

In Gove we Trust

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The UK Government has recently published its most up-to-date “No-deal readiness report”. In light of the fact that I now have billboard adverts screaming at me “UNDER 14 DAYS TO BREXIT” alongside exhortations to get “Brexit ready”, it seemed apposite to re-examine this. Several things immediately jump out at the reader.

The first is the document’s dramatic change in tone since the end of the May-era. One expects the document’s foreword and preface to be political. However, it is fascinating to see the extent to which the rest of the document bears the new administration’s political imprimatur. The scale of the *volte-face* in the space of just a few months is enormous.

Under Theresa May’s administration, it was clear that a “no deal” Brexit (i.e. one where a Withdrawal Agreement was not agreed) was viewed as something to be avoided if at all possible and outlined a wide variety of strategies to deal with potential negative impacts. In contrast, the present documentation is much more positive about the possibility.

Thus, the document’s “executive summary” contains an entire section eulogising the opportunities that Brexit ostensibly provides. Whilst this does not contain outright falsehoods, it is fair to say that a substantial portion is misleading.

The section on trade notes that the UK will have the ability to set an independent trade policy and “take our own decisions on regulatory issues”. The challenge here is twofold. Firstly, regulatory differences are what comprise the majority of dreaded “non-tariff barriers”: any trade agreement that reduces these (including with either the EU or the USA) will necessarily entail a degree of regulatory alignment, reducing the UK’s autonomy in this regard.

Secondly, there is the challenge of geography. For agricultural and manufacturing purposes (i.e. most things that move) the UK is part of the European market (many international manufacturers also include

North Africa and/or the Middle East within this). As a result, the UK will have no choice but to follow things like European vehicle regulations.

For example, even if the UK decided to adopt Australian vehicle emissions regulations, UK manufacturers would still homologate vehicles to EU standards because the EU export market is so important. Ultimately, we would end up *de facto* following EU standards anyway. Unlike at present, however, we would have no say in them.

The same is true in agriculture: the UK can attempt to diverge, but the economic costs of doing so would be large. There will continue to be a trade-off between economic well-being and the degree of divergence from EU regulations. The difference is that we will essentially be giving up a vote on them. The same, rather disingenuous, points apply to the sections on people (i.e. immigration), public services and international sanctions. The statement that “[o]ur new points-based system will enable us to attract the skilled and talented workers we need” is jaw-dropping in the extent to which it misleads.

The UK already has total control over immigration from outside the EU, and it already operates a “points-based” system for non-EU migrants. At present, any EU national has the right to move to the UK for work. As a result, by definition, any new migration system will be *more* restrictive not less. In other words, it is patently false that any new “points-based system” will enable the UK to attract skilled and talented workers that it has hitherto been unable to.

Whilst it is likely that this was the hope of many who voted for Brexit, it would be more honest for government literature to admit this rather than try to imply that somehow this change will make it easier to attract skilled workers.

In terms of the substance of the document, it is clear that the Civil Service has put an enormous amount of time and effort into preparing for a no-deal Brexit, with £4bn allocated, 1000 new staff and the allocation of 15,000 civil servants to working on it. Nevertheless, in many areas there is a limit to what they can do (especially in such a short time period).

The fact that the very first bullet point under the “flow at the border – goods” subsection states that: “[b]usinesses would still be able to import and export goods if the UK leaves without a deal” subtly implies that the impact could be very serious indeed. The reality is that the flow of goods at a number of UK border points is critically dependent on the actions of France.

In this sense, the UK would essentially be giving away control over the degree of friction at the Dover-Calais strait. As stated by the document itself, “The UK manufacturer would need to ensure that UK export procedures are complied with, and its French customer would need to ensure that French import procedures are complied with”. The UK Government can take actions to try and ease the first, but control of the latter rests with France.

Interestingly, many of the more challenging points in the report are not, actually, in the report itself. Rather, the reader is referred to other documentation (such as the guidance to hauliers on transporting goods between the UK and EU)[\[1\]](#). This makes clear that the UK is reliant on the goodwill of the EU Commission in terms of the continuing validity of things such as the Community License.

It also makes clear that those seeking to transport agricultural produce will need to apply in advance for an export health certificate. The trader must then ensure that there is a suitable border inspection post at the intended port and that they are notified *at least* 24 hours in advance of any export. These checks in particular can be time-consuming and could cause delays at Calais. No amount of ‘no deal’ planning by the UK government can wish this problem away as it is ultimately under the control of France (unlike at present due to the UK’s membership of the Single Market).

Similar issues apply for those traders who will need to pay customs duties at the EU border. Whilst many larger businesses will have the know-how to do this, it will be a challenge for many smaller traders. Indeed, many industries (such as automotive) are likely to find that tariff barriers will more than wipe out any profit margins, making production in the UK uneconomic.

Moreover, frictions at Dover would not only affect that port. There would be probable ramifications for other parts of the UK as trade was

rerouted via alternative ports (most notably Folkestone and Southampton/Portsmouth). This would potentially put pressure not merely on the M20 (as envisaged by Operation Yellowhammer) but also on the A14 (running East-West to Folkestone) and the A34 and M3 around Southampton.

It is difficult to model the stress that additional freight traffic (that would otherwise travel via Dover) might put on the UK's strategic road network at these points (and various pinch-points en-route). Many of the more dire prognostications might not come to pass. Or they might. As Michael Gove, who is in charge of 'no deal' planning, put it when questioned, "Only the Almighty" can predict the future. Let us pray.

[1] <https://www.gov.uk/guidance/transporting-goods-between-the-uk-and-eu-in-a-no-deal-brex-it-guidance-for-hauliers>