

**Professor Danuta Hübner**  
**Member of the Brexit Steering Group, European Parliament**

***“Brexit – the final month”***

**European Forum for New Ideas (EFNI)**

26th of September 2019 Sopot, Poland

In principle the Withdrawal agreement has already been negotiated and finalised - what's left is that the agreement in all relevant parliaments, which includes the national parliaments of the EU Member States. The problem is on the UK side, where the majorities in the parliament work against the Prime Minister for various reasons - this is true for both Theresa May and Boris Johnson

The negotiations were widely portrayed in the media, but the impression I got from the UK side, was that they were ill-prepared, and did not have a serious plan on how they wanted to approach the negotiations and what it is they wanted to achieve. How can we get a deal? We already have a deal - the Withdrawal Agreement. This was negotiated between the EU's representatives and the UK government and is famously awaiting ratification by the UK parliament before we can continue the approval process.

The new government of Boris Johnson wants changes to the already negotiated agreement, which was not well received, neither in the European Parliament nor in the Commission. We knew that what Boris Johnson had been saying in the run-up to him becoming Prime Minister and shortly thereafter concerning his threats on no-deal Brexit, and that the UK will definitely leave the EU by the 31st of October. I spoke with colleagues from within the Parliament and in the Commission, but also Member State representations and it was clear that it was a method by the new PM to try to force the Commission to renegotiate. Indeed, there is always a willingness to adapt the Political Declaration to give legal clarity, but on our side we have always had the firm belief that there would not be a renegotiation of the WA.

I am, however, confident that we can find an agreement before the 31st of October. There are ongoing talks and there is a positive atmosphere behind closed doors that we can achieve something to avoid a no-deal Brexit

Now, let me talk for a moment about the consequences of Brexit for the European Union.

Both the political and the economic consequences can already be felt. The UK have an economic and political weight whose absence will be very noticeable.

This will for example be felt in the creation of the EU's trade policy, and the negotiations on free trade agreements. The UK is part of the Council's so-called group of like-minded states that has a more liberal approach to trade. The British voice will be missed, and we can expect that the EU's trade policy debate, especially among the EU Member States, will be rather different without the UK in the Council.

Other political consequences relate to for example transatlantic relations of the EU. There can be some debate about what the UK's interests are and were, but the UK did at times act as a bridge to the EU for the US. This has helped shape a positive transatlantic agenda and to cooperate on common economic and security priorities. The EU's interests in maintaining a transatlantic friendship are great, but they will certainly have a different angle once the UK has left the EU for good.

The opportunity cost of dealing with Brexit also takes its toll. Instead of dealing with political priorities, which are very necessary considering the turn of global economic and political trends, we are negotiating on Brexit, spending resources on preparedness, relocating agencies. This energy would be better spent in working to ensure the EU's economic competitiveness, e.g. through a more focused effort on dealing with the rise of China, the reform of the WTO, etc.

On the economic front, it is worth mentioning that the UK economy is 2.5% smaller than it would be if the UK had voted to remain in the EU. The knock-on hit to the public finances is £19 billion. Other examples from the UK include international car-maker's decisions not to produce certain cars in UK plants, which in turn damages the economic outlook further.

We can also see the consequences already in some EU Member States. There is a looming recession in Germany, which is partly due to Brexit. Businesses are suffering from insecurity, which in turn impacts investments. Why would anyone invest if you do not know what the future economic environment will be?

The relocation of the EMA is another interesting example. The European Medicines Agency was previously located in London, but has now relocated to Amsterdam. A large number of (medical) research facilities were based in the UK, due to their proximity to the EMA and the UK's Medicines and Healthcare products Regulatory Agency. They have in part already moved some of their operations out of the UK or have had to set up duplicate facilities in the EU to compensate for the regulatory issues surrounding Brexit - this has increased their costs, which in turn impacts their ability to invest in R&D.

Brexit will also affect the global balance of power.

The UK is still a member of the UN Security Council, and barring any sudden reform of the UN, will remain so. They are a nuclear power that still has military weight in the world [UK Ambassador could say something about this point], for example the UK's role in securing shipping routes in the Persian Gulf, the UK's role in negotiating the JCPOA, but also in terms of global diplomacy. The Commonwealth still is an important community.

The long-term decline of economic importance of the EU will happen at a faster pace, as the EU will be (economically) smaller and will have a lesser weight on the global economic stage, due to the rise of China, India, Indonesia, and other populous countries in the coming decades.

What will the future of UK's trade relations with the EU, the US and other global players?

Most likely form will be a comprehensive FTA, as the UK's red lines will not allow for any other form of deal. That is, of course, under the current government, which given

the current political circumstances in the UK may change. At the moment, nothing other than an FTA seems likely.

The negotiations for this will be long, as will the ratification process. A 2-year transition period will not be enough to negotiate and finalise a deal.