Implementing Article 50 - Responding to the declaration of the United Kingdom to leave the European Union

Old Dominion University Model United Nations Society

Never before

For the first time in its 60 year history, the European Council (EC) must deal with the disruption of a Member State determined to leave the European Union (EU).

The basic law of the European Union is the Lisbon Treaty, signed by the heads of government of the European Union Member States in Lisbon on 13 December 2007. Replacing all the European Union treaties that went before it, the Lisbon Treaty is the closest thing the European Union has to a constitution. Under Article 50, ‘Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.’ The language is typical of any international treaty, the kind of worst-case escape clause states normally ensure themselves.

When it was negotiated, Article 50 was not taken too seriously. It was mostly a way of acknowledging that Member States retained their ultimate sovereignty. The European Union was becoming more powerful, but the 28 Member States still had a lot of power. The Article satisfied the small minority worried about their countries giving up too much control. So it came as a shock to the other 27 Member States of the European Union when the United Kingdom voted in a referendum of 23 June 2016 to leave. The British majority was thin; 51.9 in favor of leaving (Brexit the media called it) versus 48.1 wishing to remain. But with the British government committed to the outcome of referendum, whatever it might be, there was no going back.

For the European Council—the EU’s highest body made up of the Heads of Government or Foreign Ministers of the 28 Member States--
Brexit is the greatest challenge ever to the European Union (the European Council must not be confused with the Council of Europe, an older organization that promotes human rights).

More than a year after the Brexit referendum, the United Kingdom is uncertain how to proceed. But formal negotiations between Britain and the European Council, between London and Brussels, are essential. British Brexit—led by Foreign Minister Boris Johnson of the Conservative Party—advertised that leaving would save the country GBP 350 million (USD 425 million) a week, money he said would revitalize the country’s beloved National Health System (NHS). Many say this figure is quite the exaggeration. But the European Council insists that the United Kingdom must pay a large bill to escape its long term commitments to the European Union, usually estimated a 60 billion Euros (USD 75 billion).

The European Council wants a smooth exit, to keep the relationship with the United Kingdom as healthy as possible. A strong majority in the UK wants the same; they want to keep all the benefits of free trade with Europe, while reducing their commitments. But the European Council expects London to live up to the financial commitments it made during the past 43 years as a Member. The European Council also has to worry about the precedents an easy break would make for other possible departures. Both sides must show their supports they worked hard for the best deal possible.

**Background to tension**

When the European Union was formally created by the Treaty of Rome in 1957, it was dedicated to the principle of ‘ever deeper union’. Through free trade and open borders, the European Union—then known as the European Economic Community—was intended to make a return to the wars of the past four centuries impossible, and strengthen Western Europe during the Cold War against Soviet-sponsored communism. Left unclear was where it actually meant to go. Many advocates envisioned a federal Europe, created as the member States gradually gave up national sovereignty to the European Council in Brussels, Belgium. With a true federal Europe, in which states gave up their past independence and jealousies, war would be truly impossible, and barriers to trade and economic grow would be eliminated. A region of 500 million people no longer would be a secondary actor, always pushed around by the Soviet Union or dependent on the United States.

The massive expansion of the European Union after the end of the Cold War in 1991, brought in firm believers like Finland and Sweden. It also made members of the newly liberated countries of central and Eastern Europe like Bulgaria and Romania. The list of new members even included some newly independent countries that formally were part of the Soviet Union, like Estonia, Latvia and Lithuania. Expansion created major new strains and expenses. Five issues caused special problems:

- The new members were poor and required economic assistance to compete economically.
- The economic recession of 2007-08 had ruinous effects from member states like Greece, Italy, Portugal and Spain.
- New member states like Hungary and Poland elected authoritarian governments, opposed to the liberal values for which the EU was created, although they continued to enjoy the economic perks of membership.
- As the people of new member states migrated through the European Union in search of economic opportunities, they...
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often aroused strains with the people of their host countries.
- And waves of migrants from Africa, the Middle East and Asia caused further strains.

The unexpected British exception

What no one anticipated was that the greatest challenge to the EU would come not from new members but from the United Kingdom. Britain was not one of the original members of the European Union, long regarding itself aloof from Europe, vaguely distant. While all other Member States agreed they were part of Europe, Britain debated its connection and refused to join at first.

Seeing the considerable economic and political benefits of membership—obvious even in the early years of the EEC—the United Kingdom reconsidered and applied for membership in the 1961s. This was blocked by French President Charles De Gaulle, the enormously prestigious resistance leader from World War Two, a major force in favor of European integration, and an opponent of British influence in Europe.

Britain was able to join in 1973, but British society remained uncertain. While all other Member States joined for keeps. Many British leaders and voters were no less committed, but for others in the United Kingdom, membership always was regarded as option, never a necessity.

Prime Ministers like Margaret Thatcher in the 1980s made their careers bashing the European Union, even while they made no leave to leave. The EU mostly was a convenient and powerless punch bag, an all-purpose way of venting frustration with economic trouble. The United Kingdom’s tabloid newspapers played an important part, emphasizing British nationalism and never missing a chance to snipe at the European Union. While their claims that the European Union—and especially its leadership, the European Council—was an effort to revive Nazism always seemed exaggerated, the criticism over the years shaped public opinion. For British political leaders, there was hay to be made knocking Europe, and no penalty. Meanwhile, defending Europe was something was politically costly, so few did.

Meanwhile, Britain’s ruling Conservative Party was divided between a pro-European and anti-European Union sides. EU supporters within the Conservative Party are concentrated in the cities and believe free trade with Europe is essential to British wealth, power and influence. Opponents—including most of the mass membership—are concentrated in the countryside and small towns, and preoccupied with immigration. Unable to heal the poisonous division within his party over Europe, then-Prime Minister David Cameron in 2013 proposed the referendum, hoping to bury the idea forever. It did not work out that way.

Milestones of Britain’s EU Membership

- 1 August 1961: Four years after it was launched in 1957, Britain finally applies to join European Economic Community (EEC), predecessor of the European Union.
- 15 January 1963: French President De Gaulle lays down impossible conditions for British entry to the EEC
- 1 January 1973: Britain joins the European Economic Community.
- 7 June 1975: Britain votes in its first referendum to stay in the European Community, which passes.
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- 1984: Prime Minister Margaret Thatcher wins a unique British budget rebate, currently worth 3 to 4 billion Euros annually, from the European Council. Not surprisingly, the rebate is greatly resented by the other Member States, who long regarded it as extortion.
- 17 September 1992: Black Wednesday, Britain decides not to join the Euro, keeping the Pound drops out of the Euro. The Pound crashes in value.
- 23 July 1993: Conservative Party rebels defeat their own government over a further treaty solidifying relations with the European Union.
- 1 January 2002: The Euro goes into circulation, a single currency among 17 EU Member States (now 19) of the Eurozone, but not the UK.
- 2004 and 2007: Ten new countries from Central and Eastern Europe join an enlarged EU of 510 million people.
- 2006: The UK Impendence Party—a protest movement against British membership and migration, gives its leadership to Nigel Farage, an accomplished rabble rouser. He later is elected a British member of the European Parliament, where he gets endless media attention for his attacks on Europe, and wins support at home.
- 2013: Prime Minister David Camron agrees to hold a British referendum on EU membership
- 23 June 2016: In its second ever national referendum, the UK votes to leave the European Union, 51.9 to 48.1 percent.

Negotiating with the United Kingdom

For the European Council, negotiating separation with London is tricky. Much depends on what the British wants.

If the United Kingdom chooses a hard Brexit, as proposed by Conservative hardliners like Foreign Minister Boris Johnson, the process would be easy for everyone; the UK leaves, offers nothing to Brussels, and accepts whatever angry deal the European Council gives it. The result would be a collapse in British trade with Europe. British firms that depend on trade or financing from Europe would be forced to flee the country. Border control would have to be re-created, causing chaos that could last for years. The so called Remainers think this would be ruinous to the British economy, a massive transfer of wealth to Europe, and impose enormous hardships on ordinary people. Advocates of hard Brexit say there is no other way.

Most British leaders want a negotiated deal, or a soft Brexit. Prime Minister Theresa May and much of the Conservative Party is willing to pay substantial divorce payment to Brussels, acknowledging old commitments, and smoothing the way for gradual restoration of additional border controls, and reducing the destructive effects for British industry, trade and the financial services industry. But as of this writing, the Theresa May government cannot get her Conservative Party Members of Parliament to agree on basic terms of withdrawal.

The other 27 members of the European Council are resentful to varying degrees, but willing to acknowledge the reality of British withdrawal.

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under Article 50. It is their right, after all. But all European Council leaders are agreed that Britain must pay for its past commitments, preferably for at least two years of a divorce period. The bill for Britain’s share of the expenses are unknown. Much of the bill is long-term foreign aid commitments and pension fund contributions for European Union employees.

Negotiations: British priorities

Although the British divorce payment gets the most attention, it is not the hardest issues. Negotiations may turn on advantages for specific industries and groups of people:

To maintain the central role London as a global financial trading and services center, financial firms want to maintain the freest market possible. Any barriers on free trade eliminate their advantages and ensure firms will have to move the continent to maximize their business.2

Industry faces similar problems. British firms and foreign firms with manufacturing in the United Kingdom, are worried that trade barriers imposed by Britain will be matched by the European Union, undermining their European trade, forcing them to move to the continent, too.

What will be the rights of residents of EU countries now living in the United Kingdom? There are 3.5 million EU citizens living in the UK and 1.2 million UK nationals living in EU countries. What are their rights? British hard Brexit advocates want to maximize control and reduce rights to family reunifications and long-term residence. Soft Brexit advocates note that Britain’s people living in the other 27 Member States are vulnerable to retribution, too.

A possibility is an arrangement like Norway and Switzerland—neither members of the European Union—have with Brussels. In essence they accept virtually all EU regulations, including EU rules on migration and passport control. They also make annual financial contributions to the EU. They just are not members. But convincing British hard Brexeters to accept such a deal might be tough.

Negotiations: European Council priorities

Above all, the European Council does not want to allow a precedent for Member States to do as they please. The great fear of EU leaders always has been that Member States will take their responsibilities a la carte, picking and choosing their responsibilities, undermining European unity and the ability of the European Council to act with a single voice.

A related concern is the risk of European secessionism. Populism in Europe often translates into support from regional identities to carve out their own small, independent states. In the United Kingdom, Scotland has voted on independence, although so far without quite supporting it. Should the UK leave Europe, the possibility grows that Scotland will leave the United Kingdom.

Other issues concern neighboring countries. Ireland shares a border with the United Kingdom, for Northern Ireland. Depending on the exact term of the split, Brexit could mean a return to customs controls and passports along the inert-Irish border. This could restore pressure for Irish unification, including return to the

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violence of the Irish Republican Army, the insurgency that battled the British Army for twenty-five years.

For all EU Member States, finances matter. Of the European Union’s total budget of EUR 132 billion, EUR 14 billion comes from the United Kingdom, although the UK gets roughly EUR 3 billion back through its unique refund arrangement. This still leaves an annual deficit of EUR 11 billion, which no one among the 27 is in a hurry to replace themselves. This is in addition to the long-term commitments, usually estimated at EUR 60 billion, which many expect London to finance as part of its divorce.3

Consensus required

Under the Lisbon Treaty, the European Council has two ways to make decisions; by consensus and Qualified Majority Voting (QMV). Consensus is the EU’s preferred way of acting, meaning all states agree to a measure. It is normally required for the most important matters, including membership decisions. The latter is the complex formula that ensures that the smallest states—with a tiny share of the EU’s population—cannot make decisions for everyone. Under QMV passage requires 16 of the 28 Member States, with roughly 65 percent of the EU’s population. QMV is permitted for less fundamental matters, and someone times— if the European Council agrees—when consensus is impossible.

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27 EU Member States country positions

What the EU27 wants from Brexit, Politico, 30 March 2017

British Prime Minister Theresa May will trigger Article 50 Wednesday. There’s no going back — negotiations will soon commence.
Across the table from the British delegation, led by May and Brexit Secretary David Davis, will be the European Commission’s Michel Barnier. But behind Barnier and the Commission are 27 separate member states.

Austria
Priorities: Citizens’ rights, EU budget
Austria will take over the rotating presidency of the Council of the EU in the second half of 2018. That means the country will have a central role to play in the negotiations, something Sebastian Kurz, Austria’s foreign affairs and Europe minister, raised during his trip to London at the end of March.
Safeguarding the rights of the 25,000 Austrian citizens living in the U.K. will be one of Austria’s top priorities. Another top priority is making sure that the remaining EU members who pay into the budget do not have to cover the multi-billion euro gap left by the U.K.’s exit. Instead, Austria wants to take the opportunity to make the EU leaner and fitter, according to Kurz. Ideas include reforming the way the Commission works, by halving the number of Commissioners to 14.

Hard or soft? Medium hard.
Belgium

**Priorities:** Trade with U.K., security

Belgian industry — especially in the Flemish north, which accounts for more than 80 percent of its exports to the U.K. — has a lot riding on future trade relations. Britain is the fourth most important trading partner for Belgium, after Germany, France and the Netherlands, and accounted for 8.8 percent of all exports in 2015, according to National Bank figures. Exports are especially important to the chemical industry, industrial machinery and textiles, all of which will be high on Belgium’s agenda in the trade discussions. In its recent struggle with terrorism, Belgium is also counting on the U.K. to continue sharing intelligence. As one of the six founding nations and the seat of the European capital, Belgium loves the union. Prime Minister Charles Michel’s office stressed the need for EU countries to unite in their stance on the negotiations and stand behind the EU’s accomplishments. He also stressed that the U.K.’s divorce must be finalized before trade talks begin. But Michel could face pressure from his coalition partner, the Flemish-nationalist N-VA party, which is far more “euro-realist” and wants trade talks to start sooner.

**Hard or soft?** Soft-ish. Michel has pushed for what he calls “smart Brexit.”

Bulgaria

**Priorities:** Citizens’ rights, good relations with Germany

Brexit is not high on the Bulgarian political agenda and Boyko Borisov, the likely incoming premier, will almost certainly fall in line behind his ally German Chancellor Angela Merkel. Sofia’s priority is to protect the rights of its workers and residents in the U.K. The numbers of these Bulgarian citizens in Britain are unclear, as much of the work is seasonal or ad-hoc. But the total is estimated to be more than 60,000 people, not including students. Bulgarians are a small community compared with the Poles, and the Visegrad Group of Warsaw, Prague, Bratislava and Budapest is expected to take the lead in negotiations over migrants. The number of Bulgarian workers is also far higher in Italy and Spain and they present more of a strategic priority than those in Britain. Borisov, who is expected to return to the premiership after Sunday’s elections, has also “welcomed” applications from British residents seeking citizenship, although that is still difficult to obtain. There are some 7,000 Britons in Bulgaria. Many of them are pensioners and retirees who have retired to the sun or who have invested in holiday homes.

Last year, Borisov called Brexit a “bad day” for Europe. But in a sign that Bulgaria will hold a united front among the EU27, Borisov insisted that there could be no talks of a “special status” for the U.K. “Those would rip the union apart,” he said.

**Hard or soft?** As hard as Germany.

Croatia

**Priorities:** Defense and security

The EU’s newest member (it joined in 2013) has a long history with the U.K. It was the British government which led negotiations to end the conflicts that engulfed Yugoslavia in the 1990s and continued to push the enlargement agenda for countries in the region.
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For Croats, the U.K.’s departure is seen primarily through the lens of security. They want to keep the U.K. as engaged as possible in the EU’s security agenda, not least due to fears of Russian and Turkish encroachment into the region. After accession, around 150,000 Croats left the country, but they mainly went to Ireland rather than the U.K., meaning that unlike some new accession states, the Croatian government isn’t too concerned about its diaspora.

Andrej Plenković, the prime minister, has also said that while he regrets the departure of the U.K., it should be seen as an opportunity to overhaul the way the EU functions. Plenković was heavily involved in his country’s accession to the bloc, so knows the EU treaties inside out. He’s also close to the European People’s Party hierarchy, so will tow the Merkel line.

Hard or soft? Medium-hard.

Cyprus

Priorities: Future of U.K. military bases, tourism, immigration

Cyprus considers itself the third most affected EU country, after Ireland (the border) and Spain (Gibraltar.) Britain’s military bases in Cyprus cover one percent of its land including villages where Cypriots live. Their fate will be a key question for the government. Cyprus also depends heavily on Britain for tourists, and Britain is the top destination for Cypriot university students and exports.

Given all of this, Cyprus favors as close a relationship and as soft a break as possible. One Cypriot official hinted that issues like trade relationships would at least partly have to be discussed before Brexit is final — a break with the majority EU27 stance.

Hard or soft? As soft as possible.

Czech-Republic

Priorities: Citizens’ rights, trade

In January, Interior Minister Milan Chovanec was reported to be breaking ranks with other EU countries, saying that Prague should “undertake an independent initiative” and not wait for a U.K.-EU deal. But that is not the government position, which stresses EU unity as a core value.

On the issue of timing between the Brexit deal and the trade talks, Prague is in line with the Commission and member states who want to deal with trade only after the divorce settlement is concluded. “Although an agreement on a future relationship between the United Kingdom and the EU is, from a long-term perspective, a key part of the process, it should be preceded by an agreement on the basic outline of the conditions for U.K.’s withdrawal from the European Union,” the leaders of Czech parties represented in Parliament said in a joint statement last month.

In Prague, a cabinet-level Brexit task force has been set up and the country is getting ready for Article 50.

Hard or soft? Soft, according to Czech diplomats.

Denmark

Priorities: Integrity of single market, agricultural trade
Denmark has long been a close ally of the British within the EU. But when it comes to Brexit, Danish companies have emphasized the importance of a level playing field to their government, according to a government official familiar with the country’s preparations for the negotiations.

Denmark’s high-end export goods — be it furniture, pharmaceuticals, furs or meat — are produced to tough environmental, labor and consumer standards, and the country considers the EU to have “raised the floor” to a Danish level of regulation, allowing the country to stay competitive. The Danes’ chief priority for Brexit, therefore, is to avoid a situation in which British companies are able to bypass EU regulations but retain good access to the single market, undercutting Danish goods.

There are also hopes that tariffs on agricultural products can be lowered in any eventual free trade agreement. Britain is the country’s third-biggest export destination for the nationally important pork sector.

Danes support the need to settle the divorce first, prioritizing the rights of EU citizens, the U.K.’s borders and its financial obligations, the government official said.

Copenhagen is also conscious that to succeed Brexit talks need to be conducted in a way that allows the U.K. and EU27 nations to sell the deal to populations at home. Even if the settlement is tough for the U.K., the Danes will urge against talk of punishment. “I don’t think anyone would have any wish to complicate May’s life,” the official said.

Hard or soft? “Middle of the road,” according to a government official.

**Estonia**

**Priorities:** Open trade for London-based Estonian companies, defense

According to MEP Kaja Kallas, the U.K. has a friend in Estonia, a country that would regularly line up with the Brits in EU discussions on business regulation and internal market policy.

Estonians want a workable relationship with the U.K., not least because of the number of Estonian tech firms, such as Transferwise, who now have extensive operations in London.

Estonia is also playing host to a number of British soldiers, there as part of a NATO deployment. Estonians will want the U.K. to remain as closely engaged in the bloc’s defense activities as possible, at a time of rising tensions with Moscow.

There is no major difference between the Reform/Center Parties on Brexit.

**Hard or soft?** Soft.

**Finland**

**Priorities:** Unity of EU27

Like many of its northern European neighbors, the Finnish government is especially sad to see the U.K. go. A traditional ally on the free-trading, low regulation wing of the EU, Britain is also an important trading partner. “But they used to be more important. Finland is more global now,” a Finnish government official familiar with the country’s preparations for the negotiations said. At the turn of the century, the U.K. was the second largest export destination, mostly for paper and petroleum. Now it sits sixth on the list, and Finland exports as much to China as it does to Britain.

The diminishing importance of the partnership means that Finland will be relatively agnostic in Brexit negotiations and willing to go along with the majority view of the EU27. “We will not be the ones shouting out,
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“we are here, do this do that.” We don’t have any special requests,” the official told POLITICO. “Our special, special wish is that there is unity among the EU27.”

“The Finnish government is very clear that the four freedoms are vital for the European Union. We want win-win, cooperation. But it can never be the same as with a member country. The four freedoms are not going to be put into a puzzle and taken away somehow,” the official told POLITICO, following consultation with colleagues in Brussels and Helsinki.

**Hard or soft? Hard (reluctantly).**

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**France**

**Priorities:** Avoid contagion, avoid regulatory competition, preserve EU manufacturers

A senior EU diplomat said France would defend “systemic” interests in the Brexit talks. That means avoiding any disintegration of the European system or contagion of Brexit to other countries.

“If the Brexit arrangement is ill-conceived, it can lead to dislocation,” the diplomat said. France also has a clear interest in keeping regulatory standards the same after Brexit. “In many areas, we have rules of competition, so we will be firm with the U.K. to avoid any regulatory competition,” the diplomat said.

France is also focused on the future of European manufacturers such as Airbus, where “the entire economic model is based on the most complete fluidity of composite materials ever,” the diplomat said. Fisheries is also a matter of concern to the French.

**Hard or soft? Hard on the substance.**

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**Germany**

**Priorities:** Integrity of the single market

The German position in a nutshell: “No cherry-picking.” (“Keine Rosinenpickerei.”)

Merkel first mentioned the mantra in a speech immediately after the U.K. referendum, and the chancellor and her senior officials have since made sure to bring it up at every opportunity.

“If it turns out to be possible [for the U.K.] to get full access to the single market, if you can pick certain things, then the single market as such will be very quickly at risk ... because every country will want to cherry-pick,” Merkel told business representatives in January.

Across party lines in Berlin, there is a strong backlash against what officials perceive as British demands for getting the benefits from the EU’s movement of services, goods, capital, but doing away with the free movement of workers. So far, fears that other EU27 states will copy the Brits and start asking for special deals is greater than the fear the impact a “hard Brexit” could have on the German economy.

Officials’ resolve is strengthened by advice from their economic aides who believe Britain will be far worse off than the rest of the EU after leaving. “The EU-27, with Germany, France and Italy, is a trade giant like the U.S. or China,” an advisor said, speaking on condition of anonymity. “Britain by itself will play one league below that, with countries like Canada. When was the last time you saw someone being intimidated by Canada’s trade strength?”

After May’s confirmation of a hard Brexit stance, Berlin will take the British prime minister at face value and regard the upcoming negotiations as talks over a trade agreement with a third country. Increasingly officials believe it’s virtually impossible for the U.K. and the EU to strike a deal within two years.

**Hard or soft? Hard.**
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Greece

Priorities: Citizens’ rights
Greece is keeping its Brexit cards close to its chest. The Greek government has yet to make any public statements or announce an official line on Brexit. Athens says that is waiting for London to formally trigger Article 50 and only then “all assignments, roles, priorities...will be gradually unfolded, in cooperation, of course, with the Commission’s special task force,” a Greek diplomat said.

Prime Minister Alexis Tsipras met with May at December’s European Council meeting but the topic of the discussion was Cyprus (where London is one of the guarantors) and not Brexit, a Greek official explained.

Hard or soft? Unclear.

Hungary

Priorities: Citizens’ rights, EU funding
Hungary is one of Britain’s closest allies among the 27.

“The sovereignty camp has lost its loudest voice,” said Foreign Minister Péter Szijjártó at an international conference at the beginning of the month, where he also stressed that Budapest prefers a soft Brexit. “We reject the approach according to which the British must be punished; their decision must be respected, even if it would have been in Hungary’s interests for Great Britain to remain a member of the European Union,” he said.

One of Hungary’s main priorities is defending the interests of Hungarian citizens working in the U.K. “The government wants to see the introduction of a mechanism that would ‘automatically’ renew the working permits of Hungarian nationals in Britain after it leaves the EU,” Gergely Gulyás, deputy head of the ruling Fidesz party, said at a press conference last year.

Hungary is also interested in a financial settlement that softens, as much as possible, the negative impact that Britain’s exit will have on EU funds, a Hungarian official said.

In terms of the negotiation strategy, Budapest will not be unveiling its position on how to sequence the divorce settlement and trade talks as their priority is unity with other EU countries, the official stressed.

Hard or soft? Soft.

Ireland

Priorities: Protect peace in Northern Ireland, preserve Common Travel Area
Dublin’s foremost aims are to protect peace in Northern Ireland and avoid damaging trade between the highly interconnected U.K. and Irish economies.

The complex and contested border between the Republic and Northern Ireland has grown largely invisible in recent years. Any return to a noticeable division could be destabilizing. Dublin wants to maintain the free movement across the two islands that existed before the EU was founded, and for the ultimate deal to explicitly guarantee easy EU accession should Northern Ireland democratically opt to unite with Ireland in the future.
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People living in the North, which voted to remain within the EU in June’s referendum, can claim Irish or U.K. nationality, or both. “We did not vote to leave the European Union and we must protect our peace process. We cannot have a situation where people on our island, potentially citizens of Ireland, can be impacted by virtue of a decision taken in the United Kingdom,” European Affairs Minister Dara Murphy told POLITICO.

Dublin has undertaken a diplomatic blitz ahead of the negotiations, sending delegations to every member state in the EU. Murphy emphasized that despite its close relationship with the U.K., Ireland is firmly on the side of the EU regarding Brexit. “Pro-EU sentiment in Ireland is exceptionally strong,” Murphy said. “We are on the EU side of the table completely.” However, Murphy added that “every element of Brexit is not welcome,” so the Irish will be a strong voice for a low-impact solution.

**Hard or soft? As soft as possible**

### Italy

**Priorities:** Citizens rights, financial services, EU budget, future of EU agencies in the U.K.

Rome’s major concern is citizens’ rights, Italian Prime Minister Paolo Gentiloni made clear when he met May in London in February. “Their rights will be respected and they will be treated well,” Gentiloni said.

Financial services are also relevant since they could be exposed to an aggressive British fiscal policy, according to an official at the foreign ministry, who listed Italy’s priorities as the future of the EU budget and the future of EU agencies now in the U.K., such as the European Medicines Agency, which Milan hopes to host after Brexit.

Rome wants to have Brexit divorce terms agreed first and then discuss trade talks only afterward. “This sequencing is a common line for member states,” one Italian diplomat said.

When Gentiloni visited May, he argued against “disruptive talks.” Italian diplomats agree the approach should be to encourage the EU27 to stay rather than any attempt to scare them from to leaving.

The Brexit dossier will be handled by DG EU at the foreign ministry and by the sherpa Marco Piantini, an official said.

**Hard or soft? Soft.**

### Latvia

**Priorities:** Trade, Citizens’ rights, EU funding

Latvia is primarily concerned about preserving trade relations with the U.K. “The U.K. has been an active promoter of liberal market values, we are a small and open economy but we see the value of an open market,” Dana Reizniece-Ozola, Latvia’s Finance minister told POLITICO.

After the EU’s 2008 economic crisis, the U.K. has been one of the most active countries in the EU “helping to strengthen the single market,” she said.

“After the crisis, you could feel a sense of protectionism,” she said. “The U.K. has always been the one who’s been pushing further single market rules. We will miss them."

Reizniece-Ozola also said the rights of more than 80,000 Latvian citizens living in the U.K. were important in their Brexit strategy.

The other red line will be EU-wide Cohesion Funds, Reizniece-Ozola said. “We are recipients of these funds, including on business, education, science programs, and we and would not like to see them reduced.” According to the European commission, Latvia has been allocated €5.63 billion from the European Structural and Investment Funds, for the period 2014-2020, covering areas such as research and low-carbon economy. “The...
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reduction of these funds in case of Brexit should not hinder the competitiveness of Europe,” Reizniece-Ozola said.

Hard or soft? Soft, but hard on funding.

Lithuania

Priorities: EU funding, in particular cohesion funds, citizens’ rights
The issues at stake for Lithuania will be the rights of their citizens living in the U.K., EU finances, home affairs, and security and defense, a senior diplomat from the Baltic country in Brussels said.
“The country has about 200,000 citizens (eight percent of the total population) living in the U.K.,” the diplomat said, and “we are still a net receiver” of EU funding.
The diplomat added her country would also need to “preserve cooperation” with the U.K. on home affairs, internal security and justice, and defense matters.

Hard or soft? Soft, but hard on funding.

Luxembourg

Priorities: Its financial center
Luxembourg wants a slice of London’s business post-Brexit and wants to ensure that the U.K. financial sector continues to play by the regulatory rules so that its own companies stay competitive.
Minister of Foreign Affairs Jean Asselborn outlined his government’s position in Luxembourg’s national parliament on March 21, stressing the need to protect its financial sector — with its $3 trillion asset management industry — and the rights of British citizens working in the country.
The small country is also the eurozone’s largest hub for international wealth management and private banks, managing over $400 billion in assets. That needs to be protected, Asselborn said, stressing “we will not accept any cheap compromises.” To guarantee that protection, a “system of equivalences” — or mutually agreed regulatory standards — is vital to guarantee that “financial services access the European market...[This] is so important and we must ensure that this system is adapted to the new realities after Brexit,” he said.

Hard or soft? Hard on finances.

Malta

Priorities: EU27 unity, making the most of the Brexit opportunity
As a member of the Commonwealth and former colony, Malta has a long history with the U.K., reflected in the fact English is widely-spoken. There’s a strong cultural affinity for Britain, too, although the Maltese see an opportunity in Brexit.
Given its climate and language, it’s well placed to poach business from London, specifically financial services firms that will need to open subsidiaries inside the EU.
“It is a historical irony but it is also a sad process. The U.K. was also one of the most supportive countries of our joining the EU. It is another irony that we are now piloting a process to let go of a country that let us in,” Prime
Minister Joseph Muscat said in late January, reflecting on his country’s term holding the rotating EU presidency at a time of crisis.

Hard or soft? As hard as the EU27 wants it to be.

Netherlands

Priorities: Citizens’ rights, trade EU budget
The Netherlands is currently between governments due to the recent elections and so no one was available to comment on the national strategy. However, Anne Mulder, the Europe spokesman from the party of incumbent Prime Minister Mark Rutte, said it is crucial to correct “Alice in Wonderland… totally unrealistic expectations in the U.K.” towards the Brexit deal.

“We are saying this as a friend,” Mulder said. “They are totally not prepared… They don’t have the people to negotiate trade deals. So they are underestimating the situation… They need to be brought back down to earth.”

A report by two lawmakers on the Dutch position is working its way through parliament. This draft position recommends: guaranteeing the rights of Dutch citizens in the U.K.; protecting trade (the Netherlands has the highest level of exports to the U.K. of all EU countries apart from Ireland); involving the Dutch parliament in the negotiations; that the U.K. should meet EU financial contributions to which it has already agreed; and that the nuclear power treaty Euratom should be kept separate from Brexit.

However, Mulder characterized the Dutch stance as soft Brexit. “We have huge trade relations so a soft Brexit. We don’t have to punish them because they are punishing themselves,” Mulder told POLITICO, with a laugh.

“They don’t need extra punishment. They are shooting their own foot.”

Hard or soft? Hard with a soft center.

Poland

Priorities: Citizens’ rights, EU funding
Poland’s two main Brexit concerns are people and money — in that order.

The British government estimates more than 800,000 Polish-born people live in the U.K., making them the largest foreign-born group in Britain and Polish the second-most spoken language.

That has created an enormous incentive for the Warsaw government to watch out for compatriots in the U.K. — people who can vote in Polish elections, send money back to the country and who still have families in Poland. When Jarosław Kaczyński, leader of Poland’s ruling Law and Justice party, met with May last week, migrants were the main topic of discussion.

However, Warsaw has made clear that it will not hold separate talks with the U.K. on the issue.

It’s also unclear just how many of those Poles will get to stay. About 400,000 have been in the country less than five years — too short to become permanent residents under current rules. Although Warsaw says it will stick up for their rights, the Polish government is counting on as many as 200,000 people returning from Britain: something that could boost Poland’s economy.

Then there’s the money. Poland is the largest recipient of EU structural funds, and the worry is that a post-Brexit budget will be significantly smaller.
The U.K. may have some room for maneuver with Poland thanks to the country’s worries about Russia and the U.K.’s role as one of Europe’s most muscular military powers. But so far, on Brexit, Warsaw isn’t breaking ranks with the rest of the EU.

**Hard or soft? Harder than the U.K. would like to think.**

**Portugal**

**Priorities: Citizens’ rights, defense and security, EU budget**

Portugal is strongly pro-European as well as Atlanticist. The loss of the EU’s pre-eminent Atlantic power leaves it feeling vulnerable. “We absolutely must preserve the balance between continental and Atlantic factors which are strategic for countries like Portugal,” Foreign Minister Augusto Santos Silva told diplomats recently. Reciprocal rights for EU and U.K. citizens “must be at the top of the negotiating priorities,” State Secretary for European Affairs Margarida Marques told POLITICO. “We also need stability in other areas, such as the union’s financial framework.”

Portuguese President Marcelo Rebelo de Sousa spoke with POLITICO March 22. “There will be a bill,” he said. “They have existing commitments through to 2020, at least. The bill is a decision on quantity. The future relationship is a decision on quality.”

Santos Silva said that Portugal lines up “unreservedly” with the Commission and states calling for unity among the 27. In domestic and international deal-making, Santos Silva and Prime Minister António Costa, have proven themselves to be astute negotiators. They’ve been building close ties with other Southern European governments. With a stable government enjoying broad support at home and a wide degree of national consensus on Europe, Portugal might punch above its weight in the negotiations.

However, the country is vulnerable to economic shocks that could undermine its position.

**Hard or soft? Preferring soft, preparing for hard.**

**Romania**

**Priorities: Citizens’ rights, EU funding, good ties with U.K.**

Romania’s negotiating strategy is focused on ensuring that there will be no discrimination between EU citizens (or between EU citizens and U.K. nationals) during the divorce, according to government officials. This is a core principle that Romania wants to see applied both during the withdrawal agreement and for any future relations. Like others, Bucharest wants issues negotiated in a certain order: first focused on preserving the rights of EU citizens and dealing with the Brexit bill. Then the EU should informally explore how the EU-U.K. relation can transition to a future relationship. “The question of acquired rights for EU and U.K. nationals and the financial settlement should be addressed at the beginning of the negotiations, and only after sufficient progress will be made on these aspects, an informal scoping of the future relations could start,” European Affairs Minister Ana Birchall told POLITICO. However, she said, “even the softest Brexit will be a hard Brexit,” adding that U.K.’s decision to leave the single market and customs union “does not seem to make it possible to replicate the status quo.”

**Hard or soft? As soft as possible, but accepts hard most likely.**
Slovakia

**Priorities: Citizens’ right, good ties with the U.K, EU funding**

Slovakia made news in September when Prime Minister Robert Fico went on the record in an interview with the Financial Times saying that the EU will make Brexit “very painful.” The bone of contention, in this case, is also the rights of EU citizens living in the U.K. Currently, an estimated 75,000 Slovaks live and work in the U.K.

“All we want is to be treated the same [as British workers],” Fico said. “If that happens, then this divorce could be a success. But even then it will be more painful for the U.K.,” he said. “Even if it is the fifth-biggest economy in the world — I understand their financial importance — this will still be very painful for the U.K.”

“It would be very wrong to have the EU emerge from the talks weakened and Britain strengthened,” the prime minister later told Slovak media. “That would be the worst example set for each and every single country for EU, where public pressure to leave the EU might be felt.”

At a more recent meeting with David Davis, Fico explained that his hard tone doesn’t mean his country has chosen a hard Brexit since he wishes the two countries will remain good partners and maintain high-quality relations.

*Hard or soft? Soft but strict on citizens’ rights.*

Slovenia

**Priorities: EU funding, citizens’ rights**

For Ljubljana, there is one over-riding priority — ensuring the U.K. pays its dues. British liabilities within the EU’s 2014-2020 budget settlement is not about politics for Slovenia, national officials said, but cold hard cash that has been committed to the country and is already being spent. A net beneficiary from the EU, Slovenia was allocated more than €3 billion for 2014-2020, money that is being spent on upgrading the railway network, motorways, waste management and numerous other educational, research and environmental projects.

“Our biggest concern is to get a deal on the EU budget,” said a Slovenian government official. “For us, this is a legal question.” Slovenia has aligned with its biggest trading partner, Germany, and will side with Berlin in emphasizing the importance of a “non-fragmented” single market. “That means no cherry-picking,” the official said. The country will be firm that the four freedoms have to be respected, and doesn’t expect to have trouble persuading EU27 partners to support its position.

However, as a smaller country — population two million — that benefits significantly from being in the EU, it will be among a group of net beneficiary nations lending moral force to the EU’s argument that the U.K. must pay up. Ljubljana rejects any characterization of hard versus soft Brexit, and hopes to remain a good partner to the U.K. after Brexit, officials said. However, its stance is at odds with U.K. hopes to avoid a big divorce bill and to secure generous single market access, so could be characterized as on the hard side.

*Hard or soft? Hard.*

Spain
Priorities: Citizens’ rights, commercial agreement, Gibraltar, Scotland

As a firm pro-European country, Spain’s goal is for the EU to overcome the Brexit trauma in the best possible shape, meaning Madrid won’t break the negotiating discipline of the 27 member states and the priorities of Barnier’s team. “The most important interest now is the unity of Europe and the continuity of the integration process,” Prime Minister Mariano Rajoy said in an interview with El País, adding that the goal should be to achieve the best possible relations between the U.K. and the EU, while making it clear that you can’t be better “outside than inside” the Union.

Spain also has a handful of particular priorities. Firstly, Madrid favors a quick, reciprocal, all-encompassing deal on citizens’ rights. There are more British citizens living in Spain — around 300,000 officially registered — than Spaniards in the U.K., a unique case in the EU, and around 18 million Britons travel to Spain every year. That’s a juicy source of income the country would like to maintain.

Secondly, Madrid would like the negotiations to end up with an as-good-as-possible commercial deal between the U.K. and the EU. The U.K. is the most important recipient of Spanish foreign investments and Spain’s fourth largest trading partner. Moreover, many of the biggest Spanish companies in the UK, like Banco Santander, Telefónica or Iberdrola, work in sectors which are highly sensitive to public regulation and therefore could potentially suffer heavy losses from Brexit.

Thirdly, Gibraltar and Scotland: Spain wants Gibraltar’s case not to be addressed at all in the Brexit negotiations so that whatever happens with the British overseas territory is negotiated bilaterally between London and Madrid. In the case of Scotland, Spain’s priority is to make sure that it doesn’t get any special treatment and leaves the EU in the same conditions as the whole of the U.K., so as not to encourage separatists in Catalonia.

Hard or soft? Soft.

Sweden

Priorities: EU budget, EU27 unity

Stockholm is determined that the cost of Brexit does not land on the tables of Swedish taxpayers. Officials calculate that the EU budget will take a 13 percent hit from the loss of the U.K., a net contributor, and a priority from the Brexit talks and their aftermath will be first to ensure the U.K. pays any obligations — Foreign Minister Margot Wallström told the BBC in February that Britain had to “take the consequences” of Brexit — and then at the next budget round, to lower the overall EU budget so that Sweden and other member states don’t contribute more to make up for the loss of British cash.

Finance Minister Magdalena Andersson has spoken of the need for “as soft a Brexit as possible” and Sweden wants good terms with its fourth biggest trading partner. But while a good trade deal is hoped for, Sweden — historically a close ally of the U.K. within the EU — will not let its economic interests trump EU27 unity.

“The political project of the EU comes first,” a government official familiar with the country’s preparations for Brexit told POLITICO. Stockholm had hoped for the U.K. to stay in the customs union and was surprised when May ruled out full membership in her Lancaster House speech in January, the official said. The U.K. might have hoped for special treatment from Sweden, but Europe Minister Ann Linde has gone on the record to say that Sweden will not “step outside the EU27” to support British positions during the negotiation.

Hard or soft? Medium hard.