



## **CEC Weekly Political Update** **23rd November 2018**

### **Brexit agreement & what it means for Poland**

Today, EU negotiators meet to iron out the last issues blocking the agreement on the UK's withdrawal from the Union. On Sunday, leaders of EU member states will meet during a special summit called by European Council President Donald Tusk. The summit is expected to be the final stage of Brexit deal negotiations – leaders will sign the Brexit withdrawal agreement and the political declaration. Yesterday, Tusk wrote on Twitter: “I have just sent to EU27 a draft Political Declaration on the Future Relationship between EU and UK. The Commission President has informed me that it has been agreed at negotiators’ level and agreed in principle at political level, subject to the endorsement of the Leaders.”

## Withdrawal agreement

The withdrawal agreement is a legally binding document – nearly 600 pages long. Amongst others, it covers key issues, such as:

- the UK's so-called divorce bill – although no figures have been included in the agreement, commentators expect the bill to amount to GBP 39 billion. This will be paid in instalments throughout the transition period. Should the transition period be extended, additional payments may be necessary.
- the rights of UK citizens in the EU and vice-versa – residency and social security rights granted prior to 29 March 2020 will be retained after Brexit. Those citizens who plan to move during the transition period will be allowed to stay.
- transition period – this period is expected to last from 29 March 2019 to 31 December 2020. During this time the UK will have to abide by EU rules, however, it will no longer have membership privileges. An extension to this period may be agreed prior to 1 July 2020 – once, and for a limited time period.
- the backstop agreement on Northern Ireland – a single customs territory between the EU and the UK will be enforced if a long-term deal that avoids a hard border between Northern Ireland and the Republic of Ireland is not agreed upon during the transition period.
- ECJ rulings – during the transition period, the UK will remain under the jurisdiction of the European Court of Justice. After that period an arbitration panel will be formed to resolve disputes, however if the dispute will regard interpretation of EU laws, the ECJ will provide binding rulings.

Still, a key issue which has to be resolved ahead of Sunday's summit is the Gibraltar peninsula – an overseas territory of the United Kingdom, located South of Spain's Andalusia region. Spanish Prime Minister Pedro Sanchez threatened that his country would vote against the Brexit deal unless assurances over the disputed peninsula are provided – a bilateral agreement between the UK and Spain, including employee rights, environmental and fisheries issues, security as well as fiscal, economic and trade policy.

## Political declaration

The Political declaration is not a legally binding document. Commentators often refer to it as a deal sweetener. It sets the outline for further relations between the EU and the UK. It determines how these relations are expected to look once the transition period is over. It includes, amongst other, assumptions regarding:

- Data protection
- Participation in EU programmes
- Economic partnership – tariffs, goods, regulations, customs
- Services and investment – market access
- Financial services
- Digital inter-connectivity
- Capital movement and payments
- Intellectual property
- Public procurement
- Mobility
- Transport – aviation, road, railway and maritime
- Energy – electricity and gas, civil nuclear, carbon pricing
- Fishing opportunities
- Global cooperation

Last Wednesday, Theresa May prompted her ministers to support the draft agreement deal during a lengthy cabinet meeting. Consequently the ministers agreed to go forward, however, even then great opposition within the cabinet was clear. Northern Ireland Minister Shailesh Vara already resigned from office, followed by Brexit Secretary Dominic Raab who handed in his resignation, stating his inability to “in good conscience support” the UK’s agreement with the EU. Similarly, Work and Pensions Secretary Esther McVey and Transport Minister Jo Johnson.

If on Sunday, EU leaders accept this deal, Theresa May will have to return to the UK and plead her ministers and parliament to accept. Only then will the agreement be ratified by the EU. This may not necessarily be easy considering previous opposition and talks of a hard Brexit being a better deal for the UK. A hard Brexit. will make the UK a third country



Poland are steering towards a more flexible and compromise-based solution. Furthermore, Poland, having skin in the game, assumed the role of an honest broker – aiming to secure a best possible outcome for its citizens residing in the UK, as well as maintaining strong bilateral economic and political relations. Through a number of bilateral initiatives including regular meetings of top ministers, Poland is aiming to prepare for every outcome of Brexit. Disruptions in the trade of goods and services may significantly affect the Polish economy. As a key supplier of shipping and transport services – especially cabotage – Poland is also dependent on general trade relations between the EU and the UK.

Similarly, to other Central European states, like Hungary and Czechia, Poland does not want to “punish” the UK for leaving the EU. Certain other countries, like France, took a hard line in the negotiations. This kind of approach rouses opposition to the deal in the UK. Predominantly, “Old Europe” took a hard line in these negotiations because of concerns regarding future unity – a key issue for Germany. Newer states, which benefit from trade relations, the flow of people and goods prefer to maintain good relations with the UK for the benefit of their citizens and economies.

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