BREXIT**BOWL**

It's lining up to be a significant month for the European Union.

The Dutch are holding their much-anticipated general election this week with intense focus on the prospects of the far-right leader Geert Wilders.

EU Presidents and Prime Ministers – apart from UK PM Theresa May – will gather in Rome on 25 March to celebrate the 60th anniversary of the signing of the Treaty of Rome, the EU's founding legal text, and attempt to define the bloc's future strategy and purpose.

And, of course, PM May will soon call the formal start of Brexit negotiations. The UK Parliament last night approved the 'EU Withdrawal Bill' which will allow the Prime Minister to trigger Article 50.

This month's Brexit Bowl features insights from FTI Consulting's office in Dublin analysing how the negotiations will play out in Ireland, at a time when the governing party is expected to change leader, and following dramatic elections in Northern Ireland.

While the political dynamics of Brexit continue to play out in Europe, the beginning of the two year negotiating process should mark a step change in the approach of businesses to Brexit, with active and detailed consideration of its impact on their future operating environment and possible responses.

Put simply, Brexit must now move from the pile marked 'too difficult to handle' to the one marked 'needs urgent attention'.

Louise Harvey

View from London

The past month has been a busy time in British politics, with by-election surprises, political interventions, rebellions in the House of Lords, and high profile business transactions all making the headlines.

The month began with the smooth passing of the Brexit Bill in the House of Commons, despite a number of Labour and Conservative MPs rebelling against their respective leaders, culminating in a number of swift resignations from the Labour front bench. The Bill then progressed to the Lords, with the Government twice defeated over two amendments, one calling for a 'meaningful vote' for Parliament on the final Brexit deal, another obliging the Government to secure the rights of EU citizens already present in the UK. Prime Minister May was however adamant that she would not change her stance, and in the end, Parliament last night gave its final agreement to the Brexit Bill which now allows the Prime Minister to activate Article 50 before the end of March.

Against the backdrop of the Brexit Bill, the month also witnessed an intervention from former Prime Minister Tony Blair on Brexit. At a news conference held in conjunction with pro-EU pressure group Open Britain, Blair criticised his old party for being complicit in allowing a 'disastrous' Brexit to happen on their watch, calling for a cross-party movement to oppose leaving the EU. Blair's intervention received mixed reviews among parliamentarians, and was particularly criticised for its poor timing ahead of the Stoke and Copeland by-elections by many Labour stalwarts. We foresee periodic interventions of a similar nature over PM May's strategy highly likely as the Brexit process progresses.

Elsewhere a number of wider developments in industry threw up further challenges for the Government. PSA's announcement that it will buy Vauxhall's manufacturing business in the UK safeguarding 4,500 jobs, led to further calls on the Government to provide similar assurances to PSA akin to those offered to Nissan last year. The increasing frequency of interventions by the Business Secretary Greg Clark risks the government establishing a precedent for offering last minute pledges to businesses threatening commercial retreat.

In other developments, PM May is facing internal pressure from within her own party following fresh demands this month for her to call a snap election, in light of the publication of a YouGov poll outlining Labour's woeful electoral prospects. Whilst it's in her nature to play the long game and hold out until 2020, what we have seen so far from PM May is that she is not opposed to surprises.

View from Dublin

The outcome and potential implications of the Brexit referendum have dominated political and business life in Ireland since the result became clear in the early hours of 24 June last year. While the immediate weakening of Sterling had a direct impact on Irish exporters and on trade in the border region between the Republic and Northern Ireland, much of the discourse so far has been at an abstract level. This is because no one yet knows what Brexit will eventually mean. The clear indications are that the British government is determined to give effect to the expressed will of the electorate (albeit by a slim majority) no matter what the cost.

The Irish government is trying to walk a line between remaining as a strong ally of the United Kingdom in Europe and a committed member of the European Union while attempting to protect Ireland's self-interest. This self-interest centres around inward investment, exports and the Border. Ireland is a small open economy which gets hit by the headwinds of political and financial upheaval. But as with most upheavals, they rarely come singly. Ireland's dependence on inward investment by multinational companies is underpinned by a range of factors, not least its competitive corporate tax regime. The tax plans of the Trump administration are being watched. But tax is not the whole story. A predictable legal system, English speaking, with good trading links and Eurozone membership all play their part.

The Fine Gael-led minority government is coming in for criticism domestically amid claims that it is not being strident enough in setting out Ireland's position and interests in a post-Brexit Europe. A further complication is the expectation of a leadership contest in Fine Gael when Taoiseach Enda Kenny decides to step down as party leader and Taoiseach after 41 years as a member of Dáil Éireann (Irish Parliament). Contenders to succeed him include Housing Minister Simon Coveney, Social Protection Minister Leo Varadkar and Justice Minister Frances Fitzgerald. Others are expected to emerge. His successor can also expect to be elected Taoiseach, if the ruling coalition hangs together and retains the support of the largest opposition party,

Fianna Fáil for the remaining period (possibly up to two years) of the 'confidence and supply' agreement with FF.

Compounding matters has been the outcome of snap elections in Northern Ireland where Sinn Féin, the largest of the republican parties, has delivered a dramatic result closing the gap with the leading loyalist party, DUP to just 1,200 in the popular vote and one seat in the Northern Ireland Assembly. Sinn Fein is an all-island party which is competing vigorously with Fianna Fail in the south. The electorate of Northern Ireland voted overwhelmingly to remain in the EU, while the DUP were Brexiteers.

Early effects of Brexit on business have included price reductions forced on Irish exporters for contracts priced in Sterling, particularly in the agri-food sector and for businesses along the southern border with Northern Ireland, and a noticeable uptick in incoming enquiries from UK and London based businesses seeking to establish alternative locations as a hedge against a disruptive Brexit. An urban/Dublin/rural divide is likely to emerge due to the dependence of rural areas on agri-food and small scale domestic manufacturing which are most exposed.

In many ways, Ireland may become a practical example of the warning from Commission President Jean-Claude Juncker that the Brexit negotiations may divide Europe and the interests of Member States. Ireland's interests, when it comes to its relationship with Britain and Northern Ireland, may not be the same as the rest of Europe. How its government manages these conflicting interests bodes for interesting times ahead.

View from Brussels

The key players are warming up, waiting for the action to start. Former Polish Prime Minister Donald Tusk was re-elected last Thursday to serve another two and a half year term as President of the European Council (the body representing EU Governments in Brussels). He, and his team, will play a crucial role in driving the negotiations forward and maintaining unity amongst the 27 governments as they sit across the negotiating table from the UK. The election process was not smooth, as the current Polish Government vehemently opposed Tusk's reappointment (due to Polish party politics). It's too early to determine to what extent a wounded and aggressive Warsaw administration could derail the Brexit negotiations.

Michel Barnier, the European Commission's chief Brexit negotiator, has also been preparing for the start of negotiations with a series of meetings with both national political leaders and industry groups, ranging from the chemical industry, German trade unions to Ireland's Killybegs Fisherman's organisation; a clear illustration of the wide range of interests that are concerned by the threat of Brexit, and how many are taking early action to assess those risks.

The beginning of March also saw the Commission publish its 'White Paper on the Future of Europe', its contribution and thoughts ahead of the Rome summit. While the UK will not be present or part of the discussions, it is Brexit which has raised the significance of the anniversary, with the EU now focusing on what the bloc's purpose and raison d'etre is once the UK departs.

The aim of the White Paper is to outline potential scenarios for the EU's post-Brexit direction. It does not set out concrete proposals but serves as a reflection document that will feed into the discussions Member States will have in the run up to, and during the Rome meeting. It's a process that will take place in parallel to much of the Brexit negotiations, with the Commission due to publish more detailed contributions over the coming months and with another discussion planned at December 2017's European summit.

But before then, Brexit divorce proceedings will begin in earnest. Those hoping for early clarity on specific policy areas and the impact on their business interests are likely to be disappointed. Before much of the policy substance will get discussed, the thorny issue of money is set to dominate.

Many column inches have been devoted to the UK's financial liabilities to the EU. But as uncomfortable and undesirable it may be, there will inevitably be a 'Brexit bill' for the UK. That Theresa May hasn't ruled out a financial payment into the EU's coffers shows this will be a live issue on the table. The question is, how big will the bill be?

While both sides ultimately have a shared interest in an amicable post-divorce settlement, the budget question is a massive roadblock that will shape the negotiations from day one. Not only do EU budget negotiations have a track record of being arduous, unpredictable and often bitter, the history of the UK's relationship with EU tells us that anything to do with furnishing the Brussels budget plays into the themes of sovereignty, control and taxpayers' money.

As legal experts plough through regulations and treaties in an attempt to second guess the outcome, how much the UK pays will ultimately come down to hard negotiations, politics and trade-offs.

Why does this matter? Firstly, it's a distraction from the critical issues that matter to business, thus adding to the current period of uncertainty. Secondly, it has the potential to sour negotiating dynamics between the UK and EU when goodwill is needed on both sides in order to arrive at a constructive outcome.

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