

UK-EU NEGOTIATIONS: TWO MONTHS TO GO

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EU-UK TRADE TIMELINE – THE NEXT FEW MONTHS

- August 17-20 – 7th Negotiating Round.
- September 7-11 – 8th Negotiating Round.
- September 28-Oct 2 – 9th Negotiating Round.
- Start of October – Legal text required to be agreed for translation and scrubbing.
- October 15-16 – European Council summit to approve agreed text?
- November/December – Ratification at Westminster and in European Parliament and Council of European Union.
- December 20 – Potential plenary vote in European Parliament on any deal.
- December 31 – Transition period comes to an end.



EU-UK TRADE TIMELINE – THE NEXT FEW MONTHS

- January 1 – Protocol comes into effect on GB-NI goods movements. Import VAT requirements on EU-GB, GB-NI goods movements. Any new UK-EU trading arrangements would apply from today.
- April 1 – Meat, fish imports etc. from EU require pre-notification and health documents to enter GB.
- July 1 – Full customs, safety and security declarations required, increased physical checks on EU product of animal origin etc. imports on EU-GB goods movements.



EU-UK TRADE TIMELINE – BRC ACTIONS

- Campaign and messaging on tariffs to secure trade deal by end of October. August intervention and in September ahead of any “tunnel”.
- Rolling out new Brexit hub for BRC members to prepare for 1 January.
- Podcast series. Other events, roundtables, webinars on regular basis.
- Technical groups with HMG officials to help members get ready for leaving SM/CU. Current: VAT, customs, chemicals, pharmaceuticals, food. Coming soon: electrical and industrial products, and clothing, footwear and textiles.
- Shaping NI-GB arrangements ahead of Specialised and Joint Committee meetings.
- Involvement in future HMG trade policy on Trade and Agriculture Commission, revised TAGs and other direct engagement with DiT.



EU-UK TRADE – THE ISSUES AT STAKE

- If agreement cannot be found on fisheries and state aid within a level playing field, no deal will be reached.
- Will mean tariffs on GB-EU goods movements for first time since December 1972. Average c. 20% on food, 12% on clothing and textiles imports from EU. 79% of food imported by BRC members into the UK comes from the EU.
- New GB red tape barriers coming whatever is agreed – on VAT, excise, customs, safety and security, transit, in-market product checks, food checks.
- Negotiations outcomes or unilateral UK Government actions may mitigate some of these burdens, but not all and nowhere near in full. Don't deal with obligations of EU suppliers sending goods from EU.
- Mitigations better in shape of negotiated adjustment period for UK/EU.
- No trade deal will raise prices for consumers as well as affecting choice, availability and quality.

EU-UK TRADE – THE ISSUES AT STAKE

- Level playing field: state aid – UK wants no role for CJEU in making decisions interpreting any common principles. EU has taken this on board. Potential new text on state aid could deal with this setting out common principles in depth but non-justiciable.
- Level playing field: other areas – climate change, labour and social rights. UK gone quiet for now on taking these out. Could it accept these ultimately?
- Governance – compromise now emerging between one size fits all governance arrangements sought by EU, and several dispute resolution bodies from UK. Agreement likelier on EU model.
- Fisheries – Commission moving (but are the member states?) on fisheries access, but UK needs to offer multi-annual framework not based on zonal attachment.
- Data – adequacy decision expected but what about impact of Schrems II decision, particularly on companies sharing info with US parent or partner groups of European companies?

EU-UK TRADE – THE ISSUES AT STAKE

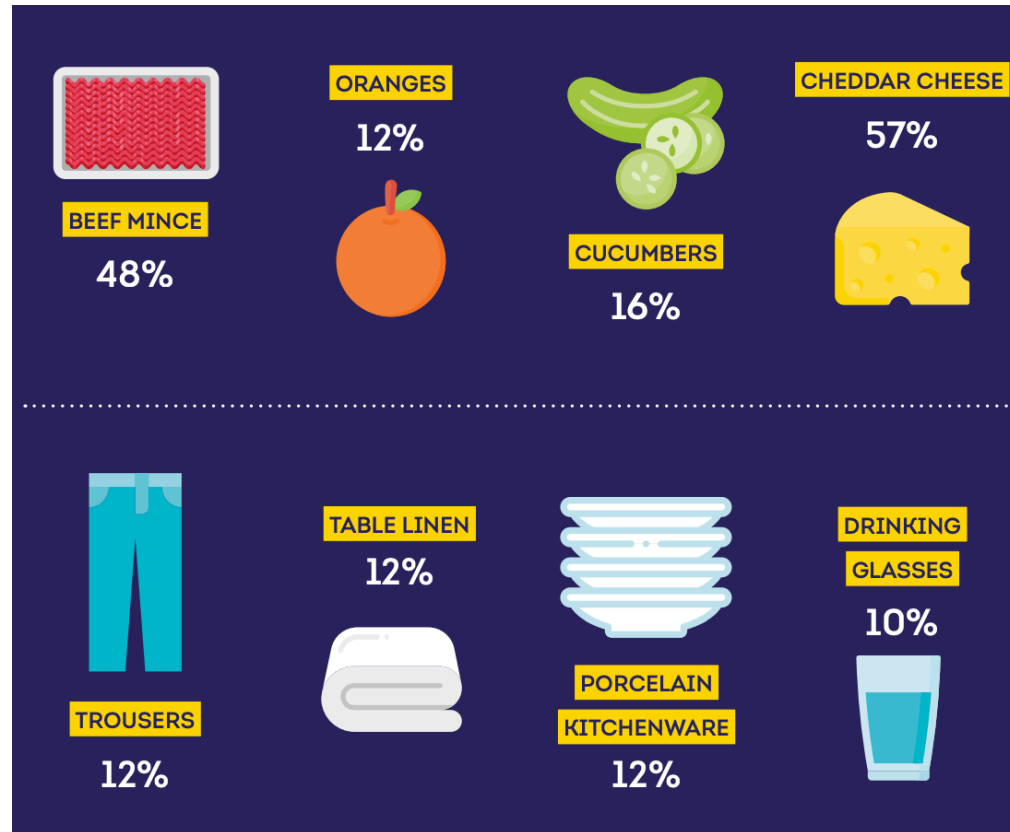
- SPS – will there be a veterinary agreement reducing incidence of physical checks at Border Control Posts (BCPs) or not? Increasingly looks unlikely. May require GB unilateral action to reduce frequency of physical controls on products of animal origin.
- Rules of origin – UK option on full cumulation of both sides FTA content, or PEM Convention only – EU recommendation? PEM outcome looks likelier.
- Conformity assessment – UK seeking mutual recognition agreement. EU opposed for now. How will this be resolved? Impact of NI upon this?
- Pharmaceuticals – UK seeking sectoral annex. EU opposed.
- Chemicals - UK seeking sectoral annex including regulators' information sharing. EU opposed.
- Organics – UK seeking equivalence deal. EU opposed.
- Wines - UK seeking equivalence deal. EU opposed.



EU-UK TRADE – THE ISSUES AT STAKE

- VAT – Norway style relationship with information sharing on crime and fraud prevention and detection looks likely given both sides positions.
- NI – Joint Committee to draw up definitions of what goods are at risk of entering the Single Market, and which goods (and economic operators, eg. retailers) could be exempted from tariff red tape of Protocol.
- NI – Specialised Committee to consider UK proposal advocated by BRC to exempt supermarkets from Export Health Certificates and associated compliance. GB-NI Customs & safety and security declarations to be met by HMG's new TSS scheme in NI.
- The longer it takes to resolve the higher level issues related to the zero-tariff elements of the FTA, the more likely that these other issues (mainly pursued by the UK) will have to be abandoned, with the default being the EU text.
- The longer discussions focus on LPF and fisheries, the less likely it is that other elements which BRC and industry have fought for will be in the agreement.

EU-UK TRADE – NO DEAL TARIFFS ON EVERYDAY GOODS





EU-UK TRADE – OUR RECOMMENDATIONS FOR ACTION

- Reach Zero-tariffs, zero-quota UK-EU deal by end of October to avoid rises in consumer prices next year.
- Strong trade facilitation measures on customs, chemicals, pharmaceuticals, technical rules, assessments and checks in the deal to limit extra costs being passed on to consumers.
- Generous rules of origin which reflect the global supply chains for clothing and textiles imports in the UK.
- Mitigations and preferably bilateral adjustment period to allow retail to make a deal work in practice without disruption to supply chains or at the borders next January.
- Engage with solutions offered by retail in NI on implementing the Protocol to make it work without causing risk to supply of goods.