

White Paper Whitewash

Dramatic events after the Chequers cabinet meeting. A government in chaos with 8 months before Brexit. What is going on?

The White Paper on the future UK-EU relationship has united Remainers and Leavers against it. There's no point reviewing a work that's already scrap.

However Britain and the EU only need to agree a non-binding declaration on this. The real battle is over the 80% ready Withdrawal Agreement (WA).

The BBC's new Europe Editor, Katya Adler, has proved to be objective, fair and switched on over some key issues.

Adler predicts that much negotiation work will be needed after Brexit! We cannot agree a new free trade deal until we've left and become "a third country" (e.g.). The Lisbon Treaty has produced an uneven playing field that means that the trading relationship will have to be a continuation of the EEA Agreement ("Single Market") or falling back onto WTO-only rules.

A trade minister confirmed intentions to stay in the EEA until 2021. However the EU (Withdrawal) Act (EUWA) will repeal the legislation for this on 29 Mar unless Brexit is stopped or a new EU Withdrawal and Implementation Act (EUWAIA) is agreed in Parliament, reflecting whatever WA deal is made.

If Britain and the EU cannot both ratify a deal, the only alternative to WTO-rules only is for both sides to request a dispensation (WTO Waiver) to allow current trading terms to continue.

This would help keep trade flowing on Single Market lines, but require Britain and the EU then having a working agreement,

including a clear plan for a Free Trade Agreement (FTA)

Monmouth MP David TC Davies rues that there seems no Parliamentary majority for any one kind of Brexit.

Labour's "Six Tests" would mean opposing any deal that wasn't a close match to EU membership. Jeremy Corbyn seeks to exploit any defeat on the government to bring about a General Election. Deputy leader Tom Watson won't rule out a second referendum. The New Statesman adds that a petition needed only 1400 more names for Labour to debate making this party policy!

At the same time we must ask if a Withdrawal Agreement deal was agreed to the EU's liking, would pro-EU Labour really scupper it? With UKIP reviving, would Labour seek to fight an election as the party that ignored many of its voters and stopped Brexit (even temporarily)?

European leaders are having jitters. Austria's Sebastian Kurz, leading the EU until December, is hot on avoiding hard Brexit. Adler notes that many in the EU don't want Brexit. (This could in theory lead to delaying Brexit for continuing negotiations, which, if repeated indefinitely, would block it.)

However Adler senses an EU feeling "Brexit must be done in time", but with a perception that our government tends to make a fuss then just cave in. EU negotiator Michel Barnier has been pushing Britain to remain in the Single Market and Customs Union.

Whereas Barnier's assistant Stefaan de Rynck hinted that Britain would duly get a FTA, Berlin Foreign Policy journalist Dave Keating warned that "Transition is likely to be permanent".

Even if a British government preferred to end "vassal status" in 2021, a FTA could take a good 5 or 6 years to agree, according to former WTO head Pascal Lamy. (This could be reduced if parts of the existing EEA Agreement were carried

forward.)

The EU would also have to be willing to offer us a more flexible trading deal and could simply say “Take it or leave it – and lose trading rights”.

However, time can be a healer, and with the ghosts of Brexit exorcised, the EU might realise there’s an opportunity to deepen trade with its largest trading partner? The EU is supposed to back a WTO holy grail of multi-lateral free trade – a single global FTA covering substantially all goods and services. It won’t happen overnight, but a Deep and Comprehensive Free Trade Agreement (DCFTA) with Britain would provide a ready model towards freeing up trade for other partners?

Another option is an Association Agreement (AA). Guy Verhofstadt, a Belgian liberal MEP, has proposed one for Britain. The Lisbon Treaty already provides for an AA for countries with a “special relationship, with “the same treatment” (i.e. privileges) on trade? However, there is more flexibility – a proposed new AA for Chile wouldn’t involve payments to the EU, free movement or being under the ECJ, yet could cover most goods and services.

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