

# Brexit Myopia

*By Professor Alex de Ruyter, Director, Centre for Brexit Studies*

News that Brexit negotiations continue to be stuck in the mire as it were comes as no surprise to me. I have doubted the UK Government's sincerity in wanting to reach a trade agreement with the EU ever since Boris Johnson "got Brexit done" back in January.

Of course he has not got Brexit "done" – unless done means to leave the EU at any price. The UK Government's stated position of course is to essentially have a zero-tariff, zero-quota trade agreement with the EU, along the lines of the EU-Canada free trade agreement.

However, the EU have been resolute in wanting agreement on fisheries and state aid before progressing to other areas of discussion, whilst the UK Government has expressed "frustration" at the EU's refusal to engage in parallel negotiations on other areas and thereby expedite the production of a draft legal text.

As I often get asked by journalists and media presenters as to what the odds of a "no deal" are in negotiations, it is useful to take stock of negotiations and touch on certain aspects of the Withdrawal Agreement protocol to assess this.

First, let's look at the issue of fishing – my colleague Steve McCabe covered this in a [recent blog](#) so I will be brief. The UK Government want to renegotiate the fishing quota and effect a 200-mile coastal exclusion zone. The EU have said no, and that adherence to the Common Fisheries Policy must stay.

The economics of the sector are risible to the UK, with fishing only comprising about 0.04% of GDP so any rational negotiator wouldn't their flag to the mast on this one, especially given that about half of the English portion of the "UK quota" is owned by foreign operators. Leaving the EUY will not change this, as others have argued, if the UK Government cared about smaller operators they would reform the way they allocate the quota and alter the rules.

But no, instead the politics of fishing are striking in that a majority of the industry is based in Scotland. As most Scots voted to stay in the EU and support for Scottish independence is growing as the no deal threat edges closer, I would argue that Johnson is desperate to show Scotland that Brexit can deliver something for them. Hence the red line in the sand.

As an aside, there are potential issues for Northern Ireland (NI) fishing boats when they land a catch in an NI port – namely, the possibility arises that there might be onerous paperwork as they’re viewed as having come from outside of the EU for customs purposes (since the territorial waters of Northern Ireland are not included within the Northern Ireland Protocol in the Withdrawal Agreement) – even if they’re “exporting” to Great Britain (GB).

Indeed, there is an explicit stipulation in the Withdrawal Agreement Protocol on Northern Ireland that suggests this issue needs to be resolved by the Joint UK-EU Committee which will assess what goods between NI and GB are subject to customs declaration and under what circumstances.

However this body is yet to be operational, with less than four months to go until we exit the Single Market and Customs Union, and the UK Government is dragging its heels on setting up the necessary customs infrastructure between GB and NI. So, lots of problems here (suffice to say, a trade agreement would significantly mitigate the need for customs checks, but would not eliminate them entirely).

Let’s move on to state aid provisions – the EU negotiators have made clear their concerns that the UK Government could use state aid to gain what they would regard as an “unfair” competitive advantage against other EU members states, and hence seek to tie the UK to existing EU strictures in this regard. The UK negotiators in turn regard this as “unfair” and point to the EU-Canada agreement as containing no such provisions.

However, the UK (unlike Canada) is regarded as a large, proximate, economy with deep economic links into the EU, most notably in terms of manufacturing supply chains but also in other sectors such as financial and digital services. For these reasons, I don’t see the EU budging on the issue of state aid.

The other main sticking area is in the EU demand for a modicum of regulatory alignment in areas such employment law and environmental standards – it's so-called “level playing field” provisions – again, seen by the EU as necessary to prevent what it regards as unfair competition by the UK.

And here I would suggest, we reach the main sticking point. For the most ardent of Brexiteers, leaving the EU was always about rejecting Brussels regulatory oversight, in effect rejecting the EU’s socio-economic paradigm. This is what they really meant by “taking back control”.

Whilst the UK Government denies it, and displays little seeming appetite for a “bonfire of the regulations”, senior figures in Cabinet such as Dominic Raab, Liz Truss and Priti Patel, have made no secret of their desire to deregulate the economy further and reduce the scope of employment protection law, for example.

It is this backdrop that should be borne in mind when assessing the UK Government’s stated desire to cut trade “deals” with countries such as the United States. Such a deal would mean the UK having to embrace the US model, with its weaker protections and lower food and environmental standards.

Again, the economics of a UK-US trade deal are risible, with the Government’s own analysis suggesting it would only boost UK GDP by 0.16% in the long-term. However, for the free-market ideologues in the Government, a deal with the US would be advantageous in giving them a pretext to shift the economy in a more free-market direction if US companies are given access to the NHS, for example.

Add to this the prospect of the UK Government appointing Tony Abbott, ex-Australian Prime Minister and zealous free-marketeer, the logic of the above is reinforced. This is a man who was PM for two years until his own party dumped him. His time in office was spent denying climate change and propping up the coal industry.

As to the prospects of a UK-US trade deal, I would suggest that the fate of Trump will be pivotal – if Biden wins in November then much of the wind will be taken out of the Brexit sails, as the Democrats will look to rebuild bridges with the EU and embrace multilateralism. In

this context, a trade deal with Brexit Britain would – to paraphrase Barrack Obama – return to the back of the queue.

Abbott styles himself as a strongman but his abrasive style would alienate the above, leaving who – China? Russia? India? Turkey? Peru? Frankly, it's hard to see a trade deal with any of these countries as being either desirable or feasible.

But the UK Government will plough on in this regard so long as its inner circles are dominated by Brexit ultras. So, for these reasons I continue to doubt their sincerity in negotiating with the EU. Hence, the prospects of no deal are increasing, and emergency measures will need to be agreed by both sides to ensure civil aviation safety, data sharing and security cooperation.

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