

The end of transition – no more ‘Carping’?

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We have heard much in recent weeks about the apparent impasse between the EU and UK concerning the outcome of the Free Trade Negotiations. As we are regularly informed through a series of leaks from ‘well-informed’ sources, there are three major areas of contention impeding agreement. Continued access by EU vessels to fish in British territorial water. The ability to implement subsidies by the UK and willingness by the UK to abide by EU governance rules on, for example, worker rights and environmental standards after departure.

For those of us who’ve followed the ‘twists and turns’ of Brexit from the outset, the question of the conditions that would apply to the UK once it left the EU in terms of trade was always at the crux of what leaving was meant to be about. Not being part of the EU was always likely to produce some change. Otherwise, why do it?

Nonetheless, it may be assumed, for the vast majority of people, the debate that took place in the period up to the referendum on continued membership in June 2016, was conducted in what felt like ‘broad brush’ strokes. Campaigners for leave made sweeping assertions that we could leave and enjoy significant benefit from doing so. Further, it was claimed, membership of the EU had undermined this country’s sovereignty and ‘freedom’ would allow us to, as the parlance, “take back control”.

So, almost twelve months from the general election on 12th December last year, when, the vagaries of the British electoral system notwithstanding, the issue of Brexit would be resolved through voting for the Conservative Party and implementing the so called ‘oven ready’ deal, the we are still await clarity as to what will happen from 1st January next year.

Theresa May’s withdrawal agreement caused what amounted to a constitutional crisis resulting in vehement disagreement between

MPs, especially with the same parties. There was a sense among some, particularly those who supported leave that Parliament was unable or, many argued, unwilling to fulfil the will of the people.

Which brings us to the here and now.

Having left the EU) on 31st January, the task of negotiating the Free Trade Agreement commenced with a deadline 11.00pm (12.00am CET) on New Year's Eve when transition, during which UK continues to abide by the EU rules governing all existing members, expires. Given that the process of negotiating trade deals is usually measured in years, achieving success in less than a year appeared outlandishly ambitious according to informed observers.

Any trade relationship, the result of a complex interplay between two sides extracting maximum benefit from formalised (legal) arrangements, are rarely straightforward if emotions influence judgment. Outcomes should represent the principle of mini-max in which losses are minimised and gains are maximised. However, success, demonstrated by both sides feeling they have derived a relationship they and, more especially, those they represent, can adhere to, should recognise that reciprocity is paramount.

Original membership of what was then the EEC, European Economic Community, was explicitly intended to be a trading organisation; hence, it was frequently referred to as the 'Common Market'. Perhaps if that's all it had ever aspired to do we wouldn't be facing the latest, possibly last, deadline in just over four weeks when the UK may leave the EU with no arrangements for trade or issues of travel, including reciprocal access to free health care, in place.

The potential to depart the EU with no-deal in place, an outcome of Brexit former PM Theresa May expended so much effort to avoid, remains a very distinct possibility whether by intention or, as some believe, accident because of unwillingness to compromise by both the UK and EU. This, as the vastly overwhelming majority of those speaking on behalf of business will attest, is the absolute worst-case scenario.

If businesses have spent the last four years thinking about Brexit, the rest of the population mostly, apart from watching the disruption in

Parliament during debates concerned with agreeing to withdraw from the EU, has on with their lives. Brexit has virtually been forgotten and, of course, Covid has dominated the news this year.

This is unfortunate, particularly if no-deal is the outcome. Should this be the consequence of Brexit, things we have long taken for granted, such as when we travel to EU countries will, quite literally, disappear.

Though it's sensible to invest in travel insurance whilst on holiday wherever you go, the comfort of knowing that if you visit the EU you are covered by the provisions of the European Health Insurance Card (EHIC), allowing access to state-provided medical treatment if you fall ill or have an accident, has ensured that many have not been hit with massive medical bills.

In the absence of a deal with the EU, the EHIC will cease to cover UK citizens. Sadly, it must be feared, it will be only a matter of time before we see stories of those who have travelled to, for instance, Spain, and failed to realise the phenomenal cost of needing urgent health care outside the UK.

Equally, one of the joys of travel in Europe in recent years has been the knowledge that you can make phone calls and download data without fear of being hit with huge charges. Though major providers have stated they do not intend to reintroduce 'roaming' charges, they are not bound by EU legislation, as was the case until the end of transition. Perhaps aware that some companies may decide to introduce charges, the government's statement that it would introduce a maximum charge of £49 per month (unless the user agrees to pay more) will give some security.

Whilst relatively few people spend longer than a month or so in Europe, British citizens who travel extensively on business or have holiday homes may fall foul of the "90/180 rule" if the UK becomes what is known as a 'third country' under no-deal. This rule means requires non-EU passport holders to stay for only 90 days in any three months period in the Schengen area, which applies to all EU countries apart from Bulgaria, Croatia, Cyprus and Romania (the Republic of Ireland is an exception).

Those who liked to bring back carloads of alcohol or other items will find that from 1st of January 2021 there will be restrictions on the quantities that can be imported without tax; 4 litres of spirits or 9 litres of sparkling wine, 18 litres of still wine and 16 litres of beer and €430 – about £400 – for all other goods.

For those who drive to Europe there will be changes. Additional documentation will be required including an international driving permit (IDP) for the driver and the need to carry a 'green card' proving there is at least third-party insurance. For those towing caravans, which will be many tens of thousands, the need for documentation will double.

All of this was to achieve freedom and make us, we were told, wealthier. As the Office for Budget Responsibility believes, no-deal will negatively impact the UK economy by some 2% for at least 2021 and possibly beyond. Coming on top of the effect of the worst health crisis for over a century, which will mean the economy is over 10% smaller than at before the pandemic; this is the last thing that business, as well as the rest of us, need.

The end of transition could hardly have come at a worse time for the UK economy.

Unfortunately, right from the outset when the decision was taken to have a second referendum on continued membership – the first being in 1975 – latent nationalism bubbled to the surface like a boiling pan.

Debate which would ideally be based on what is logical or rational, was conducted in an atmosphere of diametrically opposed views between those who argued that remaining part of an organisation committed to consensus and cooperation was economically and socially beneficial, and those who argued that leaving the EU would give the UK greater freedom.

Rumours that the negotiation teams from the UK and EU have effectively gone into 'the tunnel' in which detailed discussion presaging agreement normally takes place is to be welcomed. However, as always, caution should be exercised, as there is no guarantee that a successful conclusion will be achieved. Some EU

countries are already expressing anxiety that the EU is willing to give too much ground.

Should we leave the EU with no-deal, experiencing the consequences that are potentially dreadful, in the short, medium and possibly long-term, all of this was necessary to, among other objectives, be able to revive the British fishing industry worth £1.4 billion (about one tenth of a percent of GDP) and employing fewer than 24,000 people.

It's to be hoped that should we indeed leave with no-deal, any temptation by leavers to express thanks to the EU for the fish, will be resisted. Those of us who warned against the folly of the decision, regardless of how much we love the late Douglas Adams for coining this line in his wonderful work *The Hitchhikers' Guide to the Galaxy*, will most definitely not be laughing.

Dr. Steven McCabe is co-editor of *Brexit and Northern Ireland, Bordering on Confusion* (published by Bite-Sized Books, ISBN-13:978-1694447807) and *English Regions After Brexit: Examining Potential Change through Devolved Power* (published by Bite-Sized Books, ISBN-13: 979-8666953099). He has contributed chapters to a number of texts in the last year (in 2020 unless otherwise stated): *Brexit Negotiations after Article 50: Assessing Process, Progress and Impact* (published in 2019 by Emerald Publishing, ISBN: 978-1787697683); *The Wolves in the Forest: Tackling Inequality in the 21st Century* edited by Hindley and Hishman (published in 2019 by Social Liberal Forum); *Boris, Brexit and the Media* edited by Mair, Clark, Fowler, Snoddy and Tait (published by Abramis Academic Publishing, ISBN-13: 978-1845497644); *The Virus and the Media: How British Journalists Covered the Pandemic*, edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8643725824); *The Pandemic, Where Did We Go Wrong?* edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8665858326); *BBC, A Winter of Discontent?* edited by Mair (published by Bite-Sized Books ISBN-13: 979-8694863117) and *The Pandemic, Where are We Still Going Wrong?* edited by Mair, (published by Bite-Sized Books ISBN-13: 979-8563726338).