

Extend Transition because of Covid-19? We say 'Non'

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As I write, more and more people across the country are succumbing daily to the coronavirus, claiming victims across all classes and professions. Most notably as of (March 27th) the PM Boris Johnson and the Health Secretary, Matt Hancock, but also including our so-called 'top Brexit negotiator' responsible for our EU trade deal, David Frost, Prince Charles, and Health Minister Nadine Dorries (mid-March). Tragically, as Covid-19 tightens its grip on daily life, the lives of 759 people in the UK have already been cut short.

Out of almost 12,000 recorded cases in the country, just 135 have recovered so far. Despite the curve of infections heading relentlessly upward and estimates suggesting that anywhere between half a million and 6.6 million people are infected, the government remains doggedly determined to leave the EU single market at the end of the Brexit transition period on December 31st 2020.

While Downing Street announced on 23rd March that should our PM be incapacitated, Dominic Raab, as Foreign Secretary and First Secretary of State, would temporarily replace him, announcements on 27th March suggest that Boris Johnson is still very much in control of day-to-day matters, having simultaneously retreated into self-isolation.

In the midst of this escalating crisis, we have not been hearing too much about Brexit. Although the coronavirus continues to monopolise the headlines, the government has staunchly reiterated its position that trade negotiations with the EU are ongoing, won't be interrupted and will be concluded by June. It has made clear that if no trade deal looks to be forthcoming by then, the government will focus on no-deal preparations.

Having taken the decision to leave the European Medicines Agency – which has subsequently relocated from London to Amsterdam – along with exiting the EU’s bulk purchasing systems for medicines, the UK is now left in a position where it is highly likely to have to wait longer for any new vaccines and medicines developed across EU member states – whilst also having to pay more to use them.

Even though we continue to pay into the EU budget until the end of the transition period and could access the EU infectious disease databases, Matt Hancock is reported not to have attended or been invited to attend meetings of the EU’s Early Warning and Response System for pandemics. It is considered unlikely that we will continue to be members of this body in future.

Linked to the UK’s opting out of EU bulk procurement schemes is the revelation (25th March), confirmed by Number 10, that the UK would not be participating in EU ventilator procurement programmes, later claiming this was due to a ‘missed email’. Lib Dem MP Layla Moran stated government had put “Brexit over breathing” rather than work with our EU neighbours at this precarious time. The UK government instead chose to source 10,000 ventilators from British household appliance manufacturer, Dyson, which had never made these products before and whose founder was the well-known Brexiteer, James Dyson.

However, the government has not yet fully accounted for how they have dealt with the other companies bidding for this contract, such as Worcestershire firm, Gtech, in recent dialogue with HMG over ventilator production, but not selected and who feel the process was not as transparent as required. In the case of Gtech, having been initially approached by HMG, they started developing a viable ventilator, as reported on BBC Midlands on Monday (23rd March).

Worcestershire Royal’s head anaesthetist was apparently collaborating with the company through their product development process and they were stated as being close to a viable model. On Thursday (26th March), after news of the Dyson contract broke, Gtech learnt later that day that their services were no longer required. Another company, Penlon, working with the Ventilator Challenge UK consortium, was reported in the Guardian (26th March) as stating that

designing a new device and producing thousands rapidly, as proposed by Dyson, was 'unrealistic'.

Health officials, such as Clare Wenham, Assistant Professor of Global Health policy at the London School of Economics and Political Science, have expressed concerns at our ongoing lack of cooperation with our closest neighbours, stating that "not taking the best public health approach for political reasons is foolish."

It is hard to avoid the conclusion that euroscepticism within government is having quite a bit to do with the government's early response to Covid-19. It also seems clear that on reviewing the rapidly escalating infection projections along with the pressing requirement to flatten the curve to 'save the NHS', the government has realised the need to react differently to original statements which had focussed largely around developing 'herd immunity'.

Despite hoping that the government would put aside ideology in favour of pragmatism to work with our EU neighbours to develop a vaccine as quickly as possible, when asked about these developments a Downing Street spokesman emphasised that the UK was "no longer a (EU) member" and was, as a result, "making our own efforts".

The Johnson government continues to insist that in spite of the coronavirus crisis, Brexit negotiations are ongoing and there will be no delay to the transition period, even though the EU's chief negotiator, Michel Barnier, has also tested positive for the virus.

A Downing Street spokesman was quoted in The Guardian (13 March) as stating, "Both the UK and the EU are fully aware of the timetable which we are working towards....Video conferencing is something which is used throughout the world, and business."

However most business people I speak with are clear that the transition period needs to be extended as we have simply lost our negotiating time. There is overwhelming recognition that it was always going to be a complicated process, that concluding negotiations would be even more difficult in these testing circumstances and that it is seen as lacking credibility that any trade deal could be concluded by June.

Prior to the suspension of parliament, an amendment to the legislation preventing an extension to the transition timetable had been tabled (but not voted on). Many politicians now fear that by not agreeing to this amendment or asking for any extension, the government was signalling their determination to use the virus as an excuse to leave with no deal.

Whilst it's my understanding that most Conservatives in government don't want this outcome – although some clearly do – the need to ask for an extension must surely now be obvious to the PM. And in the face of the ongoing coronavirus crisis, the West Midlands is rapidly heading towards a potential crippling 'triple whammy' as economist Vicky Pryce explains.

“With the chances of making any serious progress on a trade deal between now and June looking increasingly small,” she states, “an extension would very likely be welcomed by businesses which will have more pressing needs to deal with as the economy starts to recover, something which is unlikely to happen much before the Autumn quarter.”

With Chancellor, Rishi Sunak pledging more than £350 billion to do 'whatever it takes' to counter the impacts of the virus on our economy which should certainly ease the impact of the supply and demand shock that we are going through – a package staggering in its overall size, “many in the labour force may not benefit from this and there is no doubt that the national income will decline very significantly” Pryce warns.

“When we come out of the crisis, levels of debt will be significantly increased and one of the casualties for the future is likely to be the downgrading of efforts to level up between the regions and the planned infrastructure spending could well be redirected or scaled back to help restore the country's finances,” she concludes.

The West Midlands may find it is about to be hit – not just by Covid-19, but potentially by a no-deal Brexit and a failed promise to 'level up,' as all hands are on deck in our efforts to restore financial equilibrium following the coronavirus tsunami.