Twitter Thread by Dom Walsh



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1. Something that's really struck me in the Brexit negotiations this year is the surprisingly fragile confidence the EU seem to have in the competitive advantage conferred by the single market. Sounds strange, but bear with me.

(Thread)

2. The single market is the most comprehensive trade area in the world. It includes considerable regulatory alignment on products and services, free movement of people etc.

Yet the EU seems to think that a mere FTA would allow post-Brexit UK to outcompete that single market. ■

3. Their current position seems to be that unless an FTA is accompanied by extremely onerous level-playing field provisions (explained by @RaoulRuparel here), then an FTA with the UK isn't worth doing because it would be a threat to the single market.

https://t.co/irsRwPApxr

> Have heard similar. This essentially amounts to trying to force dynamic alignment through the back door. I don't think UK can or will accept this. A thread with some potential solutions & noting some irony... 1/ https://t.co/1mIB1hWyVX
>
> — Raoul Ruparel (@RaoulRuparel) December 9, 2020

4. But if you voted Remain (as I did), the idea that a mere FTA with, say, enforceable non-regression clauses rather than "dynamic alignment by the back door" is going to give post-Brexit Britain a competitive trading advantage over the single market is quite a strange one...

5. I mean, whatever happened to "non-tariff barriers are more important than tariffs"? Even with an FTA, the UK will face:
- Customs and regulatory barriers
- No free movement
- Rules of origin

Hardly a menu for out-competing the SM, you'd think, even with more freedom on LPF.

6. So what's going on here?

Perhaps, ironically, the EU actually rates the UK's chances of 'making a success of Brexit' by out-competing them quite highly. Despite the clear absence of any desire in the UK for a so-called 'Singapore on Thames' model.

7. And maybe they're right. Maybe the UK will be successful and out-compete the EU (I certainly hope so).

But if you follow the logic, it doesn't seem that the EU has a great deal of faith in the ability of the SM to withstand competition. Or the SM's superiority to an FTA.

8. Another explanation is that they're trying to show Brexit has consequences to deter others from trying to leave. But given that Brexit has *already* dampened hard Euroscepticism on the continent this would suggest a lack of self-confidence that that will remain the case, no?

9. Anyway, I hope there will be a deal. But to re-iterate, an FTA is a huge step down from the single market in trade terms for the UK. The fact that *the EU* seem to think there's a risk the UK will be able to out-compete them from that position deserves scrutiny. (End)