

**Reviewing the TCA:
How to Salvage
Something from the
Wreckage of Brexit**
Peter Holmes

May 2022

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Summary

Brexit, above all in its Johnson variant, has visibly damaged UK trade and the broader economy. There is, however, an opportunity in 2025 to modify the UK's direction of travel within the terms of the EU-UK Trade and Cooperation Agreement (TCA). Amongst opposition parties, Labour voted to support the deal in December 2020, whilst others opposed it outright. Modifications to the deal within the terms of the TCA are consistent with supporting the original deal in Parliament, or with having opposed it outright.

The UK-EU TCA was a five year deal, not an indefinite arrangement like the Rome Treaty. In 2025, after the next election, there is to be a review of its terms. This paper argues that opposition parties should agree an agenda that would increase cooperation and alignment with the EU in areas that are mutually beneficial.

This means accepting binding mutual commitments and giving up the delusion of untrammelled sovereignty in areas where this has proved of no value to the UK.

To succeed this strategy requires:

- Calling out the present government's futile tactic of using threats and deliberate divergence from the EU at all times;
- Getting broad acceptance from the bulk of the electorate about a more cooperative relationship with the EU;
- Convincing the EU that a new government in the UK can be a trusted negotiating partner. The present government is not able to negotiate because the EU does not believe it intends to adhere to any commitments it makes.

Introduction

The theme of this paper is that the Johnson government's deal with the EU, the 2020 Trade and Cooperation agreement (TCA) is not set in stone. Unlike the Rome Treaty, which was "of indefinite direction", the TCA is subject to renewal, revision or termination every 5 years. Any party that approved it did not agree to it forever, but simply until 2025 - which will be after the next general election. It is imperative that opposition parties, who may form the government in 2025, begin to work out now what attitude the UK should take in the forthcoming negotiations.

Brexit is not "done" in two senses. First, there are many unfinished negotiations, some started and some forthcoming. As many predicted, Brexit has meant the prospect of endless negotiations with the EU. Nor has Brexit dropped off the political agenda. The forecasts that a hard Brexit would do serious economic damage have proven correct, as we describe in detail below.

Several issues were left out of the initial TCA deal and instead identified as issues for future negotiations, such as Financial Services or the relationship between the EU ETS and the UK's emissions scheme. There were other areas that were noted as potentially open to discussion, such as mutual recognition. The institutional set up of council and committees could explore other areas, as well there being dispute settlement arrangements.

Second, opinion polls indicate that this lack of closure is acknowledged by the public and that there is no social consensus on the details of the current deal. Indeed, far from there being an acceptance of Brexit, polls show a consistent majority agreeing with the view that Brexit was a mistake.¹ Even the government is telling the population that its own Brexit deal was deeply flawed, for example by claiming that the Northern Ireland Protocol must be changed.

How this public opinion is to be interpreted is unclear. Brexit hardliners imply that the solution to our current problems is an even harder Brexit. On the other

¹ Woodcock, A. (2 January 2022), "Brexit poll: One year on, voters believe leaving EU has harmed UK's interests", Independent. At: <https://www.independent.co.uk/news/uk/politics/brexit-poll-boris-johnson-lies-b1980372.html>

side, there is little explicit demand for re-joining, but the present situation is not favoured by anyone. The idea that the Brexit debate is gone and can be forgotten is far from true.²

However, this lack of fundamental clarity does not mean nothing should be done. The “oven-ready” Brexit deal created an unstable equilibrium which needs to be revised one way or another. In one scenario, the government will create further tensions and provoke retaliation, including renouncing the Northern Ireland Protocol; it will choose pointless regulatory divergence and seek to sign third party trade provisions that create a need to have more onerous border restrictions with the EU.

The alternative route is that the UK will make use of the negotiations that are still needed to complete the TCA, and above all make use of the revision of the TCA in 2025, to reduce trade tensions between itself and the EU. The Political Declaration of 2019, on which the Johnson government was elected, promised a far closer relationship than the final TCA delivered. This government has claimed that winning the election gave it the right to renege on its promises; but for any future government, the promises contained in the Political Declaration and the Withdrawal Agreement of 2019 constitute the minimum agreed negotiating space when the terms of Brexit are reviewed in 2025. The actual TCA was extremely shallow but allowed for modifications after 2025 through the Review process.

Negotiations to come

There is, then, a window in the next two years to revisit the hasty and harmful agreement made by Johnson. This does not require a reversal of Brexit, but a demand to “make Brexit work” in such a way that we are able to align ourselves more closely with our neighbours and key trading partners. Both the domestic British politics of Brexit and, crucially, the TCA itself, create this option.

The commitment the UK government and the EU have agreed to is very clear. Article FINPROV.3 of the final TCA text states:

The Parties shall jointly review the implementation of this Agreement and supplementing agreements and any matters related thereto five years

² For example, Willems, M. (20 October 2021), “Temporary Brexit? Half of young British business owners expect UK will apply to rejoin the EU”, City AM. At: <https://www.cityam.com/temporary-brexit-half-of-young-british-business-owners-expect-uk-will-apply-to-rejoin-eu/>

after the entry into force of this Agreement and every five years thereafter.³

International relations expert Jacob Funk Kirkegaard of the Peterson Institute of International Economics, noted immediately that:

The agreement's general review clause is scheduled for every five years, like the USMCA's six-yearly review clause. Thus the TCA's review would come no later than 2025, after which it can be extended, renegotiated, or wholly or partially terminated. Given that the TCA does not cover many parts of the EU and UK economies, including services sectors and data-driven commerce, the future could portend endless "Brexit negotiations."⁴

As a point of detail, there is some question over whether the review would be in 2025 or 2026. The TCA agreement was signed on Dec 24th 2020 and provisionally applied from Jan 1 2021 but the EU website states that it formally came into effect on May 1st 2021.

In the present article we will refer to 2025 as the deadline, but two things are clear. First, the present government cannot insist on the right to conclude a new agreement before the end of 2024, and it will be up to its successor (which might of course be a renewed conservative mandate), to decide on revision of the TCA. Second, there will be some flexibility over timing.

There is one small way that the TCA does create new opportunities: the EU relaxed its all or nothing "no cherry picking" rule. The UK can negotiate an agreement on Sanitary and Phytosanitary (SPS) products, or even possibly the free movement of musicians without signing up to the entirety of the EU *acquis*.⁵ The Commission website clearly states that

In addition, the Trade and Cooperation Agreement does not cover any decisions relating to equivalences for financial services, the adequacy of the UK data protection regime, or the assessment of the UK's sanitary and phytosanitary regime for the purpose of listing it as a third country

³ Trade and Cooperation Agreement (December 2020), Final Provisions, Article 6. At: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22020A1231\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22020A1231(01))

⁴ Kirkegaard, J.F. (January 26, 2021), "Did the Brexit deal fulfil Boris Johnson's political agenda?", Petersen Institute for International Economics. At: <https://www.piie.com/blogs/realtime-economic-issues-watch/did-brexit-deal-fulfill-boris-johnsons-political-agenda>

⁵ "Acquis" is the body of EU law. On this example, see <https://freemovement.org.uk/the-row-over-post-brexit-visas-for-musicians-explained/>

allowed to export food products to the EU. Indeed, these are unilateral decisions of the EU and are not subject to negotiation.⁶

Meanwhile, the periodic five-year review approach allows the UK to take small steps at a time to improve our situation without committing to rejoining. There would be a (small) price to pay in terms of regulatory autonomy, but the purpose of this paper is to suggest ways in which the UK can identify mutually beneficial options.

The second theme of the paper is to stress that this renegotiation cannot be left to 2024/25. Damaging policies introduced in the meantime that serve only to demonstrate claims to “sovereignty” and obstruct cooperation must be opposed. Parties that hope to form a new government in or before 2024, meanwhile, must establish credibility to get a good deal with the EU. That will require detailed work and the development of positions well in advance of any potential renegotiation.

The Costs of Brexit

It is difficult to pin down the economic effects of Brexit precisely. By its nature, the process was complex and multifaceted, complicating conventional economic analysis. And since Britain’s exit coincided with the global shock of COVID, any negative impacts from Brexit cannot be entirely separated from the pandemic crisis.

Some of the most pessimistic forecasts of the immediate negative effect of Brexit did not materialise, like the length of the queues at Channel ports. However, independent analysts are agreed that there has been a disruption to trade that is indisputably due to Brexit. Numerous studies, using different analytical and modelling techniques, demonstrate the fall in trade, with notable consistency between studies. John Springford at CER uses a model that tracks British trade against that of a group of countries whose characteristics were broadly the same as the UK before Brexit. His estimates are that trade with the EU in October 2021 was 15% down on what it would otherwise have been without Brexit.⁷ Similar but

⁶ https://ec.europa.eu/info/strategy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en#freetradeagreement. Since then the EU has reportedly proposed the signature of an agreement on food safety (SPS) issue similar to that with Switzerland. <https://www.reuters.com/world/uk/eu-says-will-step-up-legal-action-if-uk-does-not-respect-agreement-2021-07-06/>

⁷ Springford, J. (October 2021), “The Costs of Brexit”, Centre for European Reform. At: <https://www.cer.eu/insights/cost-brex-it-october-2021>

not identical numbers come from Winters et al, suggesting that UK exports will fall by 8% and imports by 14%, using a Competitive General Equilibrium model. The data show convincingly that UK EU trade was particularly affected.⁸

But perhaps the most persuasive overview is that of the government's own OBR. Their modelling shows a huge initial negative impact on trade in January 2021, which was not offset by a subsequent recovery. Trade with the EU was still 15% down in August 2021, while trade with the rest of the world was 7% down.

It is worth quoting the OBR in full:

UK-EU goods trade volumes fell sharply after the TCA came into effect, and remain below their pre-Brexit (and pre-pandemic) levels in 2019. Chart E shows that UK goods exports to the EU fell by 45 per cent in January of this year (greater than their fall early in the pandemic) and in August were still down around 15 per cent on the level before the transition period ended. UK goods imports from the EU also fell by over 30 per cent at the start of the year and were still down around 20 per cent in August compared to December 2020. While goods trade with the rest of the world experienced similarly sharp falls at the start of the pandemic, in August it had recovered to 7 per cent below average 2019 levels whereas total goods trade with the EU remained down 15 per cent.⁹

It is worth noting that the OBR confirms the view that the much-vaunted trade deals with non-EU countries could not possibly offset any more than marginally what we lose from restricting trade with the EU. "New trade deals with non-EU countries will not have a material impact, and any effect will be gradual",¹⁰ largely because they essentially replicate what we already have. It is worth observing that the government had built huge hopes on a Free Trade Agreement (FTA) with the US. However the Biden administration has made it clear that not only are they not interested in such a deal, they were not even willing to remove steel

⁸ Fusacchia, L., et. al. (December 2020), "The Costs of Brexit", UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/files/2020/12/BP51FTA241220.pdf>

⁹ Office for Budget Responsibility (October 2021), "The initial impact of Brexit on UK trade with the EU". At: <https://obr.uk/box/the-initial-impact-of-brexit-on-uk-trade-with-the-eu/>

¹⁰ Office for Budget Responsibility (9 February 2022), "Brexit analysis: current assumptions and judgements". At: <https://obr.uk/forecasts-in-depth/the-economy-forecast/brexit-analysis/#assumptions>

tariffs when they did so for the EU.¹¹ In March 2022, the steel tariff surcharges on UK steel were lifted, but not unconditionally.¹²

As the OBR points out, not all the border controls have actually been fully implemented. The Public Accounts Committee report from February 2022 goes into the nitty gritty of what has been happening at the border and what is to come. Its assessment of the total trade damage is similar to other studies, showing about 15% reduction in trade (by value) by mid-2021.¹³ These trade effects occurred even though, as evidence from the National Audit Office shows, the UK chose to “prioritise the flow of goods over compliance.” But after the UK implements full import checks in July 2022, “departments will no longer be able to prioritise flow to the same extent.”¹⁴ The direst predictions of border delays immediately after Brexit did not in fact materialise but there is a significant risk of far worse delays than seen so far in as further checks are implemented over summer 2022.¹⁵ These trade effects of course translate into income losses, and the OBR estimates that there will be a permanent 4% loss in productivity from the wider impacts of Brexit, translating to an equivalent loss of national income in the longer term.¹⁶

These figures are all national averages but the evidence is that almost all regions suffered. In particular, poorer regions were more dependent on trade with the EU. The most recent data for 2019 shows a big manufacturing trade surplus with the EU for the North East, derived mainly from chemicals and cars, two sectors

¹¹ Holmes, P. and Larbaestier, G. (December 2021), “Deepening and managing Transatlantic economic relationships”, Briefing Paper no.65, UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/publications/deepening-and-managing-transatlantic-economic-relationships/>

¹² White and Case (24 March 2022), “United States to Replace Section 232 Tariff on UK Steel with Tariff-Rate Quota; UK to Eliminate Retaliatory Tariffs on US Goods”. At: <https://www.whitecase.com/publications/alert/united-states-replace-section-232-tariff-uk-steel-tariff-rate-quota-uk-eliminate>

¹³ Committee of Public Accounts (9 February 2021), Oral evidence to Thirty-Sixth session 20201-21, <https://publications.parliament.uk/pa/cm5802/cmselect/cmpubacc/746/report.html#heading-6>.

¹⁴ House of Commons Committee of Public Accounts (31 January 2021), “EU Exit: UK Border post-transition”, Thirty-Sixth report of session 2021-22, para. 23. At: <https://committees.parliament.uk/publications/8781/documents/88926/default/>. For more detail see Tamberi, N. (11 February 2022), “The UK-EU Trade and Cooperation Agreement (TCA) one year on: trade in goods”, *UK Trade Policy Observatory*. At: <https://blogs.sussex.ac.uk/uktpo/2022/02/11/tca-one-year-on-trade-in-goods/>

¹⁵ Foster, P. (9 February 2022), “Channel ports could ‘grind to a halt’ over Brexit border checks”, *Financial Times*. At: <https://www.ft.com/content/2f6a1404-9174-4733-b769-842c19e822e6>

¹⁶ Office for Budget Responsibility (9 February 2022), “Brexit analysis: current assumptions and judgements”. At: <https://obr.uk/forecasts-in-depth/the-economy-forecast/brexit-analysis/#assumptions>

very vulnerable to Brexit.¹⁷ A recent study from the UK Trade Policy Observatory shows that the trade losses in the initial period were spread across the UK.¹⁸

¹⁷ ONS (5 November 2021), "International trade in UK nations, regions and cities: 2019". At: <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/internationaltradeinuknationsregionsandcities/2019>

¹⁸ Yohannes, A. (29 July 2021), "The UK regional trade in goods statistics", UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/2021/07/29/the-uk-regional-trade-in-goods-statistics-rts/#more-6140>

2. How did we get here?

It is worth recalling the process by which such a shallow FTA was agreed, since it illustrates some of the wider process failings that could now be rectified.

Following a series of abortive proposals by Theresa May, in October 2019 the UK and the EU agreed a Withdrawal Agreement (WA) including a Northern Ireland Protocol (NIP) to replace the earlier versions of the deal May had agreed. The key point was that if the UK and the EU are to have divergent regulatory regimes, there must be a border between the two systems with some checks. This must either be on the island of Ireland, or between Northern Ireland (NI) and Great Britain (GB). May had agreed that the whole of the UK would remain temporarily aligned with (most) EU rules so that frictionless trade, as promised by Brexiters, could occur, until or unless a better system could be found (this was the “Northern Ireland Backstop”).

Johnson rejected this and insisted on the right to diverge for GB as soon as the 1 year transition period had ended. He opted instead for border checks between NI and GB, though denying he had done so. The WA and the NIP were approved and passed by the UK parliament after the 2019 General Election. The WA only specified the terms of the break, not the new post-Brexit trade arrangements, but it is a binding international agreement. The UK and the EU also signed a joint Political Declaration (PD) which spelled out what both sides agreed should be in the final FTA, but which could only be negotiated after Brexit. The PD was not legally binding, and the government has since indicated that it felt free to ignore it. It argued that the agreement had been forced on it by a Remain-supporting parliament and that it therefore should not bind the government after the 2019 election - even though the PD was part of the “oven-ready deal” that the election had been fought on.

The UK's negotiating tactics¹⁹

The EU's draft FTA²⁰ was based on the PD which promised regulatory alignment in the form of a “level playing field” in exchange for very free market access. The May WA had included promises to consider regulatory alignment, and to adopt a “backstop” alignment regime until another way could be found to ensure no NI border checks, but Johnson's deal moved the level playing field promise from the (legally binding) WA to the (non-legally binding) PD, and weakened the alignment pledges.

The PD opened by stating “this declaration establishes the parameters of an ambitious, broad, deep and flexible partnership across trade and economic cooperation with a comprehensive and balanced Free Trade Agreement at its core, law enforcement and criminal justice, foreign policy, security and defence and wider areas of cooperation. Where the Parties consider it to be in their mutual interest during the negotiations, the future relationship may encompass areas of cooperation beyond those described in this political declaration.”²¹ A voter in 2019 could have been forgiven for thinking this is what they might expect.

However, comparing the UK's draft FTA text²² with the EU's text and the final TCA²³ we can see that the UK consistently asked for terms which would have reduced trade barriers in an eventual FTA but which were so one-sided as to be rejected by the EU. The EU position was consistently based along the lines of Barnier's “steps” graphic, which explained that the EU was willing to offer expansive market access in exchange for commitment to regulatory alignment.²⁴ But UK “red lines” ruled this out. The UK requests show that the government was aware of the costs of the regulatory break but subsequent decisions made it clear

¹⁹ For a fuller account see Peter Holmes and Jim Rollo, “EU-UK Post-Brexit Trade Relations: Prosperity Versus Sovereignty?” (2020), *European Foreign Affairs Review* 25:4, pp. 523 – 550

²⁰ At: https://ec.europa.eu/info/publications/draft-text-agreement-new-partnership-united-kingdom_en

²¹ Para.3 of the Political Declaration.

²² UK Government, “DRAFT WORKING TEXT FOR A COMPREHENSIVE FREE TRADE AGREEMENT BETWEEN THE UNITED KINGDOM AND THE EUROPEAN UNION”. At: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886010/DRAFT_UK-EU_Comprehensive_Free_Trade_Agreement.pdf

²³ UK/EU, “TRADE AND COOPERATION AGREEMENT...”. At: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/948119/EU-UK_Trade_and_Cooperation_Agreement_24.12.2020.pdf

²⁴ TF50 – EU Commission 27 (15 December 2017), “Slide presented by Michel Barnier, European Commission Chief Negotiator, to the Heads of State and Government at the European Council (Article 50) on 15 December 2017”. At: https://ec.europa.eu/info/sites/default/files/slide_presented_by_barnier_at_euco_15-12-2017.pdf

that, for them, no price in lost sovereignty was worth paying to secure market access - except in a very small sphere, notably aviation, vehicles and some aspects of pharmaceutical production.²⁵

The UK demanded the market access rights, but would not commit to the alignment. We can see this in specific areas. For example, the UK draft FTA asked that Rules of Origin be written so as to allow any inputs purchased from any country with which the UK and the EU both have FTAs to be counted as local content for the purposes of trade between the EU and the UK. For example, cars assembled in the UK with Korean bodies and engines would have been able to enter duty free into the EU,²⁶ though they would still have to prove this origin. The UK also asked that UK testing labs should have the right to confirm compliance of UK (non food (SPS)) goods with EU regulations to avoid the need for physical checks on exports.

Barnier immediately responded by saying the EU would not allow the UK to be an assembly point for parts and components made elsewhere to facilitate duty free access to the EU. More controversially, he also noted that the UK quality assurance industry should not be able to corner the EU market.²⁷ The UK side did not make any general attempt to offer concessions that would have secured better rules of origin or mutual recognition on conformity assessment. It simply accepted the EU rejection of these terms and made no alternative proposals.

But there were some significant exceptions which are pointers to what is possible in future. In fact, a small number of regulatory alignment decisions were made on vehicles, aerospace and within pharmaceuticals. Meanwhile the service sector was essentially abandoned to eliminate free movement of workers.

Cherry picking?

One overlooked element emerged from the negotiations, however. The EU relaxed its principle of “no cherry-picking”. The EU’s original position was that the single market was all or nothing. The UK could not pick and choose what

²⁵ See Ayele, A., et. al., (January 2021), “Taking Stock of the UK-EU Trade and Cooperation Agreement: Trade in Goods”, Briefing Paper 52, UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/publications/taking-stock-of-the-uk-eu-trade-and-cooperation-agreement-trade-in-goods/#mutualbp52>

²⁶ Holmes, P., et. al. (July 2020), “UK-EU Free Trade Agreement: please Sir, I want some more”, Briefing Paper 43, UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/publications/uk-eu-free-trade-agreement-please-sir-i-want-some-more/>

²⁷ Speech by Michel Barnier at the European Economic and Social Committee Plenary Session: https://facts4eu.org/static/media/Speech_by_Michel_Barnier_at_the_European_Economic_and_Social_Committee_Plenary_Session-1.pdf

disciplines it was willing to adhere to and get full access to those sectors without taking the full package. The EU has indicated that it would consider further arrangements, such as an SPS deal, and limited expansions of free movement. The UK would of course have to make concessions in return and sacrifice some of the regulatory autonomy it was willing to pay such a high price for.

3. Post 2019 Negotiations

Institutional arrangements

The UK side initially wanted the TCA to be a trade deal with no institutional framework. The EU insisted that it be an association agreement with a Partnership council and ongoing operational committees, which, whilst they do not formally negotiate, would provide opportunities for preparing agendas. The first minutes of the committee proceedings have just been published but do not indicate substantive progress.

The built-in agenda

There are several points of negotiation that will arise in the next few years, and for which the country must take a position, as a result of the existing structure of the TCA.

1. Northern Ireland Protocol

The ongoing negotiations about the working of the NIP would require a study in their own right. The heart of the matter is simple. If UK trade and regulatory policies differ from those of the EU there must be a border between the UK and the EU. There must be the equivalent of the Dover-Calais border either in the island of Ireland, or if the NI aligns with the EU, between the NI and GB.

The government negotiated this deal after it rejected Theresa May proposal which would have preserved closer UK-GB alignment. Johnson either failed to understand that his solution of NI aligning with the EU while GB diverges meant an East West border, or just lied about it. The actual adverse economic effects on NI appear small but it has outraged the DUP, Johnson's erstwhile allies in the 2019 Parliament. London's demand to renegotiate the NI Protocol appears in total bad faith. It is imaginable that NIP could be on the agenda of the 5 year review of the TCA. But we must be aware that the NIP is part of the Withdrawal agreement and not the TCA, and was therefore indefinite.

2. Duty Drawback

This is a technical issue but one where negotiations are scheduled. Duty drawback refers to how far goods with reduced import duty into the UK could benefit from preferences in the EU-UK TCA.. Interestingly, most of the FTAs signed by the UK contain clauses that deny preferential duty-free access to goods which have benefitted from “duty drawback”, meaning goods which contain inputs that have been exempted from payment of tariffs. This would affect exports from “Freeports”, where the issue appears to be of most significance. The TCA does not contain a provision for duty drawback, which appears to be a win for the UK. However, the TCA does instead contain a provision that requires the parties to renegotiate this detail in 2023. In the meantime, the EU is toughening its rules on imports that have received subsidies.

3. Fisheries

The UK and EU are committed under the current TCA to permanent annual negotiations on Fishery quotas. This is in addition to dealings over alleged failures to comply with what was already agreed. In fact, the 2022 quotas were agreed, once again at the last minute, in Dec 2021.²⁸

The government promised that as an “independent coastal state” the UK would be able to exclude EU vessels from UK waters and revive the UK fishing industry. UK fishing represents 0.03% of GDP, and 61% of this economic activity is in Scotland.²⁹ But very rapidly, the industry realised it was going to be one of the worst hit sectors by Brexit.³⁰ Fishing is a very complex industry. The perfect Brexit solution was to exclude EU boats from UK waters while ensuring UK caught fish could be freely sold into the EU. But reality was not as simple as that. In fact, a high proportion of “British” fishing quotas, especially in England, are the property of foreign-owned vessels. The TCA allows UK caught fish to enter duty-free into the EU, but requires UK fish to be subject to much tougher safety inspections since the UK refused to be bound by EU SPS rules. And there has always been complementarity between UK and EU fishing. EU vessels have

²⁸ UK Government (n.d.), “Written record of fisheries consultations between the United Kingdom and the European Union for 2021”. At: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993155/written-record-fisheries-consultations-between-uk-eu-2021.pdf And UK Government (22 December 2021), “UK and EU reach agreement on fishing opportunities for 2022”. At: <https://www.gov.uk/government/news/uk-and-eu-reach-agreement-on-fishing-opportunities-for-2022>

²⁹ House of Commons Library (16 November 2021), “Fisheries statistics”. At: <https://researchbriefings.files.parliament.uk/documents/SN02788/SN02788.pdf>

³⁰ Reuters (14 July 2021), “UK fisheries sold out in Brexit deal, industry body says”. At: <https://www.reuters.com/business/uk-fisheries-sold-out-brexit-deal-industry-body-says-2021-07-14/>

caught fish we consume in the UK, and UK vessels have had the EU as their major market.

Fishing is not economically important at the macro level, but it is very sensitive for certain coastal communities on both sides. The two industries, tiny economically but politically sensitive, have always been intertwined. The fishery deal, having been done in such haste, left much to finalise during 2021, including the status of Channel Island waters. The immediate impact of the end of transition was a fall in trade with the EU. . But trade has since recovered. For Jan-August 2021 total fish exports were down 3% and fish imports down 5% compared to 2020. But within that total, imports from the EU were down 28% though exports to the EU were down by only 5%.³¹

The biggest problem is that now as a third country for the EU, UK producers can no longer be assumed by the EU to be compliant with EU SPS rules and checks need to be made in both directions. The present situation is a mess. Negotiations are on-going. This is an area which needs to be included in a package deal.

4. Carbon pricing and Carbon Border Adjustment Mechanisms

There is provision in the Agreement for alignment of carbon regimes, to be negotiated subsequently:

The Parties shall cooperate on carbon pricing. They shall give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness. (TCA Art 7.4.6)

Such a link would minimise the risk of UK exports to the EU being subject to Carbon Border Adjustment Mechanism (CBAMs) – the import surcharges proposed by the EU on goods embodying higher rates of carbon emissions that permitted in the EU. There have been some initial exchanges of views on the EU's Trade Committee, but no substantive rules have been modified to date.³²

If the recent EU and US agreement in principle on emissions controls were made effective, the UK risks being hit by CBAMs in the US and the EU if it does not

³¹ House of Commons Library (16 November 2021), "Fisheries statistics". At: <https://researchbriefings.files.parliament.uk/documents/SN02788/SN02788.pdf>

³² Trade Specialised Committee on Customs Cooperation and Rules of Origin (7 October 2021), Minutes of meeting. At: https://ec.europa.eu/info/sites/default/files/minutes_-_first_meeting_of_tsc_on_customs_cooperation_and_rules_of_origin_en.pdf

sufficiently align with the EU framework. Once again, the UK has to negotiate with the EU, and the marginal benefit to the UK from having separate rules from those of the EU can only be small compared to the risks of border taxes, both in terms of the fiscal impact and the compliance costs.

The EU is moving ahead with the system. CBAMs will be charged on a range of energy intensive products - a fairly small group of items at first, and only the direct carbon emissions will be charged. The charge will be levied product by product and on the individual producer. An EU importer from the UK will have to collect certificates attesting to the carbon emissions associated with the individual consignments of steel etc that have been imported along with an account of what carbon tax/emissions charge has been paid. If the paperwork shows that the product has paid a charge equivalent to the EU carbon price, there is no CBAM to pay, but if no such proof is forthcoming the importer has to pay the CBAM at the end of the year on their imports.

Even if the UK chooses a system of carbon charges that is equivalent to the EU's and thus UK firms' products will be exempt from CBAMs, there will be another raft of Brexit paperwork to be created. The UK can minimise this if it completes the provision in the TCA committing to alignment with the EU. As with SPS, an equivalence agreement needs to be sought.

5. Regulatory cooperation

There is a mechanism for sectoral regulatory alignment agreement and regulatory cooperation within the existing TCA (Title X). This is strictly voluntary but is open-ended:

Each Party may propose a regulatory cooperation activity to the other Party. It shall present its proposal via the contact point designated in accordance with Article GRP.14 [Contact points]. The other Party shall review that proposal within a reasonable period and shall inform the party. Art. GRP 12.2.

The UK government has produced a very thin strategy for regulatory divergence (the Taskforce on Innovation, Growth Regulatory Reform (TIGRR) report,³³ and an appeal to Sun readers.) And the Institute for Global Policy has laid out criteria

³³ Prime Ministers' Office (16 June 2021), *Taskforce on Innovation, Growth and Regulatory Reform Independent Report*. At: <https://www.gov.uk/government/publications/taskforce-on-innovation-growth-and-regulatory-reform-independent-report>

that can be used.³⁴ But the reality on the ground is that business is calling for more not less regulatory cooperation ³⁵

6. Services

Despite ambitious aspirations especially on financial services and Mutual Recognition of Professional Qualifications the UK more-or-less abandoned its ambitions in the services sector even before the UK draft FTA³⁶. Market opening was far less in the EU in services than goods but it is a mistake not to realise that the SM in services was the most advanced liberalisation of its kind. The TCA contains few provisions that go beyond the parties' WTO commitments under the GATS.

On financial services the UK requested the right for a say in the regulatory framework. But the EU insisted it would take a unilateral decisions on equivalence. It has opted to offer market access to the UK in certain sectors but this can be withdrawn at any time. There is a need for serious debate about how far it is possible to promote competitiveness through regulatory differentiation given that divergence can lead to “more competitive” services being excluded from a foreign market.

It is Important to recall that the “gravity effect” on trade has been found to apply just as much to services as goods. This means that for both goods and services the trade is highest with partners that have large Markets and are geographically close. The hope that distance would not affect the ability to trade services in the way it does goods has no evidential basis, for example because trade in services frequently requires travel.³⁷

7. General Data Protection Regulation

UK has a strong interest in discussing its policy with the EU who will also make a unilateral decision on adequacy. It is clear that dialogue makes sense even if each party is nominally totally sovereign: before choosing divergent rules the UK needs to know what the impact will be.

³⁴ Spisak, A., Britto, D. (2 June 2021), “After Brexit: Divergence and the Future of UK Regulatory Policy”, Tony Blair Institute. At: <https://institute.global/policy/after-brexit-divergence-and-future-uk-regulatory-policy>

³⁵ See for example. British Chambers of Commerce (16 February 2022), “BCC research finds little love for EU trade deal”. At: <https://www.britishchambers.org.uk/news/2022/02/bcc-research-finds-little-love-for-eu-trade-deal>

³⁶ Tarrant, A., Holmes, P., Keleman, R.D. (January 2019), “Equivalence, mutual recognition in financial services and the UK negotiating position”, Briefing Paper 27, UK Trade Policy Observatory. At: <https://blogs.sussex.ac.uk/uktpo/publications/equivalence-in-financial-services/>

³⁷ Springford, J, Lowe, S. (5 February 2018), “Britain’s service firms can’t defy gravity, alas”, Centre for European Reform. At: <https://www.cer.eu/insights/britains-services-firms-cant-defy-gravity-alas>

8. Aerospace and Aviation:

The TCA includes a very minimal but potentially expandable agreement on aviation and established a joint committee which met once in 2021, covering some elements of mutual recognition. The core of this section of the TCA on Aviation Safety says "Each Party shall accept findings of compliance made and certificates issued by the other Party's competent authorities or approved organisations." Article AVSAF.3 lists 9 further areas where the EU and the UK "may" use regulatory cooperation. The On Aerospace safety rules the rules of the EASA allow for some participation of non EU states, though the UK did not request membership.³⁸

9. Standards

It is also worth noting that the UK has decided to confirm its membership of the European standards bodies CEN and CENELEC.³⁹ This is alongside the TCA, but has important implications. The UK has bound itself to adopt standards emanating from the EU-led but institutionally distinct European standards bodies, including those agreed by majority voting. This does not bind the UK to common *regulations* or use of identical Conformity assessment procedures that establish whether a product or service has met the requisite standards or regulations. Indeed the government is still insisting that a UK Conformity Assessment mark (UKCA) should replace the EU's CE mark, though they have agreed to postpone the implementation. Business, notable the British Chambers of Commerce, has called for this to be deferred indefinitely.⁴⁰

It is recently reported that the UK is thinking of diverging from the EU's rules on car safety.⁴¹

This would obviously be extraordinarily disruptive to the car industry but also a direct violation of TCA Annex TBT-1, covering motor vehicles, which reads:

³⁸ See Moher, R., Phippard, S., (5 January 2021), "Brexit: aviation and travel regulation", Bird & Bird. At: <https://www.twobirds.com/en/news/articles/2021/uk/brexit-aviation-and-travel-regulation>. Also Annex 30 to the TCA.

³⁹ British Standards Institute (n.d.), "Standards and Brexit". At: <https://www.bsigroup.com/en-GB/about-bsti/uk-national-standards-body/standards-and-eu-exit/>

⁴⁰ See Merrick, R. (22 February 2022), "Cabinet split over plans to force UK firms to put goods through costly post-Brexit tests", *Independent*. At: <https://www.independent.co.uk/news/uk/politics/brexit-red-tape-jacob-rees-mogg-b2020748.html>

⁴¹ Stone, J. (7 February 2022), "Government says it could use Brexit 'freedom' to ditch new EU car safety regulations", *Independent*. At: <https://www.independent.co.uk/news/uk/politics/brexit-freedom-eu-road-safety-b2009217.html>

Article 5: Regulatory convergence based on relevant international standards

The Parties shall refrain from introducing or maintaining any domestic technical regulation, marking, or conformity assessment procedure diverging from UN Regulations or GTRs in areas covered by such Regulations or GTRs, including where the relevant UN Regulations or GTRs have not been completed but their completion is imminent, unless there are substantiated reasons why a specific UN Regulation or GTR is an ineffective or inappropriate means for the fulfilment of legitimate objectives pursued, for example, in the areas of road safety or the protection of the environment or human health.

This is an area where UK actions to signal intent will influence future negotiations, creating an opportunity for opposition parties to present their own positions ahead of the TCA being reopened for negotiation.

10.R&D

The TCA provided for an arrangement to be negotiated for continuation of UK participation in the EU R&D programmes, but no deal was struck. There are also ongoing discussions about UK participation in the EU's collaborative R&D programme Horizon Europe. H2020 R&D cooperation . The European Commission has stated that all substantive negotiations are complete but arrangements have to be made to implement the decisions..⁴²

The EU has always treated R&D as a part of its whole institutions, including the Single Market. It excluded Switzerland from the EU programmes in retaliation for Swiss threats to renege on commitments to free movement.

11.Subsidies

The PD of 2019 foreshadowed a fairly broad commitment to a “level playing field” in trade, which would have included a fairly tight alignment with EU State Aid rules. The TCA only promises this for aid affecting Northern Ireland. Paradoxically, the May strategy was to commit the UK to tight anti-subsidy rules

⁴² See UK Research Office Brussels, “UK participation in EU programmes for research, innovation and Higher Education”. At: https://www.ukro.ac.uk/Pages/eu_programmes.aspx; https://ec.europa.eu/info/sites/default/files/research_and_innovation/strategy_on_research_and_innovation/documents/ec_rtd_uk-participation-in-horizon-europe.pdf

which would then have tied the hands of any subsequent Labour government, fuelling debates within Labour about Brexit.

The more freewheeling Johnson regime wanted not to tie its hands and the conclusion of the debates before 2019 was that there was little in John McDonnell's programme that would have conflicted with EU rules. The EU allowed the UK to promise to apply its own looser rules but to retain the right to impose penalties if it considered subsidies unfair. The UK's additional freedom of manoeuvre is not vastly enlarged since the EU can retaliate. The point of agreeing tougher rules is that if the process is deemed to be properly applied decisions which comply with it are not at risk of EU balancing measures or countervailing duty. We have recently seen the EU open a case against the UK at the WTO over discrimination in subsidies for green energy.⁴³

⁴³ Baschuk, B. (28 March 2022), "EU Lodges WTO Dispute Over U.K. Green Energy Subsidies", *Bloomberg*. At: <https://www.bloomberg.com/news/articles/2022-03-28/eu-lodges-wto-dispute-over-u-k-green-energy-subsidies>

4. The Five Year Review

The fundamental issue is that in addition to all of these important but separate points, the Trade and Cooperation Agreement was to cover five years only, and then was reviewable and renewable (or not) every 5 years. This creates an opening for the debate that was not held pre-2020 on what sort of relationship we need with the EU and in which direction it should evolve. The TCA is an unstable equilibrium: it offers pathways to divergence or to closer cooperation.

Hard Brexiteers appear to be claiming the NIP is not working and in effect threatening to act so as to challenge the EU to cancel the whole deal. But the range of options allowed inside the existing TCA is substantial and the space could be made use of by non-government parties opposed to a hard Brexit.

It is imperative that a debate is opened about what relationship we should have in the long term with the EU. By 2025 there will be 4 years of experience and the UK will have been able to identify what gains there have been from its newly acquired regulatory or trade autonomy. The UK cannot simply decide which cherries it wants to pick, but it needs to find a position on:

- Where experience suggests regulatory autonomy is proving or is likely prove to bring more gains than losses
- Where there is a gain to both parties by agreeing to make binding commitments
- Where the UK might benefit slightly from policy freedom but where the gain is worth giving up to secure what we want elsewhere

There will be negotiations - we will have to give in order to get. But the experience of the post-Brexit era is that autonomy is not worth as much as it appears when others can counteract. Credible commitments by two parties to cooperate can be worth far more than the ability to act alone, where each party can counteract the other.

However the credibility is important. The present government cannot extract any concessions from the EU so long as its word is not believed after the last three years. Opposition parties instead need to define a strategy that

- will make sense
- Can be seen to be supported by the voters
- Demonstrates to the EU that the UK will be a different kind of negotiating partner after election.

This needs to be put in place before the election.

The process will not be an accession process, but will have similar features in that the EU requires the UK to demonstrate its sincerity. The UK needs to take action unilaterally that demonstrates a determined commitment to cooperative behaviour rather than transactional opportunism.

Trade policy as such

Signing a customs union with the EU (but not joining the EU's CU) is logically possible. But although in some ways less constraining than being part of the Single Market, it is not likely to be politically realistic in the immediate future.

It is entirely possible that the economic situation will be so bad by 2024/25 that wholesale embracing of the Single Market would seem economically preferable and politically feasible. Joining the EEA is not a bilateral decision as all EEA states must agree. It would require acceptance of free movement. Can this be negotiated? This seems unlikely but it is not impossible that a reaffirmation of the pre-Brexit regulatory powers of the state might render an economically beneficial move politically possible.

There are numerous trade facilitation issues, including the number of physical checks at borders, and the amount of paperwork needed.. This does not simply mean the UK making demands for less bureaucracy. Checks are there for a reason. We will get easier market access if we commit not to do things which will be seen by the EU as necessitating controls and checks.

A primary goal for the UK is to secure some relaxation of the demanding rules of origin in the TCA. The UK would have to make concessions for this. In the meantime, however, lack of cumulation⁴⁴ means that roll over FTAs are actually worth less than they were when the UK was in the EU since Japanese or Korean firms cannot rely on getting duty free access to the EU for goods made with imported components.

⁴⁴ Cumulation means that imported inputs from third countries which both the UK and the EU have FTAs with can be treated like domestic materials for the purpose of getting duty free access.

Regulatory Cooperation

The UK needs a strategy that is more than just demanding the right to be different and accepting inevitable trade frictions. The TIGRR report showed very little clear benefit from additional autonomy.⁴⁵ Overall, the UK is going to have to decide what tradeoffs between regulatory autonomy and trade barriers it wishes to seek. In the meantime, businesses which are clear about the losses from leaving the SM are suffering from the issue that the original single market plan was designed to address, namely regulatory unpredictability. Curiously, Rees-Mogg has just floated the idea that the UK should allow goods produced almost anywhere to any standards to be sold freely in the UK. This aligns with the extreme Mutual Recognition pipe dream.⁴⁶ This would mean the UK abandoning all physical checks at the border, but not with any idea of “taking back control”.⁴⁷

Sam Lowe has convincingly argued that there are few areas where the government has shown advantages of divergence and hence the futility of retaining the right to do so.⁴⁸ The most obvious examples are the insistence that UK firms mark their goods with a separate UKCA sign even where standards are the same, and the proposal for a separate register of safe chemicals which will prevent exports to countries that require compliance with the EU’s REACH system, and of course failure to commit to retaining food safety rules

The EU does not easily openly acknowledge that cherry picking is possible, but there is a hierarchy of possibilities. It starts with areas where there is common gain and no obvious losers. This includes regulatory and standards cooperation. As we have noted the UK has chosen to remain in the European Standards system, and we must make the most of this. Commitments, initially 5 years at a time, should be made to remain aligned where a new government thinks this is in our interests.

High-tech firms, especially new ones, will find it hard to cope with multiple regulatory environments. They may simply choose to certify for compliance with

⁴⁵ Taskforce on Innovation, Growth and Regulatory Reform (2 February 2021), “Terms of reference”. At: <https://www.gov.uk/government/publications/taskforce-on-innovation-growth-and-regulatory-reform>

⁴⁶ See below for more details on Mutual Recognition.

⁴⁷ Merrick, R. (22 February 2022), “Cabinet split over plans to force UK firms to put goods through costly post-Brexit tests”, *Independent*. At: <https://www.independent.co.uk/news/uk/politics/brexit-red-tape-jacob-rees-mogg-b2020748.html>

⁴⁸ Lowe, S. (6 January 2022), “Most Favoured Nation: quiet convergence”, Most Favoured Nation Substack. At: <https://mostfavourednation.substack.com/p/most-favoured-nation-quiet-convergence>

EU standards and regulations. The government demand that quality labelling of goods using a new UK Conformity Assessment scheme (UKCA marks) instead of the European CE mark even where rules are the same, is lose-lose.⁴⁹

The present government insists that it can sign trade deals with third parties that more than compensate for the loss of access to the EU, though the evidence contradicts this⁵⁰. but it is clear that Lord Frost's rhetoric involved using alignment with third countries as a way to pre-empt alignment deals with the EU. It is already clear - and in the next 2 years will be clearer still - that the idea of alignment with the US to lock us out of alignment with the EU is unachievable. Despite Frost's insistence that the UK should not sign an SPS agreement with the EU because no country can allow a trade deal to dictate its domestic rules, it is clear that the government is willing to do just that in seeking to use FTAs to ease access for imports not complying with current UK standards.

Beyond SPS, the UK needs to develop a strategy for its membership of European standards bodies (CEN/CENELEC). This poses new challenges as the EU is developing a new European standardisation strategy but as members of the standards bodies we can influence outcomes via cooperation.⁵¹

A harder category is where the UK has clear asks that it chose not to pursue in the original TCA, but where the EU will see a concession being made and will have a demand that is costly to the UK. For a less aggressively nationalist government, commitment to binding regulatory alignment is not necessarily costly.

The general area where we have most to gain is in extending the scope of Mutual Recognition of testing and certification for conformity assessment. In general, Mutual Recognition means treating another country's standards/regulations as equivalent to one's own. But MR of *conformity assessment* means allowing testing labs in the UK/EU to certify that goods are indeed made to the specifications required by the other party with no further tests being needed. This can be done even when domestic standards are different. The UK demanded the right to carry on doing this, but meekly accepted the a rebuff when the EU explicitly rejected

⁴⁹ Cernat, L. (September 2021), "From SMEs to Unicorns: What Role for Trade, Standards and New Tech?", European Centre for International Political Economy. At: <https://ecipe.org/publications/from-smes-to-unicorns/>

⁵⁰ Office for Budget Responsibility (October 2021), "The initial impact of Brexit on UK trade with the EU". At: <https://obr.uk/box/the-initial-impact-of-brex-it-on-uk-trade-with-the-eu/>

⁵¹ European Commission (2 February 2022), "New approach to enable global leadership of EU standards promoting values and a resilient, green and digital Single Market". At: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_661

this: it would require a serious commitment by the UK to harmonise regulations. A new agreement could initially be time limited.

Carbon Border Adjustments (CBAMs)

The most concrete area of agreement is the alignment of carbon pricing. This is desirable in itself. Also the recent US-EU steel deal makes it clear that any state not adhering to the principles agreed by the US and the EU risks facing CBAMs from both parties. The EU is proceeding with its new regime.

We need a formal agreement on equivalence, established to build on discussions on regulatory cooperation that one would hope a new government would start immediately.

The key point is that if the UK voluntarily chooses the same carbon pricing system as the EU, UK firms will not be charged the CBAMs - but only if they can prove the emissions embodied in their products and can show evidence that the carbon taxes or ETS charges have actually been paid. We would face a similar issue to that when we have the same standards but no mutual recognition of testing and certification. It is only if we have a negotiated equivalence that border checks can be reduced to a minimum. In this area the biggest costs will be the non-tariff costs of demonstrating compliance with an equivalent regime, for every trade transaction.

Services

The UK would have liked to secure market access to the EU for services but chose not to pay the price for this in terms of alignment. Time and data have shown that it was a false hope to imagine that services trade was unaffected by distance.⁵² The UK will have to pragmatically adjust to this. Full freedom to supply services would require full acceptance of free movement of labour (not of course of all people). The UK is manifestly suffering from a shortage of labour at the moment and this may be more acceptable than in 2016. It may be that the EU would be willing to consider some partial Free Movement. This would obviously include musicians but it would be on mutually agreed terms not just the UK's wishes!

⁵² See for example PWC (May 2019), "Gravity without weight: how does distance affect UK's trade in services?". At: <https://www.pwc.co.uk/eu-referendum/how-does-distance-affect-the-uk-s-trade-in-services.pdf>

5. Conclusion

The next two years are a crucial period in which the ground has to be prepared for a review of the terms of the TCA. There are a very broad range of issues where Britain cannot avoid piecemeal negotiations or on-going frictions. What is needed is a cross-cutting new deal within the terms of the TCA, that allows trade-offs between different goals, and an honest recognition that “sovereignty” is a chimera where trade-offs have to be managed. In the light of five years of experience, the UK needs to figure out properly where regulatory freedom is actually valuable, and where it is not. There are very few areas where regulatory divergence will really bring benefits as the TIGRR report and the invitation to Sun readers⁵³ to suggest policies implicitly acknowledge.

This paper does not seek to provide precise solutions to every point, but rather to sketch out the nature of the agenda for 2025. With re-joining out of the question (at the moment), it is essential for the UK electorate to at least have the option to reverse the trend towards divergence from EU standards and regulations, within the terms set by Britain’s exit from the EU, as embodied in the TCA. One day this desire for convergence might go further, but for now at least, opening the option of closer convergence whilst remaining outside the EU’s institutions is desirable .

What happens in pre-review negotiations will determine the UK’s credibility in the review process. Opposition parties need to make it clear where they will not accept the existing arrangements, and would reverse the self-harm undertaken by the present government.

Opponents of a hard Brexit need to work internally and with EU partners to bindingly commit to halting difference in those areas where it has been shown not to be in the UK’s interests. Negotiations must take the form of identifying our interests and seeking these through concessions rather than simply threats.

The UK needs to identify those areas where it is clearly in its interests to commit to aligning itself with the EU. If it does so, it has a chance of influencing outcomes in those areas through regulatory cooperation and European

⁵³ Rees-Mogg, J. (9 February 2022), “I want Sun readers to write to me and tell me of ANY petty old EU regulation that should be abolished”. At: <https://www.thesun.co.uk/news/17603553/sun-readers-tell-me-of-eu-regulation-abolished/>

standards bodies. Through enhanced influence on the international standards system, we will restore the UK's ability to lead where its strengths are greatest.

It is difficult to spell out in detail exactly what TCA 2.0 should look like before a process of discussion and negotiation has opened, but in outline it will involve the UK seeking essentially to opt in to those areas of the Single Market that are mutually beneficial, and that some agreements are needed with the EU on some areas that are perhaps less directly profitable to the UK, but are a necessary price to pay for what is needed. Above all, the UK needs to be willing to credibly and bindingly commit for at least the 5 years of the next round of the TCA process, after which another review is possible.

About PEF

The Progressive Economy Forum (PEF) was founded and launched in May 2018. It brings together a Council of distinguished economists and academics to develop a progressive and sustainable macroeconomic programme and to foster wider public engagement with economics. It opposes and seeks to replace the current dominant economic narrative based on austerity.

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