Ten Cards That Trump Would Play To Get A Brexit Deal

The British Parliament voted on seven separate Brexit amendments Tuesday night. Two were approved: one preventing the UK from leaving the EU without a deal, and one changing the arrangements for the Irish border. Hard core Remainers will be dancing in the aisle: Parliament has in effect told Prime Minister Theresa May to go back to Brussels to beg for a better deal, but if the EU refuses, Brexit will be cancelled. That’s no way to get what you want. They’ve as much as conceded the negotiations in advance.

Britain’s ruling class has been intent on defeating Brexit since the British people opted to leave the European Union in June, 2016. Theresa May’s opening gambit was to give away the grant of UK permanent residence to more than 3 million EU citizens then living in the country (and to the several hundred thousand more who have since raced in). She then made an early commitment to pay an enormous divorce bill to the EU before the Brexit negotiations had even begun, and licensed Irish intransigence with an up-front pledge to impose “no hard border” on the island no matter what. Dealt the same cards as Theresa May, Donald Trump would have built a wall, then offered to take it down — for a fee.

May’s three key concessions were generous-minded and eminently reasonable. But while May has been playing a good-faith game of let’s-all-get-along, the Jean-Claude Juncker and the European Union have been playing beggar-thy-neighbor politics. No one in the UK seems to have noticed that Juncker made no up-front concessions, only up-front demands. Unsurprisingly, the final withdrawal agreement represented little more than British acquiescence to the EU’s negotiating position. Having conceded all of Juncker’s needs up-front, May had no leverage to play for anything better.
Now her hand is even worse. Luckily for the British people, the UK still holds at least ten face cards it can play to force a better Brexit. Here’s how Trump would play them.

£39 billion. The UK would be crazy to pay the previously agreed £39 billion divorce bill if the EU refuses to renegotiate Brexit. Let them sue. The EU desperately needs this money now, because rich EU countries like the Netherlands have insisted that they will make no further contributions to the EU budget, while poor EU countries like Poland has insisted that they will accept no reduction in subsidies. The EU doesn’t have the time to wait for the outcome of an arbitration ruling that may take years to decide. When you owe £39, the bank owns you. When you owe £39 billion, you own the bank.

3.7 million hostages. There are 3.7 million EU citizens living in in in the UK, up from 3.4 million in 2016. The Europeans want in, not out. The UK may have a moral obligation to let them stay, but it doesn’t have to make it easy on them. Look how they’ve squealed over having to fill out a form and pay £65 plus £32.50 per child. Non-European permanent residents in the UK have to fill out lots of forms and pay £610 plus £610 per child. There’s no reason why EU citizens should get a better deal than the rest of us — unless the EU gives up something in exchange. As for UK citizens living in the EU, there are only around a million of them, and most of them are on vacation — or retired.

Tariffs. Britain exports £274 billion a year to the EU — and falling. The EU sends £341 billion a year to the UK — and rising. Simple arithmetic suggests that the EU has more to lose from a no-deal reduction in trade. Even worse for the EU, due to the quirks of WTO rules, the no-deal average UK tariff on EU goods would be 3.8 percent, while the average EU tariff on UK goods would be just 2.6 percent. On top of that, the UK has a much more flexible currency than the 19-member Eurozone; a minor depreciation in the Pound would keep British exports at par, while hitting the EU’s exports even harder. When it comes to trade, the balance of pain clearly favors the UK.

French farmers. Because Britain imports half its food, scary headlines have highlighted the possibility of big price increases at the supermarket check-out. Imagine the uproar among French farmers if the UK stopped buying French cheese. French farmers are already on the rampage in response to minor cuts in government subsidies. Throw
in the fishermen denied access to UK fishing grounds, and last year’s scallop war will look like a minor skirmish. As the Yellow Vest uprising enters its fourth month, Emmanuel Macron can’t afford to have it enflamed by a no deal agricultural revolution.

German automakers — and their unions. The auto industry is the lifeblood of the German economy, and Germany exports more cars to the UK than to any other country. Angela Merkel has already announced her retirement, and the wolves are circling on her beleaguered coalition government. With the German economy sliding toward recession, the last thing Merkel needs is a collapse in auto exports. With the far right and the far left both on the rise, the mainstream German parties need all the peace and quiet they can get.

Heathrow. Hard Brexit melodramatists like to raise the possibility that British airlines would lose the right to fly or through the EU in the event of an absolutely no deal Brexit. Of course, EU airlines would also lose the right to fly to the UK. Try telling that to Ryanair. Or to all the EU airlines that have landing slots at Heathrow, each worth upwards of £50 million (the most expensive in the world).

The Internet. Most of Europe’s Internet connectivity to the Untied States crosses the UK and is managed by UK servers. A super-hard Brexit would effectively cut Europe off from the world. Of course, Britain is not about to pull the plug — but it could. In the very unlikely event that the EU pulled the plug on Heathrow, the UK could pull the plug on the European Internet. That’s not a threat that should be made; it’s a fact that should be mentioned whenever the EU says “no new talks.”

Access to financing. Analyses of the financial costs of Brexit inevitably focus on UK’s outsized banking sector, but when it comes to money, getting it is more important than giving it. When the EU threatens not to passport UK-based banks, that is the accounting equivalent of the EU threatening to exclude itself from the London-based global financial system. To see things from the other side of the Channel, imagine if the UK threatened to ban its banks from dealing with EU institutions. Financial dominance is one of Britain’s major negotiating strengths, not a strategic vulnerability.

The Irish border. If you think the Irish border is a problem for Britain, think again. Nearly all of Ireland’s exports to the rest of the EU are
routed through the UK. A hard border in Dundalk and Derry means a hard border in Holyhead and Liverpool, where Irish goods bound for the continent roll off the short ferries from Dublin. The claim that a hard border would bring back the Troubles is nothing less than a demand that the UK should cave into the threat of international terrorism. The Irish may be very sensitive about being pressured on the border, but that’s the EU’s problem, not the UK’s.

Two more years. The EU says that May’s Brexit deal is non-negotiable and the March 29 deadline cannot be pushed back. But the European Court of Justice has ruled that the UK can revoke its Article 50 notice of withdrawal from the EU at any time. Which means that the UK can revoke Article 50 on March 28, then invoke it again on March 30. That would annoy the hell out of Jean-Claude Juncker and the European Commission, but what could they do? In short: the UK has all the time in the world to negotiate the Brexit deal it wants. That’s the law. The EU says so.

With cards like these, a brawler like Trump could make mincemeat of the EU negotiating position on Brexit. Trump understands that you don’t even have to play a card to make it matter; just look at the long-awaited tariffs on China that never seem to come, or Trump’s implicit threats to pull out of NATO. Both have extracted substantial concessions from friend and foe alike.

Like America’s trump cards, Britain’s ten Brexit cards should never actually have been played. A confident negotiator who just threatened to play them could milk them for all they’re worth. And they’re worth a lot more than most of Britain’s political class seems to think. Unfortunately, Britain’s politicians have now given the EU a trump card of its own: the promise of no Brexit without a deal. May can cancel that by canceling Article 50 and playing “two more years.” That’s the Brexit red button. Trump would threaten to push it — and he would get the deal.

Salvatore Babones

Return Home