

Brexit – what may it mean for nuclear, energy & defence policy?



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What I'm going to look at:

- The political change already created by Brexit
- A different response in the four nations of the UK
- Nuclear policy and Brexit (Euratom, Hinkley, waste)
- Energy & climate change policy and Brexit (emissions, energy mix)
- Defence policy and Brexit (Trident & Scotland)
- Local government and Brexit (more or less cuts?)
- The way forward?
- Conclusions and recommendations



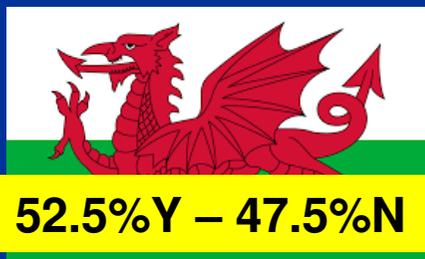
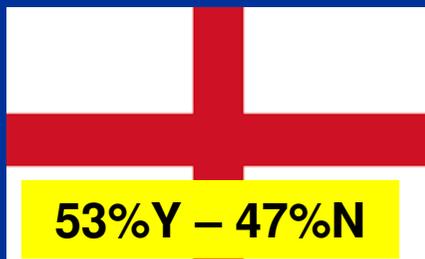
Brexit – political earthquake?



- The 'leave' vote took all by surprise
- Civil servants told not to plan for it in detail
- Led to resignation of PM Cameron and new PM May with a major ministerial reshuffle
- Led to vote of no confidence and Labour leadership election
- SNP First Minister Sturgeon suggest 2nd indyref
- SF DFM McGuinness suggest united Ireland referendum
- UKIP Leader Farage stood down as leader
- Immense and bewildering political change!
- No Article 50 till early 2017 – no change?



A disunited kingdom on the EU?



- Scotland majority for remain – early discussion over a second independence referendum
- Vote threat remains but awaits ‘Brexit’ negotiation
- N Ireland majority for remain – major cross-border issues & real tensions around change with ROI
- England and Wales majority to leave – some pressure to speed up ‘Brexit’
- Theresa May – ‘Brexit means Brexit’ but how, when and how much remains v uncertain?
- These different views in the UK has a bearing on some of nuclear, energy and defence issues



Nuclear policy and Brexit

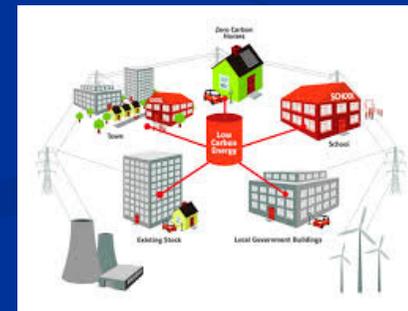


- **New nuclear / Hinkley – EDF timing changed and probably triggered Government review**
- **Financial risks increase as pound's value falls**
- **Austrian / Lux legal challenge remains (test case)**
- **Euratom Treaty – will it be part of the treaties being discussed within Brexit?**
- **Fundamental for nuclear health & safety, regulation, research and promotion**
- **Article 106 covers leaving Euratom**
- **UK Government could repeal part of EC Act but legally complicated**
- **EU research funding – WNA estimate 1,000 research jobs and £55m funding under threat (UK Government underwritten current research)**



Energy & climate change policy

- UK perhaps could move away from EU carbon commitments
- Government has said it will not to 2020 and is signatory to COP21 Paris agreement
- Post 2020 carbon commitments could be more 'flexible'
- Will energy interconnector plans continue? (Ireland looking at France now)
- Will integrated single energy market in Ireland continue?
- Will energy divergence between England, Scotland and Wales intensify?
- Will investment in renewables from non UK companies continue?
- Will it have an impact on decentralised energy?



Defence policy and Brexit

- Does 'Brexit' weaken NATO and UK / France defence cooperation?
- UK most resistant to European Defence Force (early German, French and Italian talks on it?)
- US defence interests maybe weakened without strong UK voice (e.g. Russian sanctions)
- Financial issues of funding Trident could be harmed by Brexit
- 2nd Scottish independence referendum – resurrects the debate over Trident and Scotland



Local government and Brexit

- Will the 2017 – 20 planned budget cuts to Councils go ahead?
- Government has removed 2020 target for balanced budget
- NFLA All Ireland Forum – constitutional change?
- Decentralised energy – can Brexit spur new UK Government to support localised renewable electricity, heat, transport & efficiency?
- Some suggestions district heating will be supported (£320m fund)



A way forward and the future?

- Brexit created huge short term political instability
- Article 50 will not be commenced until 2017 (even 2018)
- Civil servants have a web of treaty connections that will take time to unpack
- Political tension and instability could still re-emerge
- Political change is still taking place (Labour, UKIP, Conservative and impacts on other parties)
- Time will tell, but NFLA will work with CNFE to ensure your interests are considered



Conclusions & Recommendations

- A short-term political earthquake
- Medium-term challenges and real long-term questions
- Brexit is the reality and politics will change from it
- Nuclear, energy and defence policies will be affected
- NFLA will keep close eye on all these currents
- A detailed report will be presented to 30/9 NFLA SC



Thank you for listening.

