

Covid-19 and Brexit

The economic turmoil caused by lockdown measures combined with uncertainty over Brexit has been said to create a 'perfect storm'.

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The Coronavirus pandemic has redirected public attention away from Brexit to a revised source of news updates. However, the government remains of the position that Brexit will proceed as described in their 2019 manifesto. The transition period will end on the 31st December 2020, with or without an effective deal.

The European Union (Withdrawal Agreement) Act 2020 reflects this commitment and prohibits the government from agreeing to an extension beyond the end of this year. Despite this Parliament still cannot bind itself and the option to amend the act to allow for an extension request still remained. And indeed, this option has remained throughout the coronavirus pandemic.

But now the position is cemented. The withdrawal agreement itself states under article 132 that an extension cannot be granted any later than 30 June 2020. Therefore, at present, the situation truly is deal or no deal. Such a polarised stance in light of the delays caused by the pandemic will no doubt heighten anxieties.

From the beginning of lockdown measures, logistics of the Brexit process were impacted. Talks which were scheduled on the 18-20th March were cancelled and following this there has been progression only by video conferencing. Delays must also have arisen from key players having to wrestle with the virus. The chief negotiator from the UK was forced to self-isolate and his EU counterpart actually caught the virus. Not to mention the Prime Minister's own admittance to hospital and eventual intensive care.

More recently atmosphere around progress has been mixed. Michel Barnier's statement on Round 4 of the negotiations on 4th June was not positive and this is reflected simply in his statement "the truth is that there was no substantial progress". Subsequently a new programme of intensified negotiation, to start on 29th June, has been agreed. Diplomats have also reportedly identified a shift in mood following the Prime Minister's virtual summit with EU chiefs.

However, in the meantime the UK remains subject to EU rules and consequently to their policy approaches being taken with regards to coronavirus. For example, the various Coronavirus Business Interruption Loan (CBIL) schemes required approval from the European Commission. You can read more about CBIL and other [financial support packages here](#).

For Brexiteers, such requirements for approval could be a motivating factor to ensure the 31st December 2020 deadline is met. They represent simply another restriction on sovereignty. Indeed, this is somewhat exemplified by the UK's current inability to participate in the decisions being made. Conversely, the shared difficulties arising from the pandemic could invoke a more unifying sentiment and inspire solidarity between nations.

This sentiment could be reflected in the upcoming negotiations.

Although that sentiment has not been reflected during the pandemic, as seemingly reflected in the UK government's decision to not participate in the EU's Joint Procurement Agreement. The Agreement encouraged a collaboration in procuring vital medical equipment to fight the pandemic. The decision has been subject to some scrutiny by the media, of which the government's response has been mixed. But whether it was a political or economic decision or otherwise, the Agreement was still a means to take part in an EU effort to combat the pandemic.

This more independent approach will be increasingly difficult to justify when applied to subsequent economic recovery. The economic turmoil caused by lockdown measures combined with uncertainty over Brexit has been said to create a 'perfect storm'.

To illustrate, following limitations placed on global trade to stop the spread of the virus companies will be desperate to revive international activity. And if during this crucial recovery time the government mandated the closure of easy access to the single market, transnational businesses would quickly become frustrated.

Similar issues may arise with leisure travel. It would not be unreasonable to predict a boom in holidays following the re-opening of borders and relaxing of quarantine measures. Lockdown fatigue combined with money saved from the closure of outlets such as restaurants and bars will likely cause an onset of holiday travel. Pursuing a policy of more restrictive travel from the UK into the EU (and vice versa for the tourism industry) will not garner much public support.

Following the end of lockdown measures, the government will have to balance these and other shorter-term considerations against their much longer-term vision of a UK outside the EU.

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