

Brunswick Intelligence **On Brexit**



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The European Commission has appointed its “Chief Negotiator” to represent the European Union in any upcoming negotiations with the UK on withdrawing its membership. Sir Julian King, Britain’s candidate for European Commissioner, has still not been awarded a portfolio.

EU

European Commission appoints Chief “Brexit” negotiator

The European Commission President Jean-Claude Juncker has appointed French ex-internal market Commissioner Michel Barnier to lead negotiations with the United Kingdom on its withdrawal from the European Union. He will take up his role from October 1 in a preparatory fashion, before Article 50 is triggered in 2017 and the exit process formally begins. During his time as European Commissioner, Barnier had a reputation in the British press as “the most dangerous man in Europe” following his strong prudential approach to regulation during the financial crisis. He is known as a tough negotiator and strong advocate for the European Union. It is expected that negotiations with the United Kingdom will take the following form: the European Council, made up of the EU Member States, will give the European Commission a negotiating mandate under the leadership of Belgian civil servant Didier Seeuws. Michel Barnier will then negotiate with the United Kingdom on behalf of the European Union, whilst keeping the Member States and European Parliament informed of progress. Any final deal will then require ratification from Member State Parliaments and the European Parliament – who can only approve or reject the deal, not amend it.

Sir Julian King still not granted a portfolio

Candidate for the UK’s European Commissioner was set to be granted a policy portfolio on 29 July 2016, but this seems to have been delayed to next week. European Commission President Jean-Claude Juncker will continue working in Brussels next week and focus on this. A number of current European Commissioners have been approached about ceding some of their workloads to the incoming Brit, but there is considerable push back. King was rumoured to be in line for a portfolio dealing with sustainability and innovation but Climate and Energy Commissioner, Spaniard Miguel Arias Cañete, has ruled this out. Other possible portfolios for discussion allegedly involve Poland’s Elżbieta Bieńkowska, who oversees Commission policies on single market, industry, entrepreneurship and small and medium-sized enterprises; and Malta’s Karmenu Vella, in charge of environment, maritime affairs and fisheries. King has already been approved by Juncker, but he must be formally approved by both Member State representatives and the European Parliament. This will likely happen in September after the summer recess period ends.

Theresa May continues tour of EU leaders

An exit model which suits both Britain and the European Union was pushed for at a meeting in Rome between Britain's Prime Minister, Theresa May, and her Italian counterpart Matteo Renzi. On 28 July, May met the leaders of Poland and Slovakia, both of whom have substantial immigrant populations living in the UK. Migration was an important political issue during the British referendum campaign, and May is under pressure to guarantee rights of British nationals living elsewhere in the EU, and EU migrants living in Britain. The free movement of workers is touted as a key element in discussions around continued British access to the European internal market.

Germany

German economy remains robust despite Brexit

Two indexes and the president of the German central bank signal that the German economy does not suffer severely from the Brexit vote. The ifo business climate index, one of Germany's primary economic barometers fell only slightly in the aftermath of the Brexit vote. Most economists expected a larger decline. According to the Markit Institute's German purchasing manager index, the situation of the industry and the service sector improved slightly and reached the highest level in more than a year. Separately, the president of Bundesbank, Germany's central bank, Jens Weidman, said that German economic growth is expected to stay robust for 2016 and 2017. In 2018 however, he would expect a slight slowdown.

German government wants to attract UK start-ups

The German government plans to support business start-ups with a €10 billion fund to leverage venture capital with the help of state-backed loans. One aim is to attract company founders from London. Especially the German start-up scene in Berlin could benefit from the Brexit.

France

President Hollande and Jean-Claude Juncker discuss Brexit over dinner in Paris

President François Hollande welcomed Jean-Claude Juncker, President of the European Commission, to Paris on Sunday, 24 July for a dinner at which the two leaders were to discuss Brexit and prepare for the EU Summit in Bratislava on 16 September. Although no official press release was released, Juncker appeared on France 2's Telematin morning program on Monday. He lamented that the UK had not "offered its resignation" from the EU as soon as possible but added that the British are aware that there will be no negotiations until they have delivered "their farewell letter." The European Commissioner also echoed President Hollande's past statements that in order to maintain access to the single market the UK would have to respect the four freedoms, including freedom of movement, that are intrinsic to the market. He also told that he

and President Hollande had discussed several initiatives to bolster European security during Sunday night's dinner, including improved registration of travelers' information and new legislation regulating arms and explosives.

Hollande announces weekly ministerial meeting to “ensure continuity” on government priorities

A spokesperson for the government announced on Saturday that, throughout the remainder of the summer, a weekly meeting of relevant ministers will be held to discuss security questions, as well as Brexit. The announcement was made following a government seminar to define priorities going forward. The topics meant to guide the meeting were: security following the Nice attacks; Europe and economic consolidation in the context of Brexit; and citizen engagement and participation in the military reserves.

At G20 meeting, Michel Sapin remarks that Brexiteers are “completely unprepared”

Speaking after the G20 Finance Ministers and Central Bank Governors' Meeting in Chengdu, China on Sunday, French Finance Minister Michel Sapin remarked that the UK found itself completely unprepared following the 23 June vote, specifying that "Brexiteers don't realize the difficulties, the technical questions, the size of the task" ahead of them. He thus "understands" that the UK needs time to prepare itself before invoking Article 50 but that this could not drag on indefinitely, commenting that "uncertainty is harmful." He added that the financial reforms set in place after 2008 were responsible for the markets' resilience displayed in the aftermath of the vote but that it is now time to concentrate on Europe's long-term economic health.