

# Third EU-UK Brexit negotiations: More questions than answers

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The third round of formal Brexit negotiations took place in Brussels this week, amid continued disagreements between the EU and UK sides over the pace and scope of the talks.

Despite another long week with dozens of negotiators and experts from both sides thrashing through complex political and legal issues, to the outside world, there is little yet to show for their efforts.

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[BrexitResponseTeam@fticonsulting.com](mailto:BrexitResponseTeam@fticonsulting.com)

Any emergence of clarity or details of a future trade relationship and the regulatory framework covering the EU and UK, sought after by business, remains a distant prospect.

The UK has been busy over the summer, spending much effort producing a raft of position papers, partly disproving the accusation that it is not taking the talks seriously enough. The EU side, in turn, hit back claiming that the ideas and suggestions put forward by the Brits are either unrealistic or irrelevant to the big 'divorce' issues that negotiators are currently meant to be focused on.

The mood, therefore, at the beginning of the week was gloomy from the EU perspective. The UK's Brexit Minister David Davis chided his EU counterpart Michel Barnier to be more imaginative in his, and the EU's, approach to the negotiations whereas Michel Barnier reiterated the need to start negotiating "seriously".

The week's formal agenda, as was the case with the previous round, focused on the main issues surrounding the UK's immediate exit from the EU, namely on citizenship issues, the financial settlement (the 'divorce bill') and other so-called 'separation' issues, as well as work on the Ireland/Northern Ireland border issue.

At the Thursday closing press conference to the week's talks, Barnier emphasised that time is passing quickly and that all parties face a clear deadline, of midnight 29 March 2019 (the date of UK exit). He continues to exert public pressure on the UK to progress the negotiations and said:

*"The fundamental question for which we need an answer is whether on this day, the United Kingdom will leave the European Union in an orderly manner, with an agreement, or whether the United Kingdom will leave the European Union with no deal..."*

## HINTS OF PROGRESS?

Over the course of this round of negotiations both sides pointed to some progress, with David Davis particularly keen to do so. Issues included those relating to citizens' rights, particularly with regards to frontier workers, future social security contributions, as well as existing healthcare rights and arrangements. Talks on the subject of the Northern Ireland border was also viewed positively, with clarifications secured on what needs to be done during the next round of negotiations, in particular on the common travel area and on the North/South cooperation protected by the Good Friday Agreement.

However, no decisive progress was made on the main issues. Talking to the media, Barnier said that on citizens' rights both teams must go further to reassure citizens of the EU and UK of their future rights. Secondly, with regard to the financial settlement, a big impasse remains in place with the UK side questioning the legality of the EU's demands on an item-by-item basis with the EU continuing to ask the UK about their alternative methodology rather than a reactionary approach. While the UK acknowledges its obligations to the EU budget, Barnier said such a commitment only covered up until the date of Brexit, thereby ignoring financial commitments that the UK, as part EU, made to

other third countries (such as Ukraine). It's clear that this will most likely prove to be the thorniest issue of them all.

## FUTURE TALKS?

Much remains to be discussed and agreed over the coming weeks. However, both parties are crystal clear in underlying their commitment to succeed and provide a deal that is fair for both sides. Talks could be accelerated with more regular negotiating rounds in order to encourage greater progress, though such breakthrough might only happen with higher level political output.

The key time frame for the moment is not the day of Brexit in March 2019, but rather the European Council of EU leaders due in mid-October which will consider whether the talks are progressing sufficiently quickly for future trade negotiations to run in parallel. The UK's line is that talks about the divorce settlement and the future trading relationships must run in parallel given the interlinkages involved, but the EU27 have to date been equally firm that such expanded talks would not proceed unless 'sufficient' progress is ensured in the current talks.

It was Barnier's view this week that given the current state of progress, he was far from being able to conclude that sufficient progress is being made in order to move towards the second phase of talks regarding the future relationship between the UK and the EU27.

Many EU governments will clearly come under pressure over the coming weeks to allow both tracks of talks to take place. However, the suggestion that UK would be attempting to tour the EU's capitals with the objective of weakening the EU27's resolve and unity was picked up by Barnier, who said the UK should not seek to create any splits in the EU27 position; those who did would be "wasting their time" according to the EU's chief negotiator.

The summer period is now over for the Brexit negotiators with the prospect of a long and hard autumn and winter ahead. Despite the clamour of businesses for certainty as to their future operating environment in the UK and EU, it's not yet clear whether any greater clarity will be provided over forthcoming negotiating rounds.

Aled Williams  
Senior Director  
Brussels  
+32 2 289 04 01  
Aled.williams@fticonsulting.com

Borja de Pedro  
Consultant  
Brussels  
+32 2 289 09 32  
Borja.dePedro@fticonsulting.com



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