

Availability of goods: the latest government position paper

The third Government Brexit position paper was published on 21st August and covers the complex subject of the continuity in the availability of goods for the EU and the UK.

One of the main priorities of the Brexit negotiations is to ensure that trade between the UK and the EU continues with as little disruption as possible on Brexit day. The report identifies one particular issue which has hitherto received little attention:- what of goods that are in transit in some form or other when Independence Day dawns? To illustrate the point, suppose a customer in Germany or Poland orders an item from a UK company on 28th March 2019 and pays for it on line. On that day, we will still be an EU member state and part of the Single Market. The UK-produced item will have been produced in compliance with EU standards. What will happen to this item if it arrives in Calais on 29th March 2019 or later? By this time, if there is no satisfactory deal, it could have to pass through an elaborate customs clearance process and if the item is to be used in the manufacture of something bigger, such as a component in a car or a washing machine, will it still be regarded as meeting the EU's standards on compliance?

Unfortunately, having identified a very real problem, the position paper does not really go into any detail about how the government proposes to tackle it. No one could possibly argue with the first paragraph:-

Investors, businesses and citizens in the UK and across the EU need to be able to plan ahead with certainty. The UK wants to ensure a smooth and orderly exit that minimises disruption to citizens, consumers and businesses across Europe in terms of

the availability of goods....

...but a first reading through of this paper left me none the wiser as to what the Government is proposing. The statistics about the volume of UK-EU trade in goods show why it is important to come to a deal on trade in goods. It is one thing to say, as per Paragraph 16 "The UK believes that all goods lawfully placed on the market before exit should continue to circulate freely, without additional requirements or restrictions, " but quite another to explain what if anything, considering we become a Third Country as far as the EU is concerned on Brexit day, will replace our Single Market access.

Essentially, we are faced with three options for trade with the EU in the immediate post-Brexit period:-

- Change tack and seek to join EFTA so that the UK will remain within the European Economic Area – in other words, resurrect the Norway Option/Liechtenstein Compromise, albeit only as an interim position.
- Revert to WTO rules, perhaps in conjunction with a zero tariff policy, as advocated recently in a paper by Professor Kevin Dowd, published by the Institute of Economic Affairs.
- Seek a bespoke trade agreement. One paper published earlier this year by the Bruges Group has identified the main subjects on which agreement will need to be reached. The authors claim that if everything is handled competently on both sides, trade will continue to flow smoothly after Brexit.

While each of these three approaches have their supporters and detractors, the people whose opinions really matter are the Government ministers and Civil Servants who will be at the sharp end of negotiations. The biggest disappointment on reading this position paper is that it offered no clue as to which of these three options it is seeking to take. In

particular, if it is the third, the EU will have to agree to a lot of things which so far it has shown little inclination towards.