



## **Brexit-clarification but not clarity**

# **Overview of Theresa Mays speech on 17<sup>th</sup> January 2017.**



# BREXIT means .....?

- Pressure has been mounting for the UK Government to provide some clarification on what BREXIT means
  - Economic turbulence-Sterling under pressure
  - Legal challenge as to correct procedure for triggering Article 50
  
- 17<sup>th</sup> January 2017, the Prime Minister at Lancaster House gave a major speech outlining the main principles regarding BREXIT.
  
- The Government believes that the British people in deciding to leave the EU were most concerned to:-
  - Ensure that the UK regained control of its frontiers
  - Parliament to be the supreme law maker



# Mrs. May's speech main points

- BREXIT now means from a trade perspective :-
  - The UK will exit both
    - The Single Market
    - The Customs Union
  
- Britain will leave without a trade deal-if the EU cannot provide good terms
  
- Parliament will vote on the final deal probably around Spring 2019
  
- UK will be free of European Courts
  
- Immigration controls on all EU citizens entering the UK
  
- Wishes to remain on good terms with EU but look to a greater extent to global trade.



# Theresa Mays 12 point agenda

1. Provide certainty about the process of leaving the EU
2. Control of our own laws
3. Strengthen the Union between the four nations of the United Kingdom
4. Maintain the Common Travel Area with Ireland
5. Brexit must mean control of the number of people who come to Britain from Europe
6. Rights for EU nationals in Britain and British nationals in the EU
7. Protect workers' rights
8. Free trade with European markets through a free trade agreement
9. New trade agreements with other countries
10. The best place for science and innovation
11. Co-operation in the fight against crime and terrorism
12. A smooth, orderly Brexit



# Continuing relationship and trade with the EU



“We will continue to be reliable partners, willing allies and close friends. We want to buy your goods and services, sell you ours, trade with you as freely as possible, and work with one another to make sure we are all safer, more secure and more prosperous through continued friendship.”

“That starts with our close friends and neighbours in Europe. So as a priority, we will pursue a bold and ambitious Free Trade Agreement with the European Union.

This agreement should allow for the freest possible trade in goods and services between Britain and the EU’s member states. It should give British companies the maximum freedom to trade with and operate within European markets – and let European businesses do the same in Britain.”

“Now, I want Britain to be able to negotiate its own trade agreements. But I also want tariff-free trade with Europe and cross-border trade there to be as frictionless as possible”



# The main trade points

- Continuing membership of the Single Market was incompatible with the UK's intention to re-impose full border controls and the UK would leave the Market.
- Mrs. May when speaking about the Customs Union left the door open for negotiation:-
  - Due to restrictions of Common Commercial Policy and Common External Tariff, the UK would have to leave the Customs Union in order to be able to negotiate its own comprehensive trade deals with countries outside the EU.
  - Would press for "the greatest possible" tariff free access to the Single Market her precise comment was "
  - Suggested "completely new customs agreement."
- She re-stated the point made by Chancellor Philip Hammond that the lowering tax would be used as a method to attract companies to locate and trade in the UK
- Made it clear that that she had no ambition to see the EU unravel



# BREXIT-what do we keep?

- Continued co-operation on crime and terrorism
  - “Practical arrangements” on law and order and on intelligence sharing
  - Foreign and defence policy
  - UK will make “appropriate contribution” to EU budget but not “vast contributions”
  
- Continuing science and innovation collaboration
  - Maintaining research links with EU states.
  
- Safeguarding Workers Rights
  - EU law will be translated into UK law the Government will ensure that workers rights are protected an built on.
  
- Ambition to preserve the Union
  - Aims to keep all four Nations forming the UK in the Union.



# Irish border Issues

- Ambition is to prevent the need to return to a hard border between the North and South of Ireland
- Introduce a common travel area
  - Allow people to move freely
- No reference made to movement of cargo etc.



# What was not clarified ?

- Right to remain for Britons living in the EU and EU nationals in the UK
  - Logistics sector relies heavily on overseas workers -60,000 drivers.
  
- Important Customs issues not covered:-
  - Border controls
  - Re-introduction of the need for a customs declaration
  - Personnel requirements
  - Infrastructure
  
- Import processes from and Export processes to the EU ?



# The good news

- Agreement on the UK's exit deal will need to be reached by 2019.
- The Prime Minister accepted the need to avoid a “cliff edge” for business
  - “But there is one further objective we are setting. For as I have said before – it is in no one’s interests for there to be a cliff-edge for business or a threat to stability, as we change from our existing relationship to a new partnership with the EU”.
- Phased process of implementation within specified time frames
  - “By this, I do not mean that we will seek some form of unlimited transitional status, in which we find ourselves stuck forever in some kind of permanent political purgatory. That would not be good for Britain, but nor do I believe it would be good for the EU”



# Ambition to be a good neighbour



- When leaving the EU, the ambition is that the UK will no longer be a family member, more of a good neighbour:-

“Because we do not want to undermine the Single Market, and we do not want to undermine the European Union. We want the EU to be a success and we want its remaining member states to prosper. And of course we want the same for Britain. And the second reason I believe it is possible to reach a good deal is that the kind of agreement I have described today is the economically rational thing that both Britain and the EU should aim for”

“But I must be clear. Britain wants to remain a good friend and neighbour to Europe”



# Global perspective



“They (the British People) voted to leave the European Union and embrace the world.”

“Because important though our trade with the EU is and will remain, it is clear that the UK needs to increase significantly its trade with the fastest growing export markets in the world.”

“We want to get out into the wider world, to trade and do business all around the globe. Countries including China, Brazil, and the Gulf States have already expressed their interest in striking trade deals with us. We have started discussions on future trade ties with countries like Australia, New Zealand and India. And President Elect Trump has said Britain is not “at the back of the queue” for a trade deal with the United States, the world’s biggest economy, but front of the line.”



# What if a deal with the EU cannot be reached?

“I am equally clear that no deal for Britain is better than a bad deal for Britain.”

“Because we would still be able to trade with Europe. We would be free to strike trade deals across the world. And we would have the freedom to set the competitive tax rates and embrace the policies that would attract the world’s best companies and biggest investors to Britain. And – if we were excluded from accessing the Single Market – we would be free to change the basis of Britain’s economic model.”

“But for the EU it would mean new barriers to trade with one of the biggest economies in the world.”





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