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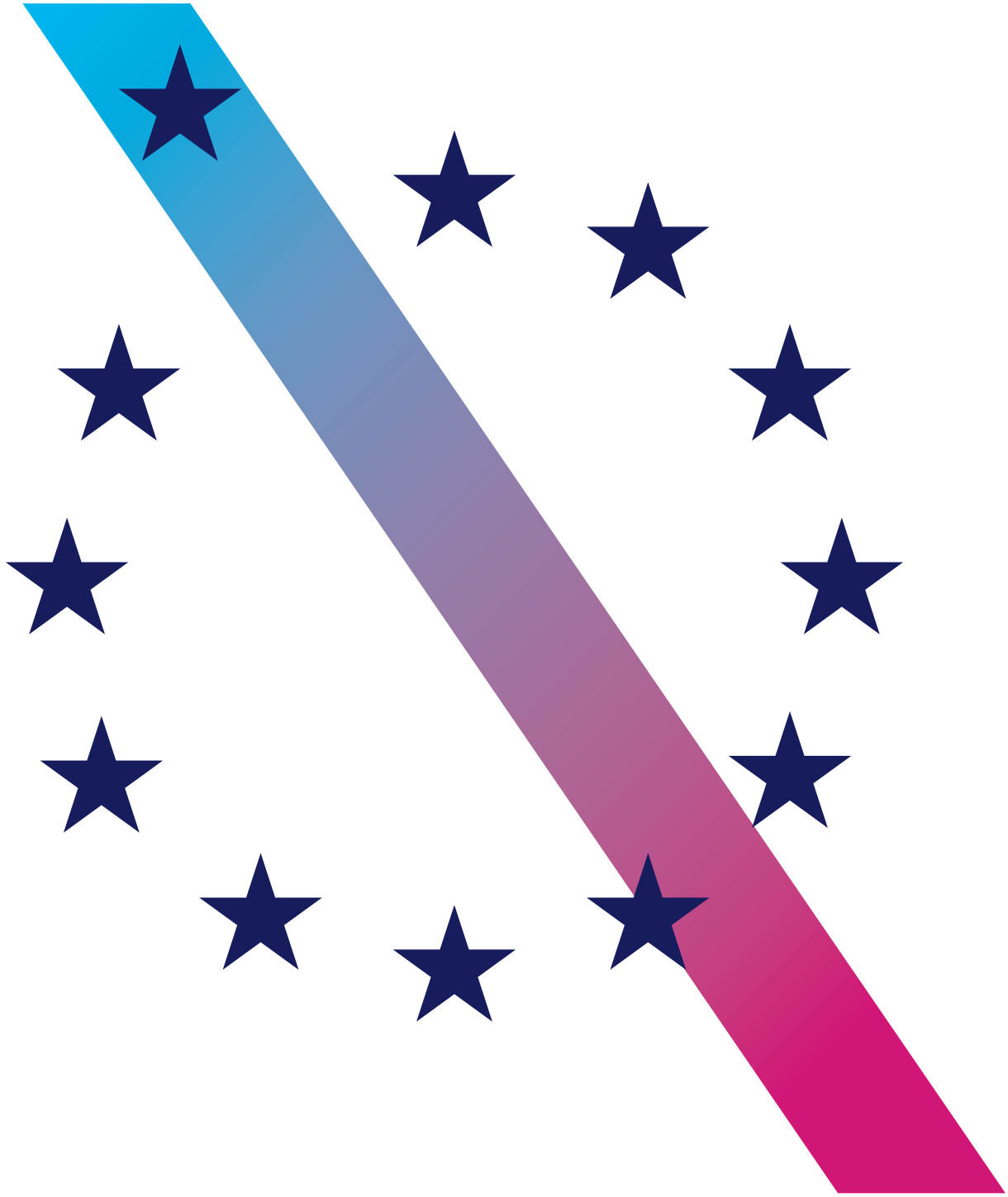
Influencing the EU after Brexit



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About this report

As the government attempts to negotiate a new partnership with the EU it will have to rebuild its influence in Brussels. The UK will be an independent country, but it will still need to work with the EU to achieve common goals and pursue its commercial interests.

This report sets out how the UK can ensure it remains an influential voice in the EU once it no longer has a vote or representation in the EU institutions.

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January 2020

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Summary

Brexit does not mean the end of the UK's co-operation with the European Union (EU) but a new kind of relationship. There has been a lot of attention on how government should approach the next phase of the Brexit negotiations[1] but very little public debate on how or why the UK should engage the EU once their new partnership is in place.[2] Ignoring this is a mistake that could damage the UK's long-term interests.

On 23 June 2016, the UK voted to leave the EU, a decision that will fundamentally reshape the country's outlook and future. Some things are unlikely to change. Britain has one of the world's largest economies. It continues to be an important player in international development, security and defence. It has a permanent seat on the United Nations Security Council (UNSC)* and is a member of the North Atlantic Treaty Organization (NATO), the G7, G8 and G20, the Council of Europe and the Commonwealth, among others.

But the EU will continue to shape the UK long after Brexit. The size and close geographic proximity of the EU mean that even if the UK is outside the EU's jurisdiction, EU rules will continue to affect it – more so than they do for other 'third countries' like Australia and Canada. For shared challenges from climate change to disaster relief and defending the rules-based international order, the UK sought to leverage its EU membership to amplify its own foreign policy objectives. The UK's influence in Europe – that is, its ability to get other EU countries to work with it or to embrace its views – could suffer as a result of Brexit, particularly if the government does not plan for it carefully.

But Brexit will also have lasting consequences for the EU. The UK is the EU's pre-eminent foreign policy, security and defence actor, along with France. It is also seen as a major force behind the single market and the EU's enlargement, and member states will lose a strong advocate for trade liberalisation. Against trends towards deeper integration with a eurozone core, the UK fought to safeguard and promote the interests of those other countries such as Poland and Sweden that did not have the single currency. But the UK will not be able to play the same role after Brexit. There will be no British presence in the EU institutions so the UK and the EU will need to find new ways to co-operate for mutual benefit in an increasingly tumultuous global environment.

The UK will find it harder to influence the EU from the outside, as a third country. But influence is not impossible. It requires careful strategic planning, co-ordination and a new creative approach to diplomacy.

* A list of abbreviations is found at the end of this report.

Becoming a third country

- **The UK's influence in the EU will change overnight.** From February 2020, the UK will no longer have representatives in the Council of the EU (where national governments of the EU co-ordinate positions) and no more Members of the European Parliament (MEPs). The informal avenues for influence on which it has relied will also narrow. The UK's ability to shape EU legislation affecting its interests will be dramatically reduced – as a member, it could reshape legislation in line with its own priorities; now it will have to persuade others to make changes.

- **The UK government cannot rely on the basic governance arrangements set out in any final Brexit deal to influence EU rules.** The joint UK–EU committees that will be established to manage the future bilateral relationship will focus on that relationship, rather than on providing a forum for the UK to influence EU decisions on a day-to-day basis across the policy spectrum.

- **British business groups and civil society will need to fight harder to make their voices heard.** Co-ordinating positions in pan-European lobby groups will become important, but so will setting up meetings with EU officials and member-state officials in Brussels and across the EU.

- **The government needs a comprehensive strategy to maximise its influence in the EU.** Building on the examples of how other third countries deal with the EU, there are four immediate priorities:

    - Ministers will need to decide the UK's overarching priorities for influencing the EU.

    - The government will need a new approach to co-ordinate EU policy.

    - The government will need a strategy for influencing the EU's internal decision making from the outside.

    - The government will need to equip officials with adequate capabilities and resources.

Deciding on the UK's EU priorities

- **Regardless of the future relationship, the EU will be important for achieving the UK's domestic and global ambitions.** Ministers should be wary of assuming that the Brexit negotiations will settle what the UK's EU priorities should be in the future. EU rules will still affect the UK due to the size of its market and its proximity. In addition, the EU may still be the best partner to address regional or global challenges.

- **Ministers must prioritise the EU issues that matter most.** As a third country, the UK cannot influence everything; success will depend on resources and effort – not to mention the UK's persuasion power in the EU. Ministers cannot afford to leave all the UK's engagement with the EU to officials in Brussels.

- **The government needs to identify how Brexit might have changed its domestic and international priorities.** Ministers need to be upfront about the benefits of divergence from EU rules and consider the risks on an ongoing basis. The government should conduct a detailed review to support its decisions.

- **The government needs to address how it will work with the EU in international organisations.** Where their interests align, it should try to secure the EU's support in organisations where the EU is an important player – particularly the World Trade Organization (WTO). The government should also actively try to shape those international rules that will become binding on the EU.

Co-ordinating EU policy

- **The Cabinet Office, rather than any individual department, should lead on EU policy.** The Cabinet Office is best placed to play three central roles: broker trade-offs between different priorities, gather and synthesise information about the EU, and co-ordinate between departments.

- **The Foreign and Commonwealth Office (FCO) will need to put more energy into diplomatic efforts with the EU.** There will be a greater need to proactively engage with the EU once the UK no longer has a seat at the table.

- **The government will need to co-ordinate positions with the devolved administrations as early as possible in the priority-setting process to avoid conflicting messaging.** There may be cases when the devolved administrations want to stay much more aligned to EU rules than Westminster.

Influencing EU decision making

- **The government will no longer be able to rely on votes and vetoes in Brussels to influence the EU.** The government needs to shift from a strategy of focusing on EU summits and the Council of the EU – the grouping of EU27 governments – to lobbying all EU institutions and the larger EU policy community. It must engage officials working on EU policies and proposals while they are still being shaped.

- **The government will be more reliant on personal relationships and soft diplomacy skills.** Civil servants will need to step up their monitoring of what is going on in the EU and identify areas where the UK's interests align with those of member states. They will need to continue to build relationships with EU officials and EU27 and third-country diplomats in the EU, along with civil society actors. They will also need to maintain good relations with EU and member-state embassies outside of the EU.

- **The government should avoid a perception that it is pursuing an overt 'divide-and-rule' strategy** where it prioritises dialogue with member states at the expense of the EU institutions. Where it wants to influence the EU, it should consider framing its proposals to demonstrate how they will benefit Europe as a whole. It should also be mindful of the tone it uses.

- **The government should work much more closely with business and civil society in Brussels to promote British interests.** Brussels is a particularly vast and complex policy environment only analogous to Washington in terms of size and scale. Business and civil society have built their own ways of engaging the EU institutions and member states, either bilaterally or through their membership of EU-wide associations and umbrella groups. As employers, the voice of business and civil society organisations can be more persuasive than that of government. They can also work as intermediaries who build understanding between government counterparts. The government should encourage them to build relationships with the EU where it cannot.

Having the right capabilities and resources

- **The UK's mission to leave the EU will need more resources – and so will some British embassies.** The government has already provided a larger budget for discretionary spending on activities like hosting and sponsoring events to demonstrate the UK's relevance to the EU. It needs to reassess whether it has buildings/residences that are fit for purpose and offers competitive salaries to attract top civil servants.

- **The government needs the right capabilities and expertise to understand EU developments.** It should follow the example of other third countries in trying to retain expertise in its embassies in the EU by increasing postings from three or four years to five years. It should continue to invest in training for officials dealing with EU policy in the UK. Moreover, it should increase the recruitment of local specialists with deep and extensive EU expertise, experience and privileged networks, and make a more systematic effort to retain them – including through improved job packages that are more competitive in the EU specialist market.

- **The government should also draw on the detailed EU technical expertise available in arm's-length bodies, business groups, civil society organisations, universities and think tanks in Britain.** These groups have their own avenues to influence the EU institutions. They can offer insight into EU regulations and their impact on British sectors, as well as suggestions for how the government should approach the EU and advocate its position more effectively.

Conclusion

Leaving the EU means the UK has a pressing need to rethink its fundamental international outlook: what role it plays in international organisations, what regions it prioritises and what resources will be necessary to meet its aims. The EU and its member states will remain important allies and the government should start thinking now about how it can effectively co-operate with the EU after Brexit. The UK will not be able to rely on hard power or the institutions of the future relationship alone; it should use the transition period to put in place the capabilities it will need and test new strategies for influence.

1 Introduction

Boris Johnson's sweeping electoral victory in December 2019 paves the way for negotiations about the future arrangement.[1] There has been a lot of attention on how government should approach the next phase of the negotiations but far less attention has been paid to how the UK will engage the EU once the Brexit negotiations have concluded. Building on the examples of other countries such as Canada and the United States (US), the UK will need to devise new approaches to influence the EU in areas that matter to it.

Shared history, geographic reality and common interests mean that the UK cannot afford to ignore the EU – even if the formal relationship becomes more distant in relative terms. The UK will want to continue to work with the EU in areas where it cannot achieve its goals alone (like combatting climate change and protecting the rules-based international order). Likewise, Michel Barnier, the EU's chief Brexit negotiator, said the EU would look to "engage with the UK both bilaterally and in global forums".[2] Influencing the EU and its member states' approaches on these big multinational questions will remain a key aim of the UK's future diplomacy.

But the UK will also want to influence the EU's internal rules: the EU, due to the size of its market and its trade links with countries around the world, has had a major role in shaping rules and standards in many areas – a gravitational pull often with extra-territorial impact.[3] This is not necessarily because third countries think the EU's system is better than theirs; but given the EU often demands higher standards for imports than other markets, it is usually more cost effective for businesses to produce all their goods to meet EU standards and regulations, rather than have separate production streams for different markets.

As an EU member, the UK played a key role in designing and shaping those rules; and the UK's interests will be best served by continuing to try to influence those rules that directly affect it. How the government goes about influencing the EU will depend on how close it wants its relationship with the EU to be – and how predisposed EU countries are to listening to the UK's ideas in the longer term. The institutional features in the future agreement will formalise opportunities for influence: they will determine whether the UK can take part in some EU discussions, as well as the role it can play in the plethora of European forums and agencies.

But they cannot make up for the direct and consistent access the UK will lose once it is no longer represented in the EU's institutions. To be effective, the UK will need to develop new and creative approaches to influence the EU and its member states. It will also need to convince the EU and its member states of the constructive and positive role it can play.

The government needs to continue planning how it will go about understanding and influencing the EU after Brexit. Ministers will need to decide what the UK's EU priorities are and how they compare to the UK's wider international ambitions. To deliver on these priorities, the government needs to decide what organisational changes are necessary to maximise its influence in the EU, including where to prioritise resources and EU expertise in Whitehall. It also needs to consider how it can work with other British actors to promote UK interests. These changes are necessary for all forms of future engagement – even if the UK opts for a looser trading arrangement with the EU.

About this report

The findings in this report are based on extensive interviews and research focusing on the UK's influence after Brexit. We spoke to government officials – past and present – from many departments and embassies, including the FCO, the UK Permanent Representation to the EU (UKRep), the UK Mission to the WTO, the Department for Business, Energy and Industrial Strategy (BEIS) and the Treasury, as well as serving officials from many non-EU countries based in Brussels and elsewhere. We also spoke to former ministers, special advisers, academics and representatives from non-governmental organisations.

The report is structured as follows. First, it looks in detail at what will change once the UK is no longer participating in the EU's institutions. Second, it explores how Whitehall needs to adapt to influence the EU from the outside. Lastly, it makes some practical recommendations about how the UK can maximise its influence in the EU in the long term, and what resources and partnerships it will need to perform its tasks.

2 Becoming a third country

Key points

- After Brexit, the UK will still be directly affected by changing EU rules and will need to work with the EU to deliver new priorities – domestic and international.
- But when the UK becomes a third country, it will see a dramatic reduction in its ability to shape EU legislation.
- While the informal avenues for influence the UK has relied on in the past will narrow, they will also become more important.
- The UK must use the transition period to continue to plan for how it will influence the EU and its rules. The provisions set out in the Brexit deal are neither designed to nor able to fulfil that role.

The latest versions of the Withdrawal Agreement[1] and the Political Declaration[2] set out a formal process for UK–EU engagement after Brexit, in the form of regular dialogues. This chapter will first look at what still needs to be done to set these up. Then it will show how the UK's formal and informal avenues for influence in the EU will narrow as a result of leaving the EU.

The UK and the EU still need to agree the details of their formal engagement

The government's formal engagement with the EU will take the form of joint committees. These are a common tool in international agreements (including those the EU has struck with other third countries). The latest versions of the Withdrawal Agreement and the Political Declaration call for:

- a joint committee (and special sub-committees) to oversee the application of the Withdrawal Agreement and the Northern Ireland Protocol,[3] which forms the basis of Northern Ireland's ongoing institutional co-operation with the EU – the joint committee responsible for the Northern Ireland Protocol will meet so long as the protocol applies (see Box 1)
- a joint committee (and sub-committees) to manage and oversee the future relationship, as envisaged by the Political Declaration,[4] which includes discussing co-operation in areas of mutual interest as well as facilitating the resolution of disputes if and when they arise.

The UK and the EU still need to work out how these joint committees will work, including who will be represented and how frequently they should meet. Interestingly, the October 2019 Political Declaration[5] is different from the one negotiated under Theresa May in November 2018:[6] it talks about joint committee meetings "at the appropriate level" rather than regular meetings at the summit, ministerial and technical levels. This is likely to affect the role these joint committees play in setting the direction of the future relationship.

This change reflects the difference in outlook and ambition between the two governments. The May relationship looked to mirror more closely the relationship the EU has with closely aligned non-members like Switzerland or even Norway; whereas the Political Declaration negotiated under Johnson suggests the UK is seeking a looser trading arrangement possibly closer to the Canadian model. (More information about how third countries formally engage the EU is given in Annex A.)

Box 1: Could the Northern Ireland Protocol be suspended?

The Withdrawal Agreement and the Northern Ireland Protocol specify the need for a joint committee to oversee the application of the Northern Ireland Protocol, which contains special arrangements for Northern Ireland. The Protocol will automatically enter into force at the end of the transition period, four years after which the Northern Ireland institutions will be given the opportunity periodically to give consent to the continued operation of the parts related to customs and regulatory alignment. The Northern Ireland joint committee will continue to meet so long as the Northern Ireland Protocol applies.

This formal process of engagement is not sufficient for the UK to influence the EU

While the Political Declaration foresees structured consultation and regular thematic dialogues with the EU, with the possibility of co-ordination, these structures are not conducive to rapid reaction to global events. They are also not a suitable venue for the UK to influence the EU.

First, joint committees are a platform for regular dialogue but they rarely, if ever, provide an opportunity to discuss new policy ideas. Discussions tend to be high-level, focusing on ongoing work and identifying any potential disputes before they arise. They are not always attended by senior officials, which can limit the scope for discussion. The narrower the focus of the sub-committee, the more difficult it is to use these dialogues to discuss other bilateral issues.

Second, UK influence cannot be left to the government alone. The 2019 Political Declaration encourages a dialogue between the European Parliament and the Parliament of the UK, where they see fit, to share views and expertise. It also calls for civil society dialogue and co-operation between regulators, especially on data. Yet it is not clear that these joint committees will include non-governmental voices.

The UK must use the transition period to plan for how it will influence the EU after Brexit

The transition period – which is expected to end at the end of 2020 – was designed to give the UK and the EU27 more time to negotiate and prepare for their future relationship. Unless it is extended, the government will have fewer than 11 months to do so.

The government must also use this time to continue to plan for engagement after Brexit. The transition provides mechanisms for more direct UK influence: it envisages limited UK national expert participation in EU agencies and "Commission expert groups"[7] – but only when legislation is likely to affect the UK or when UK presence is in the interests of the EU. The government should seize these opportunities to build relations, rather than continue to pursue its preferred 'disengagement strategy' designed to demonstrate the fact that the UK is leaving.

The UK will need to adapt to life outside the EU institutions

Post-Brexit, the UK will lose direct access to many entry points into EU policy and decision making. It will no longer have any government representatives in the Council of the EU (where national governments co-ordinate positions), a commissioner in the European Commission or elected representatives in the European Parliament. British officials will lose access to the Commission's ongoing work programme, voting schedule and the EU's internal phone directory and information-sharing platforms. It could find it harder to work with the EU in international organisations. Brexit will also change the way the devolved governments engage the EU as well as the influence that Parliament, business and civil society have in Europe.

We look at some of the practical changes below.

The UK will no longer be represented in EU institutions

European Council

UK prime ministers have played an important role when it comes to engaging the EU. They have represented the UK at the quarterly European Councils, where EU leaders meet to discuss the EU's priorities, including whether to act as a bloc in international organisations. European Councils are often an opportunity for UK ministers to build working relationships with their EU counterparts. After Brexit, British ministers will no longer be invited to take part.

Council of the EU

The Council of the EU (the 'Council') is the institution where EU governments come together to co-ordinate and decide EU legislation. To date it has been the key vehicle for exercising UK power and influence in the EU.

Every couple of weeks, national ministers gather in Brussels or Luxembourg to vote on policy.* Wherever possible, they will strive for consensus. When this fails, they turn to voting – either by unanimity or by qualified majority voting (QMV). Under the latter, voting weight is linked to population size, and because the UK is among the largest EU states, with a 12.7% share of the vote, it can easily form a blocking minority.** This means that larger member states (France, Germany and the UK) are rarely outvoted by their fellow member states.

But it is not just about voting. Almost all of the consensus building is done before ministers meet, in working groups and specialised committees that are attended by EU27 diplomats based in Brussels (and sometimes officials who will travel from capitals).*** An EU official we spoke to said the UK was very successful – one of the best – at persuading other EU member states to side with it.

Currently, there are more than 155 working groups and specialised committees, which British officials in Brussels get automatic access to. Three committees are worth singling out:

- the Committee of Permanent Representatives II (COREPER II), which is composed of the EU28 (EU27 after Brexit) permanent representatives and is responsible for preparing decisions for ministerial approval in the most politically sensitive areas – it is the key day-to-day decision making body (and clearing house) in the EU

- the Committee of Permanent Representatives I (COREPER I), which is composed of the EU28 (EU27 after Brexit) deputy permanent representatives and is responsible for preparing the work of six more technical Council groupings spanning agriculture to education and fishing[8]

- the Political and Security Committee (PSC), which is composed of EU ambassadors responsible for discussing the EU's Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP).****[9]

* The Council ministerial configurations meet along different timelines. Some formations meet monthly (agrifish, competitiveness, general affairs and foreign affairs); the Committee for the Environment meets four times a year; and the Education and Transport Committees meet twice a year. The Employment Council meets biannually, although it can schedule more meetings if necessary. Finally, the Justice and Home Affairs Committee meets for a few days around four to six times a year.

** QMV requires the support of 55% of member states representing at least 65% of the population.

*** Non-EU European Economic Area (EEA) states and Switzerland participate in the Council's mixed committees, such as the working group on the Schengen Agreement. They – along with third-country diplomats – are also sometimes invited to take part in other working groups, although this is not a regular occurrence.

**** In other words, all EU diplomatic representations to the EU have three ambassadors to the EU in the following order of general standing: (1) COREPER II; (2) COREPER I; and (3) PSC.

British diplomats in EU capitals also attend informal discussions with other EU diplomats ahead of crucial votes in the Council or international summits.* The UK was often a lead convenor of intra-EU embassy discussions on the Commonwealth, for example, but its contribution to EU debates waned after Prime Minister Johnson decided in the summer of 2019 to reduce UK participation in EU meetings.**

Without a vote, and a direct say over EU rules, the government will not form any part of the internal bargaining required to get EU decisions over the line. As one interviewee put it: "[O]nce you're no longer contributing towards a QMV threshold in the Council, no matter how reasonable your views are, they just don't matter in the same way." British officials will need to adjust to the new reality of influencing the Council in the more traditional way by persuading other EU countries to make changes on the UK's behalf.

European Commission and the European External Action Service

The European Commission (the Commission) is the only EU institution that can propose legislation, often at the request of member states and sometimes MEPs. Since 2010, the European External Action Service (EEAS) has been responsible for legislating in the fields of foreign affairs, security and defence policy. The Commission also ensures EU treaties are upheld and manages the day-to-day business of the EU.

There is a new Commission every five years. It is headed by a president and commissioners, usually one per member state, known as 'the college'.*** They meet weekly to discuss internal EU affairs and legislation. While commissioners are not supposed to represent their country's interests, they usually maintain strong contacts with ministers back home. Past British commissioners have included Lord Mandelson, Lord Kinnock and the EU's first high representative of the Union for foreign affairs and security policy, Baroness Catherine Ashton. Sir Julian King was the UK's most recent commissioner until his term ended on 30 November 2019.

Commissioners are supported by departments known as directorates-general (DGs). Each department has a number of teams working on different areas of EU policy. For most workstreams, EU officials will set up expert working groups designed to offer technical expertise. They tend to be composed of Commission officials, national experts and sometimes business and civil society representatives. While the Commission does publish a registry of expert working groups (known as the Comitology Register), it is not always clear who participates in them – or how frequently they meet.

* These meetings do not always take place at embassies, but in relevant host government departments (for example, meetings about the Agriculture Council take place in the host country's department responsible for agriculture).

** The prime minister's decision in the summer of 2019 to reduce the UK's involvement in EU meetings meant that British diplomats had already stopped attending most Council meetings and informal EU27 gatherings by the end of 2019. For more information, see Wright G, 'Missing EU meetings could damage the UK's post-Brexit interests', blog, Institute for Government, 20 August 2019, retrieved 26 November 2019, www.instituteforgovernment.org.uk/blog/pulling-out-eu-meetings-could-damage-uks-post-brexit-interest

*** The current Commission, formed on 1 December 2019, has one president (Ursula von der Leyen), eight vice-presidents, including the high representative of the Union for foreign policy and security policy (Josep Borrell) and 17 commissioners.

The EEAS was set up in 2010 after the Treaty of Lisbon as a sort of quasi-foreign ministry to provide greater coherence to EU foreign policy.* EEAS staff are more varied than those in the Commission as they also include member-state diplomats. The EEAS is also responsible for managing the EU's network of 144 diplomatic missions around the world.

EU agencies

As a member state, UK government agencies have participated in almost all 40+ EU agencies that help to inform and shape Commission rules** – and in many cases, the UK has made a significant, if not leading, contribution to their work. In 2009, the UK's national energy regulator, Ofgem – as part of the newly created Agency for the Cooperation of Energy Regulators (ACER) – played a key role in designing the framework for the adoption of the EU's electricity network codes.***

Both Johnson's and May's political declarations[10] make clear that the UK and the EU will explore continued co-operation with EU agencies;**** however, it is a near certainty that UK government agencies will lose their voting rights, especially if the UK decides to diverge from EU rules. As an illustration, NVE, Norway's energy regulator, is an observer to ACER, which is responsible for drafting legislation on energy regulation.[11] It can take part in discussions, but has no voting rights despite Norway fully participating in the EU's single market and meeting the EU's energy rules and standards set out in the Third Energy Package.[12]

European Parliament

The 2009 Lisbon Treaty significantly increased the European Parliament's powers, to the point that it now debates and decides on more than 90% of EU legislation. Today, it has more than 20 parliamentary committees that are responsible for scrutinising EU legislation and the work of EU institutions. MEPs can also shape EU policy. For example, Vicky Ford MP (a Conservative MEP from 2009 to 2017) was a lead negotiator on the Horizon 2020 fund for research and innovation, and was very active in shaping EU policy on bank capital requirements, deposit guarantee schemes and residential mortgages.

While most committee meetings take place in Brussels, MEPs travel to Strasbourg (France) 12 times a year for four days to debate and vote in plenaries. British MEPs held 9% of the seats in the European Parliament, and have also held a number of important positions, including:

- president of the European Parliament (Henry Plumb, 1987–89)
- chair of the Foreign Affairs Committee (Tom Spencer, 1997–99)

* The remit of the EEAS is predominantly foreign policy. It sets the broad strategic framework although some Commission departments (for example, those responsible for development and maritime affairs) are responsible for the operation and implementation of projects.

** EU agencies act as sources of expertise, provide important forums for drafting legislation and in some cases have executive powers for issuing licences and approving certain kinds of regulated activity.

*** Electricity network codes are pan-European codes that facilitate deeper electricity market integration and the management of the European electricity and gas grids.

**** Access to EU agencies will need to be negotiated: whether UK agencies can continue to participate in EU agencies, even as an observer, will depend on the UK meeting a number of commitments, including a financial contribution and respecting the remit of the European Court of Justice in certain areas.

- chair of the Committee on Economic and Monetary Affairs (Sharon Bowles, 2009–14)
- chair of the Internal Market and Consumer Protection Committee (Vicky Ford, 2014–17)
- the current chair of the Committee on Fisheries (Chris Davies, 2019–present)
- the current chair of the Committee on Legal Affairs (Lucy Nethsingha, 2019–present).

However, David Cameron's decision in 2009 to remove the Conservative Party from the centre-right European People's Party (EPP) led to a diminution of the UK's influence in the largest and traditionally most influential party grouping in the European Parliament.[13]

European Court of Justice

As a member state, the UK was able to appoint one judge to the European Court of Justice,* who was responsible for interpreting and enforcing EU law as well as acting as the ultimate arbiter (the EU equivalent of a supreme court) on disputes between member states, or between EU institutions and member states.

Other actors in the EU system

The EU ecosystem is not limited to EU institutions. In Brussels, it also includes:

- member-state permanent representations ('embassies') to the EU
- third-country diplomatic missions to the EU
- regional offices
- EU-wide associations, including business groups and civil society bodies
- lobbying firms, think tanks and advocacy groups.

The diplomatic corpus in Brussels, which includes embassies/representations to the EU, Belgium and NATO, is now the largest concentration in the world, even larger than Washington.

The devolved administrations and the government of Gibraltar will no longer be represented in EU forums

It is not just the UK government that has official links to EU institutions: so do the devolved administrations and the government of Gibraltar. They have offices in Brussels that focus on many areas of EU policy – for example, the environment, fisheries, civil judicial co-operation and citizens' rights[14] – and help to promote and raise their national profiles. Their Brussels-based officials also lead on applications for UK receipt of EU funding programmes. (See Annex B for more information on devolved presence in Brussels.)

* Since December 2019, each member state appoints two judges.

Post-Brexit, England, Scotland, Wales and Northern Ireland will be regions of a non-EU member state, with "very restricted opportunities for access and influence in Europe".[15] They could lose access to important EU forums and, with this, access to funding, partnership and investment opportunities. For example, the European Committee of the Regions (CoR) provides sub-national authorities of member states with the opportunity to intervene at several stages of the EU law-making process.* The UK Delegation to the CoR (24 members in total) is working to maintain a relationship between the UK and the CoR after Brexit, but it is unlikely to be able to participate in the same capacity.[16]

The Scottish Parliament, Northern Ireland Assembly and Welsh Assembly are also members of the Conference of European Regional Legislative Assemblies (CALRE).[17] CALRE is responsible for improving relations between the European Parliament and regional parliaments. It is currently unclear whether they can continue to be members, as membership is restricted to legislative assemblies from member states.[18]

Westminster will need to change the way it engages the EU Parliament

Like the other 27 member states, the UK Parliament has an office located in the European Parliament in Brussels. The UK National Parliament Office (UK NPO)[19] is responsible for updating both Houses of Parliament on ongoing work in the European Parliament and for facilitating meetings between the European Parliament and committees. Staff will also discuss ongoing EU business with the other representatives of EU national parliaments based in Brussels.

The UK NPO used to have three members of staff – two from the House of Commons and one from the House of Lords – who were based full time in Brussels. However, early in the Brexit negotiations, the House of Commons decided that from 29 March 2019 – the date on which the UK was first supposed to leave the EU – it would reduce the number of representatives to the EU Parliament to one. Today, the UK NPO is staffed by one official from the House of Commons and one from the House of Lords, who commute between London and Brussels on a weekly basis. No decision has yet been made by either House to have a member of staff based permanently in Brussels.

It is unclear whether the UK Parliament will be able to keep its office space in the EU Parliament after Brexit. Other third countries, including the US, have tried to set up an office and have so far been unsuccessful.

* CoR commissions draft opinions on EU legislative proposals and members gather in plenary to vote and adopt those opinions. See European Committee of the Regions, 'Our work', European Committee of the Regions, (no date), retrieved 26 November 2019, www.cor.europa.eu/en/our-work/Pages/default.aspx

UK business and civil society groups will have less influence in EU-wide associations

With no direct representation in EU institutions, many UK businesses and civil society groups have had to develop their own strategies to influence the EU.

Many have offices in Brussels, which allows them the opportunity to lobby Commission officials, MEPs and/or government officials in the Council (often at the same time). Since the EU referendum, British groups with offices in Brussels have also set up a network of Brussels-based UK offices and organisations (known as BBUKOO).* They meet with representatives of UK officials in Brussels and the offices of the devolved administrations and Gibraltar. The plenary on 16 December 2019 discussed the latest EU legislation (and its impact on UK industries) as well as opportunities for research collaboration with other EU countries. This is not unique to the UK: France and Germany, both EU countries, have a similar set-up in Brussels.

Some companies and organisations are multinational – or have operations in other EU countries – which means they can influence other EU governments as well.

Many business groups take part in a host of EU industry bodies and associations, large and small, which help to amplify their voice and expand their reach beyond Brussels. Currently, there are more than 200 trade associations active in Brussels.[20] The Confederation of British Industry (CBI) is a member of BusinessEurope, for example, the EU's main business lobby group. BusinessEurope lobbies the EU institutions directly as well as member states. In 2016, it met several times with the Dutch government in advance of its holding of the EU presidency and it used this opportunity to build relationships with Dutch officials and to discuss the Netherlands' plan for a 'Pact of Amsterdam' – designed to bring together EU institutions and policy organisations at all governmental levels across the EU to create shared priorities for urban development.[21] This paved the way for regular conversations throughout the sixth-month presidency. (See Chapter 5 for more on EU presidency.)

As the House of Lords notes,[22] these EU industry groups and associations are likely to become more important after Brexit – although the degree of influence UK businesses and civil society groups will have in these groups and associations will vary considerably. Some have different membership terms and voting rights for third-country business and civil society groups – often as a way of ensuring that businesses and civil society groups from EU countries are not outvoted. Some UK organisations will face opposition to their continued membership even though they have played an important role within the industry bodies and associations over the years. For example, the European Banking Federation (EBF), in contrast to Insurance Europe, is only open to members of EU countries, so it is unclear whether UK Finance can retain its membership after Brexit. See Table 1, overleaf, for more examples.

* The Scottish government was the first to set up a group of BBUKOO a couple of years ago. This group meets every few months.

This is a serious concern for British businesses. A study by Portland shows that 65% of UK business decision makers are worried "about their organisation losing influence in Brussels"[23] after Brexit. Concerns are highest among the automotive, insurance and banking industries and for smaller organisations: for example, British small and medium-sized enterprises will lose access to the Executive Agency for Small and Medium-sized Enterprises (EASME) and potentially access to its funding programmes.[24] It is also a concern for some EU organisations: while many are keen for UK groups to continue to be members, changing the legal statute could open the door to membership of business from other third countries around the world. This could make coming to a common EU position in the future more difficult.

Table 1: British representation in European membership organisations after Brexit

Organisation	**Can UK members retain membership?**
Accountancy Europe	**Yes, as long as UK groups continue to meet the membership criteria.** Countries outside of the EU – such as Iceland, Israel and Turkey – currently participate.
BusinessEurope	**Yes, but possibly not in the same capacity.** Several non-EU states, including Montenegro, Switzerland and Turkey, are represented by member federations. They can participate in the seven policy committees and working groups to scrutinise EU legislation – but cannot, at present, take on any of the committee roles.
Eurochambres	**Yes. The British Chambers of Commerce is not currently a member, but has indicated it would like to join.** In 2012, the British Chambers of Commerce pulled out of Eurochambres. Membership of the organisation and board of directors is open to non-EU members. Currently, five non-EU countries are represented on the board: Armenia, Bosnia and Herzegovina, Russia, Serbia and Turkey. Turkey holds a vice-presidency.
European Banking Federation (EBF)	**No.** Membership is restricted to members from EU countries only.

European Broadcasting Union (EBU)	**Yes.** The EBU has 70 member organisations from 56 countries from the EU and beyond, including neighbouring states in the Middle East and North Africa, such as Algeria and Jordan.
European Chemical Industry Council (CEFIC)	**Yes.** CEFIC has members from non-EU countries, although they must be represented by a national organisation of chemical and pharmaceutical manufacturers, such as the Chemical Industries Association in the UK. These organisations are not associated with national governments but act as representative bodies for the industry.
European Committee for Standardization (CEN)/ European Committee for Electrotechnical Standardization (CENELEC)	**Yes, at least until the end of 2020.** CEN's members include all EU countries, members of the European Free Trade Association (EFTA) and several others, such as Serbia and Turkey. A Brexit transition period has been agreed until the end of 2020, even in a no-deal scenario, after which it will revisit the UK's membership rules.
European Passenger Transport Operators (EPTO)	**Yes.** EPTO membership appears more contingent on the size of company than on EU membership. The UK is a major European rail provider and two of the five members are UK-based. The organisation and chair are based in London.
European Trade Union Confederation	**Yes.** Membership is open to any national trade union confederation within Europe and several members are from outside the EU.

FoodDrinkEurope	**Yes, but not in the same capacity.** Members from non-EU countries can attend FoodDrinkEurope in a non-voting capacity. However, not all members of the European Economic Community (EEC) or EFTA attend; the only observer groups are FoodDrinkNorway and Turkey's Federation of Food and Drink Industry Associations (TGDF).
GSMA Europe†	**Yes.** GSMA Europe has members from across the world. Policy Group Europe plays a key role in GSMA's governance structure and contains representatives from major telecoms companies across Europe, including from Norway (Telenor). There are several members from the UK, including EE, Orange and Vodafone.
Science Europe	**Yes.** There are three criteria for membership of Science Europe, which the UK would need to satisfy outside of the EU. Organisations seeking membership need to: • have substantial and significant impact on their national research system and budget • be primarily funded through national public funding • have substantial operating independence from their national government.

Note: † GSMA Europe represents and leads mobile network operators in the Commonwealth of Independent States (CIS), Europe and Russia.

The government will need to find a new way to work with the EU on the global stage

The EU is an important actor on the international stage, and not just on trade: the EU (Commission and EU27) currently provides around 6% of global official development assistance (ODA) and has civilian and military missions in countries around the world. The EU is also a major voice in many international organisations:* it is especially influential in those organisations where it has a vote and a say in promoting its interests and preferences.[25]

And this has benefited the UK: according to the UK government's 2014 review of EU Balance of Competences, the UK played a major role in driving EU foreign policy, often as a way to amplify its own foreign policy objectives.[26] It has also relied on the EU's support for British nominees for key positions in international organisations and boards.

The EU also has different arrangements with like-minded countries, including Canada, Norway and the US. The Political Declaration[27] outlines areas where the UK and the EU might want to continue to co-operate, but there are other reasons why the government will want to influence the EU internationally:

- The UK could find multilateral organisations to be a fruitful avenue for influencing the EU: the EU is hugely influential in many multilateral organisations, but it is also influenced by them.**

- The UK will still want to work with member states bilaterally on international issues that are nonetheless co-ordinated inside EU structures.

The UK will no longer be automatically involved at all stages of EU policy making

EU policy making is complicated. It involves a range of actors and can be divided into roughly four stages:

- setting the overall vision and strategy

- drafting and refining legislation – this stage often includes the input of experts

- finalising and voting

- implementing the law.

Third countries will typically try to influence all stages. The key to their success is understanding how an idea becomes a piece of law and the various points at which it can be influenced. Figure 1, overleaf, attempts to sketch out how the EU policy making process works.

* The EU treaties set out when and how the EU can exercise powers. They also specify how the EU comes to its positions.

** In the words of Stephen Woolcock: "[M]any rules, norms, principles and practices that are central to EU trade and investment policy today have been influenced by decisions taken in international organisations" (Woolcock S, *The Implications of International Economic and Financial Governance Agenda for EU Trade and Investment Policy*, European Parliament, 2016).

Figure 1: The EU policy making process

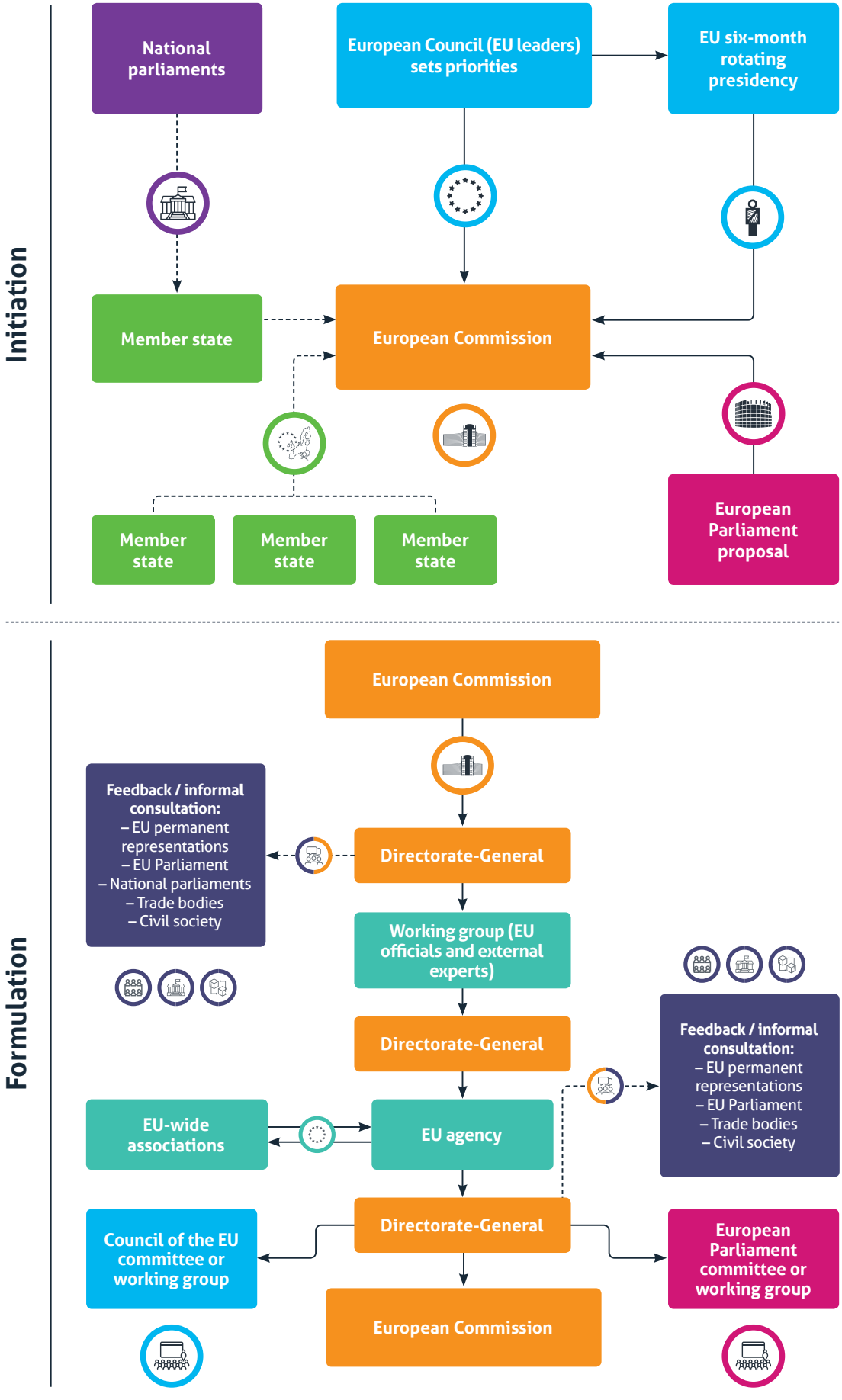
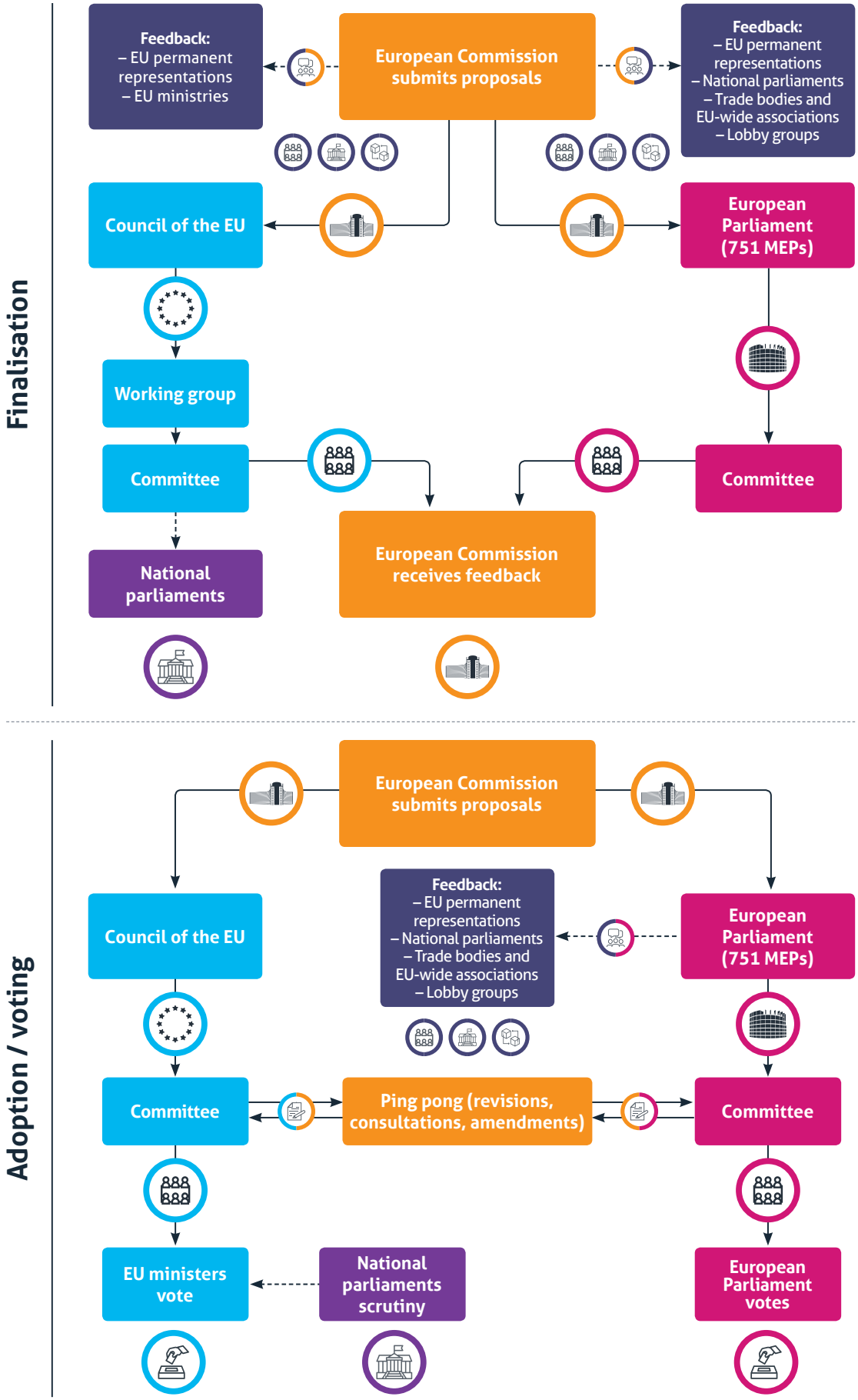


Figure 1 (continued): The EU policy making process



Source: Institute for Government analysis. Note: Dashed arrow = informal process.

Establishing a new way to influence the EU from the outside is possible, but it will not be easy. A lot will depend on how well disposed the EU is to listening to the UK – both during and after the transition. The government should begin a cross-government review to help ministers decide the UK's EU priorities. It will then need to put in place new structures in Whitehall and continue to build up capabilities in government. We turn to this in the following chapters.

3 Deciding on the UK's EU priorities

Key points

- Ministers must choose their priorities for the EU – the UK will only be able to influence a fraction of what it can now.
- The government must come to a cross-government position on where influencing the EU is necessary to achieve domestic and international priorities, supported by a detailed review.
- Ministers need to be upfront about the benefits of EU divergence, and must review the risks and opportunities on an ongoing basis.

Brexit fatigue from rounds of negotiations may prompt ministers to disengage from EU issues – especially once the Withdrawal Agreement Bill has been passed. But the government should not assume that leaving the EU will automatically translate into a deprioritising of EU issues.

In this chapter we consider the crucial role ministers will need to play in determining the UK's EU priorities, including how they relate to the UK's wider domestic and foreign policy goals. We also recommend that the government conducts an in-depth review into where the UK might try to follow, shape or diverge from EU policies after Brexit.

Ministers must collectively decide what the UK's EU priorities are and follow them through

Ministers will first need to decide how important the EU is to delivering the government's wider policy objectives (both domestic and foreign) – and, longer term, what role the UK wants to play in Europe. It will be up to them to pursue an agreed line. Deciding these priorities early can help in several ways:

- Ministers are more likely to take an interest in EU issues when they understand how these affect the government's priorities.
- Civil servants working on EU issues can more easily come up with proposals on how to co-operate with, and influence, the EU. A lack of strategic direction from the top hampers internal decision making and can result in conflicting messages about the government's aims. As we argued in a previous report, the internal secrecy and dysfunction of May's government made it difficult to engage constructively with businesses and civil society over Brexit.[1]

- It will help the government to decide where it should allocate resources and effort. As one interviewee put it: "[W]hen you are outside, you need to prioritise what you are going to lobby on – the UK has a huge range of interests so will need to choose which are most important."

- Co-ordination ensures that messages from London to Brussels (and to EU27 national capitals) are consistent. This will also help ensure that the government, businesses and civil society are clear on the UK's strategic objectives for the EU.

Ministers should also consider convening an inter-ministerial committee on EU policy strategy, which would be chaired by the prime minister, to review the priorities on a regular basis.*

The government should conduct a review into where it might try to follow, shape or diverge from EU policies after Brexit

To aid ministers with these decisions, the government should conduct a full review into what it might do differently after Brexit. As much as possible, this should focus on the UK's EU priorities for the next 20 years.

Outside the EU, the UK has an opportunity to be an early policy shaper. Where the EU has sometimes been criticised for its reactive policy making, the UK could focus on proactive policy making and setting high standards, for example by introducing a transformational Green Agenda, which goes further and faster on low carbon, sets a model for regulating new industries and is less protectionist when it comes to trade with poorer countries.

The review should take into account what the UK's unique selling points are, which include:

- its extensive diplomatic footprint, with embassies in almost every country in the world

- the fact that it is a powerful convenor and is recognised for its thought leadership

- the capabilities and resources it has to back up its pledges

- its permanent seat on the UNSC and its voice as an influential member of the G7/G20, NATO, the Organization for Security and Co-operation in Europe (OSCE) and other multilateral organisations.

* This was suggested in James S, *The Role of the FCO in UK Government*, Additional Foreign Affairs Committee, Written Evidence, Volume II, Seventh Report of Session 2010–12, The Stationery Office, p.ev.w1.

The review should draw on previous work – for example, the government's 2014 review of EU Balance of Competences[2] – but ask different questions:

- Where would the UK competing against the EU deliver material benefits or downsides?

- Where does the UK seem likely (or on balance where is it in the UK's interest) to be following EU rules and approaches even without formal alignment?

- Where is it in the UK's economic interest to be influencing EU rules or ensuring that the EU adopts its regulatory approaches?

The government must give devolved administrations the chance to help build the UK's EU priorities

Inevitably, Brexit will require the government to think about where it will want to diverge from EU rules, but also how this divergence would work inside the UK. The Northern Ireland Protocol already sets out special arrangements for Northern Ireland on customs and standards for agrifoods and certain industrial goods.[3] Any divergence by the rest of the UK will have to consider how this would impact Northern Ireland. The devolved governments also have different rule-making powers, for example on agriculture, and this will continue once all areas of EU law-making are repatriated to the UK. When conducting its review and setting the UK's EU strategic priorities, the government must involve the devolved administrations.

The government should consult business and civil society ahead of publishing its review

As we wrote in our report *Negotiating Brexit: Preparing for talks on the UK's future relationship with the EU*, the government should consult and co-ordinate closely with business and civil society, not only on trade negotiations but also on how the UK can co-operate with the EU in the future.

The Swiss government consults interested parties before holding talks with the EU – and, where possible, the Swiss Mission to the EU also holds talks with Swiss businesses represented in Brussels. As one interviewee put it: "Swiss government and the private sector maintain a close and respectful partnership." Norway has a similar process in place. Meanwhile, Canada put in place a mechanism to allow business to contribute to negotiations over the Comprehensive Economic and Trade Agreement (CETA) – the free trade agreement between Canada, the EU and its member states.

Over the years, departments have developed processes to consult business groups and civil society for domestic policy – with varying levels of success.[4] BEIS has a network of 18 sectoral groupings of 'stakeholder bodies' and the Department for International Trade (DIT) has set up a Strategic Trade Advisory Group (STAG)[5] – although they do not focus directly on Brexit or the UK's future relationship with the EU. The CBI suggests expanding the existing structures by setting up thematic working groups to allow business to provide more expertise to the government.[6]

Both run the risk of failing to include sufficient civil society voices.[7] For example, STAG is dominated by business and business representative organisations, with only one non-governmental organisation.[8] These consultation groups need to be more representative; alternatively, the government should develop parallel consultations with civil society.

The government's EU priorities need to be consistent with its broader domestic and foreign policy priorities

As mentioned above, the UK will still want to influence the EU after Brexit, either because the EU's rules will continue to affect the UK or because the EU is the obvious partner to address regional or global challenges. Below we consider some areas where the UK might want to continue to influence the EU.

Leading by example: tackling climate change

Leading by example is one of the major ways the UK can retain some influence in the EU. Being the first to tackle a shared policy challenge can lend credibility to diplomatic efforts and help develop new expertise for overcoming challenges that other countries face. Put simply, the UK is more likely to be heard if it is seen as a leader in a particular area, with a proven track record domestically, or has some useful expertise to contribute; it is also a way to ensure EU regulators continue to draw on UK expertise.

An example of where the UK might seek to play this role is the issue of climate change.[9] Both the UK and the EU have committed to reach net-zero carbon emissions in the coming years. The EU's European Green Deal sets out a roadmap for achieving this, which will include binding legislative efforts and a stronger voice on the international stage.[10] The EU increasingly co-ordinates the positions of its member states ahead of major global climate negotiations – for example, EU countries, acting as a bloc, were key players in the 2004 Copenhagen Accord and the 2016 Paris Agreement on climate action.

In the past, the UK has been a key driver of EU climate policy – and some member-state officials we spoke to said they were worried about the loss of the UK's voice on EU climate legislation. Michel Barnier, the EU's chief Brexit negotiator, highlights climate change as one area where the EU will want to continue to work closely with the UK.[11]

Once the UK leaves the EU, it will lose the ability to directly shape the Green Deal – it will also be excluded from EU joint efforts to become a carbon-neutral continent by 2050, whether that be through funding or burden-sharing.* But the UK could still influence EU legislation indirectly if that is the government's intention: the UK's Committee on Climate Change has already published a report that outlines how the UK can reach net-zero emissions with existing technologies.[12] The UK has also legislated for the net-zero target. The test now will be how fast it can deliver and implement ambitious targets, and whether the EU will follow its lead.

* The European Green Deal involves a review of existing legislative efforts, including the Emissions Trading System Directive, effort-sharing regulation and land-use and forestry regulations.

Using technical expertise: standardisation and technology

The Conservative Party's 2019 manifesto highlighted the importance of the UK continuing to lead in technological innovation.[13] Studies have noted the vital role that standards play in codifying and diffusing state-of-the-art technology and best practice[14] and, over the years, there has been a push for the standardisation of rules at the European and global levels. Common financial standards provide confidence to banks, insurance companies, and other financial stakeholders who invest in joint projects. The British Standards Institute (BSI) notes that 95% of UK standards are informed by European or international standards – often both.[15]

If the UK wants to be a leader in standard setting, it will need to ensure it has a voice in European and international standardisation bodies. The BSI is currently lobbying to remain a member of European standards bodies (which are not EU institutions).[16] An alternative would be for the UK to recognise multiple standards like the US does.[17] However, the BSI argues that this would make the UK "a 'standards taker' rather than a 'standards maker'" and that many industries would continue to voluntarily adopt EU standards.[18]

If the UK is to maintain its influence, UK policy makers, businesses and standards bodies will need to work together to maintain a voice in both European standards bodies – the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC), and the European Telecommunications Standards Institute (ETSI) – and international bodies: the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). Representatives of the BSI who we spoke to reported that the BSI had been in close contact with the government about this.

The government will also need to make sure it has the right knowledge and expertise inside of the government – and should continue the practice of seconding experts from standardisation bodies.

The government should be upfront about the risks and opportunities of divergence from the EU

The crucial question for ministers will be to decide how far the UK actively pursues divergence from EU rules and policies. It is significant that the Johnson government renegotiated the Political Declaration to allow the UK more freedom to do so.[19] This presents both opportunities and risks.

Diverging from the EU: shipping

Where global institutions have strong rule-making powers, the UK will have to decide how far it wants to co-operate with the EU. The shipping industry is an example of where this tension has been strongest.

The International Maritime Organization (IMO), which is responsible for maritime regulation, is a powerful global agency. Its foundational conventions include the Safety of Life at Sea (SOLAS) Convention and the Prevention of Pollution of Ships (MARPOL) Convention.

While the EU is not a full member of the IMO, the EU has an informal process for co-ordinating the positions* of its member states. It also frequently meets with Norway and Iceland ahead of any important IMO meetings. European Economic Area (EEA) states do not always speak with one voice,[20] but when they have pushed for stronger IMO standards, they have usually been successful, for example on standards "relating to pollution from ships".[21]

While the UK has generally supported the common EU position inside the IMO, it has not always embraced it wholeheartedly. The government's 2014 review of EU Balance of Competences notes that "the Commission's representation at the IMO has not proved to be as successful as it could have been, and that it can potentially detract from the UK's own scope to act effectively".[22] After the UK leaves the EU, UK and EU shipping interests could diverge further. Since the 2016 EU referendum, the UK Maritime and Coastguard Agency has expanded eligibility for the UK flag (registered ships flying under the British ensign, conforming to British rules) in order to accept a wider category of shipowners beyond EU nationals and EEA companies.[23]

The UK Chamber of Shipping, in its submission to government in advance of the government's 2014 review of EU Balance of Competences, noted that "shipping is in the unusual position of... also being subject to very extensive and successful regulation at world-wide level... but it remains imperative that shipping, as a global sector, should be regulated at the global level".[24] It has since argued that, "in the event that the UK is no longer bound by EU co-ordination, it would be able to take a contrary position to the EU if desired, across a wide range of issues. This is a situation fully realised by Norway, which seeks to influence EU regulation by taking a strong position in the IMO".[25]

Non-equivalence: the case of financial services

Financial services is also a sector where divergence is likely. At the time of writing, the EU is considering its equivalence regime for existing directives and the aim is for the UK and the EU to reach an agreement by June 2020. The EU has already indicated that it is likely to apply stringent evaluation criteria to the UK's equivalence determinations. These equivalence tests will be determined by the European supervisory authorities and formally adopted by the European Commission.

A report by the House of Lords on the future of financial regulation notes the risk of the UK "being compelled, by virtue of the equivalence regime, to adopt rules that do not fit its domestic market".[26] Meanwhile, the case of Switzerland shows that the EU has, in the past, politicised equivalence determinations. This applies to other areas too. Negotiations to improve Switzerland's access to the EU's internal electricity market were delayed following a Swiss referendum in 2014 in favour of introducing "annual quotas on immigration from the EU and giving preference to Swiss citizens in employment matters".[27] Negotiations only resumed after Switzerland adopted a new law, which reversed the decision in December 2016.

* To ensure that the EU (and EEA) speak with one voice in IMO meetings, the European Commission prepares a coordination paper, suggesting the positions for the member states to follow.

If the UK diverges from EU law, the EU could decide to apply non-equivalence. This could encourage banks to set up branches and subsidiaries inside the EU – particularly if trade barriers go up. The balance of risks and opportunities involves political decisions that ministers will have to make clear – in both the short term and the long term.

Working together and separately: development co-operation and defence policy

The UK has generally been positive about EU development policy – and in particular the EU's decision to move away from projects in specific countries towards 'budget support', that is, working with governments abroad to set and support their development objectives. It has also been closely involved with the set-up of the EU Emergency Trust Funds (EUTFs) for Africa, which partner with third countries (see Box 2 for an example).

Box 2: Trust Fund for Sahel and Lake Chad

- Total budget: EUR 1,860 billion (including 37% from member states, 26% from the UN, 18% from non-governmental organisations and 12% from partner countries).
- 101 projects, with a focus on: governance and conflict prevention; migration management; resilience; and promoting economic and employment opportunities.
- Present in 12 countries and regional organisations.
- Partners: 25 member states, Norway and Switzerland.
- Funders: 37%.
- Dialogue with the African Union, the United States Agency for International Development (USAID) and others.

But the UK has also acted as a brake on moves towards closer EU defence integration. (See Annex D for more information on EU defence policy.) There is already a tension opening up for the UK's post-Brexit co-operation policy with the EU, based on whether it supports continued EU defence integration or whether it tries to encourage member states to rely on the current NATO institutions instead. Issues such as how the EU should command EU military missions, and whether there should be a permanent EU headquarters, are likely to be revisited now that the UK is leaving the EU.

4 Co-ordinating EU policy

Key points

- The government needs a central co-ordination function for managing the relationship with the EU, which should be in the Cabinet Office.
- The Foreign and Commonwealth Office (FCO) will also have a major role to play. The UK government will need to put more energy into diplomatic efforts with the EU as well as using technical expertise to influence policy discussions in Brussels.
- The government needs to draw on expertise from across Whitehall. This includes the UK's extensive network of diplomatic missions, arm's-length bodies and departmental expertise.

Like for other policy areas, EU expertise will still lie in the relevant departments, but the government will also need a central co-ordinator that can take stock of and manage the overall relationship. This chapter makes the case for the most effective way to co-ordinate EU policy in the future.

The government should return to the way it co-ordinated EU policy before the EU referendum – with the Cabinet Office at the centre

There are two ways in which the government could co-ordinate EU policy: have a department lead or the centre lead. The government has already decided to wind down the Department for Exiting the European Union (DExEU) by 31 January and will establish a new 'taskforce Europe' unit to handle the future relationship negotiations.[1] This recognises that, in the short term, negotiations have to be managed from the centre.

The government could in the longer term make the FCO the lead on EU policy. This is the case in Canada where the day-to-day steward for the relationship is Global Affairs Canada, the Canadian foreign trade and development ministry. That said, many other departments are active bilaterally with the EU, and Canada's equivalent of the Cabinet Office, the Privy Council Office (PCO), retains overall co-ordination powers across the board.

The better option would be to have the Cabinet Office lead, in close co-operation with the FCO. There are several benefits to having the Cabinet Office responsible for EU oversight, rather than a separate department:

First, it can provide quick and timely support to the prime minister and No.10, as well as the rest of the Cabinet. It also means advice does not have to go through another secretary of state before reaching the prime minister.

As one official noted, the prime minister will rely on support and EU expertise that are closest to him – especially ahead of phone calls, meetings and any UK–EU summits. Before the EU referendum, the Foreign Affairs Committee noted that "since 2001 the EU policy making process in the UK has undergone fundamental reform, strengthening the strategic capabilities of the Cabinet Office to the extent that it has become the Prime Minister's first source of advice and expertise on EU policy".[2]

A good comparison is Canada's relationship with the US, which is Canada's most important relationship. The Canadian government set up a Cabinet committee structure in the PCO to deal specifically with the US and to co-ordinate a lot of the US–Mexico efforts; this committee also liaises directly with the prime minister's team responsible for Canada–US relations.[3]

Second, the Cabinet Office has traditionally acted as a broker between departments; it is not seen as a department with its own agenda.

No matter how distant the UK's formal relationship is with the EU, it is unlikely to become a matter of foreign policy alone and will continue to have implications for many departments. The FCO in unlikely to be able to act as a task setter and have "impartial convening power"[4] in the way the centre can. Many officials we interviewed agreed with the view that other departments do not see DexEU or the FCO as "a credible cross-departmental broker".

The Cabinet Office is also best placed to make sure the UK's EU priorities are aligned with the UK's broader domestic and foreign policy priorities.

Third, the Cabinet Office has a long track record as the best place to gather, synthesise and disseminate EU information across Whitehall.

Before the referendum, the head of the European and Global Issues Secretariat (EGIS) in the Cabinet Office and UKRep in Brussels played a vital role in assembling information about what was happening in the EU, drawing in relevant departments and marshalling advice. A Friday morning meeting or video conference call between EGIS, UKRep and British ambassadors in EU capitals would lead to collective decisions on what advice was going to be put to both the prime minister and other senior ministers.

This was widely regarded as a successful set-up – and the government should consider returning to this process. As one interviewee told us, this meant that the "Brits were one of the best-co-ordinated [member states] out there".

But the FCO will still have a major role to play after Brexit

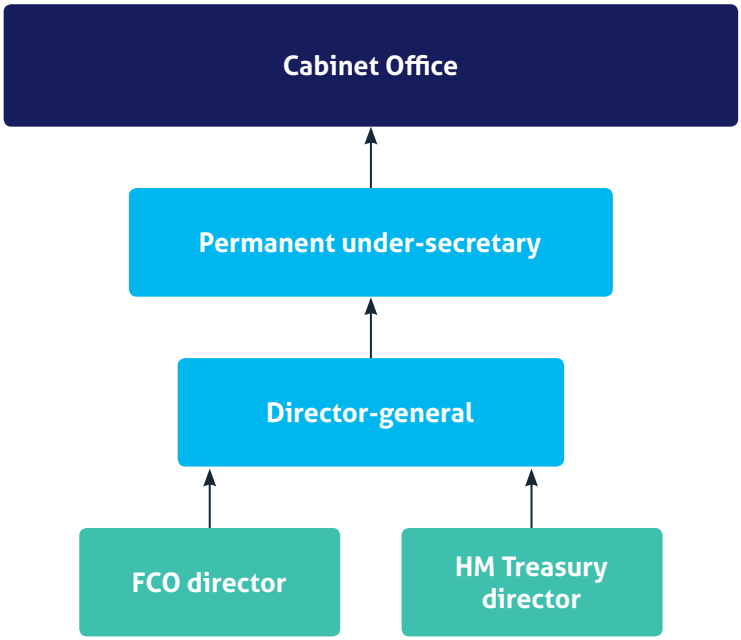
While the Cabinet Office should co-ordinate matters, the FCO has unique assets – including its network of diplomatic missions – which need to be leveraged in a much more consistent fashion than has been the case during the Brexit process to date.* UKRep in Brussels has already begun updating its engagement strategy; for example, it recently set up a new public diplomacy unit. (We consider the role of the UK's representation to the EU in more detail in the next chapter.)

The FCO will also likely continue to be a repository of expertise on EU issues because of its embassies, which will be responsible for engaging the EU directly and building relationships with governments, business and civil society groups abroad. The big challenge for EU policy in the future will be to ensure that the Cabinet Office and the FCO can collaborate effectively.

In particular, the Cabinet Office will need to ensure that information flows in both directions: in the first year and a half of Brexit negotiations, British diplomats in the EU and officials were often asked to write up briefings for ministers ahead of important EU meetings – but they were not always told the outcome of discussions. The lack of transparency hampered the coherence and effectiveness of government messaging. Feedback is also important to improve the quality of briefings in the future.

The Cabinet Office should consider having both the FCO and a home department EU leads report directly to the director-general, who also acts as the prime minister's Europe adviser. Figure 2 sketches out how this reporting structure might work.

Figure 2: EU policy co-ordination inside the Cabinet Office



Source: Institute for Government analysis.

* In our previous report, *Preparing Brexit: How ready is Whitehall?*, we argued that the government's reorganisation in July 2016 hampered its ability to co-ordinate between departments on Brexit and EU policy. It also marginalised the FCO. See Owen J, Lloyd L and Rutter J, *Preparing Brexit: How ready is Whitehall?*, Institute for Government, 2018, www.instituteforgovernment.org.uk/publications/preparing-brexit-how-ready-whitehall

Departments will still need to contribute to EU policy

It is very likely that there will still be strong departmental interest in EU issues after Brexit. Relevant departments should consider maintaining EU co-ordination and intelligence teams to keep abreast of EU developments. These would also be in close contact with the Cabinet Office and UKRep (which will be renamed the UK Mission to the EU – UKMis – after Brexit) and vice versa – and may be required to travel to Brussels and EU capitals. (We look at this in more detail in Chapter 6.)

Government must co-ordinate EU policy with the devolved administrations

As we mentioned in the previous chapter, the government will need to think about how to involve the devolved administrations in determining, but also co-ordinating, EU policy.

First, the devolved administrations will continue to play a key role in the UK's formal process of engaging the EU. There is currently no role envisaged for the devolved administrations in the joint committees (with the exception of Northern Ireland on issues relating to the Northern Ireland Protocol). This deficiency needs to be addressed.

But the government will also need to think about how the devolved administrations can formally contribute to UK positions. UKRep already meets regularly with the representations of the devolved administrations in Brussels to discuss Brexit and ongoing EU business – but there will also need to be a process of regular consultation in London. The government will also need to improve information sharing in the UK and maintain regular meetings at the Joint Ministerial Committee (the main consultative forum for the UK government and devolved administrations).[5]

Finally, the government's new process to co-ordinate messaging should not undermine devolved nations' own interests and voice in the EU – something we turn to in the next chapter.

5 Influencing EU decision making

Key points

- The UK will become more reliant on diplomatic relationships to find out what is going on and to make its interests known. Ministers and officials from departments will need to travel to Brussels and EU capitals frequently if they want to be more influential.
- The UK will also be more reliant on the merits of its technical expertise. It will need to demonstrate the benefits the UK can bring to the EU if it wants to influence policy.
- The UK will need to lobby all EU institutions, and do so early on in the policy making process. It will no longer have the luxury of focusing on the Council and EU summits, using votes and vetoes.
- Ministers cannot afford to leave all of the UK's engagement to officials in Brussels – they also have a role to play.
- The UK can no longer rely on like-minded member states to support its interests. Strengthening bilateral relationships with all EU member states is vital, but the UK should not always expect member states to fight its corner.
- The government will also need to work much more closely with other non-EU embassies, business groups and civil society actors in Brussels to try to amplify its messages.

How much the UK can influence the EU will depend on how predisposed member states are to listening to the UK. As one interviewee put it: "[A]s a former member state and one of the EU's largest neighbours, which shares many of the EU's challenges, Britain is right that the EU will be more open to listening to what it has to say and offer; but things would be radically different if Britain were seen as a direct competitor and threat." It will also require the government to develop new tactics to influence the EU, which include:

- **continuing to engage all the EU institutions:** as a member state, the UK relied predominantly on the Council to influence the EU, so it will need to make a more sustained effort to cultivate and engage with the other EU institutions, notably the European Commission and European Parliament

- **strengthening relations with member states:** particularly crucial will be the UK's relationship with Ireland and a need to focus on the country holding the presidency of the Council of the EU, which rotates every six months among member states

- **working with the devolved administrations, third countries and non-governmental actors** to amplify its voice in the EU: including British and non-British business, civil society groups, arm's-length bodies and think tanks active in the EU.

This chapter will address each of these in turn.

Talking to the EU institutions

The first thing the UK government will need to do is adopt a multi-pronged strategy that targets not only the Council, but also the European Commission and the European Parliament. As part of this strategy, it will need to engage each EU institution differently.

EU Council and EU commissioners

The UK Mission to the EU (UKMis) will be in charge of the bulk of the UK's engagement with the EU, but the prime minister and ministers will also have a role to play.

The prime minister's ability to maintain strong personal relationships with EU27 leaders and heads of EU institutions will be crucial to ensure the UK–EU engagement runs smoothly – both where they would benefit from collaboration with the EU and where they differ. British ministers will also need to travel regularly to the EU.

While working-level interactions are necessary, some decisions can only be taken by the Cabinet. Third-country officials we spoke to said it can be difficult for their ambassadors in Brussels to meet with EU commissioners and senior EU officials, particularly for those ambassadors from countries with looser relationships with the EU. Those meetings were more likely to take place at the highest political level, when ministers travel to Brussels.

In 2018, the Foreign Affairs Committee suggested assigning a dedicated Europe minister who would reside in Brussels, with lead responsibility for the FCO's European network and promoting the UK's interests in the EU. But shifting the responsibility to a minister in Brussels would isolate the EU "as something over there", as one of our interviewees put it, and is likely to exacerbate the loss of interest in EU policy across government. This role would also have little clout back in Westminster and is likely to result in turf wars over ownership of EU policy or disinterest in the EU.

The UK and the EU should consider setting up an annual UK–EU summit, with the prime minister, key ministers and the heads of EU institutions and member states. Finally, UK ministers will need to think about how to use other occasions to promote the UK's interests – for example, bilateral or ad hoc meetings in the margins of the United Nations General Assembly (UNGA), NATO summits and meetings of the G7 and G20.

The Council of the EU

The government has traditionally focused on the Council as the key venue for UK influence in the EU. Once it is no longer sitting around the EU table, it will need to get better at lobbying those who are – in particular, the EU diplomats active in the Council's 155-plus working groups and special committees.

But getting diplomats in Brussels to reveal their government's position ahead of an EU vote can be tricky; people we interviewed said that a lot depended on the personal relationships they had with EU diplomats and how much interest a member state had in a particular EU policy.* For example, a member state is much more likely to be receptive to British views if they match their own policy objectives. But even then, influence can be limited. As Ulf Sverdrup, the director of the Norwegian Institute of International Affairs, writes: "Norwegians learnt that having a fellow Scandinavian chairing the Council was no guarantee."[1]

UKMis will need to keep close tabs on the Council's website to find out when meetings are taking place, as well as build relations with EU officials working in the Council. Meeting with third-country officials in Brussels will also be useful: third-country missions to the EU often meet up to compare notes and occasionally undertake joint representations when useful, to amplify their voices as a collective.

The other option is to try to take part in Council working groups. Third-country diplomats are sometimes invited to take part in these groups, although this is not a regular occurrence and is only possible at the invitation of the EU.

The government should also ask to be an observer in Political and Security Committee (PSC) meetings that discuss projects where the UK is a partner. That would give the UK a more secure and structured basis on which to continue to provide input into EU policy; and it would give the EU the opportunity to find out early on what UK assets and capabilities it could draw on.

The European Commission

Another key institution to try to influence will be the European Commission. Third-country officials we spoke to told us that the best time to do this is early on in the drafting process when the Commission is open to constructive external input.

There are two ways in which the government could influence the Commission.

The first is to try to participate in Commission expert working groups or liaise closely with other British players – businesses and civil society organisations, for example – who may be taking part. Iceland, Liechtenstein and Norway and Switzerland participate in Commission working groups** but it is largely a virtue of their very close

* Interestingly, many third countries said the UK, as a member state, was one of the most accessible: it played an important role in clarifying the EU's intentions to non-EU audiences, as well as communicating third-country concerns at council meetings.

** Non-EU EEA states and Switzerland have participated in Commission working groups (comitology and programme committees) as well as committees on topics where they are required for the "good functioning" of the EEA Agreement. See Articles 81, 101 and 101 of the EEA Agreement.

institutional relationship with the EU under EEA/EFTA mechanisms. However, other third countries are also sometimes invited to take part.

The second is to organise separate meetings with Commission officials. Here the degree of success will depend on several factors:

- whether the UK's interests align with those of the EU and key member states: it helps to frame arguments in line with what is best for Europe and the EU, rather than what is in the UK's own national interests – as one person we interviewed put it, "it must be seen as a win-win"

- what expertise the UK can bring to the table: Norway's experience shows that outsiders can have an influence on the EU system, particularly in policy sectors where the policy is a 'super power', such as oil and gas; Canada also successfully lobbied the EU to reclassify the value for the carbon intensity of Canadian oil sands

- the frequency of meetings and the seniority of participants: it is not uncommon for experts to travel from their capitals for meetings in Brussels.

Norway, which is perhaps the most integrated non-EU country in the EU by virtue of its membership of the EEA and participation in more EU civilian and military missions than most other third countries, has hundreds of meetings every week with the EU in Brussels – many Norwegian officials travel directly from Oslo. Likewise, there are almost daily visits from Swiss officials travelling from Bern.

The US also frequently sends officials from Washington DC, and many officials attending NATO summits will also try to make the most of their visit to Brussels to meet with the EU. While the intensity ebbs and flows, almost no week goes by without a Canadian ministerial or officials-level delegation passing through Brussels. The frequency is ever increasing – with some officials now choosing to stay overnight in Brussels to allow more time for more informal discussions over dinner or drinks. Likewise, British officials could travel to Brussels directly or make a stop-over when visiting other EU capitals; for example, the Ministry of Defence regularly travels to Estonia to visit the 800 British troops that are posted there.

To be able to fully capitalise on opportunities, the co-ordination between UKMis and Whitehall needs to work well. UKMis will need to identify where important legislation is coming down the track and leverage expertise from Whitehall on what the UK's interest and position is, and what it can offer.

The European Parliament

After the UK's EU referendum, UKRep increased its outreach and UKMis will need to continue this trend. Officials should target the most influential MEPs, ideally before a legislation has even reached committee stage: rapporteurs and shadow rapporteurs are responsible for drafting reports – political group co-ordinators who are influential in building common positions on key votes.

Third-country missions to the EU engage with MEPs and European Parliament committees almost daily. Diplomats who are responsible for overseeing particular EU portfolios meet with relevant policy co-ordinators and committee staffers – and it is not uncommon for one or two third-country diplomats in Brussels to travel to Strasbourg for the plenary sessions. Switzerland and the US travel every month to Strasbourg for plenaries, although other third-country missions travel less frequently, usually once every two months. Most missions have a European Parliament co-ordinator responsible for following the Parliament's daily business; the US Mission to the EU has a dedicated European Parliament affairs teams.

UKMis will need to maintain close links with the UK Parliament's office in Brussels and be ready to facilitate meetings between the UK Parliament and the European Parliament (something we turn to later in this report).

EU embassies and delegations

Not all the EU's initiatives are co-ordinated from Brussels. Staff taking part in EU civilian missions work in close co-ordination with EU embassies and missions abroad, but also with member-state embassies on the ground. Thanks to its diplomatic network, the UK could build relations with those working on EU projects abroad – even when the UK is not a formal partner in these projects.

Norway is interesting in this regard. Given it has no direct input into EU decision making in Brussels, the Norwegian government has prioritised engagement 'on the ground' where Norway and the EU are active. For example, it has a representative in South Sudan and the Sahel who liaises closely with the EU ambassador and member-state ambassadors – as well as with the EU's special envoys to these regions. The UK government has co-operated closely with the EU and its member states on Africa – but it is also a key player in many African regions due to its aid budget and close links to Commonwealth countries. This is one area where the UK and the EU could continue to co-operate in the future.

Some UK businesses are concerned about market access issues in developing markets, especially if they lose the support of EU representations who have traditionally been strong advocates for market opening in the countries where they are based. If their interests continue to align, DIT should consider working with the Commission and EU embassies abroad too.

The government must engage EU institutions at the same time

If the government is serious about trying to shape EU rules, it will need to lobby all EU institutions:

- British officials should approach the Commission while officials are still drafting policies (as one of our interviewees noted, "before the ink runs dry").

- UKMis will need to approach member-state officials before they start discussing the draft text in Council working groups.

- At the same time, they will need to engage MEPs before the EU policy in question reaches committee stage.

- The government will also need to keep abreast of the role and input that various arm's-length bodies are having in the EU policy making process (see the section later in this chapter on working with non-governmental actors).

- The government should also engage EU institutions at the 'comitology stage', which is the stage of EU decision making where the European Council, Commission and Parliament can make final changes to legislation before it is voted on.

The EU is not a monolith, and there are often potential allies within the EU institutions themselves for advocating a shared policy outcome. Some third-country interviewees said that they have, at times, sought to leverage the views of different institutions – for example when they felt the Commission was being rigid when the European Parliament showed openness. While these approaches are not necessarily new, as a non-member state the UK has even more need to influence the EU's agenda upstream rather than rely on late intervention.

The government must be mindful of the tone it uses

How much the UK can influence the EU will depend on how predisposed member states are to listening to the UK. The government will need to demonstrate how the UK's ideas will benefit the EU. A couple of people we spoke to from third countries and member states said that while British officials have been very good at promoting why "Britain is great" in the EU and in organisations like the WTO, they have not always convincingly shown what added value the UK could bring to the EU and individual member states once it had left the EU.

But the government's strategy should be as much about the ideas it puts forward as it is about the approach and language it uses to frame its ideas. It will need to be mindful of the tone it uses.[2]

Investing in relations with member states

Member states individually and collectively play a major role in EU policy making. Big EU policy ideas can start in member-state capitals – for example the French president, Emmanuel Macron, has put forward a number of proposals for the future of the EU and his officials often travel to other EU capitals to discuss them before they are tabled in Brussels.[3] EU diplomats in Brussels are also in regular contact with departments back home.

The government will need to invest in bilateral relations

For many third countries, strong bilateral relationships with individual member states serve to strengthen their overall relationship with the EU. For example, third-country officials based in EU capitals pick up snippets of information that can help their mission in Brussels to build a more comprehensive picture of what the EU is thinking – so much so that some third countries are now considering increasing the number of

embassies in the EU.* They also use these bilateral discussions to test proposals for working with the EU before approaching the EU institutions directly – recognising that they will differ from issue to issue. For example, on financial services, the key players are likely to be France, Germany and the European Central Bank (ECB).

The government will need to co-ordinate these bilateral relationships so that UK messaging is consistent or, as one interviewee put, that "everyone is singing from the same songsheet". The FCO Europe director should maintain weekly phone calls with the head of UKRep and the 27 British ambassadors posted in the EU, with other British ambassadors joining when necessary.

The UK already has strong relations with member states, although the government will need to invest more effort with those smaller EU countries where engagement has traditionally taken place through the EU in Brussels. This must also extend to EU embassies in London: many diplomats from smaller member states said they struggled to schedule meetings with government officials in London at the start of the Brexit negotiations.

But given the challenges of the Brexit negotiations to date, one immediate priority will be Ireland. First, the Northern Ireland Protocol[4] means that the UK and the EU will have an ongoing institutional relationship, at least for four years after the transition. The British and Irish governments have a joint interest in ensuring that it is functioning smoothly and not jeopardising their joint commitments to the Good Friday/Belfast Agreement.[5]

Second, because of the UK and Ireland's shared geography and history, as well as outlook, they have often held similar views when it comes to EU policy,** such as on free trade and better regulation (less red tape), and it may be the case that Ireland continues to be the UK's ally inside the EU once the Brexit dust has settled. We agree with the House of Lords European Union Committee that the government should consider establishing regular inter-ministerial and inter-official exchanges with the Irish government.[6]

UK–Ireland engagement extends beyond government channels too. The Good Friday Agreement established institutions for British–Irish co-operation, including:

- the North–South Ministerial Council, which brings together ministers from Northern Ireland and the Republic of Ireland
- the British–Irish Intergovernmental Conference (BIIC), which provides a forum for bilateral relationships between the British and Irish governments
- the British Irish Council (BIC), which ministers from the other devolved administrations also attend.

* Including the EU itself, Turkey and the US each have 29 embassies in EU countries, Switzerland has 27, Canada has 26 and Norway has 24.

** Interestingly, Brexit has meant that the Irish government has also begun to review its EU partnerships and build new strategic alliances with like-minded states inside the EU. See Donoghue J, 'Oireachtas statement', speech to the Irish Parliament's Joint Committee on European Union, 12 June 2019.

To be effective, these institutions will need to meet more: the BIIC did not meet at all between 2008 and 2017, and has only met three times since the collapse of the power-sharing institutions.[7] Ministers need to reinvest in rebuilding the relationship with Ireland and take advantage of these opportunities to establish personal relationships.*

The government will need to lobby member states holding the EU presidency

Every six months, one member state holds the presidency of the Council of the EU. Together with the member states holding the previous and successive EU presidencies – 'the EU president troika' – it will determine long-term goals and major issues the EU should be focusing on over an 18-month period. Finland held the last EU presidency from July to December 2019, where it sought to champion the rule of law – such as suspending cohesion funds to countries where the rule of law is breached. Climate action was another Finnish priority. Croatia will now hold the presidency until June 2020 and pursue many of the same policy priorities, including climate change and the banking union, both of which are of interest to the UK.[8]

In November 2019, the Finnish government tabled a proposal in the Council to allow third-country participation in Permanent Structured Cooperation (PESCO), a member-state-led initiative that aims to deepen defence co-operation among 25 countries.[9] While the UK opted out of PESCO as a member state, the October 2019 Political Declaration[10] makes clear that the UK could opt in on a case-by-case basis, although, as one interviewee put it, "whether the UK chooses to will depend on whether it can have input into the design of projects, including on how to allocate budgets".

The government will need to be proactive. As a big member state, British officials rarely needed to go out of their way to contact the member state holding the presidency – instead, the member state holding the presidency would often be the one to pick up the phone to UKRep or London.** (The UK did, however, second officials to the EU presidency to support their team in Brussels.[11])

Once the UK leaves the EU, the tables could be reversed; and lobbying the country holding the EU presidency will become essential. Canada, Norway and Switzerland typically proactively engage with those member states holding the EU presidency six months to a year in advance, often at the highest political level. It is not uncommon for the Norwegian prime minister and/or foreign minister to travel to the member state in question before the start of its rotating EU presidency. EU directors in London should travel at the start of each EU presidency to meet with senior officials working on the presidency.

Norway, Switzerland and Turkey have all taken part in EU 'Gymnichs' in the past[12] – informal meetings on foreign and security policy, which are hosted by the EU country holding the rotating presidency.

* During Brexit negotiations, British–Irish ministerial relations also suffered from a high number of resignations and turnover in government.

** This is also sometimes the case for larger third countries. The president of Finland travelled to Washington DC to meet the US president ahead of Finland's presidency of the EU.

EEA–EFTA countries will also organise joint receptions in Brussels, as well as hold seminars and conferences together with the member state holding the EU presidency. The UK government should consider doing the same.

Ministers and senior officials should continue to take part in informal bilateral forums – and drive the creation of new ones

The government should maintain existing formats such as the 'E3 group' for Iran (France, Germany and the UK) and continue to send ministers and senior government officials to annual informal gatherings such as:

- Tertulias (Spain and the UK)[13]
- Aurora (Nordic countries and the UK)
- Pontignano (Italy and the UK)[14]
- La Colloque (France and Britain)
- Koenigswinter (Germany and the UK)[15]
- Belvedere Forum (Poland and the UK)
- Nordic Council (Nordic countries and the UK).[16]

In 2018, the-then Duchy of Lancaster, David Lidington, and the-then Spanish foreign minister both attended the Tertulias.[17] Meanwhile, the UK prime minister and German chancellor have frequently taken part in the Koenigswinter conference. The informal setting can provide more useful and more frank exchanges than formal meetings, which as the Swiss–EU bilateral meetings show, are often short, covering only the agenda set out.* The government should make sure that these talks are inclusive of as many views as possible, although organisers have said it can sometimes be harder to get MPs who are not interested in Europe to attend.

The government is also looking to set up new forums to discuss specific areas like defence (see Box 3). To be successful, these forums will of course need the buy-in of member states, but the government should also consider including other non-member states where appropriate. One official from a Scandinavian country suggested the creation of a new Nordic group – a regional macro-economic forum for Northern European countries that share a liberalisation agenda similar in outlook to the emerging 'New Hanseatic League' within the EU.

* See the entry for Switzerland in Table A in Annex A.

Box 3: The European Security Council, NATO and the European Intervention Initiative

The government's position has consistently been that the EU should act militarily only where NATO cannot or chooses not to act, or where it can add particular value.[18] The proposals tabled by Finland's EU presidency in 2019 show that the EU is thinking about new ways to engage third countries in this space.

But there are other ways in which the government could make a positive contribution to EU defence – which go beyond opting into EU projects. The first is to continue to act as a bridge between the EU and non-EU partners (Canada, Norway, Turkey, the US and so on) in NATO. The UK frequently translates American intentions to Europeans, and vice versa. After the UK leaves the EU, the government will need to play an active role in trying to foster closer co-operation between NATO and the EU for the mutual benefit of all.

The UK should also work closely with France to complete the European Intervention Initiative (EII/EI2) – a French-led initiative put forward by President Macron in September 2017. This project aims to set up a common European intervention force and a common doctrine for action – without prejudice to the UN, NATO, the EU, or as an ad hoc coalition.[19]

The government should also actively engage France and Germany on their joint proposal for the creation of a European Security Council, which would exist side by side with NATO and would include the UK, with input from Washington.[20] While still very much a concept at this stage, this Europe-wide approach would allow the UK to continue to discuss security and defence issues with its EU allies, while also using this as an opportunity to find out what the EU is doing in this space, and how the UK might be able to contribute to it.

Working with third-country missions to the EU

The UK government should also consider working with third-country missions to the EU when their interests align. For example, the US has done a huge amount of work with Australia, Canada, Norway, Switzerland and others on trade in the past – and has worked closely with the UK as a member state. On sanctions, for example, the UK and the US have expertise to bring to the EU table.

Investing in bilateral relations should not come at the expense of EU institutions

The UK's reliance on a strategy of bilateral engagement – where it hopes member states will fight its corner in Brussels – faced some criticism at the start of Brexit negotiations.* As one interviewee from a third country put it: "[Y]ou can speak to member states and make your case, but you should not expect too much – they won't fight for you against the Commission unless there is a very good reason for them to do so." In short, member states will not generally seek to stray from the prevailing EU view unless the issue is deemed of core national interest.

Working with the devolved administrations and the government of Gibraltar in the EU

Like the cantons of Switzerland and regions in Norway and Iceland, the UK's devolved administrations and the government of Gibraltar – as well as England – are likely to want to continue to build links with the EU institutions and EU regions after Brexit. They have their own links and entry points to EU institutions and have increased their EU footprint since the EU referendum: the Scottish government now has hubs in Dublin, Paris and Berlin as well as Brussels. The Welsh government has just set up an office in Berlin.

There is also significant co-operation at the official level between UKRep, the government of Gibraltar and the devolved offices in Brussels. Wales House began organising weekly meetings to discuss Brexit and future UK–EU relations soon after the EU referendum – and these continued even when relations between the government and the devolved administrations were strained in the UK.**

There is still a risk, however, that political differences between the government and the devolved administrations will lead to incoherent UK messaging, especially in devolved areas like agriculture or fishing.[21]

There are two ways in which the UK government could respond post-Brexit. First, it could try to curtail devolved engagement with the EU on the grounds that EU policy, like foreign policy, is largely a reserved matter for the UK government. This would likely be counterproductive. It would not stop private channels of communication and it would negatively impact the government's image to be seen to try to do so.

* For example, Sir Ivan Rogers was critical of the government's reliance on Germany to secure an opt-out from freedom of movement during Cameron's negotiations with the EU. See Rogers I, 'David Cameron', speech at Hertford College, University of Oxford, 24 November 2017.

** Brussels is considered a more 'neutral place': British actors often found it easier to speak to officials in Brussels about EU policy than to officials in Whitehall – because of their involvement in EU discussions in the Council and familiarity with the more technical aspects of EU policy.

Instead, it should try to identify instances where interests do align and where it would be possible to work together within the constraints set by the inter-governmental relationships. There were occasions in the previous round of Brexit negotiations where it could have been possible for a devolved voice to speak on behalf of the UK – for example on citizens' rights and fish, where all nations had an interest in securing reciprocal rights in the event of a no deal.

The UK government should seek to identify where there is a shared interest in lobbying the EU and where it makes sense to encourage the first ministers to play a role. When it is not possible to co-operate on limited objectives, the government should update the devolved administrations on discussions it is having with EU institutions and member states at the Joint Ministerial Committee.

Working with non-governmental actors

As we wrote in Chapter 2, it is not only government that will need to adapt the way it engages the EU: so will British businesses and civil society groups. And there are also reasons why ministers would benefit from working more closely with non-governmental actors in the EU:

- **To help British officials to find out what the EU is working on.** British and non-British non-governmental actors, through their own lobbying and networks, can provide useful information about what the EU is thinking. The government needs to build these links further and be ready to share information in return.

- **To build relationships with the EU where government cannot.** British actors are part of EU-wide associations and networks that have their own links and entry points to EU institutions and member states. For example, British businesses with large EU subsidiaries are in regular contact with EU governments in the countries where they are based. As non-governmental actors are independent, they can act as bridges, especially when relations between the government and the EU are strained.

- **To pool influence in pursuit of common interests**. It will be important for the government to identify common interests with other non-governmental actors – and when their interests align, to work together to pool influence in pursuit of them. Many third-country officials we spoke to said that the EU – in particular Commission officials – were more likely to listen to their suggestions for improving EU policy if they already had buy-in from key stakeholders in their own countries.

- **To provide an additional source of expertise.** Many organisations have considerable expertise that can be brought to bear on the technicalities of EU regulation – some businesses and civil society will have taken part in Commission expert groups.

The government should be proactive in engaging non-governmental actors in the same way some EU officials are. The EU's chief Brexit negotiator, Michel Barnier, has been praised for contacting business groups in advance of negotiation rounds in a bid to explain and build support for the EU's positions – as well as give them an

opportunity to feed into the process.[22] Similarly, the government should seek to inform British actors of any major decisions the UK intends to take, in a timely manner – and be open to receiving feedback. We now look at the advantages of working with each below.

Working with business and civil society groups

After Brexit, EU governments may not instinctively know what the UK's interests are – or whether these are the interests of the UK government or specific British actors. UKMis and British embassies will need to be much more proactive in engaging with business, civil society, arm's-length bodies and think tanks – and be open to hosting events at the embassy to promote the government's views and interests.

The Icelandic Mission to the EU, the Norwegian Mission to the EU and the Swiss Mission to the EU are in regular contact with national business and civil society groups based in Brussels (this includes both EU-wide associations and groups, as well as national businesses and organisations that have an office in Brussels). Most other third-country missions organise meetings with the EU if executives are travelling to Europe for business.

For example, the Australian Mission to the EU facilitates meetings between Australian executives and the European Parliament's Trade Committee or EU-wide business groups like Business Europe – and uses these opportunities to send one or two of their own officials along. Australian diplomats in Berlin, London and Paris (to name a few) often do the same. Canada follows a similar approach.

The UK has the advantage that many British organisations already have EU headquarters. For example, civil society organisations like Green Alliance UK have offices in Brussels and links to many sister organisations across the EU. The City of London and TheCityUK can continue to play an important convening function in Brussels and their International Regulatory Strategy Group (IRSG) is one example of expertise that can be a useful resource in understanding and analysing regulatory detail. The government should continue to develop and strengthen links with these trade associations – as well as with lobbying groups, some of which manage the secretariats of smaller trade associations.

As mentioned in Chapter 2, British business groups and organisations with offices in Brussels set up a network called BBUKOO (Brussels-based UK offices and organisations) after the EU referendum. While government officials attend its meetings, they do not host them or set the terms of the agenda. The plenary on 16 December 2019 discussed the latest EU legislation (and its impact on UK industries) as well as opportunities for research collaboration with other EU countries. These meetings should continue post-Brexit.

But businesses and civil society groups can play another role too. They can act as important intermediaries when relationships between the EU and the government are less evident. For example, as a trade association from a third country with difficult relations with the EU, TÜSİAD (the Turkish equivalent of the CBI), although representing Turkish business, is seen as an independent actor. This has allowed its Brussels-based

representatives to continue to speak to EU officials working on the Turkey desk in the DG of Trade and the EEAS, even during those times when political relations between the EU and Turkey were strained. Although the focus of talks has been on policy, not politics, representatives can sometimes play a bridging role, helping to explain EU positions in Turkey and vice versa – without standing as advocates for either position.

There are many similar UK-based organisations such as the CBI in Brussels that have been engaging with the EU extensively already, and should continue to do so.

Working with think tanks

The UK has built strong centres of EU expertise, which have developed close links with think tanks and research institutes across the EU. They have their own networks and can be powerful conveners and agenda-setters. UKMis and British embassies should look to host or attend as many events as possible – like the British Embassy Washington does across US states. The government should also consider supporting projects that look at the UK's bilateral relations with the EU or individual member states.

Working with Parliament

The UK Parliament will also continue to play an important role in promoting UK interests – and being visible in Brussels and Strasbourg, where the European Parliament sits, can be helpful in demonstrating the UK's commitments.

Every member state, including the UK, as well as Norway, have a national parliamentary representative to the EU. Most representatives are either based permanently in Brussels or commute on a weekly basis (they also travel to Strasbourg if it is for a European Parliament plenary vote). Post-Brexit, UK representatives should consider spending several days at a time in Brussels as this would make it easier to schedule a meeting at short notice or attend informal briefings. Shuffling between the UK and the EU risks making meetings overly formal and transactional and reduces opportunities for meeting up for an impromptu coffee and relationship-building.

The European Parliament also has 'standing delegations' that are responsible for building relationships with third countries' legislatures. For example, Canada has a Delegation for Relations with Canada (DCA), which meets with the Canadian Mission to the EU on a regular basis. The Canadian Parliament also has a Canada–Europe Parliamentary Association (CEPA), which manages its parliamentary outreach with the European Parliament and the Parliamentary Assembly of the Council of Europe (PACE).

Likewise, the House of Lords EU Committee has recommended that the UK Parliament sets up a joint parliamentary committee (with the House of Commons and the House of Lords equally represented) that would visit Brussels on a regular basis.[23] It has also recommended that the joint parliamentary committee includes representatives from the devolved administrations. The extent to which the government and Parliament can work together to pool British influence will partly depend on the level of trust between them; poor relations at home will inevitably impact the ability of the UK to project a common position to the EU.

The UK's Parliament office could serve another purpose too. Norway's Parliament office is not only responsible for facilitating meetings between the European Parliament and members of the *Storting* (Norway's Parliament), but it has also become a centre of EU knowledge: it puts together some of the best information on policy developments inside the EU, which is then circulated to the Norwegian government and the wider public too.

The UK Parliament should also continue to participate in EU-wide conferences. It is already a member of the Conference of Parliamentary Committees for Union Affairs (COSAC) – a conference of the EU committees of national parliaments of member states, which meets twice a year. As we point out in our report *Parliament after Brexit*, non-EU parliaments (including Iceland, Norway, Switzerland and even Georgia) request attendance at relevant COSAC meetings.[24] The UK should seek to do the same.

Who attends is also an important consideration. COSAC can submit policy ideas to the European Parliament, the Council and the European Commission – for example, COSAC participants have recently asked to contribute to the Conference on the Future of Europe, which is expected to address a number of issues, including relations with neighbouring countries. In the past, the House of Lords has tended to be more represented at COSAC than the House of Commons. After Brexit, prominent MPs and committee chairs should consider attending.

And it is not just the UK Parliament; the Scottish Parliament and the Welsh Assembly are currently in discussion with the CALRE to maintain membership after Brexit.[25] Meanwhile, the Welsh Local Government Association, which represents the interests of local government in Wales, is a member of the Council of European Municipalities and Regions (CEMR) – a pan-European conference that gathers together local governments from more than 40 countries.

Working with political parties

UK political parties should consider sending delegations to EU inter-parliamentary conferences and Europe-wide parliamentary groupings.* Norwegian parties take part in most European parliamentary conferences as this helps them to keep abreast of EU developments; build relations with EU politicians and ministerial counterparts; and highlight Norway's EU priorities.

For example, the Party of European Socialists (PES) brings together 33 parties from EU member states, 12 observer parties (from countries that are part of the EU's neighbourhood policy) and 12 associates from all over Europe.[26] Associate members have the right to put forward proposals – although only parties from EU countries have a right to vote. Observer members attend meetings, but cannot put forward proposals or vote on them.[27] Whether the Labour Party secures associate or observer status will depend on the future relationship – but even without that status, it could still choose to take part.

* Inter-parliamentary conferences are meetings of cross-party groups on specific topics, such as employment and social affairs. Parliamentary groupings are conglomerations of national parties within the European Parliament, grouped by ideology – for example, the Progressive Alliance of Socialists and Democrats (S&D) and the European People's Party (EPP) for centre-left and centre-right respectively.

British parties, and parliamentarians, will need to take these conferences seriously. As a member state, UK parties have been consistently under-represented in inter-parliamentary meetings and other EU conferences. For example, David Cameron's decision to pull the Conservative Party from the centre-right EPP grouping in the European Parliament in 2009 led to "an absence of systematic informal political level contacts"[28] between the Conservative Party and centre-right parties from other EU countries – and no British representatives at EPP conferences. Brussels insiders widely see this move as a major strategic error on the part of the UK in reducing its ability to influence the EU over the ensuing years. UK voices were also absent from the 2019 three-day conference on the CFSP.

Working with EU regions

Over the years, the EU has also sought to give regions a greater say in EU decision making – especially over those rules that affect them directly. As a consequence, many regions in Europe have opened offices in Brussels and other member states. Bavaria has a huge presence in Brussels. Switzerland has cantonal representation and every Norwegian region or city of significance has some form of representation in Brussels.

Meetings with EU regions could provide a useful source of intelligence on EU policy developments, but also flag any funding and partnership opportunities between EU and non-EU regions. As one interviewee put it: "Scotland, England, Wales and Northern Ireland will become regions of a non-EU member state; if they want to continue to influence forthcoming EU programmes and gain access to EU funding, partnership and investment opportunities, they will require deeper and stronger alliances within Europe." Examples of projects between EU and non-EU regions include Interreg V-B projects across the Balkans and the northern periphery of Europe, involving non-EU countries such as Albania, Iceland, North Macedonia and Norway.[29]

Working with the EU in international organisations

The UK should adapt the way it engages the EU in international organisations – even when their preferences do not align

The EU is hugely influential in many international organisations – but it is also influenced by them. There are several ways in which international organisations can inform EU policy:

- **binding rules:** for example, WTO rules that the EU is obliged to implement, or 'soft law' norms, which, while non-legally binding, generally inform EU regulations

- **best practice:** scientific research, technical expertise, evaluations and benchmarking, which the EU uses to inform its policies – for example, the United Nations Environment Programme (UNEP), the Organisation for Economic Co-operation and Development's (OECD) review of domestic regulatory policies through the Economic and Development Review Committee and the International Monetary Fund (IMF)

- **forums and platforms:** the G7, G8, G20 and Financial Stability Board (FSB).

The government's success in promoting its interests in international organisations, and getting the EU on board, will rely on the similar tactics it uses to influence EU legislation in Brussels: the provision of expertise, being one of the first to tackle regulatory issues (for example, the regulation of financial technology, often shortened to 'fintech'), soft diplomatic skills and size of industry all play a role.

The UK should try to secure the EU's support for British appointments on the secretariats of international organisations – and be prepared to reciprocate

The UK is very influential in global institutions and has used its influence to appoint top-class candidates to fill senior positions. In financial services, it is active in the Bretton Woods institutions – the IMF and the World Bank – but also the FSB, the Bank for International Settlements (BIS), the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS) and the International Accounting Standards Board (IASB).

After Brexit, the UK could face some strategic challenges when it comes to getting approval for its preferred candidates, especially when a UK candidate is running against an EU nominee. For example, the UK was reported to have been unsuccessful when trying to secure EU countries' support for its former chancellor George Osborne to replace Christine Lagarde at the head of the IMF;[30] instead, it was the EU's candidate, former Bulgarian EU commissioner Kristalina Georgieva, who secured the position. The UK also recently lost its judge at the International Court of Justice.

Working with the EU in the UK

The government must be more proactive in briefing British correspondents in Brussels, and foreign correspondents in London

One third-country official we spoke to said that one of the difficulties in negotiating with the EU was that the EU was quick to brief journalists, including those correspondents from their own countries. By the time third-country officials got round to it, reports were already in the press – and largely from the EU's perspective. The government must proactively brief foreign correspondents in London, as well as British correspondents based in Brussels, to make sure its narrative – and version of events – is heard.[31]

Some foreign correspondents in London we spoke to have been critical of the quality of their engagement with the government during the Brexit process. It was often difficult for them to obtain passes to press conferences and lobby briefings; they also rarely secured interviews with ministers. While British political correspondents have access to press briefings, foreign correspondents must rely on press secretaries.

The government must proactively engage EU embassies and the European offices in the UK

Whitehall also needs to think carefully about how it can make the most of meetings with EU diplomats in London and how it can leverage these conversations to outline its priorities and interests. Multiple interviewees from third countries characterised UK's outreach to EU embassies in London as tending to stick very rigidly to the brief they had been given.

As one interviewee put it:

> **"It was not always clear to us that British officials knew what they could and could not say – even in areas that focused on bilateral co-operation, rather than specifically on Brexit."**

Whitehall officials working on EU policy should also seek to maintain a close relationship with the representations of the European Commission and European Parliament to the UK, which are based in Belfast, Cardiff, Edinburgh and London.

6 Having the right capabilities and resources

Key points

- The UK Mission to the EU (UKMis) will need more resources – and so will some British embassies in the EU. Salaries will need to be competitive to attract talented officials.
- The government needs the right capabilities and expertise to understand EU developments. The government should continue its programme of EU training inside of government. It should follow the example of other third countries in trying to retain expertise in its embassies by increasing postings from three or four years to five years.
- The government should also draw on the detailed EU technical expertise available in arm's-length bodies, business groups, civil society organisations, universities and think tanks in Britain.

To influence the EU after Brexit, the government will need to make sure it has the right people in the right places to carry out its priorities – both now and in the future. There are three important aspects to this. First, the government and British embassies will need the right skills and expertise; second, British embassies will need more resources to host events and meetings; and third, the government will need to get better at drawing on expertise external to government.

UKMis and British embassies need to make sure they have people with the right skills

Traditionally, UKRep and British embassies in the EU have been responsible for:

- **relationship-building:** they build and maintain close links with EU and member-state officials, parliamentarians and other actors in the capital where they are based – they also build strong links with British actors travelling to, or based in, other EU countries
- **gathering information:** on EU policy, member-state preferences and opportunities for co-operation
- **representing the UK and promoting British interests:** by engaging with EU governments, business officials, civil society actors and think tanks

- **testing policy ideas with individual member states before raising them with EU institutions:** officials will identify individual member states that share the UK's concerns, recognising that this will differ from issue to issue.

Diplomats will still be expected to carry out these activities once the UK leaves the EU – but their task will become harder once they are no longer roaming the EU corridors, sitting at the EU table and participating in informal discussions about the future of the EU in Brussels and other EU capitals.

UKMis and British embassies in the EU should maintain staff levels acquired after the EU referendum

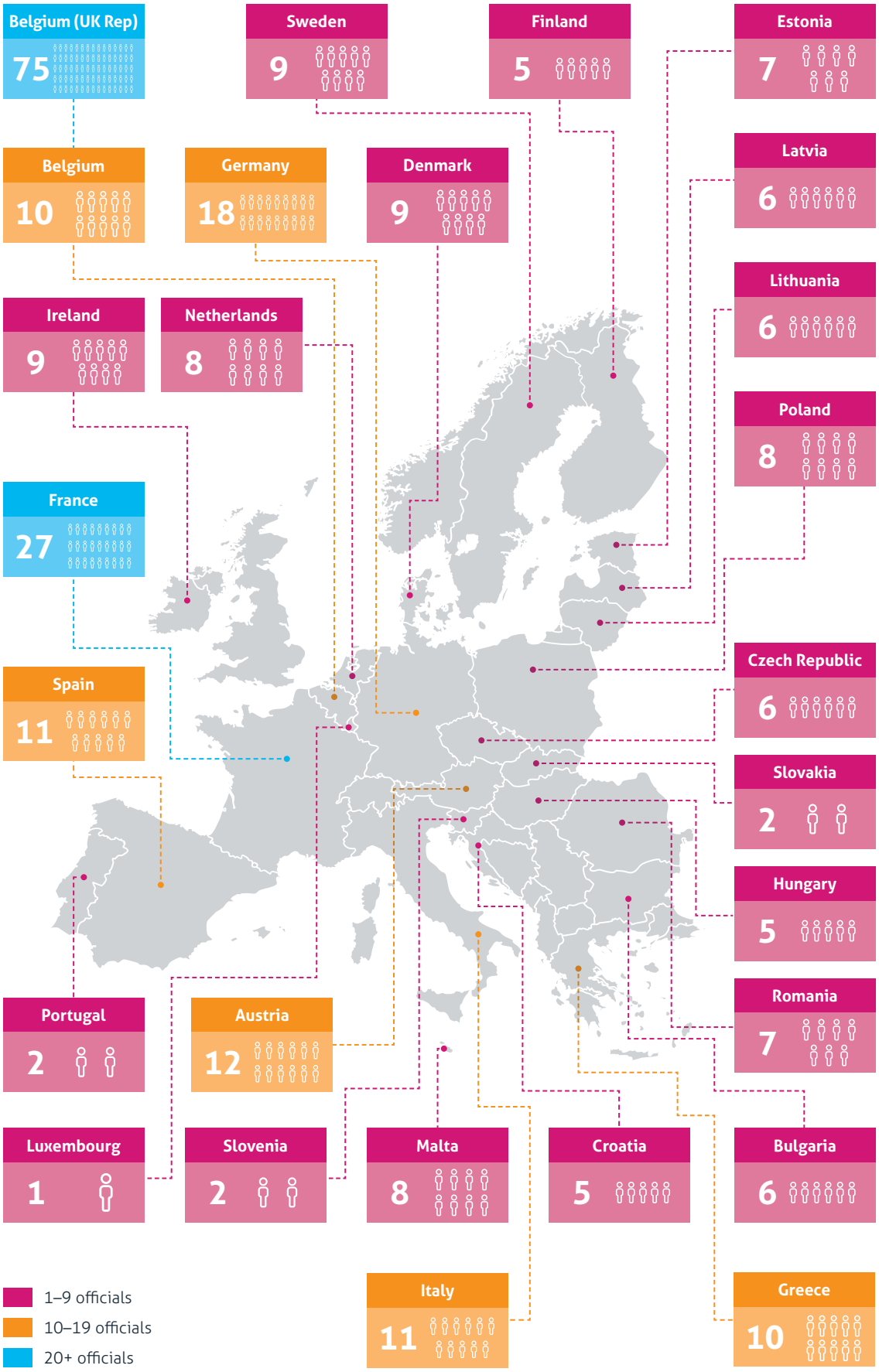
Between 2009/10 and 2014/15, the FCO suffered a 14% reduction in staff as a result of its 2010 spending review commitments.[1] But Brexit has reversed this trend. Theresa May's government committed more resources to British embassies across the EU in terms of postings (see Figure 3, overleaf), local recruits and the financial resources available to them. The FCO also updated all ambassador positions to senior management level.[2]

The FCO received £36.3 million of EU exit funding, which has largely been used to increase staff numbers[3] – in October 2017, the government decided to create an additional 428 jobs to cover EU exit work:[4]

- It has recruited around 178 staff via two initial tranches of exit funding.

- The FCO plans to create an additional 250 new posts in London and overseas to support work on EU exit in a third tranche.

Figure 3: British officials in diplomatic postings across the EU, 2016/17 (not including locally engaged staff)



Source: Foreign and Commonwealth Office, Foreign and Commonwealth Office Annual Report 2016–2017, Foreign and Commonwealth Office, 2017; Menon A and Wager A, 'Written evidence from the UK in a changing Europe (EUR0008)', Foreign Affairs European Union Committee, November 2017.

The government will need more specialised staff in Brussels and British embassies

After Brexit, officials in UKMis and in British embassies will still need a mix of soft diplomacy skills (to help them build relations, gather intelligence and promote British interests) and technical expertise (to put forward credible policy suggestions in discussions with the EU). Officials also need to know how the UK's EU priorities fit or conflict with the UK's ongoing discussions with countries around the world – and have good relations with departments in the UK.[5]

Third-country officials told us that the EU is generally more open to listening if they have something tangible to bring to the table – the more they know about an EU policy, the better. This is especially the case for those countries with close economic ties to the EU. The Norwegian and Swiss Missions to the EU have a mix of political and technical experts from almost every ministry, with dual reporting lines – to their line ministry and to the ambassador (who is usually from the ministry of foreign affairs). This ensures that cross-cutting issues are flagged early.

But that approach is not confined to those with the closest relationship with the EU. Canada's Mission to the EU follows a similar logic. Its mission now has officials from: Global Affairs Canada (GAC); the Immigration, Refugees and Citizenship Canada (IRCC) department; Agriculture and Agri-Food Canada; the Canada Food Inspection Agency (CFIA); Justice Canada; and the Canada Border Services Agency (CBSA). The US Mission to the EU has some trade experts who specialise in, among other things, copyright.

Interestingly, officials from third countries with an agreement with the EU in place – or in the process of negotiating an agreement with the EU – said that EU knowledge was not only concentrated in their mission in Brussels or in designated EU teams in their capitals. Their colleagues in missions to the UN or to the WTO were also required to understand EU developments – and be able to talk about them with EU and member-state officials abroad.

Other third countries, particularly those with looser ties to the EU, have tended to prioritise typical diplomatic skills over EU expertise. As one official put it: "[W]e would rather better diplomats than officials well versed in EU procedure." If the government were to follow this approach, it would need to rely on EU expertise outside the government itself (something we turn to later). The more successful strategy among influential third-country missions is to mix the two. UKMis and British embassies in the EU will need to recruit, empower and retain EU specialists with deep and extensive networks to complement the policy experts who rotate in and out of London.

The government should consider raising salaries for British postings

Pre-referendum, the EU was seen as a credible career anchor, offering opportunities for interesting jobs in UKRep and high-profile London departments (the FCO, HM Treasury and the Home Office) and the chance for secondment to the EU institutions. But it is not clear whether working on EU policy will have the same traction once the UK has left the EU.

Ulf Sverdrup from the Norwegian Institute of International Affairs (NUPI) notes that

> **"already five years after the EEA deal took effect, the Norwegians found that the EU expertise built up during negotiations had begun to fade. Consequently, a new effort was made to strengthen Europe competence".**[6]

Another way to do this would be to make salaries more competitive so that the UK can attract the best talent to its embassies. In evidence to the Foreign Affairs Committee, the FCO argued that "at policy officer level our base pay is 19% lower than the leading department, while the gap at middle management stands at 20%". The committee agreed that "low pay is affecting staff morale and retention, and that similarly qualified staff are offered considerably higher pay at other government departments".[7] The Institute for Government's own analysis of figures from the Office for National Statistics (ONS) broadly supports the FCO's case.[8]

For UKMis, the benchmark will not only be UK departments, but also other member-state representations, third-country missions and EU institutions, many of which (Australia, Canada, Germany, Japan, Mexico, Norway and Switzerland, for example) offer higher salaries for positions at the same level.

But even then, there may be limits to what the FCO can do to attract British officials. EU policy is highly technical and most third-country missions to the EU have become centres of EU policy excellence within their respective systems. Many of these missions have specialists from most – if not all – government departments in the political and economic sections of their mission. But currently, it is the FCO that covers relocation costs and salaries for UK-based officials in British embassies – even when their home department is not the FCO. If the FCO cannot compete with departmental salaries at home and foreign ministry salaries abroad, it will struggle to attract the talent it needs.

UKMis and British embassies should consider increasing the length of postings

Third countries have generally tried to retain EU expertise in their missions by increasing postings from three or four years to five years to reduce churn. This gives officials time to develop expertise, establish useful relationships and build up networks, which can be especially valuable in a complex policy environment like the EU.

The government should also maintain locally engaged staff (LES). These staff provide indispensable local knowledge, linguistic skills and political know-how: press officers who are locally recruited can help tune embassy messages in a way that national governments and citizens can understand. In some countries, especially in Northern Europe, they form a large and very effective part of embassy teams.

There are also no costs of relocation, like those involved in moving British-based staff and their families to new postings abroad. The prestige of working for the government, the job security and the often competitive salary mean that LES remain in post for longer too.*

The government should reassess whether UKMis and British embassies have the facilities they need

Brussels is a small city. It is not uncommon for diplomats to bump into each other at events, at lunchtime or even during school runs. It also has an 'open culture': it is often a lot easier for officials in UKRep to schedule a last-minute meeting or coffee with their EU counterparts in Brussels, than it is for their colleagues posted in British embassies to meet with the ministries in the country where they are based.

After Brexit, British officials will need to foster new opportunities to 'wine and dine' EU officials and to host events. Officials in third-country missions to the EU try to take part in as many events and receptions – at the EU institutions, embassies, think tanks or business gatherings – as possible. They also host events at their own premises, particularly if a delegation is visiting from out of town.

Theresa May's government allocated more resources to host activities, but UKMis and British embassies may need an even bigger hospitality budget to accommodate the number of government, Parliament or business and civil society delegations travelling to the EU. The government will also need to assess whether UKMis has the facilities to do so: some officials we spoke to argued that the current residency in Brussels is overstretched – the UK's representative to NATO, the UK's representative to the EU and the British Ambassador to Belgium all currently use it. This makes it difficult to provide a round-the-clock service.

The government will also need the right EU knowledge at home

Immediately after the EU referendum, government lost quite a few of its EU experts – either to non-EU positions within the civil service or to the private sector. One of the positive developments of the Brexit process has been the government's mass recruitment of external expertise from law firms and consultancies, bringing new knowledge and skills to the civil service mostly to work on Brexit. But the government could easily lose this EU knowledge if and when officials move to work on non-EU dossiers. For example, many civil servants who had been working on Brexit moved to other jobs after the Brexit extension was granted in March 2019.[9]

There is also a risk that Whitehall's understanding of the EU will become outdated once the UK has left the EU. A lot of focus over the past three years has been on Brexit – and less on the EU and how it is changing. Without EU expertise and knowledge, it will be much harder for officials to identify EU trends that are likely to affect the UK. Developing a stronger 'corporate memory' on EU affairs would be a considerable asset.

* According to the *Financial Times*, in 2013, the Foreign Office employed 5,045 civil servants from the UK and 8,500 local staff across its embassy network. By March 2014, the number of UK staff had fallen to 4,609 while the number of local employees had risen to 9,200. See Stacey K, 'Britain's Foreign Office loses direction as more cuts loom', *Financial Times*, 14 November 2014, retrieved 3 January 2020, www.ft.com/cms/s/0/f7e4c1e8-69ab-11e4-8f4f-00144feabdc0.html#axzz3mVXg4KZh

The government will still need to invest in EU expertise and training

There are several ways the government can invest in EU training and skills for its own staff – some of which it is already doing.

The first is to bring external expertise into government. Departments should continue to run dedicated training courses and lectures on the EU. Since 2016, the FCO's Europe Faculty's Diplomatic Academy has provided training on EU exit to 249 staff across 10 departments. A further 1,500 staff across 28 departments have attended masterclasses on a range of EU topics.[10]

The FCO has also put in place a scheme that gives academics the opportunity to spend time in the FCO, some of whom focus on the EU or individual member states. It has created a new scheme for six civil servants so they can develop EU specialisms.

Second, the government could rejuvenate its scholarships to study EU affairs or specific EU countries, for example at France's prestigious École Nationale d'Administration (ENA) or the College of Europe, a postgraduate institute for European studies based in Bruges (Belgium) and Natolin (Poland).[11] Civil servants will not only learn about the big policy challenges facing the EU, but also build relations with students who could end up becoming influential figures in the EU or national governments.

British alumni include: former Deputy Prime Minister Nick Clegg; former and current Members of Parliament (MPs) Simon Hughes, Stephen Kinnock, Alyn Smith and Andrew Tyrie; Sir Martin Donnelly (former permanent secretary at BIS and DIT); Jonathan Faull (former senior EU official); and Helen Wallace (EU professor).

Prior to 2008, the government awarded 25 or so scholarships to attend the College of Europe: up to three for Scotland, one for Wales, one for Northern Ireland and the rest to applicants at an address in England. But in 2008, the Brown government discontinued its scholarship programme. In its place, it established a Europe training budget that included 4–5 scholarships for civil servants to attend the College of Europe. Alongside this, a new scholarship scheme called Brunat was set up by private individuals to allow other UK-based individuals to attend the college.* Students from the UK are also sometimes awarded other college scholarships (such as the ENP scholarships).[12]

While government now offers scholarships to six to 12 civil servants each year, it is considering expanding the scheme to students more broadly, as many EU and third countries do.[13] The Scottish government offers three scholarships that are open to all Scottish candidates, not just civil servants.

The UK government needs to ensure that the civil servants it does send on courses can be reintegrated into relevant policy areas once they finish their studies. There is also a question of the broader commitment to engaging with the institutions mentioned here in the future. For example, other governments do not just offer scholarships for students at ENA, they also send guest speakers. The UK government should consider doing the same.

* Brunat has now awarded scholarships to 27 students in nearly 10 years.

The third way in which the government could invest in EU training and skills is through secondments to the EU institutions and member-state governments. Understanding the EU and its origins is quite different from spending time at the heart of the EU circuit. As one interviewee put it, EU institutions "don't make intuitive sense", so spending time in Brussels, but particularly in the EU institutions, can be valuable. Currently, there are more than 20 Norwegian national experts who are seconded to EU institutions (one or two from each ministry).

And, until recently, the US had a transatlantic diplomatic fellowship programme,[14] which allowed the US government to send one diplomat to spend time in the EU institutions – either for two years in the EEAS or for one year in the EEAS and one year in the European Commission. Many third countries, including Australia, also second civil servants to the EU agencies. The government should consider a similar scheme, as well as explore joint diplomatic training with European ministries of foreign affairs.

These exchanges should not be limited to civil servants. People we spoke to in the EU also brought up the possibility of placements for parliamentary staff in the European Parliament or member-state parliaments. This would help UK staff learn about the different parliaments and their procedures. The UK Parliament should consider setting up a similar exchange scheme for EU parliamentary staff.

The government should draw on expertise outside Whitehall

The government should not try to duplicate expertise internally that it can easily draw on from the outside. Over the years, the UK's arm's-length bodies have been at the forefront of engaging with EU regulation on a detailed level – for example, it is the Food Standards Agency that represents the UK in the European Food Safety Authority's advisory forums, which can often provide the evidence base for future regulations.[15] As a result, many of these agencies have built up lasting institutional and technical EU knowledge.

It is not just public bodies that have useful expertise, however. As mentioned in Chapter 5, the government will need to proactively engage business and civil society, as well as think tanks, early on in the policy making process – in both London and Brussels.

Finally, the government should consider putting together panels of EU experts similarly to DIT's STAG. Switzerland has developed a small network of Swiss advisers that can help central government and Swiss embassies understand EU developments and adapt their language into 'EU speak' ahead of meetings with the EU, that is, using technical terms the EU uses for policies, standards and rules.

7 Conclusion: Brexit does not mean the end of UK engagement with the EU

In 2016, the-then Foreign Secretary Boris Johnson said that while "the UK was leaving the EU, it was not leaving Europe".[1] The EU, but also countries around the world, will now be wondering what role the UK will play. Differences on trade and foreign policy between the US and the EU have accentuated under President Trump – and the UK could find itself caught between them and forced to pick a side. There may be situations where the UK decides to side with the EU. There are also areas where the UK will want to influence the EU for its own national interests: given the size and proximity of the EU market, EU decisions will continue to affect the UK.

Leaving the EU means the UK has a pressing need to rethink its EU policy: where it continues to engage; what role it plays in international organisations now that it is no longer a member state; what policy areas it prioritises; and what resources might be necessary to meet its aims. It also provides new opportunities for partnerships and creative thinking on how to engage the EU. To seize these opportunities, the UK will not be able to rely on hard power alone; it will also need to think about influence – for which consideration and planning must begin now.

The government needs to use the limited time it has in the transition period to continue preparations for how it will influence the EU after it has left. It should begin a cross-government review to identify its EU priorities and start assessing what changes will be needed in Whitehall to adapt to the UK's reality outside of the EU. It will need to think carefully about what resources it needs – and where to invest them.

Annex A: How third countries engage with the EU

The government has said that it wants a free trade agreement with the EU, which implies a looser institutional structure to manage it. This could, in turn, determine how the UK goes about engaging, and influencing, the EU. The experience of third countries illustrates some of the opportunities and challenges that the UK could face (as outlined in Table A, overleaf).

Current government policy suggests that it envisages a trade relationship along the lines of Canada's Comprehensive Economic and Trade Agreement (CETA), but it also wants to pursue a deeper level of security co-operation than Canada's current relationship with the EU (which is nevertheless developed). Norway, as a member of the European Economic Area (EEA), has the closest relationship a non-member state can have with the EU. We explore Canada and Norway in Table A.

We also look at Turkey, which is in an industrial goods customs union with the EU, and Switzerland, whose relationship is governed by a web of bilateral treaties.

Finally, we include the US, which does not have an overarching trade agreement with the EU but does have a number of bilateral agreements.

Table A: How third countries engage with the EU

Country	Institutions	Examples of influence	Challenges
Canada	Strategic Partnership Agreement (SPA). Comprehensive Economic and Trade Agreement (CETA). Joint committee structures (top committee meets once a year). Regulatory Cooperation Forum.	Canada is not bound in many areas to accept the EU's rules. Its diplomatic efforts can focus on gathering information and identifying the really important issues that affect it. This can be effective in a reactive sense – to defend Canadian interests on specific issues. For example, Canada has successfully convinced the EU to revisit regulations classifying its oil sands as especially polluting.[a] Through its framework agreements, Canada is a regular contributor to EU Common Security and Defence Policy (CSDP) and election observation missions.	Canada's geographic distance from, and lack of, integration with the EU means that it has little means to influence in areas where its approach differs substantially to that of the EU. For example, the Canadian government objected to EU chemical regulations on more than 20 occasions between 2003 and 2011.[b] Like the US, it objects in principle to the EU's regulatory approach but has been unable to shift the EU's position.

Norway	The European Economic Area (EEA) and the European Free Trade Association (EFTA) are 'two pillar' institutions that essentially mirror the EU's institutions for the EFTA side (with the exception of the European Parliament). The EEA Council meets at ministerial level twice a year. The EEA Joint Committee is responsible for the management of the EEA Agreement and typically meets six to eight times a year. It is a forum in which views are exchanged and decisions are taken by consensus to incorporate EU legislation into the EEA Agreement. Norway also participates in 31 EU agencies and 12 EU programmes, including Horizon 2020, the European Defence Agency, the European Environment Agency, the European Securities and Markets Authority and the Agency for the Cooperation of Energy Regulators.	Norway successfully lobbied to ensure that oil regulations were not considered EEA relevant. However, this is a rare example. The majority of EU legislation on the single market is EEA relevant. Norway's influence is hard to quantify because it has extensive opportunities to participate in crucial technical working groups and can therefore contribute to, and help shape, legislation from the start.	Norway's influence tends to decline when legislation reaches the voting stage. Where its interests directly collide with those of member states, it is likely to be unable to corral others to support its position. The automaticity of adoption of EU legislation has meant that influence is strong on a technical level, but some criticise the lack of interest and engagement from Norway at the political level on EEA issues.[c]

Turkey	The customs union. The Association Council and committees are the main forums. These bodies rarely meet, and provide little opportunity for substantive engagement. Since 2015, Turkey and the EU have initiated a number of 'high-level dialogues' on economic, political, energy and transport issues. These dialogues involve meetings at the ministerial level at least once a year, supported by more regular exchanges at a lower level. There is also a Turkey–EU Joint Parliamentary Committee, which brings together Turkish Members of Parliament (MPs) and Members of the European Parliament (MEPs) three times a year.	In 2013, Turkey and the EU signed a 'readmission agreement' according to which Turkey would accept people deported from EU countries who entered from Turkey. In November 2015, a Turkey–EU leaders meeting agreed on a 'Joint Action Plan' under which the EU would assist Turkey in keeping Syrian refugees out of Europe.[d] Further summits have focused on the same issue. Migration continues to cause increasing issues for the Turkish government but it is also an area where it has leverage.	The lack of common perspective and objectives has hampered reform of the customs union. For Turkey, the asymmetry of not being consulted when it comes to the EU's trade policy is a big issue and looks unlikely to change.

Switzerland	Switzerland's relationship with the EU is based on 120 bilateral agreements. These are made up of multiple sectoral agreements, cover most of the internal market and include two of the four freedoms: goods and labour. The bilateral agreements are managed by 20 joint committees. These generally meet annually at the director level, and more frequently at the working-group level. There is no regular mechanism for high-level Swiss–EU political talks. There is no automatic right to information. There is very little access to EU commissioners. The exceptions are the Air Transport Agreement, the Schengen Agreement and the Dublin Agreement, which allow Switzerland to participate (but not vote) in EU decision-making in those specific areas.	Switzerland has been very influential in policy areas such as energy law. It is an important transit country, has lots of expertise and has observer status in the relevant EU agencies. This allows it to participate in discussions and use its expertise effectively. At least one study finds that in areas such as energy policy, "the de-facto power and representation of Switzerland without voting rights is many times higher than a small Eastern European member state with voting rights".[e]	In practice, the fact that there is no automatic adoption of EU legislation can mean that, for example in competition law, it takes a similar strategic direction to the EU in terms of legislation but deviates in its substantive provisions. However, it also has less rights and fewer opportunities to influence than Norway does. Switzerland's integration with the EU and lack of a formal institutions potentially make it vulnerable to EU pressure. For example, the EU responded to the Swiss failure to agree on an aspect of negotiations to update the current agreement with revoking equivalence provisions. This has not led to a Swiss agreement but it does highlight how the EU can link unrelated issues to apply pressure.

The US	There is no formal trade agreement between the US and the EU. However, there are numerous trade-related bilateral agreements and co-operation agreements between them.	The US's influence is not necessarily based on formal agreements. The influential role that US officials played in providing dollar liquidity to European banks in the wake of the financial crisis is well documented.[f] The US is influential in other more prosaic areas too. For example, it has been influential in areas such as security, where the EU has adopted US internal security policies post 9/11.[g]	The US's 2019 report on foreign barriers to trade contains a long list of gripes about EU non-tariff barriers that are seen as unnecessary.[h]

a = Lewis B, 'EU abandons "dirty" label for tar sands oil', Reuters, 7 October 2014.

b = Muffett C, Letter to the Belgian government, Center for International Environmental Law, 19 October 2016, retrieved 7 January 2020, www.ciel.org/wp-content/uploads/2016/10/CIEL-letter-to-Mr.-Magnette.pdf

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f = See Tooze A, Crashed: How a decade of financial crises changed the world, Allen Lane 2018.

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h = Office of the United States Trade Representative, 2019 National Trade Estimate Report on Foreign Trade Barriers, Office of the United States Trade Representative, 2019, retrieved 21 December 2019, https://ustr.gov/sites/default/files/2019_National_Trade_Estimate_Report.pdf

Annex B: Devolved presence in Brussels

Devolved administrations have their own presence in Brussels. They are only likely to become more important after Brexit. Table B shows different organisations that are present in Brussels.

Table B: Devolved presence in Brussels

Nation	Organisations in Brussels
Wales	• Welsh Government Office • National Assembly for Wales • Trade and Invest Wales – Wales's Foreign Direct Investment initiative • Wales Higher Education Brussels – a representation of Welsh universities in Brussels
Scotland	• Scottish Government Office • Scotland Europa – which brings together a wide range of Scottish organisations, including local government, public authorities, businesses, trade unions and education and voluntary organisations. • Scottish Enterprise – Scotland's main economic, enterprise, innovation and investment agency
Northern Ireland	• Northern Ireland Executive Office • Invest Northern Ireland (Invest NI) – the economic development agency for Northern Ireland

Annex C: The role of the EU in multilateral organisations

The EU does not have the same status across all international organisations and this will determine how the government approaches the EU in each of them:

- The EU is a member of some international organisations – this means it has 'legal personality', that is, it is an actor with a vote and a say.

- The EU is an observer in some international organisations – it has no vote but attempts to co-ordinate the EU28 positions in advance of votes.

- The EU has no role in some international organisations – it has no seat or presence, although some of its member states are members.

The EU treaties set out when and how the EU can exercise powers. They also specify how the EU comes to its positions.* But even in those areas where the EU has a limited say, the EU has increasingly sought to co-ordinate positions among the EU28 to "speak with one voice" in international organisations or on foreign policy, for example in response to humanitarian crises.[a] Table C (overleaf) sets out some examples of the EU's role in different international organisations.

* Member states will use qualified majority voting (QMV) in the Council in areas of exclusive EU competence, whereas they will use unanimity in areas of mixed competence – that is, policies where law-making is shared between the EU and member states.

a = Gstöhl S, '"Patchwork Power" Europe? The EU's representation in international institutions', *Bruges Regional Integration & Global Governance Papers*, 2008.

Table C: EU role in multilateral organisations

Institutions	Remit	Members (the EU or member states)	EU role
United Nations			
United Nations General Assembly (UNGA)	International peace and co-operation; 'harmonising' the actions of nations.	Member states.	Enhanced observer: can orally present proposals and amendments on behalf of member states.
United Nations Security Council (UNSC)	Primary responsibility for the maintenance of international peace and security. It has 15 members and each member has one vote. Under the Charter of the United Nations, all member states are obligated to comply with Council decisions.	France and the UK are permanent members, along with China, Russia and the US. Each year, the United Nations General Assembly elects five other countries, which often include other EU member states.	Where the EU has adopted a common position on a UNSC agenda item, France and the UK will invite the high representative to present the EU's position at the UNSC.

International Labour Organization (ILO)	Brings together governments, employers and workers of 187 member states to promote international labour rights, by formulating international standards on the freedom to associate, collective bargaining, the abolition of forced labour and equality of opportunity and treatment.	The EU is represented by its member states. No agreement on the representation of the EU at the ILO exists.	Most agreements fall under EU and member-state shared competence and the EU's exclusive competence. Only a limited number fall under member-state exclusive competence or co-ordination. High-level meetings between the European Commission and the ILO are held annually.
Food and Agriculture Organization (FAO)	An agency tasked with achieving food security for all.	Member states and the EU.	A member organisation: it has the same rights as member states.
International Maritime Organization (IMO)	An agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships.	Member states.	The EU has observer status. It has an informal process for co-ordinating the positions of its member states. If member states agree, the EU president can represent EU member states.
Codex Alimentarius	A joint FAO/World Health Organization (WHO) food standards programme.	Member states and the EU.	A member organisation: it has the same rights as member states. EU agencies such as the European Food Safety Authority (EFSA) provide scientific advice.

World Health Organization (WHO)	Directing and co-ordinating authority on international health within the United Nations system. It has six regional bodies.	Member states.	The European Commission works with the WHO but without official membership – it is an observer in the annual meetings of the WHO Executive Board and the World Health Assembly in Geneva.
United Nations Framework Convention on Climate Change (UNFCCC, the UN Climate Change secretariat)	Responsible for monitoring member state commitments on the Paris Agreement, the Kyoto Protocol and so on.	Member states.	The EU is a party to the convention and member states often negotiate as a bloc.
United Nations Economic and Social Council (ECOSOC)	Economic and social issues.	Member states.	Not a member but has used delegations to UNGA to influence ECOSOC decision making.

Bretton Woods institutions			
World Bank	International development.	Member states.	The European Commission is partnered with the World Bank but is not an official member.
International Monetary Fund (IMF)	Global monetary co-operation, securing financial stability, facilitating international trade, promoting high employment and sustainable economic growth, and reducing poverty around the world.	All 28 member states are on the board of governors. There are four member states with a permanent seat on the executive board. Other member states represent, or are represented in, constituencies. Reform envisages a reduction in EU representation (for example, the 2015 *Five Presidents' Report*[a] suggested that all euro area countries unify their seat in the IMF).	The European Commission participates as an observer in the IMF's International Monetary and Financial Committee. The European Central Bank (ECB) is also an observer. The IMF works directly with the European Commission and the ECB, but the EU is not an IMF member – it is represented by its member states. The European Commission's Directorate-General for Economic and Financial Affairs, co-ordinates member states' positions ahead of IMF meetings.

Bank for International Settlements (BIS)	Responsibility for fostering international monetary and financial co-operation and serving as a bank for central banks. The Basel Committee on Banking Supervision and the Financial Stability Board are responsible for voluntary international standards – they share the BIS's secretariat.	The majority of member-state central banks are members.	The European Commission and the European Banking Authority have observer status. The European Central Bank (ECB) is represented by two seats held by the ECB and the ECB Single Supervisory Mechanism.
Other international organisations			
World Trade Organization (WTO)	The WTO has many roles. It acts as a global system of trade rules and a forum for negotiating trade agreements. It settles trade disputes between its members and it supports the needs of developing countries. It has more than 160 members.	Member states.	The EU is a member of the WTO in its own right, along with member states. The EU's trade commissioner represents the EU at the WTO's highest decision making body, the Ministerial Conference, and the Commission represents the EU in many other subsidiary WTO bodies. The EU co-ordinates the position of member states and, when given position permission by the EU council and the European Parliament, can sign agreements on behalf of the EU.

World Customs Organization (WCO)	Provides a forum in which international norms are developed that affect the area of customs and trade facilitation.	Member states.	The EU is a contracting party to a number of WCO conventions. In addition to this, the EU co-ordinates member states in defining a common position and represents this position in the relevant WCO bodies.
Organisation for Economic Co-operation and Development (OECD)	Has responsibilities for monitoring the implementation of the G20 'standstill' agreement on trade. Also has an important role in shaping norms in trade and investment policy.	21 EU member states are full members (out of 34 members).	The EU has privileged observer status, without voting rights.
G7	Foreign policy and security, and global economic and financial issues	EU (non-voting) plus member states France Germany, Italy and the UK. G7 summits take place on an annual basis. Foreign and finance ministers also meet once a year. A series of other ministerial and senior official meetings are held throughout the one-year term of each rotating presidency.	The EU is a full but non-voting member of the G7 and is represented by the president of the European Council and the president of the European Commission. The former speaks on foreign, security and defence-related matters, while the latter speaks on trade and economic matters.

G20	Global economic and financial issues, and trade, with the agenda extending to include broader issues.	France, Germany, Italy and the UK; and de facto Spain.	The EU is the only non-state member of the G20 and is represented by the presidents of the European Commission and the European Council during summits. There is co-ordination in advance of G20 meetings and the EU sets out views in a joint letter from the presidents of the European Commission and the European Council.
Council of Europe	Aims to uphold human rights, democracy and the rule of law in Europe.	All member states are members.	The Council of Europe is recognised by the EU as providing the benchmark for human rights, the rule of law and democracy in Europe. The EU and the Council of Europe co-operate in a wide spectrum of activities and have regular high-level consultations with senior officials. Some joint programmes include promoting respect for human rights and the rule of law, and addressing education and youth issues and social affairs.

Security institutions			
North Atlantic Treaty Organization (NATO)	Defence.	Currently all but six (22) EU member states are NATO members.	The EU and NATO have made joint declarations. They have established an ambitious work programme, adopted at the 2016 Warsaw Summit (and reinforced since), to deepen their co-operation in a multitude of areas.
Organization for Security and Co-operation in Europe (OSCE)	Has a comprehensive approach to security that encompasses politico-military, economic, environmental and human aspects. It therefore addresses a wide range of security-related concerns, including arms control, confidence- and security-building measures, human rights, national minorities, democratisation, policing strategies, counterterrorism and economic and environmental activities. Includes 57 participating states.	All member states are members.	The role of the EU in the OSCE has never been formally defined in a comprehensive manner. The EU has its own ambassador/permanent representative who is accredited to the OSCE and the EU is, in principle, treated as an individual OSCE participating state. When the EU speaks with one voice in decision making bodies, member states can be represented by the EU.

Transnational private regulators			
International Financial Reporting Standards (IFRS)	Accounting standards.	No direct country representation. The accounting standards are devised by independent experts representing geographical locations.	The EU can adopt the international standards into law. The vice-president for the Euro in the Commission is on the monitoring board, intended to link the organisation to public authorities.
World Standards Cooperation – including the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and the International Telecommunication Union (ITU)	To produce global voluntary standards that indicate reliable, safe and/or quality goods and services, which can then be used to facilitate trade.	Recognised national standards bodies. World Standards Cooperation is a voluntary organisation made up of members in 162 countries.	The EU is strongly represented in these organisations through the national standards-making bodies of the member states and the transfer of knowledge and practices through the three European standardisation organisations – the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC) and the European Telecommunications Standards Institute (ETSI) – which the EU and EFTA recognise as being responsible for developing and defining voluntary standards at the European level. The EU has formal agreements that mean international standards are adopted and, when they conflict with European ones, take precedence.

a = European Commission, *The Five Presidents' Report*, European Commission, 2015, retrieved 21 December 2019, https://ec.europa.eu/commission/five-presidents-report_en

Annex D: EU defence policy

The Lisbon Treaty sought to increase the EU's role in defence, although member states are still the main actors in this field. Table D highlights some of the EU's latest initiatives in the field of defence. As a member state, the UK has not always taken part in EU or member-state led initiatives in the field of defence; and it is not clear whether the UK will want to participate after Brexit.

Table D: The main tenets of EU defence policy

	Aim	Participants	Does the UK participate as a member state?	Third-country participation and influence
European Defence Fund (EDF)	Financial instrument to deepen defence co-operation between member states.	EU and third countries. Currently, the European Commission commits 50% of total funding. The draft EU budget for 2021–29 is €13 billion, although recent talks suggest it could be halved to €6 billion.[a]	Yes.	Yes. Iceland, Liechtenstein and Norway are associated countries. They have a limited decision making role and must comply with a number of EU rules, including those on data protection, and accept the remit of the European Court of Justice (ECJ).

Permanent Structured Cooperation (PESCO)	The aim is to improve defence co-operation among European countries. The 'Military Mobility' project is looking to facilitate the movement of defence equipment across Europe.[b]	All EU member states apart from Croatia, Denmark and the UK. Four out of five PESCO members are also part of NATO.	No.	Not currently. However, in May 2018, Belgium, Luxembourg and the Netherlands issued a joint document asking that PESCO be opened "to outsiders".[c] This was followed up by a discussion in the European Council after a proposal tabled by the Finnish presidency of the EU in November 2019.
Civilian and military operations	The EU currently has 16 military and civilian missions across the world.[d]	Member states participate on a case-by-case basis.	Yes.	Yes. Agenda-shaping is limited: the EU signs a Framework Participation Agreement with third countries involved; however, their input into decision-making remains limited.[e] They have little or no influence in the design of the mission (as they often choose to take part once the mission has been decided). Operational influence can be strong: third countries will post officers in the mission's headquarters.[f]

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d = European Union External Action, 'Military and civilian missions and operations', 5 March 2019, retrieved 8 January 2020, https://eeas.europa.eu/topics/military-and-civilian-missions-and-operations/430/military-and-civilian-missions-and-operations_en

e = House of Lords European Union Committee, *Brexit: Common Security and Defence Policy missions and operations: 16th report of session 2017–19*, HL 132, House of Lords, 2019.

f = *ibid.*

List of abbreviations

ACER	Agency for the Cooperation of Energy Regulators
BBUKOO	Brussels-based UK offices and organisations
BCBS	Basel Committee on Banking Supervision
BEIS	Department for Business, Energy and Industrial Strategy
BIC	British–Irish Council
BIIC	British–Irish Intergovernmental Conference
BIS	Bank for International Settlements
BSI	British Standards Institute
CALRE	Conference of European Regional Legislative Assemblies
CBI	Confederation of British Industry
CBSA	Canada Border Services Agency
CEFIC	European Chemical Industry Council
CEMR	Council of European Municipalities and Regions
CEN	European Committee for Standardization
CENELEC	European Committee for Electrotechnical Standardization
CEPA	Canada–Europe Parliamentary Association
CETA	Comprehensive Economic and Trade Agreement
CFIA	Canada Food Inspection Agency
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
CoR	Committee of the Regions
COREPER	Committee of Permanent Representatives of the Governments of the Member States to the European Union
COSAC	Conference of Parliamentary Committees for Union Affairs
CSDP	Common Security and Defence Policy
DCA	Delegation for Relations with Canada
DExEU	Department for Exiting the European Union
DG	Directorate-general
DIT	Department for International Trade
DTI	Department of Trade and Industry
EASME	Executive Agency for Small and Medium-sized Enterprises
EBF	European Banking Federation
EBU	European Broadcasting Union
ECB	European Central Bank
ECJ	European Court of Justice
ECOSOC	United Nations Economic and Social Council
EDF	European Defence Fund
EEA	European Economic Area
EEAS	European External Action Service
EEC	European Economic Community
EFSA	European Food Safety Authority
EFTA	European Free Trade Association
EGIS	European and Global Issues Secretariat
ENA	École Nationale d'Administration

EPP	European People's Party
EPTO	European Passenger Transport Operators
ETSI	European Telecommunications Standards Institute
EU	European Union
EUTF	EU Emergency Trust Fund
FAO	Food and Agriculture Organization
FCO	Foreign and Commonwealth Office
FSB	Financial Stability Board
GAC	Global Affairs Canada
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
IOSCO	International Organization of Securities Commissions
IRCC	Immigration, Refugees and Citizenship Canada
IRSG	International Regulatory Strategy Group
ISO	International Organization for Standardization
ITU	International Telecommunication Union
LES	Locally engaged staff
MARPOL	Prevention of Pollution of Ships
MEP	Member of the European Parliament
MP	Member of Parliament
NATO	North Atlantic Treaty Organization
NUPI	Norwegian Institute of International Affairs
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
OSCE	Organization for Security and Co-operation in Europe
PACE	Parliamentary Assembly of the Council of Europe
PCO	Privy Council Office
PES	Party of European Socialists
PESCO	Permanent Structured Cooperation
PSC	Political and Security Committee
QMV	Qualified majority voting
S&D	Progressive Alliance of Socialists and Democrats
SOLAS	Safety of Life at Sea
SPA	Strategic Partnership Agreement
STAG	Strategic Trade Advisory Group
TGDF	Federation of Food & Drink Industry Associations of Turkey
UK NPO	UK National Parliament Office
UK	United Kingdom
UKMis	UK Mission to the EU
UKRep	UK Permanent Representation to the EU
UN	United Nations

UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
US	United States
USAID	United States Agency for International Development
WCO	World Customs Organization
WHO	World Health Organization
WTO	World Trade Organization

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Acknowledgements

Special thanks are due to our colleagues at the Institute for Government – Jill Rutter, Joseph Owen, Bronwen Maddox, Emma Norris and Hannah White – for their advice and comments throughout the research and writing process.

We would like to thank the various reviewers and all those in the UK, the EU and beyond who have assisted in the content and shaping of this report. We cannot personally thank everyone who contributed, but without them the report would not have been possible. We are also grateful to Rowena Mayhew for her excellent edit and to Will Driscoll, Sam Macrory and Melissa Ittoo from the Communications team at the Institute for Government for their help in getting this report over the line. Finally, we would like to thank Elliott Christensen and Haydon Etheridge for their invaluable help with research and data crunching.

Any errors or omissions in the report are the responsibility of the authors alone.

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