

Twitter Thread by David Henig



David Henig

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There is a sense of disbelief about the new trade problems between Great Britain and the EU / Northern Ireland. Which we need to lose. This is the new normal. And we face a difficult period of adjustment - immediate paperwork needs, and to longer term uncompetitiveness.

As we trade folk might have mentioned before, outside of the single market and the customs union of the EU, problems at borders are normal. Delays common. Great job of the Brexit supporters to find supposed experts claiming otherwise, but now back to reality...

Such delays at borders were in fact part of the origin of the single market, in the days when the Conservatives didn't see a contradiction between free markets and sovereignty. Such delays weren't really compatible with a supposed common market. So, the single market...

The delays and individual issues will ebb and flow. There will be new regulatory requirements in EU and UK affecting different products. But for UK and EU business as a whole it will mean UK-EU trade is more costly and less predictable, and there will be economic adjustment.

To put it bluntly, some UK firms will go out of business due to new border barriers. Some EU firms will stop supplying the UK, at a cost increase to UK consumers but a possible new opportunity for firms. This adjustment will take some time though.

For services as for goods, except the effects will be delayed by covid. But the argument over musicians visas is a good preview. Trade between the EU and UK will get harder, there will be less of it. That's the effect of putting up trade barriers so significantly.

What we're experiencing is those numbers on the Brexit forecast models coming to life. There was already a slowdown in UK-EU goods trade (flat since 2017). It has already been affecting UK jobs and growth. That's going to continue.

And as we're also seeing you can't just substitute other markets for the EU. The logistics aren't set up. Or you have the same challenges of paperwork. And trading globally means global competition, rather than being part of the world's largest single market.

So the UK's raising trade barriers experiment is now well under way. It will be glossed over by a government improbably claiming to support free trade. The same supposed experts as before will claim this is all the EU's fault. But the impacts will be felt.

The new uncertainty - much trade from the UK. Also uncertain, the actual economic impact, we'll need to see a lot of data. And any political response, at the moment the government is still comfortably controlling the narrative. But early post-Brexit days... /end

PS as a reply suggests, an example of the denial of the current situation. The government can't just "resolve EU touring visas". It would have to negotiate with the EU and take into account other issues like haulage and support crews.

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