Twitter Thread by Anton Muscatelli



Anton Muscatelli
@UofGVC

1. Some initial thoughts on the U.K.-EU trade deal, in advance of seeing the text, which is reported to be 2,000 pages plus...A THREAD (1/10)

2. As has been said repeatedly, this is what was described at the start of the process as a hard Brexit: the U.K. will be outside the Single Market and the Customs Union. There will be no tariffs or quotas but customs checks etc will erect substantial trade barriers in EU trade

3.There will be nothing for services except in areas where the EU will unilaterally grant equivalence. The EU will play hardball on this eg at end Nov EU made it clear that European derivatives trading will be limited to platforms inside the EU or third countries with equivalence

4. There will be areas where some products will be excluded from the trade deal. Seed potatoes has been mentioned - there may be other surprises yet.

5. Who moved? It seems as if the U.K. moved substantially on fish and the EU moved on its initial position on the LPF and the arbitration mechanism: it wanted something which involved automatic ratcheting - it feels more like a standard FTA between EU and non-European countries.

6. It will be interesting to see what role the ECJ has in interpreting any areas of dispute. It’s likely this will be indirect as per other EU-third country trade deals.

7. In economic terms EU-U.K. trade will be smaller in the next 5-10 years than might have been the case of the U.K. had stayed in the SM or the CU. Maybe by 30-40% or so. The deal does not eliminate that economic damage.

8. Is there an upside? Well this is the first time a non-EEA European country has agreed FTA with the EU which feels like a standalone trade deal...

9. It seems very different from the complex Swiss-EU set of agreements and from the asymmetric relationship between the EU and eastern neighbourhood countries. It places less obligations on the U.K.

10. It also provides a base for future U.K. governments to deepen the relationship if they wish to negotiate this. This will not be easy given the EU’s view on the four freedoms, but this deal may be be a template for other types of EU trade deals.
ENDS