

DGAP COMMENTARY

Europe After Brexit

The EU Needs More Flexibility and Closer Ties to London



Dr. Daniela Schwarzer
is director of the German
Council on Foreign Relations
(DGAP)

When the United Kingdom leaves the European Union on January 31, 2020, it will immediately enter an 11-month transition period that will keep it bound to the EU's rules until the end of the year. The future relationship between the UK and the EU – and avoiding a very hard Brexit – currently hinges on the success of negotiations within this short transition. While it reorganizes its cooperation with London, the EU itself must also change.

At the end of January, with the departure of the United Kingdom, the EU will lose its second largest economy and almost one eighth of its population. Leaving the EU is one of Europe's two most important military powers and one of its two permanent members of the UN Security Council, not to mention a close partner of Germany. Together with Berlin, London has supported the integration of the internal market, European competition and trade policies, and EU enlargement – all policies that have contributed to Germany's economic success.

The year 2020 will be marked by negotiations on the future relationship

between the UK and the EU. If no agreement is reached by its conclusion, the designated transitional phase – during which practically nothing will change in everyday life – will end in a very hard Brexit. For political reasons, the British government has ruled out an extension, at least for the time being. A new framework for cooperation between the EU and the United Kingdom must, therefore, be created in the short term, especially on trade, but also on issues of security.

Both sides are entering the negotiations with confidence. Recently, both Prime Minister Boris Johnson and Chancellor of the Exchequer Sajid Javid announced that they will deviate from EU standards if it is in Britain's interest. The EU's position, however, is clear: if the UK wants to trade with the single market without tariffs and quotas, EU standards – for example on health and safety, environmental protection, or labor law – must be respected.

Muscle flexing by Johnson's government, combined with quite good forecasts for the UK economy's growth,

may give the impression that London has good alternatives to close ties with the EU's single market. However, neither the UK's much vaunted "special relationship" with the USA nor the relations it developed in the history of the Commonwealth can replace those ties. For its part, the EU has no interest in letting the UK drift away politically and economically. Uncertainty about their future relationship has already reduced trade and investment flows across the English Channel, indicating that economic interrelations will likely be the most difficult issue to negotiate.

The future of cooperation on foreign, security, and defense policy – as well on issues of domestic security – are also high on the agenda of the negotiations. Both the strategic importance of the United Kingdom and the geopolitical state of the world speak for making a special third country deal. In addition to unpredictable US foreign and trade policy and Washington's undermining of the existing structures of the international order, the greatest challenges lie in the power politics of China and Russia, both of which are competing with the EU and have called its social and economic model into question.

On the most pressing geopolitical issues, London's position is closer to that of continental Europe than Donald Trump's USA – despite Britain's pro-American, conservative government. This is true of the UK's relations with China and Russia and its commitment to maintaining international regulatory structures for combating climate change, as well its dealings with Iran and relations with Israel and Palestine.

Because a shared multilateral framework will continue to exist – through NATO and the UN, WTO, and OSCE – it can be used to intensify cooperation along common interests. Within the European framework, the United Kingdom should be closely linked to the EU through its planned European Security

Council and extensive offers of cooperation in the area of defense within the parameters of the Permanent Structured Cooperation (PESCO).

While it reorganizes its cooperation with London, the European Union itself will also change. After Brexit, the EU will indeed make faster and farther progress on some issues without London, which had always put the brakes on further integration. But the UK was never alone in its reticence on key issues, for example deepening EU cooperation on foreign and defense policy or strengthening the euro zone. Changing groups of smaller states often hid behind London.

In the years to come, the EU will have little choice but to develop a close and flexible relationship with London – and, at the same time, to become more flexible internally. If, at the end of this new decade, it has succeeded on both fronts, it would not be impossible for both sides to again move even closer together. To this end, the EU should keep relations with Britain as close as possible on all levels: political, social, economic, academic, and military. Once the Brexit dust has settled, this is the best way to support a productive dialogue on a common European future.

DGAP

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Rauchstraße 17/18
10787 Berlin

Tel. +49 (0)30 25 42 31 -0

info@dgap.org
www.dgap.org
@dgapev

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