

# Risky future relationship predictions

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Six weeks in, post-Brexit Europe looks and feels remarkably like pre-Brexit Europe, with ongoing uncertainty about the future relationship between the EU and the UK and posturing over negotiations.

Time, I say arbitrarily, for risky predictions about how it's all going to shape up. I normally hesitate to do this since my record is spotty, to say the least. But I'm coming off the high of correctly predicting the Boris landslide, and who saw that one coming? Now is not a time for shrinking violets, even though, to paraphrase the movie Tropic of Thunder, you should never go full-pundit.

Domestic politics will no doubt determine the final stance of each of those involved and, while the larger EU countries along with Ireland will likely shape any future deal, it will have to be ratified by all remaining EU member states, a process that has occasioned notorious surprises in the past. Public opinion has an important role to play in the ratification process, as could be seen in the las-minute protests against the EU-Canada, CETA deal. A UK deal might receive closer scrutiny.

The UK position of wanting to 'take back sovereignty' and refusing the authority of EU courts, in such things as dispute resolution, could have the opposite effect for both the EU and the UK: ceding authority to arbitration panels and tribunals that may not be as shady as some contend they are but that will certainly not be as transparent as the current EU judicial system.

To get an understanding of what might occur, it's maybe helpful to take some of the utterances from the main players on face value, however preposterous that notion might seem at first. To give a recent example from the side of the British Prime Minister; when he said he'd get rid of the backstop, he in fact did, by reverting to a position that

had been on offer from the EU from the beginning and that's more of a threat to the unity of the United Kingdom.

Seen from the EU's side, it also largely stuck to its guns: it had said there could be no re-negotiation of the withdrawal agreement, and although it technically did renegotiate, that was mostly on the issue of the backstop, where it got what it had originally on the table.

## **Regulations.**

Let's start with the most obvious UK position: no alignment with EU rules and regulations after the end of the transition period. First of all, whatever the invective of the moment, the UK is likely to maintain alignment where it is in its interests, maybe without calling it that. But that will not mollify the EU side. Recent remarks by French president Emmanuel Macron that the EU should be firmer on this point, are moot because it is clear that the UK will not strike the kind of deal that will make it possible for the EU to insist on alignment.

Everybody knows what this means: an end to frictionless trade and a much more intrusive inspection regime in the Irish Sea, as GB-origin commerce will not be able to pass freely into the EU. This is also the point where conflict resolution mechanisms will have to be put into place that have the potential to undermine democratic control.

The obverse is the more nebulous EU position of not wishing to have a Singapore-on-the-Thames on its doorstep, never mind the twisted, originally Brexiter, analogy with hyper-regulated Singapore. It has long been clear that if the UK wishes an arms-length relationship with the EU, it cannot expect unfettered access to the largest trading bloc in the world. Nor can it expect to be taken into account when the EU forges ahead with its own domestic social-economic agenda, which extends to environmental, labour, judicial and other realms.

Barring a miracle, the UK will remain tethered to the European mainland and the largest slice of its trade will remain with the EU, meaning that it will have to meet many of the EU's standards, or be barred from trading. The EU will make sure to have mechanisms in place to force compliance into the future. This is likely to be a deal-breaker.

## **Freedom of movement.**

This was supposedly one of the main issues precipitating Brexit but one that successive UK governments have used to whip up sentiments rather than a realistic stumbling block in relations with the EU. Even under EU-rules, the UK could have done much more to limit, or keep track of, certain types of migration. This is not a hill on which EU-negotiators will choose to die.

It is almost entirely a domestic UK matter and one on which the government seems to have no firm stance, despite the Home Secretary's trenchant remarks. Geography is even more important here, with travel in all likelihood remaining relatively free and even labour continuing to move between the EU and UK.

## **The f-words: fishing and finance.**

The stances on fishing and finance are muddled on both sides of the Channel. Here, the UK again has a strongly emotive domestic issue but unlike with freedom of movement it also holds a strong card: the EU craves continued access to its waters. Finance, on the other hand, is important to the UK economy and needs access to the EU.

Despite the occasional blast of rhetoric from either side, it's not unthinkable that, as has already been suggested, fishing and finance will be linked and a deal will be worked out that guarantees continued access in both sectors. But UK financial firms are then likely to be dependent on EU-member state courts for conflict resolution, not what Brexiters had in mind. And the EU will attempt in the long term to undermine the dominance of the City.

## **EFTA, EEA, Canada etcetera.**

Time has long past since even re-joining EFTA was feasible, given the UK position, let alone agreeing to the EEA's single market mechanism. A Canada-type trade deal is equally far-fetched, though, partly because of geography, as in fishing, and because of numbers, as in finance, services and even goods. Besides, let's take the Johnson government's pronouncements on face value again: the UK is moving away from the EU, not closer to it, as Canada is.

With the EU still set against sector-by-sector deals and the UK against extending the talks, we're looking at a very-partial-deal muddle and the rest on WTO-rules, i.e. no deal, by the start of 2021.