

EU- Brexit Crisis

European Union (EU) Summary

The European Union is a union of 28 member states located within the European continent. It serves as a political and an economic entity with its policies aiming to ensure the free movement of people, goods, services, and capital across its market. It has representation at the United Nations, World Trade Organization, the G7 and the G20. It has led diplomatic efforts since being established in 1993. A monetary union and abolishment of passport controls came into effect shortly after.

Topic 1: A Single Financial Settlement

The European Union has established a monetary union and use of single currency known as the Euro, currently 19 of the 28 members use this. It is the second largest and second most traded currency in the foreign exchange market after the U.S. dollar. In late 2009, the euro became immersed in the European sovereign-debt crisis, which led to the creation of the European Financial Stability Facility as well as other reforms aimed at stabilising and strengthening the currency. The United Kingdom never adopted the use of the Euro and has used their own currency of the British Pound Sterling. The former EU member state always treated it as foreign currency within the UK, and following the departure from the EU this will continue besides independent shops who choose to accept the Euro on behalf of tourists in the UK.

Questions to consider:

1. Can a level of volatility be expected between the pound sterling and the euro during Brexit?
2. Will the euro lose value after the United Kingdom leaves the union?
3. Should independent shops be encouraged to accept the Euro?

Topic 2: Citizens Rights

The issue of citizens' rights - referring to both the rights of EU citizens residing in the UK, and UK citizens residing in the EU - is of crucial importance to the ongoing Brexit talks. Citizens rights are an important issue, given that around 3.2 million EU citizens reside in the UK, and nearly 1.2 million UK citizens reside in the EU. Currently, all of these citizens benefit from the same rights under the derived EU citizenship conferred to citizens of Member States. Some important rights established include; the right to move and reside freely across member states, the right to vote and run for European Parliament, the right to diplomatic protection in a non-EU territory by authorities of another member state. Once the UK leaves the EU, UK citizens living in the EU will cease to be EU citizens and hence will likely lose the rights listed above, while the effect on EU citizens residing in the UK is still undetermined.

With the world refugee crisis increasing and an influx of immigrants fleeing to Europe, many to EU member states, citizens rights and immigration across Europe and into UK borders will look differently preceding and following Brexit.

Questions to consider:

1. What impact will Brexit have on the refugee crisis?
2. Under which legal system should the rights of EU citizens in the UK be enforced?
3. What rights, if any, should be extended by the UK government to EU citizens living in the UK?
4. What rights, if any, should be extended by EU member states to UK citizens living in the EU?

Topic 3: Redefining Trade Agreements

With the UK leaving the EU their previous free trade agreements with other EU members states may have to be re-defined. The EU has agreed that Britain will be able to negotiate and sign and implement free trade deals with non-EU countries whilst still effectively a member of the single market during the implementation period.

The EU offered a classic free trade agreement covering limited services and with zero tariffs and no quotas on goods to the UK for the post-Brexit period.

A free trade agreement can align two countries economically tightly close together, but it goes with the two retaining their own rules and regulations.

Officials in Brussels argue that the single market only functions with one set of rules, and with one court overseeing those rules, which the UK ruled out as a post-Brexit scenario.

A framework for the relationship between the UK and EU must be drafted now, however, real trade talks can only begin once the UK is longer a part of the EU. The EU has been willing to make specific adjustments in this particular case with the UK because of its competitive economy and as assurance the UK will not undercut the union in taxes or state subsidies.

Questions to consider:

1. How will the UK's economic growth be impacted?
2. When striking trade agreements, how should the country balance its efforts between breaking new ground in global services trade and carving out new markets for its goods?
3. Can the U.K. turn Brexit into a manufacturing opportunity? Can it and should it seek a mini-reindustrialization?