Tim Barrow as the UK's new Permanent Representative to the European Union. The UK Government's [announcement of his appointment stated](#):

*“Currently the Foreign Office's Political Director, Sir Tim has had a 30-year diplomatic career. He previously served as the UK's Ambassador to Moscow and before that he worked at the UK Representation to the EU (UKRep) as UK Representative to the Political and Security Committee of the EU from 2008 to 2011. His earlier EU experience includes spells as an Assistant Director in the Europe Directorate and a First Secretary in UKRep.*

On his appointment, Sir Tim said

*I am honoured to be appointed as the UK's Permanent Representative to the EU at this crucial time. I look forward to joining the strong leadership team at the Department for Exiting the EU and working with them and the talented staff at UKRep to ensure we get the right outcome for the United Kingdom as we leave the EU.*

A Downing Street spokesperson said:

*We are delighted that Tim Barrow is taking up this role. A seasoned and tough negotiator, with extensive experience of securing UK objectives in Brussels, he will bring his trademark energy and creativity to this job – working alongside other senior officials and ministers to make a success of Brexit.*

## **The Prime Minister's New Year message**

On 31 December 2016, the Prime Minister delivered her [New Year message](#). On the topic of Brexit the Theresa May said:

*“The New Year is a time to reflect on what has passed and to look ahead to the opportunities to come. And this year, as I consider all that 2017 has in store, I believe those opportunities are greater than ever. For we have made a momentous decision and set ourselves on a new direction. And if 2016 was the year you voted for that change, this is the year we start to make it happen.*

*I know that the referendum last June was divisive at times. I know, of course, that not everyone shared the same point of view, or voted in the same way. But I know too that, as we face the opportunities ahead of us, our shared interests and ambitions can bring us together.*

*We all want to see a Britain that is stronger than it is today. We all want a country that is fairer so that everyone has the chance to succeed. We all want a nation that is safe and secure for our children and grandchildren. These ambitions unite us, so that we are no longer the 52% who voted Leave and the 48% who voted Remain, but one great union of people and nations with a proud history and a bright future.*

*So when I sit around the negotiating table in Europe this year, it will be with that in mind – the knowledge that I am there to get the right deal – not just for those who voted to Leave – but for every single person in this country.”*

## **The UK Government’s position on Brexit**

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In her first TV interview of 2017, given to [Sky News](#), the Prime Minister said the Government is not suffering from "muddled thinking" over Brexit. In the interview Theresa May also said she would set out the Government’s thinking on Brexit in the coming weeks. According to Sky News:

*“In her first TV interview of the year, Mrs May said she will set out her plans for Brexit over the coming weeks but has given her strongest hint yet that the UK will leave the single market.*

*Speaking to Sky’s Sophy Ridge, the Prime Minister said: "I’m ambitious for what we can get for the UK in terms of our relationship with the European Union because I also think that’s going to be good for the European Union.*

*"Our thinking on this isn’t muddled at all.*

*"Yes, we have been taking time. I said we wouldn’t trigger Article 50 immediately, some said we should."*

Mrs May said, at the point when she became PM, no plans had been made in the event of a vote to leave the EU so it was important for the Government to first look at the complexity of the issues it faces.

During the interview, the Prime Minister also suggested she didn’t see the decision between trade and immigration during Brexit talks "as a binary issue" saying "we will, outside the European Union, be able to have control of immigration and be able to set our rules for people coming to the UK from member states of the European Union.”

Following the Prime Minister’s interview, it was assumed that the UK would leave the Single Market. However, the following day, the Prime Minister [played down suggestions](#) she was ruling out single market membership by insisting on the UK regaining control over immigration.

Responding to this and the Prime Minister's suggestion that the UK Government would set out the plan for Brexit soon, the House of Commons Treasury Committee Chairman, Andrew Tyrie MP welcomed the move to provide further clarity but also called for further consideration of whether the government would seek a transitional deal as it negotiates Britain's exit. According to the [Guardian](#), Andrew Tyrie said:

*"First, there is the question of whether the UK will seek to remain a member of the single market, or if not, seek at least to obtain equivalent access for trade in goods and services.*

*"Clarity on this point would enable Britain to start making a crucial point to our counterparties: the four freedoms of the single market are neither immutable nor irretrievably interdependent. In any case, the EU will have to address the consequences of flows of people within its borders on a scale not envisaged when the Treaty of Rome was signed in 1957.*

*"Second, the UK needs to decide whether to participate in a customs union with the EU. If not binary, most of the options are relatively clear cut," he added. "From inside a customs union, the UK would continue to share the EU's common external tariff, leaving little scope for global leadership in free trade. From outside, the UK would have the freedom to pursue an independent trade policy, albeit at the cost of new administrative impediments to UK-EU trade.*

*"Third, and perhaps most important of all, the government should take the opportunity to clarify whether the UK will seek transitional arrangements under article 50. This provides that the EU treaties may continue to apply to the UK, for an agreed period, after the withdrawal negotiations have been completed. This is a very important but apparently misunderstood provision."*

*"In her New Year message, the prime minister rightly talked about securing a deal with the EU that commanded the support of both leave and remain voters. That matters a lot. There is almost certainly a majority in the country – and a cross-party majority in parliament – for a continued close economic and political relationship with the EU from outside. Safeguarding the economic well-being of the country probably requires a relationship that is considerably deeper than that provided for under WTO rules.*

*"Given the need to build a broad-based support for its position, at home and abroad, the sooner the government can provide clarity, the better."*

## **The Leader of the Opposition's view of Brexit**

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On 10 January, the Leader of the Opposition, Jeremy Corbyn gave a [speech](#) in Peterborough. In part of the speech he set out how the Labour party would address issues around Brexit.

He stated that although he himself voted remain, the British people had voted to leave the European Union and as a result Britain would leave:

*"I voted and campaigned to remain and reform as many of you may know I was not uncritical of the European Union. It has many failings.*

*Some people argued that we should have a second referendum. That case was put to our party's membership last summer and defeated.*

*Britain is now leaving the European Union. And Britain can be better off after Brexit."*

Addressing why he believed people had voted for Brexit, Jeremy Corbyn said:

*"People voted for Brexit on the promise that Britain outside the European Union could be a better place for all its citizens. Whatever their colour or creed. A chance to regain control over our economy, our democracy and people's lives."*

On future access to the Single Market, the Labour leader said:

*"We will push to maintain full access to the European single market to protect living standards and jobs.*

*But we will also press to repatriate powers from Brussels for the British government to develop a genuine industrial strategy essential for the economy of the future, and so that no community is left behind."*

On jobs and immigration, Jeremy Corbyn said:

*"During the referendum campaign, many people expressed deep concerns about unregulated migration from the EU.*

*In many sectors of the economy, from IT to health and social care, migrant workers make an important contribution to our common prosperity, and in many parts of the country public services depend on migrant labour...*

*...Labour is not wedded to freedom of movement for EU citizens as a point of principle, but I don't want that to be misinterpreted, nor do we rule it out.*

*When it comes to border controls, we are proud to say we will meet our international obligations to refugees fleeing wars and persecution.*

*To those EU citizens who are already here, we will guarantee your rights.*

*And we continue to welcome international students who come to study in this country.*

*We cannot afford to lose full access to the European markets on which so many British businesses and jobs depend.*

*Changes to the way migration rules operate from the EU will be part of the negotiations.*

*Labour supports fair rules and the reasonable management of migration as part of the post-Brexit relationship with the EU, while putting jobs and living standards first in the negotiations.*

*At the same time, taking action against undercutting of pay and conditions, closing down cheap labour loopholes, banning exclusive advertising of jobs abroad and strengthening workplace protections would have the effect of reducing numbers of EU migrant workers in the most deregulated sectors, regardless of the final Brexit deal...*

*...Labour will demand that the Brexit negotiations give us the power to intervene decisively to prevent workers, from here or abroad, being used and exploited to undermine pay and conditions at work.”*

## **The UK Parliament’s response to the decision to leave the European Union**

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On 20 December, the Prime Minister [gave evidence](#) to the House of Commons Liaison Committee<sup>i</sup> on Brexit.

During her appearance, the Prime Minister made the following points:

- She believed the negotiations for the UK to leave the EU could be completed within the two year timescale set out in the Treaties
- Committed to providing more details on the UK Government’s approach to Brexit early in 2017
- That she expected the negotiations for the UK’s departure from the EU and the agreement of a new relationship between the UK and the EU to run side by side
- That a transitional arrangement might be put in place “to ensure that people are able to adjust to the new relationship, which is not about trying to delay the point at which we leave and is not about trying to extend the period of negotiation”.
- That the UK will negotiate as one entity and will secure one deal for the whole of the UK
- The UK Government is working with the Irish Government to ensure the Common Travel Area remains in place and that there is no border controls between Ireland and Northern Ireland

The House of Commons Library has published two Brexit related briefings since the start of the year. The first briefing [Legislating for Brexit: EU external agreements](#) provides details of the EU’s more than 1000 external agreements – mostly related to trade – and surmises it is not clear what Brexit will mean for the UK’s participation in these agreements.

The second briefing provides an on-going record of the [Devolved Legislatures engagement with Brexit](#).

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<sup>i</sup> The House of Commons Liaison Committee is made up of the Chairs of each of the select committees. The Chair of the Liaison Committee is Rt Hon Andrew Tyrie MP.

## **Future EU trade deals**

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In an opinion which may have implications for the United Kingdom following Brexit, on 21 December, Eleanor Sharpston QC, an advocate general at the European Court of Justice [concluded that](#) the Singapore Free Trade Agreement can only be concluded by the European Union and the Member States acting jointly.

If the Court agrees with the advocate general's opinion then future trade deals which the EU agrees would need to be ratified by the European Union institutions and by each of the Member States using their own ratification procedures. This might mean that any future trade deal between the EU and the UK – following Brexit would need to be ratified by at least 38 national and regional parliaments.

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Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH 99 1SP.

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