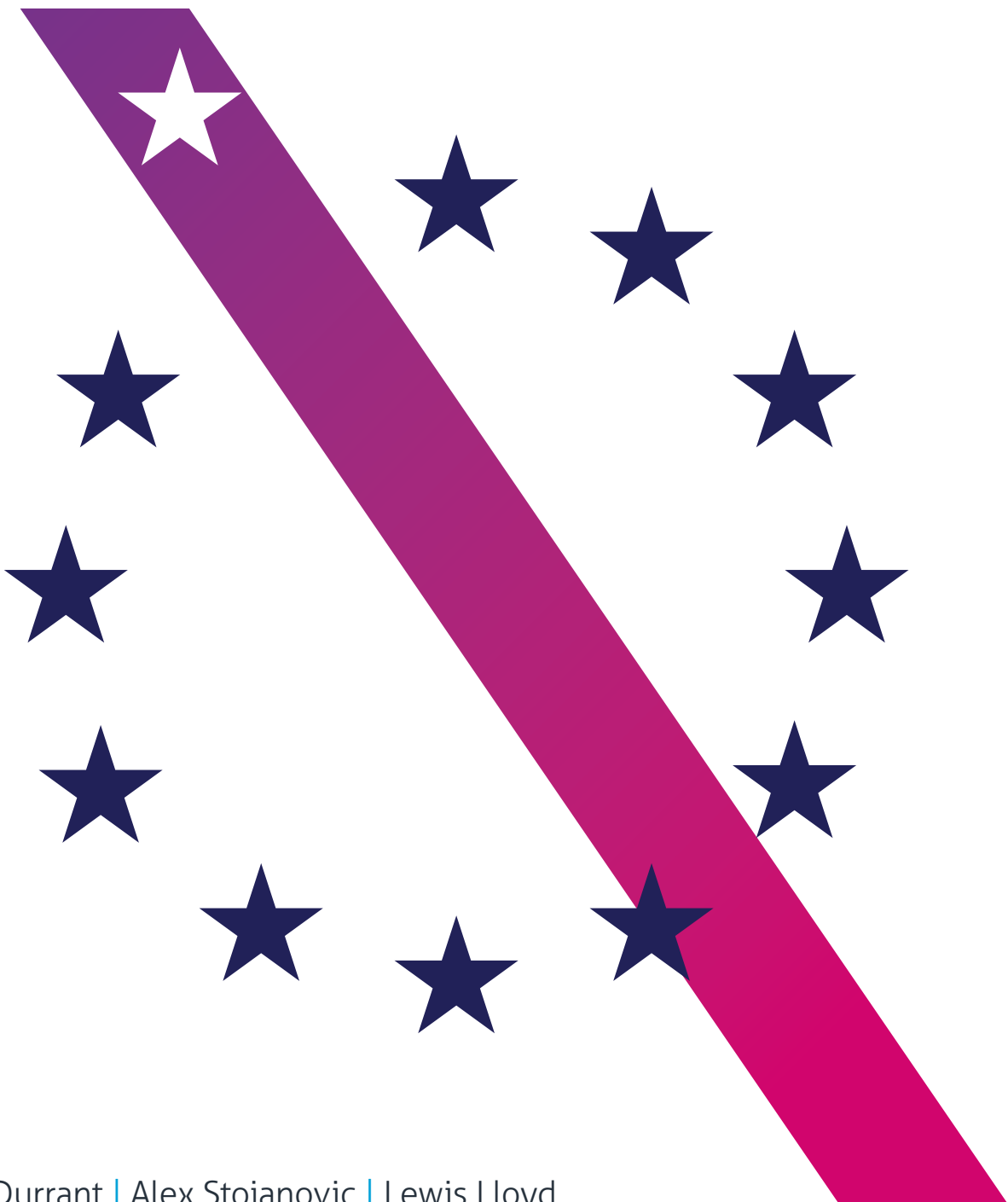


Negotiating Brexit: the views of the EU27



About this paper

This paper looks at the interests of member states in the future relationship between the European Union (EU) and the UK. Using data on trade, migration and public opinion, as well as public statements from governments and others, the paper assesses where member states' interests differ and where they align. The overarching considerations are followed by individual profiles of all 27 member states.

Our Brexit work

Following the UK's vote to leave the EU, the Institute for Government launched a major programme of work looking at the negotiations, the UK's future relationship with the EU and how it governs itself after Brexit. Keep up to date with our comment, explainers and reports, read our media coverage, and find out about our events at:

Find out more

www.instituteforgovernment.org.uk/brexit

Contents

| | |
|---|----|
| List of figures | 2 |
| Summary | 3 |
| 1. The approach to phase two of the Brexit negotiations | 5 |
| 2. What the EU27 are thinking | 8 |
| 3. Conclusions | 21 |
| Member state profiles | 23 |
| Appendix: methodology | 50 |
| References | 52 |

List of figures

| | |
|--|----|
| Figure 1 Member state share of the vote in the European Council (without the UK) | 6 |
| Figure 2 Net trust in the EU by member state | 11 |
| Figure 3 Member state exports to the UK as a percentage of GDP | 13 |
| Figure 4 Member state goods trade balance with the UK as a percentage of GDP | 14 |
| Figure 5 Member state travel services exports to the UK as a percentage of services exports to the UK | 17 |

Summary

The 27 other member states of the European Union (EU) have presented a unified front in the Brexit negotiations so far. That is to be expected: they all share the same interests in the divorce discussion. But their interests in the future relationship between the EU and the UK are not as uniform. As talks move to that future relationship, we assess what their interests are likely to be, and how they will balance these against the other issues – domestic and international – taking up their time.

The UK needs to show that it understands the interests of the EU27 and that it can allay their concerns about what it is proposing. This does not mean that it should try to 'divide and conquer'. This would be counterproductive: the other member states mean it when they say that maintaining the integrity of the EU and its Single Market is their priority. Their unity is unlikely to crumble. But by recognising the interests of the member states, the UK can strengthen its relationship with its potential allies in the EU27 to build the special relationship it hopes for.

This paper looks at how member states are approaching the negotiations on the future relationship between the EU and the UK. We identify the key interests of each member state in the future relationship, based on trade, migration and other data.

We have supplemented this with information gleaned from discussions with embassy representatives and national commentators, as well as public comments from member state governments, EU institutions and other relevant parties. The overarching considerations are followed by individual profiles of all 27 member states.

Our key findings are as follows.

The EU27 have many things aside from Brexit to worry about

From the next EU budget negotiations to Emmanuel Macron's proposals for reforms to the way Russian aggression in Eastern Europe is dealt with, there are many things unrelated to Brexit that are taking up member states' time.

Member states' approach to Brexit will be affected by their domestic politics

Many member states face Eurosceptic opposition at home. To tackle this, they need to show that leaving the EU leaves the UK worse off than being a member state. Many member states, particularly Ireland and Spain, also have specific objectives for their relationship with the UK that they will seek to further through the Brexit negotiations.

Most member states will support a close trading relationship – but not at any price

The UK is in the top 10 export markets for all member states apart from Slovenia. Member states are agreed that free trade in goods should continue, although agriculture and fisheries are likely to be as controversial as ever. Some member states hope to attract services firms away from the UK. And most member states want ongoing access to the UK's labour market for their nationals.

However, all are clear that the integrity of the Single Market is their priority – so if the UK wants a privileged relationship with that market, it will have to abide by many of its rules.

Security matters to all of the EU27

The UK is an important military and security partner for many member states. All want the current levels of co-operation to continue – and the UK has made an unconditional commitment to this.

Different groups of member states are likely to take different approaches

- Driven by France and Germany, the member states who support greater EU integration will prioritise the stability and unity of the EU27, even in the face of economic costs. This group is weakened by the recent Italian election, which returned a Eurosceptic Parliament in Rome, but is still likely to set the overall approach for the EU.
- Traditional allies, including the Netherlands, the Scandinavian member states, Ireland and the Baltics, will want a close relationship with the UK but may be unwilling to diverge from the harder line pushed by France and Germany. A number of these governments also face their own internal Eurosceptic oppositions – they need to show that leaving the EU is not a solution to their concerns.
- Eastern member states, particularly the so-called Visegrád Four (the Czech Republic, Hungary, Poland and Slovakia), will want to maintain the possibility of their citizens coming to work in the UK. And they will support a close relationship with the UK on trade and security. However, they will also be considering how far they want to diverge from the French and German position, given their aim of getting a good deal on the next EU budget.

1. The approach to phase two of the Brexit negotiations

Unity will be tested in phase two

In the first phase of the Brexit negotiations, the interests of the EU27 member states were closely aligned. They all wanted to protect the legal status of their citizens living in the UK. They were united in wanting to avoid a hole in the EU's budget, which would have required spending cuts or greater contributions from their taxpayers. And thanks to a careful diplomatic effort, Ireland ensured that avoiding a hard border with Northern Ireland was a phase one issue, one on which the other member states stood firmly with them.


That does not mean that member states did not seek to further their own objectives in phase one. Ireland was singled out as an EU priority, but Spain also secured a de facto veto over the agreement because of its possible impact on Gibraltar.¹ France and Poland pushed for a higher 'exit bill' by demanding that the UK continues to contribute to agricultural subsidies (which were eventually wrapped up into the agreement on payments during the transition period).²

As negotiations move from the UK's withdrawal from the EU to the framework for the future relationship between the UK and the EU, the differing interests of member states are likely to come to the fore. These interests will inform the next negotiating mandate for the European Commission, which member states are planning to agree at the European Council meeting in March 2018. The EU will be balancing different member states' priorities in this mandate, making for a more complex negotiating position. EU leaders are clearly aware of the risk to the unity of the EU27; European Commission President Jean-Claude Juncker has warned that this unity will be 'more difficult to maintain' in the next phase.³

The UK needs to avoid accusations that it is trying to 'divide and conquer'

The UK should ensure that its negotiating approach takes these interests into account. But it needs to tread carefully. Many on the Continent saw a flurry of ministerial visits to European capitals in the autumn of 2017 as an attempt to go behind the back of the European Commission and try to 'divide and conquer' the EU27 to achieve a breakthrough on phase one issues.⁵ It would be damaging for the UK if this perception persisted into phase two.

While the European Commission will conduct the negotiations, getting the member states on side is essential to securing the future relationship that the UK wants. The eventual deal will need to be approved in the European Council, probably on a unanimous basis given the broad deal the UK is seeking. Even a more limited deal would have to be agreed by a reinforced qualified majority, meaning at least 20

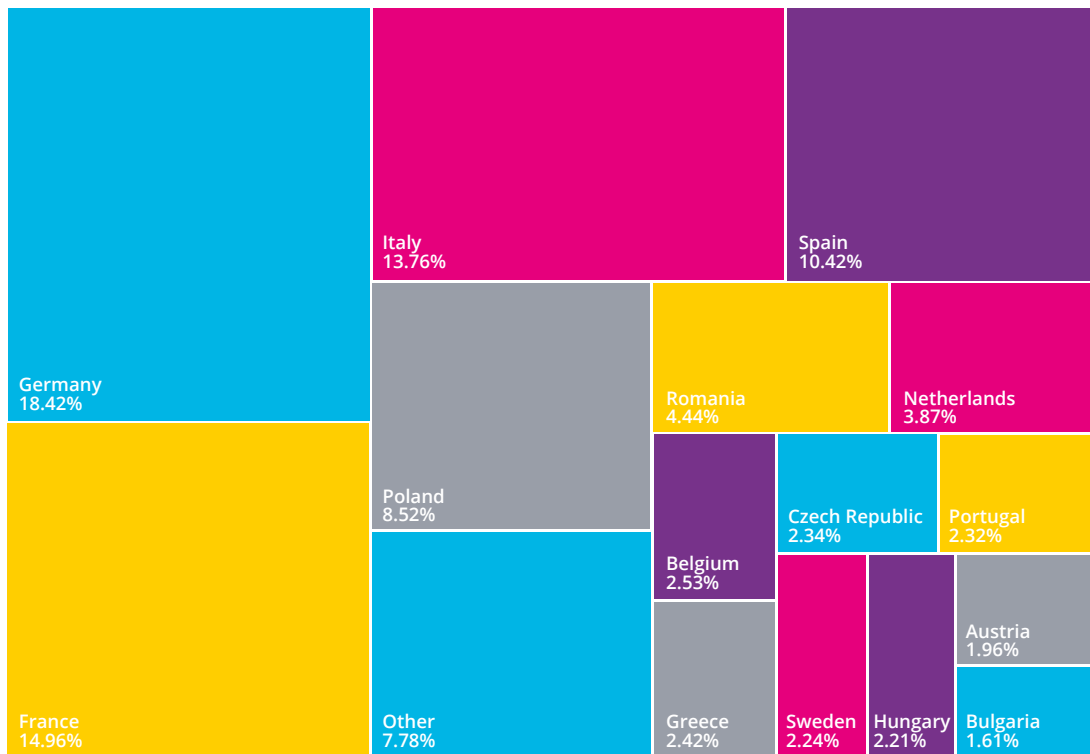
 If we [negotiate as individual countries], it is probable that collectively we will create a situation which is unfavourable

Emmanuel Macron, French President, January 2018⁴



member states representing at least 65% of the population of the EU27 (in practice, member states tend to agree by consensus rather than a vote). As Figure 1 shows, the UK will need support from a wide coalition of member states to achieve this majority.⁶

Figure 1: Member state share of the vote in the European Council (without the UK)



Other: Denmark 1.28%; Finland 1.23%; Slovakia 1.21%; Ireland 1.05%; Croatia 0.74%; Lithuania 0.65%; Slovenia 0.46%; Latvia 0.44%; Estonia 0.30%; Cyprus 0.19%; Luxembourg 0.13%; Malta 0.10%

Source: European Council Voting Calculator

Before the European Council can approve the deal, it will need the consent of the European Parliament.⁷ While Members of the European Parliament (MEPs) are elected as representatives of their home country, they sit in cross-European political groupings in the Parliament and are more likely to co-ordinate their approach through these groupings than as national blocs. The next European election will take place in May 2019, after the UK has left the EU; the EU is currently deciding how to allocate the UK's 73 seats.⁸ The MEPs a country elects may not reflect the composition of its national government. Predicting the approach of the European Parliament at the end of the negotiations on the future UK–EU relationship is therefore difficult, but the UK needs to take its role in approving the deal seriously.



Once the agreement has been approved by the European Council and the European Parliament, it will also need to be ratified by each member state parliament. As the negotiations on the EU trade deal with Canada showed, domestic parliaments can hold up ratification of the whole deal.⁹ The UK therefore needs to be aware of the political situation in each member state as well as in the EU as a whole.

The UK needs internal advocates for the arrangement it wants

Our discussions showed that the UK is well liked and well respected in Europe. The UK's 'soft power' is a considerable asset, with a strong interest across the Continent in

British culture, sports teams and of course the English language. The strength of the UK's universities is also a draw for many: in 2015–16, more than 10,000 students from each of France, Germany, Italy and Ireland were studying in the UK.¹⁰

Brexit is a cause of regret for many member states. Mark Rutte, Prime Minister of the Netherlands, has been particularly outspoken in expressing his regret, saying he 'hate[s] Brexit from every angle'.¹¹ At the same time, he has been clear that he does not want Brexit to harm the relationship between the UK and the Netherlands.

 **the UK and the Netherlands are good friends and key partners**
Mark Rutte, Dutch Prime Minister, February 2018¹² 

Hungary, Poland and other Eastern European member states share the UK's scepticism about closer political integration within the EU. They will want to maintain a close relationship with the UK. For many member states, the UK is an important trade and security partner: it is in the top 10 largest export markets for every member state apart from Slovenia, and contributes intelligence, resources and people to numerous bilateral and EU-wide security programmes.

 **we want a fair Brexit and the broadest and most inclusive agreement on future cooperation possible**
Péter Szijjártó, Hungarian Foreign Minister, October 2017¹³ 

The UK needs to leverage this support by finding internal advocates for the sort of arrangement it would like to see. Various UK ministers have made concerted efforts to build relationships with governments across the EU. But to maintain and bolster this goodwill, the UK needs to make a concrete proposal for the future relationship that recognises the interests of both the individual member states and the EU as an institutional whole.

Some statements by UK ministers, such as David Davis's remark that the EU should not put politics above prosperity,¹⁴ suggest that the UK does not understand the EU's concerns about the threat that Brexit is seen to pose to the rules and institutions of the EU. Building this understanding, while also appreciating the interests of individual member states, is crucial if the UK is to achieve its goals for the future relationship. At the same time, the UK needs to recognise that the EU27 have many other pressing issues to deal with and will need to start adapting to the power dynamics of an EU without the UK.

2. What the EU27 are thinking

Brexit is only one of many issues facing member states

Brexit is not at the top of the to-do list for most member states. The EU is facing internal and external challenges, many of which are, in member states' view, bigger and more difficult than Brexit. These problems will be taking up governments' time and energy, reducing the amount of attention they can dedicate to the UK.

The EU27 are facing several difficult internal debates

Developments in Budapest and Warsaw

Internally, the EU is divided over how to respond to changes made to the rule of law and democratic processes in Hungary and Poland. In December 2017, the European Commission recommended that the European Council begins the 'Article 7' process for Warsaw.¹ Ultimately this could lead to the suspension of Poland's EU voting rights and to EU funds being withheld from Polish projects.

Migration

Member states also disagree on how Europe should engage with the rest of the world. High levels of migration from Africa and the Middle East continue, raising difficulties for Eastern and Southern member states dealing with the influx. Alexis Tsipras, the Prime Minister of Greece, said in November 2017 that 'our islands have taken the weight of all of Europe'.² His Hungarian counterpart, Viktor Orbán, has taken a stronger line, rejecting participation in EU-wide schemes to manage migration and saying that 'Europe is being overrun'.³

Budget negotiations

A more routine, but still fraught, issue that the EU faces is the negotiations over its next budget period (2021–27). As the UK will no longer be paying in to the budget, the EU needs to decide whether to ask the member states to pay more or receive less. This debate is likely to expose rifts between the EU27.

Austria, Denmark, the Netherlands and Sweden do not want to increase their contributions to cover the shortfall from the UK's absence.⁴ But net recipient member states will resist moves to reduce EU spending, which constitutes a significant proportion of their economy: in 2015, the European Commission estimated that EU spending accounted for 6.4% of Gross National Income in Bulgaria and 5.2% in Hungary.⁵

EU Budget Commissioner Günther Oettinger has already signalled that while there will have to be cuts, he intends to protect spending on research and Erasmus+, the university exchange scheme. He also wants to increase spending on security and military programmes.⁶ These are all areas in which the UK has suggested it wants to continue working with the EU.⁷ If the UK were willing to pay into these programmes, that could ease some of the difficulties for the EU.

But more important to the recipient member states will be the willingness of France and Germany to support EU programmes. They have both signalled that they will be willing to increase funding, albeit potentially subject to member states meeting certain conditions around respecting 'the EU's fundamental values',⁸ including around the rule of law and potentially their attitude to an EU-wide approach to managing migration. The coincidence of the budget negotiations and the UK exit talks means that some member states that would normally be more supportive of the UK may be reluctant to stand up to France and Germany, which they need to underwrite future funding.

Macron's reform agenda

The French President Emmanuel Macron has set out his ambition for big changes to the EU.⁹ His vision for the future of Europe includes new structures for eurozone governance, closer working on defence and security and greater collaboration to tackle climate change. But key member states, and some of the institutions, are sceptical about his proposals. Mark Rutte, Prime Minister of the Netherlands, said in March 2018 that the future of Europe 'is not only about Merkel and Macron'.¹⁰ Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden have set out their reservations about Macron's proposed reforms to eurozone management.¹¹ This is likely to be a key area of disagreement between member states over the coming months.

The EU27 are also facing external challenges

Uncertainty over Russian and American attitudes

Many member states are worried about an increasingly aggressive Russia and the uncertainties over the commitment of the United States (US) to the North Atlantic Treaty Organization (NATO). The EU is trying to strengthen military co-operation in response. In 2017 it started building Permanent Structured Cooperation (PESCO), which seeks 'to jointly develop defence capabilities and make them available for EU military operations'.¹² Denmark, Malta and the UK were the only member states to opt out of PESCO.

As well as developing a new approach to the EU's security, the member states and the European Commission are pushing back against US protectionism. There were already signs of tension over the Bombardier case,¹³ but President Trump's announcement of the unilateral imposition of tariffs on steel and aluminium imports (and his hostility to the rules of the World Trade Organization (WTO)) has led the EU to threaten retaliatory action.¹⁴

The EU's relationships with its other neighbours

Many non-EU countries that border the bloc have special arrangements with Brussels, from the European Economic Area states (Iceland, Liechtenstein and Norway), to Switzerland and Turkey. These countries will be watching negotiations closely to see whether the UK secures a deal that is preferential to their own. If the future relationship between the UK and the EU leads Ankara, Bern or Oslo to ask for changes, that will create further headaches for EU leaders.

Member states' domestic politics will affect their approach to Brexit

Governments also have things to worry about at home

Parliamentary elections are scheduled in five member states (Hungary, Slovenia, Sweden, Latvia and Luxembourg) between April and October 2018. Their governments will be focusing on their election campaigns, in the very period when the UK and the EU hope the bulk of the negotiations on the framework for the future relationship will take place.

Beyond elections, member state governments have other things to concern them. While Spanish Prime Minister Mariano Rajoy has been clear that 'Britain can count on my country's loyal friendship',¹⁵ his government is grappling with an ongoing constitutional stalemate in Catalonia. Robert Fico, Prime Minister of Slovakia, resigned in March 2018 following the murder of a Slovak journalist and his partner.¹⁶ His Slovenian counterpart, Miro Cerar, also stepped down in March 2018 following a Supreme Court ruling against a referendum on a flagship government infrastructure project.¹⁷

And in Ireland – the EU27 member state most at risk from a bad Brexit deal – the current 'confidence and supply' arrangement propping up Leo Varadkar's government is due for review at the end of 2018,¹⁸ meaning that an early election could be on the cards.

Individual governments may be split on their approach to Brexit

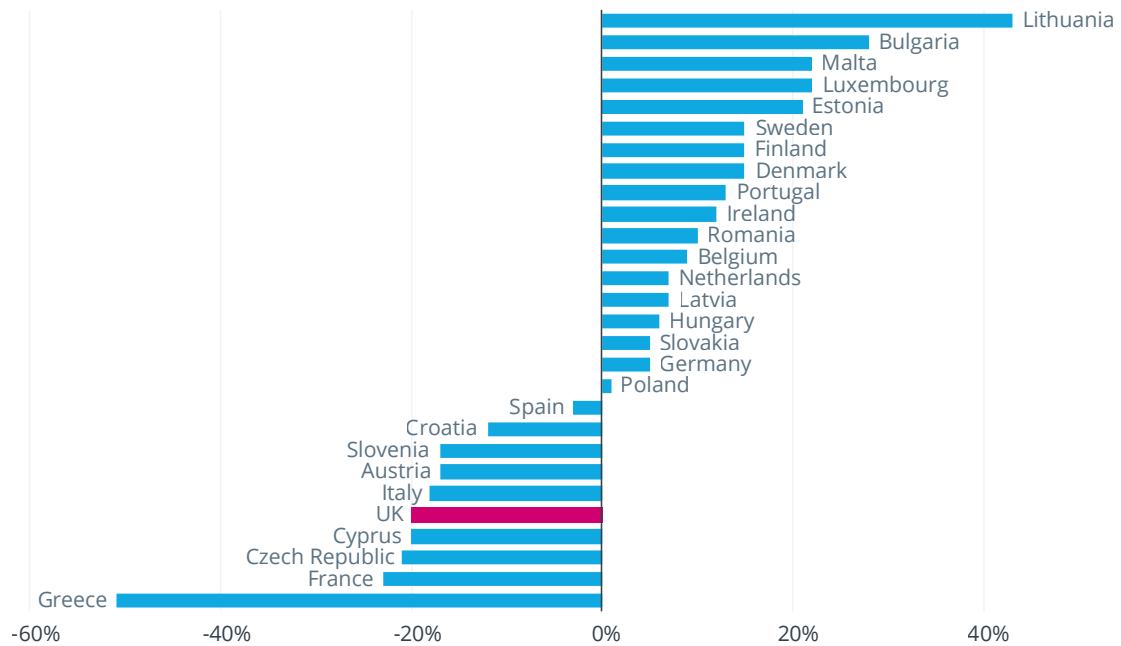
Of course, there is no guarantee that any one member state government, many of which are coalitions, will have an entirely consistent view of what the future relationship between the EU and the UK should look like. Different ministers and ministries may take different approaches and have different roles in preparing member states' views.

For example, in Germany, Brexit preparations are being led by the Chancellery. While Angela Merkel will have one eye on the economic impact of the deal with the UK, her priority will be to ensure that the unity of the EU27 is not disrupted. Her reported frustration at the UK's indecision on what it wants from the future relationship will make it harder for the UK to win the argument for a special deal. In many countries, including France and Greece,¹⁹ preparations are being led by the Ministry of Foreign Affairs, which will not place the same priority on close economic ties with the UK as the Ministry of Finance might.

Support for the EU varies significantly between member states

There are varying levels of support for EU institutions across its member states. Figure 2 shows the results of a November 2017 report from the European Commission,²⁰ which found that in 10 member states, including founding members France and Italy, more people did not trust the EU than did. The lowest score was in Greece, with a net trust of -51%.

Figure 2: Net trust in the EU by member state



Source: Institute for Government analysis of Eurobarometer, November 2017

In some countries, that distrust translates into the presence of Eurosceptic parties. Only in Austria is an explicitly Eurosceptic party currently in government – but the political impact is felt in many others. The right-wing, anti-EU Alternative für Deutschland is, following the formation of the Grand Coalition in March, the official opposition party in Germany, having secured over 12% of the votes in the September 2017 elections. In the polls it is now running neck and neck with the Social Democrats. In the Netherlands, Geert Wilders’ anti-EU Freedom Party secured over 13% of the votes in the March 2017 election, the second-largest share. And in France, the Eurosceptic Marine Le Pen achieved 34% of the vote in the second round of the 2017 presidential election.

Some member states want to use Brexit to deter Euroscepticism

Brexit already appears to have had a deterrent effect on exit-sentiment in a number of EU27 member states. According to a poll conducted shortly after the UK’s referendum on membership of the EU, Danish support for ongoing EU membership rose by 10%, to 69%.²¹ But many governments will be determined to reinforce that effect by ensuring that the UK has a visibly worse deal than it had as an EU member. A sense that the UK has been allowed to dip into the cherry bowl could re-ignite dissatisfaction – and member states such as Denmark and the Netherlands, which would normally be sympathetic to a good outcome for the UK, will want to avoid potential domestic repercussions.

More Eurosceptic governments may diverge from the Franco-German line

Alternatively, Eurosceptic governments may support the UK in its ambition to get a special deal, to shore up their political support. In the Italian elections in March 2018, avowedly Eurosceptic parties, including the Five Star Movement and La Lega, achieved over 50% of the vote. At least one of these is likely to be a big player in the next government.

I very much hope that it will be possible [for the UK] to maintain completely open trade with the EU without any penalties

Matteo Salvini, leader of Italy's La Lega, March 2018²²

These parties are likely to support the UK getting a close deal with the EU to show that leaving is not as problematic as some in the EU have threatened. Whether support from this quarter ultimately proves helpful to the UK's cause remains to be seen.

Some member states have specific objectives for the future EU–UK relationship

Spain sees the Brexit negotiations as an opportunity to increase its control over Gibraltar.

The European Council's guidelines of April 2017²³ set out that Madrid must approve whether any deal with the UK can also apply to Gibraltar. As the UK wants its final deal with the EU to apply to Gibraltar too, this gives Spain a de facto veto over the entire future relationship. The Spanish government has suggested a bilateral deal between London and Madrid to manage Gibraltar's airport and increase cross-border co-operation to tackle tax fraud and tobacco smuggling.²⁴ This would go much further than current arrangements but not as far as full sovereignty. If Madrid wants to push for this it could hold up the whole agreement on the future relationship.

Closer to home, the Irish economy is particularly at risk – and the other member states want to help. The border between Ireland and Northern Ireland was a key issue in the first phase of the Brexit negotiations. But the detail of how a hard border will be avoided has yet to be worked out. Given the close economic and cultural links between Ireland and the UK, the government in Dublin has been clear that it wants a close

as Ireland we want that [relationship] to be as close as possible

Leo Varadkar, Irish Prime Minister, January 2018²⁶

relationship between the UK and the EU. It has published analysis showing that Brexit is likely to reduce Irish Gross Domestic Product (GDP) by between 2.8% and 7% by 2030, compared with if the UK stayed in the EU.²⁵

But the impact of Brexit on Ireland is not just a concern for Dublin. Our research has indicated that many member states, small and large, are determined to protect Ireland, as a remaining

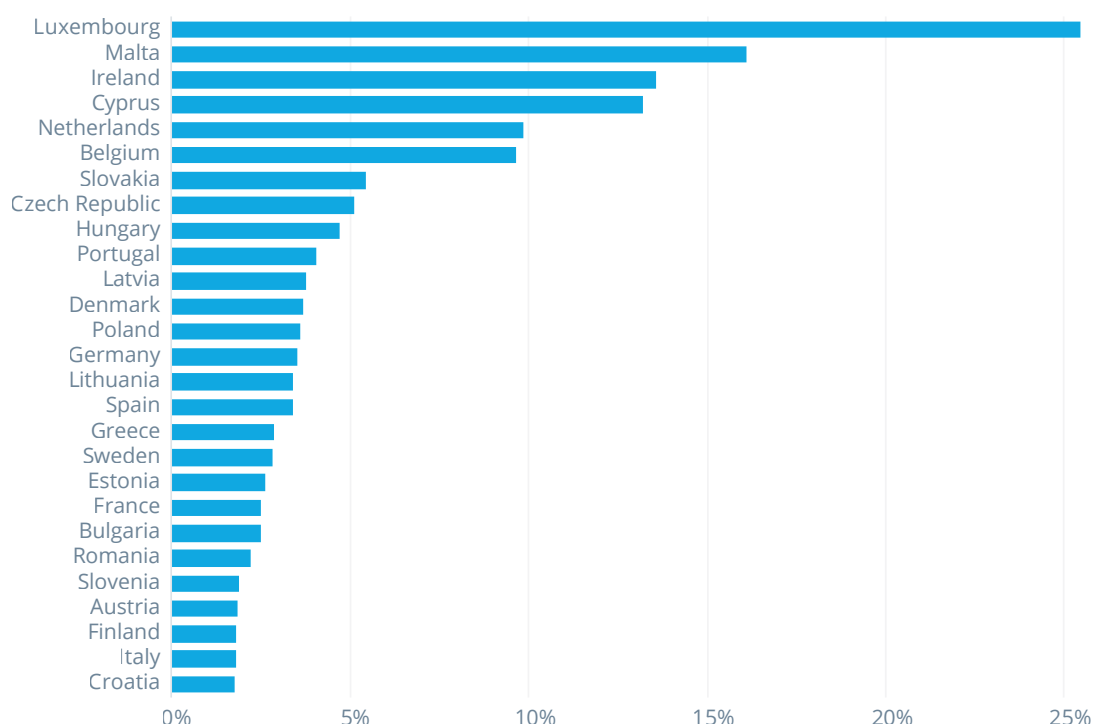
member state, against the UK's decision to leave the EU. So far, this solidarity has shown no signs of wavering. Donald Tusk said, when discussing the draft European Council guidelines in March 2018, that the EU will be taking an 'Ireland first'²⁷ approach to negotiations on the future relationship between the EU and the UK. If the UK can show that it understands Ireland's position and that it does not want to harm its neighbour's economy, it will generate goodwill with its negotiating partners.

But these concerns do not capture member states' full interests in the future relationship. Many have close economic and security links with the UK that have built up over decades (if not centuries). In the following sections we analyse these interests in more detail and look at what the UK needs to know to build support for its proposals among the member states.

Most member states will want continued free trade in goods – as long as the UK maintains a level playing field

Trade with the UK matters to all of the EU27 member states, with a significant proportion of their GDP generated by exports to the UK. The UK is one of the biggest 10 export markets for every member state apart from Slovenia. For some, trade with the UK represents a very high proportion of their GDP: as Figure 3 shows, Luxembourg tops the list at over 25%, but Malta, Ireland, Cyprus, the Netherlands and Belgium are all very exposed, with around 10% or more of their GDP generated by exports to the UK. Unfortunately for the UK, those are also some of the smallest EU member states, together accounting for only 7.9% of votes in the Council of the EU.²⁸

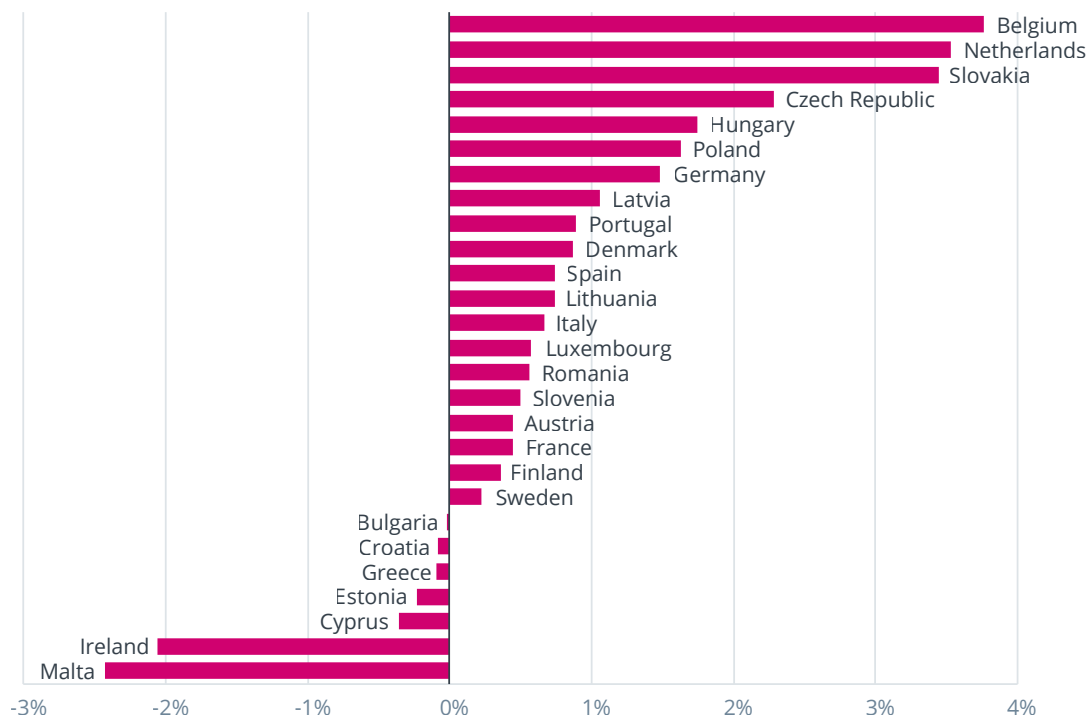
Figure 3: Member state exports to the UK as a percentage of GDP



Source: Institute for Government analysis of Eurostat 2016 trade and GDP statistics

Twenty of the EU27 member states have a surplus in goods trade with the UK. As Figure 4 shows, for some member states, particularly those close to the UK such as Belgium and the Netherlands, as well as some of the Central and Eastern member states including the Czech Republic and Slovakia, this surplus represents a substantial proportion of their GDP.

Figure 4: Member state goods trade balance with the UK as a percentage of GDP



Source: Institute for Government analysis of Eurostat 2016 trade and GDP statistics

Even for larger countries such as Germany and Poland, the goods surplus they run with the UK still makes a significant contribution to their economies. Looking at a specific sector, vehicles are a key export industry for many of the EU27. Germany exported

The UK is a very important trade partner for Poland

Mateusz Morawiecki, Polish Prime Minister, December 2017³⁰

approximately €27 billion worth of vehicles to the UK in 2016; Spain exported around €6 billion worth of vehicles; and the Czech Republic exported around €2 billion worth of vehicles.²⁹

These member states should want to maintain free trade in goods to protect their trade surplus.

At the same time, all member states import goods from the UK. Producers in member states are keen to ensure that they are not undercut by UK competitors. Indeed, a recurring concern in our conversations for this paper was that the UK would seek to gain competitive advantage by maintaining free trade while rowing back from EU rules.

Member states will also want the UK to continue to meet EU goods standards so that they can continue to use UK-made components in their manufacturing processes. As Prime Minister Theresa May has pointed out,³¹ many companies operating in the UK and the EU27 have integrated supply chains that cross EU borders several times. On the other hand, some member states may hope to benefit from additional investment if trade with the UK becomes too onerous for just-in-time supply chains and production relocates inside the Single Market.

Producer power may influence the outcome on agriculture and fisheries – against the UK’s interests

While the UK runs a deficit with most of the EU27 across all categories of goods, this is particularly significant for agricultural produce. In 2016, the Netherlands ran a surplus in agricultural and fisheries goods with the UK of more than €6 billion; Germany’s surplus with the UK was more than €3 billion; and Italy, France, Spain and Belgium each had a surplus of over €2 billion.³²

Member states will want to preserve their trade surpluses. The draft European Council guidelines for the future relationship between the EU and the UK suggested tariff-free trade in all goods, including agriculture.³³ Farming lobbies in the member states are good at mobilising and likely to feel under a degree of pressure if the new Common Agricultural Policy (CAP) regime results in a lower subsidy, with cuts of 15–20% currently under discussion. However, there is a concern in some EU countries that the UK will seek to undercut EU competitors by reducing agricultural standards or that the UK will cut trade deals with other countries and flood their markets with cheaper lamb and beef. The powerful Danish pork producer lobby are concerned about being undercut by UK competitors, while President Macron has flatly rejected any reduction of French agricultural standards.³⁴

Fishing is likely to be another flashpoint. The UK has made it clear that it wants to leave the Common Fisheries Policy (CFP). But many EU fishing fleets prize their current access to UK waters. The draft European Council guidelines state that they want tariff-free trade in agricultural goods and fish to be accompanied by full access to UK waters.³⁵ The University of the Highlands and Islands³⁶ examined the proportion of fish caught by member states’ fishing fleets in UK waters between 2012 and 2014. Belgium was the most dependent on UK waters, with 45% of the fish caught by Belgian boats caught in the UK exclusive economic zone. The Netherlands was second, with 39%; then Ireland, with 35%; Denmark, with 34%; Germany, with 31%; France, with 17%; and Sweden, with 15%.

Fishing was one of the most controversial issues in the UK referendum campaign and it is a similarly sensitive issue in other member states. Relevant governments will want to ensure that the UK remains close to EU fisheries policy.

Services will be a more contentious area

The UK has a clear interest in maintaining services trade with the EU. According to Eurostat data,³⁷ 18 member states, including France and Poland, ran a deficit with the UK in insurance and pension services in 2016; 11 member states, including Luxembourg and the Netherlands, ran a deficit in other financial services; and 14 member states, including Ireland and Italy, ran a deficit in other business services, which includes accountancy, legal services and consulting.

Some member states see an opportunity to take business away from the UK

Some member states are keen to use Brexit to attract some of these businesses away from the UK. The Paris regional government launched the ‘Choose Paris Region’³⁸ campaign shortly after the UK’s referendum, making no secret of the fact that it hopes to attract financial services firms away from London. Less conspicuously perhaps,

In light of the forthcoming departure of the UK from the EU, we want to make Germany a more attractive location for financial institutions

German Coalition Agreement, February 2018³⁹

Amsterdam, Dublin, Frankfurt and Madrid, among others, have been making the case to host financial and other professional services firms. The new German Coalition Agreement makes only two substantive references to Brexit – one on fishing and one about the opportunity to attract financial services business from the UK.

But the EU relies on UK firms and expertise

The UK's relative advantage in financial and other business services has been built up over many years and the EU will struggle to replicate it quickly. The City of London is the most sophisticated financial centre in the EU. As Chancellor Philip Hammond has pointed out, the UK's financial services sector provides 78% of foreign exchange trading for the EU and 74% of European interest-rate derivatives trading takes place in the UK.⁴⁰ As a recent German report noted, 'German companies could face restrictions on access to potentially important financial services' as a result of Brexit.⁴¹ However, it also noted that 'this may only become relevant in highly specialised areas'.

According to Eurostat data, in 2016 Luxembourg had the highest demand for UK financial services (not including insurance and pensions), importing more than €7.7 billion worth, Germany was second, with €2.3 billion, and France and the Netherlands next, with €1.3 billion and €1 billion respectively.⁴² If key market infrastructure, such as clearing houses, were to be split up across Europe, 'the costs for all financial market participants will soar'.⁴³

We want a co-operative approach with London as a financial centre

Pierre Gramegna, Luxembourg Finance Minister, October 2017⁴⁴

On top of the importance of the UK's capital markets, the UK's financial regulators are some of the most experienced in Europe. Few other

member states' regulators have the same expertise in supervising large, complex institutions like those that operate out of the City of London. If international financial firms did relocate from the UK to other member states, building their regulatory and supervisory capacity would be a key challenge.

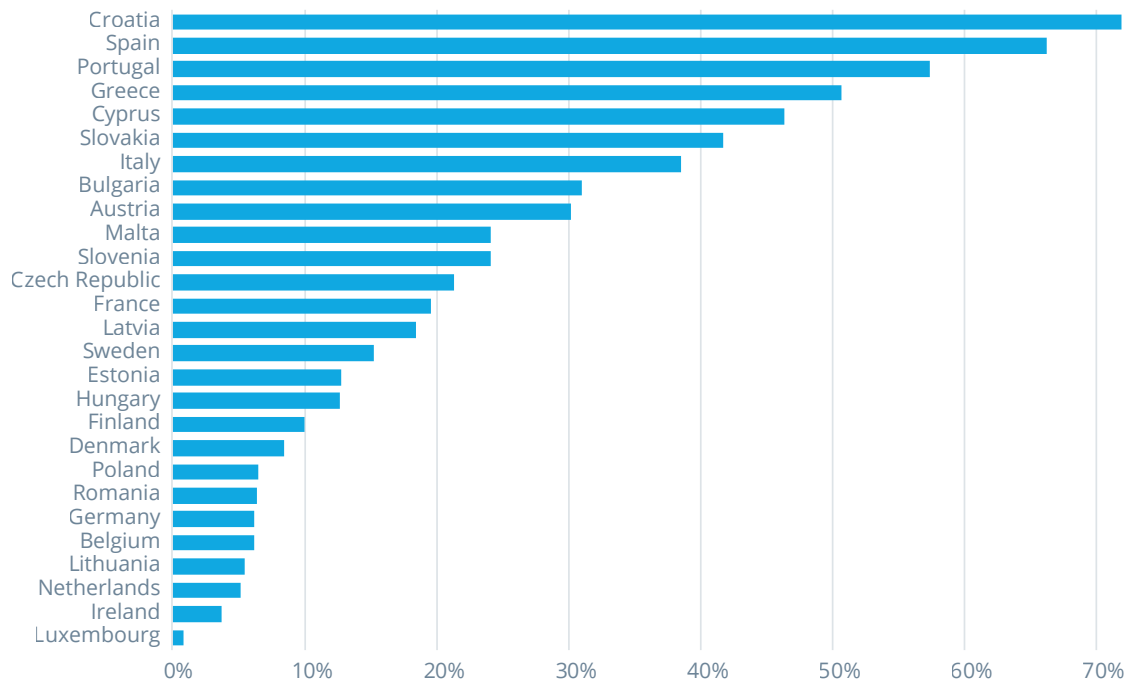
Tourism is a key sector for certain member states – but this does not need a trade agreement to continue

According to Eurostat data,⁴⁵ many EU member states run an overall surplus in services trade with the UK. But for some this is because visits by British holidaymakers to EU countries are counted as 'travel services' exports from those countries, giving the appearance of a surplus.

Figure 5 shows the proportion of services exports to the UK made up of travel services. For many Mediterranean countries, particularly Croatia, Spain, Portugal and Greece, tourism makes up the bulk. The willingness of UK citizens to continue to travel will depend on there being a deal on aviation which ensures that cheap flights continue

and on the absence of onerous border checks. However, these arrangements do not depend on the terms of any free trade agreement. So while those countries will be keen not to deter UK visitors, this will not necessarily translate into support for a favourable deal on services.

Figure 5: Member state travel services exports to the UK as a percentage of services exports to the UK



Source: Institute for Government analysis of Eurostat 2016 trade statistics

Most member states, particularly those in the East, support continued free movement of people

For many member states, the freedom of movement of people between EU member states is a key benefit of EU membership, and they see it as a different issue from immigration from outside the EU. For some of the poorer Eastern member states, remittances from their citizens working in the wealthier Western states, including the UK, are a key source of income.

Croatia, the country that joined the EU most recently, is still subject to transitional controls, meaning that its citizens cannot yet exercise their full free movement rights in the UK. The government in Zagreb is keen to ensure that its citizens can move to the UK, so is likely to hold the UK to free movement for as long as possible.⁴⁶

The member state government that most shares the UK’s scepticism over the freedom of movement is Austria, led by a coalition including the Eurosceptic Freedom Party. However, Vienna will take over the EU’s presidency in July 2018, which means that Austria is likely to take a more neutral position as the UK concludes its negotiations on the framework for the future relationship between the EU and the UK. Other member states have had a consistent position that the UK cannot enjoy privileged levels of Single Market access, particularly for services, without accepting the freedom of movement.

Member state governments and business lobbies are united in their view that the integrity of the Single Market is the priority

The UK Government has argued that business organisations in the EU will put pressure on their governments to prioritise the economy and to do a deal that allows trade with the UK to flow as freely as now. So far there is little sign of that assumption crystallising. The President of MEDEF, the French equivalent of the Confederation of British Industry, has said that 'the idea is not to be particularly hard on our British partners... [but] when you pull out of the game, you cannot continue to enjoy its benefits'.⁴⁷

MEDEF's German counterpart, the BDI, which has established 10 project groups looking at different issues affected by Brexit, has called for 'a deep and comprehensive partnership, investment and trade agreement'⁴⁸ between the EU and the UK. Three previous BDI presidents, including current MEP Hans-Olaf Henkel, have called for the UK to reverse Brexit.⁴⁹ But there have not as yet been moves to push for a special deal for the UK. The BDI has been clear that its priority for the negotiations is to strengthen 'the cohesion of the remaining 27 EU member states'.⁵⁰

The Single Market matters more than the UK market to EU27 governments and businesses

While in theory it is in the interests of all of the EU27 and the UK to maintain free-flowing trade in goods and services, many member states are concerned that the UK will seek to undermine EU standards to gain a competitive advantage. For both businesses and politicians, ensuring that the UK's access to the Single Market is tied to its continued adherence to the rules of the market is key.

A recent assessment by the Swedish Board of Trade⁵¹ recommended 'that Sweden push for a far-reaching horizontal agreement, binding the UK as close as possible to EU law' in order to maintain free-flowing trade in goods and services between the two countries. Our research indicated that member state governments are concerned that a deal that allows preferential UK access to the Single Market without ongoing compliance with the rules will threaten the integrity of that market, which is much more important to them than trade with the UK.

The Single Market is one of the major assets of the EU... The cohesion of the 27 EU Member States has highest priority

Ingo Kramer, President of the confederation of German employers' associations (BDA), July 2017⁵²

For example, the UK was Germany's third biggest export market in 2016, the destination for just under 8% of German exports. However, six of Germany's top 10 export markets – the destination for approximately 31% of its exports – are other EU member states. This is true even for those member states with whom the UK has extremely close economic and historic relationships. In 2016, the UK was Malta's biggest export market, the destination for over 18% of its exports, but there are another six EU member states in its top 10 export markets, which together are the destination for over 34% of its exports.

The draft European Council guidelines⁵³ for the future framework stressed the importance of avoiding 'cherry-picking' on the part of the UK, which 'would undermine the integrity and proper functioning of the Single Market'. The guidelines also set out that the new relationship between the EU and the UK will require 'checks and controls to uphold the integrity of the EU Single Market'. They recognised that these 'will have negative economic consequences' but that the integrity of the Single Market takes priority.

The EU27 want to continue security co-operation with the UK


Currently, the UK works with member states on both internal security, tackling crime and terrorism, and external security, defending EU countries from outside threats. Prime Minister Theresa May has been clear that she wants the UK to be able to continue to participate in EU security programmes and missions where these make sense for the UK.⁵⁴

The UK's current security co-operation with certain member states is extensive. There are 150 British troops stationed in Poland as part of a NATO deployment in Eastern Europe.⁵⁵ And the British and Polish Defence and Foreign Ministers meet regularly for 'Quadriga' discussions on increasing security and military ties between the two countries.⁵⁶

France, as the only other nuclear-armed European state, is a key partner, as was underlined at the 35th UK–France summit held in January 2018. The communiqué for the summit set out that the UK and France 'will increase our shared security, finding shared solutions to build a brighter shared future for all our citizens'.⁵⁷

The UK also contributes significantly to EU-wide security programmes. In 2016, it extradited 1,431 individuals to other member states through the European Arrest Warrant scheme, while the EU27 combined extradited just 156 individuals to the UK. Of the 1,431 extraditions from the UK, nearly half – 646 – were to Poland.⁵⁸

There is therefore a clear benefit to many member states of maintaining current levels of co-operation, whether bilaterally or through EU mechanisms. In February 2018, the British, French and German intelligence agencies published a joint statement calling for current co-operation to continue after the UK has left the EU.

 **close cooperation and cross-border information sharing must be taken forward on themes such as international terrorism, illegal migration, proliferation and cyber attacks**

Joint German, French and British security services statement, February 2018⁵⁹



The UK's earlier attempt to use security co-operation as a bargaining chip backfired

In her letter triggering Article 50 in March 2017,⁶⁰ Theresa May noted that 'a failure to reach agreement would mean our cooperation in the fight against crime and terrorism would be weakened'. Many in the EU saw this as a threat to withhold security co-operation if the UK was not granted a special trade deal, a position that was widely criticised.



This has not been a good start by Theresa May... security is a good for all our citizens and not a bargaining chip

Gianni Pittella, then leader of the European Parliament Socialist bloc, March 2017⁶¹



Since then, the Prime Minister has been clear that she is making an 'unconditional'⁶² offer to continue security co-operation. While this is clearly an area of interest for the EU27, it will not be a tool that the UK uses to secure a privileged trading relationship.

3. Conclusions

There are more genuine differences of interest between the EU27 member states in the approach to phase two of the Brexit negotiations than in phase one. This offers opportunities for the UK to secure what it wants from the future relationship it has with the EU, but it needs to avoid the impression that it is seeking to 'divide and conquer'. Having spent months on internal wrangling, it needs to refocus and speak directly to audiences in Europe.

Different groups of member states have different priorities

Member states have always formed coalitions and groupings within the EU to advance their priorities. The approach they take to Brexit will be no different. Their attitude to the UK, to the other issues that the EU is facing and to their domestic politics will affect who they work with.

The pro-integration core

Led by France and Germany, but also including Belgium and Luxembourg, this group supports greater EU integration and is the closest to the European Commission. Now that the new German government has been confirmed, Berlin and Paris will work together to push through reforms to the EU (although Angela Merkel may not be as ambitious as Emmanuel Macron in terms of how much integration she wants).

This group will prioritise the integrity and stability of the EU27, meaning that they will push for the UK to maintain compliance with EU rules if it wants significant access to the Single Market. The German government in particular is prepared to take an economic hit in terms of loss of trade with the UK to ensure that other member states do not seek to follow the Brexit example. France will want to maintain close security co-operation with the UK, but does not see Brexit as a threat to this. Luxembourg wants a close relationship with the UK on financial services, but will also be focused on the integrity of the Single Market.

This approach is complicated by the results of the Italian election. Italy, the third-biggest eurozone economy, had previously been supportive of greater European integration. But the likelihood of a Eurosceptic government that will support a special deal for the UK means that the integrationist momentum of the EU core is not as strong as it has been. Regardless, France and Germany are still able to set the overall EU agenda, and bring other member states along with them, particularly given their importance in the upcoming budget negotiations.

The smaller, mainly Northern member states – the UK's traditional allies

This group includes some of the Baltic member states, Ireland, the Netherlands and the Scandinavian member states. As liberal, open, trading economies, they are traditionally the UK's closest allies in the EU, and they will miss the UK's presence in the decision-making process. Many, but not all, of these countries are also net contributors to the EU budget.

These member states are reluctant to see the UK 'punished' for Brexit and will want a close future relationship given the extensive economic, cultural and security links between them and the UK. However, they are also concerned about the integrity of the EU27 and many face Eurosceptic challenges at home. As a result, they are unlikely to deviate from the line pushed by France and Germany, at least in public.

Ireland occupies a particularly important place in the debate and the European Council, Parliament and several member states have made it evident that solidarity with Ireland is a priority for them. While the Irish have been clear that they want a very close relationship with the UK, they have also been clear that they are taking a common position with the other 26 member states. So far, this solidarity shows no signs of weakening.

The East, particularly the Visegrád Four

The Visegrád Four (the Czech Republic, Hungary, Poland and Slovakia) have grown in influence in recent years. They all support a close trading relationship with the UK, particularly in goods where they all have an important surplus. Alongside some of the other Eastern member states, the group will want to maintain the rights of their citizens to work in the UK.

The group tend to share a scepticism of the integrationist impulses of France, Germany and the European Commission, although Robert Fico, who resigned as Slovak Prime Minister in March 2018, has described his country as a 'pro-European island in this region'.¹

At the same time, as net recipients of EU funds, Eastern member states will want to keep France and Germany on side throughout the EU budget negotiations. This will be particularly tricky for Hungary and Poland, both of which have been criticised in Brussels for their approach to the rule of law. They are unlikely to want to diverge too far from a common EU position on Brexit, to avoid irritating the net budget contributors.

These differing views do not mean that the EU27 will split

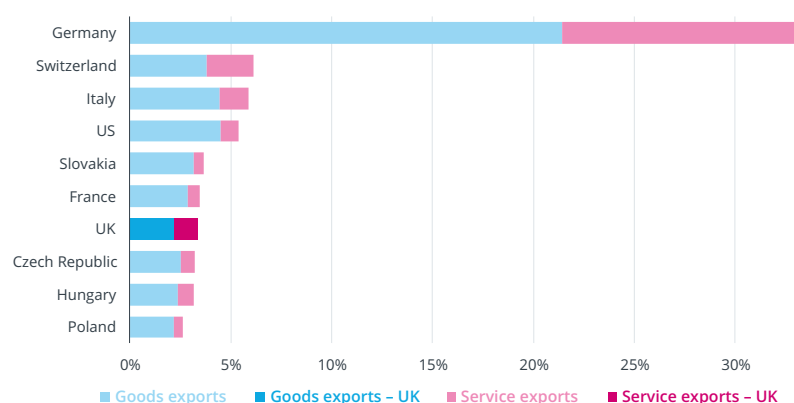
As we have seen, there are many reasons why the EU27 will want a close future relationship with the UK, and they will all have their own priorities. That does not mean that the consensus that has prevailed so far will crumble. All member states share an interest in a deal that protects the integrity of the Single Market and the stability of the EU, despite their differing visions for the future of the bloc. To achieve the relationship it wants, the UK needs to show that it understands those common interests and put forward a detailed proposal for the future relationship that takes them into account.

Austria

“It is important to achieve a fair agreement for continued good cooperation with the United Kingdom, but of course without cherry picking for the British”
Sebastian Kurz, Chancellor (November 2017)¹

Trade

Top 10 destinations of Austrian exports, 2016



Source: Institute for Government analysis.

Austrian balance of trade with UK, 2016

Goods | + €1.6bn
 Services | + €420m

1.83%
 of Austrian GDP
 generated by exports to
 the UK

Top three export sectors to the UK

- | | |
|---|--|
| Goods | Services |
| <ul style="list-style-type: none"> Machines – 32% Transportation – 18% Chemicals – 10% | <ul style="list-style-type: none"> Travel – 30% Transport – 21% Other business services – 19% |

Free movement of people



8,431 UK citizens in Austria



27,000 Austrian citizens in the UK

View of the EU

71%
 of Austrians are in favour of free
 movement

78%
 of Austrians feel like an EU citizen

-17%
 net trust in the EU

EU political weight



Vote in the EU council: 1.96%
 Number of MEPs: 18 / 751

How Austria approves EU agreements

The National Council must approve treaties with a simple majority. The Federal Council has the right to object or in specified cases to approve.

Referendums are not provided for international treaties.

Domestic government

| | |
|--------------------------------|--|
| Governing party/parties | A coalition of Austria's centre-right People's Party (ÖVP) and the far-right Freedom Party (FPÖ), supported by a number of independent MPs |
| Head of government | Chancellor Sebastian Kurz |
| Next election | No later than November 2022 |

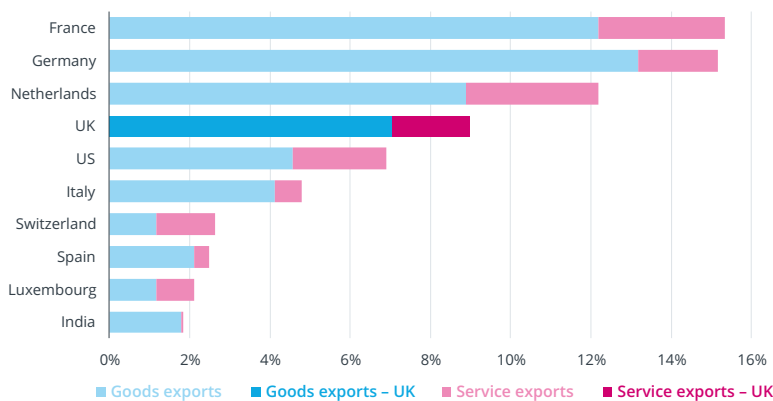
Belgium

"An intelligent agreement on Brexit is in the interest of our citizens and our businesses"

Charles Michel, Prime Minister (December 2017)²

Trade

Top 10 destinations of Belgian exports, 2016



Source: Institute for Government analysis.

Belgian balance of trade with UK, 2016

Goods | + €15.9bn
Services | + €223m

9.65%
of Belgian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 26%
- Chemical products, 21%
- Machines, 9%

Services

- Other business services, 39%
- Transport, 19%
- Telecommunications, computer and information services, 13%

Free movement of people



24,975 UK citizens in Belgium



29,000 Belgian citizens in the UK

View of the EU

82%
of Belgians are in favour of free
movement

78%
of Belgians feel like an EU citizen

9%
net trust in the EU

EU political weight



Vote in the EU council: 2.53%
Number of MEPs: 21 / 751

How Belgium approves EU agreements

Both chambers of Parliament must ratify all mixed agreements. The agreements must also be ratified regionally if they cover areas that are competences of the regional governments.

There is no possibility of a referendum.

Domestic government

| | |
|-------------------------|--|
| Governing party/parties | Mouvement Réformateur in a coalition with three Flemish parties, including a Flemish nationalist party |
| Head of government | Prime Minister Charles Michel |
| Next election | May 2019 |

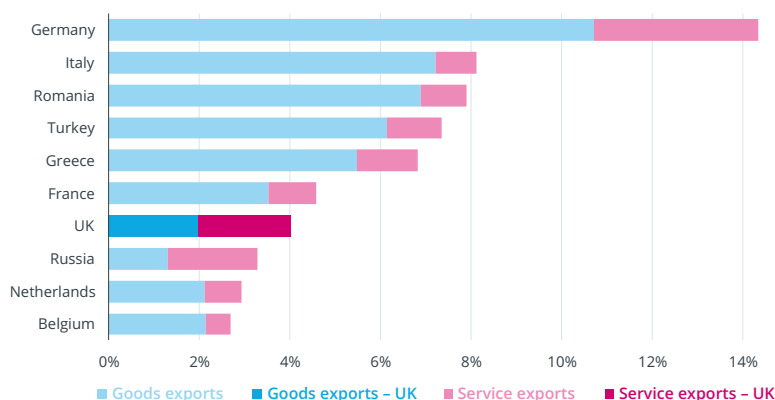
Bulgaria

“The good relationship between the UK and Bulgaria will continue beyond Brexit”

Boyko Borisov, Prime Minister (December 2017)³

Trade

Top 10 destinations of Bulgarian exports, 2016



Source: Institute for Government analysis.

Bulgarian balance of trade with UK, 2016

Goods | - €9.2m
Services | + €297m

2.5%
of Bulgarian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Textiles, 16%
- Machines, 12%
- Chemical products, 11%

Services

- Travel, 31%
- Other business services, 25%
- Telecommunications, computer and information services, 20%

Free movement of people



2,600 UK citizens in Bulgaria



91,000 Bulgarian citizens in the UK

View of the EU

88%
of Bulgarians are in favour of free
movement

56%
of Bulgarians feel like an EU
citizen

28%
net trust in the EU

EU political weight



Vote in the EU council: 1.61%
Number of MEPs: 17 / 751

How Bulgaria approves EU agreements

The unicameral National Assembly must ratify all mixed agreements.

There is a possibility of a referendum.

Domestic government

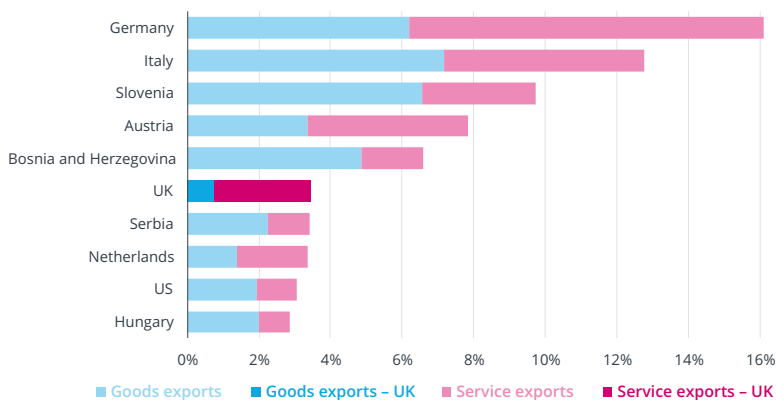
| | |
|-------------------------|---|
| Governing party/parties | Centre-right Citizens for European Development of Bulgaria (GERB) in a coalition with nationalist party United Patriots |
| Head of government | Prime Minister Boyko Borisov |
| Next election | No later than March 2021 |

Croatia

“This relationship needs to be tailor-made”
 Kolinda Grabar-Kitarović, President (October 2016)⁴

Trade

Top 10 destinations of Croatian exports, 2016



Source: Institute for Government analysis.

Croatian balance of trade with UK, 2016

Goods | - €38.7m
 Services | + €501m

1.74%
 of Croatian GDP
 generated by exports to
 the UK

Top three export sectors to the UK

- | | |
|---|---|
| Goods | Services |
| <ul style="list-style-type: none"> Machines, 42% Chemical products, 14% Foodstuffs, 6% | <ul style="list-style-type: none"> Travel, 72% Other business services, 9% Telecommunications, computer and information services, 6% |

Free movement of people

<1,000 UK citizens in Croatia

4,000 Croatian citizens in the UK

View of the EU

78%
 of Croatians are in favour of free movement

61%
 of Croatians feel like an EU citizen

-12%
 net trust in the EU

EU political weight

Vote in the EU council: 0.94%
 Number of MEPs: 11 / 751



How Croatia approves EU agreements
 The unicameral National Assembly must ratify all mixed agreements.
 There is a possibility of a referendum.

Domestic government

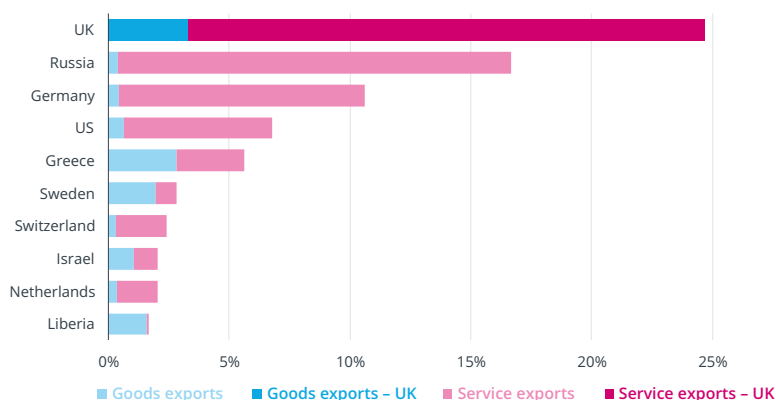
| | |
|--------------------------------|---|
| Governing party/parties | The Conservative Croatian Democratic Union (HDZ) in coalition with the small centre-right party, the Bridge of Independent Lists (MOST) |
| Head of government | Prime Minister Andrej Plenković |
| Next election | December 2020 |

Cyprus

“It matters for Cyprus if it’s a hard or soft Brexit”
Ioannis Kasoulides, Foreign Minister (October 2017)⁵

Trade

Top 10 destinations of Cypriot exports, 2016



Source: Institute for Government analysis.

Cypriot balance of trade with UK, 2016

Goods | - €65.5m
Services | + €1.4bn

13.2%
of Cypriot GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Cheese, 46%
- Transportation, 17%
- Vegetable products, 13%

Services

- Travel, 46%
- Transport, 11%
- Financial services, 4%

Free movement of people



24,000 UK citizens in Cyprus



18,000 Cypriot citizens in the UK

View of the EU

86%
of Cypriots are in favour of free
movement

69%
of Cypriots feel like an EU citizen

20%
net trust in the EU

EU political weight

Vote in the EU council: 0.19%
Number of MEPs: 6 / 751



How Cyprus approves EU agreements

The unicameral House of Representatives must ratify all mixed agreements.

There is no possibility of a referendum.

Domestic government

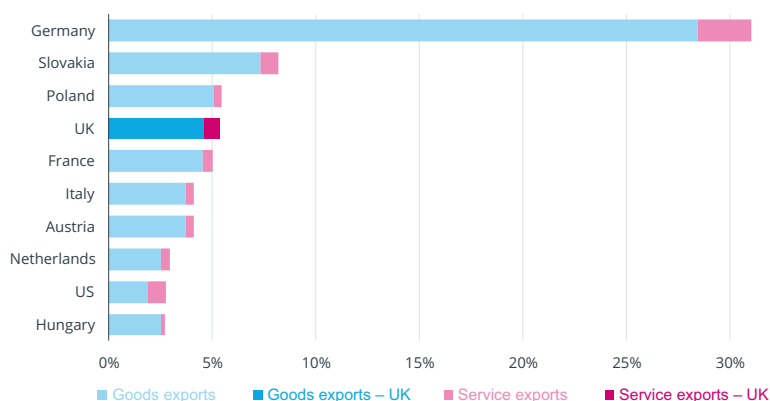
| | |
|-------------------------|--|
| Governing party/parties | The Democratic Rally, supported by the Solidarity Movement and independent MPs |
| Head of government | President Nicos Anastasiades (Democratic Rally) |
| Next election | 2021, legislative; 2023, presidential |

Czech Republic

“Europe will fail unless leaders learn Brexit lessons”
 Andrej Babiš, Prime Minister (October 2017)⁶

Trade

Top 10 destinations of Czech exports, 2016



Source: Institute for Government analysis.

Czech balance of trade with UK, 2016

Goods | + €4bn
 Services | + €355m

5.1%
 of Czech GDP generated
 by exports to the UK

Top three export sectors to the UK

- | Goods | Services |
|-----------------------|--------------------------------|
| • Machines, 39% | • Other business services, 27% |
| • Transportation, 33% | • Transport, 26% |
| • Metals, 5% | • Travel, 21% |

Free movement of people



5,000 UK citizens in Czech Republic



46,000 Czech citizens in the UK

View of the EU

84%
 of Czechs are in favour of free
 movement

56%
 of Czechs feel like an EU citizen

21%
 net trust in the EU

EU political weight

Vote in the EU council: 2.34%
 Number of MEPs: 21 / 751



How the Czech Republic approves EU agreements

Mixed-competence agreements have to be approved by both chambers of the Parliament.

There is a possibility of a referendum.

Domestic government

| | |
|-------------------------|--|
| Governing party/parties | A minority government led by ANO, which came into power in December 2017 |
| Head of government | Prime Minister Andrej Babiš (ANO) |
| Next election | October 2021 |

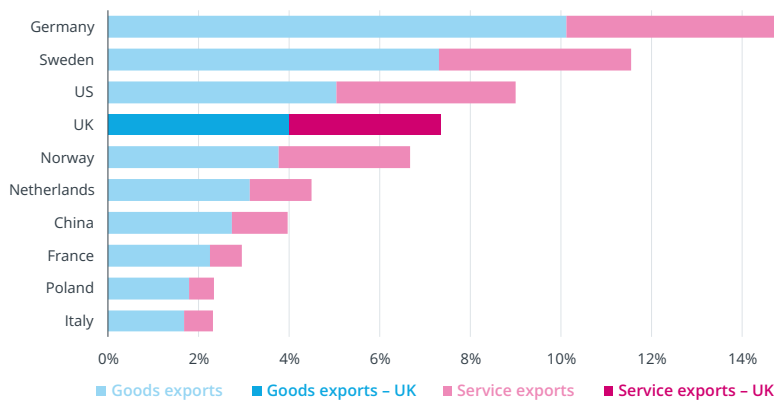
Denmark

“The UK is a great trading partner of EU27, a strong ally in defence and security, so we need to find out how we can have a good and close relationship post-Brexit”

Kristian Jensen, Finance Minister (October 2017)⁷

Trade

Top 10 destinations of Danish exports, 2016



Source: Institute for Government analysis.

Danish balance of trade with UK, 2016

Goods | + €2.4bn
Services | + €1.1bn

3.68%
of Danish GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 28%
- Animal products, 14%
- Food stuffs, 14%

Services

- Transport, 33%
- Construction, 26%
- Other business services, 16%

Free movement of people



14,700 UK citizens in Denmark



29,000 Danish citizens in the UK

View of the EU

73%
of Danes are in favour of free
movement

79%
of Danes feel like an EU citizen

15%
net trust in the EU

EU political weight

Vote in the EU council: 1.28%
Number of MEPs: 13 / 751



How Denmark approves EU agreements

The unicameral Folketinget must ratify all agreements considered of major importance or where fulfilment of the agreement entails legislation.

There is a possibility of a referendum.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | The Liberal Party (Venstre), Liberal Alliance and the Conservative People's Party (Det Konservative Folkeparti) |
| Head of government | Prime Minister Lars Løkke Rasmussen |
| Next election | No later than June 2019 |

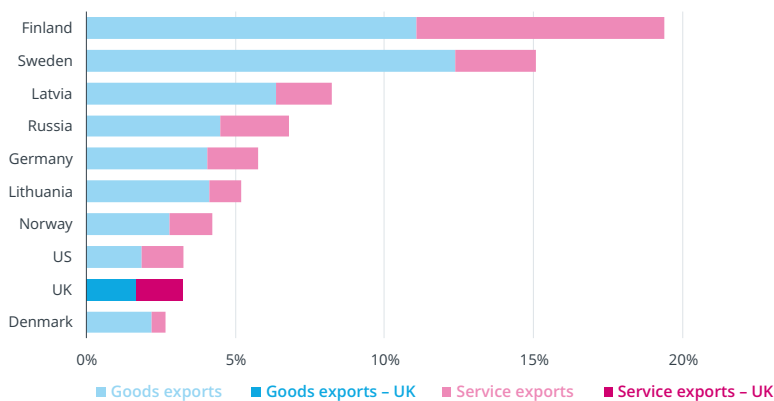
Estonia

"...our lives are closely intertwined. But we have just a few years to build a new relationship."

Jüri Ratas, Prime Minister (December 2017)⁸

Trade

Top 10 destinations of Estonian exports, 2016



Source: Institute for Government analysis.

Estonian balance of trade with UK, 2016

Goods | - €48.2m
Services | + €3.8m

2.63%
of Estonian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Wood products, 26%
- Machines, 21%
- Mattresses, 8%

Services

- Transport, 32%
- Other business services, 25%
- Travel, 13%

Free movement of people



<1,000 UK citizens in Estonia



11,000 Estonian citizens in the UK

View of the EU

95%

of Estonians are in favour of free movement

78%

of Estonians feel like an EU citizen

21%

net trust in the EU

EU political weight



Vote in the EU council: 0.30%
Number of MEPs: 6 / 751

How Estonia approves EU agreements

The unicameral Riigikogu must ratify mixed agreements.

There is no possibility of a referendum.

Domestic government

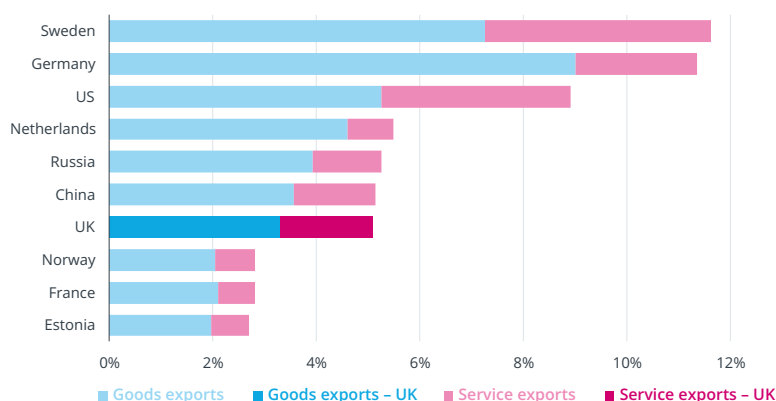
| | |
|-------------------------|--|
| Governing party/parties | A coalition cabinet of the Centre Party, Social Democratic Party and conservative Pro Patria and Res Publica Union |
| Head of government | Prime Minister Jüri Ratas (Centre Party) |
| Next election | 2019 |

Finland

“We would very much like to keep our relationship as close as possible”
 Samuli Virtanen, Deputy Foreign Minister (December 2017)⁹

Trade

Top 10 destinations of Finnish exports, 2016



Source: Institute for Government analysis.

Finnish balance of trade with UK, 2016

Goods | + €770m
 Services | - €551m

1.79%
 of Finnish GDP
 generated by exports to
 the UK

Top three export sectors to the UK

Goods

- Paper goods, 28%
- Mineral products, 14%
- Machines, 13%

Services

- Telecommunications, computer and information services, 42%
- Other business services, 17%
- Transport, 12%

Free movement of people



3,000 UK citizens in Finland



15,000 Finnish citizens in the UK

View of the EU

85%
 of Finns are in favour of free
 movement

81%
 of Finns feel like an EU citizen

15%
 net trust in the EU

EU political weight



Vote in the EU council: 1.23%
 Number of MEPs: 13 / 751

How Finland approves EU agreements

One chamber of Parliament must ratify all mixed agreements.

There is no possibility of a referendum.

Domestic government

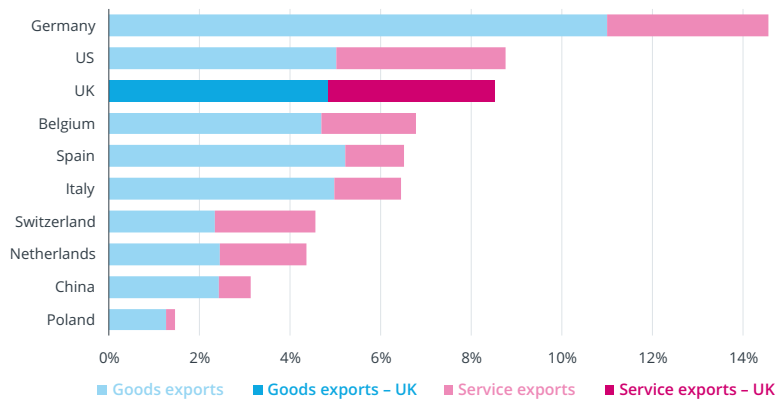
| | |
|-------------------------|---|
| Governing party/parties | A centre-right coalition composed of the Centre Party, Finns Party and National Coalition Party |
| Head of government | Prime Minister Juha Sipilä |
| Next election | April 2019 |

France

“...there is not cherry picking in the single market”
Emmanuel Macron, President (January 2018)¹⁰

Trade

Top 10 destinations of French exports, 2016



Source: Institute for Government analysis.

French balance of trade with UK, 2016

Goods | + €9.9bn
Services | + €3.3bn

2.51%
of French GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 18%
- Machines, 17%
- Chemical products, 15%

Services

- Other business services, 30%
- Travel, 20%
- Transport, 18%

Free movement of people



157,000 UK citizens in France



174,000 French citizens in the UK

View of the EU

77%
of French citizens are in favour of
free movement

63%
of French citizens feel like an EU
citizen

-23%
net trust in the EU

EU political weight

Vote in the EU council: 14.96%
Number of MEPs: 74 / 751



How France approves EU agreements

Both chambers of Parliament must ratify all mixed agreements, with debate in committee and then a vote in plenary.

A referendum may be held.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | President Macron's République En Marche! party, supported by ministers from various other parties |
| Head of government | President Emmanuel Macron (République En Marche!) and Prime Minister Édouard Philippe (The Republicans) |
| Next election | April 2022, presidential; May 2022, legislative |

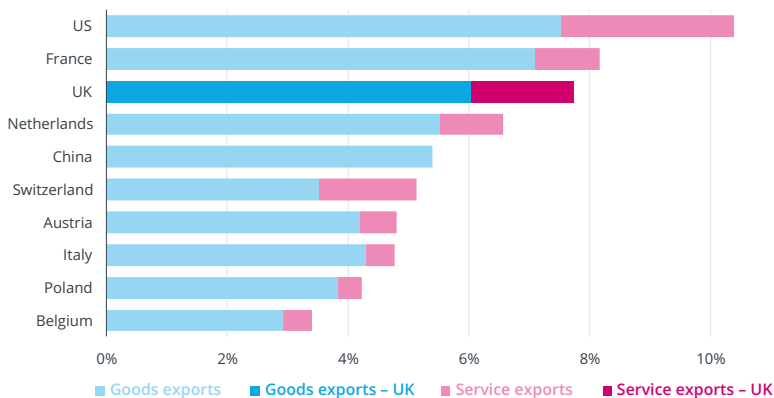
Germany

“...the second stage...is undeniably going to be more complicated than the first stage”

Angela Merkel, Chancellor (October 2017)¹¹

Trade

Top 10 destinations of German exports, 2016



Source: Institute for Government analysis.

German balance of trade with UK, 2016

Goods | + €46.7bn
Services | + €2.2bn

3.5%
of German GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 35%
- Machines, 20%
- Chemical products, 12%

Services

- Other business services, 29%
- Insurance and pensions, 16%
- Financial services, 15%

Free movement of people



96,000 UK citizens in Germany



140,000 German citizens in the UK

View of the EU

89%
of Germans are in favour of free
movement

82%
of Germans feel like an EU citizen

5%
net trust in the EU

EU political weight



Vote in the EU council: 18.42%
Number of MEPs: 96 / 751

How Germany approves EU agreements

The lower chamber (Bundestag) must ratify all mixed agreements. The upper chamber (Bundesrat) has the power to object to a mixed agreement, but is not necessarily required to provide its consent.

There is no possibility of a referendum.

Domestic government

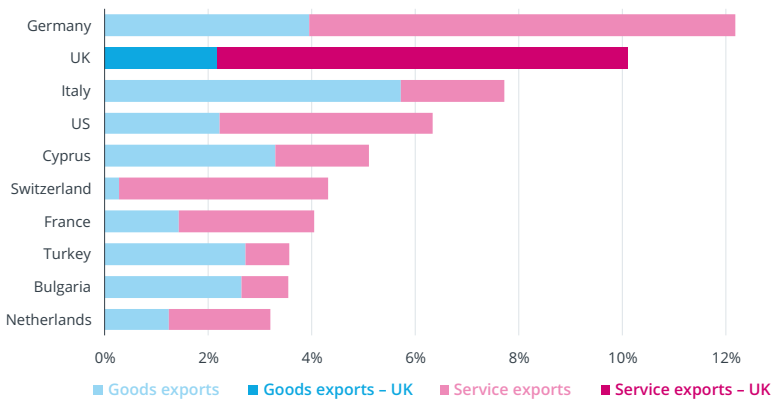
| | |
|-------------------------|--|
| Governing party/parties | A 'grand coalition' between the Christian Democrats (CDU-CSU) and the Social Democrats (SDP) |
| Head of government | Chancellor Angela Merkel (Christian Democrats) |
| Next election | No later than October 2021 |

Greece

“The British people’s decision troubles and saddens us”
 Alexis Tsipras, Prime Minister (June 2016)¹²

Trade

Top 10 destinations of Greek exports, 2016



Source: Institute for Government analysis.

Greek balance of trade with UK, 2016

Goods | - €152.5m
 Services | + €2bn

2.87%
 of Greek GDP generated
 by exports to the UK

Top three export sectors to the UK

- | | |
|---|--|
| Goods <ul style="list-style-type: none"> Chemical products, 17% Foodstuffs, 15% Mineral products, 12% | Services <ul style="list-style-type: none"> Travel, 51% Transport, 34% Other business services, 6% |
|---|--|

Free movement of people



15,000 UK citizens in Greece



64,000 Greek citizens in the UK

View of the EU

86%
 of Greeks are in favour of free movement

48%
 of Greeks feel like an EU citizen

-51%
 net trust in the EU

EU political weight



Vote in the EU council: 2.42%
 Number of MEPs: 21 / 751

How Greece approves EU agreements
 The single-chamber Parliament must ratify all mixed agreements in plenary.

A referendum is possible, although the proposal to hold one must be approved by 60% of MPs.

Domestic government

| | |
|-------------------------|--|
| Governing party/parties | A coalition led by Syriza (Coalition of the Radical Left), supported by the Independent Greeks |
| Head of government | Prime Minister Alexis Tsipras (Syriza) |
| Next election | No later than October 2019 |

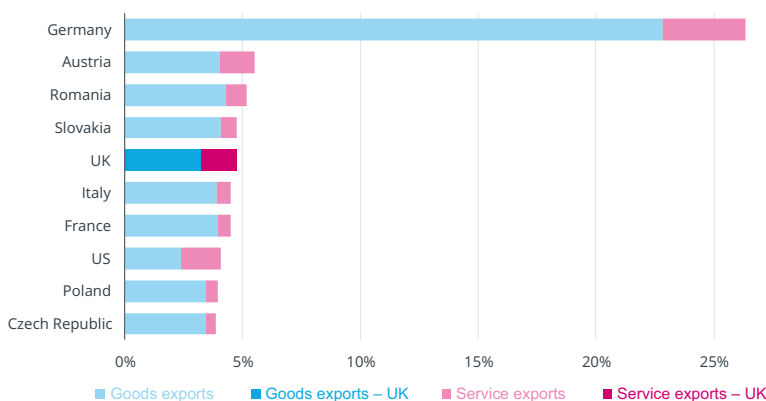
Hungary

“...we want a fair Brexit and the broadest and most inclusive agreement on future cooperation possible”

Péter Szijjártó, Foreign Minister (October 2017)¹³

Trade

Top 10 destinations of Hungarian exports, 2016



Source: Institute for Government analysis.

Hungarian balance of trade with UK, 2016

Goods | + €2bn
Services | + €619m

4.71%
of Hungarian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 46%
- Transportation, 14%
- Chemical products, 9%

Services

- Other business services, 32%
- Transport, 29%
- Travel, 13%

Free movement of people



2,600 UK citizens in Hungary



101,000 Hungarian citizens in the UK

View of the EU

84%
of Hungarians are in favour of free movement

76%
of Hungarians feel like an EU citizen

6%
net trust in the EU

EU political weight



Vote in the EU council: 2.21%
Number of MEPs: 21 / 751

How Hungary approves EU agreements

The unicameral National Assembly must ratify all mixed agreements in plenary.

A referendum is not possible.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | A coalition led by Fidesz (Hungarian Civic Alliance), supported by KDNP (Christian Democratic People's Party) |
| Head of government | Prime Minister Viktor Orbán (Fidesz) |
| Next election | April 2018 |

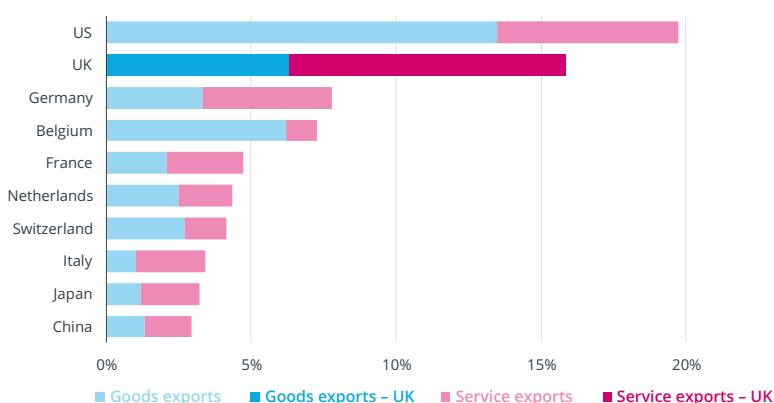
Ireland

Ireland wants a deal that continues “to have trade in goods and services uninterrupted between the United Kingdom and the EU”

Leo Varadkar, Prime Minister (January 2018)¹⁴

Trade

Top 10 destinations of Irish exports, 2016



Source: Institute for Government analysis.

Irish balance of trade with UK, 2016

Goods | - €5.6bn
Services | + €10.6bn

13.55%
of Irish GDP generated
by exports to the UK

Top three export sectors to the UK

Goods

- Chemical products, 26%
- Animal products, 15%
- Foodstuffs, 13%

Services

- Telecommunications, computer and information services, 31%
- Financial services, 19%
- Other business services, 17%

Free movement of people



112,000 UK citizens in Ireland



348,000 Irish citizens in the UK

View of the EU

86%
of Irish citizens are in favour of
free movement

81%
of Irish citizens feel like an EU
citizen

12%
net trust in the EU

EU political weight



Vote in the EU council: 1.05%
Number of MEPs: 11 / 751

How Ireland approves EU agreements

The Dáil (Lower House) must approve all agreements.

A legally binding referendum occurs where an agreement requires an amendment of the Irish Constitution.

Domestic government

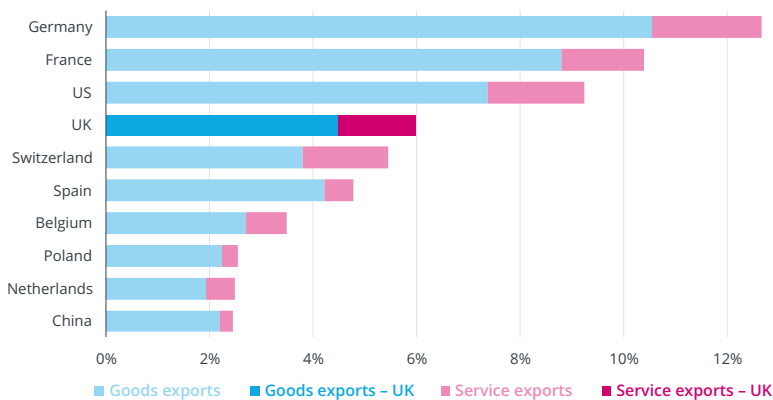
| | |
|-------------------------|---|
| Governing party/parties | Fine Gael, supported by three independent MPs and with a confidence and supply arrangement with Fianna Fail |
| Head of government | Taoiseach (Prime Minister) Leo Varadkar (Fine Gael) |
| Next election | No later than April 2021 |

Italy

“Great Britain is a friendly country with a long tradition of trading with Italy”
Matteo Salvini, La Lega party leader (March 2018)¹⁵

Trade

Top 10 destinations of Italian exports, 2016



Source: Institute for Government analysis.

Italian balance of trade with UK, 2016

Goods | + €11.2bn
Services | - €933m

1.78%
of Italian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 22%
- Transportation, 14%
- Foodstuffs, 10%

Services

- Travel, 39%
- Other business services, 22%
- Telecommunications, computer and information services, 15%

Free movement of people



23,000 UK citizens in Italy



267,000 Italian citizens in the UK

View of the EU

68%
of Italians are in favour of free
movement (the lowest proportion
recorded among the EU member
states)

54%
of Italians feel like an EU citizen

-18%
net trust in the EU

EU political weight



Vote in the EU council: 13.76%
Number of MEPs: 73 / 751

How Italy approves EU agreements

Both chambers of Parliament must ratify all mixed agreements.

There is no possibility of a referendum.

Domestic government

| | |
|-------------------------|--|
| Governing party/parties | Preliminary results from Italy's 2018 general election show the country split with different coalitions possible. No majority is possible without one of La Lega or Five Star Movement |
| Head of government | Negotiations ongoing (Paolo Gentiloni continues as caretaker Prime Minister in the meantime) |
| Next election | 2023 unless no majority can be found |

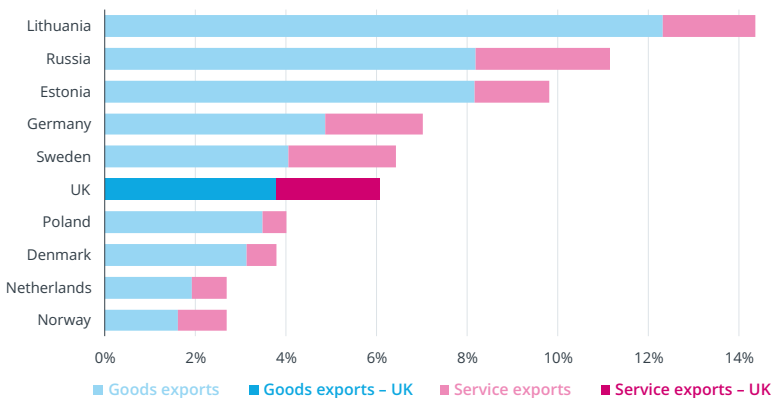
Latvia

"...it is in Latvia's interests to ensure close cooperation with the United Kingdom in the future"

Latvian Ministry of Foreign Affairs (February 2018)¹⁶

Trade

Top 10 destinations of Latvian exports, 2016



Source: Institute for Government analysis.

Latvian balance of trade with UK, 2016

Goods | + €265m
Services | + €160m

3.74%
of Latvian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Wood products, 63%
- Machines, 7%
- Metals, 5%

Services

- Transport, 41%
- Travel, 19%
- Financial services, 16%

Free movement of people



<1,000 UK citizens in Latvia



112,000 Latvian citizens in the UK

View of the EU

93%
of Latvians are in favour of free
movement

73%
of Latvians feel like an EU citizen

7%
net trust in the EU

EU political weight

Vote in the EU council: 0.44%
Number of MEPs: 8 / 751



How Latvia approves EU agreements

The single-chamber Saeima must ratify all mixed agreements.

The Constitution prohibits referendums on agreements with foreign states.

Domestic government

| | |
|-------------------------|--|
| Governing party/parties | A coalition led by the Union of Greens and Farmers, supported by National Alliance and Unity parties |
| Head of government | Prime Minister Māris Kučinskis (Union of Greens and Farmers) |
| Next election | No later than October 2018 |

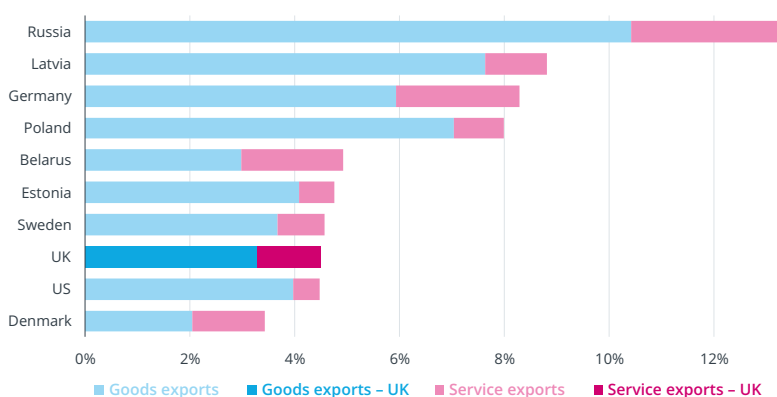
Lithuania

"...[Brexit] is a big opportunity because we're cost-wise a very competitive country"

Antanas Guoga, MEP (February 2018)¹⁷

Trade

Top 10 destinations of Lithuanian exports, 2016



Source: Institute for Government analysis.

Lithuanian balance of trade with UK, 2016

Goods | + €285.9m
Services | + €101m

3.4%
of Lithuanian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Furniture, 14%
- Foodstuffs, 10%
- Chemical products, 10%

Services

- Transport, 59%
- Manufacturing services, 9%
- Telecommunications, computer and information services, 9%

Free movement of people



<1,000 UK citizens in Lithuania



212,000 Lithuanian citizens in the UK

View of the EU

93%
of Lithuanians are in favour of
free movement

77%
of Lithuanians feel like an EU
citizen

43%
net trust in the EU

EU political weight



Vote in the EU council: 0.65%
Number of MEPs: 11 / 751

How Lithuania approves EU agreements

All multilateral and/or long-term economic agreements require ratification by the single-chamber Seimas.

Approval via a referendum is permitted if at least 300,000 citizens so demand and at least half of eligible voters participate in the vote.

Domestic government

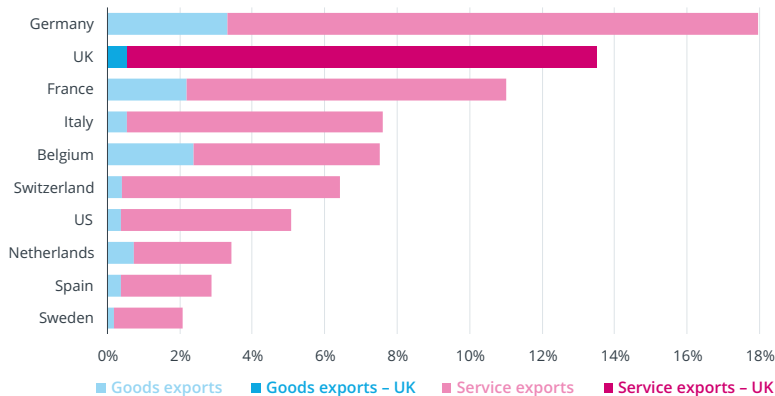
| | |
|-------------------------|---|
| Governing party/parties | An independent President, with a Cabinet headed by an independent Prime Minister and comprising members from the Social Democratic Party and the Lithuanian Farmers and Greens Union, as well as independents |
| Head of government | President Dalia Grybauskaitė Prime Minister Saulius Skvernelis |
| Next election | May 2019, presidential; 2020, legislative |

Luxembourg

“We want a co-operative approach with London as a financial centre”
 Pierre Gramegna, Finance Minister (October 2017)¹⁸

Trade

Top 10 destinations of Luxembourgish exports, 2016



Source: Institute for Government analysis.

Luxembourgish balance of trade with UK, 2016

Goods | + €306.4m
 Services | + €999m

25.47%
 of Luxembourgish GDP
 generated by exports to
 the UK

Top three export sectors to the UK

Goods

- Transportation, 26%
- Chemical products, 21%
- Machines, 9%

Services

- Financial services, 52%
- Other business services, 29%
- Transport, 1%

Free movement of people



5,000 UK citizens in Luxembourg



1,000 Luxembourgish citizens in the UK

View of the EU

89%
 of Luxembourgnians are in favour
 of free movement

90%
 of Luxembourgnians feel like an EU
 citizen

22%
 net trust in the EU

EU political weight



Vote in the EU council: 0.13%
 Number of MEPs: 6 / 751

How Luxembourg approves EU agreements

All forms of international agreement must secure an absolute majority in the single-chamber Chambre des Députés.

There is no possibility of a referendum.

Domestic government

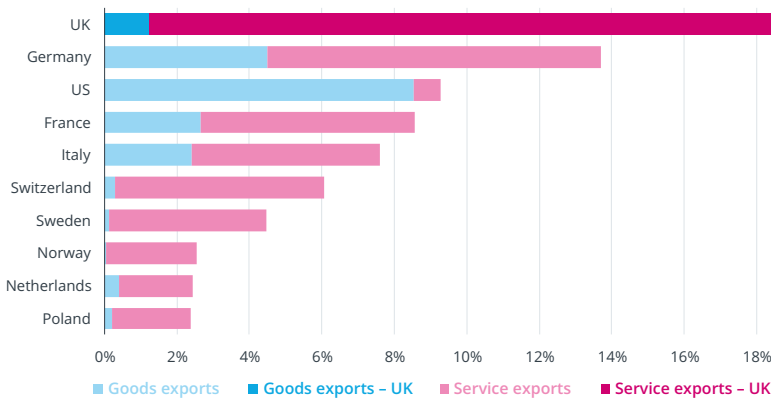
| | |
|-------------------------|---|
| Governing party/parties | A coalition led by the Democratic Party, supported by the Socialist Workers' Party and the Greens |
| Head of government | Prime Minister Xavier Bettel (Democratic Party) |
| Next election | By the end of 2018 |

Malta

“It is obvious that the EU and the UK need each other”
Joseph Muscat, Prime Minister (December 2017)¹⁹

Trade

Top 10 destinations of Maltese exports, 2016



Source: Institute for Government analysis.

Maltese balance of trade with UK, 2016

Goods | - €241.5m
Services | + €396m

16.1%
of Maltese GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 27%
- Machines, 22%
- Paper goods, 18%

Services

- Travel, 24%
- Other business services, 11%
- Transport, 2%

Free movement of people



7,000 UK citizens in Malta



7,000 Maltese citizens in the UK

View of the EU

81%
of Maltese citizens are in favour
of free movement

85%
of Maltese citizens feel like an EU
citizen

22%
net trust in the EU

EU political weight



Vote in the EU council: 0.10%
Number of MEPs: 6 / 751

How Malta approves EU agreements

Parliament must ratify agreements that touch upon issues of sovereignty and territory, independence and the membership of multinational organisations only.

A referendum is possible, although unlikely.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | The Labour Party |
| Head of government | Prime Minister Joseph Muscat (Labour Party) |
| Next election | No later than June 2022 |

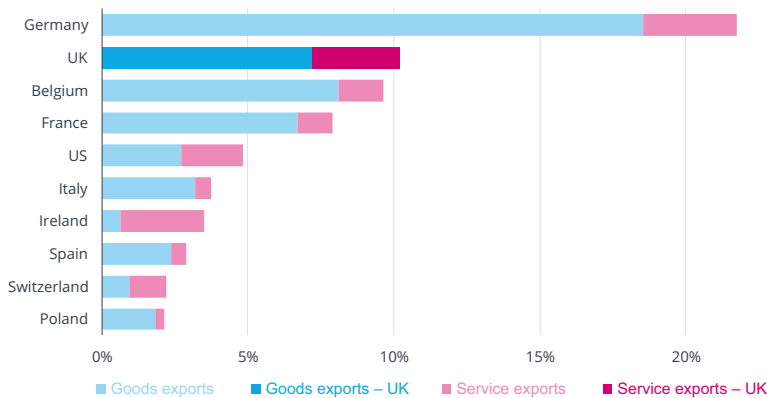
The Netherlands

“In view of our close economic ties, it is clearly crucial for the Netherlands and Dutch business to ensure a strong relationship post-Brexit.”

Mark Rutte, Prime Minister (February 2018)²⁰

Trade

Top 10 destinations of Dutch exports, 2016



Source: Institute for Government analysis.

Dutch balance of trade with UK, 2016

Goods | + €24.8bn
Services | + €1.2bn

9.85%
of Dutch GDP generated
by exports to the UK

Top three export sectors to the UK

Goods

- Machines, 25%
- Chemicals, 10%
- Food stuffs, 10%

Services

- Other business services, 33%
- Telecommunications, computer and information services, 22%
- Transport, 21%

Free movement of people



41,000 UK citizens in the Netherlands



92,000 Dutch citizens in the UK

View of the EU

83%
of the Dutch are in favour of free movement

70%
of the Dutch feel like an EU citizen

7%
net trust in the EU

EU political weight



Vote in the EU council: 3.87%
Number of MEPs: 26 / 751

How the Netherlands approves EU agreements

The vast majority of agreements require parliamentary ratification.

Following parliamentary approval, agreements can be subject to a referendum.

Domestic government

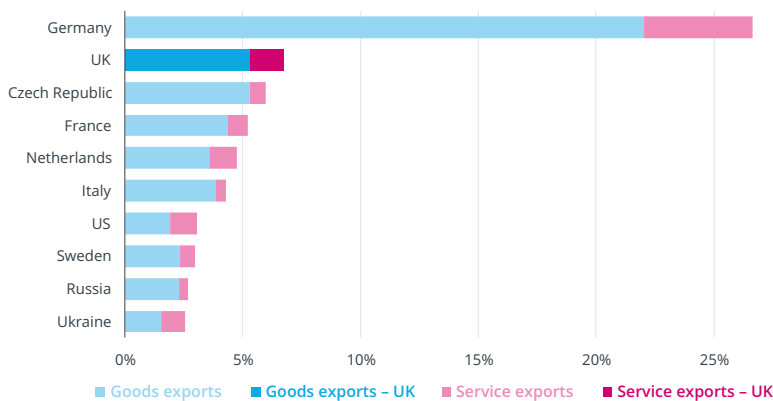
| | |
|-------------------------|--|
| Governing party/parties | A coalition of four parties: the People's Party for Freedom and Democracy (largest), Christian Democratic Appeal, Democrats 66 and Christian Union |
| Head of government | Prime Minister Mark Rutte (People's Party for Freedom and Democracy) |
| Next election | No later than March 2021 |

Poland

“On economic cooperation, it is hard to find closer partners than we are. The UK is a very important trade partner for Poland”
 Mateusz Morawiecki, Prime Minister (December 2017)²¹

Trade

Top 10 destinations of Polish exports, 2016



Source: Institute for Government analysis.

Polish balance of trade with UK, 2016

Goods | + €6.9bn
 Services | + €514m

3.59%
 of Polish GDP
 generated by exports to
 the UK

Top three export sectors to the UK

Goods

- Machines, 27%
- Transportation, 15%
- Foodstuffs, 10%

Services

- Other business services, 31%
- Telecommunications, computer and information services, 26%
- Transport, 18%

Free movement of people



2,000 UK citizens in Poland



1,000,000 Polish citizens in the UK

View of the EU

83%
 of Poles are in favour of free
 movement

77%
 of Poles feel like an EU citizen

1%
 net trust in the EU

EU political weight



Vote in the EU council: 8.52%
 Number of MEPs: 51 / 751

How Poland approves EU agreements

Generally, mixed agreements must be ratified by both Houses.

A referendum may be possible where the topic in question is deemed to be of special national interest.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | Law and Justice Party |
| Head of government | Prime Minister Mateusz Morawiecki. President Andrzej Duda represents Poland internationally (both Law and Justice Party) |
| Next election | 2019, parliamentary; 2020, presidential |

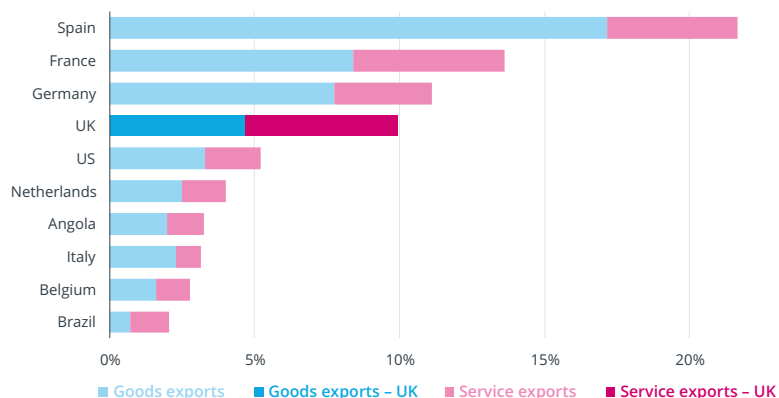
Portugal

Portugal's priorities are "cooperation in terms of defense and security, fight against terrorism and so on; and..., a future economic relationship as close as it can be"

Augusto Santos Silva, Foreign Minister (October 2017)²²

Trade

Top 10 destinations of Portuguese exports, 2016



Source: Institute for Government analysis.

Portuguese balance of trade with UK, 2016

Goods | + €1.6bn
Services | + €2.5bn

4.04%
of Portuguese GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 24%
- Transportation, 16%
- Textiles, 12%

Services

- Travel, 57%
- Transport, 22%
- Other business services, 9%

Free movement of people



16,000 UK citizens in Portugal



226,000 Portuguese citizens in the UK

View of the EU

85%
of Portuguese citizens are in
favour of free movement

81%
of Portuguese citizens feel like an
EU citizen

13%
net trust in the EU

EU political weight

Vote in the EU council: 2.32%
Number of MEPs: 21 / 751



How Portugal approves EU agreements

The Portuguese Assembly must ratify all mixed agreements.

Referendums on specific articles of agreements are permitted where an issue of the national interest is at stake, but unlikely.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | The Socialist Party (in minority government), supported in Parliament by the Left Bloc and Unitary Democratic Coalition |
| Head of government | Prime Minister António Costa (Socialist Party) |
| Next election | No later than October 2019 |

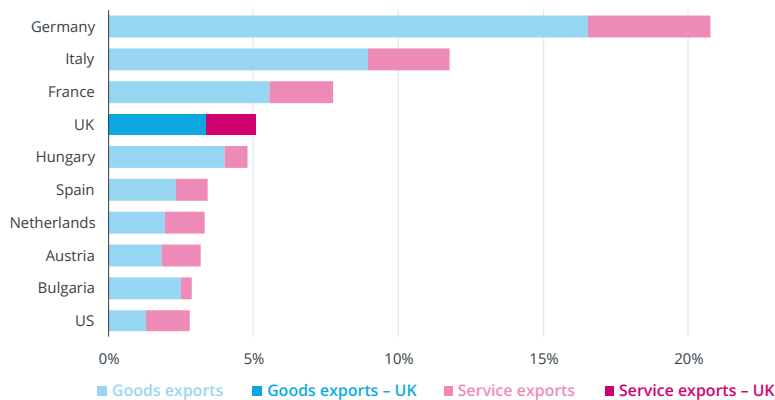
Romania

Romania wants “a post-Brexit accord with UK that keeps them as close as possible to the European Union”

Teodor Meleşcanu, Foreign Minister (May 2017)²³

Trade

Top 10 destinations of Romanian exports, 2016



Source: Institute for Government analysis.

Romanian balance of trade with UK, 2016

Goods | + €953m
Services | + €252m

2.22%
of Romanian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 29%
- Textiles, 20%
- Transportation, 19%

Services

- Telecommunications, computer and information services, 27%
- Other business services, 25%
- Manufacturing on physical inputs, 20%

Free movement of people



<1,000 UK citizens in Romania



358,000 Romanian citizens in the UK

View of the EU

77%
of Romanians are in favour of free movement

63%
of Romanians feel like an EU citizen

10%
net trust in the EU

EU political weight

Vote in the EU council: 4.44%
Number of MEPs: 32 / 751



How Romania approves EU agreements

Both chambers must ratify all mixed agreements.

On issues of national interest, the President may call a referendum, but it is unlikely.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | The Social Democratic Party, in coalition with the Alliance of Liberals and Democrats, supported by parties representing minority ethnic groups |
| Head of government | Prime Minister Viorica Dăncilă (Social Democratic Party) |
| Next election | No later than early 2021 |

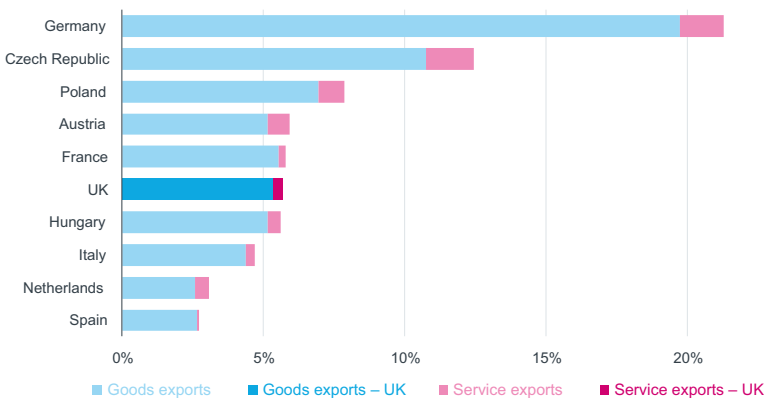
Slovakia

“The EU will take this opportunity to show the public: ‘listen guys, now you will see why it is important to stay in the EU’”

Robert Fico, then Prime Minister (September 2016)²⁴

Trade

Top 10 destinations of Slovak exports, 2016



Source: Institute for Government analysis.

Slovak balance of trade with UK, 2016

Goods | + €2.8bn
Services | + €63m

5.45%
of Slovak GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 47%
- Machines, 27%
- Mineral products, 10%

Services

- Travel, 42%
- Other business services, 23%
- Transport, 18%

Free movement of people



<1,000 UK citizens in Slovakia



89,000 Slovak citizens in the UK

View of the EU

81%
of Slovaks are in favour of free
movement

75%
of Slovaks feel like an EU citizen

5%
net trust in the EU

EU political weight



Vote in the EU council: 1.21%
Number of MEPs: 13 / 751

How Slovakia approves EU agreements
Mixed-competence agreements have to be approved by Slovakia's unicameral Parliament.

There is a possibility of a referendum, but it would be unprecedented.

Domestic government

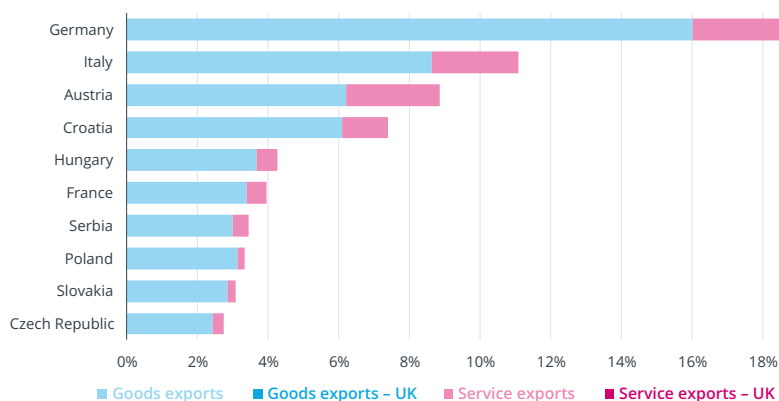
| | |
|-------------------------|---|
| Governing party/parties | A coalition led by Direction – Social Democracy, with two smaller parties: Most-Hid and Slovak Nationalist Party |
| Head of government | Deputy Prime Minister Peter Pellegrini (Direction – Social Democracy) has been asked to form a government following Robert Fico's resignation |
| Next election | No later than March 2020 |

Slovenia

"As we said at the beginning, there can be no cherrypicking."
Miro Cerar, then Prime Minister (August 2017)²⁵

Trade

Top 10 destinations of Slovenian exports, 2016



Source: Institute for Government analysis.

Slovenian balance of trade with UK, 2016

Goods | + €202.7m
Services | + €23m

1.87%
of Slovenian GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Machines, 30%
- Transportation, 15%
- Chemical products, 11%

Services

- Travel, 24%
- Transport, 23%
- Telecommunications, computer and information services, 16%

Free movement of people



<1,000 UK citizens in Slovenia



6,000 Slovenian citizens in the UK

View of the EU

87%
of Slovenians are in favour of free
movement

73%
of Slovenians feel like an EU
citizen

-17%
net trust in the EU

EU political weight

Vote in the EU council: 0.46%
Number of MEPs: 8 / 751



How Slovenia approves EU agreements

The National Assembly must ratify mixed agreements, but not the National Council (so only one of the two Houses).

There is no mention of referendums.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | A coalition of the Modern Centre Party, the Democratic Party of Pensioners of Slovenia and the Social Democrats in government |
| Head of government | Prime Minister Miro Cerar (Modern Centre Party) stepped down in March 2018 – no replacement has yet been announced |
| Next election | June 2018, although may be earlier following Cerar's resignation |

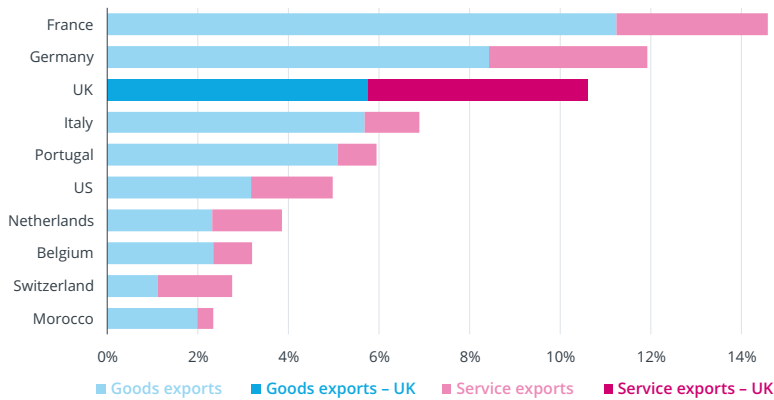
Spain

“The aim will be to build a strategic alliance to respond to the common challenges and goals of the 21st century”

Mariano Rajoy, Prime Minister (December 2017)²⁶

Trade

Top 10 destinations of Spanish exports, 2016



Source: Institute for Government analysis.

Spanish balance of trade with UK, 2016

Goods | + €8.3bn
Services | + €7bn

3.39%
of Spanish GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Transportation, 34%
- Machines, 13%
- Vegetable products, 11%

Services

- Travel, 66%

Free movement of people



309,000 UK citizens in Spain



176,000 Spanish citizens in the UK

View of the EU

94%

of Spaniards are in favour of free movement

88%

of Spaniards feel like an EU citizen

-3%

net trust in the EU

EU political weight



Vote in the EU council: 10.42%
Number of MEPs: 54 / 751

How Spain approves EU agreements

Both Houses must approve mixed agreements.

There is no possibility of referendums.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | People's Party (in minority government) |
| Head of government | Prime Minister Mariano Rajoy (People's Party) |
| Next election | No later than July 2020 |

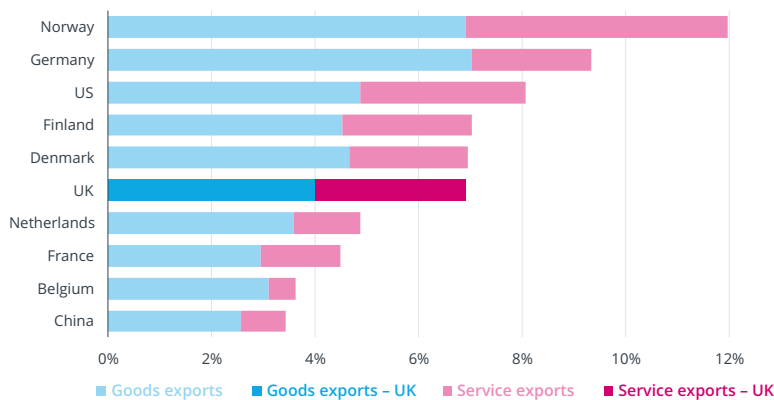
Sweden

"I think we are looking at something like 'Canada plus plus plus...far more reaching than the Canadian trade agreement"

Ann Linde, EU and Trade Minister (December 2017)²⁷

Trade

Top 10 destinations of Swedish exports, 2016



Source: Institute for Government analysis.

Swedish balance of trade with UK, 2016

Goods | + €1bn
Services | - €1bn

2.81%
of Swedish GDP
generated by exports to
the UK

Top three export sectors to the UK

Goods

- Mineral products, 18%
- Transportation, 14%
- Machines, 13%

Services

- Other business services, 34%
- Transport, 15%
- Travel, 15%

Free movement of people



18,000 UK citizens in Sweden



43,000 Swedish citizens in the UK

View of the EU

88%
of Swedes are in favour of free
movement

77%
of Swedes feel like an EU citizen

15%
net trust in the EU

EU political weight

Vote in the EU council: 2.24%
Number of MEPs: 20 / 751



How Sweden approves EU agreements
Parliament must ratify all mixed agreements.

There is no possibility of referendums.

Domestic government

| | |
|-------------------------|---|
| Governing party/parties | The Swedish Social Democratic Party currently in minority government with the Green Party |
| Head of government | Prime Minister Stefan Löfven (Swedish Social Democratic Party) |
| Next election | September 2018 |

Appendix: methodology

This section outlines the methodology used to assess EU member states' individual interests in the future relationship negotiations.

Trade data

We sourced most of the trade data from Eurostat to provide a consistent source to compare across member states. These data are the most likely to represent member state perspectives as they are drawn from their national accounts. These figures differ from the UK's own Office for National Statistics (ONS) figures: as the ONS notes,¹ trade data are often 'asymmetrical' between the importing and exporting countries, meaning that data look different from each country's perspective.

We used five measures of the importance of the UK to member states:

- We sourced the top 10 export markets for each member state, and their balance of trade with the UK, from 2016 goods and services export data, from Eurostat.²
- For the contribution to member state GDP of exports to the UK we used the same 2016 trade figures, combined with GDP data from Eurostat.³
- For the top three export sectors in services we used the same Eurostat figures for 2016. Eurostat does not provide a sectoral breakdown of Spanish services exports to the UK, beyond travel services.
- However, for the top three export sectors in goods we used data from the Massachusetts Institute of Technology's (MIT) Observatory of Economic Complexity,⁴ which draws on UN Comtrade data: this provides a more accessible breakdown of sectors.⁵ The Observatory data groups Luxembourg and Belgium's exports to the UK, so we have reported the same figures for both those countries. It also only provides 2015 data for these two countries, as well as Austria and Slovenia. For the other 23 member states, we used 2016 figures.

Free movement of people

For the number of British migrants living in the EU we used data collected by ONS from Eurostat and other European statistical offices. The data are based on the 2010 to 2011 round of censuses in Europe. Although there are recent estimates in particular member states suggesting reductions in the number of UK citizens abroad,⁶ the ONS is consistent across member states and gives several reasons why these data provide the best estimate of British citizens living in the EU27.⁷

However, this does mean a mismatch in the year used when comparing data for the number of member state citizens living in the UK. We have used the ONS data for July 2016 to June 2017,⁸ as we felt the most up-to-date data here give a better indication of how much this matters to different member states now.

The 1998 Good Friday/Belfast Agreement allows for people born in Northern Ireland to choose Irish, British or both citizenships. The statistics on Irish citizens living in the UK do not include those who have both citizenships.

Views of the EU

Our main source for member states' views of the EU is the biannual Eurobarometer survey, conducted by the European Commission.⁹ The interviews for the latest version took place in November 2017.

EU political weight

We have used the European Council's Voting Calculator¹⁰ to calculate the percentage of the vote that each of the other member states has in a Council of 27 (i.e. excluding the UK).

We have noted the current number of MEPs per member state, i.e. those elected in 2014.¹¹ Assuming the agreement on the future relationship between the UK and the EU is concluded after March 2019, it is likely to need approval from the Parliament due to be elected in May 2019. That will not include the UK's 73 MEPs. The EU is currently deciding whether and how to reallocate all these seats.¹²

If the final outcome is a 'mixed' agreement, it will have to be approved and ratified by each one of the EU27 member states. We have included each member state's constitutional requirements, based on a November 2016 European Parliament briefing document.¹³

Domestic government

Most EU governments are led by a prime minister, with either a president or monarch as ceremonial head of state. We have noted the president of those countries where they are the head of government or where responsibilities are shared between the prime minister and president.

References

1. The approach to phase two of the Brexit negotiations

- 1 European Council (2017) *Guidelines Following the United Kingdom's Notification under Article 50 TFEU*, European Council.
- 2 Barker A (2017) 'Brussels hoists gross Brexit "bill" to €100bn', *Financial Times*, 3 May, retrieved 9 March 2018, www.ft.com/content/cc7eed42-2f49-11e7-9555-23ef563ecf9a
- 3 EUobserver (2018) 'Juncker: business could threaten EU's Brexit unity', 31 January, retrieved 9 March 2018, <https://euobserver.com/tickers/140787>
- 4 Mischke J (2018) 'Emmanuel Macron warns of "prisoner's dilemma" in Brexit phase 2', *Politico*, 5 January, retrieved 9 March 2018, www.politico.eu/article/emmanuel-macron-brexit-warns-of-prisoners-dilemma-in-brexit-phase-2
- 5 Boffey D (2017) 'UK's pre-summit push to "divide and rule EU27" impeded Brexit talks', *The Guardian*, 29 October, retrieved 9 March 2018, www.theguardian.com/politics/2017/oct/29/uks-pre-summit-push-to-divide-and-rule-eu-27-impeded-brexit-talks
- 6 European Council (no date) 'Voting calculator', retrieved 9 March 2018, www.consilium.europa.eu/en/council-eu/voting-system/voting-calculator
- 7 European Union, Article 218, Treaty on the Functioning of the European Union, retrieved 9 March 2018, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12008E218>
- 8 European Parliament (2018) 'Size of Parliament to shrink after Brexit', press release, 7 February, retrieved 9 March 2018, www.europarl.europa.eu/news/en/press-room/20180202IPR97025/size-of-parliament-to-shrink-after-brexit
- 9 BBC (2016) 'Belgium Walloons block key EU Ceta trade deal with Canada', 24 October, retrieved 9 March 2018, www.bbc.co.uk/news/world-europe-37749236
- 10 Universities UK International (2017) *International Facts and Figures: Higher education May 2017*, Universities UK International, retrieved 11 March 2018, www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/International/International_Facts_and_Figures_2017.pdf
- 11 Robinson D (2017) 'Dutch PM: "I hate Brexit from every angle"', *Financial Times*, 22 June, retrieved 9 March 2018, www.ft.com/content/6f3fce45-6d7c-334a-8542-7a0a3f9b974e
- 12 Rutte M (2018) Tweet, 21 February, retrieved 11 March 2018, <https://twitter.com/MinPres/status/966332083403743232>
- 13 Daily News Hungary (2017) 'Cooperation between UK, EU needs to be maintained at strategic level, says Hungarian FM in London', 15 October, retrieved 9 March 2018, <https://dailynewshungary.com/cooperation-uk-eu-needs-maintained-strategic-level-says-hungarian-fm>
- 14 Davis D (2017) 'David Davis' speech to the Suddeutsche Zeitung Economic Summit', 16 November, retrieved 9 March 2018, www.gov.uk/government/news/david-davis-speech-to-the-sddeutsche-zeitung-economic-summit

2. What the EU27 are thinking

- 1 European Commission (2017) 'Rule of law: European Commission acts to defend judicial independence in Poland', press release, 20 December, retrieved 9 March 2018, http://europa.eu/rapid/press-release_IP-17-5367_en.htm
- 2 Chrysopoulos P (2017) 'Greek PM Tsipras: I am proud of living conditions of refugees on the mainland', *The Greek Reporter*, 24 November, retrieved 9 March 2018, <http://greece.greekreporter.com/2017/11/24/greek-pm-tsipras-i-am-proud-of-living-conditions-of-refugees-on-the-mainland>
- 3 Dunai M (2018) 'Hungary's Orban calls for global anti-migrant alliance with eye on 2018 elections', *Reuters*, 18 February, retrieved 9 March 2018, <https://uk.reuters.com/article/uk-hungary-election-orban/hungarys-orban-calls-for-global-anti-migrant-alliance-with-eye-on-2018-elections-idUKKCN1G20PX>

-
- 4 Brunnsden J, Khan M and Barker A (2018) "'Frugal four" band together against Brussels' plans to boost budget', *Financial Times*, 22 February, retrieved 9 March 2018, www.ft.com/content/438b7ff4-1725-11e8-9376-4a6390addb44
 - 5 European Commission (2015) *Financial Report 2015*, European Commission.
 - 6 Oettinger G (2018) 'A Budget matching our ambitions', speech at the conference 'Shaping our Future', 8 January, retrieved 9 March 2018, https://ec.europa.eu/commission/commissioners/2014-2019/oettinger/blog/budget-matching-our-ambitions-speech-given-conference-shaping-our-future-812018_en
 - 7 May T (2018) Speech at the Munich Security Conference, 17 February, retrieved 9 March 2018, www.gov.uk/government/speeches/pm-speech-at-munich-security-conference-17-february-2018 and May T (2018) Speech at Mansion House, London, 2 March, retrieved 9 March 2018, www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union
 - 8 European Commission (2018) 'EU long-term budget after 2020: European Commission sets out options – and their consequences', press release, 14 February, retrieved 9 March 2018, http://europa.eu/rapid/press-release_IP-18-745_en.htm
 - 9 Macron E (2017) 'Initiative for Europe', speech at the Sorbonne, Paris, 26 September, English version retrieved 9 March 2018, <http://international.blogs.ouest-france.fr/archive/2017/09/29/macron-sorbonne-verbatim-europe-18583.html>
 - 10 Khan M (2018) 'Dutch take on Macron with "red lines" over eurozone integration', *Financial Times*, 2 March, retrieved 9 March 2018, www.ft.com/content/e9919948-1e27-11e8-aaca-4574d7dabfb6
 - 11 Rettman A (2018) 'Northern EU states to minimise euro reform', *EUobserver*, 6 March, retrieved 9 March 2018, <https://euobserver.com/uk-referendum/141215>
 - 12 European External Action Service (2018) 'Permanent Structured Cooperation – PESCO', 5 March, retrieved 9 March 2018, https://eeas.europa.eu/sites/eeas/files/pesco_factsheet_05-03-2018.pdf
 - 13 Brunnsden J and Beattie A (2018) 'Brussels sides with UK in Bombardier tariff row', *Financial Times*, 15 November, retrieved 12 March 2018, <https://www.ft.com/content/3f9b3daa-ca1b-11e7-ab18-7a9fb7d6163e>
 - 14 European Commission (2018) 'European Commission responds to the US restrictions on steel and aluminium affecting the EU', press release, 1 March, retrieved 9 March 2018, http://europa.eu/rapid/press-release_STATEMENT-18-1484_en.htm
 - 15 Rajoy M (2017) 'May backed us on Catalonia. Brexit will not break our bond', *The Guardian*, 5 December, retrieved 9 March 2018, www.theguardian.com/commentisfree/2017/dec/05/theresa-may-catalonia-brexit-uk-leaving-eu
 - 16 Mortkowitz S (2018) 'Slovak PM Robert Fico resigns', *Politico*, 15 March, retrieved 16 March 2018, www.politico.eu/article/robert-fico-resigns-slovakia-prime-minister
 - 17 Novak M (2018) 'Slovenian PM Cerar resigns as pressure mounts ahead of election', *Reuters*, 14 March, retrieved 16 March 2018, www.reuters.com/article/us-slovenia-politics/slovenian-pm-cerar-resigns-as-pressure-mounts-ahead-of-election-idUSKCN1GQ358
 - 18 Fianna Fáil (no date) 'Confidence and supply arrangement', retrieved 9 March 2018, www.fiannafail.ie/confidence-and-supply-arrangement
 - 19 Kassim H and Usherwood S eds. (2017) *Negotiating Brexit: What do the UK's negotiating partners want?*, University of East Anglia.
 - 20 European Commission (2017) *Standard Eurobarometer 88*, European Commission.
 - 21 Kroet C (2016) 'Danish EU support rises post-Brexit: poll', *Politico*, 4 July, retrieved 9 March 2018, www.politico.eu/article/danish-eu-support-rises-post-brexit-opinion-poll
 - 22 Evans-Pritchard A (2018) 'Italy's new radicals denounce EU Brexit strategy as foolish dogma', *The Telegraph*, 6 March, retrieved 9 March 2018, www.telegraph.co.uk/business/2018/03/06/italys-radical-new-leaders-denounce-eu-brexit-strategy-foolish
 - 23 European Council (2017) *Guidelines Following the United Kingdom's Notification under Article 50 TFEU*, European Council.
 - 24 Stothard M (2018) 'Spain sets Brexit challenge with Gibraltar demands', *Financial Times*, 25 February, retrieved 9 March 2018, www.ft.com/content/907fb2d8-1894-11e8-9376-4a6390addb44
 - 25 Copenhagen Economics (2018) *Ireland & the Impacts of Brexit*, Copenhagen Economics.
 - 26 Reuters (2018) 'Irish PM says wants "Norway-plus" Brexit deal with UK', 25 January, retrieved 9 March 2018, www.reuters.com/article/us-britain-eu-ireland/irish-pm-says-wants-norway-plus-brexit-deal-with-uk-idUSKBN1FE12K

-
- 27 European Council (2018) 'Remarks by President Donald Tusk after his meeting with Taoiseach Leo Varadkar', 8 March, retrieved 9 March 2018, www.consilium.europa.eu/en/press/press-releases/2018/03/08/remarks-by-president-donald-tusk-after-his-meeting-with-an-taoiseach-leo-varadkar
 - 28 European Council (no date) 'Voting calculator', retrieved 9 March 2018, www.consilium.europa.eu/en/council-eu/voting-system/voting-calculator
 - 29 Eurostat, 'EU trade since 1988 by HS2-HS4 (DS-016894)', retrieved 28 February 2018, <http://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database>
 - 30 Elgot J (2017) 'Poland offers Theresa May backing over Brexit deal amid rift with EU', *The Guardian*, 21 December, retrieved 9 March 2018, www.theguardian.com/world/2017/dec/21/poland-offers-theresa-may-backing-brexit-deal-rift-with-eu
 - 31 May T (2018) Speech at Mansion House, London, 2 March, retrieved 9 March 2018, www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union
 - 32 Eurostat, 'EU trade since 1988 by HS2-HS4 (DS-016894)', retrieved 28 February 2018, <http://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database>
 - 33 European Council (2018) *European Council (Art.50) (23 March 2018) – Draft Guidelines*, 7 March, retrieved 9 March 2018, <https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/European-council-Art.50-23-March-2018-Draft-Guidelines-1.pdf>
 - 34 Macron E (2018) Tweet [Institute for Government translation], 22 February, <https://twitter.com/EmmanuelMacron/status/966654895934894085>
 - 35 European Council (2018) *European Council (Art.50) (23 March 2018) – Draft Guidelines*, 7 March, retrieved 9 March 2018, <https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/European-council-Art.50-23-March-2018-Draft-Guidelines-1.pdf>
 - 36 Napier R (2016) *Fish Landings from the United Kingdom's Exclusive Economic Zone: By area, nationality & species*, University of the Highlands and Islands.
 - 37 Eurostat, 'Total services, detailed geographical breakdown by EU member states (since 2010) (BPM6) (bop_its6_tot)', retrieved 28 February 2018, <http://ec.europa.eu/eurostat/web/international-trade-in-services/data/database>
 - 38 See www.chooseparisregion.fr
 - 39 CDU, CSU and SPD (2018) *Koalitionsvertrag* [Institute for Government translation], 7 February, retrieved 9 March 2018, www.cdu.de/system/tdf/media/dokumente/koalitionsvertrag_2018.pdf?file=1
 - 40 Hammond P (2018) Speech on financial services at HSBC, London, 7 March, retrieved 9 March 2018, www.gov.uk/government/speeches/chancellors-hsbc-speech-financial-services
 - 41 Matthes J (2018) 'IW-Report 8/2018 Brexit: Was kommt auf die deutschen Unternehmen zu?', 8 March 2018, <https://www.iwkoeln.de/studien/iw-reports/beitrag/juergen-matthes-was-kommt-auf-die-deutschen-unternehmen-zu.html>
 - 42 Eurostat, 'Total services, detailed geographical breakdown by EU member states (since 2010) (BPM6) (bop_its6_tot)', retrieved 28 February 2018, <http://ec.europa.eu/eurostat/web/international-trade-in-services/data/database>
 - 43 Ringe W (2018) 'The irrelevance of Brexit for the European financial market', *European Business Organization Law Review*, vol. 19, no. 1, pp. 1–34.
 - 44 Gill O (2017) 'Luxembourg Finance Minister warns EU against strict Brexit approach letting the City of London "drift away"', *CityAM*, 23 October, retrieved 9 March 2018, www.cityam.com/274426/luxembourg-finance-minister-warns-eu-against-strict-brexit
 - 45 Eurostat, 'Total services, detailed geographical breakdown by EU member states (since 2010) (BPM6) (bop_its6_tot)', retrieved 28 February 2018, <http://ec.europa.eu/eurostat/web/international-trade-in-services/data/database>
 - 46 Herszenhorn DM (2017) 'Croatia tests EU27 Brexit unity over citizens concerns', *Politico*, 25 July, retrieved 9 March 2018, www.politico.eu/article/brexit-eu-unity-under-threat-from-croatia-workers-issue
 - 47 MEDEF (2017) 'Three questions to Pierre Gattaz, President of MEDEF, on Brexit', 19 November, retrieved 9 March 2018, www.medef.com/en/news/three-questions-to-pierre-gattaz-president-of-medef-on-brexit
 - 48 Ross V and Gerstein A (2017) 'Brexit negotiations: strengthen cohesion among the remaining EU member states', 5 May, retrieved 9 March 2018, <https://english.bdi.eu/article/news/brexit-negotiations-strengthen-cohesion-among-the-remaining-eu-member-states>
 - 49 See <https://new-deal-for-britain.de/a-new-deal-for-britain>

-
- 50 Ross V and Gerstein A (2017) 'Brexit negotiations: strengthen cohesion among the remaining EU member states', 5 May, retrieved 9 March 2018, <https://english.bdi.eu/article/news/brexit-negotiations-strengthen-cohesion-among-the-remaining-eu-member-states>
 - 51 Kommerskollegium (2018) *Recommendations for Swedish Priorities in Upcoming Brexit Negotiations* [summary in English], Kommerskollegium.
 - 52 Savage M (2017) 'German industry warns UK not to expect help in Brexit negotiations', *The Observer*, 9 July, retrieved 9 March 2018, www.theguardian.com/politics/2017/jul/08/german-industry-warns-uk-over-brexit
 - 53 European Council (2018) *European Council (Art.50) (23 March 2018) – Draft Guidelines*, retrieved 9 March 2018, <https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/European-council-Art.50-23-March-2018-Draft-Guidelines-1.pdf>
 - 54 May T (2018) Speech at the Munich Security Conference, 17 February, retrieved 9 March 2018, www.gov.uk/government/speeches/pm-speech-at-munich-security-conference-17-february-2018
 - 55 Ministry of Defence (2017) 'Defence Secretary wishes troops Merry Christmas while in Poland on NATO visit', 22 December, retrieved 9 March 2018, www.gov.uk/government/news/defence-secretary-wishes-troops-merry-christmas-while-in-poland-on-nato-visit
 - 56 Foreign and Commonwealth Office and Ministry of Defence (2017) 'UK and Poland meet for security and defence talks', 12 October, retrieved 9 March 2018, www.gov.uk/government/news/uk-and-poland-meet-for-security-and-defence-talks
 - 57 Prime Minister's Office (2018) UK–France Summit 2018 documents, 18 January, retrieved 9 March 2018, www.gov.uk/government/publications/uk-france-summit-2018-documents
 - 58 National Crime Agency (no date) 'European Arrest Warrant statistics', retrieved 9 March 2018, www.nationalcrimeagency.gov.uk/publications/european-arrest-warrant-statistics
 - 59 BND (2018) 'BND, DGSE and MI6 emphasise necessity of international cooperation by European intelligence agencies', press release, 16 February, retrieved 9 March 2018, www.bnd.bund.de/EN/Press/press_releases/MSC18_PM_eng.pdf?__blob=publicationFile&v=4
 - 60 Prime Minister's Office (2017) 'Prime Minister's letter to Donald Tusk triggering Article 50', 29 March, retrieved 9 March 2018, www.gov.uk/government/publications/prime-ministers-letter-to-donald-tusk-triggering-article-50
 - 61 Asthana A, Boffey D, Stewart H and Walker P (2017) 'Don't blackmail us over security, EU warns May', *The Guardian*, 30 March, retrieved 9 March 2018, www.theguardian.com/politics/2017/mar/29/brexit-eu-condemns-mays-blackmail-over-security-cooperation
 - 62 May T (2018) Speech at the Munich Security Conference, 17 February, retrieved 9 March 2018, www.gov.uk/government/speeches/pm-speech-at-munich-security-conference-17-february-2018

3. Conclusions

- 1 Reuters (2017) 'Slovakia a pro-European island in its region, PM says', 23 October, retrieved 11 March 2018, www.reuters.com/article/us-slovakia-europe/slovakia-a-pro-european-island-in-its-region-pm-says-idUSKBN1CS1M3

Member state profiles

- 1 Vytiska H (2017) 'Austria's Sebastian Kurz – conservative and pro-European', *Euractiv*, 2 November, retrieved 9 March 2018, www.euractiv.com/section/future-eu/news/austrias-sebastian-kurz-conservative-and-pro-european
- 2 Novak M (2017) 'Charles Michel on Brexit: "Our work isn't over yet"', *Brussels Times*, 8 December, retrieved 9 March 2018, www.brusselstimes.com/eu-affairs/9746/charles-michel-on-brexit-our-work-isn-t-over-yet
- 3 Prime Minister's Office (2017) 'PM meeting with Prime Minister Boyko Borissov: 11 December 2017', press release, 11 December, retrieved 9 March 2018, www.gov.uk/government/news/pm-meeting-with-prime-minister-boyko-borissov-11-december-2017
- 4 Suliman A (2016) 'Brexit to be difficult process like no other – Croatia president', *Reuters*, 12 October, retrieved 9 March 2018, <https://uk.reuters.com/article/uk-croatia-government-eu/brexit-to-be-difficult-process-like-no-other-croatia-president-idUKKCN12C003>
- 5 Georgiou G and Tugwell P (2017) 'Brexit raises questions about U.K. sovereign bases on Cyprus', *Bloomberg*, 5 October, retrieved 9 March 2018, www.bloomberg.com/news/articles/2017-10-05/brexit-puts-question-mark-over-u-k-sovereign-bases-on-cyprus

-
- 6 Weich B (2017) 'UK has done EU a favour! "Europe will fail unless leaders learn Brexit lessons"', *Express*, 14 October, retrieved 9 March 2018, www.express.co.uk/news/world/866378/brexit-eu-will-fail-unless-learn-lessons-czech-PM-candidate-andrej-babis
 - 7 Boffey D (2017) 'Brexit: stop the "games" over the bill and get on with EU deal, says Denmark', *The Guardian*, 8 October, retrieved 9 March 2018, www.theguardian.com/politics/2017/oct/08/denmark-dismisses-eu-wrangling-brexit-divorce-bill-game
 - 8 Republic of Estonia (2017) 'Ratas: the future course of the Brexit talks depends on how the prior agreements are respected', press release, 15 December, retrieved 9 March 2018, www.valitsus.ee/en/news/ratas-future-course-brexit-talks-depends-how-prior-agreements-are-respected
 - 9 Hunt D (2017) "'We want a deep partnership" Finland wants even CLOSER relationship with UK after Brexit', *Express*, 26 December, retrieved 9 March 2018, www.express.co.uk/news/uk/896520/Brexit-news-UK-EU-Theresa-May-Finland-European-Union-Michel-Barnier-negotiations-video
 - 10 BBC (2018) 'Andrew Marr interview with Emmanuel Macron, President of France', transcript, 21 January, retrieved 9 March 2018, <http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/21011801.pdf>
 - 11 Rankin J (2017) 'Brexit trade talks will be more complicated than first phase, says Merkel', *The Guardian*, 20 October, retrieved 9 March 2018, www.theguardian.com/politics/2017/oct/20/brexit-trade-talks-more-complicated-than-first-phase-angela-merkel
 - 12 Washington Post (2016) 'Greece's Tsipras slams Europe Union leaders following Brexit vote', video, 26 June, retrieved 9 March 2018, www.washingtonpost.com/video/world/greeces-tsipras-slams-europe-union-leaders-following-brexit-vote/2016/06/26/94114e1c-3b36-11e6-af02-1df55f0c77ff_video.html?utm_term=.33427368fb76
 - 13 Daily News Hungary (2017) 'Cooperation between UK, EU needs to be maintained at strategic level, says Hungarian FM in London', 15 October, retrieved 9 March 2018, <https://dailynewshungary.com/cooperation-uk-eu-needs-maintained-strategic-level-says-hungarian-fm/>
 - 14 Open Europe (2018) 'Emmanuel Macron warns against EU27 divisions in Brexit trade talks', 5 January, retrieved 9 March 2018, <https://openeurope.org.uk/daily-shakeup/6628/>
 - 15 Evans-Pritchard A (2018) 'Italy's new radicals denounce EU Brexit strategy as foolish dogma', *The Telegraph*, 6 March, retrieved 9 March 2018, www.telegraph.co.uk/business/2018/03/06/italys-radical-new-leaders-denounce-eu-brexit-strategy-foolish/
 - 16 Republic of Latvia (2018) 'European Union issues of priority for Latvia in 2018', press release, 6 February, retrieved 9 March 2018, www.mfa.gov.lv/en/policy/european-union/latvia-s-priorities-for-2018
 - 17 Williams-Grut O (2018) "'It's a big opportunity": Lithuania has a plan to benefit from Brexit', *Business Insider*, 28 February, 9 March 2018, <http://uk.businessinsider.com/lithuania-fintech-brexit-2018-2>
 - 18 Gill O (2017) 'Luxembourg finance minister warns EU against strict Brexit approach letting the City of London "drift away"', *City AM*, 23 October, retrieved 9 March 2018, www.cityam.com/274426/luxembourg-finance-minister-warns-eu-against-strict-brexit
 - 19 The Malta Independent (2017) 'It's obvious that the EU and UK need each other, Prime Minister tells European Council', 15 December, retrieved 9 March 2018, www.independent.com.mt/articles/2017-12-15/local-news/Obvious-that-the-EU-and-UK-need-each-other-Prime-Minister-tells-Council-of-Europe-6736182649
 - 20 Rutte M (2018) Tweet, 21 February, retrieved 9 March 2018, <https://twitter.com/MinPres/status/966332081138733056>
 - 21 Elgot J (2017) 'Poland offers Theresa May backing over Brexit deal amid rift with EU', *The Guardian*, 21 December, retrieved 9 March 2018, www.theguardian.com/world/2017/dec/21/poland-offers-theresa-may-backing-brexit-deal-rift-with-eu
 - 22 Ames P (2017) 'Portugal's foreign minister: no prospect of "sufficient progress" in Brexit talks', *Politico*, 5 October, retrieved 9 March 2018, www.politico.eu/article/portugal-foreign-minister-augusto-santos-silva-no-prospect-of-sufficient-progress-in-brexit-talks-eu-uk
 - 23 Than K and Kelly L (2017) 'East Europeans push for soft Brexit deal, say UK must not be punished', *Reuters*, 26 May, retrieved 9 March 2018, www.reuters.com/article/us-cee-summit-britain-eu/east-europeans-push-for-soft-brexit-deal-say-uk-must-not-be-punished-idUSKBN18M17D
 - 24 Barker A and Foy H (2016) 'Slovakia says Europe will make Brexit "very painful" for UK', *Financial Times*, 18 September, retrieved 9 March 2018, www.ft.com/content/858a3fbc-7cf3-11e6-8e50-8ec15fb462f4
 - 25 Boffey D, Stewart H and Bowcott O (2017) 'Brexit: UK hopes of autumn trade talks "will be dashed", says Slovenian PM', *The Guardian*, 21 August, 9 March 2018, www.theguardian.com/politics/2017/aug/20/uk-hopes-of-eu-trade-talks-this-autumn-will-be-dashed-says-slovenian-pm
 - 26 Rajoy M (2017) 'May backed us on Catalonia. Brexit will not break our bond', *The Guardian*, 5 December, 9 March 2018, www.theguardian.com/commentisfree/2017/dec/05/theresa-may-catalonia-brexit-uk-leaving-eu

-
- 27 Rigillo N (2017) 'Sweden extends post-Brexit trade-deal olive branch to the U.K.', *Bloomberg*, 1 December, retrieved 9 March 2018, www.bloomberg.com/news/articles/2017-12-01/sweden-extends-post-brexit-trade-deal-olive-branch-to-the-u-k

Appendix: methodology

- 1 'Asymmetries in trade data – a UK perspective', www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/asymmetriesintradedataaukperspective/2017-07-13#what-are-trade-asymmetries
- 2 For goods, we used 2016 figures from 'EU trade since 1988 by HS2-HS4 (DS-016894)', available at <http://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database>. For services, we used 2016 figures from 'Total services, detailed geographical breakdown by EU member states (since 2010) (BPM6) (bop_its6_tot)', available at <http://ec.europa.eu/eurostat/web/international-trade-in-services/data/database>
- 3 For GDP data, we used 2016 figures from 'GDP and main components (output, expenditure and income) (nama_10_gdp)', available at <http://ec.europa.eu/eurostat/web/national-accounts/data/database>
- 4 MIT Observatory of Economic Complexity, <https://atlas.media.mit.edu/en>
- 5 UN Comtrade database, <https://comtrade.un.org>
- 6 Zafra I (2018) 'As Brexit starts to bite, more and more Brits are selling up and leaving Spain', *El Pais*, 7 March, https://elpais.com/elpais/2018/03/07/inenglish/1520417174_976942.html
- 7 Office for National Statistics (2017) 'What information is there on British migrants living in Europe?: Jan 2017', www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/whatinformationisthereonbritishmigrantslivingineurope/jan2017
- 8 Office for National Statistics (2017) 'Dataset: Population by country of birth and nationality underlying datasets', Tables C and D, www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/populationoftheunitedkingdombycountryofbirthandnationalityunderlyingdatasheets
- 9 European Commission (2017) 'Standard Eurobarometer 88', <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2143>
- 10 European Council and Council of the European Union, Voting Calculator, www.consilium.europa.eu/en/council-eu/voting-system/voting-calculator, retrieved 9 March 2018
- 11 European Parliament (2013) 'Elections 2014: share-out of MEPs' seats among 28 EU countries', press release, 12 June, www.europarl.europa.eu/news/en/press-room/20130610IPR11414/elections-2014-share-out-of-meps-seats-among-28-eu-countries
- 12 European Parliament (2018) 'Size of Parliament to shrink after Brexit', press release, 7 February 2018, www.europarl.europa.eu/news/en/press-room/20180202IPR97025/size-of-parliament-to-shrink-after-brexit
- 13 European Parliament (2016) *National Parliaments Background Briefing (November 2016): Procedures of ratification of mixed agreements*, www.epgencms.europarl.europa.eu/cmsdata/upload/7ce7f104-1295-48f1-962e-51eba78d5ace/Mixed_Agreements_FINAL.pdf

About the authors

Tim Durrant

Tim Durrant joined the Institute for Government in November 2017 as a senior researcher on our Brexit programme. Prior to joining the Institute, he worked at HM Treasury on the Government's Brexit strategy. During his time in the civil service, Tim also worked on the UK's relationships with EU member states, spending on energy and climate change policies, and the UK's co-operation on international development with members of the Gulf Co-operation Council.

Alex Stojanovic

Alex Stojanovic is a researcher at the Institute for Government, working in the Brexit team. He joined the Institute in March 2017 from the University of Sussex where he completed an MA in Philosophy. Alex has worked for the Department for Culture, Media and Sport in the youth policy team.

Lewis Lloyd

Lewis Lloyd joined the Institute for Government in September 2017 as an intern on the Brexit team. He graduated from the University of Cambridge with a BA in Politics, Psychology and Sociology in 2015, and has an MSc in Intelligent Systems from the University of Sussex. Lewis has previously worked for a polar explorer, a cyber-security start-up, and as a paralegal.

Acknowledgements

The authors would like to thank colleagues Bronwen Maddox, Dr Hannah White, Jill Rutter and Nicole Valentinuzzi at the Institute for Government for invaluable advice and input when drafting this report. We would also like to thank the communications and data teams at the Institute for Government for their fantastic support.

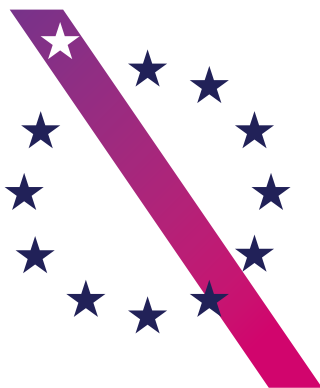
Though they are too many to list here, we are also eternally grateful to everyone who shared their time and opinions with us during the course of the project.

All errors and omissions are, of course, our responsibility alone.

The Institute for Government is the leading think tank working to make government more effective.

We provide rigorous research and analysis, topical commentary and public events to explore the key challenges facing government.

We offer a space for discussion and fresh thinking, to help senior politicians and civil servants think differently and bring about change.



 instituteforgovernment.org.uk

 enquiries@instituteforgovernment.org.uk

 +44 (0) 20 7747 0400  +44 (0) 20 7766 0700

 [@instituteforgov](https://twitter.com/instituteforgov)

**Institute for Government, 2 Carlton Gardens
London SW1Y 5AA, United Kingdom**

© Institute for Government 2018

The Institute for Government is a registered charity in England and Wales (No.1123926) with cross-party governance. Our main funder is the Gatsby Charitable Foundation, one of the Sainsbury Family Charitable Trusts.