

Negotiating as One Europe or several? The variable geometry of the EU's approach to Brexit¹

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Abstract

There are long-standing debates amongst scholars of European Union politics over the relative importance of member states and supranational institutions in determining what happens in the EU. This paper treats the case of "Brexit" as a case study, considering the positions of the EU institutions, France, Germany, and the V4, focusing particularly on dissociation issues, questions of migration, the customs union and trade, and the UK's relationship to the single market during the first year of exit negotiations. It finds that while there are distinct national priorities, EU institutions have been able to synthesis these rather effectively into a common position which meets member states' priorities as well as their own, confirming the claims of those who emphasise the ability of EU institutions to drive European integration and act on behalf of member states.

Introduction

Social Scientists have worked – extensively – to understand the essence of the European Union – what, or who, drives the process of integration, and how the EU can best be conceptualised. At one end of the scale, some view it very much as an alliance of individual member states, acting to pool sovereignty when it suits their purposes to do so. The actions of these member states are strongly conditioned by domestic political concerns. At the other end of the scale, the EU is sometimes viewed as being an entity akin to a state in its own right, with supranational actors and law limiting individual nation states' room for manoeuvre.

This discussion is of tremendous political importance to citizens and stakeholders: if nation-states really do shape the nature of European integration, then it is to their preferences we must look if we wish to understand or change the way the EU functions, or indeed anticipate future developments. If, however, integration has acquired a logic of its own, attention would shift towards the views of EU institutions – the European Commission and the European Parliament – as well as nation states acting in the Council of Ministers and the European Council.

In the context of the UK's exit from the European Union, the stakes have never been clearer and higher. Is the EU's approach to Brexit driven by the European institutions, or by the wishes of member states? Related to this, are there differences in the views of different actors involved, or are they all "on the same page"? Understanding these issues might be of immediate, tactical benefit to the United Kingdom (which was criticised for seeking to "pick off" national capitals in advance of formal negotiations), but it is also a useful case study in how the European Union operates as one or not.

In this paper, we examine the position of four groups of actors in relation to Brexit: the government of France, the government of Germany, the governments of the Visegrad countries (the Czech Republic, Slovakia, Poland and Hungary), and the position of the European institutions. This selection thus considers the two most influential national governments (whose power, when they

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have worked together, has been to create a formidable Franco-German axis), as well as an important and distinctive block of member states who frequently co-operate to shape the EU's agenda.

There are good reasons to think their perspectives on Brexit may differ. To give just a few salient examples:

- The European institutions, and Germany, have been strongly committed to the integrity of the "European project" (in the past, alongside some smaller member states such as the "Benelux" countries. By contrast, France has at times been more closely associated with a looser vision of the EU, as an alliance of member states. France and each of the four Visegrad countries also have powerful domestic actors rather sceptical of the EU's project, and in the cases of Poland and Hungary, these are, at the time of writing, in government.
- In the case of three of the Visegrad countries (Poland, Hungary, Slovakia) there are significant numbers of expatriates living in the EU, considered as a proportion of each country's overall population. The money these earn and are, to some degree, able to return home, makes a resolution of questions of migration an especially important domestic priority. The UK was a strong supporter of EU accession for the Visegrad countries, too. Slovakia has the biggest per capita car industry in the world, and this is in part linked to the UK (with Jaguar Land Rover's recent investment in the country). All this would suggest the Visegrad countries would have a significant interest in reaching a pragmatic agreement on Brexit, and would be more willing to make "sacrifices" of detriment to the wider European project.
- While the UK does not share a land border with any of these countries, the existence of the multiple travel routes (including the Channel Tunnel) between the UK and France, and "juxtaposed" border controls between the UK and France under the Le Touquet treaty, give France a particular interest in clarifying the practicalities of customs and migration policy.

We aim to focus on four discrete areas of "Brexit policy" in this analysis: the first are "dissociation" issues, i.e. the practicalities of the UK disentangling itself from the EU. While these might seem of passing importance, resolution of the issues was set by the EU as a precondition for discussion of the future UK/EU relationship. Secondly, we examine respective stances on the issue of migration. Thirdly, we look at the issue of the customs union, and the operation of trade tariffs between the UK and the EU in the future. Fourth, we look at the relationship of the UK to the EU's single market, including conditions for access, the view taken on whether the UK must comply with regulatory requirements, and how such compliance might be monitored.

Our analysis is based upon a range of sources. We held seminars in Berlin (with German officials) and Bratislava (with politicians and officials from Slovakia, Poland and Hungary) under Chatham House rules in January 2017, and we draw upon public pronouncements, official documents and well-sourced media reports.²

The remainder of this article is structured as follows. The second section sets the scene, by reviewing the relevant historical and contemporary debates over who drives the EU. The following four sections set out the stance of each of the four actors (or groups of actors) on the issues in question. We conclude that while there are distinct national priorities, EU institutions have been able to synthesis these rather effectively into a common position which meets member states priorities as well as their own, confirming the claims of those who emphasise the ability of EU institutions to drive European integration on behalf of member states.

² In the discussions on Germany and the V4, where no specific source is indicated, these seminars are the origin of the claim in question.

Approaches to the study of European integration

The most important theoretical starting point for any exploration of the nature of the EU's Brexit negotiation dilemma is neofunctionalism, as associated with the work of Ernst B. Haas, but also Leon Lindberg and Philippe Schmitter. Haas (1968, p. 16, cited in Rosamond 2000, p. 12) considers integration to be:

“... the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new center, whose institutions possess or demand jurisdiction over pre-existing national states. The end result of the process of political integration is a new political community, superimposed over the pre-existing ones”.

Functional pressures, in the sense of the desire for efficient markets and better regulation thereof, are crucial to this logic of creating a new political community beyond the nation-state. The development of linkages between integration in one area of the economy and others – supported by supranational actors such as the European Commission – is referred to as “spillover” by neofunctionalists. But this process can also be political as politicians and stakeholders actively look to constituencies and institutionalization beyond the state (Rosamond 2000, p. 60).

From a neofunctionalist perspective, Brexit is completely anomalous. Why would the ratchet-like tightening of economic and political ties suddenly be reversed after forty years? The inability to account for the possibility of roll back, i.e. the reverse of spillover, is in fact a long-standing critique dating back to Stanley Hoffman's analysis of Charles de Gaulle's opposition to supranational integration (Hoffman 1966). Consequently, the EU's Brexit stance needs to be approached with a less deterministic or teleological sense of the drivers of integration so as to account for the variation in actors' and public preferences across member states.

A productive way to understand the role of national politics can be found in the theory of “intergovernmentalism” espoused most profoundly by Andrew Moravcsik, who emphasises the interaction of domestic preferences, shaping national preferences, on the one hand, and those states' interactions at the level of the European Council or EU Council on the other (cf. Moravcsik 1993, 1998). On this account, European integration (where it occurs) is a conscious choice of national political elites, and may empower, rather than disempower, national actors. These are able to reach agreement, with quite a high degree of autonomy, in the European Council, to achieve efficient outcomes.

The problem with applying this framework to Brexit is that Moravcsik's intergovernmentalism largely presupposes low political salience, as pointed out by Hooghe and Marks (2008), to achieve an efficient accommodation of domestic and European interests. Coming on the back of the defenestration of the Constitutional Treaty (2005), the sovereign debt crisis (2010-12), and an unprecedented wave of migration (2015), the UK referendum came at moment when Europe as a political entity is incredibly politicized. That context explains the recent efforts made to understand the constraints facing national actors facing functional pressure for EU-wide solutions to policy problems where domestic audiences reject pooling more sovereignty. Most notable here is Bickerton et al.'s (2015) notion of “new intergovernmentalism”, which identifies a trend for greater substantive integration but without supranationalism (i.e. with new institutions created that empower, rather than disempower, national governments).

This *tour d'horizon* of theoretical approaches to integration is designed to open up points of departure for the empirical study of positions adopted by our selected member states. These countries are in the unique position of having to decide how to negotiate the UK's dissociation from the EU, under the terms of Article 50 of the Lisbon Treaty, potentially accompanied – if terms of withdrawal satisfy both sides – by a new free trade treaty. As a result, we draw on the above literature to analyse convergence and divergence regarding perspectives on the efficiency of new post-Brexit arrangements; we also seek to determine the salience of various issues with the negotiations and how this affects bargaining positions; finally, we seek to identify the degree to which governments and other national actors seek to manage problem-solving in tandem with or separate to the EU institutions.

Dissociation and “process” issues

Under the banner of “dissociation issues”, we understand the mechanics of Britain leaving the EU, both in terms of substance (in particular, citizens' rights, financial liabilities and the border between Northern Ireland and the Republic of Ireland) but also process – in particular, whether the UK's desire for parallel talks on dissociation and a new agreement could be supported. The bulk of our data covers the Brexit talks from March 2017 to March 2018. We also comment on salient “big picture” factors for each member state's place in the EU following Brexit.

EU INSTITUTIONS

After the referendum result, the UK debate over the process of leaving the EU quickly became dominated by discussions regarding “hard” and “soft” gradations of Brexit (Wallace 2016). “Soft” Brexit would entail retaining membership of the single market and/or the Customs Union. Reliance on WTO trading rules and no actual free trade deal with the EU would be the hardest of exits, while a formal transition period that gradually uncouples rules and relations is a middle ground position. However, the EU's response following invocation of Article 50 is a fundamental agnosticism over the nature of the final future relationship.

Instead, the European Council agreed a negotiating brief for its specially-appointed representative, Michel Barnier, to discuss with his UK counterpart, David Davis, that revolved around the process of withdrawal itself. Issues of citizens' rights, financial liabilities, and the status of the Irish border were placed prior to discussions on the future relationship covering trade, research, or foreign policy (European Council 2017). This negotiating mandate and its emphasis on sequencing these topics prior to a new trade arrangement was supported by a resolution from the European Parliament. Consequently, the EU's approach to the dissociation talks in no way precludes the hardest of possible Brexit scenarios i.e. failure to agree a formal withdrawal treaty. It was also very clear that all negotiations would be through the official EU channels (Bilčík, 2017b), and there would be no “bilateralisation” with parallel communications with individual member states.

By and large, the EU was able to secure its objectives at the December 2017 European Council, with agreement on the calculation of financial liabilities, citizens' rights and, to some degree, shared ambitions on the border between Ireland and Northern Ireland. (Financial Times 2018a) The principle of a ‘transition period’ from March 2019 until the end of December 2020 was subsequently agreed, meaning the UK will no longer be represented in European institutions but will abide by its rules. The hardest part of the December Council meeting concerned the Irish border question, the final answer to which should be provided during the transition period. However, legally-binding provisions for achieving a soft border have to be included in the Withdrawal Treaty prior to the end of March 2019.

FRANCE

Emmanuel Macron, elected in May 2017, devoted lots of political capital to the question of European integration in his campaign. Indeed, Brexit offers the new president a chance for France to regain its standing in the EU system. Brexit came up as a topic in the tetchy presidential TV debate that pitted Macron against his second-round rival Marine Le Pen. He was at pains to explain that leaving the EU – which Le Pen had threatened to do by calling a British-style In/Out referendum – inevitably carries a large exit bill. The French government did not want to see its contributions to the EU budget increased to compensate for UK withdrawal, and therefore supported the EU's hard line on the UK's exit bill (Haas and Rubio 2017).

On a strategic level, the nature of UK dissociation could prove more or less favourable to certain French interests. France's permanent UN Security Council seat could gain a new legitimacy as the voice of the EU on the international stage. Britain's departure has once again made the Franco-German tandem the be-all and end-all of European integration and thus created momentum for a new EU initiative as a show of defiance to British Euroscepticism. Macron's hostility to UK attempts to participate in the single market with looser obligations is as much an instrumental as a principled stance because it stems from his desire to reform the Eurozone and enable the EU to protect citizens from the downsides of globalization (Schön-Quinlivan 2017).

GERMANY

In public, Germany lined up behind the EU institutions – and indeed helped constitute the line – that dissociation issues should be resolved before talks could move on to the next phase; privately, German officials involved recognised that there would be some linkage between discussions of dissociation and the nature of future relationships (cf. Turner / Green 2017, p. 13). However, where Germany proved extremely resistant is to the notion of complete “compartmentalisation” of Brexit talks into subject-specific areas. The German political class – across party lines – was most concerned with domestic and international threats to the project of European integration. At home, sizeable parts of public opinion felt Germany had played too big a role in the “bailout” of Greece and other struggling Eurozone members, and had borne far more than its fair share of refugees who had arrived during the 2015 crisis; this, in part, had precipitated a rise in support for the populist “Alternative for Germany”. Germany also saw global threats to the established European order – from Russian assertiveness, US challenge to established avenues of international cooperation, and the policy challenges associated with refugees and Eurozone stability. In framing the response to Brexit, therefore, Germany was resistant to agreements with the UK which would undermine the integrity of the EU. A favoured term of German politicians in talking about Brexit became *Rosinenpickerei* (“raisin”, or in English “cherry-picking”); speaking to the German parliament in June 2016, Chancellor Merkel herself used this phrase to illustrate what would not be acceptable to the Germans.

On the substantive issues of “dissociation”, Germany, as a significant net contributor to the EU budget, was acutely aware of the potential impact of losing Britain's ongoing payments to the EU – this provided a rather strong incentive to resolve the matter of outstanding payments (cf. Becker 2017). On questions of migration, Germany had a history of offering some elements of compromise: in the UK's abortive “renegotiation” of the term of its EU membership in 2016, Germany was influential in supporting proposals for an “emergency brake” on migration, and indeed had also made its own suggestions about restricting migrants' access to benefits (Turner / Green 2017, p. 17). Therefore, although the country was committed to the integrity of the EU's four freedoms, including

free movement of labour, migration-related aspects of dissociation were less problematic for Germany than for some other EU member states.

VISEGRAD FOUR

In the run-up to Brexit negotiations, the UK departure brought up several important issues related to both the process and the content of dissociation. It is important to underline that the four Visegrad countries (V4) have individual preferences with respect to Brexit. At the same time there is a cluster of common concerns especially towards the rights of EU citizens, trade issues and geopolitical consequences of Brexit.

One immediate effect of the UK's disassociation from the EU will be a reduction in its geographical size and its population. The EU will lose its important western and Atlantic territorial anchor, some 65 million citizens, a nuclear deterrent force and a permanent member of the UN Security Council. It will lose important diplomatic and resource assets when it comes to projecting the EU's geopolitical influence beyond its boundaries – westward vis-à-vis the transatlantic space, to the south and south-east, with UK's engagement in the Middle East and Turkey, and especially to the east with the UK's traditional tough stance towards Russia. This has several important implications for the V4. One is the severing of an important transatlantic link within the EU. The other is the potential collective loss of influence in the EU's eastern neighborhood (of significance as the V4 countries are located on the geographic fringes of the Union). The V4 has already been struggling internally in holding a common line towards Russia; the UK has been a strong supporter of EU sanctions against Moscow. Brexit and rising divisions on how to approach Russia with less EU geopolitical power may weaken further the V4 both individually and collectively vis-à-vis Russia.

This weakness relates directly to the internal European implications of the EU shrinking: the idea of a two-speed Union with a smaller and more closely integrated inner core may gain more prominence in political thinking across the Union after Brexit. This line of thought has a particular resonance in some of the founding member states, especially France and Belgium. With a new role for Franco-German cooperation and potentially an emergence of a new "Big 3 constellation" with Italy on board the geopolitical focus of the EU on original and older southern member states could sideline the position of the V4 inside the EU, unless the Visegrad countries actively pursue their own positive agenda for the EU without the UK.

In terms of the process the UK departure has important consequences for the political cohesion of the V4. One immediate issue related to Brexit negotiations and the ability of the V4 to hold a common line during Brexit talks on financial settlement and rights of V4 citizens as well as other issues – especially future trade - connected to future EU-UK arrangements. The question of the financial settlement (and any future financial relationship between the UK and EU) was important for the V4, as the countries are net recipients of EU structural funds. While UK diplomacy tried to explore bilateral contacts with V4 countries in order to dent a common EU approach to Brexit negotiations, the Visegrad countries have held a common line and supported the EU mandate for the Commission so far (Visegrad 2016). In the V4 as elsewhere, Brexit has been treated as a technical issue. Its political salience has been low and since 2016 overtaken by other issues on the EU agenda such as the reform of the Union, relations between the ins and outs in the Eurozone and the survival of Schengen (Meislová Brusenbauch, 2017). In short, the workings and the future of the EU are more politically important than Brexit, and the V4 is content to give the European Commission a high degree of autonomy in these matters. Unlike in the UK, discussion of Brexit in the V4 has been dispassionate. The V4 are keen to address socio-economic and strategic consequences of Brexit rather than deal with questions of identity (Szent-Ivanyi 2018).

The disassociation process also opened a new institutional debate. Brexit brings consequences on the makeup and weight of European political groups in the European Parliament. Most notably, the European Conservatives and Reformists (ECR) will lose their major force with the departure of the UK's Conservative Party whereby Poland's Law and Justice MEPs currently account for the second largest national group in the ECR. Moreover, Brexit will trigger a wider discussion on re-balancing the power of 27 member states. The V4 could aim to gain more voting weight in a Union without the UK as Göllner (2017) argues. However, in order to stand a chance for a more powerful voice in the EU, the V4 must minimize intra-regional differences and raise its ability to cooperate and compromise with other member states, especially Germany. The important question is whether and to what extent the V4 can shed their recently acquired image of refuseniks (on accepting migrants and refugees) and engage positively in the EU.

Migration

In this section, we review the position in relation to migration, which remains a significant issue for the UK and the EU in the handling of Brexit – in relation to the position of EU nationals living in the UK, and *vice versa*, but also in the treatment of future labour migration.

EU INSTITUTIONS

The first priority of the EU in regards to the migration aspect of Brexit concerns securing the rights of EU citizens resident in the UK. To this end, the negotiating mandate of Michel Barnier indicates that “citizens should be able to exercise their rights through smooth and simple administrative procedures” (European Council 2017). But whereas the EU position on disputes in the area of rights is that the CJEU should continue to have jurisdiction if cases are pending prior to 29 March 2019, there is flexibility for an alternative mechanism for adjudicating citizenship and related issues arising afterwards. The caveat is that whatever is agreed must be reciprocated on both sides.

Following Brexit, the EU, and particularly the Parliament, sought to clarify that free movement of people could not be bartered away as part of a future form of association with the UK. This proposed “cherry picking” of the fundamental freedoms was evident during and after the referendum on the British side. Even Tony Blair, a supporter of EU membership, suggested that the UK could be granted an exemption from free movement as a concession to allow it to remain a member state (Guardian 2017b). This kind of unilateral request completely ignores the EU and the Parliament's explicit rejection of participation in the single market without free movement.

Agreement between the UK and EU on migrants' rights was largely reached at the December 2017 European Council meeting. Moreover, the transition period requested by the UK comes with the requirement that EU nationals who come during this period will also be able to acquire the right to stay permanently – this had previously been a sticking point (Financial Times 2018b).

FRANCE

Another reason the UK may find itself at odds with France under Macron concerns the status of the border arrangement covered by the 2003 treaty of Le Touquet. This is a bilateral international treaty specific to both countries that has no relation to the EU or EU law, but it could become linked to overarching questions of the UK's approach to migration after Brexit.

The Le Touquet treaty allows UK authorities to be based at French ferry ports in order to carry out passport checks; a similar rule applies for the Channel Tunnel. In effect, this system means the UK border authorities can filter out travellers without proper documentation, thereby reducing the

number of people able to claim asylum upon landing on British soil. That is a big advantage as the French authorities may otherwise have an incentive to allow people to transit to Britain, because then they become someone else's responsibility as can happen within the Schengen system which the UK opted out from.

In principle, nothing prevents this arrangement from continuing after Brexit. What it depends on is the willingness of the French government to stick to the deal and Macron is on record as saying he would seek to renegotiate this agreement (The Guardian 2017c). The deal is unpopular with the French public and several candidates made it a topic in their campaigns for the 2017 presidency. By contrast, the status of EU citizens in the UK after Brexit is far less politicized, enabling France to play a potential role as broker of a compromise in this area.

GERMANY

As discussed above, Germany's position is that the "four freedoms" of the European Union are not to be "unpicked" by the United Kingdom, and that means that free movement of labour must continue or access to the single market would be restricted. At the same time, there may be room for manoeuvre at the margins on this: Germany agreed on the "emergency brake" on migration in the context of the UK's membership renegotiation, and politicians across the political spectrum have stated that, in some circumstances, national borders may need to have controls (as part of a political response to the refugee crisis). Chancellor Merkel responded positively to the UK's offer to regularise the status of EU citizens who had lived in the UK for five years at a cut-off date to be specified, declaring it was a "good start" (BBC, 23rd June 2017). Since the UK will not be seeking single market membership, and has already made an offer about existing EU nationals, this is an area where Germany is willing to entertain negotiation and compromise.

WISEGRAD FOUR

Future rights of EU citizens in the UK are of crucial importance to the Visegrad countries due to the number of Poles, Slovaks, Hungarians but also Czechs living, working and studying the UK (for details see the data in Beblavý et al 2016). The UK was historically perceived as the champion of EU enlargement and the single market. People in the V4 still remember the UK's bold move to open its labour market to Central European member states that joined the Union in May 2004, prompting significant numbers to move there. Brexit could bring significant economic and political consequences for the V4 (not least because of the importance of funds being sent back home by UK-based workers) if it changed the position of their nationals living in the UK and led to the political threat from 2016 that the V4 could veto the Brexit deal unless the UK guarantees the rights of all EU nationals living and working in Britain (Politico, 2016) The V4 is striving to minimize both negative financial losses and fundamental changes to the position of EU workers in the UK; its priority is to secure the rights of all EU citizens already working and living there whereby the position of future workers in the UK must be secured on the basis of reciprocity with the position of UK citizens in the EU. (Visegrad 2016).

Trade and the customs union

In this section, we discuss attitudes towards trade arrangements, and in particular the relationship of the UK with the EU's customs union. This question goes to the heart of the UK's future relationship with the EU.

EU INSTITUTIONS

Expectations articulated by British politicians advocating EU withdrawal were that Brussels would pull out all the stops to avoid losing privileged access to a large market where it has a sizeable trade surplus. However, the EU institutions quickly adopted a common line, in tandem with the member states, that trade could only be discussed following progress on specific Article 50 issues discussed above. This institutional consensus was facilitated by the EU's legal rules on trade which prevent bilateral deals, reducing the value of any individual member state breaking ranks to talk with the EU directly about a future trade relationship. The European Parliament reiterated the legal position on EU trade policy in its first Brexit-related resolution underlining its desire to maintain a united position across member states and EU institutions. At the time of writing, there was not yet "sufficient progress" to begin negotiations on trade and customs arrangements, which could open up new divides between the Parliament, the Council, and individual member states.

Nevertheless, business interests within the EU are mindful that EU relations with third countries could also suffer economically and diplomatically in the collateral fallout from a hard Brexit. This is because international trade agreements signed by the EU would see the end of their territorial application to the UK, a market of 65 million consumers. EU and British trade representatives in Geneva are thus cooperating already over how to facilitate WTO acceptance of the UK's transition to its own customs arrangements (Braithwaite 2017).

FRANCE

Historically, free trade was a key component of the integration of UK global and European diplomacy as EU membership was a highly efficient way to advocate for reducing trade barriers in international fora. The absence of a British presence in the EU's decision-making bodies presents an opportunity for France to recalibrate the EU's preferences on trade. As a recent study has shown, the protectionist interests of French governments – of both left and right – would have more impact on negotiating outcomes in an EU of 27 (Hix et al. 2016).

During the presidential campaign Macron was placed on the backfoot by criticism of the EU-Canada free trade deal, which critics presented as a backdoor route for genetically modified food products and inimical to climate change targets (Schön-Quinlivan 2017). To placate this opposition, Macron established a scientific committee to investigate the effects of the deal on French law. A UK customs deal would probably face similar challenges – especially if the UK wants to have as much flexibility to for bespoke arrangements with non-EU countries on agricultural products – creating serious constraints on France's negotiating position. In this way the touted benefits of moving towards a Global Britain agenda synonymous with liberalizing trade internationally might be at the mercy of France's renewed ability to limit EU deals with the UK and other third countries.

GERMANY

In developing its stance on customs union questions, pressures push in contradictory directions. On the one hand, the country's commitment to the "four freedoms" means that a bespoke customs deal with the UK risks the integrity of European integration and being seen as "cherry-picking". On the other hand, mutual imposition of customs controls would lead to significant complications for German industry where it was integrated with the United Kingdom – not only would tariffs be applied to German goods, but they would also be applied to product components, necessitating change in production processes (HZA 2017). The German Federation of Trade Unions, in its internal analysis of Brexit, calls for a "deep and comprehensive free trade agreement", akin to that between the EU and Ukraine, which would avoid customs duties, although proof of the origin of goods would still be required (DGB 2017, pp. 16-17). Arrangements around customs are particularly important for

the automotive sector in Germany – around 42,500 jobs in Germany relate to the UK car market, with direct and indirect turnover totalling nearly 17 billion Euros per year (Deloitte 2018).

Perhaps mindful of the impact on Germany industry, German policy-makers were privately supportive of the notion of a transitional period in advance of this being agreed (Turner / Green 2017, p. 7).

VISEGRAD FOUR

A new agreement with the UK after Brexit will be important for preserving the V4's trade interests. In relative terms the UK is an important export partner for the Czech Republic (its 4th largest partner), Slovakia and Hungary, especially when we take into account their second-order trade interests with respect to their exports to Germany (Halpern, 2016), some of which end up in the UK. Hence, the V4 is keen to preserve free trade in goods (cars, electronics, especially) with the UK after Brexit (Beblavý/Bilčík, 2016). At the same time V4 – with the partial exception of Poland (Rosati, 2016) – are unlikely to play an important role in discussing future arrangements for trade in services due to limited direct interests in this area (Bilčík, 2017a).

The single market [and trade]

In this section, we are concerned with issue of the future trading relationship between the UK and the EU. This goes beyond arrangements for customs tariffs: it also concerns the ability of businesses of the UK to operate within the EU, and vice versa, and for goods and services to be freely traded, without facing additional restrictions or regulatory obstacles to so doing.

EU INSTITUTIONS

In one of his first press conferences on the Article 50 talks, EU negotiator Michel Barnier explained that any future UK arrangement with the single market would necessarily have to cater for problems of regulatory divergence (Barnier 2017). That is, the institutional framework the EU has in mind must include a dispute resolution mechanism to arbitrate in conflicts over changing standards for goods or services. After all, one of the key drivers of Brexit was the UK's desire for more flexibility outside the single market.

The specifics of this dispute resolution mechanism are up for grabs following a successful conclusion of the points of contention hanging over the formalities of withdrawal. Two aspects of the procedure for establishing a new relationship are already clear from the European Council's negotiating stance. Firstly, the desire to preserve the integrity of the single market means the EU excludes sector-by-sector participation e.g. a financial services only deal or a separate one for the automotive industry. Secondly, any potential transition period, or what the EU guidelines call a "a time-limited prolongation of Union *acquis*", is dependent on upholding "existing Union regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures" (European Council 2017).

FRANCE

The Brexit process offers a number of avenues where France could play hardball when determining the UK's future terms of trade with the EU single market. That would certainly be in line with Macron's overall philosophy on the matter, which is best captured in his campaign quip, uttered on the stump in London that "the best trade agreement for Britain is called membership of the EU" (The

Guardian, 2017a). He also made no secret of coveting the relocation of bankers and EU agencies, notably the European Banking Authority, from London to Paris.

Equally, discussions over a UK-EU free trade arrangement to replace EU membership provide Macron with broader scope for promoting French interests. Issues of regulatory equivalence, the term used to designate mutually agreed standards for selling goods and services, will be central to any such deal. France can also use Brexit as an opportunity to push for the relocation of euro-denominated clearing operations to the Eurozone, which would encourage a maximum degree of job relocation to Paris (Moloney 2017). Macron's message to other EU members is that the single market ought to be considered a zone of rule- and value-based convergence and not just a realm of pure economic competition (Schön-Quinlivan 2017). Hence it would be logical to extend this approach to a future UK-EU relationship.

GERMANY

Germany's stance on this question is extremely clear, and has been enunciated both publicly and privately by policy-makers with a very high degree of consistency. On the one hand, it makes plain that it would welcome the continued ability to trade with the United Kingdom. However, a condition of this is recognition of the body of EU law – the *Acquis Communautaire* – by the United Kingdom. Without this, and if the UK were able to adopt a divergent regulatory framework, it would undermine the entire basis of the Single Market and, in Germany's estimation, the EU. A very major obstacle to this was perceived to be the UK's "red line" that it would no longer accept the jurisdiction of the European Court of Justice; for that reason, Prime Minister Theresa May's clarification, in her September 2017 speech in Florence, that the UK would accept the "EU's existing rules and regulations" during a time-limited transition phase, is helpful in moving towards German acceptance of such a proposal. By contrast, the proposal to adopt all existing regulation through the mechanism of the Great Repeal Bill was not viewed as especially significant by German policy-makers, as it did not cover questions of regulatory equivalence that might arise in the future (Turner / Green 2017, p. 7).

It will be for the new German government (the subject of negotiations between political parties at the time of writing) to decide whether a new legal mechanism to resolve disputes over regulatory equivalence after a transition period would be sufficient to overcome Germany's doubts about the fairness of market access without full ECJ jurisdiction. However, on this question it can be expected that Germany will be relatively hardline.

VISEGRAD FOUR

Real negotiations on future arrangements between the EU and the UK are yet to begin and may last several years beyond the British exit in March 2019 (Menon, 2017). It is therefore both early and daring to make predictions on modalities and contents of a future deal. So far the Visegrad countries offered some clues about their respective priorities in their joint statement already on 28 June 2016: "Article 50 of the Treaty is the basis on which further relations with the UK should be agreed. We need clarity. The countries of the Visegrad Group strongly urge that the focus of the upcoming negotiations must be on protecting EU interests. European citizens and European companies cannot end up worse off than British citizens and British companies. The arrangement between the EU and the United Kingdom must be based on reciprocity and fairness" (Visegrad 2016).

In contrast to France and Germany, the V4 are likely to take a relatively pragmatic stance to the future relationship of the UK to the single market, especially in the field of goods since trade in services has a lower level of significance for the V4 as discussed above. Nonetheless, while the issue

of ECJ jurisdiction has been of low salience in the V4, the strategic focus on clarity, reciprocity and fairness of future EU-UK arrangements suggests that the Visegrad countries are still unlikely to undermine the EU's unity in negotiating a new treaty with London. After, all trade relations between the V4 and Germany as well as among Visegrad countries are far more important than market relations with the UK.

Conclusion

This discussion has shown that there are some divergent priorities between France, Germany and the V4 when it comes to Brexit. In particular, Germany takes a tough stance on any issues, particularly associated with trade and CJEU jurisdiction, which might weaken the EU at a time when it faces significant challenges on several fronts. France supports this approach, while also having an eye to certain domestic political and economic interests. The V4 take a pragmatic stance on issues associated with trade, but necessarily attach a higher priority to the position of EU migrants living in the UK, and also the UK's financial obligations, since these topics are of particular importance.

However, so far this has not meant that the European institutions have been unable to contain tensions between member states. Indeed, our analysis points to the reverse being true: there has been no informal "bilateralisation" of the talks, the EU has been able to respond to draw together different interests into its common stance, and countries have no incentive to "defect". In this regard, while the political salience of Brexit in the UK is high, it is far lower for each of the other actors discussed here – for the six countries in question, and the European institutions, Brexit is a rather "technical" question, and debates about the future of the EU, the Eurozone, and responses to such challenges as refugees and the EU's place in geopolitics have a far greater salience.

For scholars of EU politics, therefore, the case of Brexit provides a case study that shows, even in an area where there is some divergence about priorities amongst member states, EU institutions still retain the ability to draw together different strands of thought, and mould them into a common position which aligns with their own priorities, and from which national actors have no incentive to defect. This appears to be a strong case of supranationalism – one which calls into question the assumptions of liberal intergovernmentalism, at least in this particular field – and which rather supports the claims of neofunctionalists that harnessing divergent interests in the EU may strengthen the power of its central institutions.

Our findings suggest that the European Commission has been an important agenda-setter during disassociation talks with the UK during the first year of exit talks from March 2017 to March 2018. At the same time, the Commission's mandate is based on unanimous decisions by member states in the Council. We may still therefore see shifts in intra-EU power relations towards a greater role of member states during negotiations on future relations between the EU and the UK; the challenges around the Irish border question, for instance, have the potential to divide Ireland (which will not wish to compromise on avoiding a hard border) with other member states keen to see the benefits of a deal. Understanding individual preferences of EU countries thus remains a relevant explanatory source for the evolving power dynamics between London and Brussels.

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