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# Brexit and Beyond for Ireland and the EU

with Professor Brigid Laffan

Lunch Bites @ the IoD: Kindly Sponsored by IQ-EQ



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# Brexit End Game

Brigid Laffan



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# About 90 Days To Go

– Political Brexit has happened

– Economic, Market, Policy, Regulatory, European Public Goods Brexit begins on January 1, 2021

– Goods Brexit begins on January 1, 2021

• Three Unknowns

– Deal/No-Deal

– If Deal, Ratification

• Internal Markets Bill

– Post-Brexit Systems

• Ready to go or chaos



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# Deal/No Deal

- A deal is better than no deal because it would create the conditions to enhance the relationship over time whereas no-deal would be poisonous

- There will be no deal if the UK does not implement the Withdrawal Agreement & fails to remove the revolver on the table
- Infringement Proceedings



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# Deal

- The best available deal is a very thin deal because of the preferences of the UK
  - Balance of Rights and Obligations
  - Canada–barebones FTA
- In fact the UK wants Canada +++++
  - Practical Arrangements & Very Big Asks



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# The Ask: Car Parts

- **Rules of Origin**

- UK wanted components (Japanese & Turkish) treated as 'local' even when non-British components comprised the largest share-UK Wanted privileged access to SM

- EU will agree 'bilateral cumulation'

- EU not being flexible according to Frost

- 4/5 cars manufactured in UK sold in EU

- 800,000 Workers



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# Frost/Johnson

“But **once again** the [European] Commission has made clear that it will not agree third country cumulation in any circumstances, which we regret, but obviously **cannot insist upon**”

‘absolutely vital we protect **supply chains**, we protect Nissan Motors, we make sure people continue to want to invest in our country’  
Johnson (December 2019 Election)



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# EU Strategy:

- Barnier
- ‘long-term economic interests’ over ‘short-term adaptation costs’ for business
- UK cannot remain as an **assembly hub** with tariff free entry into the SM while on the outside





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# Logistics/Borders

- A functioning operating border system with UK as a third country? Phased in over 6 months 'Border Operating Model'
- **IT and Systems Readiness** a. Single "Entry Process Unit" (EPU) b. GVMS vs French SI Brexit c. Smart Freight d. Trader Support Service e. Trader / Haulier readiness and timeline for delivery
- **Physical Border Infrastructure**



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# Outstanding Big Ticket Items

- Overall Governance and compliance
- Fisheries
- LPFs



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# Timelines

- Discussion between Von der Leyen & Johnson 3<sup>rd</sup> October
  - Political Direction
  - No Barnier Press Conference 2<sup>nd</sup> October
- EU not yet prepared to go into the ‘tunnel’ but coming closer and could happen after the mid October European Council-Intensify negotiations
- Deal by week one or two of November if at all



# Ireland

- EU is the only geopolitical anchor left
- Importance of US election
- Positioning Ireland in EU
- Hanse & Recovery Fund
- Cluster of issues re. tax (FTT), Apple, Carbon border tax
- Climate transformation
- Potential treaty change??



# Conclusions

- There will be major disruption in 2021 even with a deal
- There is no good Brexit for the island of Ireland
- The key for the EU is to ensure that membership matters & that there is a balance between rights and obligations
- EU-UK relationship will be weaker than Turkey or Ukraine but stronger than Russia
- Little can be done as long as hard Brexiteers control UK Gov



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