

# SCOTCH ON THE ROCKS -LIFE AFTER BREXIT?

EDINBURGH 9.-11.11.2017



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the Rocks  
-  
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**WILFRIED MARTENS CENTRE - TOIVO THINK TANK:**

**SCOTCH ON THE ROCKS**

- Life After Brexit?

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Three years after "London Not Calling" WMCES seminar a completely different playfield is open. Cameron is gone, Brexit is a fact, and negotiations have been launched with minor or major devils lurking in the details.

Scotch on the Rocks seminar aims to better understand the position of Scotland in the UK and EU, the pressure of Brexit and the challenges of increasing separatism in Europe – with parallel growing need for integration in a number of policy areas. How will Britain position itself in the future?



**Opening remarks: Life After Brexit? A Northern View**

MP Anne-Mari Virolainen, Chair of the Grand Committee, Finland

**The UK, EU and the B-word**

Dr. Drew Scott, AcSS

Professor of European Union Studies, Co-Director Europa Institute,  
Dean International (Europe), Advisor to the Government

**The European Idea – Lost and Lonely?**

Professor Constantine Arvanitopoulos Visiting Fellow  
Wilfried Martens Centre for European Studies

**Small States in the EU**

Dr. Juhana Vartiainen, MP

Mr. Trivimi Velliste, MP, Pro Patria

Dr. Constantine Arvanitopoulos  
Ambassador Pekka Huhtaniemi

**Panel Discussion**

Chair: Sini Ruohonen, Toivo Think Tank

**The Territorial Conservative Party: Devolution and Party  
Change in Scotland and Wales**

Dr. Alan Convery, University of Edinburgh

Department of Political Science

**Lunch speech:**

Anthony Salamone

PhD Candidate in British and European Politics The University of  
Edinburgh



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# Extracts from the Program

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# Remarks

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Dr. Drew Scott: "Brexit –bad idea, no win-win!"

Assumptions that went all wrong:

1. Brexit would be primary problem for EU
2. EU would not remain united
3. General election would give strong mandate for May
4. Germany would support

A huge market access for Scotland. Issues to deal with:

1. citizen's rights
2. Border to Ireland
3. Financial settlement



# Remarks

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Gordon Lindhurst, MSP, Scottish Conservative and Unionist Party:

- pro-European, but not pro EU
- EU leaders did not understand the change
- EU has not been brought to 21<sup>st</sup> century
- 6 out of 129 MSP's voted against SNP govt motion of bremain
- not codified laws, the whole system is different in the UK
- a lot of Brexit hassle has been due to misunderstandings as to how things operate
- Scotland doing 4 times more trade with England than with Europe
- severe doubts about viability of the process
- many find EU so little (a market), look out for the world, 7 billion others



# Remarks

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Dr. Arvanitopoulos: Liberal order set by Roosevelt and Churchill must be protected, back to values

Former minister of Estonia Trivimi Velliste: Max Weber – certainly a linkage! It’s been 500 years of Lutheran reformation – has it been of any significance?

Special advisor Elisa Tarkiainen: We should not treat EU as an outside institution, no reforms will go through without politicians taking responsibility

Former ambassador Pauli Järvenpää: We should help the British to moving back to Union, in a cluster around the UK

# The former ambassador Pekka Huhtaniemi gave the speech: "BREXIT and Me - a Personal Assessment and Lamentation"

Dear Friends,

Thank you for this opportunity to recapitulate briefly my own experiences about Britain's European journey.

At the moment I am about to retire from the Finnish Foreign Service which I entered as a young man 46 years ago.

During these years I have been dealing with European integration issues on several occasions, and I also served as the Finnish Ambassador in London from 2010 to 2015, when the seeds for the current BREXIT situation were sown.

Britain's European ambitions caught my attention for the first time already in the summer of 1969 i.e. well before I joined the Finnish Diplomatic Service when I attended a summer university course on international law at The City of London College in London.

Those were the times when Britain was exploring the possibilities to join the European Communities in the wake of General de Gaulle's retirement as the French President.

De Gaulle had previously in the 1960s de facto blocked the UK's entry into the European Communities. He felt that the UK's foreign policy priorities were Trans-Atlantic rather than European and he was not convinced of the Brits' ability or willingness to work constructively for the European integration.

This was changing in the summer of 1969, as the new – much more pragmatic – French President Georges Pompidou had entered the Élysée Palace. In the UK, politics were also on the move as the Conservative Leader of the Opposition, dedicated pro-European Edward Heath, was gaining more popularity against the then Prime Minister, Labour's Harold Wilson.

Some of our teachers at The City of London College were involved in the exploratory talks which were underway across the Channel but behind the scenes about the re-launching of the UK's bid to join the Communities. Without going into any details, they let us understand that a new spirit was now boosting those exploratory talks and that exciting things were looming ahead for Britain's European future.



A year later, Edward Heath beat Harold Wilson in the General Elections and became Prime Minister who subsequently took the UK into the Communities in 1973. Also Denmark and Ireland joined at that time while Norway, for the first time, rejected membership in a Referendum.

Until 1973 – for more than 10 years – Finland and the UK had been partners in the European Free Trade Association EFTA. That was "the first BREXIT" from our point of view and we had to somehow cope with the consequences. This resulted in the Free-Trade Agreements which Finland and other remaining EFTA –countries negotiated with the Communities while the UK was finalizing her own Accession treaty.

That Free-Trade Agreement of 1973 was particularly important for Finland as we wanted to safeguard – especially for our forest industries - our access to the UK markets which in those days were our most important export markets. At the same time the FTA opened us new markets in the rest of the European Communities but also exposed our own industries to much more extensive competition on the part of the Community countries.

For the next 20 years Finland and the UK were in these two separate European camps: the Brits in what was becoming known as the EU and we in the EFTA.

During my first diplomatic posting in Brussels in 1976-79 I was the Finnish secretary of the Joint Committee which administered the practical functioning of our bilateral FTA with the EU.

The UK had had her first Referendum in 1974 about staying in the Communities; the "remain" –side had won very largely thanks to the strong support and campaigning of prominent Conservative figures like Margaret Thatcher and Edward Heath.

I saw in Brussels from close range how the daily life of the EU was increasingly being conducted in English and how the Brits were successfully occupying a number of key positions in the European Institutions.

Roy Jenkins, the liberal British Labour politician was appointed as the President of the European Commission in 1977, and simply watching him conduct the business of that difficult office made me a life-long admirer of his. Later, his diaries from his Brussels years and his many outstanding biographies of British statesmen, including Churchill, have given me untold amount of literary pleasure.

Britain had a number of turbulences in her EU journey in the 1980s and early 1990s i.e. during the years of Margaret Thatcher and John Major but compromises were ultimately always found. Britain looked to someone like me like a permanent part of the EU furniture, admittedly with many strong interests of her own but also with skillful politicians, administrators and diplomats who were able to safeguard British interests in all circumstances.

This image or feeling was further strengthened in the years of Tony Blair and Gordon Brown when these Labour leaders as Prime Ministers made it clear that the UK wanted to play a leading role in European affairs.

Finland – together with Sweden and Austria – became member of the EU in 1995 in the aftermath of the huge political changes which hit Europe in the early 1990s.

Many books have been written about Finland's own accession negotiations in 1993-1994, and usually Finnish writers emphasize the role of German Government in helping find the solutions to the last tricky issues in those negotiations. But surely also the British Government of John Major and Douglas Hurd, the Foreign Secretary, supported the entry of Finland, Sweden, Austria and Norway into the EU.

The British Secretary-General of the EU Commission David Williamson was particularly helpful in coaching and guiding the Finns in the right direction during the very last hours of our accession negotiations which at that point were in real danger of collapsing just before the finish line. I was at that time serving as the Finnish PM Esko Aho's Diplomatic Adviser and could follow the drama from a rather close range.

As Finland started her own journey inside the EU in January 1995, I was invited by the first Finnish EU Commissioner Erkki Liikanen to become the Head of his Private Office or Cabinet, as it's called in Brussels. That offered me a great view onto the inner workings of this unique and powerful institution which the Commission is.

Tony Blair was then the dynamic pro-European leader in London, and the two British Commissioners, Labour's Neil Kinnock and Conservatives' Leon Brittain were handling their portfolios - transport and international trade – very professionally and effectively.

My British colleagues among the Chiefs of Cabinets were outstanding civil servants, jolly individuals and dedicated Europeans.

Britain was playing major role in the EU affairs together with Germany and France, I have no recollections of any sort of British dramas, uneasiness or discomfort inside the EU in those years 1995-1998.

This is, of course, a recollection from inside the EU in Brussels; my first-hand knowledge of British political realities across the Channel were surely rather limited. Like others, I had seen the ugly and distorted way some British tabloids wrote about EU issues but somehow we probably thought that the general political maturity of the British public was sufficient to withstand that sort of "hybrid" manipulation.

Thus, on my radar screen there were no signs then or during the subsequent 10-12 years about something like BREXIT suddenly appearing as a real option for Britain's place in Europe. Obviously, the UK had decided to stay outside the Eurozone and Schengen and some other EU arrangements but even that did not seem to foreshadow anything as dramatic as BREXIT.

When I started my watch as the Finnish Ambassador in London in June 2010, David Cameron's Coalition Government (Conservatives + LibDems) had just entered in office with William Hague as the Foreign Secretary.

The first signals of the new Government's European policy were in my view cautious and meant to reassure Britain's European partners about Britain's willingness to be pragmatic and constructive regarding the various European dossiers.

This businesslike approach to European issues seemed understandable as it was obvious that the Coalition partners had very different views about European policies, LibDems being the UK's most pro-European party and Conservatives having many different orientations about Europe within their own ranks – from Kenneth Clarke's or Lord Heseltine's open and loud pro-European attitudes to highly skeptical or even virulent anti-EU rhetorics of more right-wing politicians like Bill Cash.

David Cameron, it seemed, wanted to keep European issues on a sort of backburner in order to avoid tedious debates, particularly inside his own party. He had talked before the elections about the need to “stop banging about Europe” and he had described the openly EU-hostile UKIP politicians and supporters with very critical attributes like “a bunch of fruitcakes, loonies and closet racists”.

Consequently, I expected that the British European Journey would continue on more or less traditional tracks with occasional bumps and turbulences and perhaps even stand-offs in Brussels but with things getting finally sorted out through compromises and pragmatism.

According to surveys, the British public did not seem to be highly interested in the EU affairs. The aftermath of the financial crash of 2008 was still impacting on the British economy, and normal domestic economic and social issues seemed to exercise people's minds more than abstract and remote EU policies.

This state of affairs started, however, to change in the following years. The financial crises started to impact forcefully the Eurozone, particularly some of the Southern members of Eurozone plus Ireland, and the agenda of the politicians dealing with the EU started to be dominated by the so-called Euro Crisis which threatened the very existence of the currency bloc.

The media coverage - also in the UK although Britain had decided to stay outside the Eurozone - about the EU was turning increasingly negative. News from Brussels were mostly bad, and all this was soon amplified by another crises, namely the huge flows of refugees streaming into Europe from the Middle East and Africa via the Balkans and across the Mediterranean.

All these troubles in the Continent boosted the spirits of British eurosceptics and particularly the devoted enemies of the UK's EU membership. UKIP's rhetorically talented leader Nigel Farage realized that this was a unique occasion to get traction for his messages about the need for the UK to get rid of the sluggish and trouble-ridden EU. “Let us get out of Europe and join the world”, was one his punch-lines.

UKIP's surge and Farage's growing visibility in the media started to worry seriously Cameron and other Tory leaders, and it had ramifications also among Labour politicians who saw anti-immigration sentiments rise also among their traditional constituencies in the UK's industrial heartlands.

Farage's political platform which gave him much of the growing visibility was European Parliament where UKIP had managed to get several members elected thanks to the proportional voting system – also in the UK – and generally very low participation rates.

Also the British Government had agreed – in the 1980s during Mrs Thatcher's reign – to organize the elections of European Parliament on a proportional basis. In those days the European Parliament was a rather marginal part - with limited mandates and low status - of the EU system, but its powers had gradually been increased over the decades, and the British anti-Europeans had realized that the Parliament was not offering only visibility but also an open-handed source of funding.

The reaction of the Conservative leadership to this challenge from UKIP was to “lean against the wind” i.e. to calibrate its own EU rhetoric in a more Eurosceptic direction in order to show that people with negative ideas about the EU could rely on the Conservatives to be critical about the EU's failures and efforts to be too intrusive regarding UK's domestic affairs. David Cameron and UK diplomats became gradually more and more difficult partners in the EU discussions, as they had to try to show that they were not in any way “soft” on the EU and its policies.

I remember very vividly from those days a meeting between my then Foreign Minister Alexander Stubb and his British counterpart William Hague in the latter's office. Stubb, a great friend of the the UK and the British way of life, suggested that he would say at the press conference after the meeting that Finland and the UK had parallel views on many EU issues and that Finland valued very much the UK's “constructive attitude” on many important matters.

William Hague's body language made it very clear that “constructive attitude” was clearly not something he wanted to be attributed to the UK's line regarding EU, so he very gently convinced Stubb that those words should not be used at the press conference.

On January 22<sup>nd</sup>, 2013, David Cameron made his famous speech at Bloomberg's Office Building in the City where he outlined his policy to negotiate a new, better deal for the UK as a member of the EU and to submit the new package of rights and obligations to a referendum soon after the next General Elections scheduled for May 2015. In that referendum the people would decide whether the UK would remain in the EU under the new terms or get out of it.

I was among the European Ambassadors who were invited to hear this important speech, and immediately at the end of the event the British journalists were keen to get comments from us, the representatives of the other EU governments. I was ambushed by the BBC and I had to say something – on the record - although I obviously did not have any instructions from Helsinki.

I decided to say just one thing: this was a decision which inevitably will cause “uncertainty regarding European politics and economic circumstances”. When I got back to my office in Belgravia, I saw a quote of this - in my view general and prudent - comment already being circulated in the news in Finland and elsewhere.

David Cameron successfully defended his strategy in the British General Elections of May 2015 and even obtained a single majority in the House of Commons for the Conservatives. The promised EU Referendum Bill was quickly drafted and adopted and negotiations with the rest of the EU were launched in Brussels in the Autumn of 2015 when I had already left London and returned to Helsinki.

The British renegotiations of the terms of the UK's membership in the EU were conducted expeditiously, and the agreed outcome was published in February 2016. David Cameron had obtained a certain number of concessions concerning e.g. immigration issues, but his more eurosceptic critics were keen to point out that the modifications were marginal and cosmetic rather than fundamental.

When I saw the legal document - some 50-60 pages long – containing this agreed reform package which was going to be submitted to the British people to vote on, I got quite anxious. The British voters could never understand this kind of presentation of the new status of the UK inside the EU. The debate would not be on what David Cameron had managed to obtain in Brussels but on more simple ideas and opinions about whether Britain should remain in the EU or not. Cameron's task in defending his package was going to be very difficult, I thought.

My worries were not alleviated when I heard that the Electoral Commission, the watchdog of the technical aspects of the British elections, was not happy about the original wording of the Referendum Bill which asked people to decide whether “the UK should be a member of the EU”. The Commission was concerned that this wording was not befitting as many voters were not expected to know whether the UK was a member of the EU or not. Therefore the Commission suggested – and this was also accepted – that the voters should be asked whether “the UK should remain a member of the EU or leave the Union”.

This surely made the issue clear but the fact that the argument referred to the ignorance of broad segments of voters about the UK's factual position in Europe, was – frankly . frightening. How can you submit a hugely important political and economic matter to a referendum in these sorts of circumstances, I was wondering.

As I was back in Finland, I could not follow the referendum campaign on the spot, but I got the impression that, indeed, very simplistic arguments were dominating the debates, false and distorted claims were circulated as facts, especially in the social media, and – as was to be expected – the Labour leadership was not keen to help Mr. Cameron in this battle which he himself had generated.

Yet, at the end of the Referendum Day, 23 June 2016, I went to bed in my summer home in Sääksmäki fairly confident that the Remain side would ultimately narrowly win. I simply found it difficult to understand that the British voters would turn their backs to their Prime Minister and to the EU on a nationally momentous issue like this.

But little did I know: next morning the news conveyed the stunning result: Brexit had won by 1,4 million votes, 52 % vs. 48 %, across the whole of the UK. Scotland, Northern Ireland and London voted to Remain with a clear margin, while Brexit had most support in England and Wales.

The BREXIT negotiations have since then been launched and half-a-dozen negotiation rounds have been conducted in Brussels without much progress on the key issues. The clock is ticking as the negotiations should be concluded within 2 years from the moment when they were officially triggered by the invocation of the famous Article 50 of the EU Treaties. Prime Minister May took that step on March 29<sup>th</sup> last Spring i.e. the negotiations should be concluded by the end of March, 2019.

What happens next is difficult to predict. The EU has made it clear that the outstanding British financial commitments must be sorted out first before the negotiations can really start on the contours of the future relationship between the UK and the EU. At the next EU summit in December another effort will be made to bring the negotiations forward.

In any case, the time-frame available for the negotiations looks extremely tight. The settlement of outstanding British commitments, the so-called divorce bill, is as such a huge financial issue where the positions of London and Brussels are still very far apart. And here we are talking about tens of billions of Euros, not millions.

Regarding the numerous other issues that should be settled by March 2019, the list is long and ridden with many potential conflicts. Just to name the items or headings: what happens in the ports and customs offices at the moment of BREXIT, what are the future trading conditions, what happens in the sector of health care, air travel, security and intelligence, environmental rules and regulations, energy including EURATOM, fisheries, technology and telecommunications, financial services and the status of the City in the future and the citizens' rights. – A very tall order for the negotiators on both sides.

Michel Barnier, the Chief Negotiator of the EU side, stated in a recent interview that the most likely outcome is a Canadian-style Free-Trade Arrangement between the EU and the UK and that achieving even that will take several years to negotiate.

A transition period beyond March 2019 looks inevitable, but – according to Barnier – it can only be short and framed and last until the ongoing EU's financial period i.e. until 2020. During the transitional period the existing EU regulatory architecture and supervision, including jurisdictional, should be maintained intact. The deals on the future relationship have to be ratified in all 27 national parliaments of the other EU member states.

This is a formidable challenge for the UK but also for the EU. Nobody on the EU side wants on purpose to disrupt trade with the UK or to “punish” London for the political act that BREXIT implies, but nor can the EU offer the UK a tailor-made, lucrative deal which would shatter the integrity of the single market, contradict the WTO rules on the free-trading or encourage other EU member states to follow the UK’s example. That would obviously be detrimental for the very future of the EU and ultimately for the security and stability of Europe.

So here we are, in a very messy situation. Usually even the most complicated problems can be solved with patient negotiations where the parties tackle the issues with pragmatism and mutual respect. In the case of BREXIT I still find it difficult to predict whether a reasonable outcome will be at hand by March 2019 or whether we will simply see the UK crashing out from the EU without any negotiated outcome

Can BREXIT be reversed, made somehow evaporate like a bad dream after a restless night?

The official positions in London and in the EU capitals seem to rule that out. Some British politicians, however, seem to think that it could be possible. I have said in some confidential contexts that I will personally believe in BREXIT when I see it.

So far, we have not seen any BREXIT but we have seen a result in a British referendum that has launched a process designed to lead to something called BREXIT. What BREXIT actually means, remains anybody’s guess at this moment.

And here lies, perhaps, the biggest lesson that this saga can teach to all of us. A referendum can be a dangerous tool of democracy if the voters do not know the alternatives they are casting their votes on. Too many in the UK did not know what the EU membership has meant concretely and truthfully, and nobody could know what the other option – BREXIT – would imply in terms of the plethora of issues which are at stake when something jointly built over more than 40 years is supposed to be quickly dismantled without any valid precedents that would help the process.

“BREXIT and Me” – this has been a sad story, and I can’t, unfortunately, promise you a happy end.

Thanks!

