

The EU Gordian Knot

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Is it wise to attempt any predictions on Parliament's 'meaningful' vote this Tuesday? After all, with all the collective IQs being thrown into solving this historic challenge, it is telling that the only person to summarise the ongoing process so far has been the TV pundit and working person's sage, Danny Dyer:

"Who knows about Brexit? No one has got a f***** clue what Brexit is, yeah. You watch Question Time, it's comedy. No one knows what it is – it's like this mad riddle that no one knows what it is, right?"

We've all been trying to make sense of the 'mad riddle' over the last two years, but finally we approach the Rubicon. Or do we? Parliament is divided. The factions are dangerously fragmented, but there are a handful of 'leading' groups:

- Those who are 'far-Remain' will attempt any form of finagling or gerrymandering to achieve their aim of a second referendum, Grieve/Bercow being the case in point.
- Those who are 'centre-Brexit' are attempting to appease corporate interests while also trying to compromise on which parts EU political bloc they wish to remain in.
- Those who are 'far-Brexit' will obfuscate the (inescapable) short-term pain of a WTO exit to be sure of removing the UK from the EU political bloc.

Theresa May's 'centre-Brexit' deal is a non-starter. She and her cabal may have been attempting to persuade their peers and the general public to the contrary; that in fact, the deal is viable. But all the data, both empiric and anecdotal, has the deal in its current form voted down by close to 100 MPs. I doubt it will go more than 2 votes.

Why? Hardly anyone trusts Theresa May's government, or the EU, to successfully negotiate a mutually beneficial FTA during the withdrawal period. Therefore, the back-stop kicks in. The back-stop in its current form is legally inescapable and traps the UK in greater economic and

political purgatory. In effect, the withdrawal agreement + back-stop becomes the 'deal'.

What next then? The deal being voted down leaves HM Government without a clear strategy and in true Theresa May style, will want to kick the can down the road to give itself time. Based on this, and the alternative of a WTO exit by default, my estimation is that Article 50 will be extended into late 2019 as it appeals to both centre-brexitters and far-remainers:

- Left un-extended, A.50 reverts the UK-EU relationship to WTO terms end of March;
- Centre-Brexitters have shown no appetite for leaving under WTO terms;
- Far-Remainers will do anything to avoid an exit;
- It will be welcomed by the EU;
- The EU have previous form on second votes.

What is entirely clear in this mess is the EU's negotiating strategy – the EU wants the UK to remain and it is tying a complex Gordian Knot to ensure this is the case.

The EU appears intransigent in its negotiations, but it greatly fears the impact a WTO exit. This is highlighted by some of the 'concessions' they have given recently. The cynical economic reality is clear:

- The UK is a huge export market for EU member states;
- The UK is a net contributor to the EU budget;
- The UK provides key skills and resources, particularly defence/security, the EU needs.

If the UK leaves under WTO terms, the EU loses a key player (and funder) in the EU project. Member states who have a vested interest in the UK economy will be looking for exceptions in EU arrangements. This disruption will serve to uncover the EU's political reality, with the (unreported) civil unrest in France ongoing, and the discontent in Italy, Greece, Hungary and Poland. There is a distinct possibility that the EU project will not continue in its current form.

To avoid this truly existential crisis the EU negotiators have positioned themselves with three alternative scenarios;

- A. 50 is extended;
 - a. Giving the ‘far-Remain’ camp an extended opportunity to organise a second vote and potentially overturn the results of the first referendum;
- The EU has the option to drag out negotiations and if the FTA does not suit them, place the UK in the back-stop in perpetuity, sub-option a) is kept alive;
- If WTO, the EU have already given the UK a number of short-term concessions in flights, freight by road and financial services regulation to ‘minimise impact’. Do not be under any illusions these arrangements are good for the UK in the long-term. They are designed to minimise impact on EU member states short-term, highlight disruption in the UK and keep sub-option a) alive.

In the EU’s own words WTO exit concessions offer “basic connectivity” post Brexit. This means UK businesses can continue to export during a grace period, and more importantly from the EU’s perspective, import. However, access to the EU internal market is lost. UK companies must then apply for the appropriate export licenses and EU certifications (or become EU companies).

This is a generalisation across various industry sectors – each sector with its own nuances. It is to point out that the EU has no incentive to act in the UK’s interest and will only concede where it suits their own interests.

If we leave under WTO terms, there will be an (obvious) unsightly mess as UK (and EU) companies organise themselves into this new relationship. This then leads to project fear 3.0, the next wave of pro-EU pareidolia – with an open-armed EU waiting to graciously bring the naughty UK back into its warm embrace.

The EU’s Gordian Knot is there for all to see – the true question is who in the UK has the skill and the strength of will to unravel it.

So, where tomorrow’s vote has some importance in HM Government reaching March with a clear strategy, it does nothing to alter the EU’s

strategy. There is only one truly predictable outcome of this week's vote, the mad Brexit riddle will continue well into 2019.

This blog is written in a personal capacity and does not necessarily reflect the views of Centre for Brexit Studies or Birmingham City University.