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The Brexit Conundrum Worsens the UK's Relationship with the European Union

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**The Brexit Conundrum
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with the European Union**

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The Brexit Conundrum Worsens the UK's Relationship with the European Union

Abstract

This paper examines the shortcomings in the UK government's Brexit negotiation strategy which reflected Prime Minister Theresa May's weak political leadership. The Prime Minister focused on securing the short-term political survival of her government amidst turbulent and fractious domestic politics, over negotiations with the EU27. Brexit negotiations were poorly planned and the government was woefully unprepared. Brexit also threatens a serious re-opening of old wounds in Northern Ireland, as debate grows around the prospect of a united Ireland inside the EU. UK politics is in turmoil and in a chronic crisis. What route the Brexit saga takes next is uncertain. But the crossroads is approaching – either the UK leaves on 31 October 2019 with no deal or it finds a route towards an accommodation with the EU. The phenomenon of British exceptionalism towards the EU is set to take a new dramatic turn, while the UK's chaotic political divisions will not disappear any time soon.

JEL-Codes: F150, F500, F510.

Keywords: Brexit, withdrawal agreement, European Union, United Kingdom Republic of Ireland.

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The Brexit conundrum worsens the UK's relationship with the European Union

On July 11, 2016, the Conservative Party chose Theresa May to replace David Cameron. Subsequently, Prime Minister Theresa May's record on Brexit revealed a high degree of opportunism, a certain skill in calculating domestic political odds, and a willingness to risk the economic well-being of the British people for the short-term political self-interest and for the interest of her party.¹

Before the June 2016 referendum, at a meeting in London with executives of Goldman Sachs, May explained with clarity and force why it would be economic folly for Britain to leave the EU. In a crucial passage of her speech she said: "I think the economic arguments are clear. I think being part of a 500 million trading bloc is significant for us.² I think ... that a lot of people will invest here in the UK because it is the UK in Europe. If we were not in Europe ... there would be firms and companies who would be looking to say, do they need to develop a mainland Europe presence rather than a UK presence? So I think there are definite benefits for us in economic terms."³

Preparing to Negotiate (July 2016 - July 2017)

May began her premiership with a simple — if enigmatic — definition of leaving the EU: "Brexit means Brexit."⁴ By the time of her first Tory Party conference as prime minister in October 2016, she had clarified her position. Brexit meant controlling immigration from the EU, shrugging off the jurisdiction of EU courts and regaining the ability to strike independent trade deals.

"We are not leaving the European Union only to give up control of immigration all over again," she said, to the ovation of Tory members. "And we are not leaving only to return to the jurisdiction of the European Court of Justice. That's not going to happen. We are leaving to become, once more, a fully sovereign and independent country."⁵

¹Tim Shipman (2016) *All Out War: The Full Story of How Brexit Sank Britain's Political Class*. HarperCollins

²Harold Clarke, Matthew Goodwin and Paul Whiteley, "Brexit: Why Britain Voted to Leave the European Union", 2017, Cambridge University Press

³"What Theresa May really thinks about Brexit shown in leaked recording", The Guardian, 26 Oct 2016.

⁴"What does 'Brexit means Brexit' mean?", BBC news, 14 July 2016

⁵"In full: Theresa May's speech on future UK-EU relations", 2 March 2018, BBC news

She made that speech without having thought through the consequences; no official was allowed to read it in advance (later she added no customs union to her list of red lines). In her speech Theresa May also promised to trigger Article 50 no later than the end of March 2017.

The stage looked set for the UK leaving the EU Customs Union and Single Market and negotiating a deal that would result in an arms-length relationship with the rest of the EU, based on a free trade agreement. May's government made strategic and tactical errors in the conduct of the negotiations. In that speech the prime minister was trying to curry favour with Tory Eurosceptics, especially when she said that "if you believe you are a citizen of the world, you are a citizen of nowhere – you don't understand what citizenship means".⁶

In a second speech at Lancaster House in London on 17 January 2017, May announced that the UK would indeed be leaving the single market and the EU Customs Union, which regulates the EU's trade in goods.⁷ This left her with little room for manoeuvre. In what would become a familiar refrain, she said: "No deal for Britain is better than a bad deal for Britain."⁸

In the February 2017 White Paper and in the letter triggering Article 50, the UK started to grapple with the question of the border with Northern Ireland, which became a central sticking point in the later negotiations. The White Paper recognised the need to 'find a practical solution that keeps the border as seamless and frictionless as possible, recognising the unique economic, social, and political context'.⁹ The Article 50 letter stated that the UK wanted to 'avoid a return to a hard border'. Yet this objective was hard to reconcile with the UK's stated ambition of leaving the Single Market and Customs Union, both of which implied the introduction of physical checks at the border between Northern Ireland and the Republic of Ireland.¹⁰

⁶ T. May, *Theresa May's Keynote Speech at Conservative Party Conference October 2016*, 5 October 2016, The Independent

⁷ Theresa May, "The government's negotiating objectives for exiting the EU", Lancaster House, 17 January 2017.

⁸ Theresa May, "The government's negotiating objectives for exiting the EU", Lancaster House, 17 January 2017.

⁹ HM Government White Paper, *The United Kingdom's Exit from, and New Partnership with, the European Union*

¹⁰ On the tensions in the UK position see Jones and Miller, 'The Brexit Impossibility Triangle', *Project Syndicate* (2019)

The UK government ‘triggered’ Article 50 of the Treaty of the European Union in March 2017, thereby starting the clock on a two-year period within which to agree the terms of the UK’s exit. The timing of the Article 50 letter triggering the withdrawal process was a tactical error because May had no plan for Brexit. And once the letter was sent, the clock started to tick: the UK would automatically leave on 29 March 2019, with or without a deal. This put the EU in a very strong position. Thus, even before any engagement with the EU, it was not clear how the UK could reconcile contradictions and ambiguities within parties, parliament and across the country and how it would generate a coherent negotiating position. This was a major flaw in the UK strategy and led the UK to table unrealistic negotiating proposals, including a proposal for the UK to have a customs arrangement with the EU that would ensure frictionless trade and avoid a hard border with Ireland, while also leaving the EU Customs Union in order to have a fully sovereign trade policy.

The snap general election that failed to strengthen May’s hand

In the run up to formal negotiations with the European Union, Theresa May decided to call a snap general election in June 2017 in a bid to strengthen her negotiating hand. Her government was operating with a wafer-thin majority of only 12 MPs in Parliament and the prime minister was concerned that such a slim majority would enable opposition parties to frustrate the Brexit negotiations. Opinion polls showed the Conservative Party had a twenty-point lead over Jeremy Corbyn’s Labour Party¹¹ and May saw an opportunity to win a much larger majority and greater control over Parliament.

This move backfired spectacularly as Theresa May lost her Parliamentary majority altogether. The Prime Minister campaigned badly, on a manifesto that failed to win public support. Meanwhile Jeremy Corbyn ran an effective grassroots campaign. The Conservative Party suffered a net loss of 13 seats, producing a hung Parliament. In order to secure a working majority in Parliament, Theresa May entered into an alliance with the 10 MPs from the socially conservative Democratic Unionist Party (DUP) of Northern Ireland who supported a ‘hard’ Brexit. Formal negotiations between the UK and EU27 began in July 2017, a year after the UK’s EU referendum.

¹¹ Sebastian Payne, “Theresa May and the election that got away”, Financial Times, 8 December 2017

The Chequer's Deal (July 2018)

The most fraught negotiations were over the UK's border with Ireland. The EU27 were firm that there would be no hard border on the island of Ireland, and the UK government agreed, but this was hard to square with the UK government's determination to leave the EU Customs Union and Single Market, which implied new border checks. In August 2017 the UK tabled a proposal for a UK-EU customs partnership arrangement under which both parties could have different external tariffs and rules of origin and yet have frictionless trade between them.¹²

Under the UK's proposal, the UK would essentially implement two parallel systems at its borders. For goods coming into the UK that were destined for the EU27, the UK would act as an agent on behalf of the EU, levying EU tariffs and checking products met EU standards. For goods destined for sale in the UK, it would levy UK tariffs and check products met UK standards. The UK government acknowledged this would need a 'robust enforcement mechanism' and the tracking of goods to ensure that they reached their intended destination.¹³ The UK negotiators proposed also measures to streamline customs procedures, the use of technology to enable any checks to be carried out virtually, and continued regulatory alignment in agricultural products.¹⁴

Unsurprisingly, the UK's complex proposals were met with scepticism by the EU27 and few were persuaded that they were viable. Unable to agree on a detailed solution on the UK-Ireland border, the UK and EU27 agreed on a set of overarching principles. These focused on upholding the Good Friday Agreement; avoiding a hard border, including any physical infrastructure; and preserving the integrity of the UK's internal market, by ensuring that there would be no customs border between Northern Ireland and the rest of the UK..

Finally, in July 2018, only nine months before the UK was due to leave the EU, Theresa May held a Cabinet meeting at Chequers to forge an agreement about the UK's negotiating position on future UK-EU relations. After fraught discussions, the UK Cabinet published a

¹² HM Government, Future Customs Arrangements, 15 August 2017

¹³ HM Government, Future Customs Arrangements, 15 August 2017

¹⁴ HM Government, Future Customs Arrangements, 15 August 2017

White Paper, which finally set out the UK government's position in detail.¹⁵ The UK wanted future relations to be based on a free trade area for goods with the phased introduction of a Facilitated Customs Arrangement and a 'common rulebook' with the EU for goods. The Facilitated Customs Arrangement was based on the rejected August 2017 proposal. With regards to common rules, the UK proposed a binding treaty commitment to continued harmonisation with EU rules on agri-food (but not services); continued participation in EU regulatory institutions; a common rulebook on state aid; cooperation on competition measures, and a 'nonregression' provision in areas including labour and environment. However, the UK was adamant that freedom of movement would end.

May gathered her warring cabinet at Chequers in a bid to set out a compromise negotiating position that had a chance of finding favour with the EU. But a perceived move towards a softer Brexit provoked an immediate backlash from the right of the party, prompting the resignations of Brexit Secretary David Davis and Foreign Secretary Boris Johnson from the cabinet and a fresh wave of plotting from members of the Eurosceptic European Research Group (ERG) determined to "chuck Chequers".

Davis stated that 'the current trend of policy and tactics' was making it look 'less and less likely' that the UK would leave the Customs Union and the Single Market.¹⁶ His resignation and that by Johnson was followed by eight other ministers and senior officials. Outside of Cabinet, the White Paper was criticised by MPs within the Conservative Party, particularly members of the ERG for ceding too much sovereignty, as well as by opposition parties. The UK Labour Party argued that it did not resolve the problems of the Northern Ireland border and that the Facilitated Customs Arrangement would be a 'bureaucratic nightmare, unworkable, and costly for businesses and reliant on 'technology that does not currently exist'.¹⁷

The Withdrawal Agreement and Political Declaration (November 2018)

Although the UK's position was unpopular at home, it nonetheless formed the basis of UK proposals to the EU27. Theresa May sought to use an informal meeting of the EU27 leaders

¹⁵ HM Government White Paper, The Future Relationship between the United Kingdom and the European Union, 12 July 2018.

¹⁶ Davis and May, 'Brexit: David Davis' Resignation Letter and May's Reply in Full', (2018)

¹⁷ Keir Starmer, "EU: Future Relationship White Paper" (2018),

in Salzburg in September 2018 to pitch the UK's proposals to her counterparts, but she proved to be a poor diplomat. The Prime Minister insisted that the UK proposals, as set out in the White Paper, were the only viable option and appeared to be trying to impose them on the EU, a move that only served to antagonise EU leaders.

Eventually, after a series of missed deadlines, the UK and EU reached agreement on 14 November 2018 on a 585-page Withdrawal Agreement and an accompanying 26-page Political Declaration.¹⁸ Several areas of the Withdrawal Agreement remained largely unchanged from the March 2018 draft agreement, including on citizens' rights. The Agreement included a review clause, providing for the extension of the transition period if agreement on future relations had not been reached by the end of the 21-month transition period. It also provided for the use of independent arbitration to resolve disputes during the transition period, although matters of EU law would be referred to the ECJ.

Crucially, the Withdrawal Agreement included a lengthy Protocol on Northern Ireland, which came to be known as the 'backstop', designed to prevent the return of a hard border in the island of Ireland. This was ensured through a hybrid of two mechanisms. It had UK-wide elements, providing for the creation of a single customs territory between the EU and UK in the event that the UK and EU fail to reach an agreement on future relations by the end of the transition period. It also had elements that only pertained to Northern Ireland, committing the region to continued harmonisation of a series of EU technical rules and regulations, while the rest of the UK could diverge from them.¹⁹

Reflecting continuing disagreement on the nature of future UK-EU relations, the Political Declaration was not the substantive and detailed document that the UK and EU negotiators had promised. While expressing a high level of ambition about the nature and scope of the future relationship, the document only set out a series of options for the UK's trade with the EU and established a framework for ongoing conversations across a range of areas.

¹⁸ European Council, Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, as Endorsed by Leaders at a Special Meeting of the European Council on 25 November 2018, 25 November 2019.

¹⁹ European Council, Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, as Endorsed by Leaders at a Special Meeting of the European Council on 25 November 2018, 25 November 2019.

The deal is rebuffed by the UK parliament (1st attempt)

Within the UK, Theresa May needed to win over a majority in Parliament. The role of the UK Parliament in the Brexit ratification process had been strengthened by an amendment to the EU Withdrawal Act that had passed in 2017 and required any Brexit deal to be enacted by statute rather than implemented by government order. This ensured that the UK Parliament would be given a final ‘meaningful’ vote on the Withdrawal Agreement.

It rapidly became clear that the Withdrawal Agreement and Political Declaration did not have the backing of a majority of MPs in the UK Parliament. Given the delicate parliamentary arithmetic, Theresa May needed virtually all Conservative and DUP MPs on board. Yet Eurosceptic Conservative MPs strongly opposed the wording of the Northern Ireland backstop arguing that it could permanently ‘trap’ the UK into a customs union with the EU. The backstop also crossed a red line for the DUP as it implied regulatory checks between Northern Ireland and the rest of the UK. At the other end of the political spectrum, pro-European Conservatives disliked the Withdrawal Agreement as it failed to ensure frictionless trade with the EU²⁷. Meanwhile the Labour Party and smaller opposition parties were united in their opposition to the Agreement.

In light of the strong parliamentary opposition, Theresa May withdrew the ‘meaningful vote’ on the Withdrawal Agreement on 10 December 2018, one day before it was scheduled. She announced that the vote would be held in January 2019 and she would, meanwhile, seek further assurances from the EU about the Northern Ireland backstop²⁰ Her strategy focused exclusively on winning over members of the European Research Group.

However, rebellious Tory MPs triggered a no confidence vote in May’s Tory party leadership. Surviving the confidence vote by 200-117 on 12 December 2018 was enough to stave off Theresa May’s immediate resignation.²¹ However, it left her too weak to take back control of her party. Subsequently, May confirmed to television cameras the pledge that she would not lead the party into the next general election.

²⁰ Theresa May, Exiting the European Union, 10 December 2018.

²¹ “May Survives Confidence Vote to Face Uphill Struggle in Brexit”, Bloomberg December 12, 2018

Back in Brussels, EU leaders were resolute in their determination not to re-open negotiations, but they did issue formal statements aimed at reassuring UK MPs. The statement from EU leaders fell short of the legal commitment Theresa May had hoped for and failed to reassure Eurosceptic MPs. The meaningful vote on the Withdrawal Agreement took place in 15 January 2019 and the government suffered the largest defeat of any government in modern parliamentary history, losing by 230 votes.²² This prompted the Labour party to table a motion of no confidence, which the government narrowly won on 16 January 2019²³ by 325 to 306.²⁴

The Brexit negotiations precipitated a political and constitutional crisis in the UK. Following tough negotiations with the 27 other EU member states, the UK finally agreed a Withdrawal Agreement only to have it resoundingly defeated in the UK Parliament. The government suffered the largest defeats in modern parliamentary history, and, in another historic first, MPs found the government to be in contempt of Parliament. To the deep frustration of the 27 EU members states with whom the UK was negotiating, Theresa May went back to Brussels yet again to try and seek changes to an agreement that had been finalised. With only a few days to go before the UK was due to leave the EU, no deal was in place, and the UK government had no plan for resolving the crisis, determined instead to keep bringing its deeply unpopular deal back to Parliament, a move the Speaker of Parliament ruled out as breaking parliamentary convention.²⁵

The deal is rebuffed by the UK parliament (2nd attempt)

Following the government's defeat, Theresa May promised to change approach and be 'more flexible, open and inclusive' in engaging with Parliament. For the first time she looked to win over Labour MPs, promising to 'embed the strongest possible protections on workers' rights and the environment'. In early February Theresa May held her first proper discussions with opposition parties.

²² H. Stewart, *May Suffers Heaviest Parliamentary Defeat of a British PM in the Democratic Era*, The Guardian, 16 January 2019,

²³ H. Stewart, J. Elgot and P. Walker, *Theresa May Survives Vote, but Britain Remains in Brexit Deadlock*, The Guardian, 17 January 2019,

²⁴ "Theresa May survives vote, but Britain remains in Brexit deadlock", Guardian, 17 January 2019

²⁵ J. Elgot, *Brexit: John Bercow Rules out Third Meaningful Vote on Same Deal*, 18 March 2019, The Guardian

While the EU27 may have been amenable to many of the Labour Party's proposals, accepting them would alienate the Eurosceptic MPs and risk splitting the Conservative Party, a move that Theresa May was still not prepared to make. Instead the prime minister adopted a strategy of 'running the clock down' hoping that, as the March 29 deadline for leaving the EU approached and the risk of leaving without a deal increased, more MPs would support the Withdrawal Agreement.

Following more talks in Brussels in early March, Theresa May secured a package of interpretations and clarifications on the Withdrawal Agreement and Political Declaration, but once again, these changes did not go far enough to win a majority in Parliament, and the UK government lost a second meaningful vote on 12 March 2019 by 149 votes.²⁶

The UK requests Article 50 extension

With the UK government failing to show leadership, backbench MPs tried to exert control over the Brexit process. A parliamentary motion to reject a No Deal scenario, which the government opposed, passed by a slim majority. Then, in a surprise turn of events, Theresa May was blocked from bringing the Withdrawal Agreement and Political Declaration back to the UK Parliament by the Speaker, on the basis of a 400-year old guide to parliamentary procedure. These events prompted Theresa May to write to Donald Tusk, President of the European Council on 20 March 2019, to ask for an extension to Article 50 until 30 June 2019.²⁷

The EU27 agreed to extend the Article 50 deadline but rejected the UK's proposed extension date. Following intense internal negotiations and reported tensions between German chancellor Angela Merkel and President Emmanuel Macron of France, the EU leaders offered an extension until 22 May 2019, provided that the Withdrawal Agreement "is approved by the House of Commons next week". In the event that the Withdrawal Agreement was not approved, the European Council offered a shorter extension until 12 April 2019 stating that it "expects the United Kingdom to indicate a way forward before this date for consideration by the European Council". The 12 April date was chosen as it was the last point

²⁶ *Government's Brexit Deal Defeated Again in 'Meaningful Vote'*, 12 March 2019

²⁷ May, 'Prime Minister's Letter to President of the European Council', 2019

at which the UK, by law, must state if it was to participate in elections for the European Parliament, scheduled for May 2019.²⁸

The deal is rebuffed by the UK parliament (3rd attempt)

Having secured a brief respite, backbench MPs held a series of ‘indicative votes’ on different Brexit scenarios to try and break the parliamentary deadlock. But, despite two rounds of voting, there was no majority for any of the options tabled. Meanwhile Theresa May, still determined to get the Withdrawal Agreement passed rather than change her negotiating strategy, found a way to navigate parliamentary procedure and hold a third meaningful vote on 29 March 2019 by tabling the Withdrawal Agreement on its own (without the Political Declaration). But the government was defeated once again.²⁹

With neither the UK government nor backbench MPs able to find a way forward, Theresa May placed the UK’s fate in the hands of EU leaders, writing once again to Donald Tusk asking for the Article 50 deadline to be extended to 30 June 2019.³⁰

Article 50 extension to 31 October 2019

EU leaders held an emergency summit on 10 April 2019 to consider their response, with Theresa May appearing in front of them to formally present the UK’s request. After an intense debate they offered the UK an extension until 31 October 2019, providing the UK with six months to try and find a way through its fraught domestic politics.

²⁸ European Council, *European Council (Art. 50) Conclusions, 21 March 2019* (2019)

²⁹ UK Parliament, *Commons Votes to Reject Government’s EU Withdrawal Agreement*, 29 March 2019

³⁰ May, 'Prime Minister’s Letter to President Tusk: 5 April 2019', (2019)

At the special European Council summit on 10 April 2019, the UK and EU27 leaders agreed to extend the Article 50 process until 31 October 2019, with a possibility to terminate the extension once the Withdrawal Agreement is ratified. The Council conclusions explain, “If the Withdrawal Agreement is ratified by both parties before this [31 October], the withdrawal will take place on the first day of the following month.” They also state that the Withdrawal Agreement will not be renegotiated and that the “extension cannot be allowed to undermine the regular functioning of the Union and its institutions,” adding that the UK committed “to act in a constructive and responsible manner throughout the extension in accordance with the duty of sincere cooperation.” If the UK does not hold European Parliament elections, it will leave the EU on 1 June. There will also a review of the situation at the Council meeting in June.³¹

The full conditions for the extension agreement until 31 October were as follows:

- The flexible extension of the Article 50 period can only last until 31st October 2019, although if the Withdrawal Agreement is ratified by the UK and EU before then, Brexit Day becomes the first day of the following month.
- The extension cannot be allowed to undermine “the regular functioning of the Union and its institutions” so if the UK has not ratified the Withdrawal Agreement by 22nd May, it must hold European Parliament elections on 23rd May (and if the UK fails to live up to this obligation, Brexit occurs on 1st June 2019).
- The Withdrawal Agreement cannot be re-opened and “any unilateral commitment, statement or other act should be compatible with the letter and the spirit of the Withdrawal Agreement and must not hamper its implementation”.
- If the position of the UK were “to evolve”, then the European Council “is prepared to reconsider the Political Declaration on the future relationship”.
- During the extension, the UK remains an EU Member State with full rights and obligations, and has a right to revoke its Article 50 notification at any time.
- The principle of sincere cooperation will continue to apply to the UK and during the extension the UK will “refrain from any measure which could jeopardise the attainment of the Union's objectives, in particular when participating in the decision-making processes of the Union”.

³¹ European Council, Special Meeting of the European Council (Art. 50) (10 April 2019) – Conclusions, 10 April 2019.

- The European Council will review progress at its meeting in June 2019.³²

A failure of political leadership

The UK government's Brexit negotiating strategy was surprisingly weak given its strong civil service and cadre of experienced diplomats. The Brexit negotiations illustrate the vital role that political leadership plays in international negotiations. Although the UK civil service was woefully unprepared at the outset of the Brexit negotiations, it upskilled fast, redeploying experienced civil servants from other areas. Responsibility for the UK's weak performance lies with its political leaders, particularly Theresa May's failure to negotiate within her own Cabinet and to forge political alliances. It was this failure of political leadership that led the UK government to pursue an incredibly important and complex set of negotiations without having confronted the inevitable trade-offs and without having attained real clarity about its negotiating objectives.

May never developed a proper strategy for Brexit, and the texts that the two sides discussed were EU texts. The UK failed to produce its own proposals, which allowed the EU to set the agenda. When May finally came up with a blueprint for the future relationship, in June 2018 – the so-called Chequers plan³³ and its associated white paper far too late to make much impact on the EU. UK diplomats tried to conduct the Brexit talks in a professional manner but their political masters were incompetent and arrogant in their dealings with the Chief negotiator Michel Barnier.

In local elections 3 May 2019, the Conservatives lost over 1,000 councillors and control of several councils. Labour suffered some losses, while the Liberal Democrats were up by 705 and the Greens increased their tally by 194 councillors. Independents also fared well, gaining 660 council seats. On 7 May 2019, Cabinet Office Minister David Lidington confirmed that the UK would take part in European Parliament elections on 23 May 2019.

³² European Council, Special Meeting of the European Council (Art. 50) (10 April 2019) – Conclusions, 10 April 2019.

³³ "The future relationship between the United Kingdom and the European Union". Department for Exiting the European Union 12 July 2018. 2018.

At a meeting of the Conservative backbenchers 1922 Committee on 16 May 2019, Theresa May agreed to set a timetable for her departure as Prime Minister. On 23 May 2019 the UK voted in the European Parliament elections. The results were another humiliating defeat for Theresa May, while the newly founded Brexit Party won 29 seats, leaving UKIP without any seats for the first time since 1999. The Liberal Democrats won 16 seats, the most they have won since 1979, the first direct elections to the European Parliament. The Greens won seven seats, also a record number for that party. Labour won 10 seats and the Conservatives won four - their lowest number of seats since 1979. The crushing historic defeat meant that support for the Conservative Party dropped to 8.8%, down from 23.3% in 2014, while Nigel Farage's newly-formed Brexit Party took 30.4% of votes.

Theresa May's early red lines, designed to please the Brexit wing of her party, boxed her in negotiations with the EU. At the same time, she did not find the vision and words to sell her deal with the EU to Parliament. Her rigidity, extreme reserve and lack of persuasive qualities and woeful electoral record were striking in someone who made it to the top job in UK politics.

The Brexit preparation and the Irish border problem

The Republic of Ireland and the UK have a long shared history in Europe. They agreed a common travel area in the 1920s and joined the EU together in 1973. This means that there has never been a moment when one country was in the EU and the other not. The UK referendum result put the Ireland/Northern Ireland border and the international commitments under the Good Friday Agreement right at centre stage.³⁴

Taoiseach Enda Kenny visited the UK prime minister in July 2016, the month that Prime Minister Theresa May took office, and won a public assurance that there would be no return to the borders of the past. The border problem had also been put explicitly on the agenda by Brussels — a top-ticket divorce item that needed to be resolved before the UK could depart.³⁵

³⁴ Gavin Sheridan, "How Britain's dark history with Ireland haunts Brexit", *New Statesman* 18 February 2019

³⁵ Kevin O'Rourke, "A Short History of Brexit: From Brentry to Backstop", Pelican Press, London, 2018

On 24 June 2016, the day after the EU referendum,³⁶ the Irish Government activated their Brexit contingency plans and started to speak about concerns about the Good Friday Agreement and a re-emergence of a hard land border. These concerns turned out to be justified, and on 17 January 2017 Theresa May's Lancaster House declaration of 'red lines' convinced the Irish government of the need for a border insurance policy. On 29 April 2017, the Irish government committed the European Union to make the border a priority in guidelines for the first phase of the negotiations. By 4 December 2017, May was about to sign up to 'regulatory alignment' between Northern Ireland and the Irish Republic, which would avert a hard border.

The Irish government discounted May's verbal assurances to keep the border as frictionless as possible because of decades of experience of negotiations with the British government over Northern Ireland saying the right things but not necessarily delivering.

The UK government in its handling of Brexit has showed a large degree of ineptitude. It failed to plan for Brexit before the referendum and never caught up. Conservative party divisions split the cabinet and sabotaged attempts to clarify goals and strategy.³⁷

May compounded her difficulties by calling an election in June 2017 that lost her parliamentary majority and made her dependent on the Democratic Unionist party (DUP), a fiercely pro-union party that had opposed the 1998 Good Friday Agreement that brought peace to the island of Ireland. The DUP opposed any special status for Northern Ireland lest it weaken the union. The prime minister tried to appease the DUP by widening the alignment to encompass the UK as a whole, not just Northern Ireland, but this angered Brexiters.

The Irish government had gained an assurance from the EU in April 2017 that should Northern Ireland ever reunify with the Republic it would automatically become a member of the EU. The UK government realised that the EU was standing by Ireland. In November 2017, after the UK had failed to propose a solution to the Irish border,³⁸ the European

³⁶ Sir Ivan Rogers, "The inside story of how David Cameron drove Britain to Brexit", Oxford Prospect/Hertford lecture at Hertford College, 24th November 2017

³⁷ John Ryan. "A British exit would harm the EU's global credibility – and it could rip apart the Conservatives, too", LSE BrexitVote, 26 February 2016.

³⁸ Northern Ireland and Ireland - position paper HM Government, 16 August 2017.

Commission unveiled its proposal: a “backstop” to ensure that whatever happened in the future, the border would remain open.

The Irish backstop would cause May’s deal to be rejected in parliament in January 2019 — the largest government defeat ever. That raised the prospect of the UK crashing out without a deal, plummeting Northern Irish politics further into crisis.³⁹ The first significant retreat from Theresa May’s red lines came in December 2017, with her acceptance of the backstop. Then came May’s Chequers proposal, in July 2018. It proposed the whole of the UK remaining, to all intents and purposes, in the EU’s single market for goods. It would allow the UK to avoid a border being erected — on the island of Ireland or in the Irish Sea. May’s foreign secretary, Boris Johnson, and her Brexit secretary, David Davis, both resigned in protest, along with six other junior members of the government.⁴⁰

It was this proposal that was rejected by the EU at Salzburg. The UK government underestimated the EU’s determination to ensure the Brexit talks remained a bureaucratic process — and not be sucked into political horse-trading with the UK. “It misread the legal nature of the EU,” and the British “seemed to think this was the moment it would be taken out of Barnier’s hands to become a political negotiation,” as one adviser described it. “That was the last time the UK thought it could all be sorted out politically.”⁴¹

As many of the objections to the Withdrawal Treaty relate to the backstop, there has been much discussion about alternative approaches to safeguarding an open border after Brexit. The UK and the EU committed in March 2019 to a programme of work to examine technological solutions (designed to avoid customs checks at the border) and the UK Government has now established an advisory group to take this work forward.⁴² An Alternative Arrangements Commission has also been established by the Prosperity UK think tank to address the same issues. In both cases the focus has been on trusted trader schemes and other methods of maintaining controls while avoiding the need for border posts and searches of vehicles. The UK and EU programme of work is intended to be completed by the

³⁹ Mary C. Murphy, “Europe and Northern Ireland’s Future – Negotiating Brexit’s Unique Case”, Agenda Publishing, 2018

⁴⁰ Fiona Simpson, “Boris Johnson and David Davis resign: Who is the new Foreign Secretary? Who is the new Brexit Secretary?”, Evening Standard, 10 July 2018

⁴¹ Tom Mctague, “How the UK lost the Brexit Battle”, Politico, 2 April 2019

⁴² See HM Government, “Technical advisory group on alternative arrangements to the backstop established”, 20 June 2019

end of the transition period but the EU has pointed out that there is no country in the world where such a solution operates at its borders.⁴³ The Irish Government has also said that its own work to find technology-based solutions has not produced a workable solution.⁴⁴

Another alternative that has been suggested is that the UK and the EU could apply a time limit to the duration of the backstop. But such an arrangement would negate the backstop as a viable policy; it is intended as an insurance policy if no other arrangements can be agreed, so a time limit would render it worthless. The way the backstop has been drafted by the EU and the UK has been challenged by British historian Professor Paul Bew as being in itself a violation of key principles in the Good Friday Agreement. Professor Bew has written: “There is no mention of a frictionless border in the terms of the Good Friday Agreement; nor is the UK committed to preserving a frictionless border under its previous commitments in international law.” But Bew does not take account of the fact that the absence of references to this in the Belfast Agreement was because both parties (the UK and Ireland) were Member States of the EU and expected to remain so. If they had not, there would have had to be explicit provisions on external trade to secure an open border.⁴⁵

The UK now has a new prime minister in Boris Johnson, but one of the biggest obstacles to parliamentary approval of a Brexit plan remains: the backstop, designed to avoid a hard border in Ireland. The backstop would ensure Northern Ireland remain integrated within the EU’s customs union and single market for goods, supplemented by an EU-UK customs union, until it was rendered unnecessary either by the future relationship itself, or other means. In layman’s terms, it is an insurance policy enabling the UK and EU to fulfil their shared commitment to respect the Northern Ireland peace agreement by keeping the border as open after Brexit as it is now.⁴⁶

May’s Brexit plan, and indeed her premiership, have floundered because Brexiters refuse to accept the backstop, which they say will keep the UK tied to the EU indefinitely. Ever since

⁴³ Sabine Weygand quoted in “Brexit backstop: Can technology solve the Irish border problem?”, Tom Edgington, *BBC News*, 1 February 2019 [↵](#)

⁴⁴ ‘No deal Brexit a political and economic threat, Ireland warns’, Rory Carroll & Lisa O’Carroll, *The Guardian*, 9 July 2019

⁴⁵ Lord Bew, *What do we want from the next Prime Minister? A series of policy ideas for new leadership: The Backstop*, Policy Exchange, 26 June 2019, p. 10

⁴⁶ *Mary C. Murphy, “Europe and Northern Ireland’s Future: Negotiating Brexit’s Unique Case”, Agenda Publishing, London, 2018.*

the proposal was revealed in the Withdrawal Agreement they have argued that there are readily-available, technical means – which have been labelled ‘alternative arrangements’ – for keeping the Irish border free of physical infrastructure and associated checks after Brexit. A technical solution would also allow those politicians advocating a more complete rupture with the EU to argue that their preferred course of action would not inevitably lead to border controls between Ireland and Northern Ireland, or make Northern Ireland’s trading relationship with the EU distinct from Great Britain’s. Several groups have tried to come up with alternative arrangements, though none have come up with a workable solution yet.

Prosperity UK, whose independent commission is chaired by Conservative MPs Nicky Morgan and Greg Hands suggests a package of technical and administrative solutions. However, it had been dismissed by Northern Ireland business groups as unrealistic and lacking credibility.⁴⁷ The Irish border Brexit blueprint presented by prominent Brexiters ‘lacks credibility’, claimed the British-Irish Chamber of Commerce about their proposals. The Chamber issued a damning assessment of the proposals following a presentation by the Alternative Arrangements Commission, an independent group which has been exploring border solutions but has close ties to leading Brexiters.⁴⁸

To the EU, it makes perfect sense to include what diplomats like to describe as an “insurance policy” to guard against a return to infrastructure re-emerging on the Northern Ireland-Ireland frontier, which for decades was the focus of violence and bloodshed between groups loyal to London and Dublin. The EU had two main objectives - first, protecting its single market and second, solidarity with a member state against a third country.

Boris Johnson while foreign secretary is said to have asked why Irish Prime Minister Leo Varadkar who is of Irish Indian heritage is not “called Murphy like the rest of them”.⁴⁹

The lack of knowledge and understanding of Ireland goes to the highest levels of the British government and media. Karen Bradley, former Secretary of State for Northern Ireland, showed her ignorance of Irish politics by confessing that, “[...] when I started this job, I

⁴⁷ “Alternative Arrangements for the Irish Border Report & Protocols”, Prosperity UK, 18 July 2019

⁴⁸ Bobby McDonagh, “On the Backstop, Leadership contenders are Tories in Wonderland”, Guardian, 15 June 2019

⁴⁹ Seamus O’Reilly, Leo Varadkar looks like an adult because the UK is acting like a spoilt toddler”, The Guardian, 31 July 2019

didn't understand some of the deep-seated and deep-rooted issues that there are in Northern Ireland.” Bradley only discovered while Northern Ireland secretary that Northern Irish nationalists “don't vote for unionist parties and vice versa”. In other words, until very recently, she had been incurious about one of the central issues of nineteenth- and twentieth-century British history.⁵⁰

Staunch Brexiter Priti Patel, when serving as development secretary, made the outrageous suggestion that Britain should use the threat of food shortages to force Ireland to change its approach to Brexit. The tragedy of the Irish famine which caused the death of over a million Irish men, women and children was one of the most shameful episodes in British history.⁵¹ Conservative politicians like Bradley, Patel, and May would do well to know that conflicts over the “Irish question” have resulted in more than 3,600 violent deaths.⁵² They might also benefit from knowing that successive Conservative prime ministers, from Edward Heath to Margaret Thatcher to John Major, struggled and failed to resolve the issue before it was put to rest by the 1998 Good Friday Agreement.⁵³

The Irish Central Bank published its estimates of the macroeconomic implications of how a disorderly Brexit would affect the Irish economy in the first Quarterly Bulletin of 2019. The Irish economy would be affected by heightened stress in financial markets and a potentially large depreciation of sterling. The deterioration in economic conditions and a more adverse outlook would cause firms and households to cut spending. There would be disruptions at ports and airports as border infrastructure is unable to cope with the new customs requirements, at least for an initial period. Imports would be affected with implications for firms through disruption to their production processes, and for households through the price and availability of consumer goods. Irish exports would fall due to an immediate and large reduction in demand from the UK and the fall in sterling.⁵⁴ The Department of Finance/ESRI

⁵⁰ “Karen Bradley admits ignorance of Northern Ireland politics”, Guardian, 7 September 2018

⁵¹ Bobby McDonagh, “Priti Patel's boorish Brexit comments showed ignorance about Ireland. She's not alone”, Guardian, 10 December 2018

⁵² Tim Sculthorpe “Northern Ireland Secretary Karen Bradley is forced to apologise for saying killings by British soldiers and police in the Troubles 'were not crimes'”, Daily Mail online, 7 March 2019

⁵³ Diarmaid Ferriter, “*The Border: The Legacy of a Century of Anglo-Irish Politics*”, Profile books, London, 2019

⁵⁴ Central Bank of Ireland, first Quarterly Bulletin of 2019, 25 January 2019

study⁵⁵ found that GDP in Ireland ten years after Brexit would be around 2.6% lower in a Deal scenario, 4.8% lower in a No-Deal scenario and 5.0% lower in a Disorderly No-Deal scenario respectively, compared to a situation where the UK stays in the EU.

The UK now accounts for just 13.4% of Irish goods exports, down from 55% in 1973. Ireland has made itself an attractive hub for multinationals, who now employ one in eight private sector workers and account for 90% of goods exports. The UK share of Irish services exports has also declined to 16% from 22% a decade ago, with the bulk of those in sectors such as finance, insurance and information technology.

As part of its Brexit contingency plans, Ireland is also opening up new ferry routes to continental ports as alternative routes for Irish exports that rely on the so-called UK land-bridge, a transport route that connects Irish importers and exporters to international markets via the UK road and ports network. Under any Brexit scenario, Ireland's economy looks certain to become more European. By backing a No Deal Brexit, the DUP has enhanced the likelihood of a border poll in the foreseeable future and has put the question of Irish unification firmly back on the agenda.⁵⁶ Brexit in any form has endangered the Good Friday Agreement, and given new life to identity politics in Northern Ireland. Until this is resolved, there is also scant chance of reviving power-sharing at Stormont. The DUP are absolutely trapped right now, they can't abandon the Tories, but they know that they will almost certainly lose their leverage in an election. Their miscalculation over this could hit them right in their core support.

The Good Friday Agreement effectively ended a conflict that cost more than 3,500 lives. Historic enemies agreed to share power and respect each other's identities and beliefs. The genius of the agreement was compromise: everybody lost something, so everybody won something. Brexit has evolved into the exact opposite of that spirit. It is instead politics as a

⁵⁵ Adele Bergin, Philip Economides, Abian Garcia-Rodriguez and Gavin Murphy, "IRELAND AND BREXIT: MODELLING THE IMPACT OF DEAL AND NO-DEAL SCENARIOS" Economic & Social Research Institute and Department of Finance, March 2019

⁵⁶ Pat Leahy, Irish Times poll: Northern Ireland voters do not want DUP-Tory Brexit, Irish Times, 7 March 2019

zero-sum game: a victory for me means a defeat for you. This approach is damaging enough in Britain, but it is potentially disastrous across the Irish Sea.⁵⁷

The Irish Taoiseach, Leo Varadkar, has stated repeatedly that the UK would face “enormous difficulties” under No Deal, adding “the UK and Ireland would have responsibilities to honour the Good Friday Agreement and the peace process.” In such a scenario, he said that both Governments would have to honour their commitment to no hard border in Ireland, adding “We would have to agree on full alignment on customs and regulations, so after a period of chaos we would perhaps end up where we are now, with a very similar deal.”⁵⁸

As the UK learns the price of Brexit, the EU has shown its value to Ireland. The ever-looming spectre of a No Deal Brexit indicates its potentially heavy price, the next deadline being Halloween, 31 October 2019. In the event of a No Deal Brexit, the EU would immediately classify the UK as an outsider. Concretely, that would mean it would leave the EU with no legal framework to continue trading smoothly with the EU – and that includes with Ireland. As businesses and trade unions in Ireland already know, that in turn would cause huge socio-economic disruption.

The EU shows its value to Ireland in other ways too. The EU single market (not including the UK) is currently worth more for Irish goods exports than the UK and US combined. Figures from the Central Statistics Office show that during 2018, the post-Brexit EU accounted for around 40 per cent of Irish goods exports, compared with the US on 28 per cent and the UK on only 10 per cent. Since Ireland’s economy depends on exports, it also helps that Ireland is a member of a major player in setting global trade rules, namely the EU.

The idea that “Global Britain” could choose between Europe and the world defies geography. UK goods exports to Ireland are currently worth more than those to China. Moreover, the idea that the UK would have more influence on global affairs by going it alone defies reality. As the old diplomatic adage puts it: “if you’re not at the table, you’re on the menu”.⁵⁹

⁵⁷ Karl McDonald, “Karen Bradley’s apology isn’t good enough. She has proven herself incompetent, and she must resign”, I News, 7 March 2019

⁵⁸ Tony Connelly, “No Deal Brexit could cause free trade issues for the UK- Varadkar”, RTE News, 24 January 2019

⁵⁹ Kevin O’Rourke, “A Short History of Brexit: From Brentry to Backstop”, Pelican Press, London, 2018

As far as the EU is concerned the idea that the UK could negotiate a new relationship after a No Deal Brexit would seem to over optimistic if the UK has crashed out and failed to pay £25-39 billion.⁶⁰ Michel Barnier, the EU's chief negotiator, and representatives of the other 27 Member States, have repeatedly said that there can be no renegotiation of the Withdrawal Treaty. Indeed, when the European Council extended the UK's departure date to 31 October 2019, it specifically excluded any alteration to the Withdrawal Treaty, a decision which is legally binding and which the UK accepted.⁶¹ It is important to note that the Withdrawal Treaty was agreed between the UK Government and the EU. Also to note is that while a majority of MPs have rejected the Withdrawal Treaty, the opposition to it comes from groups with diametrically opposing views of the UK's relationship with the EU. For example, some MPs reject the Treaty because it heralds (as they see it) too close a relationship with the EU whilst others oppose it because they think the UK should have a closer relationship than Prime Minister May was seeking, for example allowing the UK to participate in a customs union.

The Irish Taoiseach Leo Varadkar set out the possibility of a new Brexit deal if Boris Johnson was to alter Theresa May's Brexit red lines — but warned that even if that happened, a deal is highly unlikely before 31 October. Johnson and Varadkar may speak about Brexit but fail to see eye to eye on backstop issue. May's key red lines were that the UK would leave the single market, would leave the customs union, would end free movement and would bring an end to the jurisdiction of the European Court of Justice in Britain. Varadkar said: "We ended up with the withdrawal agreement and the backstop because of all the red lines that were drawn up by the British Government. "Now if we're going back to square one and those red lines are being changed, then we've something to talk about." ⁶²

After a No Deal Brexit a US trade deal looks optimistic

The Irish Government is also certain to look to allies in the US congress for support. Concerns there over the impact of a hard border on the Good Friday Agreement are rising. Congressman Richard Neal, chair of the House Ways and Means Committee, which has

⁶⁰ Jonathan Powell, "Boris Johnson has set himself a trap on the Irish border", Financial Times, 7 August 2019

⁶¹ European Council Decision (EU) 2019/476 taken in agreement with the United Kingdom extending the period under Article 50(3)TEU, 2019 OJ L 80 I/1, Preamble, point 11

⁶² ITV news, "Varadkar: Drop red lines and then we can talk about new Brexit deal", 7 August 2019

authority over trade deals, has said ‘any negotiation of a bilateral trade agreement with the UK [...] needs a firm commitment on no hard border’.⁶³ This was reiterated by Nancy Pelosi, the Speaker of the US House of Representatives, on a recent visit to the UK when she declared at the London School of Economics that ‘if there’s any harm to the Good Friday accords – no trade treaty’.⁶⁴

The bipartisan Democrat and Republican group, which includes five former US ambassadors, two former state governors and foreign policy experts including Nancy Soderberg, said it was “deeply concerned” at UK prime minister Boris Johnson’s rejection of the backstop.⁶⁵ They intend to protect the Belfast Agreement and have warned Northern Ireland Secretary Julian Smith that a future US-UK trade deal will be “all but impossible” if the peace accord is undermined and stated “We remain deeply concerned given the new prime minister’s recent statement in the Commons that there can be no Irish backstop in the withdrawal agreement, even one with a time limit,” states the letter to Julian Smith. “We view the belief that alternative arrangements can easily solve the problem of the Irish Border with a healthy scepticism as do many experts.”⁶⁶ “As former members of Congress we can assure you that getting any trade deal through the Congress is challenging at any time,” states the letter.

Outlining the role played by the United States in the peace process more than 20 years ago, the letter notes that the US remains engaged and “deeply committed” to protecting and sustaining the core principles of the Good Friday Agreement.⁶⁷ “Whatever the future direction of the Brexit process we reiterate that the Irish Border must remain open and seamless so that we can maintain the peace that we all have worked so hard to achieve together.” It also urged the new Northern Ireland Secretary to make the restoration of devolved governance at Stormont a “priority”.⁶⁸

⁶³ Suzanne Lynch, “Hard border a roadblock to US-UK trade deal, Congressman says” , *Irish Times*, 14 March 2019

⁶⁴ “RTE News, “Pelosi warns UK over any weakening of Good Friday Agreement”, 15 April 2019

⁶⁵ Brian O’Donovan, “Prominent Irish-Americans express concerns over Brexit”, RTE, 28 July 2019

⁶⁶ Suzanne Lynch, “Brexit: US/UK trade deal ‘impossible’ if peace accord undermined, warns letter”, *Irish Times*, 29 July 2019

⁶⁷ The Belfast Agreement, also known as the Good Friday Agreement, was reached in multi-party negotiations and between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland signed on 10 April 1998

⁶⁸ Suzanne Lynch, “Brexit: US/UK trade deal ‘impossible’ if peace accord undermined, warns letter”, *Irish Times*, 29 July 2019

Prime Minister Boris Johnson together with other leading Brexiters have put a trade deal with the US at the heart of their Brexit vision for a long time. Johnson has claimed that the UK would be “first in line to do a great free trade deal” with the Trump administration. Pelosi’s warning and statements from a number of congressmen have blown apart this Brexiter fantasy that a US trade deal can be quickly struck between Brexiters and Donald Trump. “It’s very hard to pass a trade bill in the Congress of the United States,” Pelosi warned, adding that the Good Friday Agreement, which brought peace to the province in 1998, requires the Secretary of State to call a border poll “if it appears likely... that a majority of those voting would express a wish that Northern Ireland should cease to be part of the UK and form part of a united Ireland.”⁶⁹

President Donald Trump said in late July that he had spoken to Boris Johnson by phone and supported an “ambitious trade agreement” with Britain after Brexit. Britain was “actually impeded by the relationship with the European Union,” he said. “I think we can do three to four, five times what we’re doing.”⁷⁰ The bipartisan Friends of Ireland Caucus is dedicated exclusively to foster and strengthen ties between the United States and Ireland. More than 40 million Americans claim to have Irish ancestry. The Friends of Ireland Caucus acts as an effective advocate for with the Irish government especially with the potential of Brexit having a detrimental effect on the Good Friday.

In contrast, Senator Tom Cotton (R-Arkansas) and 44 of his Senate colleagues have sent a letter dated 1 August 2019 to Johnson pledging unwavering support for the United Kingdom as it exits the European Union emphasising the special relationship stating “Your great predecessor once averred that the British people had the heart of a lion, and he “had the luck to be called upon to give the roar” during their finest hour. Best wishes in the days ahead for every success in giving the roar for what we’re confident will be another very fine hour in the long history of your lion-hearted people”.⁷¹

⁶⁹ Simon Carswell, “Pelosi warns no US-UK trade deal if Belfast Agreement weakened by Brexit”, Irish Times, 15 April 2019

⁷⁰ Suzanne Lynch, “Brexit: US/UK trade deal ‘impossible’ if peace accord undermined, warns letter”, Irish Times, 29 July 2019

⁷¹ Tom Cotton, “Cotton, Colleagues Pen Letter Pledging to Back Britain After Brexit”, Senator Tom Cotton Press Release, 3 August 2019

US secretary of state Mike Pompeo said America would be ready with “pen in hand” to sign a new trade deal with the UK after it leaves the EU, despite reservations from the US lawmakers who must approve any deal.⁷²

Given the current political turmoil in the UK, a quick and economically significant outcome to US-UK trade negotiations seems unlikely. A great deal depends on the degree of alignment that the UK keeps with the EU on tariffs and regulations. Aligning UK rules with those of the US, as per the US negotiating objectives, would create divergences with the EU and inevitably create extra frictions at the UK-EU border. The so-called Level Playing Field requirements, as set out in the backstop of the Withdrawal Agreement, constrain a potential UK-US agreement.

The renegotiation of NAFTA into the United States-Mexico-Canada Agreement provides several insights into the US approach to trade agreements, not all of which are encouraging to the UK. Whilst the UK would benefit from including services in a UK-US trade agreement, the US’s approach is likely to be aggressive. While a US-UK trade agreement may be of political importance, changes in investment and spending in the real economy will divert most private sector attention elsewhere.⁷³

The year 2020 will be a US election year for President Trump in which he cannot ignore the Irish American lobby or congress. For any trade deal between Britain and the US – whether or not Mr Trump remains in the Oval Office after next year’s election will need the US congress approval to progress the UK-US trade deal. The Trump administration is currently struggling to secure congressional approval for its revised NAFTA agreement – an existing trade accord between the United States, Mexico and Canada which is relatively uncontentious. A UK-US Free Trade Agreement will be tough to negotiate and ratify.

⁷² Aime Williams and Sebastian Payne, “US is ready pen in hand for trade deal with UK, says Mike Pompeo”, *Financial Times*, 7 August 2019

⁷³ Peter Holmes, J. Brad Jensen, Emily Lydgate, Stephen Weymouth, Rorden Wilkinson, and L. Alan Winters, *The Future of UK-US Trade: An Update*, UK TRADE POLICY OBSERVATORY Briefing Paper 34, University of Sussex July 2019

Conclusion

The political fallout associated with the economic hit of No Deal – or any form of harder Brexit – should not be underestimated. There is a range of different ways to forecast the cost of hard Brexit scenarios. We know that higher barriers to trade, investment and migration will damage UK productivity growth; or that British consumers will be forced to buy more expensive imports or lower quality British alternatives, hitting living standards. It will probably be a mix of the two, but that mix is hard to quantify. What is more, the Brexit referendum in 2016 coincided with robust global growth. With signs of a slowing global – and European – economy, the costs of Brexit would be more acute. The immediate damage would be enormous, if only because of the uncertainty and the lack of preparation, both among governments and companies both in Britain and the EU.

A No Deal Brexit would mean a hard border across the island of Ireland and the ensuing economic and political upheaval, could lead to calls for Northern Ireland to quit the UK altogether and unify with the Republic of Ireland. The Good Friday Agreement, that brought peace to Northern Ireland, states that the UK's Northern Ireland secretary must enable a border poll “if at any time it appears likely” that the majority of voters would express a desire to form part of a united Ireland. A poll would also need to take place in the Republic. The consequences for the UK of a No Deal Brexit would be stark. There would not be a deal with the EU or the US, and ultimately, the UK could also see Northern Ireland and Scotland leave the UK possibly over the next five years.