

Read the following article and then answer the questions on pages 2 and 3

Andrew Hammond & Tim Oliver, "The Brexit Negotiation to Come," *The Wall Street Journal*, 29 March 2017.

As Britain prepares to trigger Article 50 of the Lisbon Treaty on Wednesday and begin exit negotiations with the European Union, what happens next for the U.K. and the EU as a whole rests more with Brussels and the remaining 27 states than with London.

From eurozone and Schengen-area troubles to Russia's assertiveness and the election of Donald Trump, Brexit represents a significant concern for the EU but is not by itself an existential threat. It is but one of a mounting number of challenges facing the EU that collectively could break the union.

The U.K.'s pending departure won't keep Germany's Chancellor Angela Merkel and her counterparts awake at night the way the fate of the eurozone most certainly does. In Greece, Italy and Spain, the single currency faces continued problems, with each country threatening to bring instability to the EU as officials scramble to put together the latest bailout packages.

Bilateral trading links with the U.K. may be important to Germany's car manufacturers. But when the U.K. accounts for merely 7.5% of German exports, while the EU takes just over 50%, the integrity of the single market and eurozone is likely to get far more attention from the country's business and political communities.

And while losing Britain may weaken the EU's voice in the world, U.S. President Donald Trump and Russia threaten to change that world and the EU's place in it even more drastically. The European Commission's president, Jean-Claude Juncker, recently warned that Mr. Trump's rhetoric over Brexit and his encouragement of other member countries to leave the bloc may lead not only to the unraveling of the union but to potential war in the Balkans.

Nor is a soft Brexit now likely. London's thick-red negotiating lines have prematurely limited Britain's available political space for any compromises. Theresa May appears to have ruled out any middle ground on immigration and free trade that would keep the U.K. in the single market.

The EU will also have trouble agreeing to such terms within Article 50's two-year time frame. The union is a complex behemoth, slow and often dependent on unanimous agreement. Few in the Brussels-based club even think it plausible that any meaningful deal can be reached in time. More likely the EU will muddle through Brexit, with much of its focus already shifted elsewhere.

Whether the U.K.'s demands are realized therefore depends most on whether the EU is willing to offer attractive-enough terms. London has significant negotiating leverage in multiple areas, including defense and security but also scientific research. It also remains Europe's undisputed financial center and global city. The threat of reduced access will certainly hold EU officials' attention.

Britain's budgetary contributions also pose awkward questions for the remaining members. The U.K. is the third-largest net contributor to the EU budget, and Brussels is now looking to London to settle a substantial share of it, in excess of 300 billion euros (\$325.85 billion) in shared liabilities. This will be an important bargaining chip for Britain.

Nevertheless, the EU has multiple cards to play too, and the ticking clock of the Article 50 process gives the bloc a stronger negotiating hand overall. The EU will not sacrifice its future, especially if there is any risk of political contagion spreading to those member states where euroskepticism is growing.

This means the likelihood is growing of not merely a hard Brexit, but a disorderly Brexit. Negotiations could even fall at the first big hurdle, over the financial-divorce settlement.

A hard and disorderly Brexit would be just as damaging to the EU as it would be to the U.K. But despite the huge stakes in play, the EU and remaining member states will ultimately pursue their own best interests, given the bigger agenda beyond Brexit.

1. Based on this article, what are the most important issues to be negotiated between the UK and the EU?

2. The authors mention potential consequences of Brexit for the UK, the EU, and Europe as a whole. Name these issues and how the outcome of Brexit would influence them.

3. According to this article, who has the most at stake in the Brexit negotiations, the UK or the EU?

4. Fill in the table below with which points are the most important to the EU and the UK during the negotiations.

United Kingdom	European Union