UK-EU Trade Deal

Why in news?

British Prime Minister Boris Johnson has set October 15 as deadline for reaching a post-Brexit U.K.-EU trade deal.

What is the problem with this move?

- It has raised fears of a no-deal scenario.
- British Prime Minister‘s threat hangs like the sword of Damocles above the negotiating teams.
- The British government is reportedly planning a piece of legislation that would overwrite parts of the withdrawal agreement.
- [Withdrawal agreement - A divorce deal signed between the United Kingdom (UK) and the European Union (EU) last year.]

What is the Northern Ireland protocol?

- The agreement had sought to avoid a hard border coming up between Northern Ireland (part of the UK) and the Irish Republic (EU member).
- The Northern Ireland protocol was signed alongside the agreement.
- According to this protocol, the region is expected to follow some EU rules in trade with the Irish Republic.
- The hard Brexiteers in Mr. Johnson’s Conservative Party were critical of this clause, claiming that it endangers the U.K.’s sovereignty.

What is the UK doing domestically?

- The U.K.’s domestic legislation, Internal Market and Finances Bill, will allow the UK courts to follow new UK laws rather than the divorce agreement.
- Northern Ireland leaders have already called it a “betrayal”.
- The real risk of cutting the region off the EU customs code is that physical checks could emerge between the two Irelands.
- This would threaten the Good Friday agreement that brought peace.

What is the challenge?

- Though the U.K. formally exited the EU, it continues to abide by the EU rules during the transition period, which ends in December 2020.

- The challenge is to reach a trade deal, in the absence of which WTO trade rules will kick in, starting January 2021.
- With weeks to go before the deadline, there is still no consensus on issues such as workers' rights, the Irish border, etc.

Why a deal couldn't be arrived so far?

- The EU wants the U.K. to adopt rules that are close to its own to ensure a level playing field in trade.
- But, the British government argues that the whole point of the EU divorce was to break free from common rules.
- Regarding Northern Ireland, the hard Brexiteers are opposed to any special treatment to the region.
- The new legislation suggests that the government is hardening its position on Ireland as well.

What would a no-deal exit mean?

- A no-deal exit will inflict severe economic costs on the British, at a time when the economy is in dire straits due to COVID-19.
- Besides, it risks disrupting peace in the island of Ireland.
- Driven by English nationalist fervour, the British leadership appears to be blind to the economic and political consequences of its hard line.

What could be done?

- Mr. Johnson and his cabinet should respect the withdrawal agreement, and be flexible in the talks as well as on deadlines.
- Both sides should focus on reaching a consensus on trade and other future relations, and not on ending the relationship at any cost.

Source: The Hindu

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