

WHAT WILL THE ASSEMBLY DISCUSS? A VERY QUICK INTRODUCTION

CITIZENS'
ASSEMBLY
ON BREXIT

WHAT IS THIS BRIEFING FOR?

This briefing introduces some of the key information and arguments that you will hear at the Assembly.

It would be great if you could read it before you arrive, as it will give you a rough idea of the issues that the Assembly will cover.

However, there is absolutely no requirement that you learn, understand, or remember any of the information in this briefing in advance. And you should not worry if it feels like a lot of information, or seems very complicated.

We will be spending a lot of time at the Assembly going through this information and hearing arguments from experts and people with different views about what Brexit should look like. You do not need to know all the information in this briefing in advance.

PART ONE: INTRODUCTION

WHAT IS THE EU?

The European Union (EU) is a group of 28 countries – 27 when the UK leaves. These countries include, for example, France, Germany, Ireland, Italy, Latvia, Lithuania, Poland, Romania, Slovenia, Spain, and Sweden.

One way to think of the EU is as a club. If you are a member of the club, you have to follow certain rules. In return, you get access to what the club has to offer.

On 23 June 2016, the UK held a referendum to ask voters whether or not they wanted the UK to remain a member of the EU 'club'. Voters decided that they did not. They voted to leave the EU.

The UK's decision to leave the EU has become known as 'Brexit'.

WHAT SHAPE SHOULD BREXIT TAKE?

The UK's voters have decided to leave the EU. The Citizens' Assembly on Brexit is not reopening this question. This decision has already been made.

Instead the Assembly is looking at questions about the shape Brexit should take. In other words: what relationship does the UK want to have with the EU after it leaves?

The UK government is currently in negotiations about this future relationship with the EU. But we have little idea what ordinary people think Brexit should look like.

The Citizens' Assembly on Brexit aims to find out what answer UK voters would give to this question. As two weekends is not long enough to cover every part of this decision, the Assembly is just going to look at the areas of trade and immigration.

In other words, the key question the Assembly is looking to address is:

"What do UK voters think the relationship between the UK and the EU should be on trade and immigration after Brexit?"

PART TWO: TRADE

INTRODUCTION

Trade means the buying and selling of goods (like food and electrical products) and services (like education and banking).

People and companies in the UK often trade with people and companies in other countries. For example, you might own a German washing machine. A Polish company might ask a British firm to design its website. Someone in Britain might buy vegetables from Spain.

Countries often create barriers to other countries trading with them. For example, they might require more taxes to be paid on goods and services from abroad than on goods and services made in their own country. These extra taxes are called *tariffs*.

Other barriers to countries trading with one another are more subtle. Sometimes they exist without anyone deliberately creating them. For example, if each country sets its own standards for fridge safety, that makes trade harder. This is because companies that sell fridges in more than one country then have to follow different rules for each place. These sorts of barriers to trade are called *non-tariff barriers*.

When countries sign deals with one another aimed at reducing barriers to trade, these are called *free trade agreements*.

THE UK AND TRADE

As a member of the EU, the UK has automatically been part of two of the EU's main components: the Single Market and the Customs Union.

The Single Market and the Customs Union both aim to make trade inside the EU freer. In other words, they aim to make it easier for people and companies in the UK to trade with people and companies in other EU countries, and vice versa. They also set the rules for how countries inside the EU trade with countries outside. In doing these things, they restrict what the UK can decide for itself.

THE SINGLE MARKET

The Single Market aims to allow economic activity to take place across the EU without any barriers.

The Single Market covers four aspects of economic activity: goods, services, labour (that is, people), and capital (i.e., money). The basic principle is that goods, services, labour, and capital should be able to move freely from one member state to another. For example, if goods can be sold in one member state, it should be possible to sell them in any other member state on the same terms. If a company can provide a service in one member state, it should be able to provide it in all member states. A person who is entitled to work in one member state should be allowed to work in all of them.

In practice, the Single Market is not 'complete', as there are still some restrictions that prevent

completely free trade. These relate particularly to services. For example, there are rules that require providers of some services to be licensed separately in each country they want to do business in.

We look at the free movement of people in the next section of this paper, which is on immigration. We won't be talking about capital at the Citizens' Assembly. So the rest of this section focuses on goods and services.

To achieve the free movement of goods and services, countries in the Single Market are not allowed to impose tariffs on one another. This means that the UK cannot impose tariffs on goods and services from other countries in the Single Market. And these countries cannot impose tariffs on goods and services from the UK.

The Single Market also aims to reduce non-tariff barriers to trade. It does this in two ways:

- One way is that members agree to have shared rules for things like product standards, packaging, and environmental standards. All Single Market members have to follow the rules. This limits the freedom of the UK to decide its own rules on these matters. This is called *harmonisation*.
- The other way is that members agree to accept each other's rules. For example, a person needs to pass professional qualifications in order to provide services such as nursing or accounting. When the qualifications in one member state are accepted in others too, this is called *mutual recognition*.

The Single Market's rules are decided by EU members. Up until now, the UK has therefore played a role in deciding these rules. After it leaves the EU it won't.

Where there is disagreement about whether or not the rules of the Single Market have been broken, the European Court of Justice (ECJ) reviews what has happened and reaches a decision. Countries in the Single Market have to follow what the Court decides.

All EU members are part of the Single Market.

Norway, Iceland and Liechtenstein are also part of the Single Market, even though they are not EU members. They can trade freely with other Single Market countries. They can't vote on the Single Market's rules, but they are consulted during the decision-making process.

THE CUSTOMS UNION

The Customs Union sets the rules on how countries inside the Customs Union trade with countries outside.

The EU, through the Customs Union, does three main things:

- It sets the level of tariffs that all Customs Union members charge on imports from outside the Customs Union. It has decided that there should be no tariffs on some imports, including many electrical products. Other imports face low tariffs: for example, the tariff on many raw materials is 1–3 per cent of the cost. Others have high tariffs, such as 30 per cent on clothes and shoes.
- It negotiates free trade deals with countries outside the EU. These deals reduce or eliminate the

tariffs that the EU charges from those countries, and vice versa. In some cases, deals go further and reduce non-tariff barriers too. The EU has done trade deals with around 50 countries, including Canada, Mexico, and South Korea.

- It makes it possible for goods that are imported from outside the Customs Union to go through customs controls only once. For example, goods that land in the UK from outside of the Customs Union are checked and tariffs are paid in the UK. They can then move freely to any other country in the Customs Union without further checks and payments.

All EU members are part of the Customs Union. Turkey is a partial member, even though it is not a member of the EU.

Being part of the Customs Union means that goods can cross the border between the UK and other Customs Union countries very easily, which makes trade freer. In car manufacturing, for example, car parts often cross borders several times before they are assembled into a finished car. Belonging to the Customs Union also allows the UK to benefit from the trade deals that the EU does around the world.

However, some people are concerned that being in the Customs Union makes trade with countries outside the EU harder. Some people would like the UK to impose lower tariffs – or no tariffs at all – on imports from outside the EU, but it can only do that if the members of the Customs Union agree to do the same.

The Customs Union also stops the UK from making free trade deals by itself with countries outside of the EU, as these deals are negotiated by the EU on behalf of all Customs Union countries. All countries, including the UK, have to be happy with the deals before they can be agreed. The UK can veto a deal if it is not happy. But all the other 27 EU member countries have a veto too, which can make agreeing deals slow and difficult.

A NOTE ON THE NORTHERN IRELAND / IRELAND BORDER

Leaving the Single Market and Customs Union could mean big changes on the border between Northern Ireland and the Republic of Ireland.

At the moment, the UK and Ireland are both in the Single Market and Customs Union. This means that goods do not have to be checked when they cross the border between Northern Ireland and the Republic. Whether that could continue if the UK leaves the Customs Union is not yet clear.

If it cannot continue, some people have concerns about what will happen. These include worries about whether or not it will be possible to check the whole border, the impact on the peace process, and the impact on businesses either side of the border.

A NOTE ON FREE TRADE

Both the Single Market and the Customs union aim to make trade between EU countries easier or 'freer'. Free trade agreements done with other countries aim to make trade freer with these countries. However, not everyone thinks unlimited free trade is a good thing.

People who support free trade argue, among other things, that free trade is important for UK businesses to do well. They point out that many UK businesses buy services, materials, parts, ingredients or packaging from abroad. And many UK businesses also sell their products and services to people and companies in other countries. Without free trade, these activities would be more expensive.

People who do not support free trade argue, among other things, that it damages UK businesses. They argue that it stops the government protecting UK companies and industries by imposing tariffs on foreign companies who want to sell their products in the UK. They also argue that free trade agreements are not doing enough to protect consumers and are giving companies too much power.

WHAT'S ARE THE CHOICES FACING THE UK?

After Brexit, the UK has a choice about what trading relationship it has with the EU. One part of that choice is about the Single Market. Another part is about the Customs Union. You will hear more about both of these issues during the Assembly.

For the Single Market, the choices include:

1. The UK could seek to stay in the Single Market even after it has left the EU.
2. The UK could leave the Single Market but seek a detailed trade deal with the EU that covers both tariff and non-tariff barriers.
3. The UK could leave the Single Market and seek a trade deal with the EU covering tariffs only.
4. The UK could leave the Single Market and decide to have no trade deal with the EU.

For the Customs Union, the choices include:

1. The UK could seek to stay in the Customs Union even after it has left the EU.
2. The UK could seek a separate customs union between the UK and the EU.
3. The UK could leave the Customs Union without replacing it with a different arrangement.

WHAT ARE THE ARGUMENTS?

During the Assembly, you will hear many different arguments for and against the above options. Some examples include:

Arguments about the economy

Some people argue that having a close relationship with the Single Market and the Customs Union is good for the economy, because it makes trade with European countries easier.

Other people argue that a close relationship with the Single Market harms the economy, because Single Market rules stifle innovation and entrepreneurship.

Some people think being in the Customs Union helps the UK trade with countries outside of the EU,

because the EU has the size and power to negotiate good trade deals.

Others think leaving the Customs Union would help the UK trade with countries outside of the EU, because the UK on its own would be able to negotiate deals more quickly, without having to worry about the views of the other 27 EU countries. The UK would also be able to choose what tariffs it charges on imports from countries with which it hasn't done a trade deal.

Arguments about democracy and control

Some people argue that the UK should leave the Single Market and the Customs Union because they restrict the UK's ability to set its own rules and laws through its own democratic processes.

Other people argue that the UK and companies in the UK would often have to follow EU rules anyway, even if the UK left the Single Market and the Customs Union, because it would want to continue buying and selling goods and services with EU members.

Arguments about immigration

We will look at immigration in more detail in the next part of this paper. However, the Single Market covers free movement of people, as well as free trade. Arguments about trade and immigration are therefore linked.

Some people argue that the UK should leave the Single Market because they want tighter controls on immigration.

Others argue that the UK should stay in the Single Market, either because they think immigration is a good thing, or because they think the trade benefits of staying in the Single Market are more important than controlling immigration.

You can read more on why people have these views in the next section.

PART THREE: IMMIGRATION

INTRODUCTION

Emigration and immigration happen when people move from one country to another. Emigration is movement from a country. Immigration is movement into a country.

So, for example, a Polish national who does not have a British passport and who comes to the UK to look for work has emigrated from Poland and is now an immigrant in the UK. A UK national who retires to southern France and does not have a French passport has emigrated from the UK and is now an immigrant in France.

People choose to move country for many reasons. These include *personal reasons* (e.g. they might want a change in lifestyle, or to be close to relatives or partners). Or people might move for *economic reasons* (e.g. to find work, or to take up a job they have been offered). They might move permanently, or just for a few months or years.

An immigrant is not the same as a refugee. A refugee is someone who has been *forced* to leave their country and cannot return home safely. This might be because of, for example, war or religious persecution. The Citizens' Assembly on Brexit is not looking at refugees, just at immigrants. This is because Brexit won't affect the UK's responsibilities towards refugees.

THE UK AND IMMIGRATION

As a member of the EU, the UK has to allow the free movement of people to and from other EU countries.

This means that people from other EU countries are free to come to the UK in order to live and work. The UK cannot limit this immigration. However, any immigrant staying for more than three months has to have either a job or another means of supporting themselves (for example, savings). If they don't meet these conditions, they cannot rely on the UK benefits system and have to have health insurance so that the NHS is paid back for any medical treatment they receive. EU immigrants who lose their job can stay and claim benefits while looking for work for up to six months. Those who do not find a job or do not have another means of supporting themselves can be deported (removed from the UK).

The same is true for UK nationals who want to live and work in another EU country. They are free to do so, as long as, after three months, they either have a job or another means of supporting themselves.

IMMIGRATION AND THE SINGLE MARKET

Members of the Single Market (see page 3) must allow freedom of movement. If the UK wants to remain a member of the Single Market after it leaves the EU, it will almost definitely have to continue to allow freedom of movement to and from other Single Market countries.

On the other hand, if it leaves the Single Market, it will be able to put limits on immigration of EU nationals. Equally, EU member states are likely to put limits on UK citizens' freedom of movement to the EU.

A NOTE ON EXISTING IMMIGRANTS

When the UK voted to leave the EU, there were already over 3 million people from EU countries living and working in the UK. There were also over 1 million people from the UK living and working in EU countries.

The UK government is already in negotiations with the EU about what should happen to these people. And the UK and EU may already have sketched out an agreement on this area before the Assembly takes place.

For this reason, the Citizens' Assembly on Brexit will not look at existing immigrants. It will focus on what the rules should be for EU nationals wanting to come to the UK, and for UK nationals wanting to go to the EU, after Brexit.

WHAT'S ARE THE CHOICES FACING THE UK?

After Brexit, the UK has some choices about what its immigration policy should be. You will hear more about these during the Assembly. The choices include:

1. The UK could continue to allow freedom of movement between the UK and the EU.
2. The UK could place immigration controls on people moving to the UK from the EU, but still allow people from EU countries to come to the UK more easily than people from countries outside of the EU.
3. The UK could place the same immigration controls on people moving to the UK from the EU as it does on people coming to the UK from outside of the EU.

There are also other options that you will hear about during the Assembly. These include having different immigration rules for people coming to the UK to work in particular services or sectors, for example the NHS or fruit farming. The Scottish government has also suggested that there could be different immigration rules in different parts of the UK.

WHAT ARE THE ARGUMENTS?

During the Assembly, you will hear many different arguments for and against the above options. Some examples include:

Arguments for continuing to allow freedom of movement with EU countries

People who support freedom of movement with the EU often argue that immigration is good for the

economy, because it is easier for employers to find workers with the right skills.

They argue that immigration is particularly important for some sectors of the economy, such as fruit picking, which needs a lot of workers at particular times of the year, or sectors such as universities and creative industries, which benefit from the exchange of ideas.

They also argue that immigration helps public services. For example, many of the people who work in the NHS are immigrants.

Some people like immigration because they think it makes the culture in the UK more open, vibrant and varied.

Some people like freedom of movement because it goes both ways. It allows people from the UK to travel freely to work in other EU countries, which is particularly attractive to younger people.

Arguments for more controlled immigration

People who want tighter controls on immigration often argue that high immigration puts pressure on jobs and wages. They say that immigrants take jobs from UK nationals and that immigrants are prepared to work for lower wages, encouraging employers to pay less.

They argue that controlling immigration more tightly would force firms in the UK to train UK workers, rather than rely on people trained elsewhere.

They also argue that high immigration puts pressure on local schools and health services, making life more difficult for people born in the UK.

They argue that high immigration increases demand for housing, which puts up the cost of buying or renting a home.

Some people would like lower immigration because they think high immigration is changing the UK's culture in a negative way, or changing it too quickly.

Arguments for different immigration

Some people believe in the benefits of immigration but still want to end freedom of movement with the EU. They want a system of controlled migration from all countries, whether inside the EU or outside. They think this would help the UK draw in the most talented people from all around the world.

FINAL WORD

We look forward to exploring these different ideas about trade and immigration with you over the two weekends of the Assembly. Your views and ideas are really important.