



The EU27 perspective on negotiations – what Sir Ivan Rogers tells us - 1st February 2017

The former Treasury official and UK ambassador to the EU, Sir Ivan Rogers, has just given a [valuable account](#) to the EU scrutiny committee on the Article 50 negotiation and beyond. For those who are not familiar with it, his evidence serves as an insightful introduction to the infrequently reported EU27 view on negotiations.

Rogers confirms the five areas of negotiation important to the EU 27 in the Article 50 talks:

1. the budget and UK financial liabilities from leaving the EU (the EU will estimate it at between 40-60bn Euros);
2. the rights of EU citizens in the UK;
3. where future EU agencies currently in the UK will be located (an area where there will be much internal competition between Member States);
4. the future of international treaties to which the EU and the UK are signatories;
5. The transitional arrangements that there would be to avoid a cliff-edge situation on the economic relationship.

Sir Ivan thinks the first part of negotiations will begin with argument “about the nature of negotiations” and what the precise items up for discussion would be.

UK financial liability difficulties – a central part of the negotiations for the EU27

He reiterates what many in Brussels are already saying: that one of the hardest and most complex discussions will be around UK financial liabilities and what the UK will pay on leaving. Indeed, many senior diplomats in Brussels predict that this area is where talks could break down quickly. The current EU27 perspective though, from Michel Barnier et al, is that the UK has too much at stake to walk out from Article 50 negotiations. According to Sir Ivan the EU27 are betting that walking out is “so unpalatable that the UK won’t do it” even if the UK’s financial liability is great.

Rogers explains that Brexit presents a “headache” and “immense financial difficulty” for many of the smaller member states in terms of the Multi Annual Financial Framework - the budget which runs between 2014 and 2020 - and that UK departure will lead to a significant hole in the already stretched EU budget. He suggests “the reality on the ground” (i.e. in certain individual member states) is that the structural funds will reduce by 10-12% (the approximate UK contribution) and that consequently governments will have to stop funding they had hitherto promised to their citizens.

An associated political difficulty is that the larger member states will not wish to cover these funding gaps and it will not be politically expedient to be seen to be doing so. Therefore, the budget discussions, and ensuring adequate payment from the UK is received, will be a strategic priority for the EU27.

The four freedoms could be negotiable...

Sir Ivan thinks there may be minor flexibility on the four freedoms in the negotiations and the difference between single market access and membership. He states that the PM’s position is now however unequivocal that the UK is leaving the single market and that it will therefore have to prepare for the consequence of non-membership. He also thinks, interestingly, that there will be no EU appetite for sectoral economic deals to be made on varying timescales, and that the EU will want to complete any deals as a package.

His evidence underlines the need for careful consideration of mutual interest, mutual understanding and mutual benefit between the UK and the EU27 if the talks are not to break down.