

EU Withdrawal Agreement: the real losers will be British businesses and British citizens



*When Britain leaves the EU in March 2019, will it become isolated and not influential, to paraphrase Sir John Major's words from his speech last week? In this blog, **Monica Horten (LSE)** investigates the Transition chapter of the EU Withdrawal Agreement and scrutinises how far Britain's influence could be written out from the very start.*

There is one aspect of Britain's proposed Transition out of the European Union that risks being overlooked. Britain – its government, businesses and individuals such as academics, NGOs and researchers – could be excluded from EU decision-making bodies, agencies and expert groups from 29 March 2019 during the Transition period. As others have already said, Britain risks becoming a rule-taker, but this goes further. It means Britain stands to lose influence not only in law making and central banking, but regulatory and standards bodies, scientific and security agencies, and a plethora of smaller groups that input to policy-making.

Britain is scheduled to Transition out of the European Union from 29 March next year. The rules that will apply during Transition as set out in Part Four of the EU Withdrawal Agreement. A British proposal for this chapter has been circulating online. The two draft texts on the table suggest that EU rules will continue to apply in Britain during the Transition period and that all trade agreements concluded by the European Union and which Britain currently benefits from, will continue to apply. However, both drafts are silent on what the UK is transitioning to.

Moreover, the EU draft (Article 121) shortens the transition period from two years as had been widely anticipated, to just 20 months, until December 2020. This is very little time in which to negotiate a 'deep and special partnership' that the British government wants. There are so many different components of such an agreement that all need to be carefully constructed. Other free trade agreements have taken from four to seven years. Hence, the Transition proposal could merely postpone the cliff edge for those 20 months. This may be why the British draft wants extra time for however "*long it will take to prepare and implement the new processes and new systems that will underpin the future partnership*".

But there is one major provision in this draft Transition Chapter that affects the way that Britain can wield influence. Britain will no longer have the right to participate in the decision-making of EU bodies and agencies. This is not just about the European Parliament and the big three institutions, but it goes all the way through to bodies that work on regulatory co-operation and standards. Britain will lose the right to leadership posts and to any roles that oversee European Union processes. Whilst it would seem to be of low significance, in fact, its impact will be profound.

Looking at the detail, the text says that Britain is to be excluded from participation *in the decision-making and governance* in all EU *institutions, bodies, offices and agencies*. (Article 123(1) linked to Article 6). Britain will also be excluded from attending meetings of *Commission expert groups or of other similar entities, or in the meetings of expert groups or similar entities of bodies, offices and agencies of the Union*. The exclusion would start from the date that the Transition period begins, as confirmed in the both the EU and British drafts.



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According to the EU draft, the UK Parliament will cease to be informed of new EU legislation, and as a consequence, it loses the opportunity to give its opinion. Britain will, of course, lose voting rights in the big EU institutions – European Parliament and the Council of Ministers and it will lose its Commissioner. This is what other commentators mean when they say that Britain will become a “rule-taker” rather than a “rule-maker”. But it goes further than that. The Bank of England will lose its seat on the board of the European Central Bank. Britain will be excluded from EU regulatory agencies has been anticipated for some time, and we have already seen some examples of how this might work in practice, such as the European Medicines Agency moving away from London.

And it goes even deeper. The exclusion ranges from down to small expert groups that form part of the fabric of Brussels life. Britain will be excluded from ordinary working meetings such as committees that supervise the implementation of EU laws. British representation risks being outside of the key working groups, regulatory and standards bodies dealing with telecoms, data protection, electronic equipment, environmental protection, health, medicine, pharmaceuticals, and aviation and other industries.

British representatives will be shut out of Commission expert groups that discuss policy issues across the board from copyright and banking to food standards and fake news. These expert groups do not make policy, but they do play a part in defining it. Expert groups can be the starting point for new initiatives, and they often have a soft consulting role for policymakers. They are the place where difficult and controversial aspects of policy can be discussed – such as the recently formed High Level Group on Fake News. Being involved in the expert groups and the committees, and the working groups is an essential element of influencing Brussels policy and staying in the know.

It means that British voices will no longer be heard in EU decision-making that will continue to affect us. For British industry, it is the closing of the door to standard-setters and regulatory bodies, and to the myriad of committees and groups that not only influence EU policies but act as a conduit for exchange of information with EU-based businesses. Britain will only find out what’s going on when it is made public, at the same time as other ‘third’ countries like the US and China. It means we risk being left behind the curve on a range of things from new technologies to new medicines. Only exceptionally, if the meeting is to discuss British interests, or if a British presence is necessary for some other reason, will we be invited in.

According to the British negotiator’s draft, the government is seeking to negotiate an amendment to the EU draft. It wants the Westminster Parliament to continue to receive drafts of proposed new EU laws during the Transition period. The UK government is also seeking an amendment to the text to focus on voting rights, rather than participation in decision-making. However, it is not clear what this is seeking to achieve. Either the government simply does not understand that decision-making in the EU is more usually done by consensus, or it is trying to create some wiggle-room. However, it has accepted that we will be shut out of EU expert groups.

The real losers here will be British businesses who will lose the opportunity to contribute to important policy initiatives and British citizens, whose interests will no longer be represented in Brussels. In a global business environment, influence and trade go hand in hand. The question of influence is one that has to be factored in. Until now, we have been an insider. The position that we have held inside the European Union cannot be replicated in any other trade agreement. For example, it is unimaginable that any Washington administration would invite British representatives onto US government committees. Or that Canberra would extend a hand to British industries and let them into Australian decision-making bodies.

The former British Prime Minister, [John Major, said in a speech](#) 'I want my country to be influential, not isolated'. Retaining British influence in all kinds of EU decision-making is, arguably, vital to this country's future and that aim would seem to be inconsistent with the EU Withdrawal agreement as the text currently stands.

The full [EU Draft withdrawal Agreement](#) can be downloaded from the European Commission website.

This article also appeared on [Iptegrity](#) and it gives the views of the author, and not the position of LSE Brexit, nor of the London School of Economics.

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