

Cheque-Mate: Now we know Chequers is Dead in the Water

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As news broke yesterday that EU leaders at a summit in Salzburg had roundly rejected Theresa May's "Chequers Proposals", have we finally reached the point whereby the UK Government will stop trying to "go over the head" of EU chief negotiator Michel Barnier and his team?

With Theresa May having been told in no uncertain terms to resolve the situation with the Northern Ireland border this leaves UK negotiators until next month to clarify their stance to the satisfaction of the EU, or risk the negotiations collapsing and the UK crashing out with no deal.

We are left asking, what happens now? But before we do this, let's consider why the UK Government and the wider public should be taken by surprise by any of this. As alluded to above, Theresa May and key ministers have spent the summer months touring around various European capitals, in an attempt to circumvent EU negotiators and try and get EU individual member states to exert pressure on Barnier and his team to be more "accommodating" to UK demands.

That Barnier's brief is actually set by the individual member states seems to have been completely lost on the UK Government. Had they realised this then they might have not wasted negotiating time on fruitless individual overtures.

We are now left with a situation whereby the UK Government needs to resolve the situation on the Northern Ireland border by next month's European Council (the key decision-making body of the EU, consisting of the Foreign Ministers of each individual member country) summit. French President, Emmanuel Macron (facing his own domestic difficulties), made this stridently clear yesterday.

Indeed, the tempestuous tone of the summit was epitomised by Macron's remarks about Brexiteers that "those who explain that we can easily live without Europe, that everything is going to be alright, and that it's going to bring a lot of money home are liars".[\[1\]](#)

On this note, let me repeat, the Chequers Proposals – the key elements of which are a Single Market with the EU for goods only, and a "Customs Partnership" – are dead in the water. As regards to a single market for goods, even areas like farming have substantial services input – e.g., veterinary care. As for manufacturing, we cannot separate physical production from the input of essential services such as engineering and design.

On the mooted customs partnership, the EU has made it clear that it sees the UK's proposal to collect customs and excise on its behalf as unworkable. This suggests that proposals by the European Research Group (ERG) of MPs on the Northern Ireland border are likely to prove infeasible (see our previous blog post here explaining our conclusions in this regard).

Not that this has stopped Jacob Rees-Mogg (present chair of the ERG) from reiterating that the Government should adopt his proposals in the wake of the Salzburg summit. But perhaps that is not the point. Rather, Rees-Mogg and his colleagues have now become more strident in demanding that the UK Government only seek a more limited "free trade deal" or walk away from negotiations entirely.

As Mrs May has steadfastly ruled out another referendum, or seeking an extension to the Article 50 negotiating period, we appear to be left with the impossible scenario of the UK Government coming up with proposals on Northern Ireland that will satisfy EU negotiators by the time of the key summit next month. To reiterate, such agreement is necessary if we are to secure a "transition period" of the status quo ante still applying after we formally leave in March next year, up until the end of 2020. It promises to be an interesting time at the Conservative Party conference in Birmingham next month, to say the least.

Of course, it could transpire that Parliament may well take the decision out of Mrs May's hands anyway. What is clear is that there is no majority in the Commons for the kind of deal that Mrs May and her Government appear willing to negotiate (the only realistic scenario here being a Canada-style free trade agreement for goods, but no Single Market access).

Equally, there is no majority in Parliament for "No Deal".

Thus, it is highly probable that a vote of no confidence could emerge on her Government, or a leadership challenge within Mrs May's own party ranks, over the next couple of months. Talk of another referendum as the only way to break this seeming deadlock (Mrs May's views on the matter notwithstanding) has also become increasingly prominent. We are certainly living in interesting times.

End Notes:

[1] <https://www.theguardian.com/politics/2018/sep/20/may-in-fight-to-save-chequers-brexit-plan-after-salzburg-ambush>