

What's in the reported Johnson-Varadkar Brexit breakthrough?

*Our academic friends at **Briefings for Brexit** have been trying to piece together the details of the backstop replacement apparently agreed by Boris Johnson and Leo Varadkar a couple of days ago. Details of the reported breakthrough remain murky even by Brexit standards, but insider information points to the following likely picture. This report was originally published in the BfB weekly newsletter, to which we encourage all our readers to subscribe.*

Hey Presto. Three years ago, just after the referendum, the former Australian ambassador to China and to the World Trade Organisation, Geoff Raby, told us not to listen to EU negotiators until the last three weeks of any talks. Right on cue, 21 days before the deadline, a deal starts to emerge. After asserting for two years that bilateral negotiations were impossible within EU rules, the Irish Prime Minister has just conducted what to all the world looks like bilateral talks.

After a week of bellicose rhetoric from both sides, Boris Johnson and Leo Varadkar sat down together in the romantic settings of Thornton Manor, Wirral, for some unexpectedly speedy kissing and making up. Details of the reported breakthrough remain murky even by Brexit standards, but it looks like the PM has offered an ingenuous solution to the Irish impasse under which EU tariffs would be payable on goods entering Northern Ireland from Great Britain. These tariffs could be reclaimed if the goods stay in Northern Ireland rather than travelling on into the Republic and hence the EU. Goods would also be checkable at the NI North Sea border for

conformity with EU regulations. In practice, few consignments would actually be checked, and it is unclear whether there would be any outgoing checks from NI to GB for goods in transit from the Irish Republic.

We should remember that this proposal is part of a wider Withdrawal Agreement (i.e. Theresa May's WA without the backstop) and hence there would be a transition period until the end of 2020 (or perhaps 2022) in which the whole UK remains within the EU's Customs Union and Single Market. As a result, there would be no changes for Northern Ireland at least until January 2021. The idea would be that a free-trade agreement would be negotiated during the transition period and if this is done then there should be no tariffs and few regulatory checks to be done at any UK-EU border including that in Northern Ireland.

This is a stretch for the DUP and the latest indication is that it may reject the proposal. The calculation perhaps was that the DUP might have been willing to take a risk, hoping that a future FTA will ensure that there will eventually be few checks and no tariffs at the Irish sea border. With the likelihood that there will be some opportunity for the Northern Irish Assembly (or public opinion more widely in NI) to ratify these proposals the Government is hoping that this enough. It appears, however, that there will not be a veto for the DUP (or Sinn Féin) despite such cross-community consent being an integral part of the Good Friday Agreement for any cross-border arrangements.

We will soon find out whether the Varadkar-Johnson love-in can be developed into something more solid in time for the EU summit at the end of the week. This is the last chance for hopes that Britain will leave the EU with a deal on 31 October. If talks stall again, we are back into the polarised territory of No Deal or another Brexit delay.

For the Commission, the Johnson government and anti-no dealers

in the Tory party, an innovative compromise would be a great political relief. There is reason for optimism, but in the rush to the finish line, the UK needs to stay on its guard and be careful to concede too much. Indeed, for some Tories this may already be too much. It keeps the UK in the customs union and single market for up to three years, involves high payments and may include the Political Declaration with its defence entanglements. The pressure will be on the ERG and the DUP, so still touch and go.