

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

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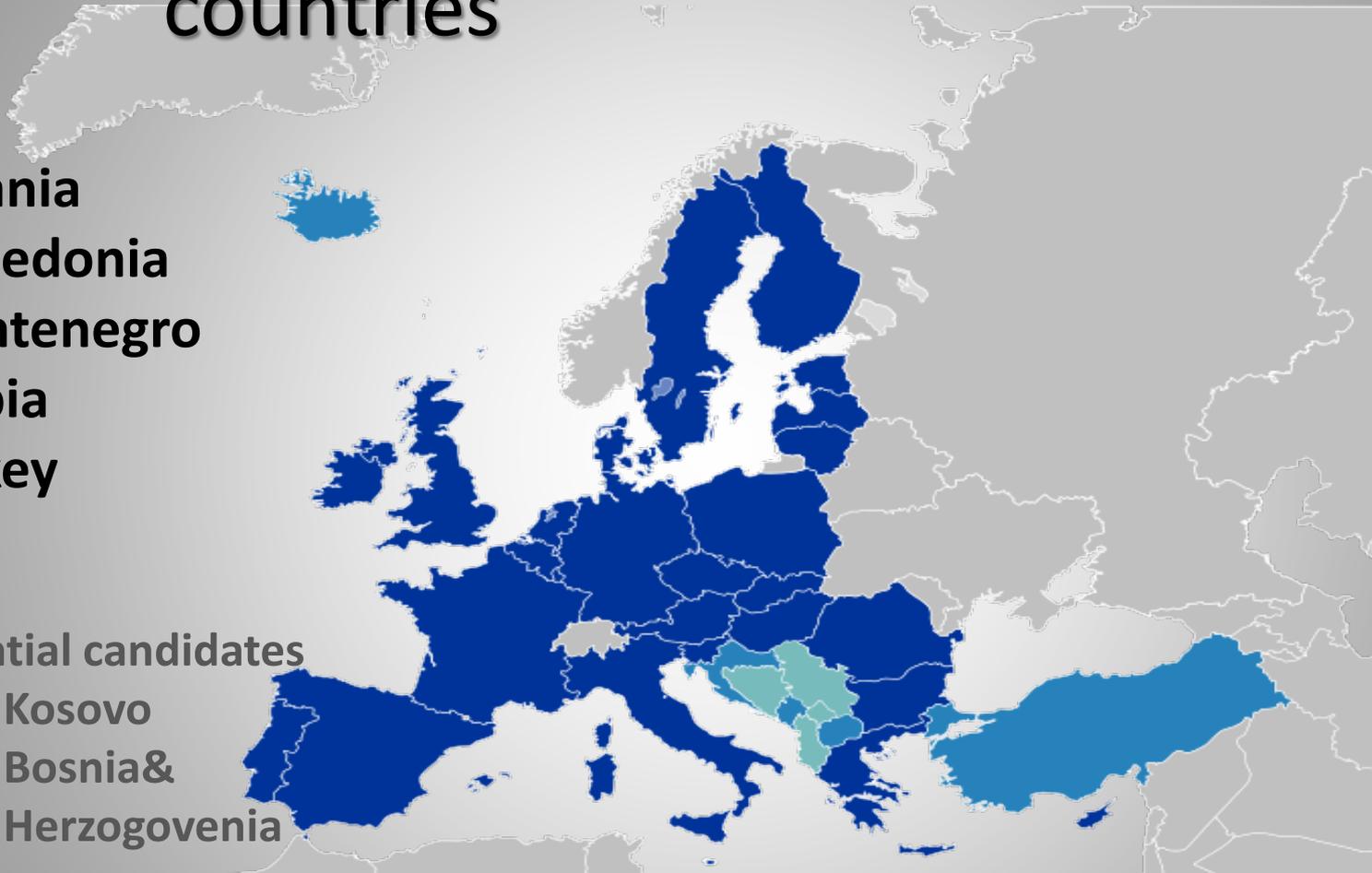
Washington DC

July 13, 2016

EU 28 Member States + five candidate countries

- Albania
- Macedonia
- Montenegro
- Serbia
- Turkey

- Potential candidates
 - Kosovo
 - Bosnia & Herzogovenia



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

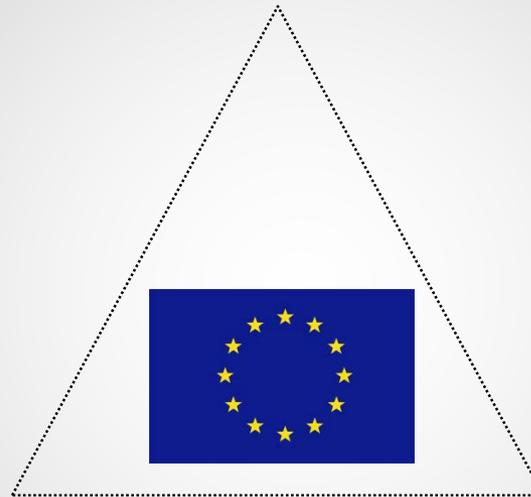
European Union Institutions

European Commission

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



Culture of consultation

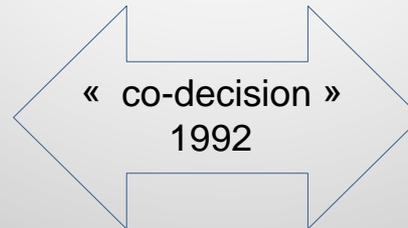


European Parliament

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

Council of Ministers

- 28 Governments
- represents national interests
- Votes by qualified majority
- Decision-maker



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