

Legal aspects of the United Kingdom's planned withdrawal from the European Union

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- The European Economic Community (EEC) was established in **1957** by the Treaty of Rome (entered into force on 1 January 1958).
- Founding members of the EEC (6 countries): Belgium, France, Italy, Luxembourg, the Federal Republic of Germany and the Netherlands.
- The United Kingdom joined the EEC only in **1973**.
- **1975** – The UK's referendum on membership in the EEC. According to the referendum the UK continued its membership in the EEC.

- **7 February 1992** – establishment of the European Union (EU) (the Maastricht Treaty entered into force on 1 November 1993).
- The United Kingdom preserved the maximum possible independence in economic and political matters. In particular, the UK said **NO** to:
 - joining the Schengen agreements on the abolition of visa controls at the common borders (1995);
 - entering the Eurozone (since 1999);
 - signing the Fiscal Compact (effective since 2013).

- **28 May 2015** – the UK Government submitted to the Parliament a bill of referendum on secession from the EU. The bill was passed and came into force on 1 February 2016.
- **23 June 2016** – the referendum on the question “Should the United Kingdom remain a member of the European Union or leave the European Union” was held in the UK.
- **51.9% of the British voted in favour of leaving the European Union** and 48.1% voted against.
- On **29 March 2017** the British Prime Minister Theresa May started the Brexit process by applying Article 50 of the Treaty on European Union (TEU) and sent a formal letter to the European Council President Donald Tusk.
- From that moment, the process of negotiations on exit conditions began.
- Article 50 of the TEU provides for a **two-year period** to complete the negotiations and sign an agreement with the European Union. **The planned exit date is 29 March 2019.**

- As a result of the negotiations, the United Kingdom agreed with the European Union:
 - Draft of the **Agreement on the Withdrawal**
 - Draft of the **Political Declaration** defining the frameworks of future relations between the European Union and the United Kingdom

- On **25 November 2018** the documents were approved by the heads of the EU member states.



Withdrawal agreement

- Transition period from 29 March 2019 until 31 December 2020.
- EU legal acts will continue to apply on the territory of the United Kingdom until the end of the transition period.
- Provisions of EU legal acts will be retained in the UK law.
- Effectively, the UK's exit from the EU will be postponed until **31 December 2020**.
- *The changes that Brexit entails will be introduced gradually. The UK, the EU and other market participants will have time to adapt to new conditions.*

No deal

- The UK ceases to be a member of the EU on 29 March 2019 at 11 pm (GMT).
- No transition period.
- EU legal acts will cease to apply on the territory of the country on 29 March 2019.
- The same rules will be applied to the United Kingdom as to third (non-EU) countries.
- Legal uncertainty.
- In the absence of other agreements with the European Union, the United Kingdom will conduct trade activities on the WTO terms.
- *Changes will occur immediately.*

- Withdrawal agreement and/or other arrangements with the EU will determine the conditions and level of UK access to the EU free market.
- As the UK ceases to be a party to EU trade agreements, it will take time to conclude new agreements with member states and other countries.
- Companies may face an increase in bureaucracy, including a delay in passing customs checks.



- No Withdrawal agreement → uncertainty of legal status of British citizens in the EU and citizens of the EU countries in the United Kingdom.
- British companies → priority to British citizens over workers from a number of EU countries, who were previously considered cheaper work force.
- In particular, **Directive 2004/38/EC** provided for the freedom of movement of employees within the European Union and the freedom of residence of citizens of EU countries within the union. Non-application of the directive → numerous immigrants from the mainland Europe will not be able to work in the UK on equal conditions with the British.

- **Directive 90/435/EEC** “On the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States”, **Directive 2003/49/EC** “On a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States”, etc.
- For a long time, the United Kingdom has been the main intermediary for the investments of non-EU companies into the EU economics. After Brexit, the directives of the European Union may not apply to European subsidiaries of these companies → possibility of double taxation of dividends, interest payments and royalties coming from the UK to the EU and from the EU to the UK.

- EU regulations on jurisdiction, recognition of court decisions and applicable law will cease to apply in the UK.
- European Court of Justice will not be considered the highest court for the UK courts, which, therefore, will come out of its subordination, and the decisions of the European Court of Justice will not be binding on British courts.
- Withdrawal of the UK from the single judicial system of the European Union → British courts will gain the authority to make decisions based on English law. In practice, this may lead to increase of controversial situations when cases will be considered simultaneously in the courts of the European Union and the UK courts. In turn, there will also be uncertainty in the priority of a European or English court instance when considering a particular case.
- The Arbitration Act 1996
- The New York Convention 1958

- **Gazprom** is a global energy company
- **Gazprom Marketing & Trading Ltd (GM&T)** is an energy trader in the Gazprom Group. The company is registered in the UK.
- **Our goal** is to develop measures that will allow us to adapt to the consequences of Brexit with minimal losses.



Thank you for the attention!