

Brexit: unravelling

Richard North, 28/04/2018

“ I think it's reasonable to say that Thursday's debate in the Commons on the customs union did not enhance our understanding of what is necessary to ensure a smooth Brexit process, with a minimum of economic damage. The best thing that could be said of it, in my view, is that it was an unwelcome distraction.

At this stage of the proceedings, we should already have decided on the shape of our post-exit settlement and the focus now should be on practical needs. Businesses and individuals should, at the moment, be flooded with information and advice from government, telling them what to expect, and what they need to do to prepare for Brexit day and beyond. *

It is this, it seems, that is the missing element. And in its absence, there is nothing to focus on – hence the fragmentation of the debate. We see different factions with their own preoccupations, at one extreme to plotters who would block Brexit altogether and, at the other, the "ultras" who would be happy to see us ejected without further ado.

As for the middle – there is precious little there, and no voice represented in the media or politics, that seeks a pragmatic, long-term solution and attempts to deal with the present issues, such as the Irish question, which must be resolved if we are to make a success of leaving.

For many months, though, there have been those of us who have patiently sought to engineer a way through the morass, initially hoping that there were those in government and parliament who would appreciate and benefit from good advice.

Virtually, the only substantive thing parliament as an institution has been able to offer since the referendum is Thursday's debate, where MP after MP paraded their ignorance of the issues and an almost total inability to engage with the real world. In so doing, the institution simply confirmed something which we have known for some time – which is that The House of Commons is no longer fit for purpose.

As for the government, it comes as no surprise that DExEU, charged with **finding a solution** to the Irish border question, has been relying on technical solutions yet failed to approach a single external company to obtain ideas of how this technology would work.

This is the same government which, according to *The Sun*, blew £680,00 in payments to paid consultancy firm McKinsey & Company to help prepare the UK's Brexit customs proposals that were dismissed out of hand by Brussels as "magical thinking".

Most telling of all, though, is the report in the *Guardian* that reports officials at the port of Rotterdam, the largest in Europe, to be "stalling" on investments in Brexit infrastructure.

While there is concern that post-Brexit controls could lead to massive queues of trucks**, Mark Dijk, the port's head of external affairs, is cited by the newspaper saying that the level of the investment required by the port and its ferry companies meant certainty was needed.

The actual level of investment will depend on the nature of the agreement between the EU and the UK which, as Dijk says, makes for "a very difficult decision". The port authority doesn't know what is going to happen and the investments don't come cheap. Dijk adds: "We do not know if they are possible".

Roel van't Veld, the Dutch ministry of finance's Brexit and customs adviser, says that even with the signing of a free trade agreement between the EU and the UK, an extra 750 new Dutch customs officers will be needed, the first 150 of whom have just started their training, with

selection proceeding for the second batch. ***

But van't Veld, with a stronger grip on reality than we're seeing in any British officials, tells us that his government has started collecting statistics and "they are rather frightening".

"Trading between Southend and Rotterdam will be as trading between Rotterdam and Morocco, and people have to realise that", he says. "We have a huge number of companies that have no idea what trading outside the EU means. We have 35,000 companies trading with the UK who have no knowledge of customs. They are not known in our system".

Even with "maximum facilitation", a proposal by the UK for trusted trader schemes to reduce the necessary paperwork, van't Veld says there would always be companies outside such arrangements which would probably slow everyone else down at the ports.

At least in Rotterdam, there is some room for expansion, although there are concerns that the necessary land would not be available around at least one of the four ferry terminals servicing the UK. However, van't Veld suggests that Dover faces greater issues. "I saw in the UK they have larger problems with the infrastructure", he says. **"The port of Dover, which has got no space to grow, and other ports are pleading for public investment to facilitate this growth".******

This is reflected in concerns expressed by Bart Jan Koopman of the Dutch shippers and exporters' organisation, Evofenedex. He had told Dutch MPs: **"Our concern is on the British side. Their preparations are far from the level of the Dutch. This underestimation also applies to other EU countries. That can really cause chaos".**

Also pitching in is a senior official involved in Brexit negotiations, who warns that customs fudge could fall foul of WTO rules. This is something I wrote in Flexcit four years ago but now we have this man saying that if the UK makes a preferential arrangement with a third country, outside the framework of a formal preferential trade agreement, any concessions have to be applied it worldwide under the most favoured nation rule.

Adding to the grief, we see **Michel Barnier** dismissing suggestions that the EU "desperately" needs the City of London, and that access to financing for EU27 business would be hampered – and economic growth undermined – without giving UK operators the same market access as today.

But this, he says, is not what we hear from market participants, and it is not the analysis that we have made ourselves. Apart from anything else, the ECB states that the risk to the euro area economy appears limited".

And while Mrs May has asked for mechanisms to continue the exchange of services in each other's markets, "based on the UK and EU maintaining the same regulatory outcomes over time", with chilling finality, Barnier states: "this will not work".

I can perfectly see the UK's logic and interest, he says, in pleading for a system of "mutual recognition" and "reciprocal regulatory equivalence" – functions brought about by the Single Market. But the UK has decided to withdraw from the Union. It will move away from EU rules and will not accept common EU supervision and enforcement tools.

Thus, Barnier says, the UK needs to understand that the EU cannot accept mutual market access without the common safeguards that underpin it. This is not something that any country in the world would accept.

Reminding the UK of another reality, he also says that certainty about the transition period will only come once the whole Withdrawal Agreement has been agreed and ratified. In the meantime,

"both market participants and public authorities should hope for the best, but prepare for the worst".

As long as the ratification has not taken place, we need to be ready in case of a "no deal, no transition" scenario, he adds. "This is our collective responsibility". Market participants and public authorities must continue to prepare for all scenarios. No one should underestimate the risk of disagreement.

One can now see the reason for the reticence of the Rotterdam officials, although nothing of this seems to have percolated the studied complacency of Brexit Secretary, David Davis.

Where the EU's chief negotiator is warning of the possibility of a "no deal", the **worry in the UK** is that that Davis's air of stupidity may not be an act. [...But a tragic reality. .Ed.]

But, with that, any belief that the government has a grip on the Brexit process is fast evaporating, even amongst its closest allies. The only certainty on which we can rely is the endless capacity for government incompetence, while hopes of a reasonable settlement unravel before our very eyes."

These comments below are from the Editor at concordanceout.eu

Dr Richard North is really the Dr Guru of Brexit.

- * Please see the many EU preparations as set out in the many Notices to Stakeholders.
- ** Please see Brexit Exit leaflet preparation in concordanceout.eu in Leaflets.
- *** No sign of any UK recruitment or training. Please leave a comment if anyone knows of any such preparations!
- **** Yet many MP's say that they see no problems and the ultras say the same. How mistaken they are to be proved to be. I call them the Nelsonians.

| | |
|--|--|
| | |
| | |
| | |
| | |
| | |

Bottom of Form