



Brexit Tracker

October 2017

Overview: EU-UK negotiations are stuck at a preliminary stage and agreement on even relatively simple issues remains elusive. We may be inching towards an acceptance of a transition phase, which would provide some breathing space for several years, but the end destination is far from clear. While still not a likely outcome, the lack of progress has inevitably increased speculation of a “no deal” outcome.

Negotiations phase 1: The bill, citizens and Ireland

Before talks on the future EU-UK relationship can begin, both sides have accepted that exit terms need to be agreed. That's where negotiations are currently stuck.

Area	Issue	Update
The bill	The UK is expected to, and has agreed in principle to settle outstanding and future financial commitments it has made to the EU upon departure.	Limited progress: The UK has publicly accepted the need to settle the bill, but there is no agreement on a figure, or even a process to arrive at a figure. The UK is trying to link a budget deal to an agreement to progress other parts of negotiations. The EU wants more clarity first. The issue has a real potential to derail negotiations.
Citizens' rights	The legal rights of EU citizens in the UK and UK citizens in the EU post-Brexit needs to be agreed.	Solvable: One of the easiest problems to solve, but despite significant agreement there is no deal yet. The UK is moving towards the EU position, but the right to reunite families post-Brexit remains a contention along with judicial oversight.
The Irish border	All accept that managing the trade relationship between Ireland and Northern Ireland warrants unique solutions to avoid the need for a physical border. But what are they?	No simple solution: There are no easy answers. The use of technology and checks along the supply chain to avoid the need for a physical border has been suggested. But even this is far from straightforward. Proposals to keep Northern Ireland in the EU customs union have not gained traction. It is likely that a final decision will ultimately be deferred until more clarity is brought to the terms of the EU-UK future trade relationship.

● No progress ● Limited progress ● Good progress

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Area	Issue	Update
The Common Travel Area (CTA)	Brexit and the end to EU freedom of movement in the UK calls into question the future functioning of the British-Irish Common Travel Area, and the broad range of rights Irish citizens currently enjoy in the UK, including the right to work and live, and vice versa.	All agree: Both the UK and EU agree on the need to preserve the rights conferred by the British-Irish CTA. Legal obstacles remain, but these should be relatively easy to overcome given the political consensus.

Negotiations phase 2: The future relationship

After phase 1 the real job begins, what will the future EU-UK relationship look like? The UK has been vague on details, but essentially wants a deal that will provide as many of the collaborative benefits of EU membership as possible, with far less of the financial, legal and political obligations that come with being in the EU. How that circle can ultimately be squared remains a guessing game.

Area	Issue	Update
Transition period	Business will need a transition period to prepare and adjust to a new EU-UK relationship.	A question of timing: Both the EU and UK acknowledge the need for a transitional period. The UK has come to the acceptance that this period must essentially mirror existing EU membership arrangements, with all the associated obligations. But the EU is holding out for agreement on other elements of negotiations before engaging on transitional arrangements. The leverage this presents in negotiations means a quick deal may be illusive.
Tariffs and customs	A poor post-Brexit EU-UK trade deal, or no deal, could result in very significant tariff barriers on certain products moving between the EU and UK. New customs checks will be needed to monitor the movement of goods.	Unknown: Negotiations have not yet begun. Tariff free trade is in the interests of both parties, but politics and disagreements in other areas of negotiations could yet get in the way of such an outcome. While substantial talks have not begun on how to manage an EU-UK customs border, talks on how to best manage the Irish / Northern Irish land border have made no practical progress.
Regulatory divergence	Regulatory divergence could become a significant barrier to EU-UK trade post-Brexit.	Unknown: Negotiations have not yet begun. The UK however plans to put EU regulations into UK law as a starting point; so any change is likely to be incremental. The UK also increasingly recognises the advantages of staying close to EU regulatory standards to facilitate market access. A highly political and complex issue with endless scope for disagreement.
Energy	UK withdrawal from EU's Internal Energy Market (IEM) would leave Ireland physically disconnected from the wider IEM and undermine the functioning of Ireland's Single Electricity Market (SEM).	Grounds for optimism: Negotiations have not yet begun. However, the UK has expressed the importance of continued facilitation of the SEM and need to prioritise discussions on North-South cooperation including energy. The EU has acknowledged the need to protect North-South cooperation as a central part of the Good Friday Agreement.

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