

BREXIT:

WHERE WE ARE AND
WHAT TO KEEP AN EYE ON

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Where things stand

- Brexit has always meant a **three-step process**.
- The **first** step was to leave the EU. This meant negotiating the '**Withdrawal** Agreement'. After a prolonged process which involved particular compromises around Northern Ireland, the Withdrawal Agreement was concluded in October 2019. On 31 January 2020 the UK left the EU.
- Things do not feel very different at the moment because we are in a '**transition period**' which is like a 'handover' year in which the UK is treated as something like a ghost member-state. This is due to end on 31 December 2020, after which the effects of Brexit will be felt much more strongly.
- The **second** step of Brexit is to agree what the **future relationship** between the UK and EU will be.
- Whatever is negotiated during this transition period will come into play on 1 January 2021. This will have consequences for NI both in its relationship with Ireland and Great Britain (see below).
- Although a future deal is often referred to as a '**UK-EU FTA** (Free Trade Agreement)', there are things other than trade that will also be affected too, such as whether the EU and the UK will be able to cooperate in security (e.g. sharing databases of criminals) or whether UK citizens will be able to work for short periods in the EU without a visa.
- An intensive set of talks is currently underway. PM Johnson has said he hopes for an agreement by July. Even though both sides want clarity soon, this tight timeframe is not ideal. Given that the EU is so much larger than the UK, the shorter the **negotiating time**, the greater the likelihood that the UK will end up conceding on many of its asks in order to concentrate on a few high-profile 'wins'.
- At any rate, the EU wants a deal to be done by **mid-October**, in order to allow the 27 EU member-states and the European Parliament to approve it. The UK Parliament will not have to ratify the agreement this time, so (unlike with the Withdrawal Agreement) we shouldn't expect it to become a topic of heated debate in the House of Commons.
- The **third** step of the process is for the UK to negotiate free trade agreements with other countries. Most of those it has at the moment exist on the grounds of the UK's membership of the EU. When the transition period ends, those agreements will no longer apply. A big objective of Brexit was for the UK to be able to negotiate its own **new trade deals** so the UK is trying to negotiate these at the same time as negotiating with the EU; the most important one of these is with the USA. There are tensions between what the USA will want from the UK and what the EU is seeking.

What is the Northern Ireland/Ireland Protocol?

- As part of the Withdrawal Agreement, the UK and EU came up with a dedicated 'Protocol' (**an addition to the main text but legally-binding**) to meet the unique circumstances on the island of Ireland. This puts NI in a distinct position post-Brexit, bringing both advantages and disadvantages.
- Typically, the EU's external borders are points at which there are checks and controls for the movement of goods and people. The UK and EU negotiated a compromise to avoid this because: (i) they wanted to keep things as much the way they are at the moment for people in NI/IRL, and (ii) they didn't think it possible to properly keep track of everything that crosses the Irish border.
- In order to avoid the need for checks and controls at all, the Protocol sets legal arrangements to ensure that all goods sold in NI can be assumed to comply with the EU's rules. In simple terms, this means that goods put on the market in NI and goods entering NI have to meet EU standards.
- NI is still in the UK's customs territory, but now there will be a need to: (a) know what is coming into NI from Great Britain (and all non-EU countries), and (b) be able to stop it going beyond the point of entry (e.g. ferry port) if it doesn't meet the rules.
- This has two big **implications**. **First**, NI will have to continue to **follow EU rules** when it comes to production of goods going on sale in NI. In the future, this will mean the NI Assembly (or Westminster) adopting amendments made by EU institutions relating to those standards.

- **Second**, and immediately, **new procedures** will be needed for goods moving across the Irish Sea. This is so that authorities know what it is and whether it is at risk of entering the EU via NI.
- The UK Government has confirmed both these implications. What they haven't confirmed is exactly what these procedures will be. This is still to be agreed with the EU via the **Joint Committee** that oversees the implementation of the Withdrawal Agreement.
- This Protocol is not just about trade but also provides for the continuation of the Common Travel Area and for **north/south cooperation** on the island of Ireland across a wide range of areas.
- Also, under Article 2, NI will continue to implement six EU equality directives, including non-discrimination on the grounds of ethnicity and **equal treatment** for men and women in employment. And the Human Rights Commission and Equality Commission's work will continue.
- However, other EU directives around **workers' rights** (e.g. working time, parental leave, or health and safety) will no longer directly apply in NI unless the future UK-EU agreement includes them.
- Irish citizens in NI continue to be EU citizens but they will really only be able to exercise the rights of **EU citizenship** when travelling/working in an EU country, rather than when at home.
- The Protocol also provides for a **'consent' vote** to be held by MLAs 4 years after the end of transition (i.e. Nov/Dec 2024) and then potentially every 4-8 years, to decide whether the portion of the Protocol that deals with trade will continue to apply here. If a majority of MLAs vote to discontinue it, then there will be another 2 years of UK-EU discussion to find an alternative.
- NI is outside the European Union. It has **no representation** in EU institutions. Nor does it have decision-making powers in the UK-EU Joint and Specialised committees overseeing the Protocol.

Why should we be concerned?

- If there is a **UK-EU trade deal**, there won't be tariffs on trade between them, and the focus of checks and controls on GB-NI trade will be fairly limited, e.g. focused mainly on agri-food products and those goods which are likely to have come from outside the UK or EU. Because the Protocol means that NI sits in something of a 'halfway house' between the UK and the EU, the closer they are together in the future, the less likely NI is to be thinly stretched between the two.
- If there is **no UK-EU FTA**, however, then duties that will have to be paid on trade between them; in practice, this means that these duties should be paid on all tariffed goods entering NI from GB (although they can be rebated later if those goods stay in NI).
- No UK-EU deal would also create more difficulties for the island of Ireland. Although there will not be new customs checks and controls, it will be more difficult, say, for people or businesses in NI to offer services in the south, or to ensure such things as water quality standards are the same on both sides of the border. **'No deal'** will really put pressure on NI because it will make the Irish Sea and the Irish land border more 'hard', albeit for different reasons.
- In the **short-term**, there is a lack of information about what the changes will be and how they will be managed. This means that uncertainty continues. In turn this means that either businesses will decide to avoid GB-NI trade altogether or else - if they hold on - they will be hard pushed to make the changes in time. This will cause delays and confusion in GB-NI trade come 1 January. The **knock-on effects** of this are, simply put, higher prices and reduced choice for consumers in NI.
- As long as there is no progress on implementing the Protocol, there will also be building tension between the UK and the EU. This makes it all the more difficult for them to **trust** each other enough to find an agreement on their future relationship. And the 'poorer' that UK-EU relationship is, the worse it will be for Northern Ireland.