

Brexit and Trade Update

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Brexit: where are we now?

- DD resignation and Brexit Secretary: Dominic Raab
- UK Govt White Paper publication
- Irish border backstop – unresolved
- Next European Council: 18 October

Chequers statement

- 'Free trade area for goods' = customs union
- UK to apply two different tariffs at border
- Harmonisation for all goods inc agricultural
- Divergence for services

What does the EU think?

- *“Difficult to find common language about the future”*
- *“There will be a need to accelerate negotiations at some point”*
- Strong hints for the UK to consider ‘Norway option’/EEA

How can talks progress?

- UK to formally abandon red lines?
- EU to quietly soften 'four freedoms' mantra?
- EU to accept use of different terms?
- EEA or 'EEA'?

What about non-EU trade?

- EU FTAs: 12% of total UK trade; £138bn
- *Status quo during transition → bilateral agreements by 2021*
- UK can sign new trade agreements during the transition (but only implement **after** transition)
- New agreements with: NZ, Australia

Challenges

- Several countries keen to reassess terms:
Canada, Japan, South Korea
- Replicating benefits of existing agreements
requires cumulation of origin
- Reducing inbound tariff-rate quotas
- Capacity constraints at DIT

Origin declaration: what next?

- Certificates of Origin likely to stay in place (EUR.1 to become UK.1?)
- If the UK and the EU are in a customs union: no need for origin checks
- UK's new trade deals: depends on what the UK wants to negotiate

BCC Brexit lobbying

- BCC emphasis on **cumulation + business consultation**
- BCC, BSI, EEF call on **standards**
- BCC, IOD, EEF call for **no changes during transition**
- B5 The Times briefing for Govt to **table proposals and move at pace**
- **BCC Brexit scorecard**