

Flash Note
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Can Brexit stop being a negative driver?

According to FT, “the EU Brexit negotiators are exploring a compromise on a plan for Northern Ireland that would give the UK stronger guarantees that a customs border would not be needed along the Irish Sea.” This means that May would be receiving some legal certainty that Britain could not be forced to accept a customs border with Northern Ireland.

This concession to London is important since the “backstop” represented the biggest impediment to a deal on Britain’s withdrawal treaty.

Under the compromise, and according to this newspaper, Northern Ireland would remain in a deep customs union with the bloc, and at the same time the UK would be in a more basic customs arrangement with the EU, where a common external tariff on imports from outside the union and rules of origin, will be applied.

Simply said:

This compromise is aimed at accommodating the UK in a customs union that would last until it is superseded by a future UK-EU trade agreement (potentially many years from now).

What’s next?

If the UK signals to be open to the compromise next week, the EU will call a special Brexit summit in November, when negotiators could strike a deal on the exit treaty.

The risks:

The compromise could still face numerous potential objections from Brexiter ministers who want to avoid the UK being trapped in an open-ended EU customs union.

Regards