

LABOUR EURO-SAFEGUARDS CAMPAIGN

BULLETIN

MAY 2018

QUESTIONS AND ANSWERS ON

LABOUR AND THE BREXIT NEGOTIATIONS

1. **How are the Brexit negotiations going?**

The UK's negotiations with the EU27 over Brexit are clearly at a difficult stage. As of May 2018, there is no agreement in sight about how to deal with the border between Northern Ireland and Eire. While the government's policy is that the UK should leave both the Customs Union and the Single Market, it is crucial that there should be a majority in the House of Commons to reverse the Lords' recommendation that the UK should consider remaining in at least the Customs Union, despite the fact that the Labour leadership is now committed to staying in "a" if not "the" Customs Union. As a result of the uncertainty generated by these unresolved issues, formal talks on trade have been delayed and may be further held up if the European Council meeting scheduled for the end of June 2018 does not authorise them moving ahead. Meanwhile the 29th March 2019 two-year anniversary of the triggering of Article 50 is rapidly approaching, with less and less time available for implementing any decisions about Brexit before the deadline is reached.

2. **How will the Commons react to the House of Lords amendments?**

In the immediate future, the key issues will be how the Commons votes on the 15 House of Lords amendments to the European Union (Withdrawal) Bill. It seems likely that most of them will get voted down but there is a risk that one or two may not. In particular, a crucial issue is going to be how the House of Commons reacts to the Lords proposal that consideration should be given to the UK staying in "a" or "the" EU Customs Union. Labour has changed tack towards supporting the UK staying in "a" Customs Union, although doing so is fraught with difficulties. It has the advantage of producing a solution of sorts to the Irish border problem and providing some clarity as to how trade might be carried on in future between the UK and the EU27, but at the expense of causing numerous other problems. The only other country associated with the

EU which is in the Customs Union, but not an EU member, is Turkey and there are good reasons why the Turks find this situation extremely unsatisfactory.

3. **What is wrong with the UK being in the Customs Union while not a member of the European Union?**

There is a long list of problems with the UK being part of a Customs Union with the EU 27 but not a full EU member. First, this is not an outcome which is compatible with the spirit of the result of the 2016 EU referendum and it is therefore very likely to be regarded as a sell-out by a large section of the electorate. Second, it would be highly unsatisfactory for the UK, the fifth or sixth largest economy in the world, to have its trade relationships with rest of the planet determined by people over whom the UK would have no control. Third, being in the EU Customs Union would preclude the UK from being able to conclude trade treaties with the world outside the EU, where 80% of the growth in the coming years is expected to take place. Fourth, the EU external tariff artificially raises the costs of many of the items, such as food, clothing and footwear, which feature disproportionately highly in the budgets of poorer people. Fifth the EU's external tariff discriminates strongly against undeveloped and developing countries, providing protection to inefficient EU producers at the expense of much poorer people in the Third World.

4. **What about the border in Northern Ireland?**

To overcome an impasse in the UK's Brexit negotiations in December 2017, the UK conceded that, if no other way could be found of eliminating the need for a hard border between Northern and Southern Ireland, arrangements would be made which effectively made the whole of Ireland a unified customs area. Remainers plus the Irish government and the EU have now said that the only way for this outcome to be accomplished is for the whole of Ireland to remain in the Customs Union, which means that there would have to be a customs border between Northern Ireland and the UK mainland if the UK was to be outside the Customs Union. This is clearly a completely unacceptable outcome, driving Remainers to conclude that the only solution is for the whole of the UK and Northern Ireland to remain in the Customs Union. This approach, however, ignores all the possibilities there are for overcoming the Irish border problem using the latest technology.

5. **How could the Irish border problem be overcome?**

Claims that there are no technological solutions to the border between Northern and Southern Ireland are not borne out either by practical experience elsewhere or by what we are told by experts in the field. 23,000 lorries a day on average cross the Swiss border using pre-clearance and trusted trader systems and two million people each day cross into or leave Switzerland. Similar arrangements apply between the USA and Canada and have recently been shown to work

between Norway and Sweden. HMRC in the UK and its equivalent in Eire have both said that electronic systems would be workable as indeed was confirmed by a report produced for the European Parliament. The reason why these obviously sensible ways of resolving the Irish border problem are not being pursued is that the EU and the Irish government see putting difficulties in the way of a technological solution as a way of putting pressure on the UK to submit control of much of trade to EU dictates whether or not we are in the EU – not least because, if we are in the Customs Union, it would entail us submitting to almost all of the Single Market regime.

6. **Where does this leave us more generally on the Brexit negotiations?**

Unfortunately, the disputes over the Customs Union and the Irish border have become all too symptomatic of the way that the Brexit negotiations generally have been going. Time is running out as problems remain unresolved and the March 2019 deadline approaches. Substantive talks on trade have been parked, pending agreement being reached on other issues. The UK is deeply split. On the one hand are those who supported Leave, and who thought they were voting for the UK to be outside the Customs Union and the Single Market with a trade deal broadly similar to the one negotiated between the EU and Canada. On the other side are Remain voters, many of whom, while paying lip service to the outcome of the Referendum, are doing their best to create conditions similar to those which would have prevailed if the Referendum had never taken place. Indeed, a sizeable minority are actively campaigning to have another Referendum to reverse the result of the last one. The resulting lack of clarity about what the UK is really trying to achieve is gravely weakening the UK's negotiating position.

7. **What might we be heading for?**

The danger implicit in the way the UK's Brexit negotiations are currently going is that we finish up with the worst of all worlds – still in the Single Market and the Customs Union and possibly the European Economic Area – but outside the European Union. We would then still be paying in large sums of money net every year, subject to a wide measure of control by the European Court of Justice, with no control over our borders, unable to make our own trade treaties and still subject to the Common Agricultural and Fisheries Policies – all with no voting control over any of the way they evolve. This would be substantially worse than being in the EU, as we still are now, where at least we are voting members and therefore in a position to influence how events develop. This is, however, certainly not what the 2016 Referendum decided what our future should be, remembering all the assurances we were given by our leading politicians and by the Commons – with a huge majority – that the decision on our future relationship between the UK and the EU, taken by during the Referendum, would be taken as binding and acted upon accordingly by Parliament. Nor would this kind of fudge provide a stable future outcome for future years. It would be so unsatisfactory for the UK that Euroscepticism and

all the battles which have been fought during the last forty-odd years would continue. It is surely in everyone's interest – the EU's as much as ours – that the outcome of the Brexit negotiations should be one with which all concerned can live reasonably happily in future.

8. **What can be done to bring the Brexit negotiations to a more satisfactory conclusion?**

Events since the Referendum, not least the outcome of the 2017 general election, have put the UK in a difficult position, allowing those who never wanted a Leave outcome to undermine the UK's negotiating stance to the extent which has brought upon us our current difficulties. It is now urgent that as much clarity as possible is restored to the UK's negotiating stance. In particular, it is vital that the Lords amendments particularly on the Customs Union, the date of our departure from the Union, giving the House of Lords an effective veto on the final outcome of the negotiations, and mandating our negotiators to keep us in the European Economic Area, should be voted down. If any one of these amendments is passed, the implications for the outcome of our Brexit negotiations is that the UK will effectively not have left the EU at all. The biggest democratic decision ever taken by the UK electorate will have been totally frustrated. Instead, we need to stick to coming out of the Single Market, the Customs Union and the EEA, and negotiating on the best available terms the free trade deal which the EU has always been willing to offer to us.

9. **Where does this leave the Labour Party?**

Understandably, the Parliamentary Labour Party wants to make life difficult for the government. Oppositions are there to oppose. The stakes on the Brexit negotiations, however, have now, become very high, with key national interests at issue, which it is crucial that Labour should avoid compromising for short-term party-political advantage. The country now needs to unite round obtaining the best possible Brexit result. We cannot afford to run the risk of a really poor outcome as a result of our politicians – and particularly those in the House of Lords - constantly weakening the UK's negotiating position by claiming to accept the result of the 2016 Referendum while in practice doing their best to subvert it. Labour must also avoid forgetting the strength of feeling there is both in support of Brexit and for respecting the results of the 2016 EU Referendum among large numbers of traditional Labour voters. In the best interests of both the country and Labour's own future, now is the time when a coherent national negotiating stance in line with the referendum outcome needs to be maintained.