

ANOTHER EUROPE IS POSSIBLE

The fundamental problems in the UK-EU trade deal and how it can be reformed

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EXECUTIVE SUMMARY

The report identifies major problems with the EU-UK Trade and Cooperation Agreement (TCA):¹

1. The deal provides the UK with a formal freedom to deregulate. But if the UK were to move in this direction in the defined 'level playing field' areas, it would face the fast-tracked introduction of tariffs on EU exports. As the government wants to use the 'freedom' of Brexit in this way, this **creates risk and uncertainty that will hurt manufacturing investment and jobs.**

2. A **needless regulatory duplication is now occurring** as the UK has to expand its existing quangos (or create new ones) to adjust to the loss of EU agencies. This exercise is largely pointless because in most areas change in the content of regulation has not been signalled by the government. This also raises a **problem around the purpose of leaving the single market: the losses are significant, and the 'gain' is the purely formal establishment of UK sovereignty.**

3. **No agreement on food and animal welfare regulation.** As a result, significant non-tariff barriers to trade have crippled food exports and risk unleashing major problems in Northern Ireland.

4. **Significant loss of rights and mobility in Europe.** UK citizens now face high barriers to personal mobility in the EU and the fall in EU immigration to the UK will damage the domestic economy.

5. **UK exit from the single market creates major problems in Northern Ireland.** The new barriers to trade, especially in food and medical supplies, between Great Britain and Northern Ireland will

lead to significant issues that are fundamentally structural, and not 'teething problems'.

So, even at this early stage it is clear that there are substantial structural flaws within the TCA. As the pandemic eases, these will become even more apparent. The report proposes a series of reforms to the TCA which do not require 'starting from scratch', but can be negotiated through the existing governance structure. Their overall effect would be to **closely align the UK with the regulatory orbit of the EU**.

However, in order to achieve these changes, a different negotiating approach is needed. It should avoid the mistakes of treating the EU as either an entirely evil (the Brexiteer line) or entirely benevolent (the Remain line) entity, recognising it as a club of nations that will protect their interests but are not ideologically homogenous. The UK treated the Brexit negotiation as a zero-sum game and the talks demonstrated the problem with this approach. Instead of this the UK should approach its relationship with the EU on the basis of identifying shared interests that can underpin a cooperative partnership.

The report argues the following principles should shape a reform agenda for the TCA:

1. **Harmonisation without downgrading.** The UK should seek to replace the level playing-field commitments with a commitment to dynamically align with single market rules. Although EU rules are generally considered a minimum, not a ceiling, the UK could seek extra protection in this area with an anti-downgrading principle formally greenlighting going above the minimum floor when it wishes to. This would mean sovereignty could be used to advance a 'high regulation' agenda, but not to undermine the baseline standards of the EU's single market.

2. Review regulatory duplication. As part of a regulatory harmonisation approach to the single market, the UK should carry out a formal assessment of the state of its regulation prior to the TCA renegotiation point (2025) in order to assess in which areas (if any) there has been substantive divergence. Duplication of functions should be identified prior to seeking greater regulatory cooperation with the EU. The aim would be creating greater regulatory coherence.

3. Re-join EU programmes on the basis of common interest. The UK should identify EU programmes where it has a clear interest in participating and seek on-going collaboration.

4. A mutual rights agreement for UK/EU citizens. Restoring the rights of UK citizens to work and study in the EU as part of a reciprocal arrangement should be a priority. This would also unlock more access to the single market given freedom of movement is a condition for high access.

5. Promoting a democratic economy. The economic consensus globally has shifted significantly in favour of state intervention, over laissez faire market solutions – a pattern that is likely to continue in the future. The UK-EU deal will need to be updated and reconsidered in light of these changes – and any future reforms to the treaty assessed against their economic needs.

6. Foreign policy and security cooperation. The report argues that working group(s) for cooperation on foreign policy, security and international development could be added to the governance structure of the TCA to facilitate UK-EU collaboration on these issues.

What are the prospects for bringing this about – is there any public support for a reformed relationship with the EU? Contrary to conventional wisdom we show that **the public are more realistic regarding the future relationship with the EU, than is generally perceived**. Some 44 per cent of people believed there were ‘many important issues to finalise’ which would mean ‘lots more negotiations over the next few years’. Moreover, a further 27 per cent believed the broad outlines had been decided ‘but there are still some important areas left to decide’. In contrast, just 11 per cent anticipated ‘hardly any change’ (see Graph 1, page 39). On one of the most significant ‘disaster areas’ of the TCA – food and animal welfare standards – a large majority favour keeping existing regulations and oppose watering them down in order to sign new international trade deals (Graph 2, page 40). It seems very likely that they would be willing to accept regulatory harmonisation with EU food standards if it was clearly explained as in the public interest, both in relation to our agricultural and food sectors and UK consumer wellbeing.

The nuances in this polling suggests future renegotiations should focus on specific issues that can bring advantages to the UK (better access to the single market for exporters, reducing trade barriers, improving the mobility of citizens). If they do so, they can be confident of support from a wide cross section of the public. This points to changing the conventional terminology on how these issues are discussed (away from ‘soft Brexit versus hard Brexit’, ‘single market membership versus a trade deal’) and instead **focusing on specific policy goals and the relationship with the EU required to achieve them**.

ASSESSING THE POST-BREXIT RELATIONSHIP





The EU-UK Trade and Cooperation Agreement (TCA)² establishes the terms of the post-Brexit relationship between the UK and EU. As a legal document and governance structure it sits alongside the EU-UK Withdrawal Agreement (WA),³ including the crucial protocol on the Republic of Ireland and Northern Ireland. Rather than supersede the WA, the TCA builds upon it and together they create a complex series of links between the UK and EU. These ties are unique, especially in relation to Northern Ireland. But with the exception of the structures created for Northern Ireland, they reflect a much more distant relationship than the association agreements the EU has with other European states.

The commonly cited cases of single market (Norway) or quasi single market members (Switzerland) have a much closer relationship than the UK, but this is not the only point of comparison. Some states that have signed association agreements with the EU now have a closer economic relationship to the EU than the UK. They enjoy access to the single market for goods in exchange for accepting the EU's rules and regulations (for example, see Ukraine, Moldova, and Georgia⁴). This underlines how significant a shock the form of Brexit pursued by the UK government is to the cross-border arrangements between the UK and EU. On the 1st January 2021, the UK changed quite radically from a single market member (in the transitional period) to a state clearly outside the legal orbit of the EU.

GOVERNANCE STRUCTURE: GOODBYE EU, HELLO EU

The UK has left the EU institutions and through negotiation has created a separate series of bilateral institutions to manage its new relationship with Europe. The TCA creates a trade partnership committee, 18 further different specialised trade committees, and 4 working groups, all overseen by a common Partnership Council.⁵ There are also two bodies that scrutinise and ‘feed into’ this byzantine structure: a forum of civil society organisations and a joint parliamentary assembly made up of nominated members of the UK and EU Parliament. In addition, the WA establishes a Joint Committee between the UK and EU, 6 specialist committees, as well as crucial additional structures to manage the Northern Ireland protocol.⁶ The governance structures of the WA and TCA also have distinct dispute mechanisms.

Although Britain has left the EU, decisions taken at this new, ‘European’ level will continue to profoundly shape its domestic economy and relationship with the wider world. The EU’s own internal structures (especially the Commission, Council and Council of Ministers) will determine its negotiating positions and as such will continue to affect UK politics, economy and society. Similarly, despite the TCA (but not the WA) formally excluding the European Court of Justice (ECJ), it can also be expected to play a background role in shaping the behaviour of the EU side in these baroque structures. An example of this in action could prove to be the European Commission decision on UK ‘data equivalence’. This determined UK data protection law aligned with EU standards and could be treated as equivalent, facilitating dataflows between the UK and EU.⁷ Privacy campaigners are critical of this decision due to the scale of state surveillance of communications channels that is allowed under UK law. They may bring a challenge to the

adequacy decision in the ECJ.⁸ If successful, it would force the EU Commission to change their position, underlining how the UK cannot 'escape' its jurisdiction.

Moreover, as the negotiations over the trade agreement demonstrated, the UK and EU are not 'equals'. While in formal terms the UK and EU have the same weight in these new governance structures, in substance it is an asymmetrical relationship: the EU is simply a much larger and more powerful actor.

THE LEVEL-PLAYING FIELD: A CLEAR DEFEAT FOR THE BREXIT PROJECT

The Brexit process was always going to be an unusual trade negotiation. In the era of globalisation trade deals have sought to dismantle trade barriers and increase the freedom of capital to move across borders. In the EU, the turn to the single-market in the 1980s created a regional bloc with a high level of integration making trade between member-states very straightforward. Brexit was a peculiar project for this reason. It was subjectively liberal (or 'neoliberal') but sought to introduce significant new barriers to trade between the UK and its largest trading partner, the EU. Insofar as Brexiters admitted this would lead to a loss of EU trade, they believed the benefits of deregulation from European rules, coupled with orientating to global markets with new trade deals, would offset the new barriers to the single market.

Judged on its own terms, the Brexit agreement is a failure. In exchange for the disadvantages of being outside the EU single market, the UK has won a largely nominal 'freedom' to deregulate.

The TCA establishes a very strong level of protection for regulatory standards. In order to maintain its tariff free access

to the single market in goods, the UK must not engage in deregulation that would give it an unfair advantage over producers on the EU side. The EU's focus on protecting higher standards, rather than seeking deregulation, is why trade justice campaigners, who are generally very critical of how Western states approach trade talks, backed the EU position on Brexit – at least in relation to social, employment and environmental rights.⁹ Trade experts have also pointed out the UK government clearly failed in its goal of totally extricating the UK from the rules of the single market. As David Henig put it, 'there has never been level playing field content like this in a trade deal. The idea it is any kind of UK win, when the UK's opening position was no enforceable commitments whatsoever, is ridiculous'.¹⁰

'IT COULD HAVE BEEN WORSE': A VICTORY FOR UK MANUFACTURING, OR A DISASTER?

UK manufacturing exports and investment is particularly vulnerable to the impact of this deal on European trade. The UK has secured tariff free access for goods to the single market. But, while this is welcome, the deal creates significant uncertainty for the sector, which is likely to assert downward pressure on investment over the short and long-term. Exporters of goods not only face significant new non-tariff barriers to trade and expensive customs bureaucracy (see below), but even the tariff free access to the single market secured by the deal has a 'built in' fragility that will hit UK manufacturing.

Domestic manufacturers are now operating in a contradictory legal and political context. On the one hand, at the political level, the UK government has committed to post-Brexit deregulation in order to gain a competitive advantage over the EU and other

states. On the other hand, the UK has entered into a deal in which any move away from EU standards in the defined 'level-playing field' areas (subsidies, labour and social standards, environment and climate) can see the swift introduction of retaliatory tariffs. This is referred to as the 'rebalancing mechanism'.¹² **Taken together this means that manufacturers are operating in a context where there is an overhanging threat of tariffs on their exports to the EU.** Investment decisions made today will have to take this potential risk of tariffs into account.

All aspects of the treaty can lead to cross-retaliation. So, a breach in one area of the TCA can result in a loss of rights in relation to another area (a standard feature of the EU approach to trade). However, importantly, for the defined level-playing field areas, the dispute process is rapid: a 14-day notification period followed by a 30-day arbitration period, with tariffs permitted in the event of no arbitration decision in this allocated time frame.¹³ This is much faster than the 12 to 18 months a trade arbitration decision typically takes¹⁴ – and, as such, amounts in practice to introducing tariffs prior to a ruling.

THE RIGHTS AND WRONGS OF 'NON-TARIFF BARRIERS TO TRADE'

So-called 'non-tariff barriers to trade' can be a slippery area for progressives. In the deregulatory approach to trade deals typical of the last forty years, measures and policies designed to protect our health, wellbeing and environment were often described as 'non-tariff barriers' to trade. This is because they put additional costs onto businesses operating across different regulatory environments. Whether a trade agreement is positive, or negative, should therefore be assessed against its impacts on human wellbeing: does it ensure environmental protection, sustainable growth, and protect quality, well paid jobs? As Joseph Stiglitz has argued, this is why it is wrong to assume trade agreements are always and everywhere beneficial. The devil of any trade agreement is in the detail. He notes how the overall pattern of trade liberalisation in the globalisation era had a job-destroying impact on American industry; those industrial areas hit by the entry of China into the WTO saw rising unemployment and stagnant wages levels.¹¹

In the EU context, however, the negative effects of trade liberalisation have been at least partially offset by other aspects of the European single market that harmonise regulatory standards. These are, crucially, generally considered a floor, not a ceiling. So, member-states and countries with access to the single market can choose to introduce higher standards if they wish, but the minimum floor ensures against a race to the bottom in standards to attract inwards investment. The idea of a 'social Europe' was promoted alongside the single market in the 1980s to offset the dangers that the liberalisation of trade and capital markets would lead to a race to the bottom in rights and protections. It is these aspects that made the EU controversial to British Eurosceptics. They argued from the early 1990s onwards that EU 'red tape' and bureaucracy was undermining the free market, rather than unleashing it. But due to the size of the European single market and the need to align with its standards in order to trade with it, there were few supporters of Brexit amongst the mainstream of British business.

POINTLESS? 'NON-TARIFF BARRIERS' PURELY FOR THE SAKE OF SOVEREIGNTY, NOT SUBSTANCE

A key contradiction of Brexit lies in how it has introduced significant new non-tariff barriers to trade, but these tend to be formal, bureaucratic and unnecessary. They are consequences of prioritising sovereignty above all else; as, for the most part, the UK's own rules have not changed since exit day.

The EU has around 35 different regulatory agencies.¹⁵ As a result of the UK exit, these regulatory systems have been repatriated and the government either needs to create new agencies or allocate the powers and tasks of these bodies to existing agencies. For businesses active in the European and UK markets, this means they now have to ensure compliance with two different systems of regulation. This adds additional costs and bureaucracy to businesses operating on both sides of the UK/EU border.

The UK government and taxpayer also has to shoulder the costs of expanding/creating these new administrative systems. There are reasons to believe this is a process without real substance, i.e., the UK has reclaimed a sovereignty over standards that it has not yet used and is unlikely to in the future. A recent report by UK in a Changing Europe offers the most comprehensive analysis of the state of post-Brexit regulation carried out to date. It found with the exception of immigration (where change is substantial) and agriculture (where change has been signalled but not acted upon), there is overall regulatory continuity in the substance of the rules, but major disruption in the formal authorities overseeing and implementing these standards (as UK regulators have to replace the EU's functions).¹⁶

The report authors also argue there is limited scope for

'de-Europeanisation' of regulation for three main reasons: firstly, the level playing field and non-regression clauses in the TCA would add substantial costs to trade if the UK were to move away from EU rules; secondly, the simple geographical proximity to the EU and the fact it remains the UK's most important trade relationship; and, lastly, the reality that the EU is a regulatory superpower, which uses its market's size to create global norms.¹⁷

In this sense, the core contradiction of Brexit has always been that, beyond the more buccaneering bits of capital that thrive off light touch rules, for most sectors no amount of deregulation would ever be able to offset the loss of access to the EU single market. In addition, while in the more technical areas public interest is low, in others, like employment rights, deregulation would carry a clear cost in UK domestic politics.

STATE AID: ANOTHER CLEAR DEFEAT FOR THE BREXIT PROJECT

During the negotiations the UK government pushed hard for an exit from the EU system of subsidy control. For its part the EU's starting point was continued UK participation in the European framework.

The end result is a compromise, but one that takes place entirely on the EU's terms. In the TCA the UK government 'has accepted a framework that fundamentally resembles the EU regime', but will implement this (as with other regulatory systems) through its own domestic monitoring system.¹⁸ In the event that there is a conflict between the UK and EU over a state aid decision made on either side, the tough level-playing field system described in the foregoing kicks in – with a big risk of tit-for-tat tariffs.

In practice, however, given the significant scope for state

intervention which exists within the EU rules, conflict between the UK and EU in this area still seems unlikely. Around 96 per cent of European state aid falls under the General Block Exemption Regulation.¹⁹ These are areas in which state aid does not require approval by the European Commission and covers: support for Small and Medium Enterprise (SMEs), research development and innovation, aid for employment and training of workers – especially to promote inclusion, regional aid, infrastructure, environmental protection, culture and heritage conservation, and support to make good damage caused by natural disasters.²⁰ The consensus on state aid has also been changing in Europe over the last decade. This saw the block exemptions list expanded, the rules suspended in the Covid pandemic and modified further in June 2020 to assist tech companies.²¹

In the UK, EU state aid rules continued to apply during the transitional period and did not block the government taking a stake in failing satellite and telecommunications company, OneWeb. These rules also did not stand in the way of the £600m UK government intervention into British Steel in 2019.

In this sense, the problem UK industrial strategy has faced is not EU rules, but domestic reluctance – with the latest crisis over Liberty steel underlining the failure of the government to deliver structural reforms to the sector. As David Bailey of UK in a Changing Europe has put it, ‘the UK hid behind state aid rules, saying that scope for intervention in the industry was limited. This of course ignored extensive intervention in various forms by other EU governments. After Brexit, even with an agreement over level playing field provisions, the government now has no excuse not to act’.²²

It is also important to remember that state aid rules (and the related area of public procurement i.e. government contracts to third parties) provide a check against corrupt behaviour. As the

UK and EU governments expand the range of their economic activity, and the global consensus on state aid changes, this makes scrutiny and monitoring important to protect the public interest. The UK government suspension of its procurement rules during the pandemic, leading to a series of 'cronyist' deals, illustrates these dangers. Unless we insist on transparency, then we could face a new era defined by corporate capture of the state, marked by cronyist deals and pork-barrel politics. Being open and accountable regarding the decision-making process for allocating subsidies is therefore vital to protect the interests of the general public.

FOOD STANDARDS, AGRICULTURE AND FISHERIES: SOVEREIGNTY AT WHAT COST?

The current status of UK agriculture and fisheries exports is a good illustration of the general problems of the TCA, which establishes tariff free access to the single market but erects significant new non-tariff barriers for purely formal reasons: the desire for the UK to create a 'sovereign' regulatory jurisdiction.

Food is an area where the global climate is generally much more protectionist. This makes the tariff free access to the single market very important for British agri-food and fisheries exporters. But the decision by the UK not to align with the EU system for food and animal welfare regulation ('Sanitary and phytosanitary requirements' or SPS) has created significant problems across all of these sectors.

Standing behind this is the possibility of a US trade deal with the dilution of these standards a key ask for American corporate agribusiness (the 'chlorine chicken' issue). But as the victory of

Joe Biden in the US presidential election makes an American trade agreement rather unlikely, the UK government is on even shakier ground to find a justification for its derogation from European regulatory standards.

The UK failed in its negotiating aim to agree 'equivalence' recognition for SPS, which would mean the EU accepting the UK regime was sufficiently analogous to the EU to warrant the abolition or limitation of checks. This is perhaps unsurprising given the publicity surrounding the trade negotiations it was carrying out with the Trump administration in tandem with the UK-EU talks, which strongly suggested the government was willing to deregulate its food standards. **With no EU equivalence agreement in place, specialist paperwork and extensive checks now need to occur on all exports of animal origin into the EU market.**²³ To underline quite how poor an outcome this is for the UK negotiators, **SPS checks take place on just 1 per cent of animal-origin food stuffs entering the EU from New Zealand.**²⁴

New Zealand has an equivalence arrangement, which reduces the frequency of checks and simplifies some of the paperwork. But this is less desirable than the Swiss model of full regulatory harmonisation, which would mean no health checks, inspections, certificates, etc, leading to open cross-border trade.

The EU import ban of un-purified bivalve molluscs (mussels, oysters, clams, cockles and scallops) from grade B waters is another example of how non-alignment with SPS has caused chaos in the UK food export trade.²⁵ As an EU member, UK seafood from waters not considered sufficiently clean could be purified on arrival in its destination state. But now this has to happen in advance of the export process – a decision that took the UK industry by surprise, saw the government initially argue it was an illegal move on the part of the EU, only to then admit that the European Commission position was correct.²⁶

The effect of the UK formally leaving the EU's SPS has been a dramatic – and surely unsustainable – collapse in food exports (see page 25). It makes a Swiss model of regulatory harmonisation with SPS an urgent short-term demand for a progressive trade agenda in the UK.

LIFE OUTSIDE THE EU CUSTOMS UNION

The EU customs union refers to the pooling of sovereignty in relation to customs and tariffs. Within the EU, goods move across borders tariff free – while externally there is a common external tariff charged on goods entering the EU. Importantly, this creates a shared customs regulation system – which eliminates the need for any customs checks within the EU. A free trade deal differs from a customs union in this respect. While it grants tariff free access, it still requires the completion of customs checks and bureaucracy in order to realise the benefits of this 'free trade'.²⁷

The UK has signed a trade deal with tariff free access to the single market for goods. However, it has left the EU's customs union. This means a customs border has been created between the EU and UK – with special arrangements in Northern Ireland to facilitate a frictionless land border with the Republic of Ireland/EU. As a result of this new UK-EU customs border, significant costs have been added to trade between the UK and EU. Importers and exporters need to complete lengthy customs admin to move goods across the border.

The creation of a customs border means all goods moving between the UK and EU have to be logged on the CHIEF system (Customs Handling of Import and Export Freight). It is a complicated platform that some businesses are signing up to for the first time. CHIEF requires paying a monthly subscription of

£157 (in order to tell HMRC how much you need to pay them) and does not have a telephone helpline, only an email that promises a response within five working days. Companies experienced in non-EU trade already use specialist software, which costs £2k, but the current level of demand for it means there is a long waiting list for installation.

Although the UK has a free trade agreement in goods, importers have to pay the tariff and then claim it back.²⁸ This is due to the 'rules of origin' system – a complex area of trade law, that broadly means they have to show the product was actually produced in the country it is being exported from, rather than, for example, re-assembled. A certain percentage of the product's value (which can vary depending on the product) has to be made in the UK/EU to avoid having to pay the external tariff. For UK carmakers that source products from Asia this might be a particular problem, as they now need to show that 55 per cent of their product for export to the EU was made in the UK.²⁹

These changes to UK-EU trade are dramatic and have occurred almost overnight. The impact on imports from the EU has been mitigated by the unilateral decision of the UK to delay the introduction of customs checks on some goods coming from the EU. They will, for example, undertake no agrifood and live animal checks until January 2022 and March 2022 respectively.³⁰ However, these delays are not reciprocated on the EU side, meaning the UK has effectively agreed to a deal in which goods flow relatively freely into the UK from the EU but their own exports face significant restrictions in the other direction. This underlines the very unique character of the Brexit trade agreement. Unlike every other modern trade agreement, it has established significant new barriers to trade with the EU – and these barriers are severely one-sided, hurting UK exporters but with much less impact on their EU competitors.

A SIGNIFICANT COLLAPSE OF UK EXPORTS TO THE EU

There are early signals of a major drop in UK-EU trade as a result of Brexit. The German federal statistics agency reported a 30 per cent fall on exports to the UK market in January 2021 compared to January 2020. In addition, across 2020 German exports to the United Kingdom fell by 15 per cent - which, gives some indication of how to distinguish between the Brexit and Coronavirus effect.³¹

UK data tells the same story. UK exports of goods to the EU fell by 40 per cent in January 2021. This was the biggest month-on-month fall on exports to the EU in 20 years. In a likely sign of the trends ahead, the 1.7 per cent increase in non-EU trade entirely failed to make up for the collapse in EU exports. Exports of food and live animals were hit hardest, falling by some 63.6 per cent.³² Indeed, there were stunning falls in UK food exports – with some products seeing huge declines. HMRC data compiled by the Food and Beverage Association showed these were not limited to the high profile sectors, though showed how badly hit these had been. While salmon exports to the EU fell by 98 per cent, even chocolate (68 per cent) and whisky (63 per cent) have been severely disrupted by Brexit (see Table 1).

Top 10 food and drink exports to the EU

	Jan 2020	Jan 2021	Change
Whisky	£105.4m	£38.9m	-63.1%
Cheese	£45.3m	£6.8m	-85.1%
Chocolate	£41.4m	£13.1m	-68.4%
Beef	£39.9m	£3.4m	-91.5%
Animal feed	£34.3m	£6.8m	-80.3%
Lamb and mutton	£32.8m	£18.0m	-45.1%
Salmon	£27.7m	£0.5m	-98.0%
Pork	£27.0m	£3.5m	-86.9%
Fish	£25.2m	£5.3m	-79.1%
Breakfast cereals	£24.8m	£6.3m	-74.4%

Table 1 Data compiled by the Food and Drink Federation from HMRC.³³

IS RE-JOINING THE EU CUSTOMS UNION THE ANSWER?

The UK exit from the EU customs union has brought significant impediments to trade. However, it is important to note that joining the EU's customs territory as a non-EU country would also raise problematic issues – even if it would provide a straightforward solution to some of the customs issues.

There are reasons for thinking this may not be the best short-term option.

Firstly, the UK government could look at practical measures to significantly reduce the costs of using CHIEF, especially for SMEs. It could also try and negotiate, perhaps in tandem with EFTA³⁴ countries that are also outside the EU customs territory, measures to facilitate trade especially in relation to import VAT. Secondly, the rules of origin requirements do incentivise the expansion of UK production for firms that are seeking to export to the EU at a time when the overall landscape of international trade is becoming more protectionist (and global supply changes are often morphing into regional/local ones).³⁵ Nissan, for example, one of the Asian carmakers thought to be vulnerable to the rules of origin requirements, welcomed the deal and said it simply incentivised the sourcing of more batteries from the UK.³⁶ Thirdly, re-joining the customs union would make it impossible for the UK to negotiate other trade deals, while having no say over the EU's position in trade negotiations. Fourthly, the non-tariff barriers to trade as a result of exiting from the single market are much more significant, and the UK approach to trade talks post-Brexit has notably focused on tariffs, not regulatory alignment. This is similar to countries like Switzerland and Norway and, as such, would permit single market membership.

Customs union membership would make sense if there was a short-term prospect of the UK re-joining the EU. However, if the UK decided to take this step, it would have to notify the EU and enter a potentially lengthy 'accession process'. Membership of the customs union would form an important staging post in this timeline and would require revisiting the entirety of the UK's post-Brexit trade deals.

IMMIGRATION: REGRESSIVE CHANGE FOR THE UK ECONOMY AND SOCIETY

The decision by the UK to leave the EU freedom of movement area is the most dramatic and consequential element of the Brexit process. The 'cultural economy' of the UK has long been shaped, especially in the 21st century, by the ease of labour mobility across borders in Europe.

The rights of citizens to move to the UK from the EU (and vice versa) under freedom of movement rules gave rise to a society and economy that has grown accustomed to the absence of visas and bureaucracy. The barriers to this movement that now exist could permanently change the cultural life of our towns and cities – the melting pot character of many places could be lost, as the 'Spanish young people with no money, moving on a whim and prayer' phenomena will no longer be possible.

Economically, the UK's chronic demand problem – a feature of low wages, asset price inflation and consequentially high inequality – was partially offset over the last decade through increased immigration. Studies have routinely shown migration brought significant benefits to the UK. Oxford Economics, for example, found the average EU migrant arriving in 2016 will contribute £78,000 more to the public finances than they take out by the end of the stay, leading to a total net contribution of £26.9 billion.³⁷

Perhaps in recognition of these fiscal and economic dangers the current government has liberalised, to a certain degree, the UK visa policy, which previously applied to non-EU immigrants but is now universal. This 'liberalisation' is relative to the very exclusionary policy of the Cameron-May era, but it does mean that immigrants from outside the EU will find it easier to move here than previously.

The income threshold has been lowered to £25,600, the resident labour market test ('could a British worker do the job?') has been abolished, and the two-year graduate visa (removed in 2012) reintroduced. The government has also shown a willingness to make more use of the Shortage Occupation List, in which applicants have to earn 80 per cent of the rate for the job, rather than the main threshold, with 70 new professions, including some not stereotypically associated with shortages, such as artists, added to the list in September 2020.³⁸ These changes will make a difference to many families – and any re-introduction of EU freedom of movement in the future should not come to the expense of non-EU access to the UK.

A further problem for the UK is the mass exodus of a large part of the foreign-born population in the 2020/21 Coronavirus pandemic. London alone has lost 700,000 people with the UK as a whole seeing an astonishing 1.3m immigrants leave.³⁹ While this is not driven by the UK's exit, it is potentially very consequential for the Brexit process – though significant uncertainty exists over the data and whether these migrants will return to the UK after COVID-19. We also do not know how many are drawn from the nearly 2m EU nationals with the less secure 'pre-settled status' residence rights.⁴⁰ Many of those who have left with pre-settled status may inadvertently lose their right to stay by exceeding the six-month permitted absence period – meaning that they lose their right to live and work in the UK.⁴¹

Immigration encapsulates many of the issues around Brexit. **Either the relative liberalisation of its visa rules means that the UK continues to attract people from all over the world, in which case Brexit was meaningless as an anti-immigration project; or the end of freedom of movement leads to a large reduction in migration levels, making the project 'worthwhile' but aggravating the economic downturn.**

Removing the UK from the EU system of freedom of movement significantly reduces the scope for improving on the terms of the Brexit deal. As one of the 'four freedoms' (goods, capital, services, people), it is considered an indivisible part of the EU single market. UK financial services is a good example of this trade off in action. The loss of passporting rights and the hitherto failure to agree a regulatory equivalence arrangement with the EU has put the City of London under pressure. The simplest solution to this would be to re-join the single market, which would require accepting freedom of movement but allow UK banks to regain their lost passporting rights to operate across the EU.⁴²

It should also not be forgotten that UK citizens now face significant barriers to their own mobility across Europe.⁴³ This extends to the trivial, such as entering the non-EU/EEA passport control at airports with inevitably longer waits; to the time-consuming and bureaucratic, such as the need for seasonal holiday workers to apply for work visas up to six months before they plan to start the job; and to the potentially very damaging, such as the widely publicised barriers faced by touring musicians and the failure of the UK to agree an equivalence arrangement with the EU for the recognition of professional qualifications. This underlines how Brexit has entailed a wide-ranging loss of rights⁴⁴ for UK nationals.

NORTHERN IRELAND IN THE EYE OF THE STORM: A FRAGILE SETTLEMENT AT RISK

There is a lot of confusion surrounding the status of Northern Ireland in the post-Brexit settlement. This, in part, reflects how UK politicians have often made misleading statements about the deal (for example, Boris Johnson's repeated and erroneous

denials that his deal created any kind of trade border on the Irish Sea). However, the complexity of the post-Brexit arrangement for Northern Ireland is also genuinely difficult to understand. Northern Ireland's new, very unusual political and economic status is probably without historical or contemporary parallel. A 'hybrid' sovereignty has been created as a result of Brexit and the need to keep the land border between Northern Ireland and the Republic open.

It is commonly, but mistakenly, argued that Northern Ireland is no longer part of the UK customs territory. In formal terms, Northern Ireland remains part of the UK customs area. And, with big caveats,⁴⁵ the polity is, on paper, included in the trade deals negotiated by the UK government. In addition, there is, in principle, unfettered access for goods entering Great Britain from Northern Ireland (with some exceptions such as endangered animals and goods that are subject to customs control⁴⁶).⁴⁷

However, under the terms of the Northern Ireland protocol an EU regulatory and customs border now exists for goods entering Northern Ireland from Great Britain. In order to avoid the creation of such a border on the island of Ireland, Northern Ireland now has a kind of special status in the European single market and customs territory. It means that goods entering Northern Ireland from Great Britain, which do not meet the 'rules of origin' requirements for tariff free access under the TCA, are only charged an EU tariff if they are considered 'at risk' of onward export to the EU single market. The Protocol commits Northern Ireland to dynamic alignment with EU single market rules – a decisive difference with the rest of the UK. Especially in relation to animal welfare and food standards (SPS – see foregoing) this leads to checks on exports to Northern Ireland from Great Britain, as the TCA is so 'thin' in this specific area.

As one analysis put it, the lack of an SPS agreement in the

TCA is 'spectacularly unhelpful' for Northern Ireland as it creates a major regulatory barrier to the movement of food stuffs from Great Britain.⁴⁸ In addition, because once a product is in Northern Ireland it can move into the EU without any further checks, a distinct system of customs bureaucracy now exists for Great Britain to Northern Ireland trade. The trade barriers on goods from Great Britain could potentially lead to significant price rises in Northern Ireland. The polity has lower living standards than the rest of the UK and, as such, will find it harder to absorb these rising costs. And although Northern Ireland can potentially benefit from its unique status as the only part of the UK in the EU single market, it will be a disruptive process, at best.

These huge economic challenges all take place within a political and historical context which is extraordinary unsuited to dealing with them effectively. Northern Ireland's political settlement remains fragile. Changes require consensus and partnership building – the very opposite approach to the kind of populism that animated Brexit. And this is also another area where a UK single market deal with the EU offers the obvious way out for Northern Ireland's difficulties – especially in relation to agri-foods – because it would resolve many of the problems that now exist for moving GB to-NI goods.

REFORMING THE UK-EU DEAL



We can summarise the problems with the TCA as follows:

- ▶ **A loss of substantive sovereignty.** This is primarily a problem of Brexit *tout court*, rather than the TCA itself, which merely formalises the loss of influence with a new governance structure.
- ▶ **A bad deal for manufacturing.** The tough level-playing field commitments in the TCA means that the ever-present possibility of tariffs (which can be introduced at lightning speed and in advance of a third-party arbitration hearing) casts a long shadow over the UK-EU trade relationship. While manufacturers may operate on the basis the UK government will simply avoid a trade-war with the EU, and therefore bring forward investment anyway, this seems optimistic. It seems more likely that uncertainty over tariff-free access will hit investment levels.
- ▶ **Pointless regulatory duplication.** There was a time when the British centre-right promised a 'bonfire of the quangos'.⁴⁹ Just over a decade later they are overseeing a dramatic, meaningless expansion of regulatory agencies, simply to assume a formal sovereignty that, at least in the majority of areas, is unlikely to move away from EU rules. This also raises a problem around the purpose of leaving the single market: the losses are significant and the 'gain' is merely the formal/nominal establishment of UK sovereignty.

▶ **No agreement on food and animal welfare standards (SPS).**

This raises a major issue for food supply to Northern Ireland (due to the importance of GB imports), has caused chaos in part of the seafood sector and risks significant problems in UK agriculture. Failure to agree an SPS deal was also partly motivated by hopes of a US trade deal that is no longer on the table.

▶ **Significant loss of rights and mobility in Europe.** British citizens now face high barriers to personal mobility in the EU, including time consuming and bureaucratic work permit systems. While the UK visa system (previously applied to non-EU nationals, now universal) has undergone a relative liberalisation, the loss of an inward flow of migrants poses problems for the UK economy. And the 'pre-settled status' system risks EU nationals falling through the cracks, inadvertently losing their right to work if they return home for more than six months.

▶ **UK exit from the single market creates major problems in Northern Ireland.** The new barriers to trade, especially in food and medical supplies, between Great Britain and Northern Ireland will lead to significant issues that are fundamentally structural, not 'teething problems'. As politics in Northern Ireland is based on a fragile settlement, requiring cross-community consensus, this disruption could have regressive outcomes. At a minimum the UK committing to SPS harmonisation could at least address the supply chain problems facing food importers.

HOW TO APPROACH A FUTURE UK-EU NEGOTIATION

Even at this early stage it is clear that there are substantial structural flaws within the TCA. As the pandemic eases, these will become even more apparent. They present significant problems for the UK economy which will require clear-headed, strategic thinking on the part of the government. No amount of captivating political communication will be able to circumvent Brexit's impossible choices forever.

This means **we should have the courage to propose significant reform to the TCA. We need to boldly outline an alternative and seek support for it across Europe.** This will mean avoiding the common mistake of treating the EU as either an entirely evil (the Brexiteer line) or entirely benevolent (the Remain line) entity, recognising it is a club of nations that will protect their interests but is not ideologically homogenous. The UK treated the Brexit negotiation as a zero-sum game and the talks demonstrated the problems with this approach. In a contest between a country of 66 million people and an association of 448 million, the reality is that the EU is simply a much more powerful actor.

A progressive perspective should make proposals for the UK-EU relationship that pursues higher regulation and a more democratic economy. Many across the EU support or sympathise with this approach – and they are no longer restricted to the left or centre-left. As the technocratic consensus on global economic policy has changed sharply away from laissez faire economics, the British Tories are not alone in reconsidering age-old shibboleths (even if their volte-face appears to be particularly dramatic given Britain's history since the 1980s). For example, the centre-left Spanish government recently co-authored a paper with the centre-right Dutch on what the goal of 'strategic autonomy' (a

frequently heard buzzword in Brussels) for the EU should mean in practice. Surprisingly, given the Netherlands' status as a corporate tax haven, this included support for international cooperation to clamp down on corporate tax avoidance and for 'a new level-playing field'. It also called for a 'future orientated industrial policy', incl monitoring and protecting access to strategic-supply chains.⁵⁰

There are tentative opportunities in this shift for a new economics based on international cooperation. But, of course, we should not be naïve about the challenge Britain faces outside the club. Brexit was always going to see the remaining members of the EU close ranks and identify economic advantages that can be reaped at the UK's expense. Their tough negotiating over the level playing field and financial services illustrates this. But the UK's own economist nationalist approach has only made it worse. The UK government should be seeking allies for ideas that benefit the whole of Europe and work for the common good – rather than seeking sectional, beggar-thy-neighbour, particularist advantages.

Given that the UK is unlikely to re-join the EU in the short or even medium term, we could think about the loss of substantive sovereignty Brexit involves in positive terms. It means the UK will have to become accustomed to life as a middle-order power – clearly a difficult step, socio-psychologically,⁵¹ for a post-imperial state to take. This requires the UK accepting that, like the majority of countries globally, it will often be a 'rule-taker', adopting norms and standards agreed by others. The challenge for small and medium sized states is thus, on the one hand, to use the powers and capacities they have to protect their citizens' wellbeing where they can, while, on the other hand, building global alliances of peoples and states to tackle the major structural forces giving rise to social injustices. In this context, less powerful states also need to prioritise, i.e., carefully define the goals they are seeking at the international level, what alliances they need, and how these can

be achieved. The UK needs to make a realistic assessment of the issue areas where the country might be able to make a positive difference. Pragmatism also dictates that achieving any policy goals will require allies – potentially many of them.

In this sense, the UK government negotiation with the EU provides a worked example of *what not to do*. The UK saw the talks as a zero-sum game, assuming intransigence would force an EU climbdown. This was always a fantasy: the EU was never going to concede to the Brexiters demands for a high level of access to the single market without any rules or obligations. The country's experience with this negotiation demonstrates that an alternative approach is needed. It should start from a realistic view of the UK's power, recognising it depends on the use of persuasion, and not aggression.

Whatever the political colouration of the UK government, it remains the case that decisions made in Brussels will continue to affect our domestic politics. Lobbying for change in Brussels will therefore become a fact of life – something that still seems to be underappreciated on the UK side of the channel.

THE UK IS MORE REALISTIC AND PRAGMATIC THAN MOST POLITICIANS THINK⁵²

Contrary to popular conception there are certainly opportunities in public opinion that those seeking changes to the UK-EU deal can capitalise on. These can be summarised around four key points.

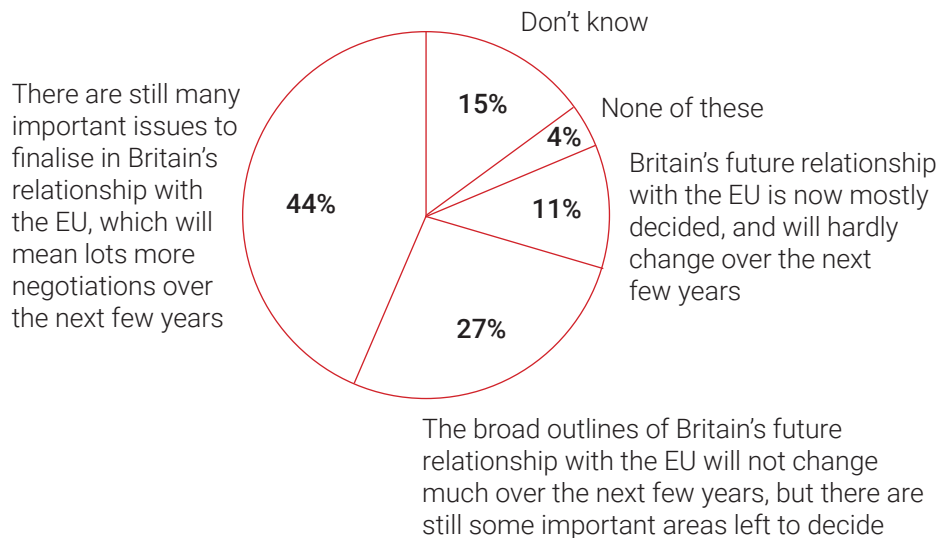
Firstly, the combined weight of those that would either re-join the EU if given the chance, or want a closer relationship, represents a majority of the public (see Table 2).

Secondly, although the divides shown in Table 2 still broadly

reflect the Remain/Leave split in the country, alternative question framings demonstrate there is more nuance in public opinion than is often believed. Ipsos MORI found a high level of awareness and acceptance amongst the general public that the UK would continue to adapt and evolve its relationship with the EU. 44 per cent of people believed there were 'many important issues to finalise' which would mean 'lots more negotiations over the next few years'. Moreover, a further 27 per cent believed the broad outlines had been decided 'but there are still some important areas left to decide'. In contrast, just 11 per cent anticipated 'hardly any change' in the UK-EU relationship (Graph 1). In this respect, the public are ahead of many politicians in understanding that Brexit can never be 'done', as such, and relations with the EU will play an important on-going role in politics. This suggests politicians should *align with* the public in embracing this realism.

	Mar 2021	Feb 2021
We should rejoin the EU	31%	30%
We should remain outside the EU but negotiate a closer relationship	22%	21%
We should remain outside the EU and keep the same relationship	19%	21%
We should remain outside the EU and negotiate a more distant relationship	19%	18%
Don't know	10%	10%

Table 2 Opinion data compiled by What UK Thinks EU (February and March 2021)



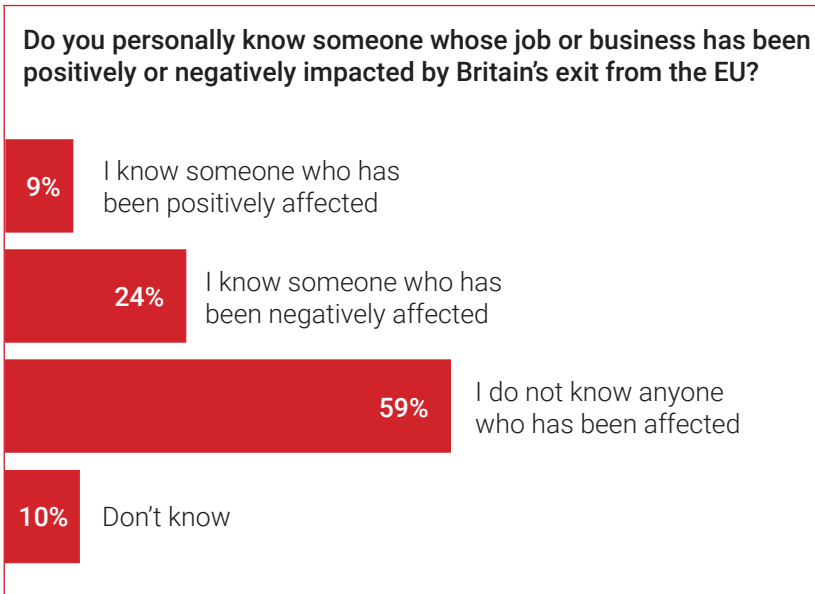
Graph 1 Ipsos MORI polling shows public accept Brexit is a work-in-progress (March 2021)

Thirdly, on the issue of food standards, which – as we have discussed – is one of the most problematic areas of the current agreement, those in favour of moving away from EU standards are a small minority. A Deltapoll survey from September 2020 found that 68 per cent of people believe the UK should ‘maintain high standards for food, even if that means some trade deals are then not possible’ (Graph 2). It seems the public would have little problem with continuing to harmonise food and animal welfare standards with EU rules. If this was framed as part of a package of measures to protect UK producers and help offset Northern Ireland’s Brexit problems, it is very likely to have hefty majority support.



Graph 2 Deltapoll survey shows low support for reducing food standards in favour of securing other trade deals (Sept 2020)

Fourthly, the UK government has also had the good fortune that the overall economic effects of Brexit are difficult to disentangle from the COVID-19 crisis. With food supplies generally remaining sound (largely due to the UK government unilaterally waiving customs controls on imports) most Britons have not experienced a direct effect from Brexit. However, despite the partisan nature of the UK debate, it is notable that very few people believe that their life has got better thanks to Brexit. Ironically, given the ‘change’ narrative of 2016, the case for Brexit increasingly depends on the idea that it has made *no difference* to the everyday life of Britons. 58 per cent of people say that the UK’s exit from the EU has made no difference to their daily life – and, perhaps more surprisingly, just 11 per cent believe life has got better after Brexit. Meanwhile,

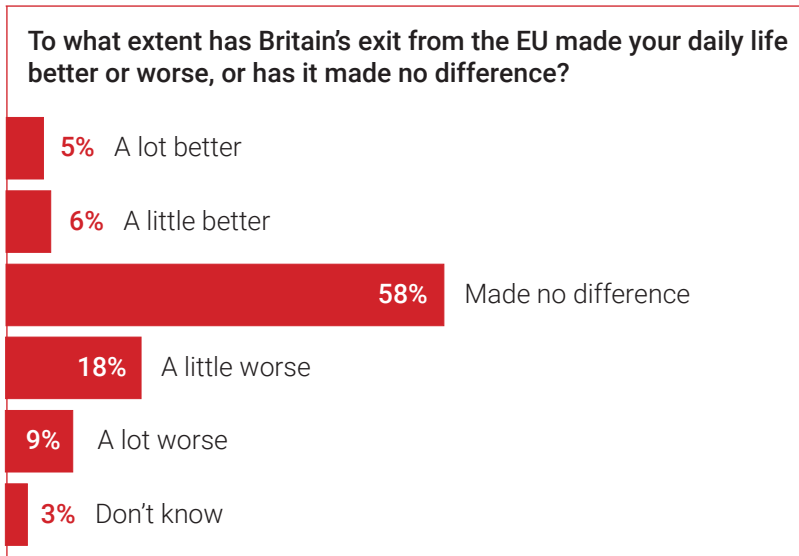


Graph 3 Ipsos MORI polling shows those who know someone negatively affected by Brexit outnumber those who know someone positively affected by more than 2 to 1 (March 2021)

27 per cent of people believe life has either got a little worse (18 per cent) or a lot worse (9 per cent) (Graph 4).

As we come out of the pandemic and the effects of Brexit become more obvious – e.g., the fallout for industries and sectors dependent on exports to the EU – it is possible that the disposition it has made ‘no difference’ to everyday life will be much harder to sustain. Already 24 per cent of people claim to know someone who has been negatively affected – significantly outnumbering those who claim to know someone positively impacted (9 per cent) (Graph 3). Perhaps most surprisingly of all, given the extent of the partisan interests invested in Brexit, just 5 per cent describe their life as having been made ‘a lot better’ by Britain’s exit from the EU (Graph 4).

In summary, the data suggests that the public is much more open minded and realistic about the prospects for Brexit than most politicians appreciate. If future renegotiations focus on



Graph 4 Ipsos MORI polling shows very few have experienced the effects of Brexit (March 2021)

specific issues that can bring advantages to the UK economy and public (better access to the single market for exporters, reducing trade barriers, improving the mobility of citizens), they can be confident of support from a wide cross section of the UK public. This points to changing the conventional terminology on how these issues are discussed (away from ‘soft Brexit versus hard Brexit’, ‘single market membership versus a trade deal’) and instead focusing on the specific policy goals of the UK and the relationship with the EU required to achieve them.

SEEKING A NEW, PROGRESSIVE RELATIONSHIP WITH THE EU

Reforming the UK-EU relationship does not require starting from scratch. The governance architecture of the TCA and WA will form the natural starting point for any reform effort. This has a built-in five-year review point, allowing either party to seek renegotiation of any part of the treaty.⁵³ On the UK side, this means the renegotiation phase will likely follow a UK general election (scheduled for no later than the end of 2024). All of the contending political parties will therefore be under pressure to spell out their negotiation position within these talks – even if some are reluctant to engage on the ‘Brexit issue’.

UK parties that do not want to talk about a general ‘renegotiation’ of the treaty on political grounds could quite easily frame their manifesto commitments around a series of specific improvements. For example, harmonisation with EU food and animal welfare standards can form part of a manifesto for sustainable agriculture, seeking greater access to European markets for British banks might form part of an agenda for business, and restoring mobility and mutual right arrangements

could be located within a democracy and citizen rights agenda. However, in practice, these changes would require a single negotiation – and amount to seeking a new form of membership for the UK in the EU's single market. The detailed consequences of the TCA will only be fully known overtime as they are tested against the realities of the post-Covid world. But some underlying economics and geographical realities will remain come what may: in particular, the UK's fate will always be closely tied to that of its nearest neighbours.

The EU will continue to be our most important trading partner. It will remain the leading destination for UK citizens travelling abroad. Our knowledge economies, industry and universities will continue to necessitate collaboration with Europe. The question of how to associate and partner with the EU simply cannot be wished away in this context. It is a reality that no UK political party can evade.

The outline principles of a new relationship with Europe should start from addressing deficiencies in the current agreement. But they also need to look forward, not back, recognising that the world is experiencing a series of systemic disruptions and crises that require far-reaching and radical solutions.

► **Harmonisation without downgrading.** The UK should seek to replace the flawed level playing-field commitments with a legal commitment to dynamically align with single market rules. Although EU standards are, generally speaking, a floor not a ceiling, the UK could seek additional protection in this area by formally negotiating an anti-downgrading principle as part of the TCA. This would give a legal green light to going above and beyond the EU minimum.

► **Review regulatory duplication.** As part of a regulatory

harmonisation approach to the single market, the UK should carry out a formal assessment of the state of its regulation prior to the TCA renegotiation point (2025) in order to assess in which areas (if any) there has been substantive divergence. Duplication of functions should be identified prior to seeking greater regulatory cooperation with the EU. The aim would be creating greater regulatory coherence.

► **Re-join EU programmes on the basis of common interest.** The UK should participate fully in the EU's knowledge ecosystem. This should include developing a close working relationship for education and training, re-joining the Erasmus and Erasmus+ programmes and remaining a member of Horizon (research). It should also seek agreement to reconnect – where this is possible – with other programmes and initiatives such as the EU Structural and Investment funds, the European Innovation Council and the Connecting Europe Energy Facility. The goal of these relations should be to achieve practical and lasting cooperation in the common interest.

► **A mutual rights agreement for UK/EU citizens.** Restoring the rights of UK citizens to work and study in the EU as part of a reciprocal arrangement should be a priority. This would also unlock more access to the single market due to indivisibility of the 'four freedoms' for the EU. Measures within UK domestic law could be considered to win more public support for this step. To address the poor-quality data on European migration levels into the UK, EU citizens seeking to work in the UK could be subject to a mandatory but automatic registration system. And unilateral UK action (i.e., does not require EU agreement) to improve the rights of all workers including migrants could be packaged up as part of this settlement to win greater public support.⁵⁴

► **Promoting a democratic economy.** The economic consensus globally has shifted significantly. Industrial strategy, subsidies, state industry and new forms of ownership are no longer greeted with the hostility seen at the peak of the neoliberal era. As part of its pre-negotiation review, the UK government or progressive parties, should assess their policy agenda against both the requirements of the TCA (e.g. the level-playing field areas) and EU law. Proposed changes in the field of state aid, competition law and public procurement will require building broader alliances across the EU. Any proposed changes will also need to maintain robust protections against cronyism – especially in light of the recent Conservative Party procurement scandals.

► **Foreign policy and security cooperation.** The UK has been significantly isolated geopolitically by the Brexit process. At a time of rising authoritarianism and protectionist tensions, international cooperation with our near abroad is vitally needed. A permanent forum or working group(s) for cooperation on foreign policy, security and international development could be straightforwardly added to the governance structure of the TCA. But there is also scope for more ambition that seeks regular dialogue and cooperation with EU member-states.

REBUILDING INTERNATIONAL COOPERATION, PROMOTING PROGRESSIVE CHANGE

These changes to the treaty would restore a minimum level of economic and political cooperation between the UK and the EU. If the UK were to decide to re-join the EU in the future, it would

create an easier basis – of high alignment and cooperation – from which to do so, even though a difficult and potentially long period of accession talks would still be required, with any EU state able to veto re-entry. It would be impossible, for example, for the UK to re-join on the same memberships terms as it previously enjoyed (i.e., incl. the budget rebate) and honesty about this in the UK public debate would be necessary. A different forward-looking rationale and case for membership would need to be outlined – and the best circumstances in which to do this would be if the EU itself had reformed to a stage where it was widely seen as a success, able to respond effectively to the crises of this century. While we are still some distance away from this point, it underlines the importance of progressives in the UK continuing to work alongside international allies in pursuit of a reforged, democratic European project.

More broadly, the proposal set out here is a foundation from which to build – it is not an end in itself. To confront the enormous challenge of economic inequality, deal with climate change and protect the environment, far reaching changes in our economy and society are needed. The balance of power between labour and capital – skewed so far in the direction of the latter over the last forty years – must be put back on a sustainable and socially just footing. There are signs of this occurring – especially in the United States with the Biden stimulus plan. Even the EU has taken tentative steps in this direction, moving away from the austerity consensus and crucially establishing common instruments to borrow and invest at the EU level in its recovery plan. A key principle of any new settlement between the UK and EU is that it does not entrench the status quo, but creates a foundation stone for progressive change.

The UK under progressive leadership could also apply the principles outlined in the foregoing to other trade agreements

it negotiates internationally. They could seek arrangements for mutual rights between citizens, they could enshrine strong regulatory protections for our social rights and the environment. This might include making alignment with International Labour Organisation standards and human rights protections a condition of establishing a closer trade relationship. The proposals outlined here therefore call for a u-turn in the totality of the current Conservative government's policy: away from the flawed attempt to deregulate in the name of national sovereignty, towards a new political economy.

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41 The cut-off date to register for settled and pre-settled status is 30th June for those who were living in the UK prior to the 31st December 2020. *ibid*, p.20

42 Switzerland has not negotiated passporting rights. But Norway/the EEA countries have. Switzerland has been successful in negotiating an 'equivalence' arrangement, however- something that the UK has been unable to do.

43 See, for example, Sue Wilson's analysis of the situation facing UK nationals in Spain <https://yorkshirebylines.co.uk/brits-in-spain-risk-being-caught-out-by-90-day-rule/>

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45 If the tariff in the UK-negotiated deal is higher than the EU, then it does not matter. If, however, the UK-negotiated tariff is lower, then it has to be within a differential of 3 per cent or the EU rate will apply. In the other direction, i.e. for Northern Ireland producers exporting to countries that the UK has signed trade deals with, it will depend on the attitude taken by the country in question, i.e.. whether they consider goods from Northern Ireland to be subject to a UK or EU import tariff. On this see, Sam Lowe and Esmond Birnie comments at Northern Ireland Committee Evidence session, 24th Feb 2021 <https://parliamentlive.tv/event/index/555ab395-3ccd-4796-9076-48a1646807b2>

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