

# Brexit and the mechanisms of EU trade

The UK's International trade depends upon efficient electronic systems that avoid entry inspections and delays at border crossings. These systems depend upon various mutually-agreed standards on both sides of the border. Unfortunately, the recently-published Government Position Papers on Brexit chose to ignore such details – indeed, they amounted to little more than political aspirations. As Brexit day approaches, it would not be surprising for businesses in both the UK and EU member states to put pressure on their governments to address the steps needed to prevent a massive “Operation Stack” on both sides of the Channel once we leave the EU.

Businesses likely to be affected by Brexit will need to know about how the movement of goods, services, ships and aircraft will be controlled. They cannot move freely after March 2019 unless they are the subject of new inter-government agreements. These agreements can be achieved by way of MRAs [Mutual Recognition Agreements], Memoranda of Understanding or Exchanges of Notes for example.

There is a great deal of interplay between Laws and Regulations, Standards, Inspections and Conformity Assessment, Government Market Surveillance by checks and Customs and Tariff requirements. It must be pointed out that the so-called “WTO model” post-Brexit advocated by some economists **would deal only with tariffs** and would not address in full the requirements of these other critical areas.

So what else would be needed? Firstly, Mutual Recognition of bilateral product regulations. Whether or not two trading countries' standards rules are identical, either way they are deemed to be mutually acceptable by that MRA.

Then there are internationally agreed certificates recognising that a produce conforms to a given set of standards. These are vital before the goods can reach the marketplace. The most important body dealing with international standards, the International Organisation for Standardization (ISO) is a non-government organisation although its membership does include 163 national standards bodies. It seeks to apply one international standard for a given product everywhere across the world.

In Europe there are three European standards organisations, ETS, CEN and CENELEC, and they have 34 members – all 28 current EU member states plus Iceland, Norway, Switzerland, Turkey, Serbia and the Former Yugoslav Republic of Macedonia. Every agreed standard is adopted by all 34 member countries' standards bodies. In the UK, the British Standards Institution (BSI) is our national standards body. The UK Government therefore seeks to avoid making any other bilateral national agreements on standards for legal compliance purposes. In other words, only one standard per topic is permitted in these 34 countries.

There is a silence from the DExEU upon any progress in these areas. These standards organisations were not mentioned once in the Position Papers, even though they are going to play a hugely important role in facilitating trade with other European nations. David Davis has perhaps unwisely accepted the Barnier sequencing agenda, which means that the concerns of Industry and Commerce over these issues cannot be addressed until the EU is satisfied with progress in other areas – and it is currently distinctly dissatisfied.

As Anthony Scholefield has pointed out in his research paper for the *Futurus* think tank, the Government's "Plan A" – a bespoke trade agreement with the EU – is doomed to fail unless transitional arrangements are agreed.

There is also the question of non-EU trade. Approximately 80%

of UK GDP is domestic. Of the remainder 13% is Entrepôt non-EU and 7% is with the EU. Will this Government prioritise the 13% or the 7%?

One of the much-trumpeted benefits of Brexit is the freedom to strike our own trade deals. Will the Government go for a “Plan B” and seek to negotiate some trade agreements with non-EU countries which will be conditional on Brexit taking place in March 2019?

At the moment, we have no idea. “Operation Stack” on the M20, with all the attendant consequences are looking increasingly inevitable from April 2019. The only consolation is that the UK will at least have escaped from the EU political project of ever-closer union and will not be asked to prop up the failed Euro. As Lord Mervyn King says, “In 30 years this will look like any old blip!” We can but hope he is right, but without a change of mindset among those entrusted with the Brexit negotiations, the blip could be rather bigger and longer than he anticipated.

Photo by Pharma Mike 