

## A NEW PRIME MINISTER, SAME OLD BREXIT?

On 23 July, the UK will have a new Prime Minister. Both the front-runner Boris Johnson and his challenger, Foreign Secretary Jeremy Hunt, have promised to renegotiate the Withdrawal Agreement – something European leaders have dismissed out of hand – or leave with no-deal on 31 October.

In this piece APCO's experts in London and Brussels consider how the two candidates would approach Brexit as Prime Minister, and how EU leaders are likely to respond.

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### THE VIEW FROM LONDON

One pitches himself as the mercurial populist; the other, a competent technocrat. But for all their differences, Boris Johnson and Jeremy Hunt would approach Brexit in remarkably similar ways as Prime Minister.

Both believe Britain should leave the EU by 31 October, preferably with a deal. Both say they are prepared to walk away without one if the negotiations prove fruitless. And both think an early general election this side of Brexit would be catastrophic for their party.

They agree the key sticking point is the fear that the Northern Ireland Backstop might trap the UK indefinitely in the EU's regulatory orbit, preventing post-Brexit Britain from developing its own trade deals. The implication is that only substantive changes to the Withdrawal Agreement, such as a time-limit to the Backstop or the use of technology to avoid a hard border between the UK and Ireland, would be acceptable. Neither would likely be satisfied by (non-binding) assurances in the Political Declaration on the future UK-EU relationship. The argument that the EU itself is not terribly interested in 'trapping' the UK in this way is barely heard.

Although both candidates have not explicitly said what would represent a good deal, we can see clear differences in how each would approach the negotiations and how committed each would be to no-deal.

Mr Hunt has said he would like a compromise acceptable to the EU and Parliament, and that his career in business and more statesmanlike approach would help him achieve this. Because his Government would still lack a majority, the inference is Mr Hunt's deal would involve a milder form of Brexit and less disruption to current trading and regulatory arrangements - something which would be welcomed by many businesses - although Hunt has been careful not to spell this out himself. And if Britain had to leave with no-deal, Prime Minister Hunt would look for other ways to keep the UK competitive such as cutting corporation tax to 12.5%.

For Mr Hunt, key question is whether he, as someone

who voted Remain in 2016, could really secure a deal that the 20-30 'Spartans' - Conservative MPs who want the purest possible Brexit and are relaxed about no-deal - could support?

Mr Johnson would be more prepared to negotiate aggressively with Brussels, and go for no-deal if required, saying Britain "can...must and will" leave by 31 October "do or die" - tough rhetoric Mr Hunt has matched during the campaign. Mr Johnson has suggested that he wants a more substantive renegotiation of the Withdrawal Agreement, and ultimately, as comprehensive a free trade deal with Brussels as possible. To get around the EU's opposition to unpicking the former and discussing the latter before the terms of departure are agreed, he has threatened to withhold Britain's £39bn 'divorce' payment - a move some believe would be illegal - and suggested that free trade could continue under WTO rules while a future deal was being negotiated - which has already been flatly rejected as a fantasy solution.

The questions that would accompany Prime Minister Johnson's approach would therefore be more numerous, and fundamental. Would he really risk withholding the divorce payment or going for no-deal, given the potential negative impacts on Britain's international standing, the economy, and his own future electoral prospects? Would the EU even regard these as threats Mr Johnson can credibly make, given the Parliamentary arithmetic and willingness of the Speaker to give MPs a say? The one certainty appears to be that a Johnson premiership would bring significantly more uncertainty and volatility.

Ultimately, as with his opponent, political matters beyond Johnson's direct control may well prove decisive. In addition to the 'Spartans', the groups to look out for are the ten Democratic Unionist Party MPs who want Brexit to happen on 31 October and would not support any move which undermined Northern Ireland's position within the UK; the up to 30 Tory MPs who are so opposed to no-deal that they would be prepared to bring down the Government; and the 26 Labour MPs representing Leave seats who are preparing finally to vote for Brexit, preferably with a new deal, but under no-deal if necessary.

**Burhan Al-Gailani**



## THE VIEW FROM BRUSSELS

The European Parliament elections and the appointment of the new leadership will have very little direct impact on the Brexit process. The current Commission remains in place until 31 October; Michel Barnier retains his mandate until Brexit happens. That mandate is of course shaped by the member states, notably Germany, France, the Netherlands and especially Ireland. None of those actors is likely to change their approach in the short term, except perhaps that they may actually harden their position if the new British Prime Minister botches his diplomacy.

The EU's line has been consistent. The Withdrawal Agreement, as negotiated between the UK and the EU27, and ratified by the EU27, is not open for discussion. This covers the terms of departure - money, citizens' rights and the Irish border. If the UK cannot ratify an agreement which was shaped to match Britain's own red lines, the EU27 don't see that as their problem to put right.

Any constructively presented proposals from the new British Prime Minister to amend the accompanying Political Declaration, which sets the parameters of the future relationship between the UK and the EU, will be given a fair wind. But he would also need to show a credible chance of getting a changed deal through Parliament. All actors in the EU would prefer a closer relationship with the UK after Brexit, but they are not going to force it onto the British if they don't seem to want it.

There's very little divergence between the member states, the Commission and the European Parliament on any of this. Nobody wants to weaken core EU principles to satisfy a state that is leaving. The question of border management is technically complex, but Ireland's view will be decisive – no other country will over-rule them on this point, as it would set a poor precedent for the EU's

treatment of other small countries with large non-EU neighbours. Britain's failure to realise this was one of the biggest mistakes of the process.

Britain's reputation for serious and mature diplomacy has been badly tarnished by the experience of the last few years. Europeans can read British newspapers, and they pay attention when their fellow citizens are described as bargaining chips (or worse), and when there are threats to withhold payments that have already been agreed. One of the two candidates for Prime Minister compared the EU to the Soviet Union, and the other compared it to Nazi Germany. It's not a good start.

So the chance of a no-deal Brexit on 31 October is now seen in Europe as rather high. The EU as a whole faced up to that possibility from an early stage of the negotiations process. The French and Dutch are technically prepared to handle the situation at the ports (reportedly more so than the UK), and the Irish are grimly braced for an economic hit. (By the way, Ireland's per capita GDP is now \$75,000, compared to the UK's \$40,000, so there is some capacity to absorb the shock.)

A no-deal Brexit can be prevented if the UK manages to ratify the withdrawal agreement, with (or even without) agreed tweaks to the political declaration, before then; the 31 October deadline can be postponed if an election or a referendum has been called, or if the UK comes up with good operational reasons for a further delay. But the timescale is short. EU officials are prepared to work through August if necessary, but are also conscious of the timetable of the British party conference season which makes that prospect seem unlikely.

Of course, the UK could also revoke Brexit unilaterally at any time up to the scheduled departure date. But that's probably the least likely outcome.

**Nicholas Whyte**

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## CONTACT US



**Burhan Al-Gailani, Director,  
Public Affairs**  
balgailani@apcoworldwide.com



**Nicholas Whyte, Senior Director,  
Global Solutions**  
nwhyte@apcoworldwide.com