

THE TRUTH ABOUT BREXIT

By Edwin Hayward (@uk_domain_names on Twitter)

Here's the truth about Brexit, the "punishment" that some people claim the EU is trying to inflict on us, the full horrific consequences of a "no deal" scenario, and the dangers that lurk behind any deal we may ultimately reach.

In order to leave the EU, the UK has to follow the rules laid down in Article 50. Article 50 is a short, simple document that sets out the protocol by which any country that has made a sovereign decision to leave the EU can do so. It's worth noting that the UK was fully involved in agreeing Article 50. A Brit (Lord Kerr) even drafted it. Article 50 has existed since 2009, i.e. 7 years before the Brexit referendum.

As EU members, we currently benefit from over 750 international treaties. Some of these treaties allow us to trade freely with the EU, the EEA, and over 40 other countries. Others cover a wide range of non-trade issues, from air worthiness to drivers licenses, UK and EU citizens' rights, food safety. etc.

The third rule of Article 50 states that all EU treaties will automatically cease to apply to a country exactly 2 years after it invokes Article 50. In the case of the UK, that will be on 29 March 2019, at 11pm UK time. Let's call that "Brexit Day".

(Think of the Article 50 process as the legal equivalent of a conveyor belt, with a pool full of sharks at the end of it. Anyone choosing to climb onto the conveyor belt will travel along it for 2 years, get to the end, and fall into the sharks. Theresa May knew how Article 50 worked, yet she invoked it anyway.)

On Brexit Day, we leave the EU. That means we also lose all the benefits of those 750+ EU treaties we participate in. They're gone in a flash, as definitively as if we'd fed them into a shredder. That's not the EU being vindictive about our decision to leave, it's simply how Article 50 works.

Think of our situation in terms of membership of a gym. If you give up your gym membership, you can't keep using its weights or fitness equipment. That's just obvious. Now, you might well put on weight as a result, but you wouldn't turn around and claim that the gym's trying to punish you for leaving by making you fat.

The same logic applies to our decision to leave the EU. The EU isn't punishing us for Brexit. We are punishing ourselves. We chose to leave the EU, the EU isn't ejecting us. The loss of all our EU membership benefits *is* the punishment. (That's not to say that the EU necessarily intends to make things easy for us.)

Let's return to those shredded treaties. When we Brexit, we lose all our free trade deals. Right now, as an EU member, we share in trade deals with 78 countries (another 22 are pending. They cover 60.7% of our imports of goods, and 66.9% of our exports. Plainly, losing them all could tear the guts out of the UK economy.

Overnight, we will be back at square one, having flushed away the results of half a century's worth of trade negotiations. Now, a single trade deal can take years or even decades to agree, sign and ratify. We will be waving goodbye to 78 of them at once. Of course, any of them could in theory be replaced, but that takes *time*.

In the absence of trade deals, we are reduced to trading on WTO terms. WTO is a complicated system of tariffs and quotas, plus a baseline set of rules designed to make trade a little less painful and a little bit smoother than it otherwise would be. The whole purpose of striking trade deals is to improve on the basic WTO terms, which is why countries are always seeking new ones to better their trading situations.

Under WTO, we will be able to control the tariffs on our imports, even set them to zero if we want to. So if for example we're desperate for cabbages, we can set a tariff of 0% on them to encourage other countries to sell cabbages to us. Unfortunately, one of the fundamental rules of WTO is that we have to treat all countries equally for as long as we're trading on WTO terms alone.

So that means we can have cheap things, but only at the expense of our domestic industry. If we remove the quota on cabbages, and set the tariff on them at 0%, anyone in the world can flood the UK market with cheap vegetables. That's great if you love cabbage, but it's heartbreaking if you're a UK cabbage farmer.

But that's only half the picture. We have no control over other countries' import tariffs, i.e. the tariffs that UK exporters will have to pay. So both the EU and non-EU countries will automatically impose the standard WTO tariffs on everything we send to them. Indeed, under WTO rules, they are obliged to do so. (They're not going to drop their own tariffs to 0% and open their domestic markets up to the entire world just to help the UK, and it would be absurd to expect them to.)

The imposition of WTO tariffs will make our exports more expensive overnight. That, combined with the fact that we will no longer share common rules and standards with the markets we export to, will make our products significantly less attractive. Why would an overseas consumer buy one of our cars when they can get the same car from the EU at a lower cost?

The UK has done a brilliant job of attracting foreign companies and inward investment, which have generated millions of jobs. Companies come for our educated workforce and English language business environment. But they mainly come because they see the UK as a fantastic "gateway to Europe".

Right now, a company can manufacture its products in the UK and export them frictionlessly to the EU, the EEA and further afield. But on Brexit Day, that free and easy route will be cut off. We will effectively have walled up the gateway.

Many sectors, such as the car industry, rely on just-in-time production. Instead of maintaining large, expensive warehouses filled with inventory, companies have fleets of trucks shuttling parts back and forth to the EU, timed to arrive at the perfect moment to be added to the production line.

A single car part might travel to the EU and back half a dozen times, being transformed into something more valuable at each step. That's possible right now because there are no lengthy customs delays, no red tape, no hard borders. Indeed, on the Continent, drivers barely even register that they're crossing from one country to the next.

But just-in-time only works if you have frictionless borders. After Brexit, ours won't be. Not unless we stay in the Single Market and the Customs Union. That would save our industries, and stop foreign companies leaving in droves. It would also remove the question mark hanging over Northern Ireland. But it would mean we end up in a situation similar to the one we find ourselves in now, only a bit worse. Pointless, in other words – we might as well just remain in the EU.

If on the other hand we choose a more restrictive Brexit model, then we risk companies voting with their feet, taking jobs and funding with them. And if the choice of model introduces a hard border between Northern Ireland and Ireland, that opens up a Godzilla-sized can of worms.

So far, the focus has been on trade. But our EU treaties cover many, many other things that we currently take for granted. Without them, our aircraft will no longer be certified to fly. Eurostar, coaches and ferries will also be affected. It will become difficult and costly to take pets on holiday. Mobile phone roaming charges could increase. Doctors, dentists and other professionals will no longer have the right to practice in the EU. We may need visas just to go on holiday to Europe. And then there's the not inconsequential matter of Gibraltar. These are just a few examples among many. In its Brexit technical notices, the UK Government has identified over 100 separate negative consequences of losing our EU treaties.

Note that the Government talks about preparing for Brexit in terms of no-deal, as if having a Brexit deal will magically solve all our problems. It won't. We will lose all our

treaties on Brexit Day, even if we have a Withdrawal Agreement signed and a transition period in place.

A transition period could give us many of the same benefits the treaties used to (by duplicating the conditions of the treaties), but it would *not* prolong the treaties themselves. Indeed, we cannot replace treaties without the cooperation of both the EU, and of non-EU countries. That's because we have no power to bind other countries unilaterally, without their agreement. So each treaty will have to be renegotiated individually.

As a result, we face a second cliff-edge scenario at the end of any transition period, because we will no longer benefit from the mitigating effects of transition, yet we will also be out of the EU (and treaty-less). In other words, the end of the transition period looks a lot like no-deal.

Let's look more closely at no-deal. By default, we will automatically enter a no-deal situation on Brexit Day, unless we agree and ratify a Withdrawal Agreement. Parliament has a say on any Brexit deal, but it has no say on no-deal. That's because no-deal isn't a deal at all, but simply a shorthand way of describing the absence of any deal. The promise made to Parliament of a "meaningful vote" only allows for a vote on an actual deal. MPs can't vote on nothing, which is what no-deal is.

No-deal has never been a real choice at all, regardless of Theresa May's sloganeering. It's where we end up when negotiations break down and we run out of alternatives. If you fall off a building, you grab at anything to break your fall. No-deal is the strawberry jam splat as you hit the ground. There is literally nothing worse.

So that's no-deal. But happens if we do manage to agree on a Withdrawal Agreement, and somehow cobble a deal together? Well, the news isn't great there either. We will still exit the EU on Brexit Day. And that means we still lose all our treaties. A transition period postpones the pain, but does nothing to negate it.

During transition, our leverage will be almost zero. There's no threat we can make if the negotiations don't go our way, since we're already out of the EU, and we can't threaten no-deal because we've lost all our treaties. So it will be very, very difficult to negotiate anything like what we're giving up, let alone to achieve a better outcome.

Another way to picture it: a no-deal Brexit is like rigging the load-bearing walls of a building with explosives, then detonating them on 29 March 2019 at 11pm. A transition period is the equivalent of inserting temporary props to keep the building standing. It may stay upright, but the walls themselves will still be gone. And once the props are removed, the edifice will come crashing down.

The EU has proposed many templates for our future relationship post-Brexit. We rejected all of them. Our attitude has been like somebody marching into Thorntons and demanding they rip open all their selection boxes of chocolate so that we can pick our absolute favourites. Unsurprisingly, this attitude hasn't gone down well with the EU side. They have given us lots of options, while making it very clear that they will never split the EU's "4 freedoms". We ignored everything they said, proposed an unworkable alternative (Chequers), then repeated ourselves again and again in the vain hope of winning by attrition.

And even now, over 2 years after the referendum, the Tories appear no closer to finding common ground on the kind of Brexit they want. The prudent course would have been to decide on the shape of Brexit before triggering Article 50. But no. Anyone would think they're almost happy to let the conveyor belt do its thing, and land us amongst the sharks.

So what are our options? Well, Brexit could still be stopped, right up to Brexit Day, by revoking Article 50. Theresa May could do so unilaterally. Just as the EU didn't impose Brexit on us, so it can't stop the Brexit process. Only the UK can.

If Theresa May was unwilling to cooperate, Parliament might be able to step in and stop Brexit by forcing a vote of no confidence that brought down the Government and

precipitated a General Election. Although at this point, it is unclear what Labour's position would be. We could see ourselves in a repeat of the 2017 GE, where both main parties are still striving for Brexit.

Of course, if Brexit goes ahead, each of the treaties we're going to lose could be replaced with a new, bespoke agreement. But they will need to be negotiated one-by-one, with the EU and individual countries outside the EU. In aggregate, we're talking about a staggering amount of work.

So when someone says "We'll be fine with no-deal", what they're really saying is "Don't worry, we'll manage to sort out 750+ side arrangements before 11pm on 29 March 2019, so that everything can keep running."

Does that sound even remotely credible? Can you see a Government that has been incapable of agreeing on a single Brexit strategy after more than two years pulling off all those negotiations successfully in the less than 6 months remaining?

That's why no-deal is so bad. That's why people are panicking.

But remember, even if we get a deal, all the treaties will still need replacing. A transition period buys us time, nothing more. Uncertainty will continue. Businesses will remain jittery. Other key concerns of Government (the NHS, schools, housing etc.) will continue to be sidetracked.

The only real "Project Fear" is the fear that those who understand the workings of Article 50 feel as they watch the clock ticking down towards a no-deal on Brexit Day. Properly terrifying stuff. And that's the truth.

P.S. It's clear from comments on social media that some people interpret no-deal as meaning the status quo. We have a shared responsibility to correct them. No-deal is as far from the status quo as it is possible to get. Without a deal, there's no Withdrawal Agreement or transition period, and we go over the cliff edge on Brexit Day.

P.P.S. International law doesn't care about feelings, belief, positivity, optimism, or patriotism. It just *is*. Anyone who says that "Brexit is failing because you don't believe in it enough" might as well be talking about fairies at the bottom of the garden, for all that their comment relates to the reality of our situation.

P.P.P.S. The media uses expressions like "Brexit might do this", or "Brexit could result in that". Why the qualifiers, the uncertainty? Because our ultimate situation depends on how many treaties get renegotiated, how quickly, and under what terms. Nobody is able to predict that right now. But taken as a whole, Brexit is pretty much guaranteed to be a mess. Far, far too much work to do, and too little time to do it in.

P.P.P.P.S. There is no such thing as an "ex EU member" status. Once we're out of the EU, we're a third country, just like any other non-EU member. Of course, we may strike deals to improve on that status, but we begin at the same low par as everyone else.

Thank you for reading this far. Sorry it was such a long read. Please spread the word if you feel it deserves a wider audience.

A (somewhat) shorter Twitter-threaded version of this article is available at:
https://twitter.com/uk_domain_names/status/1051411763680473090

FURTHER READING

1. Trade & non-trade treaties that apply to the UK, and what may happen to them after Brexit. HOC "Continuing application of EU trade agreements after Brexit" report:
<https://t.co/B3yPtnZvAW>
2. Latest HOC briefing enumerating all current "Brexit unknowns" (63 pages. Next time someone airily waves a hand and says "Brexit's going to be just fine", show 'em this!)
<http://researchbriefings.files.parliament.uk/documents/CBP-8408/CBP-8408.pdf>
3. Background to the no-deal situation, the circumstances in which no-deal can come about, and what the consequences of no-deal would be. HOC "Article 50 negotiations: Implications of 'no deal'" report:
<https://t.co/7bTDFnIUSx>
4. Current status of all EU trade negotiations (if we remained EU members, we would reap the benefits of each new trade agreement as it comes into force).
http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf
5. Latest progress report on the UK's negotiations for EU withdrawal.
<https://publications.parliament.uk/pa/cm201719/cmselect/cmexeu/1554/1554.pdf>
6. The EU's list of possible template models for our post-Brexit relationship
https://ec.europa.eu/commission/sites/beta-political/files/slide_presented_by_barnier_at_euco_15-12-2017.pdf
7. FT article detailing the 759 treaties that will need to be renegotiated after Brexit
<https://t.co/E4BCpJdPOC>
8. Full text of Article 50
<http://www.lisbon-treaty.org/wcm/the-lisbon-treaty/treaty-on-European-union-and-comments/title-6-final-provisions/137-article-50.html>
9. Map of the EU's existing and prospective trade agreements
<https://pbs.twimg.com/media/Dn9OSYqWsAA8nh0.jpg>
10. The UK Government's technical notices for no-deal Brexit (actually, as we've seen already, these could apply to *any* Brexit scenario)
<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>
11. The EU's preparedness notices for no-deal Brexit (ditto)
https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en
12. HOC briefing "Brexit: How does the Article 50 process work?"
<http://researchbriefings.files.parliament.uk/documents/CBP-7551/CBP-7551.pdf>
13. Which? magazine report: "Brexit no deal: a consumer catastrophe?"
<https://www.which.co.uk/policy/eu-exit/3356/brexitnodeal>