Twitter Thread by Nick Gutteridge

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1/ What are the ‘new’ demands the UK says the EU has made in the Brexit talks and are they actually new? There are 3 specific areas of contention that have emerged, one each on state aid rules, the Level Playing Field/Governance, and fish. None of them should be a total surprise.

2/ First, on state aid. The UK says the EU wants the Commission and European Investment Bank to be given carve-outs from the subsidy control provisions in the deal. It says this would create an unfair imbalance, because there would be no similar exemption for British authorities.

3/ This is particularly relevant in light of the bloc's €750bn Coronavirus recovery fund. It has already been delayed by an internal political row, and the EU is keen to ensure that isn't exacerbated by legal disputes with the UK next year. Brussels denies this is anything new.

4/ The Commission is an ex ante regulator, meaning it is called in to pre-authorise state aid spending by EU countries. The EU wants the UK to set up its own independent regulator to approve subsidies in the same way. If it does so, many of the state aid problems will fall away.

5/ LPF/Governance. This is about the 'ratchet clause' which the EU has relabelled as 'equivalence' of standards. It addresses what happens if one side raises its standards on say environmental or labour rules in the future and the other doesn't, creating a competitive imbalance.

6/ The EU has asked to be able to take rebalancing measures (i.e tariffs on UK goods) in such a scenario. The real controversy over this is that it wants the Commission to have the power to unilaterally judge what constitutes 'uncompetitive' behaviour to ensure a swift response.

7/ This is widely seen as a French priority. Indeed, in an interview this morning Europe Minister Clement Beaune said: 'For our part, we are ready to put in place a system in which a divergence of standards would be allowed, but beyond which corrective measures would be taken.'

8/ The UK sees this as a roundabout way of enforcing alignment. And some EU countries are uneasy about the idea unilateral action could be taken against Britain without some form of independent legal adjudication. There is an expectation this demand won't make the final deal.

9/ Indeed, the real action in the talks is said to be around agreeing a legal framework on non-regression from current shared standards. The EU side is disappointed that the UK has so far dragged its feet on this commitment, which was included in its original negotiating aims.

10/ Finally, fish. The UK says the EU is asking for 10 years of 'unfettered' access to British waters. A few weeks ago Brussels floated the idea of a review clause, which after a decade would see shares of quotas re-evaluated in light of the balance of the wider trade deal.

11/ This is essentially just the re-emergence of that idea. The UK has offered a three-year transition period to cushion the blow to European fishermen, but Brussels is holding out for 10 years. The expectation in the end is that both sides will meet in the middle on this one.

12/ So, why the big row now? The optimists on the EU side say it's all a straw man to create the cover for a deal by mid-week. The pessimists warn the divergences are very real and there's a 'tough road ahead'. The UK insists it's serious and the EU must budge from these demands.