



BREXIT: CHARTING A NEW COURSE

ARTICLE 50 PROCESS

29 MARCH 2017:
Article 50 notice formally submitted

29 APRIL 2017:
European Council meets to approve negotiation guidelines

APRIL/MAY 2017:
EU Commission makes recommendation on opening negotiations

MAY/JULY 2017:
General Affairs Council adopts decision authorising opening of negotiations. Nominates EU Commission as EU Negotiator

JULY 2017- OCTOBER 2018:
Substantive Brexit negotiations

OCTOBER 2018- MARCH 2019:
Approval Phase - Any Article 50 agreement must be approved by the UK and EU

29 MARCH 2019 (or other agreed date):
UK leaves EU- either a cliff edge or start of implementation phase towards long term trading relationship

2-5 YEARS LATER:
End of implementation phase/ commencement of new trade agreement if agreed

Financial contribution from the UK

At the outset the Commission wants to settle the principles on which the UK will contribute to the EU's ongoing budgeted commitments while the UK is a Member State, but the UK House of Lords' preferred view under international law is that the UK will have no liability to meet budget obligations payable after it has left.

1

Framework for new Trade Agreement

The UK wishes to negotiate the framework of a new trade agreement or agreements with the EU alongside agreeing the terms of leaving and an "implementation phase" designed to ensure a smooth transition to a new relationship. The wording of Article 50 supports this, but Michel Barnier suggests this cannot be considered at all until the leaving arrangements are settled.

4

UK Political Risk

The UK Government has a relatively small majority and this could lead to difficulties in parliamentary management or to an early general election. The outcome of a general election could radically change the UK negotiating stance, if it sought for example continued membership of the Single Market through a treaty relationship with the EU or even to withdraw the notice altogether.

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COURSE OF NEGOTIATIONS

Risks of delay in Process

It seems likely that these issues of principle will take up a considerable period in which serious negotiations on the substance of the arrangements will not take place.

1. The resolution of these points will itself be complex
2. With general elections in key Member States, the policy of these directing minds in the negotiations is unlikely to become clear until after their elections

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Rights of EU Citizens

Both the UK and the EU, as well as many of the EU 27 Member States, have expressed the desire to settle the future of those already exercising their right of free movement as early as possible in the process.

2

EU Political Risk

There is a risk that changes in the continuing EU, particularly the Eurozone, could divert attention from the negotiations. The risks include the election of a right-wing Eurosceptic government in France, which might not be committed to remaining in the Eurozone, or, possibly, in the EU; a crisis in the Eurozone, most likely related to the economy of Greece or possibly other Member States; and a crisis related to the inflow of asylum seekers and the fragile military situation in the Middle East.

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WHAT OUTCOMES DOES THE UK FACE?

Once the Article 50 notice has been served, within the limitations of current UK policy, as set out in the Brexit White Paper, the range of outcomes are, broadly, reduced to two, but with variations possible:

1. A "hard Brexit" in which relations between the UK and the EU revert to those under WTO terms. If negotiations break down or the Article 50 agreement is rejected this could be a "cliff-edge", moving overnight from full membership of the EU to WTO terms. There may still be a move to WTO terms even if there is an implementing agreement, which would merely soften the transition.
2. A move to a new trading relationship with an implementing agreement intended to bridge the gap. It is unclear whether the arrangements will cover both goods and services and there are a number of possible options with different effects for different businesses.