

# Brexit Task Force

28 November 2018 (14.00-16.00)

House of the Dutch Provinces (Auditorium 4<sup>th</sup> Floor)

Trierstraat/Rue de Trèves, 59 - Brussels

## AGENDA with minutes

### 1. Welcome and introduction

by Cllr **Michiel Rijsberman**, Region of Flevoland, Chair of North Sea Commission Brexit task force, and **Jesús Gamallo Aller**, General Director for External Relations and European Affairs at the Xunta de Galicia, Coordinator of the Atlantic Arc Commission Brexit task force.

- Michiel Rijsberman, who is also in the Brexit Intergroup in CoR, welcomed the participants to the meeting which is his first as chair of the Task Force. He extended a particular welcome to the representatives of the AAC.
- Jesús Gamallo Aller pointed to the comprehensive impacts of Brexit on Galicia regarding for example the fisheries sector, 110 vessels are expected to be affected, 96 companies, 535 MEUR per year in expected / potential losses, also affecting the transport and energy sector, trade, health, tourism, Erasmus. AAC has decided to establish a TF for Brexit coordinated by the Galician Brussels Office.

### 2. Update on the agreement and possible future scenarios

by **Larissa Brunner**, Policy Analyst at the European Policy Centre.

- The current deal is a good deal for EU27 and not as good for the UK. Natural though, it would be controversial if the deal was better for an exiting country than for the remaining.
- The political declaration is vague. It's trying to square the circle, to recognize both sides' red lines, which is not easy. In the end it is purely political, does not commit to anything.
- What does it mean for the future trade policy? Hard for the UK to negotiate trade with other countries if they can't even make a tariff agreement with the EU. And that was the last remaining economic benefit of Brexit.
- The Northern Ireland border: no deal-Brexit means no backstop.
- What's next?

The vote in the UK Parliament on 11<sup>th</sup> December. Very unlikely that it is going to pass. It could be rejected by a 100 or even 200 majority of MPs.

If not, Theresa May has 21 days to get back to the parliament with a new deal for a second reading. This is a non-starter for the EU, the EU is very reluctant to re-open the Brexit deal and make any major changes. For EU it is probably this deal or no deal. Could make cosmetic changes but not in terms of content.

Right now, there is no majority for anyone's proposals, even though people don't like the current deal. A turn-down in the UK parliament would create economic chaos.

- Scenarios
  - 1: The immediate economic effects of a no in the first reading will scare enough MPs to accept the deal in the second reading in the UK parliament. Real negotiations will start. The past "Article 50 period" was supposed to be the easy part. Trade negotiations will be really hard. The EU members will have a long wish list of things the UK cannot agree to (fisheries, Gibraltar...). A divided EU is not the counterpart you want in a negotiation. The UK has some advantages in negotiations, mostly its size.

There will be a second cliff-edge in the end of the transition period. A lose-lose situation. In the end it would just be about trying to limit the damages, which is not a favourable negotiation position. Another option would be a Norway+ deal (single market and customs union partnership). EU probably hopes that a general election in the UK would change the political landscape and make this option more acceptable. But it is not likely, the UK does not want to be a ruletaker.

2: The pessimistic version: the MPs will reject the deal again. A new popular vote is unlikely. This option doesn't have majority in parliament. Would be bad for the representative parliamentarism in general and would split the conservative party. Would mean practical problems as well, a referendum takes 22 weeks to arrange and there is not enough time, so not a good option for either the UK or the EU. Would probably not be a clear result this time either and leave a large amount of people very unhappy, divide the party system and the country.

- A guess is that EU is quietly preparing to extend the Article 50 period beyond the 29 March, but it cannot be extended beyond the European Parliament elections in the end of May.
- Two types of no-deal-Brexit
  - 1: "Mini-deals": Unilateral EU measures, for example to keep some supply chains and some of the free movement. Would mitigate the negative outcomes, wouldn't be satisfactory.
  - 2: No "mini-deals": Would mean magnificent outcomes for the UK and very bad for the EU. Would mean that UK is closed for any trade and almost be like a war zone without food or medicines and with travel coming to a halt.
- The risk for a no-deal are much higher than some people realise. Need to look out for slowly moving towards a no deal without mini-deals.
- Questions:
  - Is it likely that member countries would negotiate their own trade deals?  
No, not very likely. A lot of the member states are considerably smaller than the UK, which puts them in a weak position. It would also meet a lot of legal questions for the EU. A new agreement has to be unanimous.
  - What happens with the Irish border in a no-deal scenario?  
If there is no deal, no back-stop. Therefore, will be an Irish border.
  - Is it possible to have a single market without a customs union? Or to exclude fishing from the deal?  
If the member states accept it, but probably not. A deal like that wouldn't necessarily be beneficial for the EU since they import a lot of fish.
  - How are the mini-deals decided on? How fast and in which way?  
It is not decided yet. Could be different for different areas. There are so many issues connected to Brexit so the same procedure wouldn't be possible. The mini-deals are not a sustainable option, only to limit the damages. Need to focus on how to solve the big questions instead.

### 3. Are member regions prepared for a no deal scenario?

Contributions from all participants.

- Flevoland (Michiel Rijsberman): the companies will suffer most effects. What can we do to help our companies prepare? Exchange of best practice. Trade with third countries instead? Need to help the companies and try to motivate the companies to work together.

- Västra Götaland (Magnus Engelbrektsson): Preparations are made by national authorities, rather than on regional level. Chambers of commerce organise info sessions. Large companies with substantial UK trade are probably taking measures, but small and medium-sized companies are not prepared, according to the national trade minister.
- Rogaland (Geir Sor-Reime): The Norwegian association of industries has developed detailed information for the companies, but we have checked with SME:s in our county, and it seems that the companies don't use it. Fishing and offshore ships in oil and gas industries. A lot of jobs in British waters, but companies have not started preparing yet. Don't realise that it's for real.
- Aberdeen (John Reynolds): Companies don't want to waste time doing anything concrete yet until they know exactly how the deal is going to turn out.
- North Denmark (Karen Somerset): same as Sweden, national preparedness but not on regional level. National government has employed new staff to deal with customs, etc.
- CPMR Atlantic Arc Commission/Channel Alliance (Elise Wattrelot): discussions on how we can use digitalisation to ease the burden on maritime transport. Benchmarking in what is done with transports, still at an early stage. Other meetings in the area as well, discussing the borders for Interreg, Brexit etc.
- Galicia (Ana Ramos): Need to inform of the consequences of Brexit, especially in the most important sectors. We have translated preparedness notes from the European Commission and set up a webpage.
- Cornwall (Katie Cawell): We need to stress the message that cross-border maritime programmes must be part also of the future Interreg. The regional cooperation needs to be more than a message. More than a sea basin approach, a broader perspective and a continued dialogue with the other regions.
- Vest-Agder (Jon Halvard Eide): Is there anything new on the position regarding Interreg post 2020? The UK positions?
- East of England (Jonathan Millins): We have a promise that the UK government will continue with the ongoing projects but the future depends on the EU position. The government isn't very keen on it, the regional level more positive. Wants to stay in the Horizon-projects and keeps the ongoing lobbying activities.
- Vest-Agder (Jon Halvard Eide): How about third countries like Norway? I have heard that there might be an opening on Component 5? There are different positions from DG Regio and mixed signals from different actors.
- Flevoland (Michiel Rijsberman): Is there political incentives to plan for a no deal? Good to gather possible challenges and to pave the road for collaboration.
- East of England (Jonathan Millins): We are preparing a declaration of 10 priorities that the regions and local actors support to continue participation in Interreg-programs. More regions will be invited to sign the position. When the agreement is signed by more regions within the UK it can be spread to other regions in Europe.
- North-Holland (Wim Stoker): Has a declaration of friendship with Wales, but the forms for it hasn't been cleared out yet.
- Flevoland (Michiel Rijsberman): Is it possible with more agreements/collaborations between other member regions? See if there is any interest among the regions.
- NSC/AAC/CPMR (Magnus Engelbrektsson): What we do next depends on the vote on December 11. Some possible future actions: 1) explore the interest in more bilateral agreements between member regions. 2) If there is a deal, we need to increase our efforts to follow and try to influence negotiations. 3) We should continue to encourage UK councils to become CPMR members, although their financial situation is an obstacle for many.

#### **4. What should be the next steps for North Sea Commission and Atlantic Arc Commission?**

Meeting Michael Barnier December 17: what message should we be bring?

The member regions are invited to send their positions and messages to the NSC and AAC secretariats.

## **5. AOB**