Brexit: The Possible Impact on EU Decision-making and Policies

Benno van der Laan
Greenhouse Communications

Farm Foundation
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EU 28 Member States + five candidate countries

- Albania
- Macedonia
- Montenegro
- Serbia
- Turkey

Potential candidates
- Kosovo
- Bosnia & Herzegovenia
Key EU Factors

• 28 Member countries: 510 Million People (UK: 65 Million)

• $15.7 billion market for U.S. agricultural and related goods (of which $3.6 billion goes to UK, about 18%).

• Created a Single Market where goods, services, people and capital move freely across borders

• National states have voluntarily handed over sovereignty to EU in many areas of policy, including regulations on food, feed and sustainability

• Political fragmentation = compromise

• Adopts legislation based on aspirations & precaution which sometimes creates market barriers for U.S. exporters
European Union Institutions

European Commission
- European general interest
- Initiates new EU legislation
- Supervises implementation
- Negotiates trade deals

European Parliament
- Direct mandate
- 751 MEPs
- Left-leaning, Green
- Decision-maker

Council of Ministers
- 28 Governments
- Represents national interests
- Votes by qualified majority
- Decision-maker

Culture of consultation

« co-decision » 1992
Brexit – Next Steps

• Theresa May to be appointed Prime Minister on July 13
• ‘Brexit means Brexit’
• Unclear when UK will invoke Article 50 of the EU Treaty to formally start the withdrawal process
• Withdrawal process takes 2 years max, unless the remaining 27 Member States agree to an extension
• Germany, France and others in favor of quick start (national elections in 2017)
• Key question: what will be the relationship between the UK and the EU upon completion of the Brexit process?
• UK to also negotiate trade deals with third countries (EU has Preferential Trade Agreements with over 50 countries)
• Scotland to push for referendum on independence
The future EU-UK relationship

• Important: 44.6% of UK exports went to the EU in 2015. How will that continue?

• Could UK join European Economic Area (EEA), which also includes Norway?
  – Members subject to same EU Single Market rules (i.e. free movement of goods, services, people and capital), plus contribute to EU budget

• UK could agree a trade deal with EU, but many uncertainties:
  – Level of tariffs and quota? Legislative alignment, mutual recognition?

• Negotiations for future EU-UK deal could be complex, resource-intensive and time-consuming (for both EU and UK)

• How tough will EU countries be in negotiations with UK?
  – 2017 elections in France, Germany, Netherlands
  – Dispel anti-EU sentiment in some Member States
  – But UK is also an important export market
EU Policy-making without the UK

- UK will formally remain full EU member until after withdrawal process is completed but is already losing influence
- EU will lose the UK ‘voice’ & votes for free markets, new technologies and science-based decision-making
- In the Council – about 12.6 % of the vote
  - QMV today = 16 Member States representing 65 % of EU population
- In the European Parliament – 73 MEPs out of 751 total
  - Impact will be felt in the political groups
- Could have an impact on EU market access issues such as new biotech approvals for import, authorization of crop protection products and import tolerances
TTIP

- So far little progress and serious obstacles in agriculture and food
- NGOs in Europe success with anti-TTIP campaigns in several countries
- Provides some leverage for current EU issues
- Goal of deal before U.S. elections probably unrealistic
- Need for resources to negotiate new EU-UK deal may affect other EU trade negotiations