

Leaked Letter from Dame Lucy at the unit for co-ordinating Brexit

Readers will remember past leaks from a senior official, Dame Lucy. Another has come to my attention.....

Dear Frank (I'm not sure who he is)

The Prime Minister is rightly pressing on with the Withdrawal Agreement. As you know, the Cabinet Office has been strongly behind this initiative, as it offers us the best chance to protect all that is best about our current membership whilst fulfilling the letter of the remit to leave the EU on 29 March 2019. We have carried out a substantial scoping exercise, and presented Ministers with the enormity of the task, reflecting all the inherent agreements and arrangements that have arisen from 45 years of membership of the EEC/EU. We have also responded to those Ministers who have said they are looking for a compromise between Remain and Leave, and wish to reflect the Opposition position that there must be no damage to jobs and trade. Some Ministers as at the Treasury and Business recognise that it will take a lot of time to try to get these features of our current membership into any future partnership agreement, though they would like to do so.

The truth is there has been no Agreement on offer which duplicates our membership of the Customs Union and single market which also meets the requirements to exit freedom of movement and to leave the EU. Because of this we worked with the EU on the sequencing proposal. Now it is established that the UK has to sign up to the money and a number of important obligations up front to reassure the EU, we can proceed to highlight the possible addition of better trading terms and some agreement on customs once the Withdrawal Agreement is signed. As you can see from the WA we have allowed plenty of time, with 21 months to be followed by up to a further 2 years. This means of course there could be one or more General elections before the negotiations are finished. The Opposition policy of wanting to stay in the Customs Union and single market would not be pre-empted before at least one General election had occurred, which might be best in the circumstances, assuming we need all the time laid down to try to sort out a future partnership. Meanwhile, though we have technically left, all obligations and legal arrangements remain the same.

There is concern in the Unit that the WA might not get through the Commons. We have briefed Ministers to stress there might be no Brexit without the WA, and to highlight the uncertainties rejecting the WA will create. We need to help them respond to those who argue that just leaving and trading under WTO terms is a true Brexit. The government has successfully stressed that such a Brexit would be "hard" and like falling off a cliff. We may need to send out more of the material from the scoping survey showing just how many things might change, and how they might change for the worse without the continuity provided by the WA. I understand there are a few large multinationals prepared to forecast problems for supply chains and transport which we must give

prominence to. The government is very preoccupied by the Union, so it is good that the EU stresses the significance of the Irish border issues.

This current fluid situation leaves open the danger of just leaving by default. That is why we must draw attention to the risks, and help Ministers stress the advantages of staying in and spending more time trying to get the future partnership right. In practice once we have signed the WA our bargaining position is much reduced, so we also need in private with Ministers to lower expectations of what can be achieved in subsequent negotiations. Treasury and Business seem aware of this, but some other departments are less well informed. We need to ensure the Trade department does not raise hopes of any early breakthrough for a Free Trade Agreement with the USA or some other non EU state, as that would be seen as provocative on the continent. We also need to ready departments for the rush of new EU legislation likely to come from the new Parliament and Commission, which we must implement thoroughly in our usual way.

Yours

Lucy