

<b>Forum:</b>	The Economic and Social Council (ECOSOC)
<b>Issue:</b>	Facilitating mutually beneficial processes for parties that leave political and economic partnerships
<b>Student Officer:</b>	Umut Öztürk
<b>Position:</b>	Deputy President

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## Introduction

The world peace and economic growth are heavily dependent on the cooperation of the countries and mutual relationships formed by international politics. Such partnerships and relationships increase the trade volume, encourage cultural exchange and impact both sides socially and politically. In some cases such a partnership becomes like a marriage in cases where two parties happily form a union or a very detailed and comprehensive partnership at the beginning, which in turn provides fast economic growth and happiness; but later on by each disagreement, such partnerships transform into something that one or both parties want to get rid of, which is just like a divorce.

Just like every divorce, divorce between the countries are again subject to a very similar kind of political laws, which are initially formed by very extensive treaties that act as the marriage contracts in this case that makes the divorce extremely difficult for both sides.

On June 23 2016, the world faced the announcement of one of the biggest divorce in terms of its extent, Brexit. It was the divorce of the two major political actors on the Earth, United Kingdom and European Union. What made this divorce so special is that it was the first of its own kind in such extent. This statement can be concluded, considering that such a breakdown has never happened between two huge political parties that were in such a huge mutual cooperation economically and politically.

Brexit is be the first globally effective separation and its results and the way the parties will separate are unknown at the moment. Any dangerous, arrogant decision or manner of either side may result with huge economic meltdowns and political crises that might seriously affect the ongoing world's power balance among the countries. One simple example to this could be the value of the British Currency, in the night following the Brexit referendum; where the British Pound dropped drastically

nearly 10% against the dollar, a 31 year low record (Treanor, Jill). In fact, its effects were even worse than it'd been thought, considering Brexit cost investors worldwide 2 billion dollars, the worst one-day drop ever ("It's Official- Brexit).

Such examples shows us that facilitating mutually beneficial processes for parties that leave political and economic partnerships remains as a highly critical issue that affects millions, billions of people all around the world, no matter which countries are directly involved in the partnerships. Steps must be taken really carefully and the divorce of the countries must be accomplished in a way that both parties can satisfy each other's expectation to the utmost extent possible. Therefore the issue must be taken into account from multiple aspects.

One of these aspects should be the economical aspect. To open it up what the economical aspect refers to, we can say that the both parties should find a common ground in terms of preserving some of trade conveniences that were granted to each other by the partnership. New method of border passing or implementation of high tariffs might severely damage both parties; therefore delegates must be aware of that while regulating such issues.

Another aspect is the immigration regulations, which are especially at utmost important for European Union where Schengen Zone is created and to gain access to United Kingdom is really easy although United Kingdom has never been part of the Schengen Zone. Any European Union citizen could easily work in United Kingdom without a work permit. Such citizens contribute millions of pounds to United Kingdom economy by their effort and the savings, and the investments that are done by these citizens. A harsh regulation on them would also strain the relationships and damage both parties economically.

## **Definition of Key Terms**

### **European Union**

The European Union (EU) is defined as a group of 28 countries that operates as a cohesive economic and political block (Staff, Investopedia). European Union has many laws regarding their members that abolish tariff and passport controls, integrate the economies, and make them adopt similar laws. Such functions are both subject to appraisements and criticisms, but EU currently stands as one of the greatest political powerhouses in the world.

## Free Movement and Schengen Area

According to the European Commission of Migration and Home Affairs, "The free movement of persons is a fundamental right guaranteed by the EU to its citizens. It entitles every EU citizen to travel, work and live in any EU country without special formalities. Schengen cooperation enhances this freedom by enabling citizens to cross- internal borders without being subjected to border checks. The border-free Schengen Area guarantees free movement to more than 400 million EU citizens, as well as to many non-EU nationals, businessmen, tourists or other persons legally present on the EU territory." ("Schengen Area") Schengen Cooperation provides an area that EU citizens are allowed to travel, work and live without being subjected to border controls, which makes EU act as a single entity consisted of states involved in it in terms of borders; although the autonomy of the individual nations in the area are preserved, which means that they can suspend the Schengen Cooperation temporarily when they find it necessary.

## Immigration

According to Merriam and Webster, Immigration means: "to enter and usually become established; especially; to come into a country of which one is not a native for permanent residence." ("Immigration") Immigration has been an important issue for the European countries especially the southeastern European nations and the developed nations such as Germany and France who are subject to a high flow of refugees and immigrants from all over the world, a significant portion of these are the Syrian refugees that escaped from the civil war and looking for a new place to call as home.

## Single Market

European Economic Zone is also a single market, where persons, goods, services and capitals have a free movement within the European Union and other European countries that are parties at European Free Trade Association (EFTA). ("EEA Agreement") Single market allows the citizens of the countries involved in the agreement to freely trade in the zone, as if trading domestically. Such an integration of market means more productivity and competition, at same time it allows countries to increase their export and imports that will subsequently help them to provide sustainable economic growth, which is what European Union aims to and stand for.

## **Common Central Bank**

A country normally has its own central bank that allows the country's currency to preserve its value and imply economic programs and plan that accordingly with the governments. Since European Union is a heavily integrated association of member states that is enhanced with a common currency Euro, it's inevitable to have a common European Central Bank, which is responsible for the monetary actions of European Union's reserves. Although every member of the Eurozone has a right to decide on the decisions taken by this institution, many Eurosceptic think that European Central Bank restricts the autonomy of the countries to decide upon the future of their currencies.

## **Eurozone**

The Eurozone is a geographic and economic region that consists of all the European Union countries that have fully incorporated the Euro as their national currency. (Staff, Investopedia) As it's mentioned above, there is a common currency that most of the European Union member states use, Euro. The countries that use Euro as a whole make up the Eurozone. Some criticize Eurozone since it doesn't give the right to the countries to adjust the currency they use, however some praise it that it significantly boosts the trade volume between the member states.

## **Eurosceptic:**

Oxford dictionary define Eurosceptic as "a person who is opposed to increasing the powers of the European Union." ("Eurosceptic Definition") Euroscepticism as a movement is spreading and Brexit is what it brought to international politics. Eurosceptic movement's approach to European Union will be highly important in Brexit negotiations.

## **Pro- Europeanism**

Pro Europeanism is defined as: "having enthusiasm or admiration for European Union." ("pro- Europeans") Pro- Europeanists believe European Union is vital for European nations to sustain a strong economy and welfare. While the politicians that

are head of governments in Europe are usually pro-Europeanists, they all struggle with Eurosceptic movements in their countries that are growing day by day...

### **Tariff**

Tariff is defined as: "A tax imposed on imported goods and services." (Staff, Investopedia) Protectionist methods use tariff a lot, which encourages the domestic producers to take action and make them the suppliers of the demand in the domestic market. This restricts the trade volume between the countries, decrease the quality of the products and increase the prices; simply due to the lack of competition and opportunity to reach to alternative product. Tariff was one of the facts that made European Union and Free Movement great since it allowed to create a huge market and solved the problems aforementioned above by creating a market of 513 million people and 14 trillion euros of Gross Domestic Product (GDP).

### **EFTA**

OECD defines European Free Trade Association (EFTA) as: "a free-trade area established in 1958 with a view to eliminating tariffs on goods produced in and traded among member states. Most agricultural products are not subject to EFTA schedule tariff reductions." (Directorate, OECD Statistics) EFTA is a part of single market EU but its members don't use Euro. Also they aren't subject of the laws of EU, which the EU member nations must strictly adopt in their own constitutions and laws. After Brexit, EFTA was seen as an alternative partnership that doesn't extend beyond the economic partnerships. However, Theresa May who is the Prime Minister of United Kingdom pointed out that UK will leave the single market on January 17, 2017 ("Brexit: UK to Leave Single Market, says Theresa May").

### **Brexit**

Brexit is an abbreviation for "British exit," which refers to the June 23, 2016, referendum whereby British citizens voted to exit the European Union and the process of UK's exit from the European Union after the referendum.

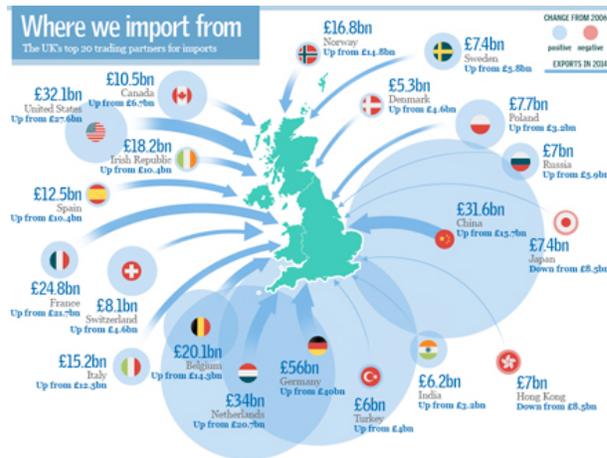
## General Overview

EU-UK relationships have always been strained at some level since European Economic Community (EEC) was founded in 1957, which later evolved to EU today. UK has been a part of the EU for a nearly 44 years, in this period UK has so much integrated with Europe than she expected. Thinking that two sides are going to break apart, this process of shift must be delicately behaved. One of the primary problems is a possible exit from the single market system. UK has benefited from the single market system since the British products weren't subject to any kind of tariff or border control. Also, the European products, which are imported to UK have a significant importance in UK's economy since they make up a huge portion of some vital goods that are consumed in UK. To put it in numbers, 47% of UK's export was going to EU, which was worth 275 billion Euros in 2014 ("New UK Reports")



Picture 1: The detailed export numbers of UK by country

In terms of import too, UK's leading partner is EU once again. In 2015, UK's import from EU was 220 billion sterling (Sippitt, Amy), which makes up the 44 % of UK's export.



Picture 2: UK's import in 2014

Such a comprehensive and huge partnership in economy is crucial for the both sides, so before taking any step, the parties must be careful that this relationship shouldn't be damaged, which may affect millions of people because of significant changes in prices and employment.

Another important aspect of it is the free movement. Although UK isn't part of the Schengen Zone, it benefits most of the conveniences provided by EU, which includes the freedom of movement in EU. This means that any EU citizen can work in UK without a work permit, the same applies for a British Citizen who'd like to work in EU. Mainly because of this, currently there are 3 million EU citizens live in the UK ("Brexit Latest News"), and there are 1.2 million British citizens live in EU outside UK (Green, Lord Andrew). Most of these people are employed and have families settled in the countries they live in and if the freedom of movement suspended or an alternative couldn't be proposed, a mass flow of immigrants from both sides is inevitable and its results might severely affect the unemployment rates and economies.

So far UK has to adopt his laws accordingly to the EU laws, which many anticipated in UK. A leave from EU means for UK a chance to modify the constitution and laws, however swift changes in laws might result with many problems since it takes some time to adopt the laws and make sure they run smoothly without any opposition by the people. Especially UKIP's stance on the issue, which is to take actions as soon as possible, might be really dangerous for UK itself.

Most importantly, Brexit might not be the only breakout of a partnership. France and Netherlands are also willing to hold referendums regarding their membership of EU. These countries also have political movements supported by a significant percentage and new exits might affect the future of EU, eventually leading to a total collapse of EU. Therefore, it's highly crucial to create solutions not only for Brexit but also other possible exits. Such solutions might be about the preventative measures for these exits, or what should be done aftermath the exit. So the delegates are expected to take this issue in account from multiple aspects.

## **Major Parties Involved and Their Views**

### **Eurosceptics in UK, mainly United Kingdom Independence Party:**

UKIP was the advocate of the Brexit and the proposer of Brexit. Mostly influenced by its former leader Nigel Farage, UKIP set an agenda of "independent UK", which includes some protectionist measures and most notably an exit from the European Union, in which UK succeeded. They are the sole representatives of Eurosceptic movement in UK. Eurosceptics in UK believe EU restricts their autonomy since the government in UK should adopt the laws of EU and spend some amount of money to EU, this amount is claimed to be 50 million pounds daily by some of the leave supporters. They also believe that UK should take protectionist measures, which they believe will relieve and refresh the industry of UK in terms of productivity.

### **Eurosceptics in EU:**

They share the same ideas as UKIP, most of the Eurosceptics are against the immigration and refugees and therefore heavily criticize the freedom of movement. Marine Le Pen's Front National in France, Alternative für Deutschland (AfD) of Germany are two prominent examples that fit to this definition. They were in favor of the Brexit too. Although Marine Le Pen says, "EU should modify itself otherwise it'll die." ("Marine Le Pen talks Brexit") They also suggest similar referendums in their countries like Brexit.

### **EU**

European Union is the organization that suffers mostly from Brexit and its kind. EU is founded as a political and economical block that urges its members to enact as one

single entity in economic and political issues. The EU citizens have almost identically same rights in anywhere in EU they have in their country, except for the voting right. EU doesn't want to hurt its economy in process of Brexit and don't want it to lead to some other separatist, Eurosceptic referendums in the other member states. EU will probably suggest UK a sort of partnership like EFTA, which will ensure the sustainment of the freedom of movement and the no tariff policy.

### **Scottish National Party:**

Although Scottish National Party or shortly SNP, is only one of the pro-Europeanist movement in UK, it's probably the most critical; since it's also a party that advocates for Scottish Independence that they tried to reach by a referendum a few years ago. Referendum's result was a vote for remain in UK, though SNP continued to be the most popular party in Scotland with an overwhelming majority in House Commons elections, and then by winning Scottish Parliament elections. They still advocate for Scottish Independence together with EU membership. Scotland's vote was "remain" in Brexit referendum and many believe that UK's exit from EU might increase the support for an independent Scotland with a membership of European Union. This will push UK to be milder in negotiations with EU, since Scottish people who are pro-Europeanists expect to preserve many of the benefits that partnership with EU brought to them.

### **Timeline of Events**

<b>1 January 1973</b>	UK has officialy become a member of European Economic Community (EEC).
<b>5 June 1975</b>	British people voted to remain in EEC with 67.2% of all votes.
<b>3 September 1993</b>	A Eurosceptic political party, UKIP was founded.
<b>23 June 2016</b>	Brexit Referendum ended, 51.8 % voted in favor and 48.11% voted against.

<p><b>23 June 2016</b></p>	<p>British Pound dropped drastically to a 31 year low against US dollar, making investors in worldwide stock markets lose 2 trillion US dollars in total.</p>
<p><b>23 June 2016</b></p>	<p>David Cameron, the Prime Minister of United Kingdom resigned from his post, as he promised before the election.</p>
<p><b>25 June 2016</b></p>	<p>SNP leader Nicola Sturgeon announced the Scottish Government's intention to hold a second referendum regarding the independence of Scotland</p>
<p><b>30 June 2016</b></p>	<p>Jean Claude Juncker, the president of European Commission banned any negotiation of Brexit until UK invokes the Article 50</p>
<p><b>4 July 2016</b></p>	<p>Nigel Farage stood down as the leader of UKIP, saying "his political ambition has been achieved".</p>
<p><b>13 July 2016</b></p>	<p>Theresa May was appointed as the new Prime Minister of UK.</p>
<p><b>November 2016</b></p>	<p>The government of UK has expressed their intention to invoke Article 50 by early 2017.</p>
<p><b>24 January 2017</b></p>	<p>Supreme Court of United Kingdom ruled that this process can't be initiated without parliamentary act.</p>

## Treaties and Events

### Article 50 of Lisbon Treaty

The article 50 of the Treaty of European Union is the article that allows Member states of the European Union to leave by completing the necessary processes. (lisbontreaty.org). However no country has left the Union before and the guidelines given in the Lisbon Treaty is unclear, saying the two parties will negotiate. The European Council will conclude it on behalf of the EU and the consent of the European Parliament will be obtained. This means that the it's all up to the two parties to decide upon how to break up, since the article 50 only calls for opening up the negotiations. However, it's highly advised to the delegates to read the Article 50 from this link: <http://www.lisbon-treaty.org/wcm/the-lisbon-treaty/treaty-on-European-union-and-comments/title-6-final-provisions/137-article-50.html>.

## Possible Solutions

First of all, since the Brexit is definitely going to be executed one way or another, it'd be beneficial for both sides to start negotiations on the chapters, since there'll be many disappointments on the issue. To be able to start negotiations, UK should invoke the Article 50, so it might be a good point to start with suggesting UK to do it as soon as possible. Some of the main problems that were mentioned in the report should be taken into account. Economic problems between two parties remain as a widely controversial issue, since free trade supporters will advocate for less or no tariff and a custom union, while the others will advocate for highly protectionist measures. To find a common ground is really difficult, so it's highly advised to the delegates to see what their country policy is about the issue and write clauses accordingly. Protectionist countries might propose tariff and some common funds whose missions will be to give low interest loans to the countries who imply tariff, which will encourage countries to take protectionist measures. Also protectionist countries might think of establishing programs that will develop domestic industries to overcome the difficulties that protectionist measures bring.

Another important issue is the free movement, which millions people are directly involved in. Even if the free movement will be suspended, in order to make sure there won't be a huge immigration flow to both sides; some alternative policies must be entertained. Some of them might be to grant permanent or nonpermanent resident

permit to the people already live in a country where they weren't born in. Governments might establish some funds to make it easier for their citizens to return back, which might cover some of their costs and bring them economic conveniences. To cut the taxes temporarily for such citizens might be a solution that must be kept in mind.

Also the share of the resources and reserves of both governments and the citizens must come to a conclusion. UK has paid millions of dollars to EU, and have a share in the European Central Bank and etc. Also many British people established some companies outside UK in the meantime. The regulations of these should be done by giving mutual sacrifices and creating economic ease for both parties, to make sure the process goes fast.

## **Notes from the Chair**

One crucial part is that although this report is written by analyzing the Brexit, as it's been mentioned previously, this topic also includes the potential breakouts from political partnerships. It might be France's exit from EU, Brazil's exit from BRICS, Malaysia's exit from ASEAN and etc. So while thinking of solutions do not specifically address the Brexit, but also any potential breakouts. I'd like to remind you that it's pretty crucial that you read this report carefully. Also you should do your own research regarding some solutions about the issue and your countries' policies when it's necessary. I believe that the countries' stances might be very different depending on the governments. To be in harmony with your country's policy, you should do some comprehensive research. While writing clauses, make sure that they are resolutions that address the interests of the both sides; since it's possible that the committee might divide as the protectionists and pro unionists, which might make things difficult. I wish you all good luck and wonderful debates.

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