



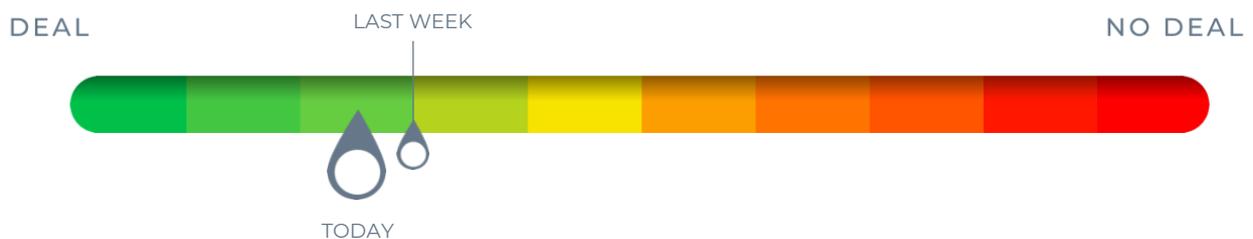
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## UK-EU DEAL UPDATE

30 October 2020

Charlotte Street Partners is issuing a weekly update 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.

With talks continuing, but somewhat dropping off the radar as much of western Europe either teeters on or enters further lockdown, it is difficult to fully appraise progress. For that reason, we have edged our dial forward to where it was a fortnight ago, which is still to say we believe a deal is the most likely outcome.



### WEEKLY RECAP

- o Talks continued in London at the start of this week and shifted to Brussels on Thursday, with Downing Street warning that “time is very short” to reach a deal.
- o The chief executive of Logistics UK said that leaving the EU without a deal “has cost implications” and will “impact consumers in their pockets”.
- o Conservative peer Lord Cormack warned, as the House of Lords began its scrutiny of the controversial Internal Market Bill, that the UK government cannot “ride roughshod” over devolution. The upper chamber is expected to make significant amendments to the bill.
- o Another peer, Lord Teverson, who chairs the House of Lords EU Environment sub-committee, raised concerns about the potential risk to the supply of pharmaceutical drugs to Northern Ireland following Brexit.
- o The chancellor of the Duchy of Lancaster, Michael Gove, claimed that the UK government has been denied access to “crucial data” on Brexit from the Scottish government.



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- o The Scottish parliament backed plans to align Scotland's laws and environmental standards with EU regulations after Brexit. The Scottish government's minister for further education, higher education and science, Richard Lochhead, said that Scotland's education and research benefits were under threat from Brexit.

## OUR TAKE

Clarity is coming with the pace of a Greenland glacier but it is coming. And like that glacier, the journey won't stop there. This much we know. A deal, however thin, will evolve over time. All such constitutional moves are processes rather than events.

Governments in Europe are now being overwhelmed by the rise in Covid-19 cases, but of course talks between the UK and the EU are ongoing. With a number of non-Brexit challenges hurtling over the horizon, the need to conclude and move to the next phase of the relationship would be welcome for both sides.

We have said before that, with a global health emergency eating up all government thinking and resource, there is no real doubt that the achievement of a deal is desirable for all. The terms of a deal will be heavily scrutinised, often negatively, but that will be then and this is now. We can see this desire in the warm language used by the secretary of state for Northern Ireland, Brandon Lewis, at the start of the week, praising EU chief negotiator Michel Barnier for staying in London. The posturing of a fortnight or so ago is, for the moment, not in evidence.

Some nervous chatter about how the likely election of Joe Biden (we said *likely*) as US president will affect that country's view of Brexit, and the visible ramping up of dissent from the Scottish government, are very important issues and deserve their place in the sun. But they will have no effect on the agreement of a deal that looks to be in reach.