

Lunchtime discussion on Brexit with Sir Ivan Rogers

Royal Over-Seas League, London

7 December 2017

Sir Ivan Rogers, former UK Ambassador to the EU, gave a keynote address on the topic of Brexit on 7 December to a group of senior figures from business, politics and the media in France, Germany and Britain. Sir Ivan, a diplomat with extensive knowledge of the EU's inner workings, had resigned from his post in January 2017 over the UK Government's handling of Brexit negotiations.

The meeting took place at the Royal Over-Seas League in London at the end of an eventful week during which UK Prime Minister Theresa May's attempt to move to the next phase of Brexit negotiations appeared to have been undermined by her junior coalition partners at the DUP, followed by her DExEU Minister's admission to a key Parliament committee that no Government impact assessments of Brexit had been conducted. Sir Ivan said he believed a deal would however emerge. (An outline agreement was subsequently announced in the early hours of Friday 8 December, leading EU negotiators to conclude that "sufficient progress" had been made on the so-called divorce bill, the Irish border and EU citizens' rights in order for the talks to move on to discussion of trade arrangements in Phase Two).

Sir Ivan warned that the next phase was going to be a lot more difficult, and stressed that this by no means meant that trade talks would be allowed to start early in 2018 as often reported in the press. What would happen now was a negotiation on the architecture of the future UK-EU relationship. The maximum that the UK could realistically expect by the end of next year was 'Head of Agreement' about this architecture. Trade talks fell under a different article of the EC Treaty and required a different mandate that would have to be agreed by the 27 EU Member States and the UK. It would probably take another year to get through this process and a further 18-month period for ratification. It would therefore take until at least 2020 before a notional Free Trade Agreement could be ratified and enforced.

The key question for the UK, and one that it would have to address soon, was whether it would seek regulatory alignment with the EU or diverge significantly in pursuit of complete autonomy. There was no half-way house. Access to the Single Market and Customs Union was impossible since the UK no longer accepted supranational legislation and the jurisdiction of the European Court of Justice. The red lines laid out by Theresa May in 2016 were unequivocal and although her Government continued to insist that it wanted more than a Canada-style deal, this was undoubtedly where the negotiations were leading Britain. There was little or no appetite on the continent for a bespoke, UK-specific framework.

There was concern that the prospect of difficult and painful phase two negotiations with a transition period at the end would give momentum to those arguing for a clean break from the EU. It was known that a number of well-connected Eurosceptics were of the opinion that a cliff-edge Brexit would be a better outcome than years of indecision. Inflicting pain on the UK economy now would give a better chance of a recovery before the 2022 general election and a win for the Conservatives, they believed.

Questions were raised about the possibility of a dramatic events during the course of 2018, what one of the participants described as a “domestic political convulsion” or rebellion triggered by deep dissatisfaction in Britain with the way the negotiations were being conducted. However, although recent polls were showing that British people were feeling less optimistic about the UK’s future, the blame was placed on both British and EU negotiators rather than Brexit itself. This was not surprising as Brexit was rooted in a deep sense of alienation in parts of the country after decades of stagnation in living standards. Theresa May had made tackling social inequalities a top priority at the start of her premiership. But not much had been achieved since 2016. It had become clear that Whitehall was consumed by Brexit and the government would be unable to deliver any major domestic policy agenda.

The best strategy going into the second phase of negotiations was to seek the broadest possible and most comprehensive FTA with the EU. Attempts to get more than an FTA would be futile. Indeed, enough time had already been wasted during Phase One due to the illusion of some in the Conservative party that it could ultimately bypass the EU’s negotiation process and make deals directly with the Member States. An FTA relationship would inflict damage on the British economy compared with the status quo, but it was still far better than relying on World Trade Organisation rules, which would be very disruptive. As a senior EU official had recently put it, the choice for Britain was between ‘bad, very bad or disastrous’, which appeared to be a reasonable assessment of the present situation.

In the City of London, there was also a degree of self-delusion in expecting to be granted a bespoke status. Britain could not expect to recover its full sovereignty and at the same time ask for a special link for its financial sector while outside of the Currency Union and EU court jurisdiction. However, there was a convincing case to be made about the risk of driving business away from London in terms of financial stability due to the reliance of the European economy on services provided by the City. No one was making this argument convincingly at the moment.

In the end, some hope was offered that Britain could secure a stable future for itself - if it opted for a regulatory alignment solution, with an FTA as far-reaching as possible. It was impossible to know what might be negotiable until the negotiation started. There could be positive surprises. But the British government would have to work very hard to achieve this goal in the year ahead, and resist temptations to abandon the negotiations entirely and revert to a cliff-edge Brexit.