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The Limitations of the U.S. Approach to Brexit

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INTRODUCTION

After a year and a half of grueling negotiations between the United Kingdom and the European Union, the [Brexit agreement](#) announced at the special summit in Brussels on November 25 was welcome news. If ratified, the new withdrawal agreement would pave the way for EU leaders to endorse a twenty-one-month transition deal and finally enter into the next phase of negotiations around the future UK-EU relationship. But Brexit is far from settled. Several hurdles remain, including securing necessary approval from the European Parliament and a fractious British Parliament. A crash-out scenario for the UK after the March 29, 2019, deadline is still a distinct possibility if the current deal falters.

The ultimate outcome of Brexit will have widespread reverberations for the United States, but it is unclear whether the administration of U.S. President Donald Trump recognizes what is at stake. Trump's immediate reaction to the Brexit withdrawal agreement was to not only criticize the deal but to also suggest that [it would damage U.S.-UK trade](#), further jeopardizing the deal's December vote in the House of Commons and undermining Prime

Minister Theresa May's already vulnerable political situation. A no-deal scenario would negatively impact several crucial U.S. political, security, and economic interests vis-à-vis the UK and Europe. Although Washington has only limited means to play a constructive role at this late point in the negotiations, the Trump administration's muddled and hands-off approach thus far has not served it well. At this crucial juncture in the Brexit process, the United States should concentrate its efforts on avoiding a no-deal situation while weighing in on particular issues of clear U.S. interest where there is opportunity to engage positively going forward.

THE TRUMP ADMINISTRATION'S MUDDLED APPROACH

Although Trump has been outspoken in support of Brexit, the official State Department position on Brexit has been more neutral and largely hands-off. To the extent the administration has actively engaged with Brexit, it has prioritized a narrow agenda focused on economic and trade issues.



Whereas former U.S. president Barack Obama openly spoke out against Brexit and urged British voters to “stick with” the EU during his visit to London in April 2016, Trump has been an outspoken supporter of Brexit since before he was elected president. On the day before the June 2016 Brexit referendum, Trump referred to Brexit as “a great thing” while visiting his golf course in Scotland. Trump also hosted pro-Brexit campaigner Nigel Farage at Trump Tower in New York City only days after his presidential election victory—his first foreign visitor as president-elect.

Trump has occasionally injected himself in British politics since becoming president by publicly backing Brexit. During his trip to London in July 2018, he suggested that Boris Johnson (who had just resigned as Theresa May’s foreign secretary) would “make a great prime minister” and criticized May’s approach to Brexit by suggesting that she instead “sue the EU” over the negotiations.

Trump’s view on Brexit seems to be based on three beliefs. First, he sees Brexit as an economic boon for the United States, and he is enticed by a potential U.S.-UK free trade agreement. Meeting with May in the UK, Trump summed up his basic position on Brexit: “Whatever [the UK is] going to do is okay with us. Just make sure we can trade together. That’s all that matters.”

Second, Trump views the EU as a strategic competitor to the United States. He has repeatedly claimed that the EU was formed to “take advantage” of and “rip off” the United States, and he has characterized the EU as a “consortium” akin to something he may have faced in the business world. In doing so, Trump has dismissed the wider political and strategic meaning of the European project. From this limited perspective, it follows that Brexit’s blow to the union would boost U.S. leverage to claim economic concessions from a weakened EU.

Third, Trump sees parallels between Brexiteers and himself. Both view themselves as outsiders who represent a silent majority ignored by elites and the media, striving for greater sovereignty and against immigration. “They took their country back, just like we will take America back,”

Trump tweeted the day after the Brexit vote. He views Brexit as an assertion of national sovereignty, which was the cornerstone of his September 2018 speech to the UN General Assembly. Trump’s skeptical opinion of the EU, disdain for multilateral institutions, and preference for handling diplomatic and trade issues bilaterally make the underlying rationale for Brexit analogous to his own domestic political fight.

However, while Trump has been outspoken in favoring Brexit, official U.S. administration policy is not necessarily in lockstep. State Department language has suggested a more neutral position, eschewing Trump’s anti-EU rhetoric. Administration officials have urged both sides to cooperate to ensure that “the outcome of the Brexit talks [is] a strong UK and a strong EU.” Perhaps the clearest articulation of State Department policy toward Brexit has come from Wess Mitchell, the assistant secretary of state for Europe and Eurasia. Mitchell identified four priorities: swiftly concluding the Brexit negotiations, maintaining stability in Northern Ireland, continuing UK leadership in transatlantic decisionmaking, and strengthening the long-term U.S.-European economic relationship.

The official U.S. engagement on Brexit has been remarkably hands-off. The State Department has urged progress through public statements and private demarches, but, given the domestic and European stakes of Brexit negotiations, officials are likely aware that kind or cautionary words from the United States will not mean much. Any U.S. efforts to intervene in the Brexit negotiations, especially under a deeply unpopular president, could easily backfire in Europe.

Even on issues where Washington has a clear opportunity to play a constructive role and safeguard U.S. interests, it has not exhibited any visible leadership. From 1995 until Trump’s inauguration in 2017 (with a gap from 2011 to 2014), the United States had a special envoy for Northern Ireland to promote and maintain peace. With Northern Ireland’s status holding up the Brexit talks, both the Irish government and the U.S. Congress have pressured Trump to appoint a new special envoy. Former secretary

of state Rex Tillerson expressed interest, but his successor, Mike Pompeo, has shown [less initiative](#). When asked about the issue in May, [Pompeo told Congress](#) “I don’t know. . . . I haven’t considered whether we should appoint a special envoy or not.” Even if the UK and the EU agree on a solution to the Irish border issue, appointing a special envoy would enable the United States to engage on this issue going forward.

Perhaps unsurprisingly, the Trump administration has been most engaged on economic issues, focusing on trade with the UK. The U.S.-UK [Trade and Investment Working Group](#)—which has met five times since November 2017, most recently in November 2018—is setting the groundwork for officially negotiating a U.S.-UK free trade agreement once the UK leaves the EU. Although Trump has characterized the U.S.-UK relationship as “[the highest level of special](#),” he strongly supports a quickly concluded trade deal, calling it an “[incredible opportunity](#).” The United States will have a much stronger negotiating position with the post-Brexit UK, which may need to make costly concessions to U.S. negotiators. As an opening gambit, U.S. Commerce Secretary Wilbur Ross implied to a British audience in 2017 that the UK would need to accept [chlorinated chicken](#) exports from the United States as part of a deal—something the British have long opposed. U.S. trade policy vis-à-vis Europe appears more concerned with diverting UK trade away from the EU toward the United States, rather than ensuring a stable trilateral economic relationship between the United States, UK, and EU.

A NO-DEAL BREXIT WOULD HURT U.S. INTERESTS

While Trump may be enticed by the prospect of a “[hard Brexit](#)”—or even a total breakdown in the UK-EU negotiations—a no-deal Brexit scenario runs contrary to U.S. interests. It would cast the UK into unprecedented turmoil, causing widespread economic and political disruption and impacting vital U.S. objectives like bilateral trade and transatlantic unity. A key priority for

the Trump administration must be trying to avoid such an outcome.

The political chaos from a no-deal Brexit outcome would precipitate an inward turn and sap London’s energy and political appetite for an ambitious foreign policy and military deployments abroad, making the UK a less useful political and military partner. Already, Brexit has consumed much of Britain’s strategic attention and a dragged-out or disruptive Brexit process could further reinforce this trend. Britain may still seek to boost its overseas security commitments as part of its [Global Britain](#) strategy—such as recent discussions about dispatching the HMS *Queen Elizabeth* aircraft carrier [to the South China Sea](#)—but there remains a serious risk that the British public and government will be overwhelmed by domestic and European affairs if no deal is reached.

Moreover, the negative economic turbulence of a no-deal Brexit may diminish the UK’s ability to fund its armed forces. The British military has already shrunk to [half its size](#) at the end of the Cold War. U.S. Defense Secretary James Mattis voiced concerns about the [continued erosion of the British military](#) to his British counterpart, warning that the UK may one day no longer be the United States’ “partner of choice” unless it increases defense investments. Even if the UK continues to spend around [2 percent of its GDP on defense](#), the actual amount could be affected by a slowed British economy or a weaker pound in the event of a no-deal Brexit. The Bank of England has warned that the British economy could shrink by 8 percent in the immediate aftermath of [Brexit in a no-deal scenario](#).

An economic crisis or stagnation in the UK would have negative direct and secondary impacts on U.S. economic interests. The U.S.-EU trade and investment relationship is [second to none worldwide](#) and, within the EU, the UK is the second-largest trade and largest investment partner of the United States, supporting [1.1 million jobs](#). Although macro-level impact on the U.S. economy [might be minimal](#), certain sectors would be affected. A no-deal Brexit would especially impact U.S.



companies with European headquarters in London who rely on access to the EU market. Given the deep investment ties between the United States and the UK—plus London’s crucial role in global finance—U.S.-based financial institutions have a strong interest in ensuring that their London-based operations continue to have “passporting” rights to sell their services in the EU after Brexit.

Brexit has also reopened questions about the territorial integrity of the United Kingdom. Northern Ireland’s status is at the heart of negotiations between the UK and EU, with its future unclear. Preventing fraying relations between Ireland and Britain and safeguarding the Good Friday Agreement, which then U.S. president Bill Clinton helped forge in 1998, are clear U.S. objectives. Scotland, which voted 62 percent “remain” in the Brexit referendum, may renew its independence campaign depending on the outcome of Brexit. Scotland is relevant for U.S. security interests because it harbors the Royal Navy’s nuclear submarines. Territorial disintegration would obviously undermine the UK’s status as a major partner for the United States, as the weakened UK would be forced to turn inward to address the immense political challenges. However, even short of disintegration—which remains an unlikely scenario—[changes in the constitutional order of the UK](#) could present challenges with long-term ramifications.

A no-deal Brexit would also risk creating an acrimonious relationship in the heart of Europe. Tensions between London and EU capitals could potentially spill over into policy creation and undermine transatlantic unity. At a time when strategic competitors, namely Russia and China, are seeking to increase their geopolitical influence in Europe, such divisions would be detrimental to transatlantic relations.

A NEW U.S. APPROACH TOWARD BREXIT IS NEEDED

With a tentative agreement reached between UK and EU leaders, the Brexit process is now at a crucial moment. In order to progress to the next stage of negotiating a future

UK-EU relationship, the British Parliament and the European Parliament will need to sign off on the 585-page withdrawal agreement and the 26-page political declaration on a future UK-EU relationship. EU officials have made it clear that they oppose any renegotiation short of the UK changing its mind about leaving the union. If this deal falls apart, the UK would be at the cliff’s edge as the March 29, 2019, deadline approaches. Given the high stakes, Washington must clarify its position on Brexit and—despite limited room for engagement—stake out areas where it can contribute to a satisfactory conclusion.

This starts with a renewed commitment to reaching an agreement and averting a no-deal Brexit scenario. The United States must avoid any contradictory steps that could derail the UK’s prospects of reaching a deal, such as weakening May’s standing at home by overtly criticizing the withdrawal agreement. If the current withdrawal agreement collapses and the UK faces a crash-out scenario on March 30, 2019, the U.S. administration should encourage the EU to take steps that would temporarily mitigate the situation. For example, the United States could push for a series of mini-deals between the EU and the UK on specific key issues—although it would have to tread carefully. The United States could also lobby EU governments to allow the UK more time, by extending the article 50 provisions. If no deal can be reached, the U.S. administration must use its diplomatic channels to help mitigate fallout between London and EU members. Should a second Brexit referendum be held, Trump must avoid the temptation of interfering in British domestic politics in favor of a certain position.

Even if the current deal between the UK and the EU holds, the United States should be wary of pushing for a hard Brexit based on narrowly defined economic interests. While a hard Brexit scenario may offer the United States certain economic advantages, the effects would likely be fairly minimal. A 2017 [RAND study](#) shows that although the United States would benefit slightly from a U.S.-UK free trade agreement, total gains over a ten-year period would only amount to the equivalent

of 0.2 percent of U.S. GDP in 2015. Moreover, aligning UK regulations with U.S. standards could damage UK-EU trade. Regulatory divergence and a loss of trade between the UK and the EU could weaken both at a time of political instability. Such turbulence would undermine U.S. interests in maintaining a strong and prosperous Europe. While the details of the UK's trading status with the EU are still being fleshed out, the Trump administration should avoid taking steps that could complicate the situation.

Meanwhile, a soft Brexit could improve the outlook for a strong future UK-EU relationship. The final status of the UK's relationship with the EU is yet to be defined, but the UK—and, by extension, the United States—is expected to lose some of its influence in Europe. Since the UK has traditionally aligned with the United States on issues like transatlantic security, Washington has enjoyed having London as an advocate and likeminded partner in Brussels. Ensuring a close and forward-looking UK-EU “special relationship” after Brexit, particularly on foreign policy and security matters, should be a top priority for the United States. From a U.S. perspective, maintaining close UK-EU cooperation is key to critical issues such as intelligence, space, counterterrorism, security, and sanctions on Russia. Another priority should be ensuring that the UK (whose defense industry is highly integrated with U.S. companies) is not excluded from contributing to EU [Common Security and Defense Policy](#) operations and participating in new EU initiatives, such as the [Permanent Structured Cooperation](#) and the [European Development Fund](#).

Washington should also take advantage of specific areas where U.S. engagement could make a positive difference. The State Department should appoint a special envoy to Northern Ireland. Having an active U.S. presence in Northern Ireland would help ensure stability regardless of how the Irish border backstop issue is eventually resolved.

Finally, the United States needs to study the evolving dynamics of the EU and identify new post-Brexit partners. With Washington's closest ally leaving the union, it is time for the United States to invest more in strengthening bilateral relationship with other EU countries or groups of member states. While no single EU country can fully replace the UK, exploring where other countries align with U.S. interests can help inform an issue-by-issue approach to maintaining U.S. influence over the EU's future direction.

Brexit will have widespread ramifications for the UK, Europe, and the United States. Despite Trump's affinity for the Brexiteers and skepticism of the EU, his administration should actively work to help prevent a no-deal Brexit scenario—even if only to safeguard its own long-term interests by keeping a strong UK and a stable EU as close partners in an era of strategic competition against Russia and China. To do so, the Trump administration must avoid taking any steps that could undermine a favorable outcome; refrain from sending mixed signals about its own position; and broaden its horizons—beyond the current narrow agenda on trade—to see the strategic importance of a successful resolution to Brexit that maintains a strong UK-EU partnership.

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