Twitter Thread by Peter Foster

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So here it is. After the euphoria, the @FinancialTimes @FTMag long read of how @BorisJohnson did his Trade deal with the EU. Tl:dr...not so much “build back better”, more “build back the borders” - stay with me/1.

@FinancialTimes @FTMag @BorisJohnson The really under-appreciated part of this story is the extent to which the Johnson government, having won its 80 seat majority promising to "Get Brexit Done" then explicitly and actively chose the hardest possible version of #brexit in defiance of commercial interests /2

@FinancialTimes @FTMag @BorisJohnson Our story begins in January last year when David Frost commenced what Whitehall insiders call a "Star Chamber" process to strip away anything that might be considered more than a "Canada-style" deal - regardless of the fact that UK doesn't trade with EU like Canada! /3

Each of the 100 officials recruited by Frost was told that Johnson was serious. "It was rammed home at every meeting," says one, as the team was prepared for a gruelling negotiation that lasted from March until Christmas Eve, split between London and Brussels, in the middle of a pandemic. He adds: "It was a very big philosophical principle we wanted to prove: that it was possible to have a free trade agreement without having to accept EU law. That was how we would be judged as negotiators."

In January 2020, Whitehall government departments were ordered to radically strip back their ambitions for the deal. According to those directly involved, Frost conducted a series of "Star Chamber" interrogations of government proposals to weed out anything that could enable Brussels to justify its demands for ongoing regulatory alignment with the EU.

In practice, this meant ruling out almost all market-access requests that did not have a precedent in existing EU free trade deals of the kind signed with Canada, Japan or South Korea.

"The instruction from the centre [of government] was 'Give us Canada,'" says one involved. ▶

@FinancialTimes @FTMag @BorisJohnson So what did that mean in practice?

Well, for example leaving EU aviation safety agency (EASA); Chemicals agency (ECHA), not getting a waiver of 'safety and security' declarations for hauliers, not seeking special arrangements for animal products...on and on it goes /4

@FinancialTimes @FTMag @BorisJohnson Didn't industry object? Well yes it did - but those who yelled too hard found themselves shut out of the door.

Did Whitehall object? Yes it did - Defra and Beis and Treasury all tried at some level to temper the revolutionary fury. But mostly failed. /5

@FinancialTimes @FTMag @BorisJohnson I recall reporting at the time that the haulage industry just couldn't believe, given 10,000 trucks a day crossed the Channel, that the UK gov wouldn't want a waiver on Safety & Security decs....a waiver Norway and Switzerland have. But no. Only Canada./6

Number 10's focus on the "only Canada" ration-ale also applied to the decision not to seek a waiver that would have enabled hauliers to avoid completing safety and security declarations with every consignment shipped to the EU. A person familiar with the internal battle said that calculations by the Treasury found the additional declarations – now mandatory for those in the industry – would cost £3bn a year, as businesses completed 29 fields for exports and 41 fields for imports at a cost of £23 per declaration.

Pleading from exposed industries – food and drink, logistics, pharmaceuticals, chemicals, automotive and aerospace – was batted away with apparent disdain. "We are expecting the heaviest lobbying from industries that are in secular decline," said one senior minister in early January last year, setting the tone for the negotiations.

For Richard Burnett, chief executive of the Road Haulage Association, "They were talking a hard line, warning 'This is going to happen, you need to start preparing yourselves and get yourselves ready.' The message was clear but, as ever, there was no substance about what, exactly, to prepare for."

@FinancialTimes @FTMag @BorisJohnson Some did belly-ache. I recall this amazing letter from @PauleverittADS about the government's promise to consult over EASA membership...and then announcing it had decided anyway. Objections were just batted away.... /7

https://t.co/DE5wV3HNH6

> \U0001f6a8\u2708\ufe0f\u2708\ufe0f\u2708\ufe0f\U0001f4a5\U0001f4a5\U0001f4a5\U0001f6a8 EXCORIATING OpEd from \u2066@PauleverittADS\u2069 on \u2066\u2066@grantshapps\u2069 decision not to seek assoc membership of EU air safety body EASA after #brexit - says govt is ideological and not listening. \U0001f525\U0001f525\U0001f5251/thread
>
> https://t.co/S1Z8Ui5ar7
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> — Peter Foster (@pmdfoster) March 10, 2020

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS As @GeorgeWParker - brilliant steward of this piece - reported back in January 2020, industries were told they were in "secular decline" - and who could forget @afneil telling @MakeUK_ conference that No.10 thought 3D printing was the answer /8

https://t.co/kYX7jOn8n9

> Andrew Neil tells @MakeUK_ manufacturing conference that 10 Downing Street is happy to see the end of complex, cross-border supply chains after Brexit.
>
> `Those days are coming to an end', @afneil says
>
> Says govt. sees rise of 3D printing, more domestic sourcing as the future pic.twitter.com/yAfH4IMU9a
>
> — Joe Mayes (@Joe_Mayes) February 25, 2020

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ To be fair, no secret was made of this - @DavidGHFrost went to Brussels and gave a speech in which he said industry was exaggerating...the next few years will show whether he was right. Doesn't feel that way to fishermen like Ian Perkes./9

https://t.co/1kLxFovh1U



But in his speech in Brussels, Frost made clear that the Johnson government did not share those concerns, asserting his belief that studies on the impact of non-tariff barriers to trade "exaggerate customs costs, in some cases by orders of magnitude". During this Star Chamber process, Frost also overruled the entreaties of Defra, the department responsible for agriculture, to seek equivalence with the EU's sanitary and phytosanitary rules.

These – as UK food and fish exporters are now finding – impose heavy burdens on traders. "We are stuffed," says Perkes, who is grappling with the new red tape. On January 18, a fleet of Scottish seafood trucks converged on Westminster in protest, one bearing the message "Incompetent government destroying the shellfish industry". Johnson has set up a £23m compensation fund to help the fishing industry with what Downing Street claimed were "temporary" problems.

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost I should add a side-note here on services, which where already pretty much forsaken because of ending free movement - but the City knew that battle was lost. One exec observes Tory party is "controlled by ideologues" that put sovereignty over the economy. /10

Johnson has admitted that the EU deal does "not go as far as we would like" for financial services, which employ more than one million people and account for about 7 per cent of British GDP. Indeed, many City of London executives say it is effectively a "no deal" Brexit for them – a widely anticipated problem that has seen businesses shift staff and capital out of London to EU centres over the past few years to maintain access to European markets.

One senior City executive says: "The Conservative party is controlled by ideologues who were allowed to define what Brexit meant. It came to mean a purist view of sovereignty at the expense of the economy." "We rank lower than fish and we know it," says another leading bank executive. "It's a fact of life."

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost The brutal paring back of ambition created an unprecedented inversion of what trade talks are about - growing trade.

So that 'success' defined by @BorisJohnson's own terms - landing a Canada-style deal - meant the constriction of trade. We slipped through the looking glass./11

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost It is true that the 'deal' is better than a 'no deal' would have been, but this was a barebones deal that was done with heads deliberately stuck in the sand. Damage assessments were not done. "Someone would occasionally proposedoing the work and everyone would say: 'No.'"

Wow/12

Johnson did not like to dwell on the economics of the "skinny" tariff-free goods deal he was seeking, not least because it would clearly favour manufacturers in the EU – which had a £97bn surplus in goods trade with Britain in 2019 – but would barely cover services, where Britain had an £18bn surplus.

A study by May's government had suggested a Canada-style deal would leave Britain's gross domestic product almost 5 per cent lower over 15 years than if the UK had stayed in the EU. According to government officials, successive chancellors Sajid Javid and Rishi Sunak stopped officials carrying out a new analysis of the proposed deal, which would have come to the awkward conclusion that Britain would be left worse off. As one official recalls, "Someone would occasionally propose doing the work and everyone would say: 'No.'"

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost I wonder if any company CEO, or headteacher, or hospital administrator or bus driver or cafe owner proceeded on this basis...how long would they keep their job before being struck off, or suffering a shareholder revolt, or going bust? Could you do it in a normal walk of life? /13

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost The negotiation itself was successful on its own terms - the UK did indeed get a skinny deal, walking into the 'elephant trap' that Sir Ivan Rogers had set out in Christmas 2019 - and neatly summarised here by @AntonSpisak

https://t.co/vH7H8p44zZ

Worse, this strategy will put the UK in a very hard position in the endgame of the negotiation. If there is one lesson that the prime minister and his advisors ought to learn from the tortuous saga of the Brexit years, it is that Brussels excels at dominating the process. It will shy away from making any big concessions until the clock runs out. Then, when it confronts the prime minister with an oven-ready treaty text prepared in advance by EU lawyers, Boris Johnson will find himself facing a stark choice between accepting a bare-bones trade deal—asking the UK to commit to rules on state-aid but without any quid pro quo on the UK's offensive interests—and a disruptive no-deal. Having abandoned his offensive asks by that point, he will have little bargaining power at that crucial phase of the negotiation.

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak When the endgame came - wonderfully reported by my Brussels colleagues @jimbrunsden @Sam1Fleming - the UK gave up even on the 'extras' it had asked for on professional services and 'cross-cumulation of rules of origin' for carmakers.../14

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@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming As time wore on, the UK deployed its 'madman' strategy - not even @BorisJohnson knew if he'd go for deal or no deal - and there were times when there was so little strategy you wondered if that was actually true. I never spoke to EU folk who believed he'd do no deal fwiw /15

Over the autumn, Johnson deployed what aides called a "madman" strategy to jolt the talks back to life, threatening to break international law in relation to the Brexit withdrawal treaty's Northern Ireland protocol and suggesting he could walk away from the talks altogether.

"I don't think the madman strategy was a guarantee of success," says one EU official. "I never felt people trembling or impressed." The view during a discussion among EU leaders in October, he adds, was "if it has to be no deal, then no deal it will be".

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming There was that small matter of the threat to break international law...which UK negotiators believed shook things up, but on EU side, only seemed to push Berlin behind Paris in demanding tough

'ratchet clauses' etc. And damaged our world standing /16

https://t.co/o88fnMkQKy

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming But @BorisJohnson got his deal, barebones as intended - and then told everyone that it contained no "no non-tariff barriers to trade" - and that wasn't an off-the-cuff remark. Watch the tape at 7m.29s, he's reading a text /17
https://t.co/FPP3IgFHLH

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming That means that someone in No.10 actually wrote that down. They put it into an approved text when they must have known it not to be true. Perhaps @BorisJohnson wrote it himself, but that really is an alternative fact.

Odd to be so proud of a Canada deal, then disown it. /18

"There will be no non-tariff barriers to trade," declared Johnson on Christmas Eve. But that was not accurate, nor was it ever going to be. As Pascal Lamy, former head of the World Trade Organization, noted last year: "This will be the first negotiation in history where both parties started off with free trade and discussed what barriers to erect."

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming And so what about the future? Yes, we'll suffer some frictions burns at the border now, but that will open the door to a sea of opportunity etc... @ColdChainShane says trade will be "slower, more expensive and
less flexible"...but the upside seems less clear. /19

"Trading businesses are working through the stages of grief: some are really angry, others are in denial hoping that the worst barriers can still be bargained away," says Brennan of the Cold Chain Federation. "The ones that are doing best are those that have accepted that slower, more expensive and less flexible trade is just how it's going to have to be."

Nor has Johnson yet been able to fully articulate what he intends to do with the sovereignty and regulatory freedom he had secured at such cost. One City bank executive says: "They haven't got the first clue." Chancellor Rishi Sunak has talked of a fresh regulatory regime for the City, with new rules to develop innovative markets such as green bonds and to promote tech start-ups. On a January 6 Zoom call, Johnson asked 250 business leaders to suggest ways in which Britain might exploit its newfound freedom.

@FinancialTimes @FTMag @BorisJohnson @PauleverittADS @GeorgeWParker @afneil @MakeUK_ @DavidGHFrost @AntonSpisak @jimbrunsden @Sam1Fleming @ColdChainShane Still. What's done is done...what it will mean for the future - politically and economically - is still very unclear. At some level, the architects of this deal must know - amongst all the cries of freedom etc - they've created a lot of burdens for a lot of people. Now what? ENDS