



FUTURE OF EUROPE OBSERVER

Post BREXIT EU

Vol. 4 No. 3 November 2016

In June of this year a new and unprecedented challenge was laid at the feet of the European Union. For the first time in European integration a majority in a member state voted to leave. The vote, which stunned many in the rest of Europe, has left uncertainty and doubt. This edition of the Future of Europe Observer, produced after the 100 day milestone has passed and following the significant decision of the High Court, looks at where we are and what is to come. After the initial shock has worn off, what can now be said about this historic vote.

Contents

100 days after Brexit – Marmite
and other uncertainties 1

by Carola Gegenbauer

“See EU Later!” UK media and
Brexit..... 3

by Hanna Sanders

The consequences of Brexit for
TTIP 5

by Matteo Scotto

The tropical shock waves of the
Brexit vote..... 8

by Ludger Kühnhardt

Future of Europe Observer

accompanies the debate on governance
and regulation in the European Union.
Authors are ZEI Scholars, Master of
European Studies Fellows and Alumni.

100 days after Brexit

Marmite and other uncertainties

In 2013 David Cameron announced in a speech at Bloomberg¹ that he planned to re-negotiate a deal for Britain and hold a referendum over Britain’s membership of the EU, if the Conservative party was elected with a majority in 2015. Over the next three years it became clear that the other 27 member states were not willing to give Britain the à la carte deal it desired. On the 23rd of June 2016 the British public voted to leave the European Union. This article is written based on an EU citizen’s personal experience of the consequences of Brexit.

Whilst it can be argued that the vote was an emotional decision, it stems from an entrenched distrust towards the EU in the UK, encompassed by the term ‘Euroscepticism’. From the perspective of leave voters it wasn’t turning their backs on Europe but as The Telegraph called it, an “exercise of democracy”². The Guardian called the outcome a “tragedy that reads like a satire”³. Stark divisions between the left and right wing press in the country are mirrored in public opinion. 48.1 per cent voted to remain in the EU, 51.9 per cent to leave the Union. Or in absolute numbers, over 17.4 million eligible voters wanted Britain to leave the EU, that is 1.2 million more than those, who wanted to remain. And even though London was the only region in England to vote remain (Northern Ireland and Scotland also voted remain) and those aged over 60 were the most likely group wanting to leave, 40% of the population in the

Big Smoke still voted to leave. And the divide is noticeable. Brexit splits circles of friends. Young, open minded and politically engaged people voted to leave the EU for various reasons. For some, the democratic deficit led to the conclusion that Britain would be better governed by a directly elected government not subject to the supremacy of EU law rather than by Brussels’ technocrats. Others felt that with Brexit an area of de-globalization could be possible. After more than 70 years of peace in Europe, nationalism is on the rise and sovereignty is becoming more important than international cooperation in the mindset of some, not only in Britain.

For EU citizens living in the UK the vote came as a shock. From one day to the next a place called home did not feel as welcoming anymore. Media stories about hate crimes added to the feeling. According to reports, hate crimes increased by over 57% within days after Brexit⁴, although this was discredited shortly after.⁵ As emotional as the vote was, so too has been the debate in the aftermath. But not only EU citizens were shocked. 16.2 million remain voters felt that a decision was taken on their behalf, which they wholeheartedly disapproved of. Especially in sectors benefitting from EU funding the vote was met with concern, not only for EU citizens but also the British public. Applications for Irish passports by British citizens have increased by more than 70% since the Brexit-referendum.⁶ Working for a

university, EU grants are an important income source for research funding, especially since government funding was dramatically cut in 2010. Next to the question of what happens to university staff from the EU, especially to those on research contracts that range from one to three years, the other big uncertainty is what will happen to the gap in research funding after Britain leaves the EU. Uncertainty exists also in regards to the British economy. The value of the pound dropped overnight after the referendum and hasn't recovered since. The 'real' consequences of Brexit were felt when the plummeting pound threatened the Marmite supply to the Island. When Unilever demanded a price increase for its products, supermarket Tesco threatened to take products such as the beloved yeast spread off its shelves.⁷

Where do we stand now after the referendum? The answer to this question is basically: We don't know. The result was not anticipated by the government, which shows in a concerning absence of contingency planning for a leave vote.⁸ Even the leave camp did not have a plan in place. Prominent figures of the campaign, like Boris Johnson or Nigel Farage, are not the ones to guide Britain out of the EU nor are they being held accountable for promises made. The 'Vote Leave' claimed for example that leaving the EU would mean £350m a week which would become available to the NHS, prominently featured on a campaign bus. After Brexit, representatives of the campaign have now backtracked on the promise and it has been removed from the official website.⁹ Theresa May, originally in camp remain, now has to lead the way into a post-Brexit UK. And despite speculation that the process won't get started until the German election, she has announced that Article 50 TFEU will be triggered by the end of March 2017. How long the negotiations for the UK to leave the EU will take remains to be seen. In light of the three years leading up to the referendum and lengthy negotiations, it seems unlikely that it will be a straightforward and, more importantly, a sober process. While some voices reckon Brexit might not even happen, depending on the length of process, the impact of the High Court's decision and that the decision might even be put to another referendum, eyes are now on Scotland. In 2014 the Scots have voted against independence from Great Britain. However, in the EU referendum Scotland voted overall to remain. Now the SNP and their leader Nicola Sturgeon have announced a second independence referendum bill, in a bid to ensure that Scotland will not be taken out of the EU against its will.

100 days on from the referendum, the public and the media are still divided over the Brexit vote. The discussion is still a very emotional one. "Regrexit" is a term coined by Remainers in the aftermath of the vote. Is Brexit reversible? Will a possible Scottish independence vote cause Westminster to reconsider? At the end of the day the British public has spoken and the vote has to be respected. The British objective in the Brexit negotiations is a deal that maintains the ability for free trade while gaining control over immigration. From an EU perspective the four freedoms, including free movement of people, are crucial to gain access to the single market. Since there is no reference case for a member state leaving the Union, it is hard to predict what will happen in the future and a long road of negotiations lies in front of us. At the end of the day, Britain might be able to achieve its à la carte deal after all.

Carola Gegenbauer is a ZEI Alumna "MES Class of 2009" and a Research Associate at the European Centre for Energy and Resource Security (EUCERS) at Kings College London.

References:

1. Cabinet Office, Prime Minister's Office, 10 Downing Street and The Rt Hon David Cameron (2013) EU speech at Bloomberg. Available at: <http://bit.ly/LBzZU4> (Accessed: 18. 10. 2016).
2. Stanley, T. (2016) Brexit means we're leaving the EU. It's not a crisis. It's an exercise in democracy. Available at: <http://bit.ly/2eUiH5k> (Accessed: 18. 10. 2016).
3. Keegan, W. (2016) Brexit is a tragedy that reads like a satire. Available at: <http://bit.ly/2eUiIpU> (Accessed: 18. 10. 2016).
4. Yeung, P. (2016) EU referendum: Reports of hate crime increase 57% following Brexit vote. Available at: <http://ind.pn/2dP8dSF> (Accessed: 18. 10. 2016).
5. Wallace, M. (2016) Did the referendum result really spark 'a lasting rise in hate crime'? Available at: <http://bit.ly/2faWB2i> (Accessed: 18. 10. 2016).
6. Harley, N. (2016) Number of Irish passport applications rises by 70 per cent after Brexit. Available at: <http://bit.ly/2eVyIqk> (Accessed: 18. 10. 2016).
7. Vandevelde, M., Daneshkhu, S. and McClean, P. (2016) Tesco pulls products over plunging pound. Available at: <http://on.ft.com/2dLV69s> (Accessed: 18. 10. 2016).
8. Tallis, J. and Barnato, K. (2016) UK government did no effective planning for Brexit: Fitch. Available at: <http://cnb.cx/2cKgg3Z> (Accessed: 18. 10. 2016).
9. Waugh, R. (2016) Operation Backtrack begins over THAT £350million NHS claim. Available at: <http://bit.ly/2eJEFYn> (Accessed: 18. 10. 2016).

“See EU Later!”

How the UK media coverage of the EU referendum contributed to Brexit.

On the final day of campaigning, a neutral headline was hard to find in British newsstands: while voters were already heading to the ballot boxes, the left-wing Daily Mirror urged its readers to opt for remaining in the EU instead of taking “a leap into the dark.” On the other side of the political spectrum, the Daily Mail claimed to nail down “four big EU lies.” The conservative broadsheet Times confined itself to announcing “the day of reckoning,” whereas the Daily Express called in big letters to “vote leave today,” and Rupert Murdoch’s Sun announced: “you can free UK from EU clutches today”.¹

These headlines highlight that the UK’s struggle to define its relation with the European Union was not only fought in Westminster. On the contrary, many news outlets actively took part in campaigning and endorsed either “Camp Leave” or “Camp Remain”. While it is not unusual for British news outlets to overtly support a political party or position, the fervent opposition of some papers to EU membership was still striking. Anti-EU voices in the media are not a phenomenon limited to the UK, but the British case is indeed exceptional in that the proportion of distinctly Eurosceptic outlets is remarkably high,² and criticism of Brussels is particularly pronounced in the tabloid sector.³ For example, on the day following the referendum the Sun jubilantly exclaimed “See EU Later!” underneath a photo of cheering Leave-campaigners.⁴

While nowadays British media outlets have a reputation for being notoriously Eurosceptic,⁵ this was not always the case: in the earlier days of the integration process, the press in particular strongly supported Britain joining the European Economic Community. In 1975, when the first referendum on membership was conducted just two years after the UK’s accession, the newspapers overwhelmingly backed remaining.⁶ However, the media’s support for integration began to fade in the 1980s. This corresponded to a general shift in the political climate: in the run-up to the Treaty of Maastricht, Conservative backbenchers

under Margaret Thatcher’s tenure began to challenge the notion of ever closer political integration.⁷ This new skepticism left an enduring legacy. The tone of the media coverage changed and in particular several tabloids began to frequently attack Brussels as well as other member states.⁸ During the 1990s, the Sun and other publications featured what became known as the ‘Euro-myths’: news stories, for example about Brussels’ alleged attempts to regulate the bend of bananas, which were factually wrong but nevertheless became deeply rooted in the public perception of the EU.⁹

Still today, the level of misinformation about EU issues in British media is striking. The European Commission’s representation in the UK regularly refutes wrong information published in British news outlets, for example stories about how the EU allegedly bans items such as double decker buses, excessive coffee drinking, or yoghurt in schools. However, with click numbers averaging around 950 views per blog entry, these efforts reach only a tiny fraction of citizens¹⁰. Contrasted with newspaper circulations – the Sun, for instance, on average distributes more than 1.7 million editions a day¹¹ – it is not surprising that “many of these ‘Euro myths’ have now become deeply embedded in the popular imagination.”¹² Moreover, various publications have developed a reputation for their distinctly Eurosceptical coverage. The Daily Express for instance has intensified its historic opposition to integration and even launched a campaign in 2010 to “get Britain out” of the EU.¹³

It should be noted that Euroscepticism in the British media is not confined to the tabloid sector but has spread to conservative mid-market and broadsheet papers as well.¹⁴ Research has shown that even the British flagship in broadcast journalism, the BBC, tends to frame the EU as a problem and reports on European matters from a highly national point of view instead of including European perspectives in the coverage. Substantive information about the EU and its activities is rare.¹⁵ Other studies have likewise demonstrated that

European matters are often marginalized in the British media debate,¹⁶ as even British quality newspapers such as the Times pay comparatively little attention to topics from Brussels or other EU countries.¹⁷ Thus, it comes as no surprise that Eurobarometer data reveal a fairly low level of knowledge about the EU among the UK citizens compared to other member states.¹⁸

The public debate preceding the 2016 referendum presented an opportunity to have an honest and open debate on how the UK sees its future role in the integration process. However, the media coverage was highly polarized. Research found that, weighed by circulation, press outlets supporting Leave clearly dominated the debate in terms of output: only 19.5 percent of the news articles favored Remain, whereas 80.5 percent made the case for Leave.¹⁹ Overall, the reporting focused on a very narrow range of topics. In fact, the majority of news items covered the political rivalries in Westminster and the Tory party in particular rather than discussing the pro- and counter-arguments of EU membership. Multiple aspects were marginalized in the debate, reducing the complexity of the European integration process to a mere handful of issues.²⁰

It is worth mentioning that the news coverage changed after polling day: issues such as devolution, neglected previously, were now being discussed intensely in the media. Likewise, references to Article 50 of the Lisbon Treaty, the provision regulating the procedure for leaving the EU, increased sharply.²¹ Thus it appears that the immediate consequences of voting to leave, such as the actual procedure laid down in the Treaties, received public attention only after the electorate's verdict had already fallen. Now it is up to the government under Theresa May – who prior to the referendum was often characterized as a 'reluctant remainer' – to implement the decision of the British people. It will be interesting to see how the upcoming negotiations between the UK and the EU will be covered by the media. The referendum has once more demonstrated that news outlets are a decisive factor in swaying the public one way or the other.²² The outcome of the referendum thus constitutes a serious warning that political elites can no longer ignore public concerns over the course

of the integration process. It is a wake-up call for the European Union, demonstrating that there is a dire need for better communicating with its citizens in order to generate support for European integration. The media are an essential tool for establishing such a dialogue.

Hannah Sanders is a ZEI Alumna, "MES Class of 2016" Trainee in the Directorate-Generale for Communication of the European Parliament

References:

1. The Atlantik: Brexit's Front Pages. 23/06/2016. Author: Ford, Matt. Available online: <http://www.theatlantic.com/news/archive/2016/06/brexit-front-pages/488396/> (Accessed: 09.10.2016).
2. Bärenreuter, Christoph/Brüll, Cornelia/Mokre, Monika/Wahl-Jorgensen, Karin: An Overview of Research on the European Public Sphere. Eurosphere Working Papers. March 2009, No. 3, p. 16. Available online: http://eurospheres.org/files/2010/08/Eurosphere_Working_Paper_3_Barenreuter_etal.pdf (Accessed: 14.07.2016).
3. Startin, Nicholas: Have We Reached a Tipping Point? The Mainstreaming of Euroscepticism in the UK. In: International Political Science Review. Sage Publications, London, 2015, Vol. 36. No. 3, p. 315.
4. Guardian: How Newspapers Covered Brexit. Author: Fidler, Matt. 24/06/2016. Available online: <https://www.theguardian.com/politics/gallery/2016/jun/24/newspapers-brexit-front-pages-eu> (Accessed: 09.10.2016).
5. Aslan, Billur/Bironzo, Diego/Levy, David A.L.: UK Press Coverage of the EU Referendum. In: Reuters Institute for the Study of Journalism, p. 10. Available online: http://reutersinstitute.politics.ox.ac.uk/sites/default/files/UK%20Press%20Coverage%20of%20the%20EU%20Referendum_0.pdf (Accessed: 09.10.2016).
6. Seymure-Ure, Colin: Press. In: Butler, David/Kitzinger, Uwe (eds.): The 1975 Referendum. Macmillan, London, 1976, p. 219ff.
7. Startin, Nicholas: *ibid.*, p. 314.
8. Daddow, Oliver: The UK Media and 'Europe': from Permissive Consensus to Destructive Dissent. In: International Affairs. The Royal Institute of International Affairs. Blackwell Publishing, Oxford/Maiden MA (USA), 2012, Vol. 88, No. 6, p. 1232.
9. Wilkes, G./Wring, Dominic: The British Press and European Integration. Loughborough University Institutional Repository. In:

Baker, D./Seawright, D. (eds.): Britain for and against Europe? British Politics and the Question of European Integration. 1998, Clarendon Press, Oxford, p 200.

10. European Commission, Representation in the United Kingdom: Euromyths. 26/07/2016. Available online: <http://blogs.ec.europa.eu/ECintheUK/page/2/> (Accessed: 26.07.2016)

11. Ponsford, Dominic: National Press ABCs: I, Times, Telegraph and Star Titles Grow Print Circulation Year on Year. In: Press Gazette. 16/06/2016. Available online: <http://www.pressgazette.co.uk/national-press-abcs-i-times-telegraph-and-star-titles-grow-print-circulation-year-on-year/> (Accessed: 11.08.2016).

12. Guardian: Boris Johnson Knows How to Play the Eurosceptic Press. Author: Haydon, Paul. 05/12/2012. Available online: <https://www.theguardian.com/commentisfree/2012/dec/05/boris-johnson-eurosceptic-press> (Accessed: 21.08.2016).

13. Daddow, Oliver: Strategising European Policy. David Cameron's Referendum Gamble. In: The Royal United Services Institute Journal. Routledge, London, October/November 2015, Vol. 160, No. 5, p. 6.

14. Daddow, Oliver 2012: *ibid.*, p. 1225.

15. Bennett, Lucy/Berry, Mike/Cable, Jonathan/Dencik, Lina/Garcia-Blanco, Inaki/Hintz, Arne/Kidd, Jenny/Moore, Kerry/Sambrook, Richard/Wahl-Jorgensen, Karin: BBC Breadth of Opinion Review. Content Analysis. Cardiff School of Journalism, Media and Cultural Studies, p. 5, p. 36ff., p. 52. Available online: http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/breadth_opinion/content_

[analysis.pdf](#) (Accessed: 11.07.2016).

16. Aslan/Bironzo/Levy: *ibid.*, p. 8f.

17. Brüggemann, Michael/Kleinen-von KönigsLöw, Katharina: 'Let's Talk about Europe'. Why Europeanization Shows a Different Face in Different Newspapers. In: European Journal of Communication. Sage Publications, London, 2009, Vol. 24, No. 1, p. 37f.

18. Standard Eurobarometer 83, Spring 2015: Public Opinion in the European Union. Report. Survey conducted by TNS opinion & social at the request of the European Commission, Directorate-General for Communication. July 2015, p. 131ff. Available online: <http://ec.europa.eu/COMMFrontOffice/PublicOpinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2099> (Accessed: 26.07.2016).

19. Loughborough University Centre for Research in Communication and Culture [2016d]: EU Referendum 2016. Media Coverage of the EU Referendum (Report 5). 27/06/2016. Available online: <https://blog.lboro.ac.uk/crcc/eu-referendum/uk-news-coverage-2016-eu-referendum-report-5-6-may-22-june-2016/> (Accessed: 10.07.2016).

20. *ibid.*

21. *ibid.*

22. Aslan/Bironzo/Levy: *ibid.*, p. 11.

The consequences of Brexit for TTIP

More than three months after the Brexit referendum, which saw 51,9% of British voters express themselves in favor of leaving the European Union, the time has come to get things cleared and collect some reasonable thoughts. In particular, in respect to the UK's share of EU exports and imports 12.9% and 15.2% respectively¹, with many already questioning the future of EU trade agreements, with great concern regarding negotiations for the Transatlantic Trade and Investment Partnership (TTIP).

In the first place, one should bear in mind that the UK did not leave the EU on 23rd June 2016. Aside from the national constitutional requirements for withdrawing from international treaties, which at

the moment are subject to great discussion in the UK especially following the High Court decision, Art. 50 of TFEU which was introduced in the Lisbon Treaty, states it is the Member State which has to initiate procedures and shall notify the European Council of its intention. After that, the Member State in question and the European Council have two years to find a compromise and a time delay is only possible following a unanimous vote of the other 27 Member States. At the end of this negotiation period if a compromise has not been found the Member State will no longer be part of the European Union and the Treaties, together with European legal framework, will become ineffective in the Member State. If a compromise is found, the agreement will be subject to a vote of the European Parliament in conjunction with the European Council, requiring a qualified majority to pass. Until then, the

Member State remains in the European Union and thus subject to the Treaties and EU legal framework.

Secondly, as far as EU Trade Policy is concerned, one should bear in mind that the Lisbon Treaty gave the EU exclusive competence with respect to trade. The European Commission negotiates on behalf of the 28 Member States and international agreements apply equally in all Member States. Access to the Single Market, both in terms of tariffs and regulations, is thus decided on a EU level, something that gives the EU consistent negotiation powers vis-a-vis the rest of the world. Consequently, during the 2-year Brexit negotiations, the Commission will still represent the UK in international trade agreements and UK will benefit from EU Trade Policy. As figure 1 shows,² the EU has 41 different agreements in place, including Custom Unions, Association Agreements, Stabilisation Agreements, (Deep and Comprehensive) Free Trade Agreements and (Interim) Economic Partnership Agreements and Partnership and Cooperation Agreements. All of them, more or less, negotiated after 1973 when the UK joined the European Communities.

Moreover, the EU has finalized seven agreements which do not yet apply, including the Comprehensive Economic and Trade Agreement (CETA) with Canada which has now been signed but not ratified³ or the Free Trade Agreement with Singapore, plus a list of ongoing negotiations, including TTIP⁴. The latter, which is by now at the 14th negotiation round since July 2013, has been a tangled process and yet has seen considerable progress in the three main blocks on the table, e.g. market access for EU and US companies, cooperation on regulatory issues and global rules of trade (sustainable development, competition policy, etc).

In order to make any sort of prediction on the consequences of Brexit for TTIP, it would be inaccurate to overlook two crucial components. Namely; the legal and more general component regarding possible trade relations between EU and third countries, and the political and more speculative one, the political context in the US and EU in which TTIP is shaped. First of all, if Art. 50 of the TFEU is in the end implemented and Brexit actually happens (despite a possible veto of the Scottish parliament and new referenda) in accordance

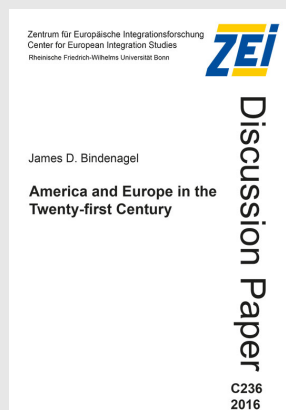
with EU law, the UK could not remain in the Single Market and suspend the free movement of people, which is a structural prerogative of access to the Single Market. In light of this fact, according to a report of the Committee on International Trade of the EP, drafted by the Italian MP Alessia Mosca, there are currently three possible scenarios. First, the UK could try to negotiate an Economic Area with the EU, like the one in force with Norway, Liechtenstein and Iceland, which nevertheless would entail the free movement of people, thus undermining the political promises of the “Leave” campaign. The second option would be a Free Trade Agreement (FTA) limited to goods and services, on the same model of CETA or the FTA with South Korea, which would represent a step back from UK integration in the European economic area. The third and the most detrimental case would be no agreement at all, with the consequence that trade relations between the EU and UK would be regulated under the WTO. Leaving UK workers, industries and banks with no privileged access to the Single Market. In this legal framework, it goes without saying that TTIP would carry the same consequences as any other EU trade agreement and there is no option for the UK to be in TTIP and out of the Single Market. In other words, the only way for the UK to not squander the great efforts and energy the EU Member States have invested in the negotiation rounds with the US is to overturn the result of the referendum,

New ZEI Discussion Paper C 236/2016

James D. Bindenagel: America and Europe in the Twenty-first Century

The British have voted to leave the EU. The ‘BREXIT’ debate is emblematic of the populist forces sweeping Europe and the United States. Distrust of elites has propelled the forces of European disintegration and fragmentation.

The system of international norms and accepted policies, which in 1990 and the past decades delivered Germany and Europe whole, free, and in peace in a widening European Union, is now at risk.



THE STATE OF EU TRADE

NOVEMBER 2016

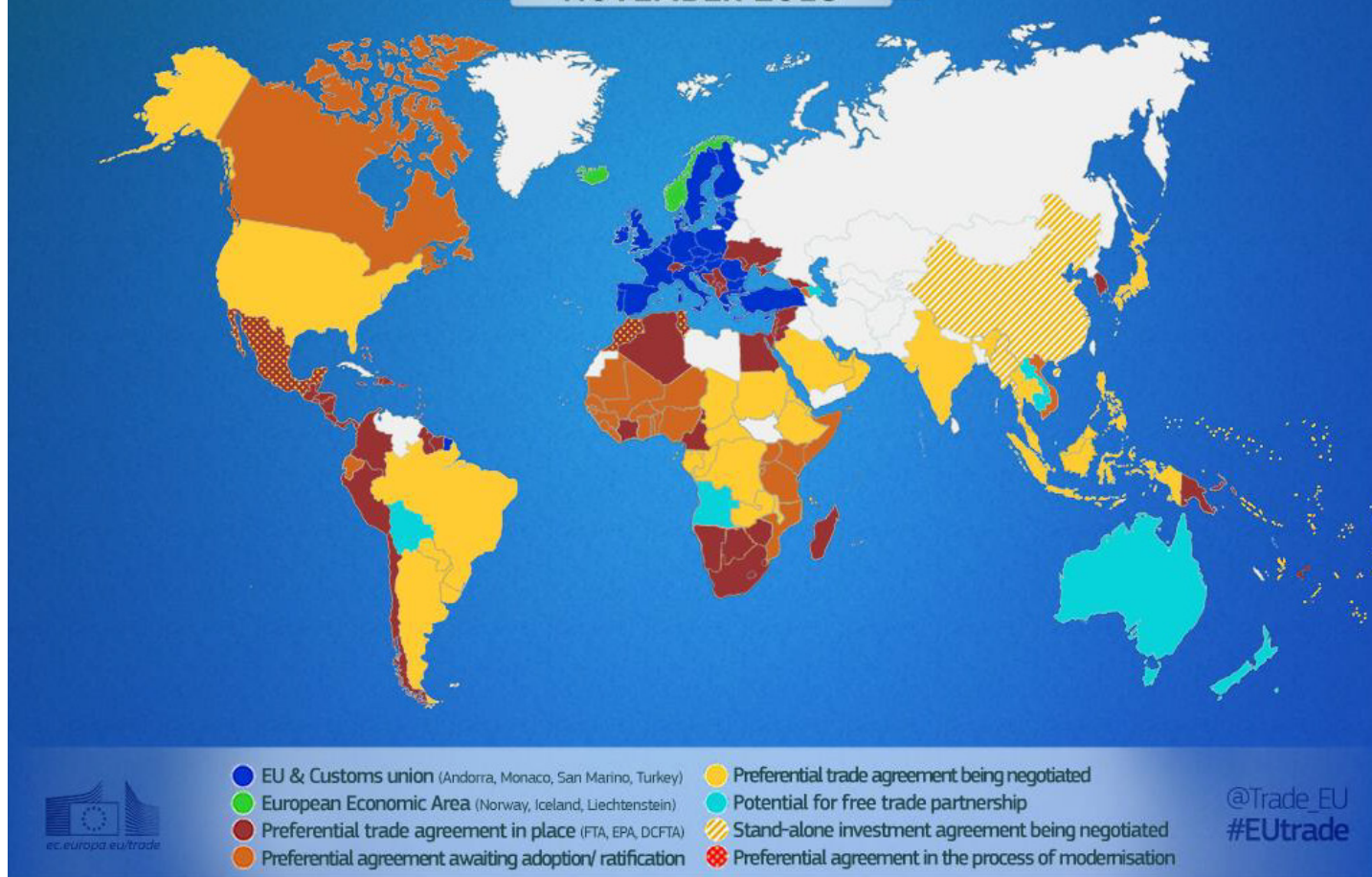


Figure 1: The state of EU Trade (source: <http://bit.ly/2f3DxyF>)

that is to accept the free movement of EU citizens in the UK. It is legitimate in this scenario to question whether it would make sense to even start the negotiation phase of Brexit. When it comes to the European and American political context, the concerns for the future of TTIP only slightly take into account the threat of Brexit. In the recent study “Will TTIP survive Brexit?”⁵ published by Geethanjali Nataraj for Bruegel in July 2016, the real obstacles for the agreement are the upcoming elections in the US, France and Germany. On the other side of the ocean, both Democrats and Republicans appear to be rather skeptical of the agreement with the EU. While on this side, a significant percentage of French citizens and two thirds of Germans oppose to the free trade agreement with the United States. According to Nataraj, a feasible hindrance of Brexit for TTIP could materialize only in terms of resources invested, as EU and UK officials could be focused on Brexit negotiations at the expense of TTIP negotiations.

Overall, whenever EU Trade Policy is taken into account, it is clear how misleading it is to isolate the discussion around TTIP from the more general and complicated context of EU international agreements, which explains the concern regarding the future of EU Trade Policy after Brexit. On the one hand it is true that UK has always been the special partner of the US in Europe, which is something that could in a way encourage the negotiation. On the other hand, EU Trade Policy is multilateral in its very nature and cannot be reduced into a two-player game. To conclude, Brexit it seems will play an important but not crucial role for the future of TTIP, depending to great extent on the political will of other external actors, not just the UK, involved in the decision making process.

Matteo Scotto is a ZEI Alumnus, “MES Class of 2015”

References:

1. Eurostat Statistics Explained, 2015, available at: [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Extra_EU-28_trade,_2015_\(%25_share_of_EU-28_exports_imports\)_YB16.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Extra_EU-28_trade,_2015_(%25_share_of_EU-28_exports_imports)_YB16.png) (Accessed: 30. 10. 2016).
2. Full lists of EU Trade Agreements available at: http://ec.europa.eu/trade/policy/countries-and-regions/agreements/index_en.htm#_other-countries (Accessed: 30. 10. 2016).
3. More information regarding CETA trade agreement available at: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/573929/EPRS_BRI\(2016\)573929_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/573929/EPRS_BRI(2016)573929_EN.pdf) (Accessed: 30. 10. 2016). The agreement

met some difficulties in the ratification process in the Council of EU among the 28 Trade Ministers. For more information see <http://www.alessiamosca.it/?p=6941> (Accessed: 30. 10. 2016).

4. More information regarding the ongoing EU trade negotiations available at: http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf (Accessed: 30. 10. 2016).
5. The article is fully available at: <http://bruegel.org/2016/07/will-ttip-survive-brexite/> (Accessed: 30. 10. 2016).

The tropical shock waves of the Brexit vote

Among the neglected aspects of the consequences of the British referendum on EU membership in June 2016 is a set of issues related to the Southern hemisphere. The former colonial empires of European powers have been subject to several waves of decolonization.¹ The intricate historical nexus between 20th century decolonization and the beginning of European integration has often been underestimated in historiography. No less complex, was the process of relinking colonial possessions with the processes of European economic integration post-1945. The two refusals of British application for membership by General de Gaulle in 1963 and 1967 (“England is not much any more”) can only be understood with an eye on the long-standing overseas rivalry between France and Great Britain. Finally, the French gave in: The EEC accession of Great Britain in 1973 broadened the system of association mechanisms with overseas territories and former dependencies of European powers. Four Lomé Treaties (1975, 1980, 1985, 1990) and the Cotonou Agreement (2000) paved the way for the contemporary EU framework of development policy towards eighty countries in Africa, the Pacific and the Caribbean (ACP) – but they also reflected historic compromises between France and Great Britain as (former) global powers. It is more than ironic that a possible withdrawal of Great Britain from the European Union will also unravel this tightly knit web of post-colonial relations between the EU on the one hand and many of its partners in the Southern hemisphere on the other hand.

Most members of the British Commonwealth are worried about the need to renegotiate trade relations with the United Kingdom – and partly also with the EU 27. More worried still, are those who are most vulnerable: Countries such as Lesotho, Fiji or St. Kitts and Nevis, for whom the United Kingdom is the main, if not only, channel to export products into the EU Single Market. Worse than not knowing what may come in the years ahead, is that it coincides with the upcoming expiration of the Cotonou Agreement in February 2020. This unique frame for trade, development cooperation and political dialogue between the EU and the ACP Group of Countries has to be renegotiated in 2018 and at the latest by 2019 in order to pass the complex ratification marathon before Cotonou expires in February 2020.² Whether or not the United Kingdom is part of the future EU customs union, whether or not the United Kingdom is contributing to the European Development Fund (or any possible segment reserved for development cooperation in the overall EU budget post-2020) and whether or not political priorities in the EU still correlate to political interests in the multi-faceted ACP Group of Countries are serious and complex questions. Especially English-speaking development countries are highly worried about ‘Brexit.’ They are uncertain as to what it means for them – except they fear being the loser at the most remote end of the chain of events unraveling from the UK referendum of June 2016.

One decisive trade matter for the English speaking ACP countries is shared with English speaking EU Overseas Countries and Territories (OCT): The complicated ‘rules of origin’ as defined by the Cotonou Agreement and the EU’s Overseas Association Directive (OAD)³. The Overseas Association Directive of 2013 is the guiding framework for trade and political relations with 25 Overseas Countries and Territories (OCT’s). The status of these territories as defined by the Treaty on the Functioning of the European Union (TFEU), Article 198 and listed in Annex II to the TFEU, is not easy to dissect: They belong to four EU member states (France, The United Kingdom of Great Britain and Northern Ireland, the Kingdom of the Netherlands, the Danish Realm/Commonwealth of the Kingdom of Denmark) but they are not fully incorporated into the EU.⁴ This group of (mostly) islands, scattered around the world, is similar in some aspects – small population, small territory, vulnerable ecological conditions, often not very resilient economies, solid structures of rule of law and parliamentary governance – and different in other aspects – the Antarctic OCTs are not permanently populated, only a few are offshore trading posts, some pay with the euro, others with US dollars or with local currencies such as the Eastern Caribbean dollar or the CFP-franc in the Pacific. The OCT’s feature huge maritime territories attributed by the International Convention on the Law of the Sea; this aspect makes them most relevant in all matters of maritime biodiversity and the prospects of the ‘blue economy’. The impact of ‘Brexit’ on the sustainable future of some British OCT’s is pertinent. While some do well as luxury tourist destinations (Anguilla, Bermuda) others depend on broad interactions with the outside world to simply manage survival (Montserrat, Pitcairn). The British referendum on EU membership has triggered serious concern across British OCT’s about its impact on their future, e.g., trade matters related to rule of origin issues; links to EU financial markets and services (tourist resources); access to EU technology in renewable energy; eligibility to EU development funds.

In some cases, speculation stretches even to the matter of sovereignty. The most surprising scenario discussed in some OCT’s today raises the question whether or not an OCT could become a direct OCT

of the EU without the intermediary dependency on the United Kingdom. Will Brexit make the EU a newly colonizing power? Or will it trigger a new series of decolonization issues under the auspices of the long forgotten UN ‘Committee of 24’ (which, for instance, so far does not include the Chagos Islands as one of the “non-self-governing territories” under its supervision)?⁵ Or will the new Great Britain replace being at the heart of Europe with a rediscovery of the remnants of its colonial glory, reminding the world that the Falkland War of 1982 was as serious as any possible future attempt to undermine its global presence?

This might be a far-fetched question today, but across the global South and not only in the Caribbean basin, the overall geopolitical landscape has reanimated matters which sometimes date back to the 18th century (when British-French-Dutch-Danish-Swedish interests permanently clashed); they had been frozen during the 20th century (and this is not only true for European overseas territories but also for the US overseas territories Puerto Rico, Guam, American Samoa and US Virgin Islands). Three examples highlight the return of the colonial history in the global South: Diego Garcia, the core atoll of the British Indian Ocean Territory, is primarily known as an aircraft carrier, used by the United States and the United Kingdom for their operations into Afghanistan and Iraq of recent years. The 2016 Summit of the ACP Group of States explicitly referred to the islands under their traditional, pre-colonial name – Chagos-Islands – defining them as an unresolved matter of urgent decolonization.⁶ In 2010, the Netherlands Antilles were dissolved with Sint Marten, Aruba and Curacao becoming “countries,” and Saba, St. Eustatius and Bonaire becoming “special communities” of the Kingdom of the Netherlands. The overall status and its impact are not satisfactory to all parties involved. The majority of members of the parliament of Sint Maarten are on record demanding sovereignty and independence.⁷ Next door Puerto Rico – an unincorporated territory of the United States – is facing a growing number of voices criticizing the semi-colonial status (Puertorriqueños are not allowed to vote for the US Congress but are subject to its decisions) and demanding sovereignty.⁸

The rapprochement of the United States and Cuba has also contrasting effects in the Caribbean: while

UK Overseas Territories



Figure 2: UK Overseas Territories (source: <http://bit.ly/2f5ymyo>)

Puerto Rico hopes for a stronger Spanish-speaking chain of countries (with itself and the Dominican Republic forming a new great barrier reef), the smaller Caribbean islands – independent or EU OCT's - are worried about negative economic effects, especially on their tourism industries, the backbone of the modern economy in various countries. Only in the French speaking territories – some of which (Guadeloupe, Martinique, French Guyana in the Caribbean, Reunion and Mayotte in the Indian Ocean) are fully incorporated French départements and as such are an integral part of the European Union. The reasoning is forward-looking, with the enormous potential for biodiversity (French research is already underway in the fields of cosmetics and pharmaceuticals) and with a maritime territory that makes France the second biggest maritime power (behind the US) and the sixth largest overall territory (before China and India) in the world, France begins to assess the possible chain of events connected with the British EU membership through its own genuine perspective: Will 'Brexit' mean more development funds for French-speaking territories and more EU structural funds for French overseas territories, who already qualify for it?

The current multiannual financial framework of the EU (2014-2020) requires re-negotiation before the end of the current EU leadership cycle in 2019 – which surely means: before new clarity is found on the matters discussed in this essay. The tropical shock waves of the 'Brexit' vote may rarely make it into the limelight of the attention of EU leaders or media across the European Union. Yet, they are indicative of what is at stake in the current panorama of crises in European integration: more of a parochial, shrinking and petrified horizon or a readiness to cope with a global agenda in the full sense of the word.

Ludger Kühnhardt is director of the Center for European Integration Studies. He has published widely on European integration and, in 2014, *Africa Consensus: New Interests, Initiatives and Partners* (Washington/Baltimore: Wilson Center Press/Johns Hopkins University Press).



References:

1. The term was coined in 1932 by German-born economist Moritz Julius Bonn, Economics and politics, Boston: Houghton Mifflin, 1932,
2. For a concise analysis of the current situation and conceptual ideas for the way ahead see: Ludger Kühnhardt, *Maturing beyond Cotonou: Toward an EU-ACP Association Treaty for Development. A proposal for reinventing EU relations with the African, Caribbean and Pacific (ACP) Group of States*, ZEI Discussion Paper, C 235, Bonn: Zentrum für Europäische Integrationsforschung, 2016, 71 Seiten, online at: <http://bit.ly/2f1d1bM>
3. Council Decision 2013/755/EU of November 25, 2013, online at: <http://bit.ly/2e83r7R>
4. Except for French Guyana with its strategic importance as host of the Kourou Space Center and the British and French Antarctic Territories with their potential for mining frozen until 2048 based on the Protocol on Environmental Protection to the Antarctic Treaty (Madrid Protocol) signed in 1991 by the signatories to the original Antarctic Treaty of 1959.
5. "The Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence of Colonial Countries and Peoples (also known as the Special Committee on decolonization or C-24), the United Nations entity exclusively devoted to the issue of decolonization, was established in 1961 by the General Assembly with the purpose of monitoring the implementation of the Declaration (General Assembly Resolution 1514 (XV) of 14 December 1960)", online at: <http://bit.ly/1TU07Wy>
6. The "Port Moresby Declaration – Declaration of the 8th Summit of ACP Heads of State and Government of the ACP Group of States" from June 1, 2016 reads as follows under Article 21: "We recognise that the Chagos Archipelago, including Diego Garcia, which was unlawfully excised by the former colonial power from the territory of Mauritius prior to its independence in violation of international law and UN Resolutions 1514 (XV) of 14 December 1960 and 2066 (XX) of 16 December 1965, forms an integral part of the territory of the Republic of Mauritius and are resolved to support Mauritius in its efforts to effectively exercise its sovereignty over the Chagos Archipelago." Online at: <http://bit.ly/2f7WzUP>.
7. Lena D., St. Maarten Parliamentarians Call for Independence from the Kingdom of the Netherlands, in: *Atlanta Black Star*, September 8, 2016, online at: <http://bit.ly/2fodwJR>.
8. e.g. Efraín Vázquez Vera, Puerto Rico: ¿transición pacífica a la soberanía?, in: *Foreign Affairs Latinoamérica*, Vol. 15, Nr. 4(2015), pp. 76-82; Puerto Rico's Catholic Archbishop Roberto Gonzalez Nieves has joined the chorus of those demanding sovereignty, bringing the case to the US Supreme Court: Colony or Commonwealth? Puerto Rico Status Argued at US Supreme Court, in: *America. The National Catholic Magazine*, January 19, 2016, online at: <http://bit.ly/2euJ1UV>. The Court's ruling has not laid the case to rest – just the opposite, see: Richard Wolf, Puerto Rico not sovereign, Supreme Court says, in: *USA TODAY*, June 9, 2016, online at: <http://usat.ly/2focOw9>.

Master of European Studies – Governance and Regulation



- Focus on **governance and regulation** in the European Union
- Learn about current EU trends based on academic competence
- Benefit from research-based teaching with practical approach
- Meet an **international faculty** of renowned academics and practitioners
- Gain enormous **career opportunities** with your post-graduate Master degree
- Study in English at one of Germany's most prestigious **universities**
- Make friends in a small, international and diverse student group of **ZEI Fellows**
- Open to post-graduates of different profiles from across the EU and around the world
- Study Europe in **Bonn**, the **German UN city**



Center for European Integration Studies
Master of European Studies –
Governance and Regulation
Walter Flex-Strasse 3
D-53113 Bonn

Tel. +49-(0)228-73-18 99
Fax +49-(0)228-73-18 91
europeanstudies.zei@uni-bonn.de



IMPRINT

ISSN: 2196-1409
Center for European Integration
Studies
Walter-Flex-Strasse 3
53113 Bonn
Germany

Editors:
Sally Brammer
sbrammer@uni-bonn.de
Thomas Panayotopoulos
thpanaytopoulos@uni-bonn.de
Robert Stüwe
rstuewe@uni-bonn.de

Authors are responsible for the views
expressed in their contributions.
www.zei.de