

It's time for the EU to negotiate seriously



*The UK white paper on Brexit should be given serious consideration, writes **Guntram Wolff (Bruegel)**. While it breaks a number of European red lines, it is also an attempt to resolve some issues. The question is whether the EU will be ready to negotiate seriously. Geostrategic considerations suggest that it is time for it to do so.*

After the British cabinet agreed to a Brexit plan at its Chequers meeting, two of the loudest Brexit proponents – the secretary in charge of the Brexit negotiations, David Davis, and the foreign secretary, Boris Johnson – stepped down. Both said the Chequers agreement would not give the UK full sovereignty over lawmaking.



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Johnson also gave an example as to why this mattered, with a story of female cyclists and juggernauts – although he [apparently got the facts](#) wrong, as it was the UK government that had wanted to prevent a regulation that he, as mayor of London, had been in favour of. The regulation increasing the safety of cyclists eventually passed thanks to the European Parliament. Leaving this peculiar “mistake” aside, the former foreign secretary actually has a point: the deal that the UK proposes in its [white paper](#) would *de facto* leave the UK as a rules-taker in goods. Its sovereignty in setting regulation for goods would be gone.

Theresa May nevertheless proposed this deal. Why? The reasoning is simple. The EU's preferred option — a standard, off-the-shelf trade deal for Great Britain with Northern Ireland in the customs union and parts of the single market — would break up the UK. Indeed, it would mean that the UK would have to install customs controls in the Irish Sea. Northern Ireland would economically have ended up being part of the European Union, and Westminster would have lost power over this part of the island.

The other option that the EU suggests would be a combination of EEA membership with continued membership of the customs union. No country outside the EU is in such an arrangement. *De facto*, it would mean that the UK would not leave the deep economic integration it currently enjoys. But that would imply it becoming a full rules-taker – without having any say on legislation. As Theresa May put it: “It would not be Brexit at all.”

So none of the options on the table would have been acceptable and attractive to the UK. The now proposed solution, however, is not a done deal yet. On the contrary, the proposed Brexit plan would mean full regulatory alignment of UK legislation with the EU legislation in goods. In practice, the UK would thus become a rules-taker. It would also commit to accept jurisprudence of the European Court of Justice in UK courts and would propose a new court for cases relevant to both sides. The European Court with only EU judges could not be the court of arbitration without any UK judge present. The UK also proposes a political dialogue for UK ministers with EU ministers. However, the UK would not participate in the free movement of labour, and nor would it participate in the services sector movement. After all, the sector makes up more than 70% of the UK economy and is also the sector in which the UK has a strong competitive edge in its exports.

Whether such a deal would command a majority in the House of Commons is unclear. In fact, there may be many MPs that, like Boris Johnson and David Davis, think that this option makes the UK too much of a rules-taker.

But there is also the EU side. While the prime minister tries to strike a new and fair balance of rights and obligations, the proposal would still break a number of the EU's red lines. In particular, the EU is sceptical that it should grant full market access to goods without complete access and compliance in services and total labour mobility. Moreover, the EU has doubts on the customs side of the arrangement. It also has serious concerns about whether agreement can be enforced, arbitration and dispute settlement frameworks, and implications for third countries such as the EEA. The EU is unlikely to start crossing some of its red lines.

In any case, it is now clear that the services market, including financial services, will be seriously fragmented after Brexit. For goods, there is still some hope for a deal, but it may be less than what the UK proposes. The prospect of no deal whatsoever and a period of several years with severe limits on trade remains high. Donald Trump's interview with the [Sun](#) newspaper raised the stakes.

A lot of the paper is unacceptable and needs to change, but it looks like a good moment for the EU to strike a geopolitically motivated bargain with the UK, or risk losing the UK as a strategic partner. Whether Europe will be confident enough to do so remains to be seen.

This post represents the views of the author and not those of the Brexit blog, nor the LSE. It first appeared at [Bruegel](#).

[Guntram Wolff](#) is the Director of Bruegel. His research focuses on the European economy and governance, on fiscal and monetary policy and global finance.