

Going round in circles?

It's now the third round of Brexit negotiations. Last week, we were given what amounted to an aspiration list – five “position papers” following on from two the previous week which went into very little detail as to how the UK negotiating team intended to go about achieving its desired objectives. The papers also made a number of assumptions about the EU's negotiating position which do seem at first glance rather unrealistic. In short, it doesn't seem very clear what the UK government actually wants. By contrast, the EU has made its position clear from the very start.

The EU's Chief Negotiator, Michel Barnier, is understandably frustrated and warned about the clock ticking. He recently told the UK to “start negotiating seriously.” We are now less than 19 months to Brexit day; 14 have already elapsed with very little achieved except a foolish agreement to submit to the EU's negotiating schedule whereby sufficient progress must be made on the divorce settlement, the rights of EU nationals and the Irish border before issues such as trade can be discussed. A helpful summary of the full areas of disagreement can be found in this article.

As far as the UK government is concerned, there has been a recognition that a long-term trade deal cannot be negotiated before March 2019 so some sort of interim arrangement will be needed. Even this is going to be a challenge as the rather nebulous statements from the government insist that the Single Market is not on the agenda, necessitating a bespoke deal (or a change of mind). Labour, however, seems to be moving round to supporting membership of the Single Market. It now agrees with the Government that a transitional deal is necessary but disagrees with it not only on the Single Market but on the customs union too. As Dr Richard North points out, Keir Starmer, the shadow Brexit secretary, has advocated the Single Market without offering any hint of how we would access it –

in other words, no mention of the European Economic Area or EFTA.

Professor George Yarrow from Oxford University, has argued that the default position for a newly-independent UK is that we would remain within the Single Market and would not need to rejoin EFTA to retain access. Not everyone is convinced by his arguments and if he is wrong, a bespoke deal allowing the UK to remain within the Single Market or the Customs Union would require a new treaty – a very challenging prospect within this increasingly tight timetable.

Of course, there are still some voices arguing against any sort of transitional agreement and claiming that a “hard” Brexit will bring economic benefit, such as Professor Patrick Minford of Cardiff Business School. We have also highlighted the Bruges Group’s paper *What will it look like?* which claims that it is possible to agree a long-term trade deal within the Article 50 timeframe. This paper has highlighted the key areas on which an agreement will be required, but if the Government is considering this route, the Position Papers offered us not the slightest hint that this is their preferred strategy.

So it looks like this week’s talks will be little more than going round in circles. We will, no doubt, be given a very upbeat assessment of the talks by David Davis, but little real progress will be made as the Government does not seem to be offering any sort of road map to arrive in the promised land of Brexit while Labour has little idea either. Meanwhile, as M. Barnier keeps reminding us, the clock is ticking away and the cliff edge is getting closer.....

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