

Addressing the reality of Brexit

The View from Europe

David Jessop

The European Council President, Donald Tusk, could not have been clearer. Following a June 29 informal session of European Union (EU) leaders, minus the UK, he said that there will be no European single market à la carte. Trade access, he observed, requires the acceptance of the freedom of movement of EU citizens

His message is one that is important for Caribbean leaders to understand when in the next few days Heads of Government meeting in Georgetown are likely to consider how best to respond to the UK's seismic June 23 referendum vote to leave Europe.

This is because Mr Tusk's comments indicate that whoever fills the political power vacuum now existing in Britain, will have relatively few options as to where they can take the country's relationship with Europe.

It means that practically, the UK has just four generic possibilities that it must choose between in relation to a future association with the EU.

The first is to become a member of the European Economic Area and have a relationship similar, to a greater or lesser extent, to that which Norway or Liechtenstein enjoy, but requiring free movement in return for free trade with some exceptions, and a commitment to the EU budget. Although practical, it is an option likely to prove politically unacceptable to those who voted leave

The second is an association agreement, for example not dissimilar to those signed recently with Central America, not involving free movement.

And the third is to trade under WTO rules involving tariffs and non-tariff barriers with Europe, also not involving free movement.

For the Caribbean each alternative has implications and in due course each would eventually require the region to undertake a trade negotiation with the UK.

Unfortunately, it is far from clear which of these avenues might be taken by Britain. This is because the UK referendum was won without any idea by those who wanted to leave Europe as to what should happen next; meaning that whoever comes to lead Britain's Conservative Party will rapidly have to propose a plan.

It suggests that only after a new British Prime Minister is in place in September, that the UK will be able to finally establish a position, determine how it will negotiate a new relationship - a process expected to last for at least two years – and provide a date when it will give formal notice that it intends quitting the EU.

What appears to be not well understood in the region is that despite the strategic implications of the UK's decision to leave Europe, this means nothing structural will happen suddenly. Moreover, the Caribbean's relationship with a Europe of 27 member states on trade, through the Economic Partnership Agreement (EPA), already programmed development support and all else will continue unchanged far into the future.

Despite this, the Caribbean cannot avoid or wait to take decisions on rebalancing its relationship with Europe.

Losing Britain's voice in the councils of Europe means that the region will rapidly need to develop viable new political allies, most notably in France, Spain and the Netherlands. In doing so it will also have to calibrate the relative future weight it intends placing on North America, and the many new global relationships that it has developed.

All of which requires resolution at a time when Caribbean unity is doubtful, CARICOM has divided itself from its large Hispanic neighbour the Dominican Republic, a country which enabled it to meet the substantially all trade requirements of the Economic Partnership Agreement with Europe, and when most of its trade with, and visitor flows from Europe, remain with the United Kingdom.

That the UK vote has created existential concerns in the region about CARICOM speaks volumes about all that has been allowed to drift and has not been addressed.

It is a moment that requires the region to find the clarity that it has lacked for more than a decade as to where it is heading and where it sees its future as a region.

That is to say it requires CARICOM to look beyond the Anglophone part of the region and recognise that as Cariforum with the Dominican Republic and Cuba and the Overseas territories - which are now in a deeply anomalous place – there is a basis on which the region might have a critical economic mass; one that could more viably re-engage with Europe, and with a separated and possibly diminished UK, as well as with the rest of the world.

The UK and Europe are of historic, cultural and economic significance, but this may be the moment, if Caribbean Heads have the courage, to think differently about the region and the world. Brexit encourages a response that could result in a new regional narrative that prioritises intra-Caribbean economic arrangements in such a way that the Caribbean genuinely becomes a whole.

What happens next in relation to the determining how best to relate to a changed Britain will be far from easy, as there is presently a near total absence of national leadership in both of the main UK political parties. To complicate matters, the British civil service, who have to develop objective options and to negotiate, are almost to a man and woman pro-European. In addition, most constitutional lawyers believe that it is going to take ten or more years to unravel EU regulations and laws, and extraordinary additional complications will arise if Scotland seeks independence based on its desire to remain in the EU. All of which is to say nothing of a possible recession, the likely diminution in the short to medium term of the British economy, the continuing weakness of sterling, and an alarming upsurge in racism and xenophobia driven by social media that threatens to undermine past political civility.

Despite all of this there are some simple immediate responses that Caribbean Heads of Government might consider.

The first is to determine in what practical ways a UK outside of the EU still matters to the region. They could do this by commissioning with the region's private sector commission a focussed and genuinely Pan-Caribbean study that identifies the best future trade and other options for new relationship with the UK for regional debate.

The second is to appoint a very senior political figure - perhaps a former Prime Minister - able to develop and cultivate on a sustained basis, relevant high level political contacts in the EU27 and in an expected Brexit Ministry in London, as well as to open lines for Ambassadors to senior officials in the UK's new cross-Whitehall European Unit that will manage the leave, negotiating process.

The third is to fund and clearly direct a small group of third and fourth generation high achievers in the Caribbean Diaspora with proven political reach, to help create a new awareness of Caribbean concerns at the highest levels.

Space does not allow for more, but I will return in the coming weeks to the complex strategic, trade and technical challenges that will likely arise in the region's future negotiations with London, and the problematic issues now facing Britain's Overseas territories in the Caribbean.

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