

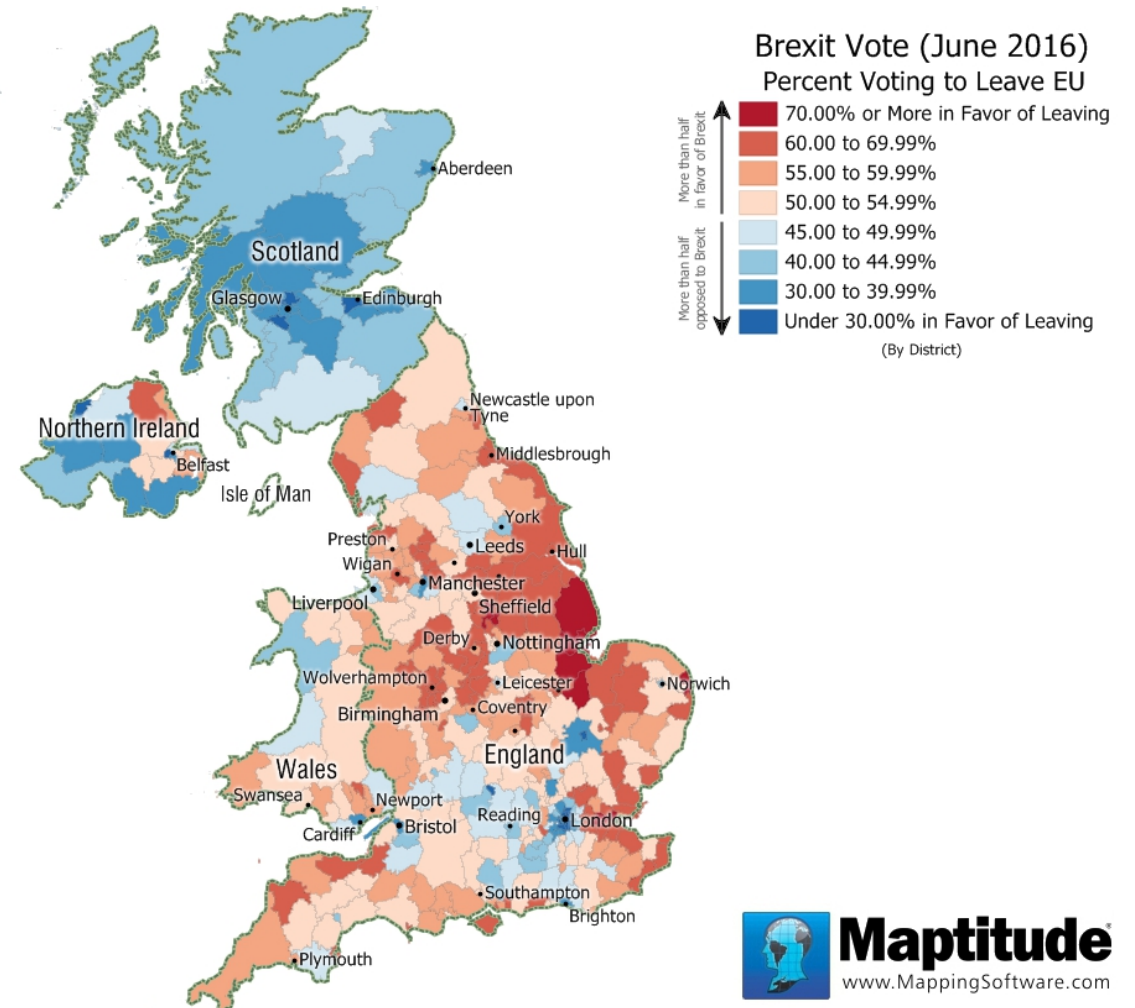


Brexit: How did it happen, what comes next, and why does it matter for Canada?

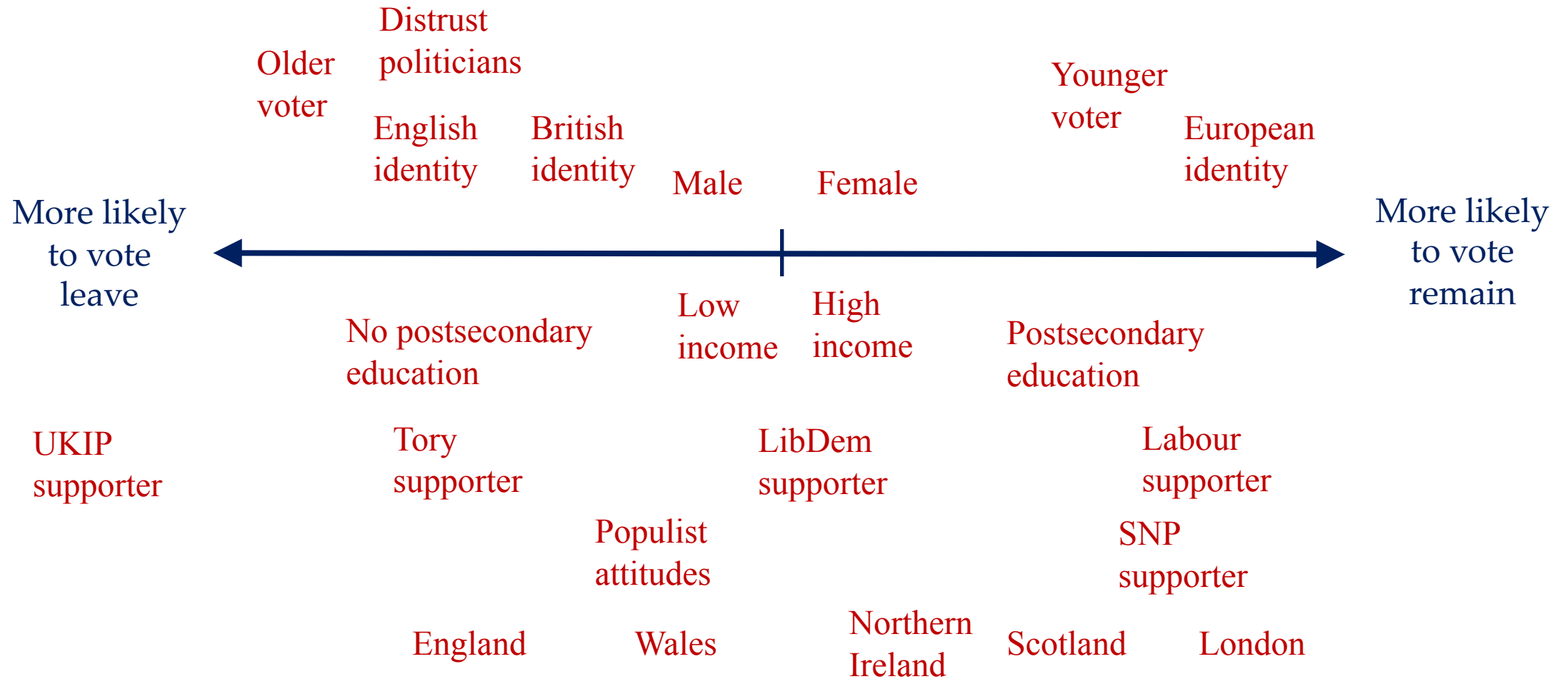
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The Brexit referendum of June 23, 2016

- Context: UK joined European Communities in 1973, membership confirmed in referendum 1975
- PM David Cameron promised new referendum in 2015 general election
- Referendum campaign focuses on economic effects, sovereignty, intra-EU migration
- Referendum Result: 52% “Leave”, 48% “Remain”; turnout: 72%



Demographics of Brexit



How to leave the EU: Article 50 TEU (excerpts)

(2) A Member State which decides to withdraw [from the EU] shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement [...] shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.

(3) The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. [...]

Stages of the Brexit negotiations

Stage 1:

Withdrawal Agreement

- (1) Financial settlement
- (2) Citizens' rights
- (3) Irish border
- (4) Transition period

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Political Declaration

Commitment to forge new economic and political partnership after Brexit (non-binding)

Negotiated under Article 50 TEU

Theresa May's deal: Agreed Nov 14, 2018; rejected by House of Commons Jan 15, Mar 12, Mar 29, 2019

Boris Johnson's deal: Agreed Oct 17, 2019; still before House of Commons

Stage 2:

New settlement Agreement on new economic and political relationship (after transition period, or directly after no-deal Brexit)

To be negotiated under Article 218 TFEU

The Irish border challenge



- Both sides have committed to open borders (for persons/goods) between Ireland and Northern Ireland, to protect Good Friday Agreement
- But: EU will not allow inflow of goods into its customs territory without controls
- This requires either:
 - (a) UK remains in EU customs territory (as in May's "backstop") → Limits UK's power to conclude trade agreements
 - (b) Northern Ireland remains aligned with EU customs territory (as in Johnson's deal) → Internal customs border within UK

Current Brexit options

1. No Brexit: Pro-remain parties gain power, request further extension of Brexit deadline, hold new referendum in which “Remain” wins
 2. Negotiated Brexit: Election serves to overcome stalemate in UK parliament; Johnson’s deal or a different, newly negotiated deal is approved by the Brexit deadline (January 31 or after further extension)
 3. No Deal: Parties opposed to any Brexit deal gain power, or parliamentary stalemate leads to expiry of Brexit deadline without approval of Brexit deal (or new extension)
- Status Quo
(Art 50 TEU
revoked)
- Negotiations
on future
relationship
would follow

Brexit as a challenge for Canada-Europe relations

- Canada-UK trade: If UK leaves EU Single Market and Customs Union, Canada-UK trade no longer falls under Comprehensive Economic and Trade Agreement (CETA) → Need for new bilateral agreement
- Canada-EU trade: Canadian companies that serve EU27 markets through Britain will be dependent on future economic relationship between UK and EU
- Political cooperation: No major disruption likely (constructive cooperation in non-EU settings, such as NATO), but UK's exit will mean that Canada loses a preferred intermediary when dealing with EU institutions
- Reverberation in domestic politics: Consensus in Canadian society about transatlantic relations could be replaced by increasing politicization of Canada-Europe relationship (e.g., EU versus "Anglosphere")

Domestic politicization of Brexit



Why did the Prime Minister wait so long to fire his Ambassador to China?

We will take no lessons from the Leader of the Opposition, whose only pronouncement on foreign policy has been to come down on one side of Brexit, the most divisive debate to happen in the U.K. for an awfully long time.

The Prime Minister came down on the losing side of that debate in the United Kingdom.

The member opposite just did it again: He came down clearly on one side of the most divisive debate to hit the UK in a long time.

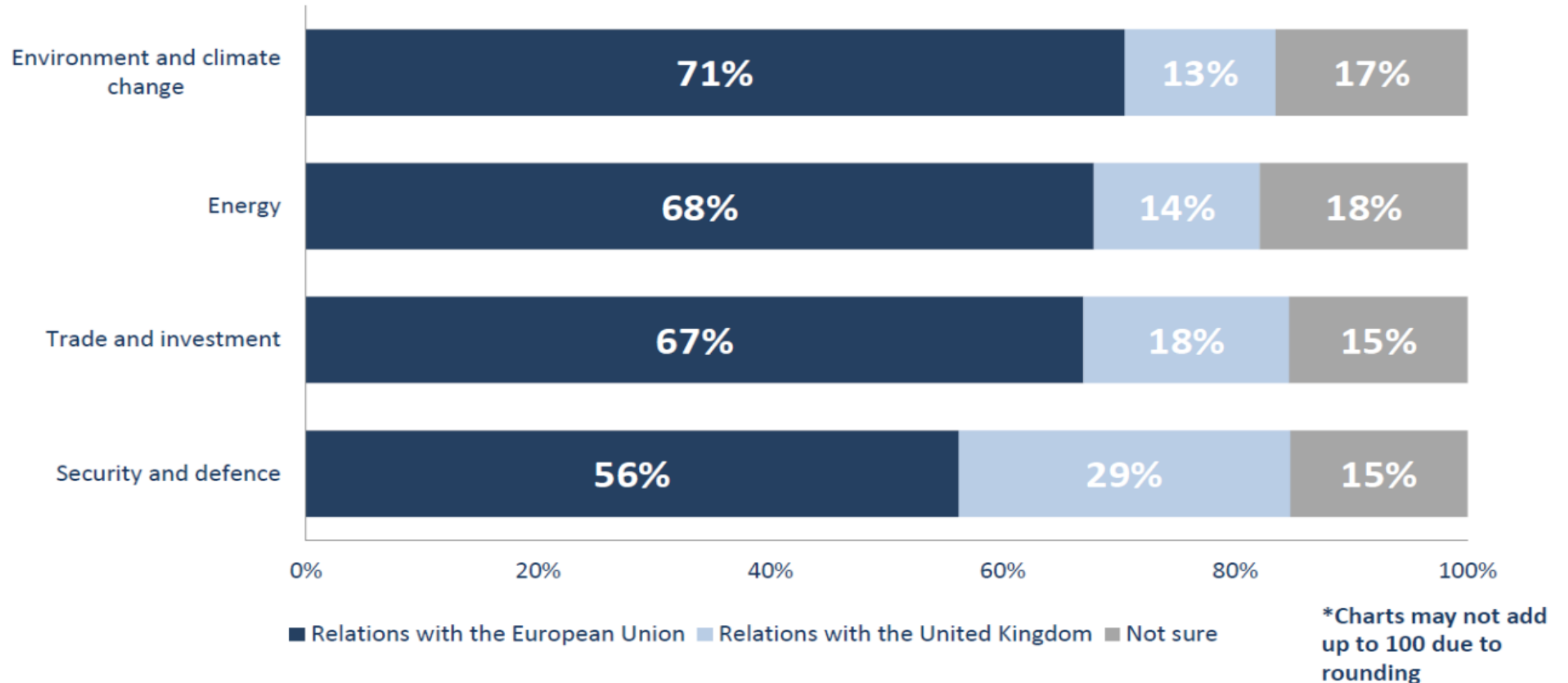


Canadian public opinion on Brexit

	Sympathetic	Unsympathetic	Not sure
Age 18-34	22%	66%	12%
Age 35-54	25%	59%	16%
Age 55+	22%	68%	10%
Atlantic	24%	67%	9%
Quebec	16%	64%	20%
Ontario	25%	65%	10%
Prairies	32%	61%	9%
BC	19%	70%	11%
Liberals	13%	76%	11%
Conservatives	46%	43%	11%
NDP	8%	81%	11%
Bloc	28%	37%	35%

Source: Nanos survey for Carleton University, October 2019

Which partner should Canada prioritize?



Source: Nanos survey for Carleton University, October 2019