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Issue Brief

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Brexit: May's Stance on Future EU-UK Relations in post Brexit Scenario

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Even as negotiations between Britain and the EU continue over Brexit, much still needs to be settled, or as officials in Brussels put it "*reste à liquider*". On September 22, 2017, the British Prime Minister Theresa May stated in her



much-anticipated speech at Florence, Italy, "So during the implementation period, access to one another's markets should continue on current terms and Britain also should continue to take part in existing security measures. The framework for this strictly time-limited period ... would be the existing structure of EU rules and regulations ... [for] ...around two years."¹ This is an important development which means that Theresa May has suggested that over the next two years of Brexit transition period, Britain will remain a member of the single market and customs union. Moreover, the rules related to free movement of people, UK's promised payments to the EU budget, and the jurisdiction of the European Court of Justice will remain the same for the next two years with the only difference that from March 29, 2019, all new arrivals from EU will be registered.²

May's Florence speech is the government's third major policy statement on Brexit after the prime minister's Lancaster House speech in January and triggering Article 50 (which gives EU member states the right to leave EU) in March.³ In her latest speech, she urged the EU authorities to come up with an

¹ "Brexit: What did we learn from Theresa May's Florence speech?" *BBC News*, September 22, 2017, <http://www.bbc.com/news/world-europe-41360901>

² Jon Henley, "Theresa May's Florence speech: key points," *The Guardian*, September 22, 2017, <https://www.theguardian.com/politics/2017/sep/22/theresa-mays-florence-speech-key-points>

³ Sam Meredith, "Brexit: Here's all you need to know ahead of May's speech in Florence," *CNBC*, September 22, 2017, <https://www.cnbc.com/2017/09/21/brexit-heres-all-you-need-to-know-ahead-of-mays-speech-in-florence.html>

innovative solution for future trade relations between UK and the EU, but she refrained from giving any details about what the exact solution would be. While talking about future trade relation between EU and UK, May stated, "One way of approaching this question is to put forward a stark and unimaginative choice between two models: either something based on European Economic Area (EEA) membership; or a traditional Free Trade Agreement, such as that the EU has recently negotiated with Canada."⁴ However, the critics believe that May wants both the flexibility and freedoms of a Canadian style free trade agreement, as well as the benefits of Norway style EEA membership for economic access.

In order to clear the uncertainty around rights of EU citizens residing in UK, May added, "Where there is uncertainty around underlying EU laws, I want the UK courts to be able to take into account the judgments of the European Court of Justice with a view to ensuring consistent interpretation."⁵ EU chief negotiator, Michel Barnier welcomed May's promise to protect the rights of EU citizens, but said this must be translated into a precise negotiating position.⁶ May was quite clear on the border issue that UK was not ready to accept any "physical infrastructure" on the Irish border.⁷

May was quite optimistic about post-Brexit Britain scenario by proposing close relations with EU while having the right to strike trade deals with countries outside the EU and set its own rules instead of following the dictation from Brussels.⁸ May assured that UK would fulfill its outstanding financial contributions by stating, "The UK will honour commitments we have made during the period of our membership."⁹ It is believed that by fulfilling commitments she meant paying €20 billion as a cost of staying in the EU for the next two years but, the EU expects a final settlement of around €100 billion¹⁰ which includes UK's liabilities for EU projects and other commitments. This can become an irritant in future UK-EU divorce talks.

⁴ "Brexit: What did we learn," *BBC News*, September 22, 2017.

⁵ Ibid.

⁶ Daniel Boffey and Jennifer Rankin, "Leading EU figures react to Theresa May's Florence speech," *The Guardian*, September 27, 2017, <https://www.theguardian.com/politics/2017/sep/22/leading-eu-figures-react-to-theresa-mays-florence-speech>

⁷ "Theresa May's Brexit speech: key points - So what did we learn – and what didn't we?" *The Irish Times*, September 22, 2017, <https://www.irishtimes.com/news/world/uk/theresa-may-s-brexit-speech-key-points-1.3230862>

⁸ "Theresa May's Florence speech should help the Brexit talks edge forward," *The Economist*, September 22, 2017, <https://www.economist.com/news/britain/21729594-europeans-are-reassured-prime-ministers-softer-tone-real-problem-could-be-her-own>

⁹ "Brexit: What did we learn." *BBC News*, September 22, 2017.

¹⁰ "Theresa May's Florence speech," *The Economist*, September 22, 2017.

May's Florence speech has greatly helped in reviving the divorce talks that broke down over financial settlement, but the EU is expecting far more than what UK has to offer. It is believed that the Tory Party wants to settle a deal at around €20 billion for the next two year transition period. This may lead to disagreements within the Tory party over the exact amount of deal, making it hard for May to convince her party MPs to accept a deal above €20 billion as expected by EU authorities. Furthermore, May's stance on Irish border of not accepting any kind of "physical infrastructure at the border" may worry the EU authorities who were expecting a concrete solution to the border issue between Northern Ireland and Republic of Ireland. This may raise pertinent security concerns in the future hence, putting regional peace at risk. On the other hand, there are concerns that the two year transition period may not be appreciated by hardliner Brexiters who want a quick withdrawal from the EU, while for the businessmen a two year transition period might be too short. The coming days will be crucial for May who will have to convince both the EU and her party MPs to accept a divorce deal which is acceptable to both the parties.