

CONSEQUENCES OF BREXIT: THE LONG-AWAITED AGREEMENT ON THE FUTURE RELATIONS OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND WITH THE EUROPEAN UNION

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Abstract:

The paper considers the pressing issues that led to the intensification of negotiations for an agreement on future UK-EU relations starting with 1 January 2021. According to a scenario based on the lack of agreement, the UK's relations with the EU would have been regulated by public international law, including World Trade Organization rules. The post-Brexit transition will end on 1 January 2021, when the separation of the United Kingdom from the European bloc is finalized. The surprises did not take long to appear, with European and British leaders succeeding in concluding the long-awaited Trade and Cooperation Agreement on Christmas Eve, along with two other agreements, the Cooperation Agreement on the Safe and Peaceful Uses of Nuclear Energy, and the Agreement on Security Procedures for Exchanging and Protecting Classified Information. The documents, contained in the draft Agreements reached between the United Kingdom of Great Britain and Northern Ireland and the European Union, to which a series of joint statements have been enclosed, in order to be applicable, must be approved by the British parliamentarians and the European Parliament.

Keywords: *agreement, future relations, post-Brexit transition, third-party state, standards.*

Preliminaries

The transition period established following the negotiations by the two parties, UK and EU, due to the initiation of the exit procedure from the Union, finalizes at the end of 2020, and the hope of reaching an agreement was quite low. But once concluded, the agreement should be ratified by the London and European Parliaments. At the European Council meeting of 15-16 October 2020, it was clearly stated that all Member States and all EU institutions should be prepared for the scenario of a lack of an agreement with the United Kingdom on 31 December 2020.

The lack of an agreement would have forced the Union to immediately apply its customs rules and tariffs at the borders with the United Kingdom, which includes checks and controls on compliance with customs, sanitary and phytosanitary standards and

verification of compliance with EU rules. These controls would have inevitably lead to significant delays at the borders, although extensive preparations have been made by the customs authorities of the Member States. In addition, entities in the United Kingdom would have no longer been eligible for EU grants and would have no longer been able to participate in EU public procurement procedures under the conditions covered by the status of Member State, still in force during the transitional period.

The European summit addressed the issue of the post-Brexit relationship between the EU and the United Kingdom, but again, insufficient progress was made in the negotiations. The British Prime Minister, Boris Johnson, declared that he is willing to negotiate with the European Union if "European leaders will come with a fundamentally different approach".

The conclusions of the European Council [1] reaffirmed the Union's determination to have the closest possible partnership with the United Kingdom on the basis of the negotiating directives of 25 February 2020, while respecting the previously agreed European Council guidelines as well as statements and positions, in particular those of 25 November 2018, especially with regard to a level playing field, governance and fisheries.

In this context, the Union has shown its readiness to continue negotiations in the following weeks, calling on the United Kingdom to take the necessary steps to make it possible to reach an agreement.

Agreements reached between the United Kingdom of Great Britain and Northern Ireland and the European Union

After ten months of grueling negotiations, the European Union and the United Kingdom reached a historic agreement on their future trade relationship on December 24th, just days before the end of the transition period, which will allow them to avoid a "no deal" with strong effect for their economies. The agreement reached by the UK and the European Commission contains three key elements: a trade agreement, a security partnership and a framework on governance standards, according to a plan posted on the European Commission website [2]. There are also stipulated rules on social standards and conditions for the UK access to Community programs.

Under the name Agreements reached between the United Kingdom of Great Britain and Northern Ireland and the European Union [3], together with the Trade and Cooperation Agreement, another 2 agreements have been concluded: the Agreement for Cooperation on the Safe and Peaceful Use of Nuclear Energy, the Agreement on Security Procedures for Exchanging and Protecting Classified Information, as well as a series of joint statements.

The draft of the EU - UK Cooperation and Trade Agreement is 1246 pages long. This means that from 31 December at 23.00 GMT, when the UK leaves the EU single market, there will be zero customs duties and zero quotas for all products complying with the rules of origin.

Great Britain published the text of the Trade Agreement with the European Union [4] just five days before leaving one of the largest trading blocs in the world. Its full name is "Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part". The document is structured in 7 parts [5]:

- I. Common and constitutional provisions;
- II. Trade, Transport, Fisheries and other provisions;
- III. Law enforcement and judicial cooperation in criminal matters;
- IV. Thematic cooperation;
- V. Participation in EU programs, sound financial management and financial arrangements;
- VI. Dispute resolution and horizontal provisions;
- VII. Final provisions.

To these are added a number of annexes and 3 protocols: the Protocol on administrative cooperation and combating VAT fraud and mutual assistance for the recovery of claims relating to taxes and duties; the Protocol on mutual administrative assistance in customs matters; the Protocol on the coordination of social security.

The Free Trade Agreement, considered a "new economic and social partnership with Great Britain", covers both trade in goods and services and a number of areas of interest to the EU, such as investment, competition, subsidies, fiscal transparency, air

transport and road transport, energy and sustainability, fisheries, data protection, coordination of security policies.

"Both sides are committed to ensuring equal, strong standards by maintaining high levels of protection in areas such as the environment, tackling climate change, carbon taxes, social and labor rights, fiscal transparency and subsidies, by applying effective internal law, through a binding dispute settlement mechanism and the possibility for both parties to apply remedial measures", underlines the European Commission.

The EU and Great Britain have agreed on a new common framework for the management of fishing stocks. Despite its low economic weight, European fishermen's access to British waters was the last stumbling block in the negotiations, due to the political and social importance of the sector in several Member States, including France, the Netherlands, Denmark and Ireland. The British, who regained control of their waters, made this a symbol of their regained sovereignty.

The agreement provides for a transition period of 5 and a half years (until June 2026), at the end of which European fishermen will give up 25% of their quota, which amounts to 650 million euros annually; access to British waters will then be renegotiated annually.[6]

European negotiator Michel Barnier promised that the EU would be "alongside European fishermen", emphasising that despite this agreement, there would still be "real changes" from 1 January for many citizens and companies as a consequence of Brexit.

The agreement provides for the maintenance of air, road, rail and maritime connections, although British access to the common market will be lower than what the Community space can provide. In the field of energy, the agreement includes a new model of trade and interconnectivity, with guarantees of fair and transparent competition.[7]

Through this trade agreement, the EU gives its former Member State unprecedented duty-free access and market share to its huge market of 450 million consumers. But this opening will be accompanied by strict conditions: British companies

will have to comply with a number of environmental, labor rights and tax rules to avoid any dumping. Guarantees also exist for state aid.

A mechanism will allow the two sides to quickly activate countermeasures, such as customs duties, in case of divergences on these rules.

In the absence of an agreement, trade between the EU and London would have been governed by World Trade Organization rules, synonymous with customs duties, quotas and administrative formalities that could lead to inconsistencies and delivery delays.

The EU has earmarked € 5 billion in its budget to support its most affected sectors.

The European Commission stated that "in the field of social security, the agreement aims at ensuring a number of rights for EU and British citizens. This applies to EU citizens working, traveling or settling in the UK, as well as to British citizens working, traveling or settling in the EU after 1 January 2021".

At the same time, the Commission emphasized that "the agreement allows for the continued participation of the UK in a number of EU programs between 2021 and 2027, provided that the UK financially contributes to the EU budget, an example being the Horizon Europe Programme".

European Commission President Ursula von der Leyen [8] stated during a press conference that the agreement was fair, balanced: "It has been a long and winding road. But we have a good deal. It is a fair, balanced agreement, and it is a good and responsible thing to do for both parties". "Negotiations have been very difficult. There was a lot at stake for so many people, so we had to fight for this agreement". "I also believe that this agreement is in the interest of the United Kingdom. It will lay a solid foundation for a fresh start with a long-term friend. And it means that we can finally leave Brexit behind and Europe can move forward".

The British Prime Minister Boris Johnson gave a statement on the outcome of negotiations with the European Union [9], saying that Britain will remain the "friend", "ally" and the European Union's "first market" despite Brexit: "I say this directly to our friends and partners in the EU: I believe that this agreement means a new stability and a new certainty in what has sometimes been a bitter and difficult relationship". "We will be your friend, your ally, your support and, let's not forget, your first market, because

even if we left the EU, this country remains culturally, emotionally, historically, strategically and geopolitically attached to Europe".

The British Minister for International Trade, Liz Truss, welcomed the news of the conclusion of the trade agreement [10]: "We will have a strong trade relationship with the EU and we will deepen trade with our partners around the world through our independent trade policy".

At a meeting of the 27 Member States representatives with Michel Barnier, the EU's chief negotiator on Brexit, it was agreed that if a UK and EU agreement was reached, a new meeting would be scheduled for 28 December in Brussels, to launch the signing of the project by the Member States. They will also have to decide on a provisional application, as the European Parliament will not be able to ratify it until early 2021. On the other hand, the British Government has announced that it will call on British parliamentarians to return from holiday to debate the text on 30 December. However, they will not have enough time to debate and analyze the details carefully. It is estimated that its adoption leaves little doubt, as even the Labor opposition intends to support it.

Conclusions

The issue of future relations between the UK and the EU from 1 January 2021 has long been a matter of concern, as no common denominator has been reached on certain pressing issues.

The negotiations led to the expected result - a draft agreement considered mutually beneficial. The recent draft agreement between the European Union and the United Kingdom on post-Brexit relations takes into account trade, fiscal and budgetary relations, the norms on judicial and security cooperation, as well as legal guarantees on governance standards.

The agreement sparked a backlash from British and European leaders. The main British negotiator, Lord David Frost, said the agreement would "fully restore Britain's sovereignty: EU law ceases to apply; the jurisdiction of the European Court of Justice shall end; there is no alignment with EU rules; Our parliament (i.e. British) re-establishes all the laws for our country".[11]

From 1 January 2021, the UK will leave the Single Market, the Customs Union and all EU political systems and also from that date on, the free movement of people, goods and services and capital between the EU and the UK shall cease. The free trade agreement is considered a "new economic and social partnership with the UK", covering both trade in goods and services as well as a number of areas of interest to the EU, such as investment, competition, subsidies, fiscal transparency, air and road transport, energy and sustainability, fisheries, data protection, coordination of security policies.[12] The European Commission, through the voice of its President, emphasizes that "the EU and the UK will have two different markets, two different regulatory and legal areas. This will create barriers that do not currently exist in trade of goods and services, as well as in cross-border mobility and bilateral exchange, in directions".

It is necessary to apply Agreements reached between the United Kingdom of Great Britain and Northern Ireland and the European Union. Ursula von der Leyen, stated that the agreement means that "EU rules and standards will be respected with sufficient tools of reaction", in case the British side, in search of a competitive advantage, does not comply with the provisions of the agreement.

It remains to be seen how things will turn out, in the context in which the draft agreement [13] must be ratified by the European Parliament, by the British Parliament and by the parliaments of the 27 EU Member States. Given that it was completed so late, could the European Parliament approve it before the end of the year, so that this does not leave its mark on the entry into force of the agreement on 1 January 2021? One proposal launched by the Commission was the provisional application of the agreement. In addition, the Agreement signed at the time of Britain's withdrawal from the EU (Brexit Agreement) remains in force.

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