CULTURE, TOURISM, EUROPE & EXTERNAL RELATIONS COMMITTEE #SPICeBrexitWeekly

Issue 17 18 January 2017

BREXIT UPDATE

SPICe weekly update



Contents

The Prime Minister sets out what Brexit means	1
Presentation of the Brexit plan in the House of Commons	4
The Chancellor's Interview with German media	6
Scottish Parliament debate on Scotland's place in Europe	6
The UK Parliament's response to the decision to leave the Europea	an
Union	7
The difference between the Single Market and the Customs Union	8
Analysis of the Prime Minister's Brexit plan	10

About this paper

This regular paper produced by SPICe sets out developments in the UK's negotiations to leave the European Union which are expected to formally begin early in 2017.

Ahead of the UK Government's triggering of Article 50, the updates will provide information on the UK Government's approach to leaving the EU, along with details of the Scottish Government and the other Devolved Administrations positions. The updates will also provide information on developments within the EU with regard to the UK's departure. Finally the update will provide information on the key issues likely to be at play during the negotiations and in developing the UK's future relationship with the European Union.

As was clear during the referendum campaign and since the decision to leave the EU was taken, there is an abundance of information and analysis available, and this SPICe paper will try to cover the key issues by drawing on that information and analysis. This week's update provides information on the Prime Minister's speech setting out the government's negotiating objectives for exiting the EU.

The Prime Minister sets out what Brexit means

On 17 January, Prime Minister Theresa May made a <u>speech</u> at Lancaster House in London in which she set out the government's negotiating objectives for exiting the EU. The top line from the speech which was heavily trailed in the run-up was that the UK will leave the Single Market. The Prime Minister also used the speech to confirm that both the House of Commons and House of Lords would get a vote on the final deal before it comes into force.

The speech focussed on 12 objectives which were:

- 1. Provide certainty about the process of leaving the EU
- 2. Leaving the EU will mean laws will be made in Westminster, Edinburgh, Cardiff and Belfast
- 3. Strengthen the Union between the four nations of the United Kingdom
- 4. Maintain the Common Travel Area with Ireland
- 5. Control of immigration coming from the EU
- 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

On Single Market membership, the Prime Minister said:

"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.

But I want to be clear. What I am proposing cannot mean membership of the Single Market.

European leaders have said many times that membership means accepting the "four freedoms" of goods, capital, services and people. And being out of the EU but a member of the Single Market would mean complying with the EU's rules and regulations that implement those freedoms, without having a vote on what those rules and regulations are. It would mean accepting a role for the European Court of Justice that would see it still having direct legal authority in our country.

It would to all intents and purposes mean not leaving the EU at all.

And that is why both sides in the referendum campaign made it clear that a vote to leave the EU would be a vote to leave the Single Market.

So we do not seek membership of the Single Market. Instead we seek the greatest possible access to it through a new, comprehensive, bold and ambitious Free Trade Agreement.

That Agreement may take in elements of current Single Market arrangements in certain areas - on the export of cars and lorries for example, or the freedom to provide financial services across national borders - as it makes no sense to start again from scratch when Britain and the remaining Member States have adhered to the same rules for so many years."

Related to Single Market membership, the Prime Minister suggested Britain might want to retain partial membership of the Customs Union arguing that as long as the UK could do its own external trade deals by being exempt from the Common External Tariff and Common Commercial Policy it would look to retain Customs Union membership. She said:

"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.

That means I do not want Britain to be part of the Common Commercial Policy and I do not want us to be bound by the Common External Tariff. These are the elements of the Customs Union that prevent us from striking our own comprehensive trade agreements with other countries. But I do want us to have a customs agreement with the EU.

Whether that means we must reach a completely new customs agreement, become an associate member of the Customs Union in some way, or remain a signatory to some elements of it, I hold no preconceived position. I have an open mind on how we do it. It is not the means that matter, but the ends."

The Prime Minister also confirmed that as a result of leaving the Single Market, the United Kingdom would not "be required to contribute huge sums to the EU budget" though there might be some areas where the UK would wish to participate in EU programmes for which a financial contribution would be necessary.

On the effect of Brexit for the four nations for the United Kingdom the Prime Minister was clear that in the future as a result of Brexit "our laws will be made in Westminster, Edinburgh, Cardiff and Belfast. And those laws will be interpreted by judges not in Luxembourg but in courts across this country."

In addition, the Prime Minister suggested that Brexit might lead to additional powers for the Devolved Administrations, though she added these couldn't be at the cost of the internal functioning of the UK market:

"Part of that will mean working very carefully to ensure that - as powers are repatriated from Brussels back to Britain - the right powers are returned to Westminster, and the right powers are passed to the devolved administrations of Scotland, Wales and Northern Ireland.

As we do so, our guiding principle must be to ensure that - as we leave the European Union - no new barriers to living and doing business within our own Union are created.

That means maintaining the necessary common standards and frameworks for our own domestic market, empowering the UK as an open, trading nation to strike the best trade deals around the world, and protecting the common resources of our islands.

And as we do this, I should equally be clear that no decisions currently taken by the devolved administrations will be removed from them."

The Prime Minister reiterated her view that Brexit had to mean returning control of immigration to the UK, whilst acknowledging that the UK will continue to need immigration from the EU. She also said she hoped that the future of EU citizens in the UK and UK citizens in other EU countries could be addressed soon though she suggested that not all EU member states were prepared to agree to this:

"Fairness demands that we deal with another issue as soon as possible too. We want to guarantee the rights of EU citizens who are already living in Britain, and the rights of British nationals in other member states, as early as we can.

I have told other EU leaders that we could give people the certainty they want straight away, and reach such a deal now.

Many of them favour such an agreement - one or two others do not - but I want everyone to know that it remains an important priority for Britain - and for many other member states - to resolve this challenge as soon as possible. Because it is the right and fair thing to do."

Finally the Prime Minister said she would be seeking a smooth and orderly Brexit though she ruled out seeking a transitional deal:

"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.

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.

Instead, I want us to have reached an agreement about our future partnership by the time the two-year Article Fifty process has concluded. From that point onwards, we believe a phased process of implementation, in which both Britain and the EU institutions and member states prepare for the new arrangements that will exist between us will be in our mutual self-interest. This will give businesses enough time to plan and prepare for those new arrangements.

This might be about our immigration controls, customs systems or the way in which we cooperate on criminal justice matters. Or it might be about the future legal and regulatory framework for financial services. For each issue, the time we need to phase-in the new arrangements may differ. Some might be introduced very quickly, some might take longer. And the interim arrangements we rely upon are likely to be a matter of negotiation.

But the purpose is clear: we will seek to avoid a disruptive cliff-edge, and we will do everything we can to phase in the new arrangements we require as Britain and the EU move towards our new partnership."

The Prime Minister used the conclusion of her speech to warn other EU Member States against punishing Britain to ensure no other country is tempted to leave the EU. On the possibility of a punitive deal, the Prime Minister said:

"That would be an act of calamitous self-harm for the countries of Europe. And it would not be the act of a friend.

Britain would not - indeed we could not - accept such an approach. And while I am confident that this scenario need never arise - while I am sure a positive agreement can 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. It would jeopardise investments in Britain by EU companies worth more than half a trillion pounds. It would mean a loss of access for European firms to the financial services of the City of London. It would risk exports from the EU to Britain worth around £290 billion every year. And it would disrupt the sophisticated and integrated supply chains upon which many EU companies rely.

Important sectors of the EU economy would also suffer. We are a crucial - profitable - export market for Europe's automotive industry, as well as sectors including energy, food and drink, chemicals, pharmaceuticals, and agriculture. These sectors employ millions of people around Europe. And I do not believe that the EU's leaders will seriously tell German exporters, French farmers, Spanish fishermen, the young unemployed of the Eurozone, and millions of others, that they want to make them poorer, just to punish Britain and make a political point.

For all these reasons - and because of our shared values and the spirit of goodwill that exists on both sides - I am confident that we will follow a better path. I am confident that a positive agreement can be reached."

Presentation of the Brexit plan in the House of Commons

Following the Prime Minister's speech, the Secretary of State for Exiting the European Union, David Davis <u>updated</u> the House of Commons on the Government's plans for exiting the European Union. In his speech, the Secretary of State reiterated the position taken by the Prime Minister earlier in the day. He told the House:

"Today, the Prime Minister is setting out a plan for Britain. It is a plan to ensure that we embrace this moment of change to build a confident, global trading nation that seizes the new opportunities before it, and a fairer, stronger society at home, embracing bold economic and social reform. It is a plan that recognises that the referendum vote was not one to pull up drawbridges and retreat from the world, but rather a vote of confidence in the UK's ability to prosper and succeed.

It is a plan to build a strong, new partnership with our European partners while reaching beyond the borders of Europe, too, forging deeper links with old allies and new ones. Today we set out 12 objectives for the negotiation to come. They answer the questions of those who have been asking what we intend while not undermining the UK's negotiating position. We are clear that what we seek is that new partnership: not partial EU membership, not a model adopted by other countries, not a position that means we are half-in, half-out."

In his intervention, Peter Grant MP asked the Secretary of State whether he had read Scotland's place in Europe and asked for an undertaking that the paper will be properly and thoroughly discussed at the Joint Ministerial Committee meeting (to be held on Thursday 19 January). The Secretary of State said he had read Scotland's place in Europe and added:

"It has been my privilege to chair the Joint Ministerial Committee on EU Negotiations on which Mike Russell broadly represents the Scottish Government's position. I gave him an undertaking that we would debate that paper at the next JMC (EN), as it is known in Whitehall jargon, and that is what we will do. I have been very careful not to comment publicly on it because, as I said, we want to give it the most open debate possible. There are parts of it with which I disagree and parts with which I agree. On the question of the protection of workers' rights or the maintenance of our terrific universities, I am entirely on side with the paper. I suspect that Mr Russell might be surprised by how pro-devolution I am. Nothing will be taken away from the devolved Administrations and, indeed, we have to decide what passes to them from the European Union. That will be a rational debate based around the interests of the United Kingdom and of Scotland. The hon. Member for Glenrothes (Peter Grant) must take it as read that we will take very seriously the idea that we do not allow any part or nation of the United Kingdom—Scotland, Wales, Northern Ireland or England—to lose out in this process. We are determined in that."

Joanna Cherry MP asked the Secretary of State about the potential for special sectoral deals citing comments by the European Commission's Chief negotiator Michel Barnier:

"At the weekend it was reported that Michel Barnier, the EU's negotiator, was prepared to contemplate a special deal for the City, and the UK Government have indicated in the past that they might look at special sectoral deals for the City and for Nissan. Does the Secretary of State accept that there is scope for the differentiated deal that the Scottish Government seek if he and his Prime Minister have the political will to support it?

In response David Davis said:

"This is very unusual for the hon. and learned Lady, but she has not quite got Michel Barnier's statement right. What he is reported to have said, although I think he subsequently denied it, is that he saw that there would be risks to the financial stability of the European Union if it did not maintain open access for the City of London. The hon. and learned Lady was also wrong in saying that we had talked about special deals for any sector. We have not. [Interruption.] The aim of the British Government is to ensure that the whole economy succeeds as a result of this policy, not just one part of it; and that includes Scotland."

The Chancellor's Interview with German media

Ahead of the Prime Minister's speech, the Chancellor of the Exchequer Phillip Hammond gave an interview to www.welt.de on the UK Government's plans for Brexit. In his interview the Chancellor confirmed that free movement rules required for single market membership would end in Britain after Brexit. He was also clear that in the event of the EU27 pursuing a tough deal, the UK would alter its economic model, he told Welt:

"We are now objectively a European-style economy. We are on the U.S. end of the European spectrum, but we do have an open-market economy with a social model that is recognizably the European social model that is recognizably in the mainstream of European norms, not U.S. norms. And most of us who had voted Remain would like the U.K. to remain a recognizably European-style economy with European-style taxation systems, European-style regulation systems etcetera. I personally hope we will be able to remain in the mainstream of European economic and social thinking. But if we are forced to be something different, then we will have to become something different."

Scottish Parliament debate on Scotland's place in Europe

On 17 January, the Scottish Parliament <u>debated</u> the Scottish Government's <u>proposals</u> for Scotland's place in Europe which were published just before Christmas.

The debate took place following the Prime Minister's speech which she had delivered just two hours earlier on the UK Government's position on Brexit. Opening the debate, Fiona Hyslop, the Cabinet Secretary for Culture, Tourism and External Affairs stated:

"Scotland's Place in Europe" was published on 20 December last year. It delivered the mandate that we were required to deliver by this Parliament. It is the first detailed plan to be published by any Government in any part of the UK to deal with the implications of the UK leaving the European Union.

Today's debate gives us, as a Parliament speaking for our nation, the opportunity to take our plan a step further. On Thursday, the Scottish Government will give a presentation on the plan to the joint ministerial committee on EU negotiations. It is, of course, proper that this Parliament should give its view in advance of that

discussion in London. The Prime Minister was explicit today in stressing that the UK Government is still to consider the plan."

Following the debate, Parliament passed the following amended motion by 86 votes to 36 with no abstentions.

"That the Parliament notes the publication on 20 December 2016 by the Scottish Government of Scotland's Place in Europe, setting out options for the future of the UK and Scotland's relationship with Europe; understands the detrimental social and economic impact on Scotland and the UK of losing their current place in the European single market; welcomes the options set out in the paper, including on free movement of workers; agrees that the UK as a whole should retain its place in the single market, ensuring rights not just for business but for citizens, and that, in the event that the UK opts to leave the single market, alternative approaches within the UK should be sought that would enable Scotland to retain its place within the single market and the devolution of necessary powers to the Scottish Parliament; agrees that further devolution to the Scottish Parliament is required to mitigate the impact of the UK's decision to leave the EU, and endorses the Scottish Government discussing these proposals with the UK Government in order to secure the protection of Scotland's interests as part of the Article 50 process, and calls on the Scottish Government to further engage with the UK Government on arrangements that might apply after the invocation of Article 50, with a view to maintaining as many as possible of the benefits of the UK's relationship with Europe in any transitional period."

The Scottish Government published a <u>news release</u> following the vote on its motion welcoming the result and pledging to take the Parliament's backing for Scotland's place in Europe to the Joint Ministerial Committee on European Negotiations meeting on Thursday 19 January.

The UK Parliament's response to the decision to leave the European Union

On 14 January, the House of Commons Exiting the European Union Committee published its first report examining the process for exiting the European Union and the Government's negotiating objectives. According to the Committee's news release:

"MPs on the cross-party Exiting the European Union Committee have concluded that the Government should publish its Brexit plan by mid-February at the latest. This should set out its position on membership of the Single Market and the Customs Union.

Ministers should also seek an outline framework on the UK's future trading relationship with the EU as part of the Article 50 negotiations — including appropriate transitional arrangements — if it is not possible to reach a final agreement by the time the UK leaves the EU.

The Committee also wants the Government to commit to Parliament having a vote on the final Treaty."

On the Government's negotiating plan, the Committee concluded that:

"The Committee welcomes the Prime Minister's assurance that Parliament will have the opportunity to scrutinise the Government's negotiating plan, but in order to do that the plan must be published in sufficient time before the triggering of Article 50. The Committee therefore wants to see the Government's plan for Brexit by the middle of February 2017 at the latest, in the form of a White Paper."

Following the Prime Minister's speech on Brexit delivered on 17 January, it was suggested by a Government spokesperson that the speech represented its Brexit plan and there would be no White Paper presented to Parliament.

On involving the devolved administrations in the process, the Committee concluded:

"While it is clear that no part of the UK has a veto over the outcome of the negotiations, it is essential that all the devolved governments, and the different regions of England, are duly involved in the process and have their views taken into account. The proposed Great Repeal Bill, and the procedure with which it is dealt, will need to be consistent with the existing devolution settlement.

It is essential that stability in Northern Ireland and the Good Friday Agreement are not jeopardised by the UK's exit from the EU. The Executive and the Assembly in Northern Ireland should be duly involved at every stage in the process. In the light of current developments in Northern Ireland, a way will have to be found to make this happen."

Publishing the report, the Committee's Chairman Hilary Benn said:

"This is going to be a hugely complex task and the outcome will affect us all. The Government needs to publish its Brexit plan by mid-February at the latest, including its position on membership of the Single Market and the Customs Union, so that it can be scrutinised by Parliament and the public.

Ministers should aim to conclude negotiations on trade and market access with the EU-27 by the end of the Article 50 process. However, if a final ratified agreement is not reached by the time the UK leaves the EU, it would be in the interests of both sides to agree a provisional outline framework on the UK's future trading relationship with the EU. The Government should seek appropriate transitional arrangements in the interests of business in the UK and the EU-27.

Whatever deal is concluded, Parliament must be given a vote on it and the Government should make this clear now."

The difference between the Single Market and the Customs Union

As referred to earlier, in the Prime Minister's speech she made reference to the UK leaving the Single Market but suggested it might be possible for the UK to agree some sort of arrangement with the Custom's Union as long as the UK was not tied into the Common Commercial policy or the Common External Tariff.

SPICe published a briefing on the Options for the United Kingdom's future trading relationship with the European Union last October; this included a brief explanation of the Single Market and the Customs Union. These are reproduced below for information.

The Single Market

The Single Market has four cornerstones laid out in the Treaties:

- Free movement of goods: with the abolition of customs tariffs, the EU became a single territory without internal frontiers. Single market membership also removes NTBs such as technical specifications and labelling requirements. This means Scottish businesses can effectively sell their goods to a 'home market' of over 500 million consumers.
- Free movement of workers guarantees every EU citizen the right to move freely, to stay and to work in another member state..
- Right of establishment and freedom to provide services the objective being to provide a genuine internal market in services. This is to be done by removing barriers (both legal and administrative) to the development of service activities between Member States.
- Free movement of capital the aim is to remove all restrictions on movement of capital within the EU and between Members States and third countries have to be removed (with some exceptions).

In addition to providing tariff free access to EU markets, a common framework of regulations means companies in countries such as the UK, France, Italy or Poland have to abide by common standards - whether they trade across the EU or not. The purpose of this is to stop one business or country having an unfair advantage based on its location.

The Customs Union

The Customs Union applies a common external tariff to all goods entering from out with the EU. As a result of this common tariff, individual Member States are unable to adopt their own independent trade policies. Instead, the EU has competence for negotiating trade agreements on behalf of the Member States.

It is possible to be outside the Customs Union but still have access to the Single Market, as Norway is through its European Economic Area membership.

In addition, non-EU member States can have Custom's Union agreements with the EU's Custom's Union as for example Turkey has. On the Turkish option, the SPICe Briefing states:

"Another potential option for the UK upon leaving the EU would be to adopt a Customs Union with the EU's Customs Union. Though not actual membership of the Customs Union, this approach would provide Single Market access for UK goods in the areas covered by the Customs Union agreement. An example of this

approach is Turkey which adopted a relationship with the EU's Customs Union in December 1995.

The Customs Union agreement covers all industrial goods but does not address agriculture (except processed agricultural products), services or public procurement. In areas where the Customs Union applies, Turkey is required to adopt legislation to the same standards as the EU's, this includes standards in areas such as competition, product and environmental rules.

As a result of its agreement with the Custom's Union, Turkey is required to align its external tariffs with those of the EU. This means that when the EU concludes a trade agreement with a third country, in areas covered by its Customs Union membership Turkey is required to provide access to its market on the same terms as those agreed by the EU.

Turkey can however sign its own bilateral free trade agreements as long as the terms do not cut across its Customs Union commitments."

Analysis of the Prime Minister's Brexit plan

The House of Commons Library's blog, <u>Second Reading</u> analysed what the Prime Minister's speech meant for the role of the UK Parliament in the Brexit process. The analysis states the commitment to give a vote on the Brexit deal is a new commitment:

"Theresa May announced that both Houses of Parliament will get a vote on the final Brexit agreement. This is a new commitment: under the Constitutional Reform and Governance Act 2010 (CRaGA), most treaties don't require a vote or even a debate in Parliament. This could imply a vote on whether or not the Government should ratify a signed Brexit agreement. Or it could imply a vote on the package outside CRaGA on a resolution of both Houses."

On what might happen in the event Parliament rejects the Brexit deal, the blog explains:

"Under the existing procedures applicable to all treaties, a vote against ratification in either House would mean the Government has to explain to Parliament the reasons why it nevertheless wishes to ratify. The Lords can only vote against ratification once. If the Commons votes against ratification this process could be repeated indefinitely — potentially going beyond the two-year cut-off point and resulting in the UK leaving the EU without any agreement at all. Furthermore, under the existing procedure, Parliament cannot amend the Brexit agreement(s), but can only accept or reject them."

The UK in a Changing Europe published a response to the Prime Minister's speech with analysis from the groups Fellows.

Professor Anand Menon, director of The UK in a Changing Europe, said:

"Mrs May's ambition for the UK to be able to enjoy tariff free trade with the EU whilst enjoying the freedom to sign its own trade treaties implies a subtle and complex relationship with the customs union. Her ability to achieve the ambitions

she set out will ultimately hinge on what her partners are willing to give her, and whether they can successfully complete the Article 50 negotiations beforehand.

"More broadly, we can now start to think about the substantive impact of Brexit on our country. The Prime Minister stated that she wanted Brexit to result in a Britain that is stronger, fairer and prosperous. But to know if these ambitions are being achieved, we need a framework against which to monitor and measure them. We will be publishing our outline 'four economic tests for Brexit' later this month."

On the implications for the different parts of the United Kingdom of the Prime Minister's speech, Dr Jo Hunt, said:

"The Brexit process has put the Union of England, Scotland, Wales and Northern Ireland under strain. A majority in both Scotland and Northern Ireland voted to remain in the EU, and the Parliaments in both Scotland and Wales have expressed a wish to stay in single market. The UK is certainly divided. Though she outlined the opportunities for the devolved administrations to feed into the Government's position, the Prime Minister restated clearly that foreign affairs is a matter that is reserved to the UK Government, and so for it to ultimately determine.

"The novelty in the speech from a devolved perspective was an explicit acknowledgement that powers returning from Brussels will go not just to Westminster, but some will also be passed to Edinburgh, Cardiff and Belfast. The detail of what goes where still has to be worked out, as will the machinery to enable coordination of decision making, to minimise the creation of obstacles to living and trading across the UK."

On the Prime Minister's proposals for the UK's future relationship with the Customs Union, Professor lain Begg, said:

"There must be strong doubts about whether EU countries will be willing to accept her rather odd position on the customs union. She wants the UK not to be bound by the EU's common commercial policy or the common external tariff — cornerstones of any, not just the EU, customs union — yet to have some sort of customs agreement or associate membership. This is wishful thinking and is likely to be seen be others as exemplifying Boris Johnson's principle of having your cake and eating it."

Professor Steve Peers, writing for the EU Law Analysis blog suggested that the speech had set Britain on the <u>wrong course</u>. According to Professor Peers:

"Overall, while the speech contained some welcome parts, it made fundamentally the wrong decision about the country's future."

Professor Peers welcomed the statement that it will continue to be in the UK's interests that the EU succeeds after Brexit and also welcomed the commitment on the future of EU citizens. On the proposal that the UK would wish to collaborate with the EU in certain areas, Peers wrote:

"The interest in continued collaboration on research, police cooperation and foreign policy is also welcome, since the UK still has joint interests with other

Member States in these fields. But it is content-free: what exactly would the UK like to participate in? How does this square with her assertion that the UK will not be involved with 'bits' of the EU?"

In contrast, Professor Peers was critical of the decision to leave the Single Market and he suggested the EEA option of retaining Single Market access whilst operating out with the Customs Union would have been beneficial in facilitating increased trade with new partners outwith the EU:

"It is true that inside the EU's customs union, the UK cannot sign its own trade deals with non-EU states. But the UK could seek to remain in the single market (like Norway) but leave the customs union. Indeed, Norway and other EEA countries have a number of their own trade agreements. In effect, this would be the best of both worlds — maintaining the maximum possible access to the EU's internal market via means of full participation, while simultaneously having the freedom to sign additional trade deals with non-EU countries."

On the Prime Minister's commitment to give Parliament a vote on the final deal, Professor Peers wrote:

"She 'concedes' that parliament will vote on the final deal, but this is not much of a choice — a free trade deal or nothing — unless there is an option to negotiate a different deal (not enough time) or to stay in the EU on the basis of another referendum on the exit terms (ruled out by the government). In any event, it's not a real concession: the Constitutional Reform and Governance Act of 2010 makes a form of parliamentary control a legal requirement in principle for most treaties. She made no commitment for a full Act of Parliament to approve the final deal — even though one is required for even minor changes to EU Treaties, and even for the approval of some EU legislation.

So May seeks credit for doing something she was anyway legally required to do."

Finally, on the role of the role of the devolved administrations, Professor Peers wrote:

"The Prime Minister states that 'we will put the preservation of our precious Union at the heart of everything we do' and that she will 'strengthen our precious Union'. However, her plan necessarily rejects the detailed suggestions of the Scottish government from December (discussed here) for the future EU/UK trade relationship. So not only is the Scottish (and Northern Irish) public's view on the desirability of Brexit is overridden, but also the Scottish government's later views on how Brexit should take place are ignored. The Scottish government paper can hardly be 'considered' if it has already been overruled.

There's a pledge not to weaken existing powers of devolved bodies, but there will surely be battles ahead over which level of government should exercise powers over devolved competences returned from the EU. Conversely, there's no suggestion of any granting any additional devolved powers, which might have been appropriate to address the obviously highly divergent views of Scotland, Northern Ireland and the rest of the UK. There's another pledge to maintain the Common Travel Area between Northern Ireland and the Republic of Ireland, but this is content-free.

In short, there's nothing here to 'strengthen' the Union at all. Its 'preservation' depends solely upon the continued argument that Scotland would be worse off outside the UK's economic union – while simultaneously maintaining that the UK is better off outside the European version of the same."

lain McIver SPICe Research



Scottish Parliament Information Centre (SPICe)

Scottish Parliament Information Centre (SPICe) Briefings are compiled for the benefit of the Members of the Parliament and their personal staff. Authors are available to discuss the contents of these papers with MSPs and their staff who should contact lain McIver on extension 85294 or email iain.mciver@parliament.scot. Members of the public or external organisations may comment on this briefing by emailing us at SPICe@parliament.scot. However, researchers are unable to enter into personal discussion in relation to SPICe Briefing Papers. If you have any general questions about the work of the Parliament you can email the Parliament's Public Information Service at sp.info@parliament.scot.

Every effort is made to ensure that the information contained in SPICe briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH 99 1SP.

www.parliament.scot

This paper was written by Iain McIver, SPICe Research.

Culture, Tourism, Europe and External Relations Committee

Keep up to date with the Committee via the following links:



www.parliament.scot/europe



europe@parliament.scot



@SP European



YouTube