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Brexit: A Practical Roadmap

Part of the *Navigating the Negotiations Webinar Series*

1 June 2017

Introduction and agenda

1. Latest developments
2. How the Brexit process could unfold
 - potential scenarios
 - potential practical impact
 - process possibilities
3. How could those possibilities work in London and Brussels?
4. Practical implications for business
 - external
 - action planning
5. How 'special' are particular industries?

Latest developments

29 March
2017

- UK Government triggers Article 50 TEU

18 April
2017

- UK Prime Minister calls for snap General Election

29 April
2017

- European Council adopts Article 50 negotiating guidelines

8 June
2017

- UK General Election

19 June
2017

- Formal negotiations expected to begin

22-23 June
2017

- European Council summit (expected to focus on Brexit)

How the Brexit process could unfold: Potential scenarios

Glide Path

- Withdrawal agreement agreed, in principle in <9 months and approved (by QMV) in <18 months
- Continues status quo in most areas but with framework for change and future trade deal
- Long term deal negotiated over longer period but using current position as base

- Early confidence of very high degree of continuity in short to medium term
- Ability to input into considered process of longer term change

Cliff Hanger

- Withdrawal agreement limited to liability and process excluding any continuing substance
- New trade deal builds new arrangements largely based on current position
- New trade deal only agreed at very end of 2 year period

- High degree of uncertainty throughout negotiating period
- Considerable continuity but a need to address technical changes in short order

Cliff Edge

- Minimal withdrawal agreement agreed at the end of the 2 year period
- No new trade deal agreed – UK falls back on "WTO rules"

- Uncertainty throughout pre-Brexit period
- Considerable continuity in UK domestic regime through Great Repeal Act
- Significant change and uncertainty at UK/EU interface

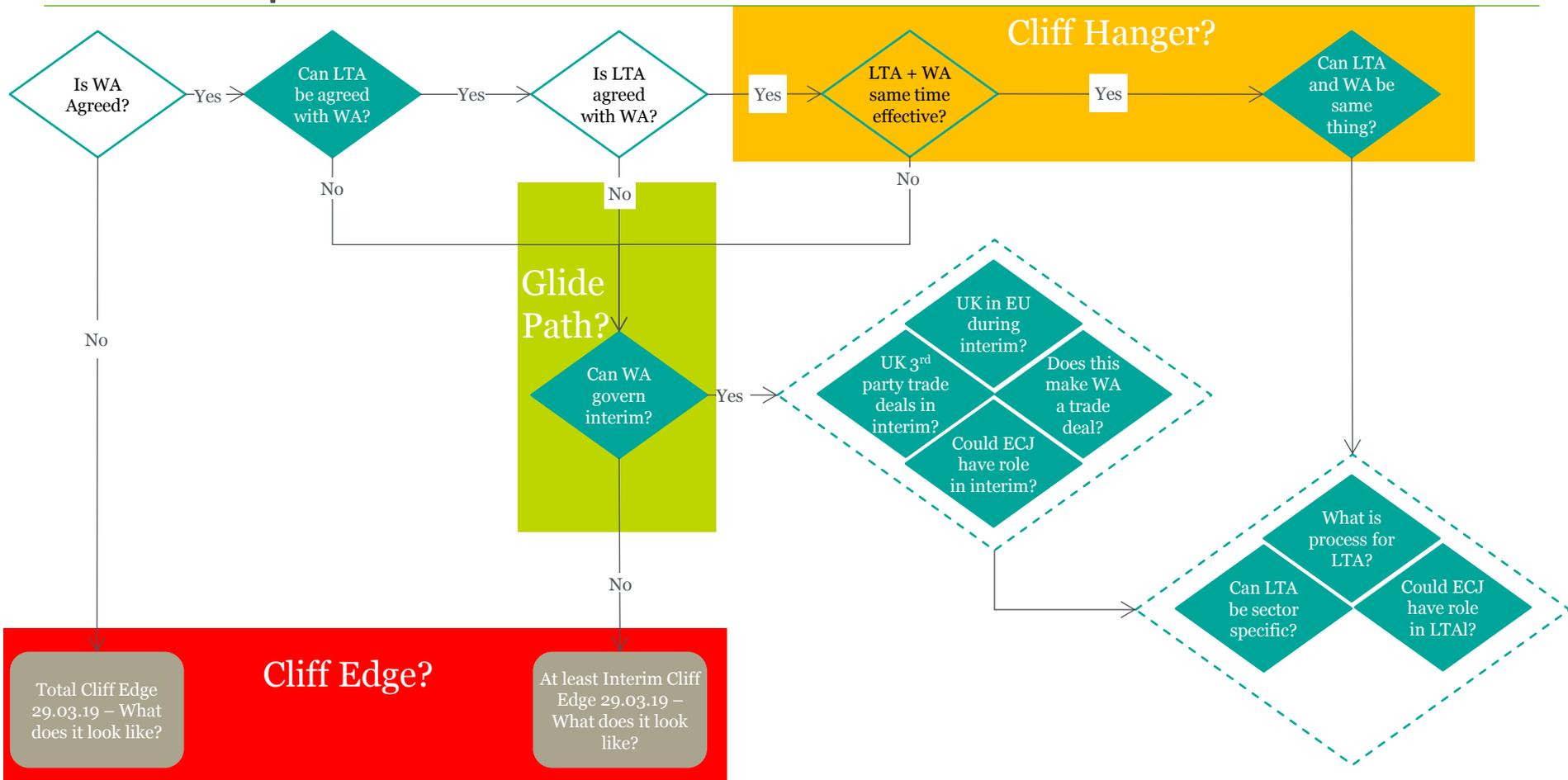
Potential practical impact



March 2017 March 2018 March 2019 March 2020 March 2021



Process possibilities



How could those possibilities work in London and Brussels?

1. Could an end state relationship be negotiated and finalised during the course of the Article 50 negotiation process?
2. If the end state relationship did not take effect at the same time as the Withdrawal Agreement, how would the gap be covered?

Practical implications for business: External factors

			Cliff Edge	Cliff Hanger	Glide Path
Contracts	Superseded provisions	Territorial and other references which no longer operates as intended			
	Change triggers	Provisions which Brexit triggers termination rights or contract change			
Customers	Uncertainty	Customers' uncertainty as to their own business and operational models			
	Concern about UK entity	Customers concerned about contracting with a UK entity			
Regulators	Divergence	UK and EU regulations diverge			
	Critical attitude	EU/Member State regulators become unsympathetic to a UK contracting party			
Excise	Potential costs	UK outside EU customers/VAT likely increase in administration and risk increase in real tax cost			

Unlikely to be a downside

Unlikely to be an opportunity

Likely to be some downside

Likely to be some opportunity

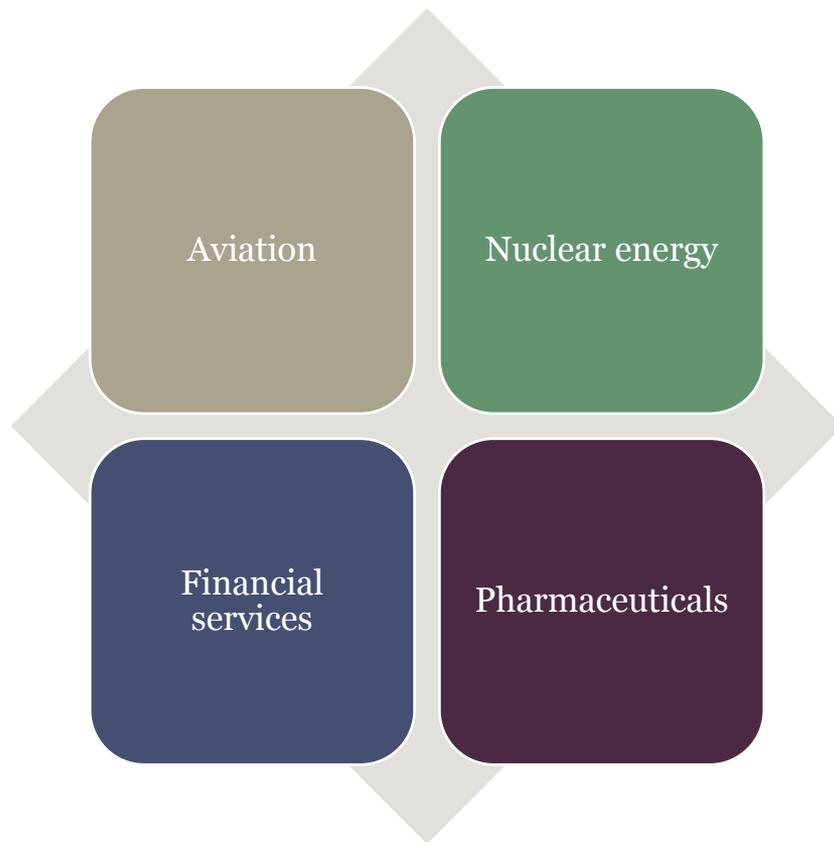
Likely to be material downside

Likely to be material opportunity

Practical implications for business: Action planning

	When	What	Who
Issue Identification			
Internal Flexibility			
Sales Messages			
Detailed Analysis			
Internal Implementation			
External Implementation			

How 'special' are particular industries?



How Hogan Lovells
can help



Our Brexit resources

For more resources on readying your business for Brexit:

- Visit our Brexit Hub at: www.hoganlovells.com/brexit
- Sign up for our Brexit Bulletin
- Sign up for our upcoming webinars:
 - **The UK Legislative Track** on 22 June – 11am BST / 12pm CEST / 6am EDT
 - **Understanding the Negotiations** on 10 July – 4pm BST / 5pm CEST / 11 am EDT
- Contact us with any questions about Brexit at:
 - Brexit@hoganlovells.com or
 - via our Brexit Taskforce www.hoganlovellsbrexit.com/contacts



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