

# GLOBAL STRATEGY FORUM

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*The 28th in our series of expert comment and analysis, by the Rt Hon the Lord Howell of Guildford, Minister of State at the Foreign & Commonwealth Office (2010-2012), Chairman of the House of Lords International Relations and Defence Committee (2016-2019) and GSF Advisory Board member. As always, the views expressed are those of the author and not of Global Strategy Forum unless otherwise stated.*

## The Never Ending Negotiation

There is now quite a strong possibility that Britain will finally end ties with the European Union on 31st December without a final and settled deal.

But the qualifying adjectives 'final' and 'settled' are very important. There will indeed be some kind of broad agreement marking the end of the agreed transition period - a sort of agreement to disagree, to postpone issues for 'further consideration' and to delegate certain matters to technocrats to sort out. Although the transition period cannot now be extended there could even be a device for stopping the clock - a favourite EU method - to roll over complex problems to a later date.

Whatever is signed at the year's end

will probably be presented as a 'deal' of sorts. But in reality there can be no final arrangement, tying everything up neatly between the EU and its departing major member, no '*finalité*' and no comprehensive EU 'solution.' This is so for deep reasons that many find difficult to grasp, but will be explained in a moment.

But meanwhile, on the surface, the key Brexit disagreement areas are plain enough. They involve fishery rights - a lesser issue and one that obviously can be resolved by compromise - and a much greater issue, namely the matter of the 'level playing field' for all industrial and business policies. The nightmare for EU officials in Brussels is that the wayward British will deploy all sorts of hidden subsidies to companies, enabling them to undercut mainland European costs, and then flood the continent with cheaper goods.



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Their central demand is that if Britain is to have good and mostly tariff-free access to the rest of the European market it must conform to all the standards and regulations governing EU industry, especially the conditions under which support for various industries and sectors is allowed.

This only needs stating to see that the demand is impossible. A central reason for British departure - from both the customs union and the European single market - was precisely to allow it to be free to vary its industrial and employment policies to allow for maximum innovation and competition. The call for a level and uniform pattern of policies with the EU, only being adjusted when the EU allowed, or the European Court of Justice judged appropriate, would strike at the very heart of British purposes.

But there is a far deeper reason why agreement here is so unlikely. This is simply that the 'level' playing field is neither level nor stable, nor is it being played on fairly. We live in an age of constantly and radically shifting industrial and business patterns and conditions. In practice, every European Union government is having to adapt and adjust its support and industrial policies all the time. The current pandemic has merely accelerated the process.

One only has to pick up the long list of French governmental grants, loans and concessions

to see this in its true light. Numerous major sectors of the French economy are regularly propped up, like nuclear power, railways, steel and aerospace, along with the French car industry, which has just received a massive €80 billion handout.

Likewise, throughout most of Europe. Travel to Central Europe and you will find no playing field at all, just a mass of government grants and subsidies necessary for local conditions - and of course local politics.

In short, the concept of a tidily level set of rules exists only in the files of the EU bureaucracy and its negotiators in the Brussels EU headquarters. Out in the real world, everything is on the move and far from level.

The prospect is therefore not of a firm settlement of these matters but of a Europe of constant bargaining and dispute, stretching into the indefinite future. Some wiser EU officials are just beginning to accept that fact and the phrase is beginning to pop up in their public comments.

Or ask the Swiss about living surrounded by EU member states. Their bargaining and negotiation never ceases. There is always some new pressure to be addressed, or some new interest to be protected. This was always the case, but in the digital age, with headlong technological change generating



completely new products and services all the time, the pressure is 10 times greater. Are we then condemned to endless new barriers and delays at the frontiers between Britain and rest of Europe, while these debates continue interminably?

Probably not, for the good reason that these lurid scenes barely ever existed. For example, take Japan's considerable trade with the EU. Even before the recent remarkable EU-Japan trade deal, delays were minimal and will now be almost non-existent. Whatever the origin, from anywhere in the world, but especially Asia, imports were, and are, being handled with a minimum of delays, usually allowing even time-sensitive just-in-time components to flow in and out smoothly.

Nowadays tracing and checking technology has taken several further leaps forward. Customs paperwork is vanishing, and checks will be mostly just for drugs and trafficking horrors. The whole picture of frontiers being queuing and obstructing points for the flow of goods, services or personnel, is dissolving — at least between industrialised nations and economies.

The negotiations between Britain and the EU, as between other major economies and the EU, will rumble on, constantly confronting new situations and challenges. But the bigger picture of international trade and travel will evolve and expand on and up. In the words of the old Eddie Fisher song, *'What fools are we, who cannot see, the forest for the trees.'*

Ceaseless ingenuity and ceaseless innovation will get around any barriers and borders, as most of world pushes ahead with its business, and as the politicians and their officials go on arguing - forever.

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*House of Lords Official Portrait*

(This comment is based on an article published in the Japan Times on 26th August 2020)

