



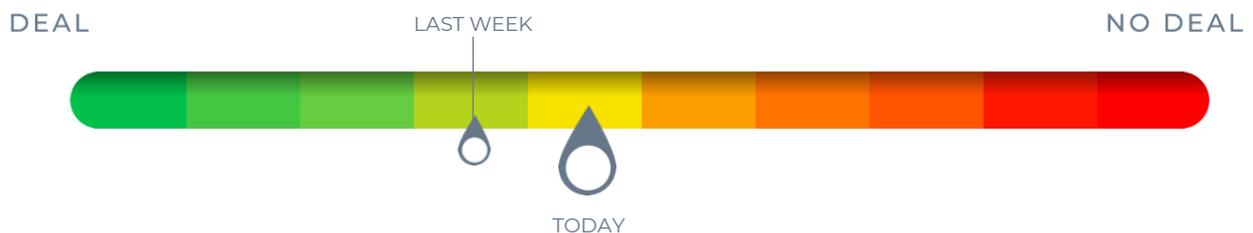
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UK-EU DEAL UPDATE

16 October 2020

Charlotte Street Partners is issuing a weekly update of the key developments and analysis about the prospects for a deal on the future relationship between the United Kingdom and the European Union, as the UK exits the single market and customs union on terms (or no terms) as yet to be determined.

Significantly, the prime minister's deadline for a deal has been missed. But for reasons we outline below, we caution against despair. While accidents can always happen, we still believe a deal remains the most likely outcome and we can never entirely know the extent of the informal nudges that move matters forward. That said, the stance from Downing Street today does add significant uncertainty, and for that reason we conclude that a deal is somewhat less likely than at this time last week.



WEEKLY RECAP

- Boris Johnson's self-imposed deadline of 15 October for an agreement has passed without one being reached. There is an invitation from the EU for talks to continue in London next week and Brussels the week after. However, the prime minister's spokesman has told journalists today that the negotiations are "over".
- The Fisheries Bill cleared the House of Commons, after environment minister Victoria Prentis said it was a "once in a generation" chance for British fishermen to seize control of their waters.
- Secretary of state for transport, Grant Shapps, told a travel trade conference that there is the possibility of UK-EU flights being grounded at the end of the Brexit transition period.
- At separate points this week, both Boris Johnson and UK chief negotiator, David Frost, expressed their disappointment after the EU changed its commitment to "intense



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negotiations” and called on Britain to make the next move. However, European Commission president Ursula von der Leyen said today that her negotiation team would “intensify” talks next week in London.

- o Treasury minister Lord Agnew said that some British firms were taking a “head in sand” approach to post-Brexit trade and called for them to “engage in a more energetic way”.
- o Four ferry firms were handed government contracts worth nearly £80m to provide post-Brexit freight capacity.
- o A survey from the Institute of Directors found that nearly half of the 1,000 respondents said their business was not yet prepared for the end of the transition period and nearly a quarter may not be prepared in time. The majority said that the pandemic would magnify the impact of a no-deal Brexit on their organisation.
- o Irish foreign minister Simon Coveney said that a deal was “in sight”, although he noted that both sides were still some way apart on fisheries. Charles Michel, president of the European Council, repeated the need for a “level playing field”.
- o The prime minister said today that unless there is a “fundamental change in approach” from the European Union then the UK will go for the “Australia solution” in the post-Brexit trade talks.

OUR TAKE

It was meant to be done and dusted yesterday, except that it really wasn't.

Boris Johnson imposed a 15 October deadline some weeks ago for an agreement to be struck. Those who follow the history of missed deadlines throughout the entire Brexit process – the UK was meant to leave in March 2019, then October 2019, before finally officially exiting at the end of January – may not be too surprised.

So we move into a new phase of the endgame, noting that the signs remain positive for some form of deal, even if the verbal shots fired throughout this week might have disheartened some. As we have said before, the subtle changes in language tell us more than the more bombastic rhetoric.

Take Emmanuel Macron. The French president, despite his warm personal relationship with Johnson, has been a vocal driver for the EU not to back down on fisheries, given the likely impact for French fishing communities in the north west of the country. Yet – and we must hat tip [Fraser Nelson from *The Spectator*](#) for drawing it to our attention – his language has modified in recent days, talking now about “access” to UK waters rather than “equal rights”.



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These slight nuances are important and provide evidence that we are still moving forward in some way.

The prime minister today has come out using fighting language, which in our divided politics will delight and infuriate in equal measure. Ursula von der Leyen immediately responded that the EU would not work for a deal “at any price”. Whilst some will be pessimistic this Friday, we should have a clearer sight of where we are on Monday or Tuesday next week, when we can see if the EU’s offer to continue really has been turned down.