Introduction

The Brief seeks to provide up-to-date information on the progress and content of the UK-EU negotiations, and bring together relevant statements and policy positions from key players in Ireland, the UK and EU.

The Brief is part of a wider communications programme covering the work of the IIEA’s UK Project Group – including commentaries, speeches, texts and event reports – which are highlighted on the Institute’s website. (www.iiea.com)

Section One: State of Play

Tory Leadership Debate

The Tory Party leadership campaign is well underway, with ballot papers on the way to the 160,000 registered party members. The members’ votes must be returned by 22 July with the result expected on the following day. Theresa May will then resign as Prime Minister and advise the Queen to appoint her successor as Prime Minister. That is almost certain to be Boris Johnson as a YouGov/Times poll of party members shows him leading Jeremy Hunt by 74 per cent to 26 per cent.

The party hustings and media interviews have heard typical campaign policy announcements – promises on tax cuts, increased public expenditure, social care, crime and punishment, defence and immigration – with political and media commentary headlines such as “the latest fantasy is the most absurd of all” and “business backlash”. Questions about Boris Johnson’s character and trustworthiness and about Jeremy Hunt’s ‘flip flopping’ on key issues persist. While the significance of these issues may be debated the central issue of Brexit continues to dominate and divide.

Boris Johnson has promised a ‘do-or-die’ Brexit by 31 October and insists that he is ‘not bluffing’ about delivering a no-deal Brexit. He has urged EU leaders to look deep into our eyes and understand that the UK will leave the EU with or without an agreement on ‘Halloween’. But he has said that the chances of a no-deal exit were ‘vanishingly small’ as he believed there was a mood in the EU and in Westminster to arrive at a deal. He has told party members during a ‘telephone town hall’ that he is the ‘right guy now to deliver for our party’.

Jeremy Hunt, a Remain supporter in 2016, has constantly stressed the potential damage from a no-deal departure from the EU, describing such an outcome as political
suicide. But, under pressure from party hardliners he has said he would actively pursue no-deal if a workable plan seemed impossible by the end of September. Asked if he could look the owners of a family firm in the eye if they were put out of business by the impact of no-deal he responded that he would do so “with a heavy heart.” He then spoke of a 10-point plan for the no-deal situation including a £36 billion rescue fund.

Both candidates have insisted, in hustings with Tory Party members in Belfast, that there will be no hard border on the island of Ireland while demanding the removal of the Backstop from any deal with the EU. They argue that there are technology-led solutions and that the issue would eventually be resolved in a long-term free trade arrangement between the UK and the EU.

As the campaign moves to its apparently inevitable outcome there are serious moves underway in Westminster to stop a no-deal Brexit. The Chancellor, Philip Hammond, has signalled that he could vote to block a no-deal outcome and he is known to be in discussions with a growing group of Tory MPs committed to stopping no-deal. The Labour Party Brexit spokesman, Keir Starmer, has warned Boris Johnson that MPs will “do everything to stand in his way” if he tries to force through a “bad deal or a no-deal.” Many voices in a serious internal Labour debate are calling for a campaign for a second referendum, with the party backing a Remain vote.

In one of her final acts as Prime Minister, Theresa May, in a speech in Sterling, has called on her successor to confront moves for Scottish independence, arguing that a no-deal Brexit could have seriously negative consequences for the long-term integrity of the United Kingdom. The Scottish Secretary, David Mundell, has underlined her argument saying that Nicola Sturgeon would welcome a no-deal Brexit with “unseemly glee.”

The latest Opinium poll for The Observer shows Boris Johnson with a clear supporter base - 53% of “diehard Leavers” think he would be the best Prime Minister and 42% of all UK adults believe that Britain will leave the EU on or before the 31 October deadline if he becomes Prime Minister. The same poll, on voting intentions in a general election, still puts the Conservatives in second place behind Labour. The key poll results are: Labour 25%; Conservative 23%; Brexit Party 22%; Liberal Democrat 15%; Green 8%; Scottish National Party 5%; Others 2%.

Decisions on EU ‘Top Jobs’

The EU leaders met over three days and nights before agreeing on their nominations for the top positions at the Special European Council on 30 June, 1 and 2 July 2019 in Brussels. The Council announced that:

The European Council elected Charles Michel as the new President of the European Council and proposed Ursula von der Leyen as candidate for the President of the European Commission. They have also nominated Josep Borrell Fontelles as candidate for the EU’s High Representative for Foreign Affairs and Security Policy and Christine Lagarde as candidate for the President of the European Central Bank.

President Donald Tusk spoke to the press immediately after the conclusion of the European Council meetings, announcing the candidates:

I know that it has taken us longer than planned, but we are still on time. We have agreed the whole package before the first session of the European Parliament. Five years ago we needed three months to decide, and still some leaders were against. This year it was three days and nobody was against. First and foremost, we have chosen two women and two men for the four key positions. A perfect gender balance. I am really happy about it. After all Europe is a woman. I think that it was worth waiting for such an outcome.

It will now be for the European Parliament to consider Ursula von der Leyen (Germany’s Defence Minister) for Commission President. If elected, she will be the first woman to lead the European Commission. Charles Michel will, with his
experience as Belgian Prime Minister, be ideal for finding consensus and building unity among Member States. Josep Borrell will, as Foreign Minister of Spain and former President of the European Parliament, be a strong representative and defender of the European Union’s interests and values in the world. Christine Lagarde will, with her international background and standing as current Managing Director of the International Monetary Fund, be a perfect President of the European Central Bank.

In addition, the European Council took note of Ursula von der Leyen’s intentions to nominate Frans Timmermans and Margrethe Vestager as the highest-ranking Vice-Presidents of the Commission. We also expect Ursula von der Leyen to ensure an appropriate geographical balance in the team of Vice-Presidents.

The nomination of Ursula von der Leyen must be ratified by an absolute majority vote of the European Parliament. This vote is scheduled to take place in the week of 15 July.

On the day after the European Council decisions the European Parliament elected its new President. After two rounds of voting MEPs elected the Italian socialist David Sassoli who succeeds his fellow countryman, conservative Antonio Tajani. The Parliament also elected its Vice Presidents, with the Fine Gael MEP, Mairead McGuinness, retaining her position as First Vice President winning 93% of votes.

The decisions of the European Council were notable insofar as they effectively ignored the ‘Spitzenkandidaten’ system under which lead candidates were chosen by the political groups to campaign for the positions during the European Parliament elections. The candidates of the EPP (Manfred Weber), Socialists and Democrats (Frans Timmermans) and Liberals (Margrethe Vestager) lost out in the final Council deal. Much discussion has followed the event on the dynamics of the meetings and on the ‘winners and losers’. Much attention has been devoted to the respective performances of President Macron and Chancellor Merkel, and to the implications for Irish Brexit interests.

The Taoiseach had reported to Dáil Eireann on the outcome of the European Council meetings on 20-21 June. He commented on the compromises required to achieve “the necessary gender, political, geographic and demographic balance.” He said that “From Ireland’s perspective, it is also important that suitable and qualified people fill those posts, who have an understanding of Ireland’s issues and concerns, including in relation to Brexit. It is essential that we come up with a compromise package that reflects the diversity of the EU and that can gain adequate support in the Council and the Parliament.”

President Higgins in Germany

President Higgins, on a three-day State Visit to Germany, in his toast at the state banquet in his honour, spoke of Brexit in terms of the solidarity of fellow EU Member States with Ireland over the past three years:

While I do not wish this evening to focus on the decision of the United Kingdom to leave the European Union, a decision with profound consequences for Ireland, it should not be either avoided or evaded. I would like to acknowledge the very strong EU solidarity which has been shown to Ireland at this difficult moment. It has been a very tangible reminder of the value of us being together and staying together in Europe to continue to defend, maintain, improve and promote the core values on which the Union is founded: democracy, cohesion, shared prospects, human rights and the rule of law.

Significantly, the German President, Frank-Walter Steinmeier, addressed the same issue in his speech to the banquet. In particular, he reiterated Germany’s commitment to full solidarity for Ireland throughout the process, and emphasised the importance of preserving the peace process:

And yet the scars of the past have not yet fully healed. On no account must the United Kingdom’s departure from the European Union be allowed to reopen these old wounds. Politically and economically, Ireland is more directly affected by Brexit than any other EU Member State. For this

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reason, too, your country has our full solidarity. We have reiterated this pledge in recent months: Germany stands firmly by Ireland’s side.

The European Union’s value and internal cohesion have rarely been so plain as during the withdrawal negotiations. Ireland is part of this Union. And Ireland’s core interests are and will remain the EU’s core interests.

This applies particularly to the Northern Ireland peace process. We are aware of the great achievements there have been in building reconciliation since the Good Friday Agreement. We want to strengthen you in your endeavours to find a solution for the border which will underpin, rather than undermine, the peace process. Obviously this will involve the free movement of goods and persons. What it will not involve is barriers, customs duties and trade barriers. Here, Ireland’s concerns are also our concerns. The withdrawal agreement negotiated with the United Kingdom protects the achievements of the Good Friday Agreement. All EU Member States have clearly stated that renegotiation is not an option. We just have to hope that the new Government in London realises that too.

The State Visit has been seen as marking a high-point in diplomatic and political engagement with Germany by the Irish Government which had published, in April 2018, a policy paper ‘Ireland in Germany: A Wider and Deeper Footprint’ following a comprehensive review by the Ambassador in Berlin, Michael Collins, of relations between the two countries.

Section Two: The Evolving Debate

Alternative Arrangements Paper

Prosperity UK, a London think-tank, has produced a lengthy paper on ‘alternative arrangements’ to the Backstop. It envisages that measures to avoid checks and infrastructure on the Irish land border could be operational within three years. It recommends avoiding border frictions by using existing technology; ‘trusted trader schemes to cut down on paperwork for exports; using checks behind the border; and allowing exemptions for small traders.

The paper, whose Executive Summary runs to 39 pages, sets out a series of complicated technical measures summarised by its authors as “intentionally restricted to existing legal frameworks, administrative processes, software and systems solutions and existing technology devices to ensure that the ideas in this report could be agreed, implemented and tested within three years.” On the crucial issue of technical requirements and standards the paper advocates a mechanism “to allow the accreditation of new UK regulations and standards as comparable with those of the EU on a dynamic basis.” It lists as many as seven “conformity assessment procedures” which could facilitate mutual acceptance, including cooperative and voluntary arrangements, plurilateral
and multilateral recognition agreements and government designation of conformity assessment bodies.

It is acknowledged by its authors that these proposals cannot work if Britain left the EU without a deal since they would require deep cooperation with the EU. The EU and the Irish authorities have declined to respond to the paper as it is not an official UK contribution. An informal response in Brussels was that it made “interesting reading” but that its detailed proposals were unfeasibly complicated and expensive for traders and could threaten Ireland’s status in the EU single market. The British Irish Chamber of Commerce has stated that its view of the proposals “no matter how genuine the initiative […] they lack credibility in the reality of how all-island trade actually works.”

The initiative has been publicly supported by the Jeremy Hunt campaign as a basis for negotiating a new deal with Brussels and has the backing of two Tory MPs – Nicky Morgan and Greg Hands - Remain supporters who oppose a no-deal Brexit – but is also linked to parliamentarians including key supporters of the ERG group such as Jacob Rees-Mogg, Dominic Raab, Iain Duncan Smith and Theresa Villiers and other hard line Brexit supporters such as Nigel Dodds, Kate Hoey and Lord Trimble.

Meanwhile, the UK Government’s Technical Alternative Arrangements Advisory Group has commenced work with its first meeting on 20 June, co-chaired by the Brexit Secretary and a Treasury Minister. The Group is intended to help inform the UK negotiations on developing alternative arrangements to the Backstop with the aim of replacing it by December 2020 so that it is never needed. Two more groups will be established comprising of business and trade unions and parliamentarians. The Government has made available £20 million of funding to support the development, testing or piloting of ideas emerging from the work of the Groups.

Japan Business on Brexit

Ahead of the G20 summit in Osaka, Japan’s Foreign Minister, Taro Kono, said that he had been in contact with the two contenders for Tory leadership to tell them to avoid a no-deal Brexit. Stressing that there could be no trade talks between the two countries until the UK leaves the EU he underlined the deep concerns of Japanese business about the implications of the UK leaving the EU without a deal: “There are over 1,000 Japanese companies operating in the United Kingdom so we are very concerned with this no-deal Brexit. That would have a very negative impact on their operations.”

Mr Kono said that his country did not want to disrupt economic relations with the UK, “so we’ve been asking the UK government, let the Japanese companies know what they can expect and things should happen smoothly without any disruption.” Carmakers are worried about the free flow of parts to the UK from the EU: “Right now they have very smooth operations […] but if there is no-deal Brexit […] those operations may not be able to continue. And many companies are worried about the implications because they don’t know what’s going to happen, so they have started to move their operations to other places in Europe.”

Irish Challenges

Reports from Brussels suggest that the Irish authorities are under a degree of pressure to indicate that they have detailed plans for management of a no-deal Brexit. The EU is expected to seek firm guarantees that Ireland will be in a position to protect EU borders and the integrity of the single market.

Finance Minister Paschal Donohoe has warned that the economy faces as many as 85,000 job losses and a serious slowdown if the UK crashes out of the EU on 31 October with no deal. “We are genuinely at a fork in the road as a country from an economic point of view as we face a Brexit challenge.”

Nervous Breakdown and a Tantrum

The former head of the UK secret service MI6, Sir John Sawers, has described the United Kingdom as going through a “political nervous breakdown” with a great deal of anxiety. “As we leave the European Union we take a huge risk to our international standing, to the strength of the British economy.”

During his State Visit to Germany, President Higgins, at a lunch hosted by Bord Bia, was quoted as saying that he hoped that Irish food exports would not be adversely hit by Brexit “as our nearest neighbour continues to throw a tantrum.”
Section Three: Background Material and Further Reading

Background Material


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Financial Times  How Boris Johnson's Brussels years helped pave the way to Brexit. FT, 2 July 2019. https://www.ft.com/content/ad141e8a-976d-11e9-9573-ee5cbb98ed36


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**David McWilliams**  If Boris Johnson is the answer, what is the question? IT. 6 July 2019. [https://www.irishtimes.com/opinion/david-mcwilliams-if-boris-johnson-is-the-answer-what-is-the-question-1.3946774](https://www.irishtimes.com/opinion/david-mcwilliams-if-boris-johnson-is-the-answer-what-is-the-question-1.3946774)

**Further Reading**

**Diamond Patrick,**  The Crisis of Globalisation
I.B.Taurus
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