



**OPEN
BRITAIN**

**The Government's
Brexit Contract with
the British people**

OPEN
BRITAIN

A Brexit Contract

between

The UK Government

and

The British People

Signed:



HM Government

Signed:



Vote Leave

FOREWORD

The phoney war is over. The Government will trigger Article 50 and officially commence the process of the UK leaving the EU. This fulfils the mandate of June 23rd 2016 and a new national debate must now take place over what is in the UK's national interest.

There is no mandate for the form Brexit takes: responsibility for the outcome now rests with those conducting negotiations and those advocating a hard Brexit.

As this process takes place we must ensure people are equipped to make judgements on whether negotiations meet the expectations they had when they voted last year, whether promises made then and since are being fulfilled, and whether our country and economy are likely to be stronger as a consequence of decisions now being taken.

A clear direction of travel has been set by the Government – and it is largely based on that set by the Vote Leave campaign.

Vote Leave and the Government have made specific promises: leaving is a cost-free option; trade will be enhanced not hampered; there will be major savings from the EU budget; core arrangements with the EU, for example over national security, will remain unchanged; and the integrity of the United Kingdom will be protected.

Now that Article 50 is being triggered, people will expect these promises to be delivered: **this is the Government's Brexit Contract with the British people.**

In our view, political choices have been made that potentially undermine these ambitions and which make the path ahead riskier than necessary. Decisions to leave the Single Market and Customs Union in pursuit of a target to reduce net migration to the tens of thousands, to volunteer a red line over the European Court of Justice, and to commit to a full, rapid departure by March 2019 call in to question whether the Government's Brexit Contract, as it stands, can be honoured.

Indeed, if the Contract cannot be honoured we fear it increases the chances of the UK leaving the EU with no deal at all. This would be the worst of all worlds, meaning tariffs on goods trade so higher prices for consumers and businesses, service trade restricted so jobs at risk, and the UK opting for a worse trading position than any other major economy.

As patriots, we want the best for our country. As realists, we fear the Government's Brexit Contract may not deliver that outcome. And as democrats, we think that should be a judgement people and Parliament are able to make.

Here we set out the Government's Brexit Contract with the British people so they can be held to account throughout the Article 50 process.

Nicky Morgan MP

Chris Leslie MP

Nick Clegg MP

The Government's Brexit Contract with the British people

1. SAME BENEFITS OUTSIDE THE SINGLE MARKET. The Government and Vote Leave have promised that there will be no new trade barriers between the UK and EU and no fall in UK-EU trade, with the 'exact same benefits' delivered through an FTA as we have within the Single Market and Customs Union.

2. NEW TRADE DEALS READY TO SIGN ON DAY ONE. The Government and Vote Leave have promised to negotiate lots of new trade deals with other world powers that are ready to sign on the day of our departure from the EU.

3. MAJOR SAVINGS FROM THE EU BUDGET. The Government and Vote Leave have promised to increase investment in public services from the intended savings from ceasing to make contributions to the EU budget, including £350m a week to the NHS.

4. NO CHANGE TO NORTHERN IRELAND BORDER ARRANGEMENTS. The Government and Vote Leave have promised to keep the border between Northern Ireland and the Republic open as it is today.

5. PRESERVING CITIZENS', WORKERS' AND ENVIRONMENTAL RIGHTS. The Government and Vote Leave have promised to preserve the rights currently guaranteed by membership of the EU, which include workers' and consumers' rights, environmental rights and standards, and the rights of EU citizens in the UK and UK citizens residing in EU states.

6. PROTECTING NATIONAL SECURITY. The Government and Vote Leave have promised to secure a deal on security that maintains and enhances our cooperation with the European Union.

7. MAINTAINING THE INTEGRITY OF THE UNITED KINGDOM. The Government and Vote Leave have promised that the Union will be stronger not weaker as a result of Brexit.

8. STRENGTHENING SCIENCE AND RESEARCH. The Government and Vote Leave have promised to retain the same science and research partnerships with Europe as we have today, including the same degree of co-operation in Higher Education.

9. OUT OF THE EU BY MARCH 2019. The Government and Vote Leave have promised that the UK will leave the EU in 2019.

10. DRAMATIC REDUCTION OF MIGRATION. The Government and Vote Leave have promised that Brexit will help them to reduce net migration to the tens of thousands, while also pledging that the UK will remain open to talent and skills and that no UK business will be denied the skills they need.

1. SAME BENEFITS OUTSIDE THE SINGLE MARKET.

The Government and Vote Leave have promised that there will be no new trade barriers between the UK and EU and no fall in UK-EU trade, with the 'exact same benefits' delivered through an FTA as we have within the Single Market and Customs Union.

UK Government:

“What we have come up with—I hope to persuade her that this is a very worthwhile aim—is the idea of **a comprehensive free trade agreement and a comprehensive customs agreement that will deliver the exact same benefits as we have**, but also enable my right hon. Friend the Secretary of State for International Trade to go and form trade deals with the rest of the world, which is the real upside of leaving the European Union.”

David Davis, House of Commons, 24 January 2017

“What I said was that our objective would be to **ensure that we would have continued access to the markets in Europe - and vice-versa - without tariffs and without bureaucratic impediments and that is how we will approach those negotiations.**”

Greg Clark, Andrew Marr Show, 30 October 2016

Vote Leave:

“**The idea that our trade will suffer** because we stop imposing terrible rules such as the Clinical Trial Directive **is silly.**”

Vote Leave, 'What happens when we leave'

“Our trade will almost certainly continue with the EU on similar to current circumstances...”

The reality is that the hard-headed, pragmatic businessmen on **the continent will do everything to ensure that trade with Britain continues uninterrupted.**”

David Davis, 'The Economic Case for Brexit', 26 May 2016

Challenges the Contract will face:

- Membership of the Single Market and Customs Union facilitates barrier-free trade and full participation within the world's largest free trade area. The Single Market removes regulatory barriers and provides a guaranteed right to deliver services within the EU without national impediments, which is vital given the UK economy is dominated by service sectors. The Customs Union eradicates customs duties at the borders between EU countries, streamlines customs checks and introduces a common commercial policy.
- There is no existing EU FTA or customs co-operation agreement with a third party which offers a comparable degree of frictionless trade to that we enjoy today. The immediate imposition of new barriers, for example Rules of Origin regulations, removed 'passporting' rights or new tariffs, and longer-term barriers in the form of regulatory divergence, are likely to arise even in the best-case scenario.
- The cost of increased trade barriers, in particular non-tariff barriers hitting service sectors, would be lost trade with our largest trade partner. Evidence shows that being in the Single Market is the trade arrangement which would minimise the impact of leaving the EU on trade, investment, growth and wages.¹ Every major sector is linked to the EU Single Market and could be harmed by opting for a sector-by-sector FTA given the interconnections between sectors of the economy. Such barriers could impact on inward investment, and already we have seen warnings over relocation from the auto and aviation sectors.

¹ <http://www.niesr.ac.uk/sites/default/files/publications/National%20Institute%20Economic%20Review-2016-Ebell-121-38.pdf>

2. NEW TRADE DEALS READY TO SIGN ON DAY ONE.

The Government and Vote Leave have promised to negotiate lots of new trade deals with other world powers that are ready to sign on the day of our departure from the EU.

UK Government:

“We can't actually sign until the day we leave. But I've got a very strong suspicion **there will be a lot of things to sign that very next day.**”

David Davis, House of Commons, 17 January 2017

Vote Leave:

“After we Vote Leave, **we would immediately be able to start negotiating new trade deals with emerging economies and the world's biggest economies (the US, China and Japan, as well as Canada, Australia, South Korea, New Zealand, and so on), which could enter into force immediately after the UK leaves the EU.**”

Vote Leave press release, 15 June 2016

Challenges the Contract will face:

- Countries within the Customs Union are members of the EU's common trade policy and are therefore party to the EU's FTAs with over 50 other countries. When the UK ceases to be an EU Member State we will no longer be party to these FTAs, which will have to be renegotiated as bilateral agreements. The UK is likely to only be able to secure less favourable terms, given its plan to leave the Single Market.
- Furthermore, it will not be straightforward for new trade deals to be ready on the day of departure - in March 2019 on the Government's timetable - given the European Commission has questioned the ability of the UK to conduct negotiations while it is still a Member State.¹ Other countries, for example Australia², do not want to enter in to negotiations until the UK's new trade relationship with the EU is set. Britain will also need to fully join the World Trade Organisation. All 164 members will have a veto and so simply adopting the EU's external tariff schedule, which the Government plans to do, could be complicated by WTO members negotiating over duties and quotas for specific products.
- The real-life costs of leaving the Customs Union are unlikely to be outweighed by hypothetical future gains. The Government is unable to say what new FTAs will be signed, on what timescale and to what benefit to specific sectors. It has been shown that new FTAs will not compensate for lost trade with the EU as a result of leaving the Single Market, and so the UK could emerge poorer as a result of chasing wrong priorities.³ Quick deals could be reached - as the Government seems to be hoping with the US - but this could result in the UK having to lower our own non-tariff barriers, for example our environmental standards or through demands for visa liberalisation.

¹ <http://www.thetimes.co.uk/article/britain-risks-eu-fines-over-trade-8b5mx5bdm>

² <http://www.theguardian.com/politics/2016/sep/07/no-free-trade-deal-until-brex-it-settled-australian-minister-steven-ciobo>

³ <http://www.niesr.ac.uk/blog/will-new-trade-deals-soften-blow-hard-brex-it#.WNQLIvmLTX4>

3. MAJOR SAVINGS FROM THE EU BUDGET.

The Government and Vote Leave have promised to increase investment in public services from the intended savings from ceasing to make contributions to the EU budget, including £350m a week to the NHS.

UK Government:

“Once we have left the EU, decisions on how taxpayers’ money will be spent will be made in the UK. As we will no longer be members of the Single Market, we will not be required to make vast contributions to the EU budget.”

The United Kingdom’s exit from and new partnership with the European Union, UK Government White Paper, February 2017

“They do and they’re right to raise it, but the crucial thing to understand is that very large sums of money will be coming back to this country which will be capable of being spend on priorities such as the NHS. And that will be one of the outcomes of Brexit.”
Boris Johnson, BBC, 4 December 2016

Vote Leave:

“Let’s give our NHS the £350 million the EU takes every week”

Vote Leave website

Challenges the Contract will face:

- The alleged savings from leaving the EU are often overstated. The UK’s net contribution to the EU budget is £5.7bn, not the £18.2bn alleged by Vote Leave during the referendum campaign.¹ The benefits of being a member of the Single Market and the Customs Union – business growth, job creation, increased tax revenue for the Exchequer – outweigh this. And this is not a cost: the UK’s budget contribution enables us to not just be part of the world’s largest trading bloc; it means we fully participate in networks of science and research, study, and security; and have the right to live and work across the continent.
- The Vote Leave campaign made £111bn of spending pledges during the campaign, including scrapping VAT on household energy bills.² The totemic pledge was to invest £350m a week in to the NHS, which the country was told would be a direct consequence of Brexit.
- A real risk is a real hit to the public finances caused by lower economic growth after Brexit, dwarfing any savings that could come from paying less into the EU budget. Before the referendum, the Treasury forecast a £36bn shortfall in the public finances even if the UK struck an FTA with the EU.³ In the 2016 Autumn Statement, the Office for Budget Responsibility forecast a £58bn increase in borrowing by 2020-21 as a direct result of Brexit.⁴ Furthermore, the UK and EU will likely continue to have a financial relationship. EU negotiators say the UK will need to make good its current liabilities⁵ and the UK would need to continue to contribute fund to retain membership of vital programmes such as Horizon 2020 and Erasmus.

¹ Institute for Fiscal Studies, The Budget of the European Union: A guide, 2016

² http://www.huffingtonpost.co.uk/entry/bexit-fantasy-economics_uk_574d538ce4b0ebf6a329efe7

³ HM Treasury, The Long-Term Economic Impact of EU Membership and the Alternatives, 2016

⁴ Office for Budget Responsibility, Economic and Fiscal Outlook, 2016

4. NO CHANGE TO NORTHERN IRELAND BORDER ARRANGEMENTS.

The Government and Vote Leave have promised to keep the border between Northern Ireland and the Republic open as it is today.

UK Government:

“Nobody wants to return to the borders of the past, so we will make it a priority to deliver a practical solution as soon as we can.”

Theresa May, Lancaster House speech, 17 January 2017

“But he should be very intent on our desire to get that deal, and also to **see a frictionless border between Northern Ireland and the Republic of Ireland.**”

James Brokenshire, House of Commons, 01 February 2017

Vote Leave:

“The unique status Irish citizens are accorded in the UK predates EU membership and will outlast it. There is no reason why the UK’s only land border should be any less open after Brexit than it is today.”

Theresa Villiers, Vote Leave press releases, 14 April 2016

Challenges the Contract will face:

- The border between Northern Ireland and the Republic of Ireland exists legally but for practical purposes it has all but disappeared. The possible re-emergence of any meaningful border controls between Northern Ireland (NI) and the Republic of Ireland (ROI) could destabilise the United Kingdom. Anything that strengthens a sense of separation between North and South has the potential to undermine the progress that has been made.
- The decisions to leave the Customs Union and to pursue a target to reduce net migration to the ‘tens of thousands’ mean the creation of a so-called “hard border” between Northern Ireland and the Republic of Ireland is a very real possibility. If a border is not re-imposed, it is hard to see how the EU’s customs authorities will be able to carry out their functions and how the UK’s border authorities will be able to carry out theirs. While it is true and essential that lessons can be learnt from elsewhere, the often-cited example of Sweden and Norway is not applicable because both are members of the Single Market and so there is a high degree of product conformity already, minimising the need for border checks.
- It will be essential to square the circle between potentially conflicting policies on free movement with Irish citizens within the Common Travel Area and people in the rest of the EU, and between leaving the Customs Union and maintaining a frictionless border. Either an open border between Northern Ireland and the Republic risks becoming a gateway for what could then be illegal immigration from the EU into the UK, and a way for goods entering the EU from the UK to evade customs controls, or there is the very real risk of a return to the borders of the past – the very thing Ministers are seeking to avoid.

5. PRESERVING CITIZENS', WORKERS' AND ENVIRONMENTAL RIGHTS.

The Government and Vote Leave have promised to preserve the rights currently guaranteed by membership of the EU, which include workers' and consumers' rights, environmental rights and standards, and the rights of EU citizens in the UK and UK citizens residing in EU states.

UK Government:

Vote Leave:

EU citizens' rights

"There is absolutely no question of treating EU citizens with anything other than the utmost respect. That's why **we will be making securing their status a priority** as soon as we trigger Article 50 and the negotiations begin."

Amber Rudd, The Independent, 28 February 2017

Workers' rights

"As we translate the body of European law into our domestic regulations, **we will ensure that workers' rights are fully protected and maintained. Indeed, under my leadership, not only will the Government protect the rights of workers' set out in European legislation, we will build on them.**"

Theresa May, Lancaster House speech, 17 January 2017

Environmental rights

"I do not see why there is any sense in which the goals of good environmental outcomes will be watered down in any way.

We have very clear goals around issues such as air quality and waste. Those commitments will be enhanced by our ability to take our place on a world stage."

Andrea Leadsom, Evidence to the House of Commons Environmental Audit Committee, 26 October 2016

"There will be no change for EU citizens already lawfully resident in the UK. These EU citizens will automatically be granted indefinite leave to remain in the UK and will be treated no less favourably than they are at present".

Statement by Michael Gove, Boris Johnson, Priti Patel and Gisela Stuart, 1 June 2016

"All of the EU legislation we have accepted since Tony Blair took us into the social chapter has been incorporated into UK law and will remain in place if we vote to leave. Any decision to simplify or change any of those laws would need voters' consent. Our public holidays will also be protected and maternity and paternity leave will stay."

Andrea Leadsom and Gisela Stuart, The Times, 14 June 2016

"I am convinced...**we could deliver far better outcomes for our environment outside the EU** where we would have the freedom to innovate, to try new ideas and to change things that didn't turn out as hoped."

Statement by George Eustice MP to RSPB

Challenges the Contract will face:

- At present, both citizens of EU member states living in the UK and UK citizens living in the EU are entitled to all the benefits of European Union citizenship, including free healthcare, the right to work and to own property without discrimination over nationality, and the right to travel freely between the UK and the EU.¹ For workers, protections against discrimination and dismissal without consultation, as well as rights including holiday pay and membership of a

trade union, are guaranteed by a number of EU legal sources, including the European Communities Act itself, EU regulations and directives and court judgements of the ECJ.² On the environment, green projects such as wind farms receive funding from the EU to make them viable and EU regulations protect the natural environment, such as by defending bird habitats and banning overly-polluting car engines.³

- While the Government has promised to guarantee the rights of EU citizens living in Britain, it has so far failed to do so, with some even seeing them as “cards” in negotiations.⁴ Even if the matter is resolved politically, the Government’s preoccupation with rapid reductions in immigration will create real practical obstacles.
- Workers’ rights remain vulnerable to challenge and amendment during the Great Repeal Bill process, while those guaranteed only by ECJ case law – such as on holiday pay – will be immediately open to challenge in UK courts.⁵
- Green projects could lose EU funding, with replica funding not guaranteed, and many regulations could be threatened by those wanting to deregulate certain sectors.

¹ Kingsley Napley, What EU citizens living in the UK need to know, 2016

² <http://www.independent.co.uk/news/uk/home-news/brexit-latest-news-10-ways-eu-protects-british-workers-rights-in-danger-european-union-a7531366.html>

³ <http://www.bbc.co.uk/news/uk-politics-36074849>

⁴ <https://www.theguardian.com/politics/2016/oct/04/liam-fox-refuses-to-guarantee-right-of-eu-citizens-to-remain-in-uk>

⁵ <http://www.independent.co.uk/news/uk/politics/workers-rights-secured-by-european-court-decisions-threatened-by-brexit-a7367876.html>

6. PROTECTING NATIONAL SECURITY.

The Government and Vote Leave have promised to secure a deal on security that maintains and enhances our cooperation with the European Union.

UK Government:

“But I want to be clear to our European friends and allies: we do not see Brexit as ending our relationship with Europe. It is about starting a new one. **We want to maintain or even strengthen our co-operation on security and defence.**”

David Davis, House of Commons, 05 September 2016

Vote Leave:

“Operational law enforcement cooperation with our European partners will continue, because it is in everyone’s interests.”

Dominic Raab, 8 June 2016

“If we Vote Leave, **we will continue to co-operate with our European partners to fight terrorism and organised crime**...If we Vote Leave, we will negotiate a new UK-EU extradition treaty without accepting the supremacy of EU law.”

Vote Leave website

Challenges the Contract will face:

- As an EU Member State the UK has an opt-out on Justice and Home Affairs (JHA) matters, but we have repeatedly decided to participate in a wide range of areas as these have been judged to strengthen our national security. The referendum does not change that judgement or the nature of the threats we face.
- Parallel to negotiations over trade, putting further pressure on time, the UK will need to agree measures on security co-operation of unprecedented depth. Past precedents show that non-EU countries are able to negotiate involvement in EU security arrangements and agencies but with more limited participation compared to that of EU Member States. This will not be enough for the UK.
- The UK will need an advanced extradition Treaty stronger than that negotiated with Norway and Iceland. Co-operation with Europol, replicating current arrangements, particularly over direct access to databases and participation in joint cross-border investigations, must be a priority. The EU has given some non-EU states access to the Schengen Information System but this has been for countries intending to join the Schengen Area. Agreements over the exchange of passenger name records, the exchange of financial information over terrorist suspects and access to the European Criminal Records Information System will also be vital.
- As the world gets smaller, the threats we face become more frequent and more dangerous, so nothing should be done to weaken existing security arrangements. Where the Government does not deliver continued participation in existing structures, they will have to set out the alternative arrangements and explain that their impact on our institutional ability to tackle crime and terrorism in the UK will not be weakened.

7. MAINTAINING THE INTEGRITY OF THE UNITED KINGDOM.

The Government and Vote Leave have promised that the Union will be stronger not weaker as a result of Brexit.

UK Government:

“It’s why **we will put the preservation of our precious Union at the heart of everything we do.** Because it is only by coming together as one great union of nations and people that we can make the most of the opportunities ahead.”

Theresa May, Lancaster House speech, 17 January 2017

Vote Leave:

“If we vote to leave then I think **the union will be stronger...** I think when we vote to leave it will be clear that having voted to leave one union the last thing people in Scotland wanted to do is to break up another.”

Michael Gove, BBC, 8 May 2016

Challenges the Contract will face:

- There was a referendum on Scottish independence in 2014 where the Scottish people voted to remain part of the United Kingdom. Since then the Scottish National Party has said that only 'material change' could spark calls for a second Scottish referendum. Seemingly aware of this, the Prime Minister promised that Brexit negotiation objectives would be agreed by Devolved Administrations as part of a “UK-wide approach”.¹ This was a welcome and important early commitment that has since been undermined by the Government’s more recent actions.
- The Welsh Assembly Government urged the UK Government to consider remaining a member of the European Economic Area.² The Scottish Government urged the UK Government to remain a member of the Single Market and Customs Union, and for this to be considered for Scotland if not the UK as a whole.³ Even before negotiations had begun the Prime Minister ruled these options out.
- Without consultation, the UK Government have proposed a ‘material change’ to the economies of both Scotland and Wales, which in Scotland the SNP have used as the basis for calls for a second referendum. For reasons outlined above, an FTA is unlikely to give each constituent nation of the UK the “exact same benefits” as today and they will suffer as a result. Should Ministers fail, the Union they say is precious will be at risk with nationalist forces with wind in their sails because a “UK-wide approach” was never genuinely sought.

¹ <https://www.ft.com/content/ff1d0c72-4aa0-11e6-8d68-72e9211e86ab>

² https://beta.gov.wales/sites/default/files/2017-01/30683%20Securing%20Wales%2%B9%20Future_ENGLISH_WEB.pdf

³ <http://www.gov.scot/Resource/0051/00512073.pdf>

8. STRENGTHENING SCIENCE AND RESEARCH.

The Government and Vote Leave have promised to retain the same science and research partnerships with Europe as we have today, including the same degree of co-operation in Higher Education.

UK Government:

“We will seek agreement **to continue to collaborate with our European partners on major science, research, and technology initiatives.**”

The United Kingdom’s exit from and new partnership with the European Union, UK Government White Paper, February 2017

Vote Leave:

“**Countries do not need to be in the EU to work with EU research centres on scientific research...**The European Commissioner for Research, Science and Innovation, Carlos Moedas, has said that Horizon funding is ‘open to the world’. **If we Vote Leave, we will continue to work with European partners...to further scientific research.**”

Vote Leave website

Challenges the Contract will face:

- Around 10% of UK public funding for science comes from the EU, with UK universities receiving £870m of EU funding in 2013 alone.^{1,2} Under the Horizon scheme, which takes EU scientific funding through to 2020, the UK has been far and away the biggest recipient, 30% ahead of Germany.³ Relationships and staffing also matter – the EU’s Marie Curie scheme has helped over 6,000 European researchers come to the UK, while 80% of all international scientific collaborations involving UK universities include an EU partner institution.^{4,5}
- The Government’s intention to drastically reduce net migration to the tens of thousands could have a real impact on the UK’s science sector. It is likely that EU citizens – who make up 15% of all UK scientific researchers – will find it harder to come here after Brexit.⁶ While the UK Government could retain membership of Horizon 2020, it would need to pay a fee to do so, which could undermine plans to ‘take back control’ of funding.
- Brexit has already had an impact on non-UK students coming to the UK, with a fall of 41,000 in the number resident in Britain being recorded in the year 2016-17.⁷ With greater post-Brexit immigration restrictions, the UK’s science sector could be damaged with fewer researchers and students coming from the EU to Britain. Outside Horizon 2020, the UK would lose a large proportion of its science funding. Even as an associate member, like Israel, the UK would pay into the Horizon programme while losing any control over its overall policy direction.

¹ Scientists for EU, House of Lords Inquiry Written Evidence, 2015

² European Commission, 2014

³ Scientists for EU, House of Lords Inquiry Written Evidence, 2015

⁴ <http://www.universitiesuk.ac.uk/highereducation/Documents/2014/TheImpactOfUniversitiesOnTheUkEconomy.pdf>

⁵ Scientists for EU, House of Lords Inquiry Written Evidence, 2015

⁶ <http://www.universitiesuk.ac.uk/highereducation/Documents/2015/higher-education-in-facts-and-figures-2015.pdf>

⁷ <http://www.independent.co.uk/news/uk/politics/foreign-student-numbers-plummeting-in-wake-of-brexit-a7596186.html>

9. OUT OF THE EU BY MARCH 2019.

The Government and Vote Leave have promised that the UK will leave the EU in 2019.

UK Government:

“[the day on which we leave the European Union], **well it will be by March 2019**”
David Davis, BBC, 12 March 2017

Vote Leave:

“In the end, it will be in everyone’s interests to agree a free-trade relationship. The formal period for the exit talks is two years. There is no reason why this should be difficult...UK businesses already conform to EU standards. **The deal can be done quickly.**”
Chris Grayling, Daily Mail, 19 June 2016

Mr Grayling said in an interview with the Financial Times that he expected an exit to be complete **“by the end of 2019”**.
Chris Grayling, Financial Times, 14 June 2016

Challenges the Contract will face:

- It is unclear whether negotiations over future UK-EU trade arrangements will take place parallel to Article 50 discussions on the terms of divorce – specifically whether the issues of UK liabilities and citizens’ rights will have to be resolved before the terms of an FTA can be substantially addressed.
- Given the UK’s new arrangement with the EU will be unprecedentedly complex and will be ‘mixed’ so will require ratification in each of the 27 Member States, including at federal level, a new UK-EU Agreement will almost certainly mean trade negotiations extending beyond the two-year Article 50 timeframe. The EU-Canada FTA took seven years to negotiate and ratify. The UK’s former Ambassador to the EU has said the new deal could take ten years to negotiate and ratify.¹
- To avoid a period between the completion of the Article 50 process and ratification of a new UK-EU trade agreement, where a new UK-EU regulatory framework would not be agreed, there must be a transition period to allow firms to trade as at present while enabling them to adapt and, therefore, minimise disruption. If the UK foregoes this and sticks rigidly to the commitment to leave in 2019 and be free from the European Court of Justice then, the UK risks crashing out on to the WTO with no preferential arrangement in place at all, which is the worst possible outcome for our economy.

¹ <http://www.bbc.co.uk/news/uk-politics-38324146>

10. DRAMATIC REDUCTION OF MIGRATION.

The Government and Vote Leave have promised that Brexit will help them to reduce net migration to the tens of thousands, while also pledging that the UK will remain open to talent and skills and that no UK business will be denied the skills they need.

UK Government:

“First of all, the policy hasn’t been watered down. **We still believe we want to net migration down to sustainable levels – that means in the tens of thousands – so the policy hasn’t changed.** Of course, what has changed, is when we leave the European Union we will be able to bring control to the movement of people from the EU into the United Kingdom.”

Theresa May, 4 October 2016

Vote Leave:

Asked by ITV's Robert Peston if that meant cutting EU and non-EU migration, the justice secretary said: "Yes". But [Michael Gove] he said it could not be done by 2020: "I wouldn't set a time limit for it but **the ambition would be to bring it down to tens of thousands**".

Michael Gove, 5 June 2016

"It is clear that **it will be impossible to reduce net migration below 100,000 if we vote to stay in the EU.**"

Gisela Stuart, 20 June 2016

Challenges the Contract will face:

- Thousands of people from inside and outside the EU make a positive contribution to the UK, just as thousands of British people do all over the world. Moving abroad is not a crime and not a threat. This is how the modern world works and most people who relocate are determined to do a good job wherever they reside.
- The Government and Vote Leave’s stated target to reduce net migration to the tens of thousands undermines warm words about being an “open and tolerant” country that seeks to welcome the “skills and expertise” we need.¹ This policy is socially divisive, as it starts from the premise that an extreme reduction of migration is necessary, assuming migrants are a problem when they are a prize. It would also be economically damaging. Ministers have themselves recognised that EU migrants are vital to sectors such as financial services, agriculture and construction and hospitality, but the same is also true for manufacturing, health, education, science and research. Migrants with low and high skill levels fill existing labour and skills shortages. It is impossible to see how such a reduction can be achieved without causing economic hardship to UK businesses.
- Retaining the target would undermine our ability to attract the people we need, making us less open and less tolerant, and would be based on myths over pressures on pay and public services that have largely been debunked. The Government is likely to emphasise greater ‘control’ in the system, based on the skills needs of specific sectors. Such an approach, however, risks creating an expensive bureaucracy to oversee the flow of migrants into our economy without significantly changing the volume. The only way the Government will meet their target is through an economic downturn. People voted Leave, however, based on promises of increased economic gains and sharp reductions in migration, which the Government has now also pledged. The two, however, are incompatible.

¹ UK Government White Paper, The United Kingdom’s Exit From, And New Partnership With, the European Union, February 2017