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Brexit: Implications for Workforce Mobility

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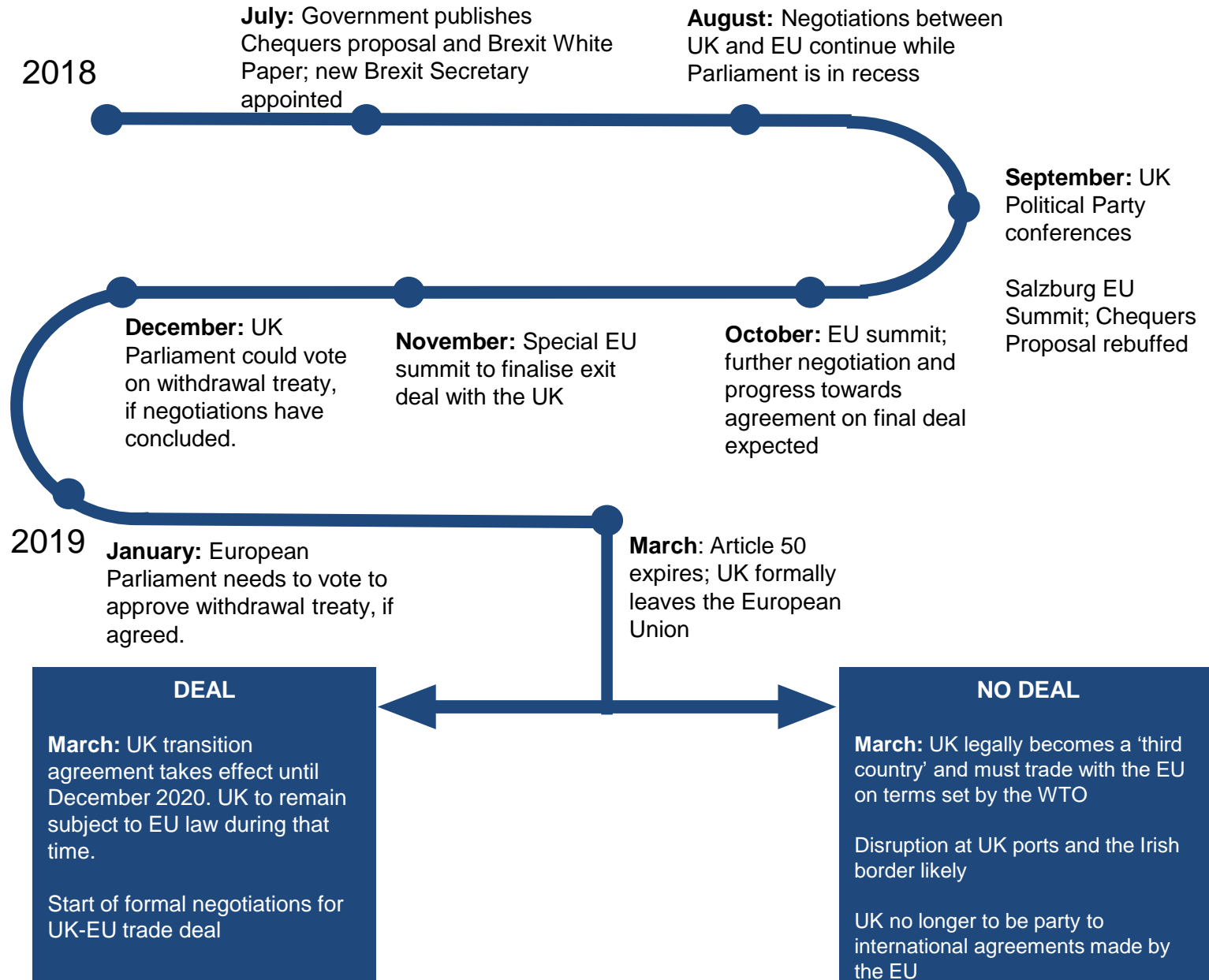
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Brexit Update

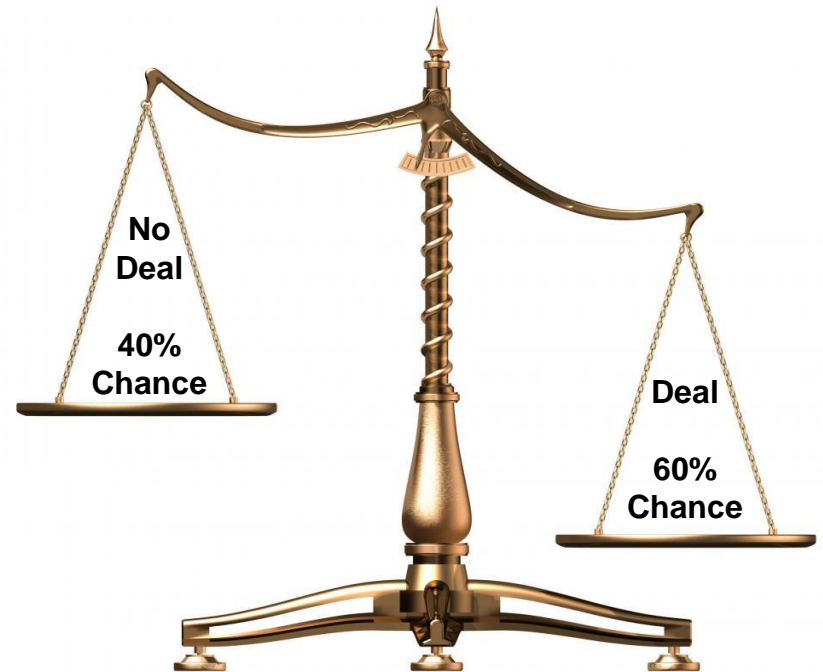


Brexit Timeline



Deal or No Deal?

- Whilst the hardening of the rhetoric from both sides at the Salzburg Summit suggests that the likelihood of no deal is significantly higher than it was before, on balance, a negotiated outcome to the Brexit negotiations remains the most likely scenario.
- Donald Tusk's offer of a Canada+++ deal in recent days has also added a new dynamic to the negotiations.
- Domestic political considerations make a no deal outcome extremely difficult for the Prime Minister, with the UK Parliament as a whole overwhelmingly against such an outcome.
- Ministers have confirmed that the 'meaningful vote' on the deal that the Prime Minister negotiates will be on a 'take it or leave it' basis – with the expectation that many Conservative MPs including those hostile to Prime Minister's negotiating position will vote in favour of the deal to prevent the UK crashing out.
- It is very possible that the Agreement that is reached keeps the framework text deliberately vague so as to secure the passage of the Withdrawal agreement through Parliament.



Where are we now: The UK's position

- Current UK proposals for future framework treaty based on Chequers agreement.
- Continued alignment with EU on goods governed by a “common rulebook” – but departure from services single market.
- Continued participation in EU agencies governing goods, data protection etc.
- Britain free to apply independent tariffs at borders for good inbound to the UK.
- Britain will apply the EU's tariffs at its borders for goods inbound to the EU.
- UK's negotiating objectives met: immigration controlled, transitional period in place, financial contributions largely ended, legislative sovereignty regained, freedom to strike trade deals achieved.

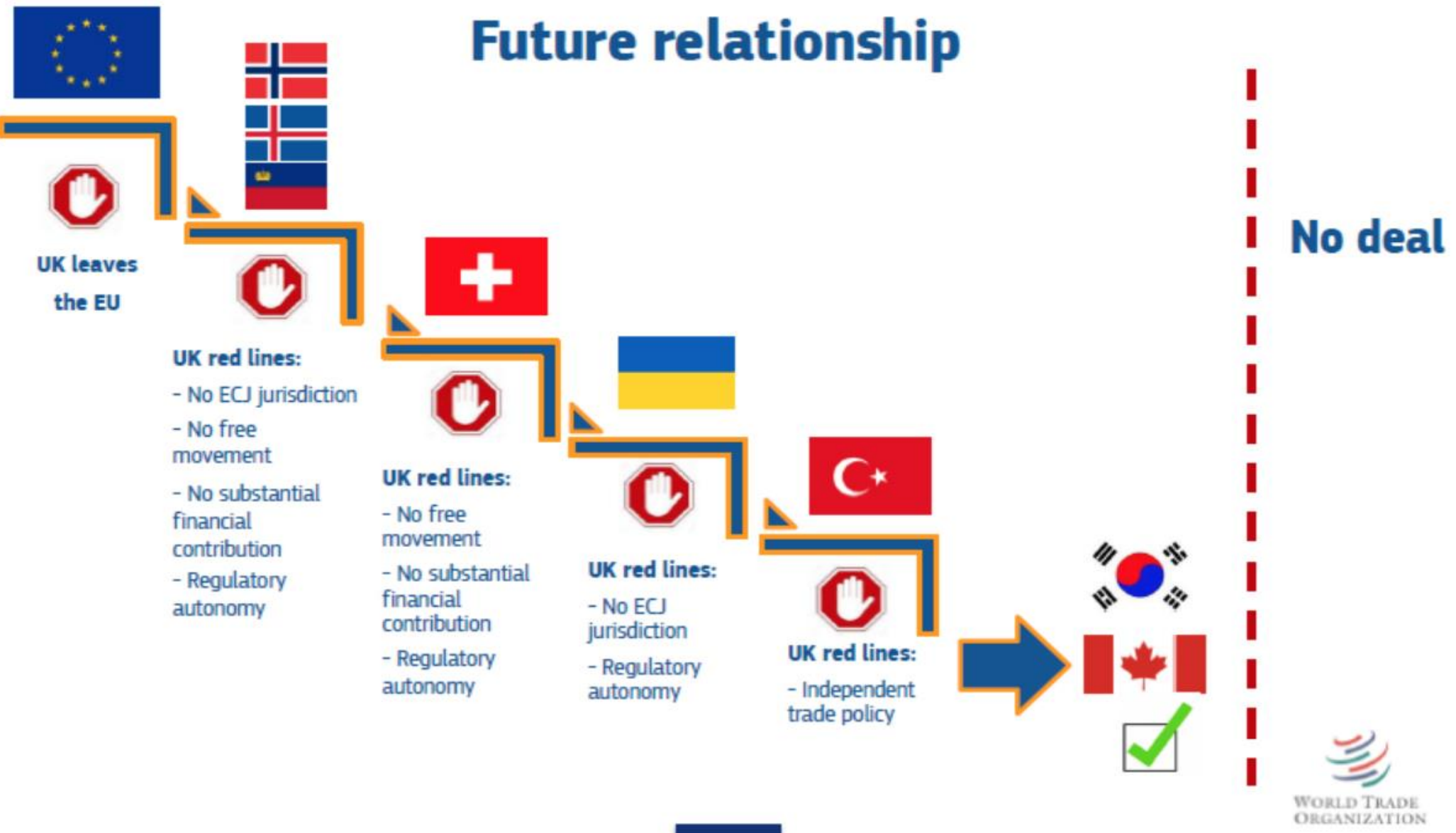


Where are we now: The EU Position

- Brexit has been competing with other issues on the EU's agenda.
- UK appeals to national leaders have been ignored, with EU27 sticking to collective position behind Michel Barnier.
- EU Council and Commission united in desire for “unprecedented deal”.
- Barnier and Tusk dismissed Chequers plan at Salzburg summit.
- EU interpret UK red lines as a requirement for UK to become a Third Country
- EU will not compromise on four freedoms or integrity of founding institutions.



EU interpretation of UK red lines



Barriers to Progress

- UK and EU have jointly stated Withdrawal Agreement is **80% complete**.
- **Northern Irish border** is key barrier to progress:
 - UK wishes to control immigration, borders, customs and trade.
 - Both sides wish to avoid border infrastructure between NI and ROI
 - EU will not compromise on integrity of single market
- Remaining issues:
 - **Geographical indications of protected products** such as Parmesan Cheese or Cornish Pasties
 - Status of **UK Sovereign territories** in Gibraltar and Cyprus.
- As a result, UK conceded to **backstop arrangement**, maintaining full regulatory alignment in the case of 'no deal'.



Parliament to vote on deal

- Parliament is required to vote any final Brexit deal negotiated, on a 'take it or leave it' basis:
 - Labour and other opposition Parties are highly likely to vote against, while up to 50 Conservative ERG MPs have threatened to vote against.
 - **However** Conservative MPs would be faced with extreme turbulence, threat of 'no deal' and likelihood of Labour Government if they vote down proposals.
- Leadership contest would require 48 letters of no confidence from Conservative MPs, or the resignation of PM.
- Abandonment or rejection of Chequers agreement would undermine PM's authority and remains the biggest short-run threat to stability of PM.
- However after 29th March 2019, once the UK formally leaves the EU, a leadership challenge becomes significantly more likely.



A second referendum?

- There has been increasing discussion of the merits of a second referendum over the last year – although no agreement on the timing or the question to be asked.
- The Labour Party conference last month voted overwhelmingly in favour of the concept of a referendum – albeit without clarifying what options would be on the ballot paper.
- The Government as a whole remains opposed to the idea – although individual Conservative MPs have come out in support.
- A second referendum may be the only option open to the Government if it loses a parliamentary vote on the withdrawal agreement and wants to avoid an election.



A General Election?

- There is currently no clear path to a General Election:
 - Conservative MPs fear a Labour Government: legacy of the 2017 General Election remains overwhelmingly negative.
 - Fixed Term Parliament Act requires a two-thirds majority or a motion of no confidence for an early election.
- Labour are calling for a General Election in the event of no deal.
- If the Chequers deal is voted down in Parliament and the PM is forced to resign, a new leader may require a fresh mandate for a new negotiating strategy.
- Gridlock may continue in Parliament, meaning that no version of Brexit can command a majority, making a General Election inevitable.
- A successful deal with the EU is the most likely outcome, meaning that a General Election remains a small possibility.



What should you be thinking about?

The final outcome of the negotiations between the UK and the EU – including the possibility of a no-deal – would have major implications for the mobility profession. Issues to consider include:

- **Immigration and workforce mobility:** Control of freedom of movement has been a UK red line from the start. The Government has been clear that it wants to limit immigration flows into the UK and announced earlier this month it will give priority to high-skilled workers who want to live and work in the UK. An Immigration Green Paper and legislation is expected in the coming months.
- **Employment law:** The EU (Withdrawal) Act 2018 guarantees that UK law flowing from EU regulation (e.g. working time regulation) will still apply. However, it will be up to the Government and Parliament to determine the shape of employment protection laws following the transitional period “non-regression of employment law standards”
- **Travel:** Some extreme scenarios suggest that flights between the EU and UK would cease in the event of a no-deal Brexit. The reality is that if there is no deal, UK and EU licenced airlines would lose the automatic right to operate air service agreements with seeking advance permission and would need to reapply individually. In such a scenario, the Government would push for a basic agreement on a multilateral basis to allow existing relationships to continue.
- **Data flows/data protection post-Brexit:** The Data Protection Act 2018 implements the GDPR into UK law, securing it as the main pillar of UK data policy going forward. However, the ongoing role of the Information Commissioners Office in the European Data Protection Board is still undecided. The UK would also be keen to have flexibility in the longer term to move towards a more relaxed definition of adequacy when striking international trade deals. And whilst both sides acknowledge the importance of data flows to all industries and are cautiously optimistic about a deal, a no deal scenario could have negative implications.

Other areas:

- **Tax and financial services**
- **Mutual recognition of professional qualifications**
- **Services single market**