

BONELLIEREDE BREDIN PRAT DE BRAUW HENGELER MUELLER SLAUGHTER AND MAY URÍA MENÉNDEZ

QUICK LINKS

BACKGROUND

BREXIT – THE TIMELINE FOR WITHDRAWAL

WHO WILL NEED TO APPROVE THE FINAL DEAL?

BREXIT – WHO WILL BE RESPONSIBLE FOR THE NEGOTIATIONS?

BREXIT – NEXT STEPS FOLLOWING THE TRIGGERING OF ARTICLE 50

Background

On 29 March 2017, the UK notified the European Council of its intention to withdraw from the EU, pursuant to Article 50 of the *Treaty of the European Union* (Article 50). This starts the formal process of the UK's exit from the EU, kick-starting a two year period for the UK and the EU to negotiate the terms of the UK's exit. There are still many questions about what happens next – both in terms of the UK's future relationship with the EU, and the future shape of the EU itself. With that in mind, this article summarises the next steps in the "Brexit" process.

Brexit - the timeline for withdrawal

Article 50 specifies a two year period in which the UK and EU will need to negotiate the terms of the UK's exit. This two year period is extendable only by the unanimous agreement of the European Council.

British Prime Minister Theresa May has set out her timetable and has indicated that the UK's withdrawal will not be affected by a failure to reach a deal with the EU – "no deal for Britain is better than a bad deal for Britain". On this basis, the UK could cease to be a member of the EU by 30 March 2019 (subject to an extension being agreed).

In her 29 March 2017 letter to the President of the European Council providing notice of the UK's intention to withdraw from the EU, Theresa May set out the process being undertaken in the UK to give effect to Brexit. This includes legislation to both repeal the European Communities Act 1972, and to address other issues related to the UK's withdrawal from the EU, as well as publishing a White Paper to consult on how the UK Government will design and implement the legislation. In the same letter, the British Prime Minister also expresses a desire for the UK to build a "new deep and special"

1 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604079/Prime_ Ministers_letter_to_European_Council_President_Donald_Tusk.pdf

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partnership with a strong European Union", and proposes a set of principles aimed at ensuring that the withdrawal negotiations are as "smooth and successful as possible". These principles include engaging with each other constructively and respectfully, working towards securing a comprehensive agreement, and continuing to work together to advance and protect shared European values. In her letter, the British Prime Minister also acknowledges the EU's position that the four freedoms are indivisible and that no "cherry picking" will be possible.

Following receipt of the Article 50 notice, the next step now for the European Council (excluding the UK) is to agree guidelines for the EU's negotiating mandate. These are expected to be approved at a meeting of the European Council (without the UK) on 29 April 2017.² The Council of the European Union will then authorise the commencement of the negotiations and nominate the EU negotiator. Although the Council's formal appointee is yet to be decided, the European Commission is widely expected to be the EU body responsible for conducting the withdrawal negotiations. The Prime Minister of Malta (the holders of the rotating presidency of the Council until June 2017) has estimated that it will turn its negotiating mandate over to the European Commission within four to six weeks of an Article 50 notice.

It seems highly likely that the UK will seek to engage in parallel bilateral discussions with key EU Member States. However, the negotiations will formally take place between the UK and the institutions of the EU itself and, as such, there may be resistance to the UK engaging in bilateral discussions with individual Member States.

By March 2019, the terms of the negotiated withdrawal agreement with the UK will need to be agreed at both the UK and EU levels. If they are to be in force on the date of exit, any agreements on future trade deals or some form of "transitional arrangements" will also need to be agreed within that timeline.

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Who will need to approve the final deal?

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From the EU perspective, approval will be required of both: (a) the European Parliament (by a simple majority); and (b) the European Council (excluding the UK and by enhanced qualified majority voting). Insofar as any future trade deal or any "transitional arrangement" constitutes a so-called "mixed agreement", then the EU's approval will also require sign-off by all the remaining 27 EU Member States (and relevant regions thereof⁴).

UK

From a UK perspective, the final deal
– covering not only the withdrawal
arrangements but also the future relationship
with the European Union – is expected to be
put to a vote of both houses of Parliament.⁵
However, if the UK Parliament does not vote to
accept the final deal, the UK Government has
indicated that it would be willing to withdraw
from the EU with no deal at all.⁶

- These are agreements between the EU and international parties which affect issues within the competence of both the EU and the Member States. Since such agreements affect issues reserved to the Member States they require the approval of each Member State (as well as the approval of the EU itself) before they can be enacted.
- 4 For example, Belgium has five regional parliaments, from whom approval is required for certain trade deals. This proved problematic in October 2016 when the Parliament of Wallonia voted to block the EU and Canada trade agreement, known as 'CETA'. While the Parliament of Wallonia eventually voted to approve CETA, its initial rejection of the deal threatened to derail the entire trade agreement.
- 5 Speech by Theresa May, UK Prime Minister, 17 January 2017.
- 6 Statement to the House of Commons by David Jones, Minister of State at the Department for Exiting the EU, on 7 February 2017.

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Brexit - who will be responsible for the negotiations?

EU Team

Under Article 218(3) of the *Treaty of the European Union*, the European Commission shall submit recommendations to the Council of the European Union, which will adopt a decision authorising the opening of negotiations and nominating the EU negotiator or the head of the EU negotiating team. The formal appointee of the Council of the European Union is yet to be decided, and it is expected that this appointment will only be made following the triggering of Article 50.

However, the European Parliament has passed a resolution inviting the European Council to appoint the European Commission as negotiator on Article 50. In the meantime, each of the European Council, European Commission and European Parliament have appointed their own respective heads of Brexit negotiations – whether they are charged with leading the negotiations or not, each of these

UK team

Theresa May, has established two new UK Government departments that will play a key role in negotiating the UK's withdrawal from the EU:

- Department for Exiting the EU: led by David
 Davis MP, will lead negotiations with the EU
 on behalf of the UK, as well as any potential
 bilateral negotiations with specific EU
 Member States. Its role includes:
 - Developing policy to support the UK's negotiations to leave the EU and to establish the future relationship between the EU and the UK.
 - Working closely with stakeholders on what the approach to negotiations should be.
 - Leading and co-ordinating cross-government work to "seize the opportunities and ensure a smooth process of exit on the best possible terms".

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EU Team

EU bodies will have a role to play in the outcome of the negotiations:

- Didier Seeuws (Head of the European Council Special Task Force on the UK).
- Michel Barnier (Chief negotiator, European Commission Taskforce for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 of the TEU).
- Guy Verhofstadt (former Belgian Prime Minister and now the European Parliament's representative on Brevit matters)

UK team

It is, however, also envisaged that policy briefs in certain key areas will be delegated to other departments (for example, HM Treasury will be involved in policy on financial services, while the Home Office will likely lead on freedom of movement).

Department for International Trade: led by Liam Fox MP, will develop and negotiate free trade agreements and market access deals with non-EU countries, and also manage the UK's relationship with the WTO. In this role, the department will be supported by the Foreign & Commonwealth Office (led by Boris Johnson MP), which remains responsible for economic diplomacy and certain other functions relevant to trade. It is also likely that the Department for International Trade will have a role, co-ordinating input into trade negotiations from key policy owners across government.

This material is for general information only and is not intended to provide legal advice.

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