

White Paper provides further glimpses of UK stance in relation to Brexit negotiation

On 2nd February the UK Government published a White Paper setting out its objectives for the upcoming negotiations with the European Union and beyond. It was presented to Parliament a day after the House of Commons approved the Bill which, once it receives the Royal Assent after its passage through Parliament, will enable the UK Government formally to initiate the process of leaving the European Union. Whilst the White Paper restates the 12-point plan set out in Prime Minister Theresa May's speech last month, it adds some further detail.

What is striking is the degree to which the Government prioritises continuity in a number of key areas, including trade, regulation and research. Though EU laws and institutions will cease to govern the United Kingdom after Brexit, the Government appears intent on achieving an outcome which preserves a number of features of the existing arrangements, stating openly that that *"it makes no sense to start again from scratch"*.

One of the Government's main aims is to secure the *"freest possible trade"* between the United Kingdom and European Union after Brexit. The financial services and energy sectors are two examples of where the Government perceives there to be benefits to participating in an open and interconnected pan-European market. Whilst the United Kingdom will no longer be subject to the raft of EU directives and regulations which apply to these sectors, the post-Brexit UK framework may turn out to be similar in substance, if not form.

The Government will seek to *"establish strong cooperative arrangements with the EU"* for financial services and continue to *"support and implement international standards to continue to safely serve the UK, European and global economy."* Likewise, the Government states that *"coordinated energy trading arrangements"* in a pan-European market for gas and electricity would result in lower prices and better

security of supply for consumers. A similar stance is adopted towards the communications and transport sectors, where the Government hopes that businesses will be able to carry on participating freely in these industries in both the United Kingdom and the European Union.

The fate of the EU customs union as it applies to the United Kingdom is one which has potentially far-reaching implications. Failing agreement on this issue, UK exporters will be bound by the rates set in the EU common external tariff when exporting to the European Union after Brexit. This may put many UK exporters at a competitive disadvantage to their EU counterparts, who will continue to benefit from tariff-free trade when moving goods around the bloc.

In spite of its intention to leave the EU customs union, the Government seeks a customs agreement which is as *"frictionless"* as possible, and which ensures that the *"goods trade between the UK and EU can continue as much as possible as it does now"*. Given the obvious desire on both sides to provide clarity to businesses EU-wide, the customs issue is likely to be near the top of the negotiation agenda.

When the United Kingdom leaves the European Union, it will cease to be a member of the many EU agencies which exist. The competence of these agencies spans a number of sectors, such as medicines (the European Medicines Agency), chemicals (the European Chemicals Agency), food safety (the European Food Safety Authority) and financial services (the European (Financial Services) Supervisory Authorities).

In contrast to many other areas, the Government is silent as to its intention for future cooperation with these agencies, stating only that *"our future status and arrangements with regard to these agencies"* will be discussed as part of the negotiations. The Government does, however, advocate continued

collaboration with the European Standards Organisations, which is likely to mean that there will remain a high degree of harmonisation in product standards between the United Kingdom and European Union post-Brexit.

On matters relating to science and research, particularly regarding nuclear energy, the Government appears committed to maintaining close links with EU institutions. The United Kingdom is currently a member of Euratom, the EU nuclear research programme. Though the United Kingdom will lose its membership after Brexit, the Government has stated its intention to continue collaborating with Euratom through “*alternative arrangements*” to ensure that the impact on domestic nuclear energy strategy is as limited as possible.

Some quarters of the press have been critical of the White Paper, accusing it of lacking crucial detail on how the arrangements sought by the Government are to be implemented in practice, and of glossing over what will happen if the key terms are not agreed. That eventuality is dealt with only in passing in the White Paper. However, in what appears to be a thinly veiled reminder of the Prime Minister’s threat in her Lancaster House speech of 17 January to “*change the basis of Britain’s economic model*” - no doubt through competitive tax reductions and deregulation - if a satisfactory agreement with the European Union cannot be reached, the Government states that it will “*ensure that our economic and other functions can continue, including by passing legislation as necessary to mitigate the effects of failing to reach a deal*”.

The Government might argue that the White Paper is only intended to represent its starting position in what will inevitably be a protracted and hugely complex negotiation, and that its contingency plans should only

be revealed progressively as and when the EU27’s stance becomes clearer. The proof of whether the Government has succeeded in convincing its audience of its ability to deliver its desired outcome may be in how businesses across the continent – and indeed further afield – react. If nothing else, it is now possible to form an idea of what Brexit might look like if the Government’s preferred model prevails.

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