No-deal Brexit: EU preparations [1]

Both the UK Government and the EU have said that their overriding objective is to reach a Brexit deal that delivers a smooth and orderly exit from the EU. However, the Government has also consistently said that it is willing to leave the EU with no deal if necessary, and has been ramping up its preparations [2] for such an outcome. Despite an agreement between the UK Government and EU to extend the Article 50 period, a 'no deal' outcome is still possible on the 12 April if the Withdrawal Agreement is not passed in Parliament by the 29 March and the UK Government does not indicate alternative next steps justifying a longer extension to the EU Council. Despite an agreement between the UK Government and EU to extend the Article 50 period [3], a no deal outcome is still possible on 31 October 2019 if the Withdrawal Agreement is not passed by Parliament.

The UK would not be the only country affected in this scenario. In this explainer we look at what EU member states likely to be most affected by Brexit are doing to minimise the impact of a no deal outcome.

Which EU member states are particularly exposed to the risks of no deal? [4]

Other than the UK, the country that faces the biggest challenges in adapting to a no deal Brexit is Ireland [5]. If the UK leaves the EU with no deal, Ireland will need to decide how to square its pledges not to introduce a hard border [6] with its obligations as a member of the EU's Single Market and Customs Union [7] sharing a land frontier with a non-member state. The UK is Ireland's second largest export market [8], after the US, and Irish businesses use Great Britain as a land bridge [9] to the rest of the EU.

On the 13 March, the Oireachtas – the Irish Parliament – passed legislation to implement contingency plans in the event of no deal. However, Dublin has still not managed to agree [10] arrangements for the Irish border with the EU Commission in the event of no deal. In March, the UK Government has published its plan [11] to keep its commitment to an open Irish border, which envisaged temporary measures to mitigate the need for checks, such as waive tariffs and checks, in the absence of a long-term negotiated settlement.

Other nearby EU member states, particularly those with significant ports, will also be affected. If there is no deal, EU countries will need to conduct checks on goods coming from the UK, to ensure they comply with EU standards and meet customs requirements. This could cause delays for freight crossing the English Channel in both directions.

Other than the UK and Ireland, the most immediately affected countries are France, Belgium and the Netherlands – although the President of the northern French region that encompasses Calais has warned that [12] any hold-ups to trade will also affect businesses from further afield whose goods travel through his region.

Preparations for Brexit are the most advanced among these member states. The French Parliament passed a law in January enabling the Government [13] to decree laws covering the rights of UK nationals living and working in France, the continuity of services including finance and transport, and preparation of customs controls. The Spanish Government is preparing a "Royal Decree-law [14]" for February to take similar actions too. The Dutch Government have launched a high profile campaign [15] to prepare their businesses for a 'no deal' outcome.

What are member states doing to prepare for delays at their ports and borders? [16]

Those member states with significant UK-facing ports have already begun contingency planning for no deal. The UK is a significant trading partner for these countries, but ports such as Rotterdam, Antwerp and Hamburg are also a transit point for trade between the UK and more distant EU member states. These ports are investing in additional capacity at the border, in terms of both staff – customs officials and vets to do animal health checks – and infrastructure.

Plans announced so far include:

- **France**: 700 customs officials [17]by 2020 – largely concentrated in UK-facing ports, such as Le Havre, Calais, Dunkirk and the Channel Tunnel. In January, the French Prime Minister begun implementing plans [18] to assign 580 customs and veterinary control staff to the most affected regions
- **Ireland**: an additional 1,000 staff [19]: up to 700 staff for customs controls, 200 veterinarians for sanitary and phytosanitary checks and 120 additional officials for export certification.
- **The Netherlands:** over 900 customs officials and an additional 145 veterinarians for the Port of Rotterdam [20].
- **Spain:** an additional 860 employees [21] for airports and port facilities, particularly for border control of people, goods and animals

Infrastructure at ports will also need to be expanded to accommodate the additional officials and customs checks:

- **France:** The Government announced it would spend €50m expanding its port infrastructure [18] and parking for border inspection posts to be either expanded or constructed for the first time in Cherbourg, Calais and the Channel Tunnel among others. This may require new roads, car parking areas, buildings, control areas and equipment to deal with delays caused by customs checks. The Port Boulogne Calais [22] says it has spent €6m to prepare for control zones for animals

and export declaration capacity for up to 200 HGVs.
- **Ireland:** Dublin Port Company is also expanding [23] its infrastructure to enable checks on goods arriving on ships from Holyhead, Liverpool and Milford Haven. Reintroducing checks in Dublin could require an additional three hectares [24] (approximately four Wembley-sized football pitches) dedicated to holding the lorries arriving on boats. The Government's Contingency Action plan [25], published December 2019, set out how Dublin Port and Rosslare Europort would be expanded to create sufficient capacity to hold and inspect trucks arriving from the UK, inspect live animals and accommodate additional staff.
- **Ireland:** The European Commission is planning measures to facilitate Irish maritime access to EU markets [26] between Dublin and Cork to Zeebrugge, Antwerp and Rotterdam, meaning hauliers will have alternatives to crossing the UK land bridge. Extra shipping routes are also launching, allowing direct transit between Ireland and Spain [27] and Ireland and the Low Countries. [28]
- **Ireland:** The Irish Government's plan also suggested it would implement the necessary customs and border checks between the UK and island of Ireland on an East-West basis but left unclear how the physical land border would be affected.

How are member states supporting their businesses to prepare for no deal? [29]

If there is no deal, the UK will no longer be part of the EU's regulatory regime. The UK Government has said that it will recognise many EU standards [30] and qualifications, at least for a limited time, but the EU is not currently planning to reciprocate. This means that EU companies that use UK goods in their supply chains will face friction and increased costs in using these UK components. As noted, delays at ports and other transit points will also increase the cost of doing business with the UK.

A number of EU governments have launched campaigns to raise awareness amongst businesses in their countries of the potential impact of Brexit, including a no deal exit. These include:

- Ireland's 'Getting Ireland Brexit Ready' website [31], which provides a central location where businesses (and individuals) can find information from a range of government bodies setting out what Brexit might mean for them, including on a sector-by-sector basis. The Irish government has also run a series of roadshows, providing information in different regions of the country to businesses
- The Netherlands' 'Brexit Impact scan' [32], which provides tailored advice to Dutch businesses based on a series of questions about their business model and relationship with the UK
- Belgium's own version of the 'Brexit Impact Scan' [33], which also provides a 'Brexit communication kit' with resources for businesses
- Denmark's 'What does Brexit mean for your business?' website [34], which asks businesses a series of questions to help them identify how different Brexit scenarios, including a no deal exit, could affect their organisations
- France has also produced a portal [35] for businesses worried about how they might be affected by Brexit, including a no deal outcome. In addition, the French Government have recently published guides for businesses concerning no deal and customs formalities while the French Customs Authority have also organised a series of regional meetings [36] to answer questions from businesses on what Brexit could mean for how customs procedures might change.
- The Polish Government has also launched a website [37] with an interactive guide for businesses.
- The European Commission has compiled [38] links to member states' Brexit pages.

A challenge for all member state governments is how to support small and medium-sized enterprises (SMEs), who may not have the resources of their larger counterparts to plan for multiple possible outcomes.

Some governments are also providing funding for businesses, or seeking to mitigate potential costs, to allow them to make contingency plans for a variety of Brexit outcomes:

- The Irish government in particular has a number of funding schemes for different types of businesses, including cash grants for SMEs worth up to €2,250 [39] and loans up to €1.5 million [40], for Irish businesses that are particularly exposed to trade with the UK.
- The Dutch government has also set up a voucher scheme [41] to provide up to €2,500 towards the cost of professional advice for businesses seeking new markets outside the UK.
- The Spanish Government are also offering export services at discounted rates [42] for Spanish companies that trade with the UK.

What will member states do to protect the rights of British citizens living in the EU27 if there is no deal? [43]

In September 2018 [44], the Prime Minister stated that the rights of the three million EU27 citizens living in the UK would be protected in the event of no deal. If there is no deal, the rights of British citizens living in the other 27 member states [45] are the responsibility of each government.

Member states have said that a key principle covering citizens' rights is reciprocity: they would be prepared to grant UK citizens preferential treatment (compared to non-EU citizens) if the UK committed to do the same. The French Government, using the law listed above, could provide for more favourable treatment of UK citizens compared to other third country citizens living in France, but could attach the condition that French citizens in the UK receive equivalent treatment.

Some countries have suggested they could take unilateral action to preserve UK citizens' rights. The German Federal Government has stated it will grant a transitional period of three months [46] for British citizens living in Germany to apply for residence permits.

There is also rising demand [47] from UK citizens seeking citizenship of an EU27 country, with the number of these citizenships granted to UK citizens more than doubling between 2016 and 2017. Some countries restrict the ability to hold dual nationality: these include Germany, which will only grant it to nationals of EU member states.

What are member states doing to help their citizens in the UK? [48]

Member states are also keen to protect the rights of their citizens living in the UK – this is a priority for all of the EU27, but particularly important for countries with many of their citizens living in the UK such as:

- **Poland** – over a million Poles live in the UK
- **France** – the French Embassy estimates that between 350,000 and 400,000 French citizens live in the UK
- **Lithuania** – around 212,000 citizens live here, representing almost 10% of their population.

Member states are preparing their citizens living in the UK for no deal through their consular services, or through legislation that would preserve their rights should they return to living in the EU:

- Consulates have run seminars for citizens in London, across the UK and livestreamed on Facebook [49] to inform them of the negotiations' progress, their legal rights on dual nationality and their British spouses' rights to live and work in the EU; and on securing settled status in the UK. Foreign ministries are also keeping their citizens informed with dedicated Brexit portals [50] and working with community and diaspora groups in the UK to raise awareness of the issues resulting from Brexit.
- Several EU consulates in the UK have taken on extra staff to provide information to their citizens living here.
- The French bill listed above proposes to ensure its citizens' pension contributions paid in the UK remain recognised. Otherwise, French nationals paying social security contributions here in the UK would have fewer entitlements if they returned to France.

However, given the lack of clarity from the UK Government over how exactly they will protect the rights of EU citizens living here, there is still a great deal of uncertainty for these individuals.

What is the European Commission doing to prepare for no deal? [51]

While many member states are taking individual steps to prepare for no deal, the European Commission is leading the EU's preparation, particularly in areas related to the Single Market. It began publishing preparedness notices [52] in spring 2018 setting out the implications of a no deal Brexit. These make clear that if the UK leaves with no deal, UK authorisations for goods and services will not be accepted in the Single Market, making it much harder for UK businesses to export to the EU.

The EU has also put in place a series of temporary measures [53] to manage some of the immediate impacts of no deal. These would have covered basic arrangements for flights, financial services and road hauliers but the European Commission reiterated that these would not replicate the conditions of EU membership. The Commission has also stated that it will be "required to immediately apply its rules and tariffs at its borders", though it is not clear how these will apply at the Irish border [54]. Many of the measures were based on the assumption that a no deal exit would take place at the end of March 2019. On 12 June 2019, the European Commission announced [55] that these temporary measures would still be valid if the UK decided to leave the EU on 31 October with no deal, but that there would be no additional measures. It added that some measures, particularly those pertaining to the EU's sanitary and phytosanitary rules, would only come into force on 1 November 2019 if the UK Government can guarantee that it will continue to respect these rules once it has left the EU. It has urged member state governments and businesses to continue with their contingency planning.

The Commission has also conducted a series of seminars [56] with member states, to discuss the implications of no deal on important areas like financial services, citizens' rights and transport. While some of these issues could be resolved bilaterally between the UK and each member state, or unilaterally in the case of citizens' rights, several member states are keen to coordinate their response at an EU level. The Commission's press release says "member states should refrain from bilateral discussions and agreements with the United Kingdom, which would undermine EU unity".

What does the extension of Article 50 mean for no deal planning? [57]

The UK could still leave the EU with no deal on 31 October 2019, if Parliament does not ratify the Withdrawal Agreement and if it does not ask for, or the EU does not agree, a further extension. Member states are therefore continuing to prepare for a no deal Brexit, and encourage their businesses and citizens to do the same.

Further information

Where possible, links to English-language sources have been provided. Given the subject of this explainer however, some links are to non-English language websites.

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Links
[1] https://www.instituteforgovernment.org.uk/explainers/no-deal-brexit-eu-preparations
[2] https://www.instituteforgovernment.org.uk/explainers/no-deal-brexit-preparations
[3] https://www.consilium.europa.eu/en/press/press-releases/2019/04/10/remarks-by-president-donald-tusk-after-the-special-meeting-of-the-european-council-art-50-on-10-april-2019/
[4] http://twitter.com/intent/tweet?text=Which%20EU%20member%20states%20are%20particularly%20exposed%20to%20the%20risks%20of%20no%20deal%3F%0A
[5] https://www.instituteforgovernment.org.uk/explainers/ireland-brexit
[6] https://www.politico.eu/article/leo-varadkar-no-plans-for-hard-border-post-brexit/
[7] https://www.instituteforgovernment.org.uk/blog/eu-brexit-trilemma-what-happens-irish-border-if-there-no-deal
[8] https://www.instituteforgovernment.org.uk/publications/negotiating-brexit-views-eu27
[9] https://www.imdo.ie/Home/site-area/news-events/implications-brexit-use-landbridge
[10] https://www.politico.eu/article/eu-and-dublin-in-intense-talks-on-no-deal-plan-for-irish-border-uk-brexit/
[11] https://www.instituteforgovernment.org.uk/blog/no-deal-plan-irish-border-falls-short
[12] https://www.ft.com/content/9e52fc5e-d931-11e8-ab8e-6be0dcf18713
[13] http://www.senat.fr/leg/tas18-048.html
[14] http://www.lamoncloa.gob.es/brexit/preparacion2/Paginas/04022019_exteriores.aspx
[15] https://www.politico.eu/article/dutch-government-unleashes-the-brexit-muppet/

[16] http://twitter.com/intent/tweet?
text=What%20are%20member%20states%20doing%20to%20prepare%20for%20delays%20at%20their%20ports%20and%20borders%3F
[17] http://www.douane.gouv.fr/articles/a14886-franchissons-le-brexit-ensemble-
[18] https://brexit.gouv.fr/sites/brexit/accueil/la-france-et-l-ue-se-preparent.html
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[20] https://www.theguardian.com/business/2018/sep/22/rotterdam-prepared-for-worst-after-brexit
[21] http://www.lamoncloa.gob.es/brexit/noticias/Paginas/08022019_puestosbrexit.aspx
[22] https://www.portboulognecalais.fr/en/brexit-the-port-of-calais-will-be-ready
[23] https://www.thejournal.ie/dublin-port-hard-brexit-4135665-Jul2018/
[24] https://www.portstrategy.com/news101/world/europe/spaced-out-on-brexit-plans
[25] https://www.dfa.ie/media/dfa/eu/brexit/brexitcontingency/No-Deal-Brexit-Contingency-Action-Plan-December-18.pdf
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text=How%20are%20member%20states%20supporting%20their%20businesses%20to%20prepare%20for%20no%20deal%3F
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[34] http://um.dk/da/Udenrigspolitik/brexit/hvad-betyder-forhandlingerne-for-din-virksomhed/
[35] https://brexit.gouv.fr/sites/brexit/accueil/vous-etes-une-entreprise.html
[36] http://www.douane.gouv.fr/articles/a14966-reunions-douane-entreprises-sur-le-sujet-du-brexit
[37] https://www.gov.pl/web/przedsiebiorczosc-technologia/brexit
[38] https://ec.europa.eu/info/brexit/brexit-preparedness/national-brexit-information-member-states_en
[39] https://intertradeireland.com/brexit/brexit-practical-help/brexit-start-to-plan-vouchers/
[40] https://sbci.gov.ie/brexit-loan-scheme
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text=How%20will%20member%20states%20protect%20the%20rights%20of%20British%20citizens%20living%20in%20the%20EU27%20if%20no%20deal%3F
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[45] https://www.instituteforgovernment.org.uk/explainers/british-citizens-europe-after-brexit
[46] https://www.bmi.bund.de/SharedDocs/faqs/EN/themen/migration/brexit/faqs-brexit.html
[47] https://www.bbc.co.uk/news/uk-politics-44629193
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