



Brexit Tracker

November 2018

The Brexit withdrawal agreement is a major milestone. It holds the potential for an orderly UK exit, includes a transition period that can be extended until the end of 2022, and has far-reaching provisions to address Irish concerns.

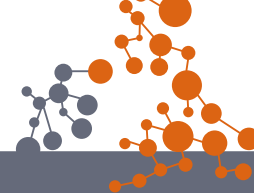
The non-binding political declaration on future EU-UK relations sets out choices for the UK, but provides few definitive answers. It points towards a close future partnership, with zero tariffs along with deep regulatory and customs cooperation. Divergence from EU rules and regulations would result in new trade barriers and trigger the special 'backstop' arrangements for Northern Ireland.

The deal is now signed off by EU leaders and approval by the European Parliament is expected in the New Year. The House of Commons is set to vote on the deal on 10 or 11 December, but it looks unlikely to pass, at least on the first occasion. Brexit was always going to fall far short of the unrealistic aspirations of many of its advocates. This reality is now playing out in Westminster and it is impossible to predict what this means for ratification. The possibility of 'no deal' or indeed 'no Brexit' remain in play.

The major political obstacles to ratification cannot be ignored, and business, along with government and the EU, must work to avoid a 'no deal' cliff edge outcome. Contingency planning for all eventualities must also continue.

This tracker provides an overview of how key issues are addressed in the deal that is currently on the table. While many issues are now marked green for good progress, all lights could suddenly turn red if the politics in London start pointing to 'no deal'.

Area	Issue	Update	
The financial settlement	The UK is expected to settle outstanding financial commitments.	Bill settled: The terms of the UK financial settlement have been agreed.	●
Citizens' rights	What are the legal rights of EU and UK citizens post-Brexit?	Rights protected during transition, but free movement to end: Those currently living in the UK and EU27, and those who arrive to work, live and study up to the end of the transition period, will retain their rights in the country in which they reside after Brexit. However, after transition, EU-UK free movement will end. Visas are unlikely to be needed for short-term visits, and there may be special arrangements for research, study and exchanges. For long-term stays the UK and EU are likely to reintroduce visa requirements. Irish citizens will however benefit from the Common Travel Area (<i>see below</i>).	●
Common Travel Area	Irish citizens enjoy more rights in the UK than other EU workers. Will these current rights be protected post-Brexit?	Major plus for business and workers: The Irish-UK Common Travel Area (CTA) will continue post-Brexit. Irish citizens will continue to enjoy all the associated rights they currently have in the UK, and vice versa, insofar as they remain compatible with EU law. The agreement will make it easy for Irish companies to transfer Irish staff to UK operations and for Irish and UK workers to move back and forth as they wish. However, non-Irish EU citizens living in Ireland will not have the same rights as their Irish counterparts in this regard.	●



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Transition period	Business will need a transition period to prepare and adjust to a new EU-UK relationship.	Status quo possible until end 2022: A transition period to December 2020, which can be extended by a further one or two years with mutual agreement, will guarantee a period of full EU-UK alignment and a continuation of existing trade terms. This is a welcome acknowledgement that negotiating the future EU-UK relationship will be complex and time-consuming.	
The Irish border and the all island economy	All accept that managing the relationship between Ireland and Northern Ireland warrants unique solutions to avoid the need for a physical border. But what are they?	Far-reaching provisions to avoid hard border: An all-UK customs backstop, along with additional regulatory alignment for Northern Ireland and the CTA, will avoid the re-emergence of a hard border on the island of Ireland. It will also eliminate tariffs and checks east-west between Ireland and Britain. Both the EU and UK have said they want the terms of the future EU-UK relationship to be so deep and comprehensive that the backstop will not be needed. This will demand very close UK alignment into the future. The backstop as designed, does offer the potential for the UK to shift it from an all-UK customs arrangement to just one for Northern Ireland. This would lead to additional customs checks between Northern Ireland and Britain.	
Energy	UK withdrawal from the EU's Internal Energy Market (IEM) could undermine Ireland's energy security.	Grounds for optimism: The withdrawal agreement provides for North-South energy cooperation into the future and the maintenance of the Single Electricity Market on the island of Ireland.	
Regulatory divergence	Regulatory divergence could become a significant barrier to EU-UK trade post-Brexit.	Decision time for UK: The UK will remain fully aligned to EU rules during the transition period. After the transition Northern Ireland must stay aligned to the EU in accordance with the backstop, unless a future agreement is far reaching enough to avoid the need. Any future divergence between Britain and the EU will be a political decision for the UK, but would likely lead to new trade barriers and add to business costs. Economic logic points to close future regulatory alignment, but politics could get in the way.	
Tariffs and customs	Will Brexit lead to new tariff and customs barriers?	UK aims for frictionless trade: The framework for the future relationship indicates the intention of both sides to achieve ambitious customs arrangements which, underpinned by a level playing field, would see no tariffs, fees, charges or quantitative restriction across all sectors, removing the need for checks on rules of origin. This would require, at the very least, UK alignment to EU rules on goods as well as facilitative arrangements and technologies including mutual recognition of trusted traders.	
Transit	To reach EU markets and beyond, many Irish goods go through the UK. Any new barriers would increase costs and add time.	Problem identified: The UK is joining the Common Transit Convention, which it falls out of upon leaving the EU. Although not completely removing the need for customs and non-customs checks, it can allow for smoother transit of goods en route to a further destination e.g. from Ireland to mainland Europe through Britain. Close EU-UK customs arrangements post-Brexit would also reduce the need for checks.	
Future EU-UK competition	Will Brexit allow the UK to undercut EU standards?	Strict rules likely: The terms on which the UK and EU compete into the future will be key for Irish business. The all-UK customs backstop (see above) includes a wide-range of 'level playing field' commitments on competition and state aid, as well as employment and environment standards and tax. The declaration on the future relationship also points to similar commitments on the part of the UK in the future. Such provisions would significantly limit what the UK could do to gain competitive advantage over the EU.	

● No progress ● Limited progress ● Good progress

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