

# POLICY BRIEF

## Three months until Brexit – Are we ready?

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- **After a year and a half long and exhausting negotiations between the United Kingdom and the European Union, a Brexit agreement was finally put on the table in November 2018. Nonetheless, this final proposal of the agreement by the European Council was not embraced by the British parliament. Due to continuing criticism from a non-negligible number of British MPs, mostly concerning the issue of the Irish backstop, causing substantial insecurity about the parliament's voting results, Theresa May postponed the vote, which was originally scheduled on 11<sup>th</sup> of December 2018.**
- **Her consequent last-minute efforts travelling around Europe and meeting with the EU leaders in order to open the deal were not met with any further concessions made for the UK. The December European Council underlined this position, assuring British Government that even if the backstop was needed, it would only be a temporary option. The Irish borders question thus remains open for further negotiations once the deal passes through the British parliament and the two-year long implementation period is launched.**

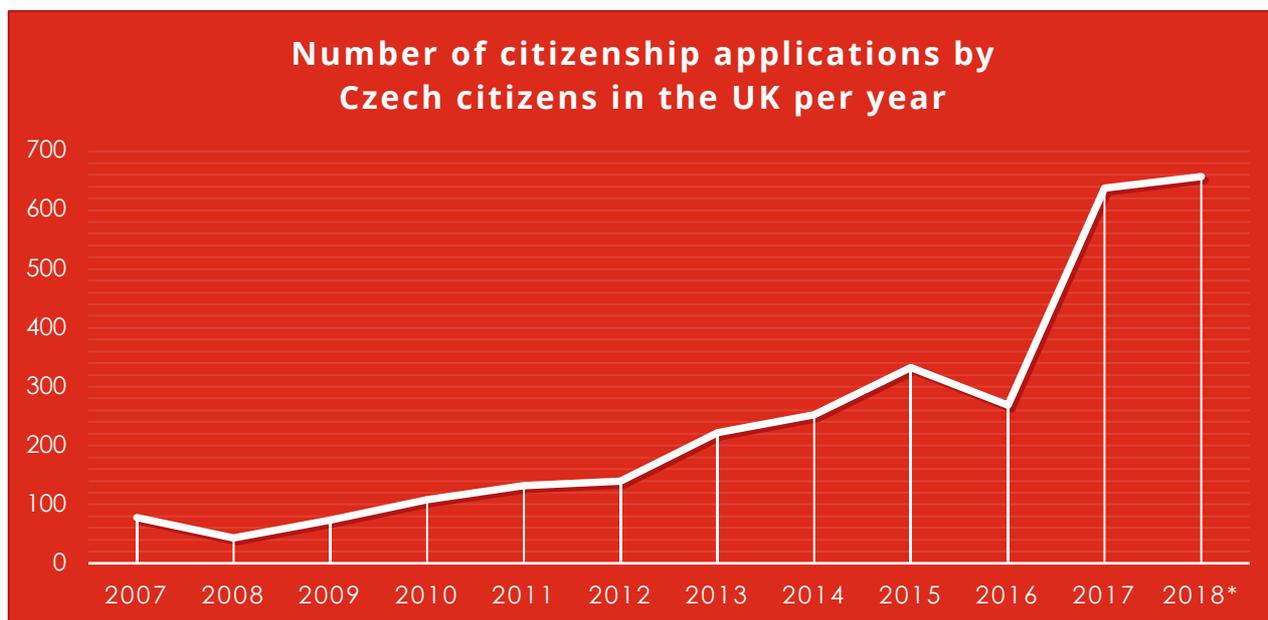
### Introduction

Even though May stood her ground in the vote of no-confidence triggered by British MPs from her own party, this was no great victory. Not for her, neither for anyone else. Although she gained a year-long immunity, the real problem and disagreements in the British parliament only got delayed until January, not resolved.

### What does Brexit mean for Czech Republic?

Brexit is going to bring several challenges, as well as opportunities for the Czech Republic. One of the most substantial questions about Brexit influence on the Czech Republic revolves around the future of an estimated one hundred thousand of Czech citizens, who are currently living in the UK. This issue – of EU-nationals living within the UK

– was highly prioritized during the negotiations, with the intention from both sides of the table to keep the existing citizens' rights with as little alterations as possible. Therefore, it has been already handled in the negotiated Brexit agreement: Czechs, who will want to stay in Britain after its withdrawal from the EU, are going to be obliged to register themselves in the country after the end of the transition period. Some of them (see Graphic 1) have already decided they want to acquire British citizenship and started to undergo steps necessary to do so. By looking at the Graphic 1 below, we can see the sharp increase of citizenship applications of Czech citizens in the UK in the points of time corresponding to the Brexit referendum (June 2016) and the triggering of Brexit process (March 2017). Either way, an unknown number of Czech citizens are expected to decide that they will return to their homeland due to continuing insecurity or a change in British approach towards foreigners.



\*The number of the citizenship applications in 2018 is estimated based on the official numbers available.  
 Source: Home Office. Immigration statistics, year ending September 2018.

As it has been already mentioned above, the consequences of Brexit are not only going to introduce challenges for the Czech Republic. On the other hand, the Czech Republic should in fact see the Brexit as an opportunity to develop its space industry. Given the withdrawal of the UK from the EU, it has a potential to attract many companies and experts in this area thanks to the presence of the European GNSS Agency in Prague.

### The no-deal Brexit scenario

Given the unexpectedly vivid development in the last weeks, even this close to the actual Brexit, there are still several possible scenarios for how the uncertain situation may develop until the exit day of 29<sup>th</sup> March 2019. The possibility of a second referendum is continuously being mentioned across the British political spectrum, having quite a lot of supporters for giving the UK citizens a second possibility to make an informed vote on leaving or remaining in the EU and, more importantly, the negotiated terms of Brexit. Mrs May, on the other hand, does not support it in any way.

Surprisingly, the ruling of the European Court of Justice declared that Britain could, even at this stage, unilaterally revoke the entire process by cancelling Article 50, thus stopping Brexit. The available scenarios also still include the no-deal Brexit, generally perceived as the worst and the most feared option by politicians, business sphere, and citizens alike, with the exception of the most ardent Brexiteers. This scenario is undesirable for the Czech Republic as well. Even though a no-deal Brexit “is not the end of the world”, as Theresa May said, there are many reasons why the Czech Republic would prefer to avoid it.

The leaders of the remaining 27 member states have declared that they are prepared even for the possibility of a no-deal Brexit and its consequences. However, given the fundamental uncertainty of the impact of an unmanaged no-deal Brexit, the only guaranteed preparations that both the UK and the EU-27 can truly take revolve around managing and mitigating chaos. The fact that the UK have asked thousands<sup>1</sup> of military personnel to stand-by for this event illustrates the severity of the potential consequences.

<sup>1</sup> Precisely, 3,500 military personnel is planned to be on stand-by in case of no-deal Brexit. Source: Politico, 12.12.2018,

<https://www.politico.eu/article/brexit-no-deal-british-army-troops-to-be-on-standby/>

The Czech Republic would definitely feel the consequences of a no-deal Brexit, which would most negatively influence its trade, industry, transport (including aviation), and other areas. The United Kingdom is an important partner for the country, as it is the fifth greatest export market. Brexit itself is expected to raise the price of transport of goods to and from the UK. These expectations, combined with the insecurity caused by the twists in the negotiation process itself, were a sufficient impulse for the Czech exporters to notably decrease the amount of goods exported to the British market in this year, changing the rising trend from the seven preceding years<sup>2</sup>. The greatest obstacles for transport of goods, in case the UK would not be a member of the customs union anymore due to a no-deal Brexit, would be the waiting times at the borders, which would increase not only the time frame of transport, but most importantly its price. The conditions for business and mutual trade would get significantly more difficult as well. Some estimates even claim a loss of 40.000 work places in Czech Republic, but the Czech PM does not see the influence of no-deal Brexit on CR that severely<sup>3</sup>. The Czech minister of foreign affairs evaluated the existing Brexit agreement positively, as a measure preventing chaos which would occur in case of no-deal<sup>4</sup>. Furthermore, a no-deal Brexit would mean an insecurity about the future of Czech citizens currently living in the UK, as well as the Brits living in the EU.

Nevertheless, the EU and the UK still have time, albeit not much, to facilitate a proper Brexit deal, yet all future engagement hinges on the outcome of the vote in the British House of Commons scheduled for the third week of January 2019.

## Unity as a priority

Donald Tusk expressed that no matter what scenario of Brexit will be realized, the EU wishes to keep a friendly

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<sup>2</sup> Czech Statistical Office, 5.11.2018, retrieved at: <https://www.czso.cz/documents/10180/61166038/2420071814.pdf/0f74988d-18e0-4273-9a57-7ea2d24dde29?version=1.0>

<sup>3</sup> Mr Babiš commented these numbers by saying „I don't know where the macroeconomists get this. I certainly do not see it that way“. Source: Aktuálně.cz, 14.12.2018. Retrieved at:

relationship with the UK after its separation. Since the UK applied the Article 50, the EU kept and repeatedly presented its stance of hopes for a positive and mutually beneficial partnership with the soon-to-be former member state. Unity of the remaining 27 member states is crucial to strengthen as well. There is an acute awareness of the problems the European Union is facing since the advent of the “migration crisis” in 2015, which has exposed fundamental divides in terms of values and threatened the integrity of the union. While both the aforementioned crisis and Brexit has given impetus for populist elements to propose further “exits” across numerous EU member states, the voices arguing in favour of fundamental and strong reforms are increasingly gaining traction as the chaos of Brexit is becoming more and more exposed. These much-discussed reforms of the EU are necessary preconditions for a peaceful and close relations of the remaining member states for the upcoming decades. Thus, focusing on the facilitation and implementation of these, instead of negativity flowing into nationalism and Euroscepticism, is crucial. The community must take lessons from Brexit and utilize these to propose reforms. The Czech Republic will have a chance to be heard and contribute with fruitful ideas, giving it the possibility to change its lately negative image connected to the fraud of euro funds or rigidity in the issue of migration. Furthermore, the effects of the Brexit should not serve as an instrument purely for domestic political gains, as they are counter-productive to the country's national interests in a long-term. The postponing of the adoption of the euro currency due to a fluctuation in the post-Brexit markets, which is understandably expected, is a case in point.

## Recommendations

The process of the UK withdrawal from the EU itself shows and confirms that this unprecedented move of triggering the Article 50 is complicated and painful for both

<https://zpravy.aktualne.cz/zahranici/pectete-si-konecne-dohodu-o-brexitu-vzkazali-lidri-eu-britu/r~61f08e16ff6011e8b2380cc47ab5f122/>

<sup>4</sup> Echo24, 25.11.2018. Retrieved at: <https://echo24.cz/a/SbVBD/tvrdy-brexit-neocekavame-rika-babis-s-dohodou-je-spokojeny>

sides of the divorce. Clearly, it may serve as a deterrent for those remaining EU member states' politicians who recklessly spread populist ideas with no regard for their countries' citizens, of which numerous Czech politicians are guilty of. These politicians – none named, none forgotten – should reflect on the consequences of Brexit and the irresponsibility of reckless “Czexit” proposals, even as the idea of Czexit has rightfully receded into irrelevance. In the coming months, Czech representatives should contribute in whatever capacity they can towards securing a Brexit agreement, as the consequences of a no-deal Brexit would

severely negatively impact the country. Nevertheless, the Czech Republic needs to count on every one of the possible scenarios and prepare for them as well as possible. This primarily includes exploring business opportunities, providing reassurances and, possibly, support for businesses negatively impacted during the transition, and, most importantly, safeguarding the Czech citizens, who may in unknown numbers either return from the UK to their homeland or be left in a judicial limbo with uncertain or less rights in case of a no-deal Brexit.

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Miroslava Pěčková holds her MA in International Relations from the Faculty of Social Sciences of the Charles University in Prague, and a BA in European Studies from the Comenius University in Bratislava. Previously, she has participated in three exchange trips to France and Belgium. During her studies, she has been working in a publishing house of the Slovak magazine *.týždeň* for three years. She is interested in European security, terrorism, as well as in Slovak national and foreign policy. Currently, she is working at EUROPEUM as a project manager of European Summer School, Café Evropa in regions, and various other projects.



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