

Resistance

DANGEROUS



TIMES...

With the Supreme Court challenge decided and others bound to come, the government has hedged on its negotiating plan until February. Maybe it is waiting until EU leaders decide their strategy on 3 Feb? So how does Theresa May's 'negotiating objectives' speech on 17 Jan fit in?

Just as the cautious PM's conference speech tested reactions to possible policy directions, this speech offered different things to different people.

For party faithful worried about Brexit indecision, it was clear intent. Daily Mail readers saw her talked up as a formidable 'Maggie May'. For EU countries, it was largely intentions of goodwill, with a sting in the tail urging them not to get heavy – but that didn't stop anti-Brexit papers portraying it as aggressive. A Spanish journal, ABC, even talked about 'commercial war'.



Boris's former adviser Gerard Lyons got it totally wrong when he said that Britain had '**complete control**' in the approaching negotiations. Two sides invariably negotiate because they have something to gain. There is a common interest in managing Brexit to prevent damage to trade and to secure a better relationship after it.

Lyons is **wrong** because on giving notice, the UK only has 2 years to agree a large range of matters. We are dependent on the EU side for any time extension and sealing a deal. If no free trade agreement (FTA) is agreed, we are controlled by default WTO terms that will result in tariff and non-tariff barriers, with massive impact on supply chains, the movement of goods and provision of some services. (If, by 2018, we are not seen to have viable arrangements, continental customers might drop us as a supplier for safer alternatives. Service jobs could move.)



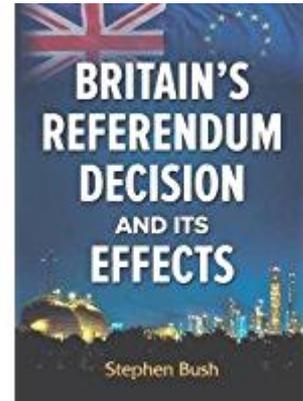
Many Eurofanatics will want a botched Brexit deal as they feel we will then have to stay in the EU

The Mail story (24 Jan) on possible problems with HMRC systems for customs clearance is a warning on what can go wrong. Some blame must attach to David Cameron for failing to make proper contingency plans.

The UK is also bound by **international law**. It is likely we will have to make some concessions on the 'acquired rights' of EU nationals now in the UK. Thanks to being stitched up by Traitor Heath, the European Court will decide what they are and on any EU payments outstanding. On the plus side, the EU must negotiate with us on matters like trade in **good faith** and can be sued if it tries to punish us.

Anti-British papers like the Guardian might prefer to see otherwise, but there is growing acceptance in EU capitals that no agreement will mean big problems for their economies. There are now calls for 'smooth Brexit'.

In September, the news agency Bloomberg ran an interesting feature on different countries' likely negotiating positions. It should **not be taken too literally** as negotiations have not yet started and positions might change with new governments (etc.)



Former CIB Vice-Chairman and UKIP candidate Prof. Stephen Bush covers withdrawal issues in his pamphlet available from the June Press (08456 120175) and good booksellers.

Making reasonable assumptions, 15 of 27 EU countries (representing 65% of the EU population) will need to agree any withdrawal deal. Just 4 larger countries could provide a 'blocking minority'. And a majority of 751 MEPs in the European Parliament will have to approve the deal before it goes to heads of state and government.

The Bloomberg survey found:

- 10 countries (representing 52% of population) were adamant over no 'cherry-picking' on free movement of goods, services, capital and persons. Since claimed to be an EU consensus.
- 14 countries (with 70%) were strong on keeping free movement of people in some form; of which 8 countries (with 23%) seemed specifically interested in free movement of labour.
- 8 countries seemed friendly towards the UK; a partly-overlapping 6 were keen on keeping and growing trade.
- Only Malta and Cyprus wanted the UK worse off out of the EU than in.
- 5 countries wanted UK support over the EU budget and/or migration.
- Spain wanted joint sovereignty over Gibraltar, but also to maintain freedom of movement.
- Other pet interests included fishing, security co-operation, company tax.

A separate Bloomberg article felt that the UK might buy support for its wants through exploiting concerns over security and defence, offering cash, threatening competition over company tax rates, bargaining over the rights of EU citizens and ready access to the UK market for EU companies.



Campaign Successes

✦ We used the quiet period to get **Mark Taylor's** letter on why the EU cannot punish us out to local papers. Early bullseyes in the 2 big commuter papers (Metro, Evening Standard) plus the main Belfast and Cardiff titles. Lib Dem leader Tim Farron's local paper was even interested in following up!

'DANGEROUS TIMES' / ctd.

The European Parliament often divides on **EU party** lines. Recent votes have been won by a working alliance of **EPP** (217 centre right federalists), **ECR** (74 centre right conservatives) and **ALDE** (68 liberals) groups.

Their commitment to **free trade** seems promising. **ALDE** and the **S&D** (189 centre left) want a solution that benefits the UK and the EU. **S&D** and the **NGL** (52 green-left) oppose the austerity that might result from a harsh Brexit. And that's before considering others like UKIP that are pro-Brexit.



24 of the 27 other EU leaders are from the 4 main EU parties: EPP, S&D, ECR, ALDE.

That the UK is likely to retain EU free trade is indicated by **EU policies** – 'open' 'balanced' 'fair and free trade'. In October, **EU leaders** committed to free trade "to preserve EU jobs".

At least as a direction – the EU is keen on being admitted to expanding markets. FTAs are supposed to cover almost all sectors, although the French ensure that their sensitive sectors like audio-visuals and agriculture remain protected. The EU also withdrew development privileges from India after the latter failed to open up its markets.

The half-Scottish German MEP David McAllister ('Merkel's man in Brussels') believes that the UK will get a FTA.

Departing from her group's and EU policy, Trade Commissioner Cecilia Malmstrom created some unease.

In the referendum campaign, she said that the UK would have to first leave the EU and **then** negotiate a trade deal from scratch. She has only just (20 Jan) committed to seek a Brexit deal, tentatively hinting that this could be done 'within a couple of years' but with a likely transitional agreement to maintain the flow of trade.

Commission negotiator Barnier has warned of complexity. Canada's EU agreement took years as it had to be repeatedly referred back to regional parliaments. The UK and EU already have a full FTA in place which might be replicated with some changes.

Some arrangements could be copied from other agreements (e.g. product certification). As the European Court (ECJ) cannot rule on a non-member, different institutions would be needed.

Some do exist e.g. the WTO and the UN International Court of Justice as trade courts; UNCITRAL and ICSID for arbitration. The government could also fall back on the EEA (single market) systems that are already in place if it rejoined EFTA as part of a transition.



AC Grayling (left) and Cecilia Malmstrom

✦ Heir to Heseltine? Academic AC Grayling, 'the brains of Remain', has called for a general strike against Brexit and 'would back an independent London as an EU member state'!!!

✦ Polish ex-minister Jacek Rostowski sees Leavers 'dying out' and 'losing their majority' by 2020.

✦ Chancellor Hammond effectively rejected former Commissioner Lamy's jibe that the UK would 'stay in the EU' and that its 'Brexit plan' was 'a ruse'.

Most anti-EU campaigners would seem to prefer a straight FTA as the 'intergovernmental' way of doing trade.

The EEA alternative would retain EU baggage in areas like environmental law, although it is fair to say that we will be stuck with it anyway short term under the Great Repeal Bill. UKIP Trade Spokesman William Dartmouth highlighted past EU attempts to take over company law. Our legal system is world-recognised as the one to use for governing contracts. In theory, if the EU took control before 2019, we would be stuck with this inside the EEA.

Another objection might be over free movement of labour, but this would seem hard to avoid (at least for current expats) in any UK-EU trade deal.



Free movement of labour can be restricted within the EEA Agreement on economic and social grounds.

✦ Lord Mandelson believes that the EU will be pushed into bringing in some controls on the free movement of labour, irrespective of Brexit.

✦ In spite of his comments before the referendum, WTO head Azevedo does not see the UK suffering from trade setbacks during or after Brexit.



Whether a trade deal is a FTA or based on WTO terms, it will need to be negotiated before October 2018. If time runs out, the UK will have to either beg the EU for more time and stay in longer or (theoretically for now) withdraw its notice.

✦ Canada's EU trade deal (CETA) is 'provisional', meaning it can be worked to before being officially signed off by over 30 national and regional bodies.

✦ Car-maker Toyota is optimistic on being able to continue in the UK.

✦ There are several reasons why finance jobs might not move to Europe – Frankfurt isn't seen as a top 'world location', Luxembourg doesn't want London's role; many employees prefer the London lifestyle and it would be 'constructive dismissal' to try to move them against their contracts.

Business

Anthony Hilton: Brexit raises spectre of IMF bailout for UK

✦ Although a panel discussing the 1976 IMF bailout concluded there was absolutely 'no chance' of it happening with Brexit, the propagandistic Evening Standard still spun a lurid headline!

✦ Opinion polls for Handelsblatt and Saga saw Leave support holding up, while a BMG poll saw more Remains switching to Leave than vice versa.

www.newalliance.org.uk/ref117.htm

has fuller coverage, references and links to several interesting articles.



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