

## Money for the EU. A pause before migration falls. An interim role for the ECJ. Fine – but May must remember that Brexit means Brexit.

The section of Theresa May's Article 50 letter which made the most waves was the part on security. "In security terms a failure to reach agreement would mean our cooperation in the fight against crime and terrorism would be weakened," it said. "It is for these reasons that we want to be able to agree a deep and special partnership, taking in both economic and security cooperation."

The Government's critics have accused her of attempting blackmail – of a thinly-veiled threat to withdraw information held by our security services and police, or perhaps military co-operation delivered through NATO and other means, if she doesn't get what she wants in the negotiations. Bang on cue, for example, here's Guy Verhofstadt: "I tried to be a gentleman towards a lady, so I didn't even use or think about the use of the word blackmail."

Ministers protest that this is a misreading. They say that the letter clearly refers to arrangements that are part of EU-wide agreements – the European Arrest Warrant, the European Investment Order, the Schengen Information System, and the Prüm Agreement which covers fingerprints, DNA details and vehicle records. If Britain leaves the EU without a deal, they say, there will be no legal basis for Britain and the EU 27 to act in ways covered by these arrangements. The Prime Minister meant no more or less than that.

Two MPs that ConservativeHome spoke to yesterday evening said that this section of the the letter wasn't clear enough, and the Government had moved slowly to correct these misapprehensions. Some may argue that any threat May was making was implicit rather than explicit: our security services are the best in Europe, they claim she was suggesting – so you, the EU27, will be especially badly affected if there is no basis for co-operation.

It is true that our security services are effective: their hard work prevented an Islamist terror attack in Britain between 7/7 and last week, a gap of some 12 years. And it is also the case that, since we are a member of the "five eyes" arrangements, they have access to American intelligence information that other members of the EU27 do not. This will sometimes be shared with them if agreement can be obtained from the United States.

But such intelligence-sharing is not dependent on EU-wide arrangements. It will continue regardless of whether an agreement is obtained. And one well-briefed MP poured scorn on any hint that our security services and police are more or less efficient than those of some of our counterparts. The French help to ensure that guns don't reach British terrorists as they help to

police the Channel Tunnel: please note that Khalid Masood, last week's killer, had a knife and not an automatic weapon. The Germans have tip-top information from Mossad.

At any rate, the row draws attention to what each side of the negotiation believes are its most powerful points. This is very much a Home Office-flavoured Government, so it is unsurprising that the need for security co-operation was stressed in May's letter. Ministers also say that most of the EU27 see the importance of preserving the wealth and health of the City, since they need the sweep and scope of its capital markets to raise funds.

Above all, they continue, Britain has a very strong card to play: the EU needs our money. Britain made a net contribution of some £8.6 billion last year. That's an £8.6 billion that the EU27 must now find between them. Little wonder that Michel Barnier has tried an audacious £60 billion opening shot, a bill drawn up largely on the basis of pension liabilities, other costs (such as nuclear site clean-up costs) and money yet to be paid for future projects.

The Government will vigorously dispute the latter, arguing that our obligations end when we depart, and that in any event the EU's calculations are drawn up under what one backbencher describes as "a bizarre French bookkeeping technique that died out in the rest of the world years ago". But the EU27 and the institution also have bull points to push. Henry Newman cited an important one on [this site yesterday](#): timing. We want discussions about the divorce settlement and a full deal to run simultaneously. The EU27's position is: divorce talks first.

Furthermore, we also want access to the Single Market on terms as near to those we presently have as possible, minus the role of the European Court of Justice. Some say that since the EU27 have a trade deficit with the UK, they are in no position to resist us. But our market as a share of their exports is smaller than theirs as a share of ours. Some of the EU27 are big exporters to the UK in certain sectors, others rather less so.

And it isn't clear whether, in the short-term at least, economic self-interest will win out over the ideological requirements of the EU project. We Brexiteers like to argue that the EU27 and the institutions will act rationally. But if the EU was acting rationally it would never have constructed the Euro as it is in the first place. The pleas of German car-makers and French wine-sellers may fall on deaf ears, at least for the time being.

At any rate, the scope of the negotiation is yet to take shape. The Government's position on some key issues, however, is forming – revealed, very often, as much by what Ministers don't say as what they do. A very rough sketch of the outline on three of these might look like this. First, we will pay for Single Market access, but a lot less than £60 billion, and the arrangement will be dressed up as forking out for participation in one EU-based project or another, such as the Europol or the European Space Agency or the European Patrols Network.

Second, will be free of the jurisdiction of the ECJ – but not until any interim deal lapses and even then, perhaps, not if no alternative oversight can be found for some joint arrangements. Finally, immigration from the EU27 will come down, but it will continue to be treated differently from other migration, probably through a special work permit system, along the lines of [that floated on ConservativeHome](#) by Andrew Green of MigrationWatch.

And the reduction will be slow, at least if Ministers have their way. Andrea Leadsom has farmers on her back over seasonal labour; Sajid Javid builders on his over homebuilding. We have got used to relying on Polish housebuilders or Latvian crop-pickers. It will take a while to train up our own long-term unemployed and NEETs, or recruit a bigger slice of retired people back to the labour market, or to switch resources from higher education to vocational training, especially if the economy continues at full employment, or something like it.

This site has no objection to most of this – or to interim arrangements, at least in principle. Nor, as far as we can see to date, can Brexiteering backbenchers. But it is none the less necessary to fire a warning shot across Ministers' bows. Just as the Government must satisfy Remain voters and others over Single Market access, so it must satisfy Leave ones over what the referendum plumped for: taking back control.

UKIP may be seem to be holed below the waterline, with Douglas Carswell and Arron Banks departing it (in separate lifeboats). None the less, time and experience are showing that western governments are vulnerable to populist backlashes. Theresa May must tread very carefully, particularly over the ECJ. After all – as a phrase that she will recognise puts it – Brexit means Brexit.

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## [PM greets the people of Rajasthan on its Foundation Day](#)

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## [Shri Arjun Ram Meghwal, MOS \(Finance & Corporate Affairs\): Insolvency and](#)

## **Bankruptcy Code, 2016 is a key economic reform that will facilitate ease of doing business and promote economic growth;. Inaugurates the new Premises of Insolvency and Bankruptcy Board of India in national capital**

The Minister of State for Finance and Corporate Affairs, Shri Arjun Ram Meghwal that the Insolvency and Bankruptcy Code, 2016 is a key economic reform that will facilitate ease of doing business and promote economic growth. He appreciated the progress so far made by the Ministry of Corporate Affairs and the IBBI to implement this reform.

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## **Disinvestment of SAIL Subsidiaries Alloy Steel Plant Durgapur, Salem and Bhadravati Steel Plants**

The Government has accorded 'in-principle' approval for strategic disinvestment of only three

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## **Competition Commission of India (CCI) invites comments from public in respect of proposed combination between Agrium, Inc. and Potash Corporation of Saskatchewan, Inc.**

The Competition Commission of India ("Commission") is, currently, assessing