

EURIS update WC.25.11.19

Next EURIS Members Meetings

- **17th December 0900 – 1000** conference call
- **16th January 1030 – 1430** members meeting at Rotherwick House (BEAMA/GAMBICA office).

General Election update

- There are just under three weeks to go till polling day and the coming days will see the start of the detailed interviews between Andrew Neil and party leaders. This evening, Nicola Sturgeon will be interviewed, followed by Jeremy Corbyn tomorrow (Tuesday). Then on Friday we have the seven-way debate between senior figures from the parties, hosted by Nick Robinson.
- As the Conservative [lead in the polls](#) shows no signs of dropping, the party played it safe yesterday with their manifesto launch with what has been referred to by some as the “health and safety” manifesto.
- With leader Jo Swinson and deputy Ed Davey both indicating toward the end of last week that the Lib Dems now anticipate a Tory majority, Chuka Umunna will today set out the party’s new ambitions. In order to stop the “calamity” of a Johnson government, “at the very least we must reduce the numbers of Conservative MPs,” he is expected to say.

Brexit update

- The Conservative Party’s manifesto pledge to complete free trade negotiations with the EU and end the post-Brexit transition period by December 2020 is the firmest commitment yet to a new Brexit deadline. Although, trade experts say that if Johnson sticks to his plan of a trade deal removing tariffs but little else, he may end up needing more time.
- The manifesto also says the Tories “aim to have 80 percent of U.K. trade covered by free trade agreements within the next three years, starting with the U.S.A., Australia, New Zealand and Japan.” The Financial Times says the timetable is “viewed by many trade experts as wildly optimistic.”
- The FT has an interview today with France’s Commerce Minister Jean-Baptiste Lemoyne in which he says the EU is ready for a “unique” trading relationship with post-Brexit Britain — if its government commits to Brussels’ standards.

UK, future trade relationship

Graham Ide (Eaton) has kindly forwarded on the below text and graphics which he was sent and which he thought EURIS members would find useful

After the **UK General Election** on 12 December, the UK Parliament will have to pass the Withdrawal Agreement Bill, this could take up to 37 days to pass in an optimistic estimate. A further hurdle may be the negotiating mandate that the Parliament will have to give to the UK government.

- **Commissioner Hogan** provided RTE an **optimistic assessment** of the speed with which a new trade relationship could be negotiated “*We’re not starting from zero so therefore I believe we can do ... an agreement more quickly than we would do with any other negotiations around the world which would take three or four years.*” However, he reiterated the **level-playing field argument**, signaling fast negotiations are feasible, but less likely the more the UK wants to aim for regulatory divergence.
- Interestingly, the **political declaration** speaks in **plural** of [agreements](#) on the future relationship, suggesting that the EU and UK may decide to negotiate **different Agreements** to avoid that the trade relationship will fall victim to a national or regional parliament, as happened to the CETA Agreement earlier.

- In a **bold scenario**, the EU and UK may even decide to negotiate first a **FTA for Goods** before the **end of 2020**, as the FTA for services likely will take longer to negotiate (but UK would lose leverage, so not very likely).
- In another scenario, the **UK General Elections** leaves us with such a divided parliament, that we're talking **no-deal scenario's** again in **January** or wait for months until the **UK government** has been granted a **new negotiating mandate** by the Parliament.

WTO, Brexit uncertainty:

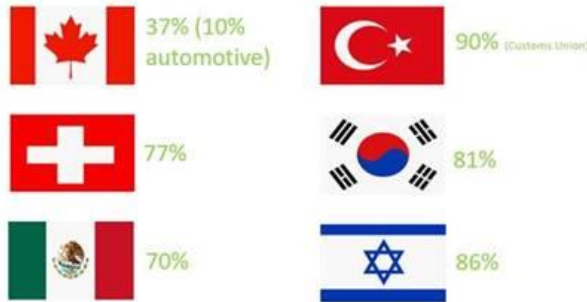
- **15 countries**, including **US** and **Australia**, pressed the **EU** and the **UK** to offer better market access as **compensation** for the **trade disruptions** caused by **Brexit** during the **WTO Goods Council** on Thursday.
- The issue of the **TRQ splits** for **agricultural items** was the main concern, with Australia questioning the methodology, but also the uncertainty around quota allocations due to the ever-changing Brexit departure dates.
- The **EU** said in the meeting that it had published "*detailed information to reduce commercial uncertainties*" and that it was willing to continue negotiations with **WTO members** regardless of the scenarios for the **UK's withdrawal**.

EU-UK TRADE RELATIONSHIP



EU's current FTA relationships don't offer frictionless trade, custom procedures decrease attractiveness of preferential treatment

% of exports in 2018 for which custom procedures were completed to obtain preferential treatment



"A Canada style FTA means that firms still need to get access to forms, learn or be taught about how to fill them out, and track their inputs to comply with rules of origin. It is not an easy process; it requires time and is intensive in tech and human power." – Marta Bengoa, professor of Economics at Colin Powell School

"Complying with Rules of Origin means understanding where your goods come from and this is probably the most time consuming part of customs. You need to know how your suppliers process their goods and you're liable for their calculation, not the supplier selling the good. Lastly, this is an ongoing effort, if anything changes in pricing, margins or processing method this may impact Rules of Origin." – Anna Jerzewska, Independent Customs Advisor

Source: DG Trade, October 2019 and Politico, 19 October 2019 and Hearing Brexit Select Committee, 30 October 2019

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EU27-UK TRADE RELATIONSHIP



Revised Agreement and Political Declaration put supply chain at risk

