

Brexit – Where now?

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Research for new economic policies

Where now?

- Exit from EU postponed
 - 22 May – if deal is passed.
 - 11 April - if deal is not passed.
- No Deal, very much still the default, must be replaced by ‘a deal’.
- Withdrawal Agreement – future relationship still wide open.
- Implications for trade, particularly agriculture/agri-food.

The Problem - Border

- Customs Union & Single Market.
- Both require enforcement.
- How the UK can leave the EU, but not require border enforcement on the island of Ireland.

The Problem – Customs Union

- 2 pillars
 - Absence of tariffs between members & common application of tariffs
 - A common tariff applied to goods from beyond the customs union
- The second pillar most problematic for the border.
 - Possible with a Free Trade Agreement to eliminate some if not all tariffs between EU and UK (Best case scenario)
 - A border would still be necessary to police rules of origin
- Any arrangement between UK and EU that does not have these two elements is pointless if you want frictionless border

The Problem – Customs Union

- Unlike Customs Union, a range of options are possible with regard to single market
- UK could seek to maintain SM protocols, standards and regulations in order to maintain trade and formalise this for some sectors under equivalence arrangements (for either NI or UK)
- This would, for example, limit the need for veterinary inspections in agri-food exporters in NI.
- In many cases, single market doesn't exist yet, for example car insurance, therefore, the absence of membership of the single market, whilst regrettable, may be salvageable

Possibilities

- The deal
- No deal
- Another deal
- No Brexit

- How do they deal with border issue?

Current

— EU Regulatory and Customs Border



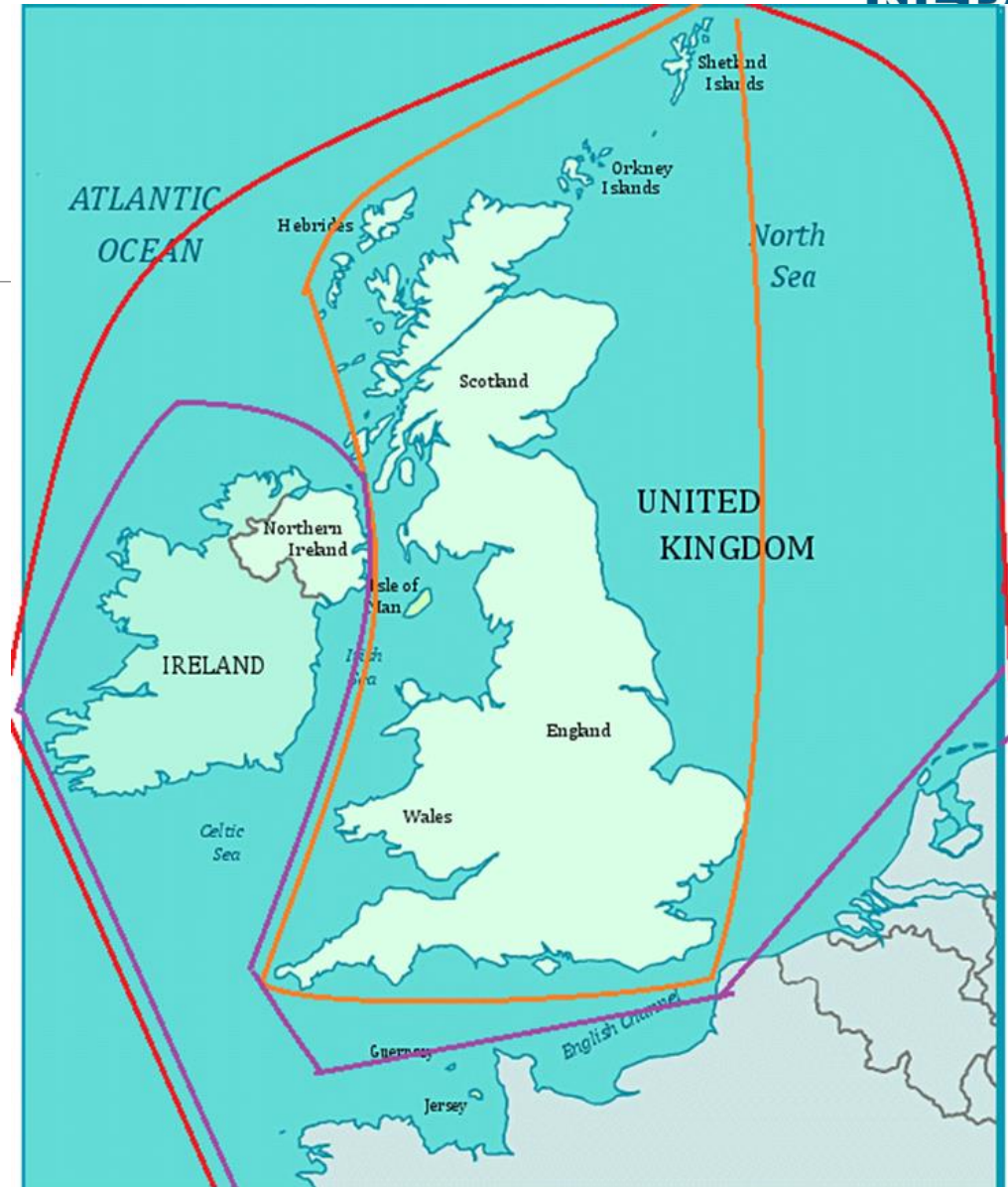
The Deal

- EU Regulatory and Customs Border
- UK Regulatory and Customs Border



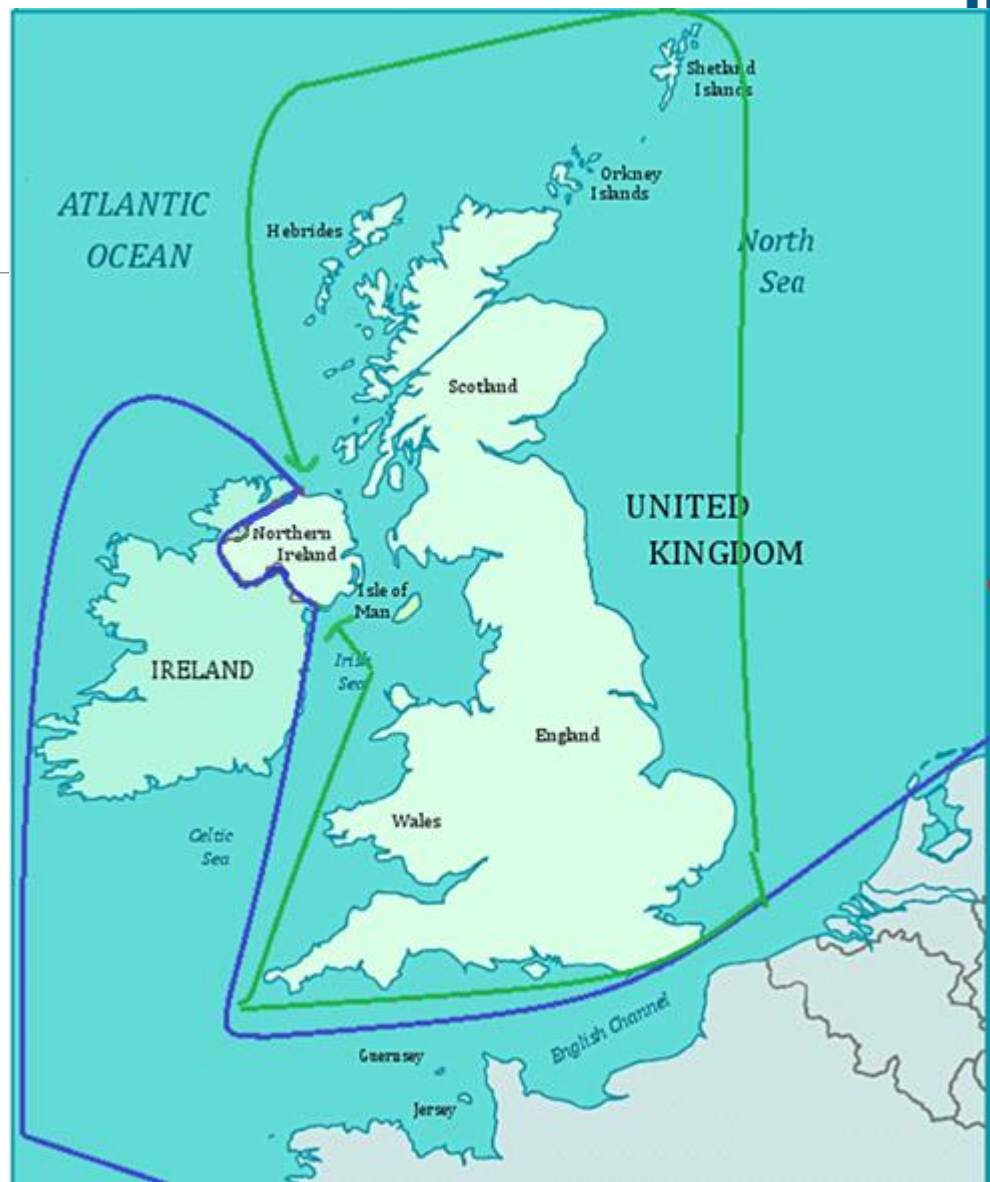
The Backstop

-  EU & UK Customs Border
-  EU Regulatory Border
-  UK Regulatory Border



No Deal

-  EU Regulatory and Customs Border
-  UK Regulatory and Customs Border



No Deal - Customs

- There will be no customs on goods travelling from ROI to NI.
- All goods, not just ROI goods can travel to NI tariff free (WTO MFN rules)
- There will no checks on goods from NI to GB (intelligence led anti-smuggling)
- There will be a dramatic reduction in tariffs on Non-EU goods and an equal increase for EU goods (% of current CET MFN tariff rates).
- There will be full CET tariffs of goods from NI into ROI.

No Deal - Customs

- NI producers will face increased competition from Non-EU.
- GB will face reduced competition from EU producers, but NI will not because of border exemption.
- NI worst of both worlds

No Deal – Single Market

- NI producers will face full single market barriers into ROI and EU. ROI and EU firms will not face the same obstacles.
- Disruption to supply chains inevitable.

Another Brexit Deal?

- A full Customs Union?
- Membership of the Single Market?
- Both on offer from EU, makes border easier, but still minor problems.
- Politically possible? Who knows?
- No Brexit? Who knows?