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## **BREXIT MEANS BREAKFAST**

*By Nicholas Woolf, Director and Principal, Nicholas Woolf & Co*

Yesterday I sat on a panel with Beth Rigby, deputy political editor for Sky News, Stewart Jackson, former special adviser and chief of staff to David Davis and Chris White of Newington Communications, who chaired a discussion with an invited audience on the prospects of the current Brexit negotiations and their possible political consequences. At the end of the meeting, the general consensus appeared to be that Mrs May, who was said to be fairly private about the real progress made in the negotiations, was unlikely to remain as Prime Minister much beyond 29<sup>th</sup> March 2019, although she may try and hang on; there being no clear and popular successor.

It was thought that Mrs May would present the outcome of the negotiations as the only deal on the table and the alternative would be no deal; the cliff edge. The shape of any such deal is currently unknown. There were said to be many in Parliament who would prefer an EEA/Norwegian-style deal graduating in time to a Canada++ arrangement. However, time is running out and the Parliamentary timetable was unlikely to permit this. In any event the Europeans would then have to agree it.

There was concern that much of the Government's efforts had centred on the trade of goods rather than services. Services represent 79% of the UK's exports. Since yesterday, though the details are currently uncertain, matters appear to have moved on.

Yesterday's Financial Times indicated that agreement had been reached over the banking clearing systems. Today, the Times has reported that the Government has agreed an equivalence structure for financial services. A member of the European Parliament, speaking on BBC Radio 4's Today Programme, made it clear that, as the UK will be a third country once it leaves the EU, full passporting of financial services was never on the table nor could it be. The Government, commenting on the Times report, have not yet confirmed the situation; saying that the report was "a rather rose-tinted interpretation of where we have got to...people should not get ahead of themselves".

The question remains; are we any further forward? Given that Parliament will want to approve any deal is, there enough time to do any deal at all without the necessity of an agreed extension of time of the Article 50 notice? Dominic Raab indicated yesterday that a deal may be finalised by 21<sup>st</sup> November 2018. His department later distanced itself from that remark by clarifying that there is no set date for negotiations to conclude. Mrs May said in reply to Parliamentary questions that there would be no extension beyond the 29<sup>th</sup> March 2019.

Of course Mrs May couldn't say anything else; any concession that the UK is relying on an extension of time would weaken the UK's negotiating position. However, after decades of experience of time-limited negotiation, I remain to be convinced that the negotiations wouldn't be extended beyond the deadline if an agreement is near but not complete.

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