

UK sets out trade plans to limit no-deal Brexit damage

Jim Pickard and James Blitz in London and Mehreen Khan in Strasbourg 11 minutes ago

The price of food and cars imported from Europe would jump steeply under a no-deal Brexit, UK officials revealed on Wednesday in a bid to pressure Tory MPs to vote to prevent Britain leaving the EU without a withdrawal agreement.

The UK government set out the long-awaited trade plans after Theresa May's exit agreement with the EU suffered a humiliating second [defeat](#) on Tuesday.

The plans, which would apply both to imports from the EU and from outside the bloc, would eliminate 87 per cent of tariffs but introduce 10 per cent duties on cars, and levies on beef, chicken and pork as well as protections for the ceramics industry.

The government set out the tariffs as Brussels' chief negotiator warned there was a rising risk of a no-deal outcome "by accident".

Barely two weeks before the scheduled March 29 exit date, Michel Barnier told the European Parliament in Strasbourg that the risk of no deal had never been higher. He added there was no alternative to Mrs May's deal and no point in further discussions with the UK until the British government "tell us what we want".

Meanwhile, Carolyn Fairbairn, director-general of business lobby group the CBI, said the UK government's tariff plans underlined the risks of no deal.

"This tells us everything that is wrong with a no-deal scenario," she told BBC Radio 4's Today programme. "[This is] the biggest change in terms of trade this country has faced since the mid-19th century being imposed on this country, with no consultation with business, no time to prepare."

Ms Fairbairn added: "What we potentially are going to see is this imposition of new terms of trade at the same time as business is blocked out of its closest trading partner. This is a sledgehammer for our economy."

The plans to slash tariffs on most other goods under a no-deal Brexit could make UK industries more vulnerable to competition from overseas and create deep problems for Northern Ireland in particular.

While the House of Commons is expected to back a motion on Wednesday evening opposing a no-deal Brexit, scores of Tory MPs are likely to vote against it, despite warnings from the Treasury that it would lead to deep economic damage for the UK.

Philip Hammond, the chancellor, will also set out details at midday in a Spring Statement on the UK finances for billions of pounds of spending if Britain can agree a deal with the EU.

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The new tariff system would only apply for 12 months after a no-deal rupture while the government consulted on a new, permanent approach to tariffs.

Tariffs would also apply to lamb, some dairy, ceramics, fertiliser and fuel. But products with zero tariffs would include aluminium, steel, machinery, arms and ammunition, footwear, paper and wood products, posing a challenge to UK producers of such goods.

Because of World Trade Organization rules, the UK would have to impose the same tariffs on goods from the EU and from other countries around the world if it left the bloc without a deal. Other

countries are under no obligation to reciprocate by cutting their own tariffs for British imports.

The government also announced that in the event of no deal, there would be no tariffs on any goods moving from Ireland into Northern Ireland, no matter their place of origin.

That would leave farmers in Northern Ireland at a competitive disadvantage to their Irish rivals.

However, there would be new checks away from the Irish border to protect the biosecurity of the island of Ireland. That would involve the setting up of a new “designated entry point” in Northern Ireland where animals and animal products from outside the EU would require certification and pre-notification before arriving in the rest of the UK.

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Whitehall officials conceded that this would have a potentially negative impact on the competitiveness of industry and agriculture in Northern Ireland. “However these are the only steps the UK government can unilaterally take to deliver on our absolute commitment to avoid a hard border in the event of no-deal,” the government said.

There would also be new import requirements on a “very limited” set of goods such as endangered species and hazardous chemicals.

Many products shipped across the Irish Sea from Ireland to Wales or England would also have tariffs slapped on them.

Officials acknowledged that this could be vulnerable to abuse by the unscrupulous.

One official played down the idea that smugglers could bring European cars or other expensive goods across the land border — and then into England — to escape tariffs. “That’s the kind of thing we would be monitoring closely,” he said.



Theresa May says she 'profoundly' regrets Brexit loss

Officials said that the new tariff schedule could have a small positive impact on growth although this would be dwarfed by the wider damage to the economy from leaving the EU without a deal. At present the UK enjoys tariff-free access to EU markets.