

BRIEF: THE POLITICAL FUTURE OF THE EU WITHOUT THE UK

INTRODUCTION

The British exit from the European Union in 2019, commonly known as Brexit, has been predominantly characterized by analysts as a UK-centric affair. Similarly, the clear majority of academic literature about the European Union has assumed that the Union would continue to further and deepen its integration and cooperation across Member States. Only a small percentage of published research examines what we might describe as *European fragmentation* or *distintegration*, a phenomenon that Brexit has helped to raise for the second time in the last ten years of EU history, the first occasion being the near financial collapse of Greece.¹ The Brexit commentary has also tended to treat the European Union as a homogenous entity, when any sensible interrogation of the politics of the EU highlights its fractured and diffuse nature, particularly when trying to form common positions, as the Members will have to do during the final stages of the Brexit negotiations. This political diffusion and complexity becomes clearer when refracted through the dimensions of politics and security, two of the elements examined in this paper. A companion note to this brief focuses on economic matters.

The structure of this paper is to explore two key themes: 1) Getting to an EU without the UK, and 2) the politics of EU security, post Brexit. In doing so, it argues that the politics of the EU will be characterized by an insularity and an emphasis on a defensive posture to prevent the potential contagion of further withdrawals. It further argues that the EU will focus on making the institutional changes and reforms that will be necessary once the UK has left. This paper carries through an

assessment that whilst there are some clear dangers to the cohesion and potential for collective action in the EU from Brexit, that there are also some clear and exciting opportunities to shape the future direction of a European brand of capitalism and trade and a European external relations disposition free from the strong influence of British preferences.

POLITICS: BEYOND AN EVER-CLOSER UNION

The primary driver for the EU (both culturally and in terms of treaty provision) has been ever deepening integration.² The notion of territories leaving the EU is not entirely without precedent (Algeria in 1962 and Greenland, albeit a semi-autonomous region of Denmark, in 1985 managed to exit precursors of the EU), but the 'exit' of a Member State is a political taboo in the European Union, a form of heresy against the historical trend towards deepening political, economic and social cooperation and integration.³

The EU had provided a mechanism for exit through Article 50 of the Treaty of European Union, although some of the vagueness in the provisions that have come to light through discussion of whether a triggering state can revoke Article 50 gives soft evidence that these circumstances were never fully envisaged.⁴ The withdrawal mechanism is a notice period of two years (hence the UK's exit date of March 2019), unless all Member States agree to an extension period. According to Article 50, the EU's negotiating team is nominated by the European Commission and approved by the Council.⁵ Article 50 requires any withdrawal agreement contain both measures for the withdrawal and an agreed framework for a post-

withdrawal relationship with that withdrawing state. The deal, comprising both these parts, must be approved by all the remaining EU member states in a vote in the European Council (so excluding the UK), and then also receive the support of the remaining Members of the European Parliament. There is a further potential complicating factor that the European Court of Justice (up to the point of withdrawal) may be asked to consider issues surrounding the withdrawal deal by individuals and businesses (via national courts) seeking to make judicial review challenges on the proposed arrangements, and this represents entirely uncharted territory. It is also the opinion of legal scholars that the previous judgements of the ECJ will remain persuasive in the British courts long after Brexit has occurred, undermining the notion that Brexit will see a 'cliff-edge' end to European influence.⁶

The complications and nuance of aligning the twenty-seven Member States into agreeing the negotiated settlement, along with the notably federalist Members of the European Parliament, for whom the behavior of the Eurosceptic British MEPs was a significant irritant, will pose significant challenges.⁷ Further complications may arise in the UK where a wafer thin Parliamentary majority for the governing Conservative Party and a politically compromised Prime Minister Theresa May could easily lead to a Parliamentary loss on the details of the deal struck with the European Union. This, in turn, would lead to a potential second referendum on the terms of the agreement. Whilst UK public sentiment seems to be moving softly towards the reality of Brexit, if the British economy continues to deteriorate as it is predicted it will (in terms of inflationary pressure on goods, and continued wage stagnation) the results of any second referendum will be uncertain.⁸

The EU will face a period of necessary internal reforms post-Brexit. The EU Members will need to negotiate a new voting system for the European Council (to take account of the absence of the 29 votes the UK currently holds), any changes to the number and allocation of Parliamentary seats in the European Parliament, and changes to the staffing quotas in the EU institutions and a revision to the EU's budget and contributions from Member

States to take account of the £12.2 billion (\$15.7 billion) contributed annually by the UK. The thorny issue of removing English from the list of core community languages has already been mooted, which may add additional complications for US businesses and administrators dealing with central EU institutions. Historically, these sorts of changes have required very careful negotiation between all the constituent elements of the EU, and the result would impact the political balance within the EU.

The key resistance to offering 'easy' or 'good' terms to the UK is the potential for withdrawal contagion: that, like the domino theory of the Cold War, other EU states will move to withdraw as well, or – if favorable terms were offered to the UK – seek to replicate those terms. The EU has faced considerable pressures since 2007 in terms of economic disruption and the threat of 'Grexit' (Greek exit). More recently the EU has faced additional pressures from the influx of migrants from Middle Eastern and North African conflict zones and with it a rise in terrorist atrocities in continental Europe putting pressure on European social cohesion but also on the Schengen agreement covering free movement across European borders.⁹ This frictionless movement across national borders has come to be thought of, in security circles, as a facilitator of criminality and threats. And even though the UK is not a member of the Schengen Area, the signatory parties, minus the 'awkward partner' of the UK, have still struggled to find collective political solutions.

A mismanaged withdrawal negotiation could potentially threaten the cohesion of the EU-27 that will remain post-Brexit, either through further economic crises (as a result of the disjuncture between the government bond yields of northern and southern states), through economic stagnation in the Eurozone, or through further pressure in the Schengen area that convinces Member States to follow the UK's lead. There are, however, very real challenges for Member States, like the Republic of Ireland, where the fragile peace process in the British north of the island of Ireland is – in part – premised on the free movement of people across an invisible border between the UK and the Republic. The prospect of conflict re-emerging in the

province is very high if there is a physical border reimposed there, and yet it is very difficult to envisage a situation in which some kind of border is not required by the EU to face a newly withdrawn UK.¹⁰

SECURITY: A MIXED BLESSING?

In security and defense terms, the withdrawal of the UK is a decidedly mixed blessing, but with some significant impacts. The UK, along with France, are currently the two militarily capable nations in the European Union. The term 'militarily capable' has come to mean the ability to deploy military capability in an expeditionary format, whilst also possessing substantial intelligence assets and capabilities. Consequently, the withdrawal of the UK significantly degrades the EU's indigenous security and defense capabilities, whilst the loss of British defense leadership in the EU (and thus pan-European cohesion) may also impact NATO, which remains the pre-eminent security institution in Europe. As the US has been highly active in pushing for intelligence cooperation across Europe and has used the UK as a means by which to transact some Five Eyes business with European states, the loss of this intelligence bridge into Europe (noting that bilateral arrangements will persist) will be keenly felt by the US and the UK, although it is likely to negatively impact EU Member States more.

The UK has taken a leadership role in shaping and facilitating EU cooperation in security, defense and foreign policy, with UK-French defense cooperation being operationally extensive and politically significant from 1998 onwards.¹¹ With the UK absent, France would become the only major military power in the EU and therefore could conceivably decide to focus its energies on shaping an EU policy and activities in its own image, and to encourage other EU allies to further develop their military capabilities. It is, though, open to question whether Germany and Poland would wish to become more militarily active for historical and political reasons. One area of potential significance to the US and UK is the British absence from the European Defense Agency (EDA), which is a funder and coordinator of the European defense industrial base, and free from British influence, the EDA is

likely to consciously or unconsciously adopt the defense industrial preferences of France, and to a lesser degree Germany and Italy who represent the other significant defense industrial manufacturers. It is extremely unlikely that an EDA free of the UK will find the investment and cohesion to challenge the defense industries of the US (or even the UK) but it is likely to become more insular and protectionist, raising questions about interoperability in the field.

If the EU, post-Brexit, does not continue to develop its external action portfolio more aggressively there will be fewer opportunities for the US defense industrial base to sell into the EU, whilst the UK will remain an important market for US manufacturers. This also plays out politically as President Trump has loudly complained about the EU Member States 'free-riding' on the US investment in defense, and so the US may be faced with an EU that is more insular than its pre-Brexit iteration, but also one that is heavily dependent upon the US security guarantee. The relatively weak EU responses to the conflict in Libya (even with the problem of migrants into southern Europe) and with Russian activity in Eastern Europe do not auger well for European security post-Brexit, which will bring the US further into having to meet the unfulfilled needs of European security.

But whilst the UK's contribution has been important to the development of an EU security identity and presence, it has also played a strong hindering role, concerned that too strong and cohesive an EU approach would undermine NATO and the US' vital contribution to European security. Thus, we might see that Brexit empowers the EU to find the military and security cohesion (that it has with 'soft-power' tools) that was not possible with the UK's veto and preferences. Consider, for example, the relationship with Turkey. The conduct of the Turkish government domestically, and through the crisis with Syria (and in its relations with Russia) has effectively ruled Turkey out from achieving membership in the EU, and may even see Turkey leave NATO. The consequence of this is that the loss of the UK who had championed Turkish membership (for strategic security reasons) is unlikely to have an impact on post-

Brexit EU security cooperation: something that many security analysts had feared.

The future shape of European security will invariably depend upon the disposition of the United States, something that appears to have been made more complicated by the election of President Trump in November 2016. President Trump and his Cabinet have been seen to hold differing positions concerning European Security and NATO, from obsolescence and free-riding through to strategically vital partnerships. Whilst the US has 'special friends' in the EU outside of the UK, particularly Germany and Ireland, it is clear that the historic Five Eyes arrangement across the Anglosphere does make the UK a particularly close ally. This worked against the UK in the EU, as the UK was seen positively as a bridge over the Atlantic, and negatively as the mouthpiece of America in the EU. Both caricatures are overplayed, but what we can see is that for the US the loss of the UK from the EU means that it does need to cultivate and develop replacements, whilst also recognizing that it makes diplomatic life for the US in the EU slightly more complicated.

In intelligence terms, the US has highly fractured and disparate relations across the EU, with the UK providing more than two-thirds of the intelligence product going into Europol, placing serious doubts over Europol should a final agreement not include continuing British membership and participation in it. The intelligence picture across the northern European states (particularly related to the jihadist attacks against Brussels and Paris) has been a source of considerable frustration to US (and indeed UK) authorities and a post-Brexit EU that does not address these considerable capability gaps will create further security issues for continental Europe.

CONCLUSION: BOTH DECISIVE AND DISTRACTING

Brexit has been a significant strategic-level shock to the EU and UK, but with significant wider impacts for both parties' international partners. There is currently a great deal of animosity between both negotiating parties, largely due to the way the 'leave' campaign was conducted in the UK, and the manner in which the British government

has acted in the early phases of the negotiations: a combination of a lack of preparedness and an over-certainty in their positions. These misalignments are likely to continue to the point of a deal being put before the European Council and Parliament. At that point, the contextual nature of the negotiations is equally likely to feed through to the EU's decision about whether or not to confirm the withdrawal agreement. This in turn will help to shape the post-Brexit politics of the EU. There will be those countries within the EU who trade heavily with the UK and will not want a bruising and disruptive withdrawal process, whereas there are those (including the EU institutions) who are more concerned about not providing unintended incentives to other member states to leave.

So whilst the international partners of the EU and UK, and the business community within the EU, the UK and wider world all want and require certainties about the future relationship between the EU and UK, it looks equally indubitable that this certainty will only be resolved by one of two eventualities: 1) the UK government walks away from negotiations, which is a remote possibility due to the political toxicity of this within domestic politics, or 2) a very last-minute resolution to the negotiations, in which there is a high chance of fundamental problems being entered into the negotiations and conclusion of the talks.

There will be a reorientation of intra-EU politics after Brexit in the absence of one of the major EU powers, and Germany and France will continue to vie for ascendancy despite Berlin's economic strength making it the de-facto strongest influence in the EU. In Europeanist parlance, the center of power in the EU will move Eastwards and Southwards after the UK leaves. But Brexit poses the EU some existential issues, and whilst the anti-EU populists of the Netherlands and France were electorally defeated in recent elections, the currency of withdrawal does now have traction in Europe. This will result in an insularity in the EU that is focused on protecting the European project and finding ways of advancing cooperation in conducive public policy areas.

This EU insularity will play badly with the United States administration, who are already skeptical about Europe's ability to function on the

international stage, and in turn the UK's new independent relationships with third countries will inevitably impact intra-EU relations. Similarly, all the EU's institutions and institutional architecture will have to reform in the absence of the UK: another factor lending itself to greater introspection. The EU may emerge from that process as a more cohesive political entity and a

more effective security actor. It is still too early to tell. In the interim, however, we should expect the EU to be deeply distracted from world affairs by the challenge of reconfiguring its own domestic politics.

WRITTEN AUGUST 2017

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- ¹ For example, see Daniel Gros (2015), 'Grexit 2015: A Primer', Centre for European Policy Studies: Brussels, URL: <https://www.ceps.eu/system/files/Grexit%202015.pdf>
- ² Anand Menon, Ronald Keleman and Jonathan Slapin (2015), The European Union: Integration and Enlargement, Routledge: Abingdon UK,
- ³ Hermann-Josef Blanke, Stelio Mangiameli (2013), The Treaty on European Union (TEU): A Commentary, Springer: Germany, p.1387.
- ⁴ Jorge Valero (March 2017), Revoking Article 50 would be illegal, claim EU diplomats, EURACTIV: Brussels, URL: <https://www.euractiv.com/section/uk-europe/news/revoking-article-50-would-be-illegal-claim-eu-diplomats/>
- ⁵ European Parliament (2016), Article 50 TEU: Withdrawal of a Member State from the EU, European Parliament: Brussels.
- ⁶ Judith Embley, Peter Goodchild, Catherine Shephard (2017), Legal Systems and Skills, Oxford University Press: Oxford, p.146.
- ⁷ Luke Harding (28 June 2016), 'Why are you still here?' asks EU's Juncker amid barrage of Nigel Farage, The Guardian: London
- ⁸ Anthony Wells (15 June 2017), 'Majority favour pushing on with Brexit – but many are tempted by a softer path', YouGov Polling: London, URL: <https://yougov.co.uk/news/2017/06/15/majority-favour-pushing-brexit-many-are-tempted-so/>
- ⁹ Marco Hafner, Jirka Taylor, Martin Stepanek, Sarah Grand-Clement, Martin Sacher, Elma Dujso, Matteo Barberi, Stijn Hoorens (October 2016), A Research Paper on the Costs of Non-Schengen from a Civil Liberties and Home Affairs Perspective, RAND: Cambridge, UK.
- ¹⁰ Adam Becket and Adam Bienkov (8 August 2017), The Northern Irish border is a nightmare that could ultimately derail Brexit, Business Insider: London, URL: <http://uk.businessinsider.com/the-northern-irish-border-is-a-nightmare-that-could-ultimately-derail-brexit-2017-8>
- ¹¹ Robert Dover (2016), Europeanization of British Defence Policy, Routledge: London.