

CLEAN BREAK – FRESH START

by

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- A clean break divorce is almost universally recommended to couples separating after years of marriage, providing that there is a fair split of assets.
- Many people do not believe a payment of £39 Billion plus in the 25th November Withdrawal Agreement (WA) is remotely fair to the UK in return only for a promise of trade talks, with no endpoint specified. Neither of the EU trade agreements with Canada or Korea involved those two countries paying the EU anything for the negotiations themselves.

CLEAN BREAK

For Britain a Clean Break on March 29th from all the EU institutions where there is no reciprocity would allow us to do 4 things in particular¹:

- (1) **Leave the EU calmly on March 29th, by offering the EU a 12-month “Customs and Tariff Standstill Agreement”**, (not a customs union):
 - a. during which time the EU and the UK would maintain zero tariffs on EU-UK goods trade, and existing road haulage and driver permits for the UK and EU-27 would continue to apply².
 - b. the UK would continue to apply tariffs equal to the EU’s common external tariff (CET) to UK-non EU trades at its borders, but remit the proceeds to HMRC, not the EU as now.
 - c. the UK would undertake negotiations for a long-term UK-EU trade agreement, and complete customs and transport arrangements for any outcome.

¹ Mutual recognition of CAA and EASA licences to fly and land aircraft is one example of reciprocity which has already been agreed to the end of 2019, which hopefully will be extended indefinitely.

² GOV.UK “Prepare to drive in the EU” and “international road haulage licences and permits” cover post-Brexit regulations.

- (2) **Take back the proposed EU-UK Withdrawal Agreement (WA) in its entirety**, including the obligation to pay more than £39 Billion as a leaving payment³.

Britain should offer to pay for specific to-be-paid-for-in-any-case items, including the pensions of British citizens currently being paid by the EU, or reasonably expected to be paid to UK employees of the EU in the future, including UK MEPs withdrawing from the European Parliament on March 29th.

FRESH START

- (3) **Accelerate the installation of the new internet-based Customs Declaration System (CDS)** to increase the capacity and efficiency of our ports to process world-wide goods traffic as well as EU trade such as Dover-Calais and Ireland-UK.

HMRC has just announced (February 4th) that it is ready to apply this system in effect at Dover from March 30th. This will constitute an excellent trial as Dover, with 26 million tonnes of truck-borne freight in and out per year, is one of the UK's biggest ports.

Hopefully arrangements in Calais and Rotterdam can be coordinated with those in Dover.

Irish Border

Despite all the fuss about the Republic of Ireland-Northern Ireland borders, the UK's CDS will in any case require internet customs and phytosanitary declarations to be made for imports into the UK remotely from these and other borders⁴.

The real problem lies with the Republic of Ireland, who so far appear to have no equivalent to CDS in prospect. The EU will have to help here because it has repeatedly claimed that the Irish border is an EU border, which it requires the Irish to maintain. Fundamentally, the Republic of Ireland does not want to carry out *any* customs or other checks on Northern Ireland originating goods, so literally nothing will satisfy them⁵, even though they have to

³ About half of this enormous sum is accounted for by not paying the compulsory EU budget contribution through 21 months of the WA's transition period.

⁴ Vehicles circulating in Northern Ireland and Great Britain are already checked by police for non-payment of vehicle excise duty and insurance premiums, through DVLA in Swansea. A trial extension of the system will allow the future CDS to check that customs duties have been paid or phytosanitary certificates obtained, for goods in vehicles which have travelled from the Republic of Ireland into the UK. No new technology per se is required, only good management and organisation of what already exists.

⁵ This is the fundamental reason why the EU has been so keen to retain the UK in their Customs Union – so there is no border for them to deal with. See also Stephen Bush letter to Daily Telegraph, 17th May 2018.

apply duties and tariffs on non-EU goods imported into their territory now and in the future. So, linking the removal of the so-called backstop to future EU-UK trade negotiations, will bring them to a halt, as it has with Mrs May's Withdrawal Agreement.

(4) **A Fresh Start on British Domestic Priorities**

A Fresh Start on British domestic priorities would allow us to focus much of the £30 Billion or so not paid to the EU, on major investments in infra-structure and manufacturing in the "left-behind" communities which have borne the brunt of the last 30 years of de-industrialisation and who voted strongly for Brexit.

Replacement of the EU's state aid rules by World Trade Organisation (WTO) rules will be a major gain in this context, since the WTO rules allow state aid to assist the build up of export or import replacement capacity, though not actual production itself. Moreover, while EU state aid rules require prior approval of the proposed investment, WTO rules are retrospective on a complaint basis, so are much less bureaucratic and obstructive.

TWO URGENT STEPS TO TAKE NOW

1. HMRC needs urgently to distribute **customs declaration forms** for both importers of EU goods and exporters of UK goods to EU destinations, with a column for the relevant tariffs payable, if any. These forms will replace *existing* forms produced for Eurostats and will be similar, if not identical, to the HMRC forms for importing non-EU goods. They will be needed whichever path out of the EU is followed, but traders need to be told now.
2. **Prior to March 29th, the UK and the EU will need to inform the World Trade Organisation (WTO) formally of their Customs and Tariff Standstill Agreement plan** in order to ensure that the UK and the EU are not subject to Most Favoured Nation (MFN) claims by other non-EU countries [GATT Treaty 1947, Article 24(5)b]. The UK also needs to appoint its own representatives to the WTO's various bodies.

As we take our seat in the WTO's councils: we shall also be able to take full advantage of the WTO's Trade Facilitation Treaty were the EU to place unreasonable obstacles to our trade with them, even if negotiations for a Free Trade Agreement were still in progress.

About the Author



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Some other publications by Stephen Bush on the EU-UK relationship (mostly available at www.britain-watch.com on the European Union pages.

1. Britain's Future: Independence or Extinction – No Middle Way (1990) published by Prosyma Research Ltd. 24 pages.
2. The Meaning of the Maastricht Treaty (1992) (with Gill Bush) published by Prosyma Research Ltd. 45 pages, ISBN 0 951 7475 17.
3. Business, Industry and a New Relationship with the European Union, (1997) published by Prosyma Research Ltd, 30 pages, ISBN 0 951 747 5 25.
4. A Brexit Blueprint: Britain Revitalised and Independence Regained (2014) published by Institute of Economic Affairs (IEA) 134 pages. This was one of the six finalist essays in the IEA 's International Prize for the best post-Brexit blueprint.
5. Britain's Referendum Decision and its Effects (2016) published by Technomica, 268 pages, ISBN 9 780 993 110894
6. Negotiating Brexit with the European Union, Technomica paper 6/2018, 19 pages.
7. Two and a Half Routes to Brexit Independence Compared, Technomica paper 13/2018, 16 pages, published by Global Britain in 2019.