

That Customs Union again

How many more times do we need to explain the Customs issues to the media and to some of the Remain peers and MPs?

The government's debate about the New Customs Partnership or Max Fac (Maximum Facilitation) is we read inclusive. There does seem to be general agreement there is no worked out model of a New Customs Partnership that everyone thinks will work, and certainly no buy in to the original concept from the EU. No 10 has denied rumours that the government now wants to extend transition. That would be a very bad idea.

I suggest the government leaves the NCP debate, and goes back to the basics of the negotiation. They tell us they have worked up a No Deal option and are prepared to leave without a deal next March, though they are very keen to have a deal. So the first requirement in any briefing of Ministers and in public statements should be to set out clearly how the system will work with No Deal as the base case. This is not difficult to do, as we know how we currently trade with the rest of the world under WTO rules and with the EU tariff schedule, and we know that works. Many so called complex supply chains need components from outside the EU and they come in just in time. We can then negotiate better terms with the rest of the world, reducing the tariff barriers that already exist. Any deal needs to be better than No Deal.

The government should then ask the EU if it wants a tariff free deal or not. Assuming it does we then do not need to put the extra customs line into electronic filings for EU goods in the way we currently do for non EU goods. The UK and EU can negotiate the exact terms quite quickly, as it can be based on Canada plus extra items that reflect our current arrangements for service access to each other's markets.

If the EU does not want a free trade agreement with us then we end the idea of a Deal and ensure proper enforcement of the smooth border arrangements under the WTO Facilitation of Trade Agreement . We should agree a sensible way of dealing with detailed matters to ensure smooth flows of trade, which are much in the EU's interest.