

**CULTURE, TOURISM, EUROPE &  
EXTERNAL RELATIONS COMMITTEE**  
#SPICeBrexitWeekly

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# BREXIT UPDATE

SPICe weekly update

**THE FIRST MINISTER AT  
CONVENERS GROUP**

**THE UK GOVERNMENT'S WORK ON  
BREXIT – LEAKED MEMO**

**THE PRIME MINISTER  
AT THE CBI**

**SPICe**

The Information Centre  
An t-Ionad Fiosrachaidh

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The Scottish Parliament  
Pàrlamaid na h-Alba

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### 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 includes details of the creation of a UK Government Cabinet sub-committee on Brexit and a speech by the President of the European Council.

## First Minister at Conveners Group

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On Wednesday 16 November, the First Minister gave evidence to the Scottish Parliament's Conveners Group. Coverage of the evidence session is available on [SPTV](#).

During the evidence session, the First Minister confirmed that the Scottish government is considering a Norway-style model for keeping Scotland in the EU single market. According to the [BBC](#), the First Minister told MSPs that the European Free Trade Association (EFTA) and European Economic Area (EEA) models were being looked at. The BBC reported that the First Minister:

*"reiterated that her priority was to "maintain and protect our place in the single market".*

*She explained that this meant "membership of the single market, not some vague access to the single market."*

*Ms Sturgeon added: "I've set out very clearly I want the UK as a whole to stay in the single market and so to the extent that we can wield any influence UK-wide we will try to help steer the UK government away from a hard Brexit towards staying in the single market.*

*"But if the UK is intent on a hard Brexit and coming out of the single market, I want to look at how we could, and I'm not for a minute saying there wouldn't be challenges associated with this, but whether we could find a way of protecting Scotland's place in the single market.*

*"And of course models like EFTA, Norway is in EFTA, EFTA countries apart from Switzerland are also in the single market through the European Economic Area.*

*"So, of course, these are models that we're looking at and we will, as I've said previously, publish some proposals and an option, or perhaps different options, about how this could be achieved hopefully before the end of the year."*

## Article 50

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On 18 November, the Supreme Court [confirmed](#) that applications from the Scottish and Welsh Governments to intervene in the Article 50 legal challenge had been accepted. According to the Supreme Court's confirmation:

*"Counsel for the Scottish Government and for the Independent Workers Union of Great Britain have been invited to address in their skeleton arguments the relevance of points of Scots Law, so far as they do not also form part of the law of England and Wales, to the determination of the present proceedings."*

The Attorney General for Northern Ireland has also made a reference to the Court regarding devolution issues relating to Northern Ireland. Permission to intervene is therefore not necessary.

The UK Government's appeal against the High Court decision to prevent Article 50 being triggered by use of the Royal Prerogative will be heard from 5-8 December 2016. All eleven Supreme Court justices will hear the case. The Lord advocate James Wolffe will represent the Scottish Government

Reacting to the decision to allow the Scottish Government to intervene in the case, Michael Russell, the Scottish Government's Minister for UK Negotiations on Scotland's Place in Europe was [quoted by STV](#) as saying:

*"We welcome the decision of the Supreme Court to allow the Scottish Government to intervene in the case; however, we continue to call on the UK Government to drop the appeal and to accept that Parliament has the right to determine the triggering of Article 50.*

*"We recognise the decision of people in England and Wales to support Brexit but the views of people in Scotland cannot simply be brushed aside.*

*"The lord advocate will be making the case on behalf of the Scottish Government and he will set out his arguments to the court."*

On 9 November, the UK Government published its [grounds for appeal](#). Following this, on 18 November, the Department for Exiting the European Union published the [Supreme Court Printed Case of the Secretary of State for Exiting the European Union](#). The 56 page case outlined in details the UK Government's key arguments that Article 50 can be triggered without the consent of the UK Parliament. One aspect of the Government's argument is:

*"The surprising consequence of the DC judgment is that, if the outcome of the referendum is to be implemented, Parliament must decide to confer a new legal power on the Government to make that decision pursuant to Article 50(1) TEU and to give notification of that decision pursuant to Article 50 (2) TEU. In other words, if the UK is to withdraw from the EU, Parliament must be asked precisely the same question which was put by Parliament to the electorate and has been answered in the referendum; and must give the same answer in legislative form."*

## **The Prime Minister at the CBI**

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Speaking to the Confederation of British Industry (CBI) conference on 21 November, the Prime Minister made reference to Brexit and implied some sort of transitional arrangement following the UK's departure from the EU may be put in place ["in order to avoid the "cliff edge" that businesses fear "](#).

In addition to this, According to the [CBI](#), in relation to Brexit, the Prime Minister said:

*"We need to make the UK outside the EU the most attractive place to invest"*

*The PM said she was ambitious for Britain and, while leaving the EU will create uncertainty, she said that there are opportunities too – opportunities to get out into the world and use the freedoms that come from working with partners directly. She set out the opportunity to become the true global champion of free trade.*

*“We believe in free markets... capitalism... and business”*

*The PM said that business growth is the basis for UK prosperity but highlighted that this requires business and government to work together in partnership. The PM wants to ensure capitalism, free markets and free trade that work for everyone.*

*“Let us build a stronger, fairer Britain together”*

[Responding](#) to the Prime Minister’s speech, Carolyn Fairbairn, CBI Director-General, said:

*“The way in which we leave the EU and on what terms will be critical to jobs and investment here in the UK. It’s vital that the on-the-ground expertise of business is used to help get the best deal for the UK and we welcome the Prime Minister’s commitment to providing clarity on her negotiation plans, where possible.*

*“With only two years for such a complex negotiation, the Government rightly has on its radar that we should seek a smooth transition which gives firms time to adapt.”*

## **The UK Government’s work on Brexit – leaked memo**

On 15 November, the Times newspaper published a leaked memo which suggested the UK Government has no plan for Brexit. The memo, which was reproduced by [Reuters](#) outlined the work currently going on within the UK Government on Brexit:

“Individual Departments have been busily developing their projects to implement Brexit, resulting in well over 500 projects, which are beyond the capacity and capability of Government to execute quickly. One Department estimates that it needs a 40% increase in staff to cope with its Brexit projects. In other words, every Department has developed a "bottom up" plan of what the impact of Brexit could be - and its plan to cope with the "worst case". Although necessary, this falls considerably short of having a "Government plan for Brexit" because it has no prioritisation and no link to the overall negotiation strategy.

Departments are struggling to come up to speed on the potential Brexit effects on industry. This is due to starting from a relatively low base of insight and also due to fragmentation - Treasury "owning" financial services, DH-BEIS both covering life sciences, DCMS for telecoms, BEIS most other industries, DIT building parallel capability focussed on trade etc.

Capability-building is making slow progress, partly through deliberate control by the Cabinet Office and partly from Treasury's opening negotiating position that Departments will meet Brexit costs from existing settlements - although no one is treating that position as sustainable. Expectations of increased headcount are in the 10-30,000 range. Initiatives to build capability are getting off the ground - the Diplomatic Academy is providing trade training programmes, Cabinet Office is discussing system-wide capability programmes.”

In response to the Times report, the Prime Minister's official spokesman [said](#) the memo was "unsolicited" and that the consultant who wrote it had not been working for the Government.

Deloitte released a statement admitting that the memo was "not commissioned by the Cabinet Office" and was "conducted without access to No 10 or input from other government departments".

It said that the memo, which was written on Nov 7 by Keith Leslie, a partner at Deloitte, had been intended for an "internal audience".

Following on from the Times newspaper's report, Politico reported the views of the former head of the Foreign Office, Sir Simon Fraser who gave evidence to the [House of Commons Exiting the EU Committee](#). According to [Politico](#), Sir Simon Fraser said:

*"not enough" progress had been made across the government to prepare for the vastly complicated process of withdrawing from the European Union.*

*"More needs to happen, and time is relatively short. If we are going to have a coherent position going into negotiations in about three months' time then the afterburners need to be put on,"*

Hannah White from the Institute for Government also gave evidence to the Exiting the EU Committee. According to Politico she told the Committee:

*"the Institute for Government was concerned the government had not been transparent enough about its thinking in the run-up to triggering Article 50, which will begin the formal process of withdrawing Britain from the EU.*

*The prime minister shouldn't have to give a full "blow-by-blow account" of her Brexit negotiating strategy, White said, but it would be helpful to know more about the process the government intends to follow and its broad objectives heading into discussions with Europe.*

*"We think the degree of secrecy there ... is unhelpful," White said. "If there was more clarity about that, it would give reassurance to external stakeholders, to companies and so on, who at the moment... feel that they're talking to lots of people in government but they don't know how what they're saying is contributing to thinking. They feel like they're having to repeat the message on different occasions. They don't understand the process."*

## **Angela Merkel indicates UK could restrict freedom of movement and keep access to Single Market**

On 15 November, it was widely reported by British newspapers that German Chancellor Angela Merkel had suggested there might be some room for compromise on free movement being required for Single Market access. For instance, the Independent suggested the [UK could restrict freedom of movement and keep access to Single Market](#). However, the substance of the story was perhaps less favourable to the UK

Government's negotiation hopes than the headlines suggested though it might open the door for a change to freedom of movement rules across the EU.

Addressing a meeting of Germany's BDA employers association, the German Chancellor said the EU could not divide its four freedoms — movement of goods, capital, people and services — to allow Britain to restrict immigration while retaining tariff-free access to the market of close to 500 million people. The Chancellor said:

*"Were we to make an exception for the free movement of people with Britain, this would mean we would endanger principles of the whole internal market in the European Union, because everyone else will then want these exceptions,"*

Angela Merkel did suggest that there needed to be a review of the operation of freedom of movement which focussed on free movement to work, she told the conference:

*"for example, someone came to Germany from eastern Europe and worked for a short time but acquired a life-long claim to welfare benefits, "then I see a question about which we must talk again".*

*She added: "Free movement applies to me in the sense that the employee himself earns the money he needs for himself and his family in the other member state."*

The New Statesman published an article looking at what the German Chancellor said and what she meant. The [article stated](#):

*"First, it's important to note she is against any kind of exception for Britain. In her speech to the German employers' association, BDA, she said specifically that doing so would "endanger principles of the whole internal market of the European Union" because then everyone would want exceptions.*

*Merkel stressed that "we cannot wobble" on the basic principle of free movement.*

*In other words, any fundamental changes must apply to the whole of the EU, or not at all. But there might be a little room for interpretation.*

*So what could that be? Merkel said she thought there should be more discussion of the finer detail of freedom of movement. For example, she questioned the idea that a migrant from another EU country could claim benefits if they had only worked in the host country for a short time.*

*In short, Merkel is paving the way for another deal on benefits, the kind struck by David Cameron before the EU referendum, where migrants' access to child benefit was limited. As the result of the referendum showed, this was not enough to impress Leave supporters first time round. But advocates of a soft Brexit must hope that, in the cold light of day, they are willing to listen."*

## **Scottish Universities Legal Network on Europe (SULNE) position papers**

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Following the decision to leave the European Union, the Scottish Universities Legal Network on Europe (SULNE) was created. This is an initiative jointly led by the University of Edinburgh School of Law and Europa Institute, the University of Glasgow School of Law and the University of Strathclyde Law School in partnership with all the Scottish Universities.

According to [SULNE](#), it:

*“will provide legal expertise and advice on Scotland and the UK’s future position following ‘Vote Leave’, for instance by inputting into the work of the Scottish Governments’ Standing Council on Europe, publishing expert and focussed position papers and briefings and making these freely available and producing ‘citizen focussed information’. The group will also discuss curriculum reform within the law curriculum made necessary by the decision to leave the EU.”*

The network has produced a number of [position papers](#) for the Scottish Government’s Standing Council on Europe roundtable which was held on 24 October.

## **Scottish Government’s Standing Council expands**

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On 16 November, the Scottish Government [announced](#) that 2 new members had been added to its Standing Council on Europe.

Sir John Grant, a former UK Permanent Representative to the EU and The Rt Hon Sir George Reid, former Presiding Officer of the Scottish Parliament will join the 17 other members to provide their expertise to the Scottish Government in the wake of the Brexit vote.

In announcing the news, the First Minister said:

*“Since the EU Referendum I have been clear that my government’s overriding objective is to protect Scotland’s relationship with Europe and our place in the single market.*

*“To date, the Standing Council on Europe has provided advice and expertise on how to protect Scotland’s interests, even if the rest of the UK decides to leave. And we are working with others to keep the UK as a whole in the Single Market.*

*“The council already has a breadth of knowledgeable and experienced members who have years of experience of working within the EU. I am certain that the addition of Sir John and Sir George to the council will further enhance the advice to Scottish Ministers throughout the negotiations in order to secure Scottish interests and objectives.”*

## Scottish Parliament Committees continue their consideration of Brexit

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The Scottish Parliament's Culture, Tourism, Europe and External Relations Committee continued its inquiry into [the implications of the EU referendum for Scotland](#) on 17 November by taking evidence on EFTA and EEA membership from Dr Ulf Sverdrup, Director of the Norwegian Institute for International Affairs and Tore Myhre, Director, and Anne Louise Aartun Bye, Assistant Director at the Confederation of Norwegian Enterprise; and then from Dag Wernø Holter and Marius Vahl from the European Free Trade Association Secretariat. The meeting can be viewed on [SPTV](#).

The Economy, Jobs and Fair Work Committee meanwhile continued taking evidence for its [Economic Impact of Leaving the European Union inquiry](#) on 15 November. The Committee [took evidence](#) from Jeremy Peat, Visiting Professor at the University of Strathclyde, International Public Policy Institute; James Brodie, from the China Britain Business Council; Gareth Williams, Head of Policy at Scottish Council for Development & Industry (SCDI); and Neil Francis, International Operations Director for Scottish Development International.

Initially, each of the witnesses was asked what their priorities would be in the negotiations on the UK's future relationship with the EU:

Gareth Williams from SCDI told the Committee:

*"We have been careful to try not to talk about red lines in the political context, but rather to think about what our key asks would be. I suppose that the challenge is that many of our members want things to be as close as possible to what we have now—in particular, in terms of access to the single market and availability of skills at different levels to meet the needs of businesses and the economy.*

*We are still going into the detail of those particular asks, but a message that I would like to get across at the start is that many of our members say that we need to rethink what we mean by "competitiveness" post-Brexit, and that we should not be distracted to too great an extent by thinking about Brexit. There is a big agenda around our competitiveness that we need to get right. If we do that, we can be successful under a range of different scenarios."*

Professor Jeremy Peat said "we should all be preparing for an extended period of uncertainty—which is one of the few certainties in this respect". He then went on to outline some background to the negotiations and suggested access to the Single Market and access to skilled labour should be priorities in the negotiations:

*"We are talking about a two-year timetable from March next year. Next year, there will be major elections in two or more major European Union member countries, and it is difficult to see how detailed negotiations can take place when changes in Governments are possible or pending. That is going to produce a lot of pressure to move negotiations into 2018, and who knows how long it will actually take to get everything sorted? There will be extended uncertainty, with no one knowing what the final outcome is likely to be, which is not good for investment either within the UK or for inward investment to the UK.*

*My second point is that it seems to be very unlikely that we will achieve the same level of free and unfettered access to the single market that we have experienced as a member of the EU, and there are limitations on the possible alternatives. There is also often a cost to participating in the alternatives, and there are indications that the UK Government would be unwilling to pay them. We would have no influence whatever over the rules and regulations in any of those alternative arrangements: you take what you are given. The outcome on access to the single market is likely to be less full and satisfactory than what we have at the moment.*

*The final area is the critical importance for the Scottish financial services sector of access to employment from other countries in Europe, which matters—at the unskilled end as well as at the skilled end—to a number of Scottish sectors. The Scottish financial services sector is very keen to see strong, high-value-added sectors in Scotland, and those are very dependent on existing use of skilled labour from Europe and elsewhere. If that is not sustainable, there would be a real question mark over our ability to maintain those very important high-value-added sectors.*

*Those two issues—access to the single market and continuing access to the skilled labour that is required for different parts of our economy—are critical. I am sure that the First Minister will make every effort to influence the UK position on them and to look for ways in which Scotland can perhaps take a different line, but those are the areas of significant concern to me.”*

James Brodie from the China Britain Business Council summarised the reaction of the organisation’s members following the Brexit vote:

*“Since Brexit, we have surveyed the companies that we represent—primarily British companies that engage with China either here in the UK or operationally in China—on their opinion about what Brexit might mean for them. Perhaps somewhat surprisingly, they came back rather positively and optimistically in terms of the opportunities that Brexit might offer them—most concretely in the form of the possibility, in the medium term, of forming some kind of free-trade agreement with China. Because the EU currently has no such agreement in place, it may be one of the countries with which the UK Government chooses to negotiate a free-trade agreement. Planning for that should be about people engaging with their industry sector and with the Government in order to alert it to obstacles that lie in the path of trade with China. It should also be about making sure—as Neil Francis suggested—that when it comes to negotiating with the EU and perhaps, as I said, with other trading partners, we can prioritise correctly by establishing where the greater interest lies.*

*Aside from that, I would also say that at this time it is very much business as usual. We can try to plan, but because there is so much uncertainty about potential outcomes, it is a very challenging process, so we must be flexible. Listening to and maintaining existing partners and clients in China in the foreseeable future is probably the key—we have to make sure that we are servicing our trading partners as best we can.”*

On the issue of passporting for financial services which is a benefit of Single Market membership, Professor Peat told the Committee it wasn't as big an issue for Scotland as might have been imagined:

*“Your definition of passporting is basically correct. Via the passport, any financial institution that is based in a member state of the EU can operate equivalently across the other member states, so it will have rights and can operate as if it were based in that nation.*

*Why does that matter differently for some parts of the sector? First, in some cases the financial sector is pan-EU and in other cases it is not. For example, pensions are primarily single-nation based. Because of the difference in tax regimes among member states, it is difficult to sell a pension product from country A to country B because tax is what determines how the pension works. We have a very successful pensions industry in Scotland, but it is selling almost entirely into the UK market, so we do not need passporting for it and we do not expect the loss of passporting to have a major impact on pensions concerns.*

*On the banking side, remaining in Scotland we have essentially retail and commercial banks that also work mainly within a single-nation context so—again—they do not need the passport, whereas the big investment banks and the major corporate banks that lend at the top level require those international passports.*

*Wealth management is a very important sector, but services in it are regulated at member-state level, so direct provision across borders is unusual. Again, therefore, there is unlikely to be any impact on it from the loss of passporting.*

*That demonstrates that you need to look at each subsector of financial services and work out whether passporting matters to it, and then look at the breakdown of Scottish financial services activities and see whether Scotland is going to be affected in those different sectors by the loss of passporting.”*

On inward investment with foreign owned companies investing in Scotland (of which Scotland has around 4,500 EU owned businesses), Neil Francis told the Committee:

*“As I said during last week's committee meeting, since June we have spoken to all our existing inward investors in Scotland. To summarise, most people are still saying that it is too early to make any definitive statement on how they view the future of their activities in Scotland. That is the general point.*

*We have had no indication of any of our existing investors cancelling projects. Certainly, people are reflecting on future investment plans, which you would expect, but in general the volume of activity with our existing investors remains the same as it was pre-Brexit. Our activity to attract new investors to Scotland has been a little bit stronger in the first three months of this year compared with last year.*

*As the convener rightly pointed out, 25 per cent of our investment comes from within the UK—I am talking about companies that are already established elsewhere in the UK. That is an important source of future investment for us.”*

## **Scottish Parliament debate on the Single Market and Trade**

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On 15 November, the Scottish Parliament debated Single Market and Trade (European Union Referendum). Following the debate, the Parliament passed the following motion by 65 votes to 32 with 20 abstentions:

That the Parliament recognises the overwhelming vote of the people of Scotland to remain in the EU; supports calls for clarity from the UK Government on its proposals to leave the EU, including whether it will seek continued membership of the single market; notes the reports of the Fraser of Allander Institute and the National Institute of Social and Economic Research regarding the negative impact that leaving the single market would have on the UK and Scottish economies; recognises the opportunities for business and citizens that come from a Europe-wide approach to trade, regulation and free movement and the importance of ensuring that the benefits of this are shared fairly across society; supports the Scottish Government's efforts to assist businesses in Scotland to secure new international opportunities; believes that the UK Government should seek to maintain Scotland's place in the single market, and, in the event that the UK Government cannot or will not secure that option, calls for Scotland's place in the single market to be fully protected."

## **SPICe Brexit Energy Briefing published**

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On 16 November, SPICe Briefing [SB 16-91 Brexit: Energy Policy](#) was published.

This briefing sets out the EU energy policy framework and explores the implications that Brexit may have on Scotland and the UK's approaches to energy policy. It also explores some views on how alternatives to EU membership may impact on the UK and Scotland's current policy.

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

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The House of Commons Exiting the EU Committee will continue its inquiry into the [UK's negotiating objectives for withdrawal from EU](#) on 23 November when it takes evidence from Dr Robin Niblett, Director, Chatham House; Stephen Booth, Acting Director and Director of Policy and Research, Open Europe and Shanker Singham, Director of Economic Policy and Prosperity Studies at the Legatum Institute

The [aim of the session](#) will be to explore a number of themes including:

- The options available for the future relationship between the UK and the EU, and what that means for the UK's negotiation objectives
- The interplay, if any, between the timetable for negotiations and securing an agreement on the future relationship
- The importance of other factors, such as security co-operation, in addition to trade as a driver in the negotiations

The evidence session will be broadcast on [Parliament TV](#).

The newly established International Trade Committee has announced its first inquiry; it will examine the [UK's trade options beyond 2019](#)—the date when the UK is likely formally to leave the European Union. The inquiry sets out to examine the various trade models that might be available to the UK after Brexit, and to consider their strengths and weaknesses.

The Committee will look at future trading relationships between the UK and the wider world, as well as between the UK and the EU.

The International Trade Committee will take its first evidence for the inquiry on 29 November. Witnesses for the evidence session have still to be confirmed.

A number of Committees in both the House of Commons and House of Lords have established inquiries linked to the UK's decision to leave the European Union. Upcoming Brexit related work includes:

The House of Lords has produced an update covering its on-going [Brexit inquiry work](#).

On-going Brexit related work in the UK Parliament includes:

- [House of Commons European Scrutiny Committee Post Referendum Consultation](#)
- [House of Commons Scotland Affairs Committee Scotland's Place in Europe](#)
- [House of Commons Welsh Affairs Committee Implications for Wales of the EU Referendum Result](#)
- [House of Commons Public Administration and Constitutional Affairs Committee Lessons Learned from the EU Referendum](#)
- [House of Commons Environmental Audit Committee The Future of the Natural Environment after the EU Referendum](#)
- [House of Commons Energy and Climate Change Committee Leaving the EU: Implications for UK Energy Policy](#)
- [House of Commons Brexit and health and social care inquiry](#)
- [House of Lords European Union Committee Brexit: UK-Irish Relations](#)
- [House of Lords European Union Committee Brexit: Parliamentary Scrutiny Inquiry](#)
- [House of Lords EU External Affairs and EU Internal Market Sub-Committees Brexit: future trade between the UK and the EU inquiry](#)
- [House of Lords EU Internal Market Sub-Committee Brexit: future trade between the UK and EU in services inquiry](#)

The [sub-committees](#) of the House of Lords European Union Committee are also conducting a number of evidence sessions following the UK's decision to leave the EU including:

- [Fisheries Policy after Brexit](#)
- [Brexit implications for environment policy examined by committee](#)
- [Brexit implications for energy and climate change policy](#)

- [Brexit and Financial Services](#)
- [Brexit: environment and climate change](#)
- [Brexit: UK-EU movement of people](#)
- [Brexit: acquired rights inquiry](#)

The UK Parliament has also produced [impartial analysis](#) of the UK's referendum for remaining in or leaving the European Union. This page sets out useful research on the impact of Brexit on key policy areas. It also explains the process for leaving the EU.

## **Changing UK Government tones on Brexit**

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An article published by Reuters on 18 November examined the possibility that the Prime Minister's [changing vocabulary signals shift from 'hard Brexit'](#). The article suggested that the content of the Prime Minister's recent speeches indicates a move towards a softer Brexit than might have been thought. It states:

*"But a closer look at her speeches suggests her position on key aspects of Brexit has evolved since she took office in the aftermath of the June 23 vote to leave.*

*Together with public comments by ministers in her Conservative government, the changes appear to suggest May has shifted from favoring a "hard Brexit" - a clean break with the EU's single market of 500 million consumers - to supporting continued membership of that market if possible.*

*May has declined to say whether she wants Britain to remain in the single market. Her aides say she is considering all options.*

*Since July 13, when May made her first speech as prime minister, subtle changes have emerged in the way she describes her priorities for talks with the EU. Those talks will determine Britain's future, and that of the EU.*

*Early on in her tenure, May said little more than that she wanted "the right deal" or "best possible deal" on the trade of goods and services with the rest of the EU. Britain's total trade with the EU - imports and exports - is equivalent in size to more than a quarter of its economy.*

*But at the Conservative Party conference in October, she unveiled a more specific phrase to describe her aims for Brexit. "I want it to give British companies the maximum freedom to trade with and operate within the single market – and let European businesses do the same here," May said."*

The article also suggests the Prime Minister has recently moved her focus away from talking about immigration in relation to Brexit and now focusses more on the economy and future trade opportunities:

*"Her tough wording on immigration and sovereignty may have pleased the eurosceptics in the party, but it spooked some European leaders who felt she was heading for a "hard Brexit".*

*It contradicts the EU position, which states that the bloc cannot divide its four freedoms - of movement of goods, capital, people and services. But May has also*

*regularly qualified her vision for controlling immigration from the EU. At a meeting with Slovakia's Prime Minister, Robert Fico, in Bratislava on July 28, she referred to needing to find "a solution that addresses the concerns of the British people about free movement".*

*A week earlier, she told German Chancellor Angela Merkel "it may take some time" to get net levels of immigration down to sustainable levels.*

*And in a phone call with Belgian Prime Minister Charles Michel on Sept. 27, May subtly softened the message again, referring to trade first.*

*She said it would be "a priority to allow British companies to trade with the single market in goods and services, but we would also need to ensure we had more control of the numbers of people who come here from Europe," a statement read.*

*Since ruling out a points-based system for screening people heading for Britain in September, May has said little new on controlling immigration, something she earlier called the "very clear message" of the British people in the referendum.*

*This week, talking to business leaders in London, immigration did not figure in her speech at all."*

## **How quickly should Brexit be delivered?**

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Two blogs published this week examine the question of how quickly the UK should seek to reach a Brexit deal with the EU.

Simon Walker, the Director General at the Institute of Directors writing on the London School of Economics blog suggests that ["The UK should prioritise getting a good deal from the EU over getting a speedy one"](#). He states that it will be important that the UK Government listens to the views of a range of business stakeholders:

*"Different businesses have different priorities, and sometimes sectors will be opposition to each other. The Government must consult widely, and aim for a deal which prioritises the broadest benefit. Business plays a crucial role in the economy and society. We will be feeding in the views of business to the Government on the pros and cons of different trading relationships with the EU, and also advise Liam Fox, the Secretary of State for International Trade, on easing trade barriers with other partners."*

Simon Walker also suggests that whilst taking time over Brexit, it is important that the UK Government also begins to look globally:

*"Now that we will be forging our way in the world outside of the EU, it is more important than ever that we embrace free trade and open our economy to the world. Yes it will expose some firms to the chill wind of competition, but it will be the making of a healthy economy which incentivises innovation and entrepreneurialism.*

*Although for practical reasons the UK's first business priority will be to normalise relations with the European Union – there is no reason why the UK should not be*

*one step ahead, looking to the future to strengthen economic ties with yourselves and others. In fact, this is where the opportunity for greater openness and free-trade for the UK lies.”*

In contrast to this suggested approach, Professor Richard Rose writing for the UK in a Changing Europe asks [“Is a delay in triggering Brexit counter-productive?”](#) Professor Rose writes that to delay risks the UK not achieving any deal at all before the two year period following the triggering of Article 50 expires:

*“In the introverted world in which Britain’s foreign policy is conducted, there is no realisation that it is counter-productive to delay the triggering of Article 50 beyond next Easter. This is because the authority of the current European Commission and of the European Parliament will expire in spring 2019. A new Parliament will be elected in May 2019 and a new Commission President and Commissioners will not be appointed until the summer and confirmed in their jobs in autumn.*

*If Brexit negotiations did not start until next autumn, this would sink chances for a negotiated agreement between the UK and the EU. As negotiations moved toward a climax around Easter, 2019, British officials firm in office until May 2020 would be dealing with lame-duck EU Commissioners and MEPs. Any agreement approved in principle by an outgoing EU administration would be unlikely to be confirmed until after new EU teams had had time to make a fresh review of negotiations.*

*A delay on the Brussels side would not stop Brexit. On the contrary, Article 50 mandates that Britain would automatically cease to be a member state two years after invoking Article 50. If it was triggered later than next March, then there is no choice between leaving on hard or soft terms: it is likely to leave with no terms agreed. Some advocates of Brexit favour such a unilateral withdrawal in the belief that this would give Britain a clean slate to make its mark in the world. However, for those who favour maintaining the maximum of contacts with European countries after Brexit, ceasing membership without any agreement would be the most counter-productive outcome of all.”*

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