



Brexit - A Drama in 'X' Acts

by Peter Standring

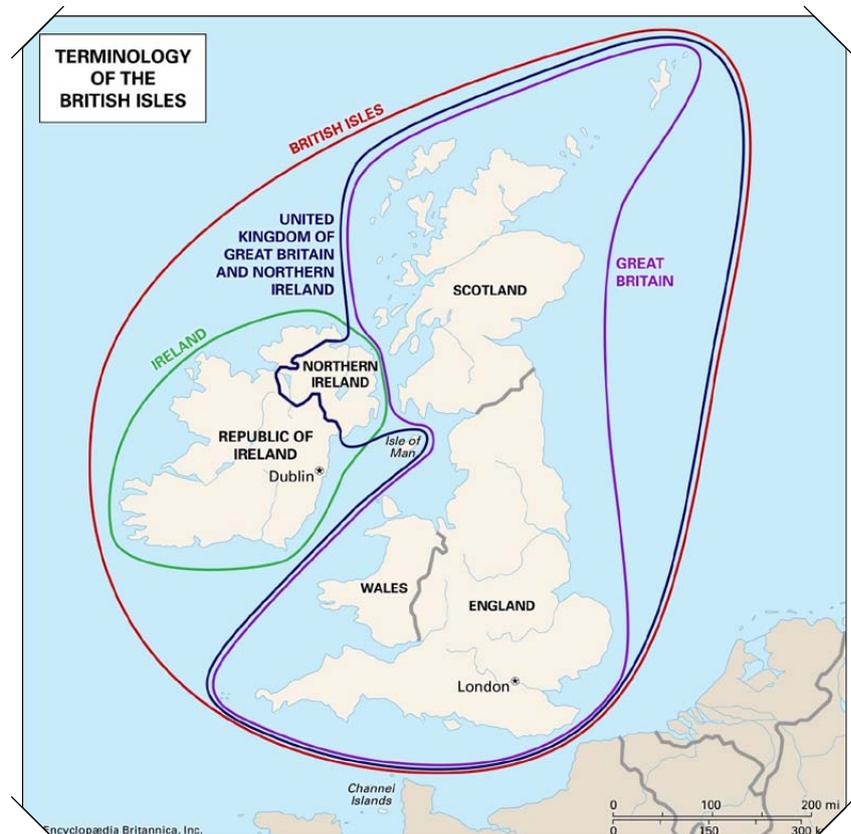
Act One: Swimming against the tide?

In this author's lifetime the population of the Earth has increased three and a half times to ~7.5 billion and is forecast to become close to 10 billion within a few years. Clearly, given the finite resources this planet has and the increasing demands placed upon it, logic dictates that to survive, the human population must work together.

As a boy, I was fascinated by old maps showing a patchwork of small countries some having unpronounceable names. Many of these, as I learnt later, consisted of regional populations which, for one reason or another, simply refused to acknowledge each other's existence. One solution to the problem of people not sitting together to discuss their differences, is to sweep lots of similar groupings into one large gathering and to give them all a seat at the same very large table. Such Federations, Associations, Unions etc., exist around the world and have even broader examples within the International Institutions of the United Nations, The World Bank etc..

The British Isles is an archipelago consisting of over 6000 separate islands which are often coloured pink on maps. In days long gone, having the largest navy in the world and a very large Treasury where many other countries also kept their money for safe keeping, the British sought to paint other places on the map pink as well. The purpose, to establish trading monopolies. With the end of Empire, the only remaining pink places on the map outside the British Isles are tiny overseas Protectorates.

Great Britain, which is the largest island in the archipelago, consists of the kingdoms of England and Scotland together with the Principality of Wales. The second largest island is Ireland which includes the Irish Republic (Eire) in the south and the British Province of Northern Ireland in the north. Both England and Scotland are monarchies which currently have a Queen (Elizabeth II) as Head of State.



In 1973, the United Kingdom (UK), consisting of Great Britain (GB) and Northern Ireland (to give it its full title), joined the existing six nations which formed the European Economic Community (EEC). Over the resulting years, the EEC expanded to include 28 independent nations and was rebranded as The European Union (EU). This was to reflect its new Political as well as Commercial development.

On 31st December 2020, the UK became the first country to leave the EU. In so doing, it sought to end over 40 years of joint legal regulations and contracts relating to virtually all aspects of life.

As GB is an island, it has no direct borders with any countries of the EU. However, in the island of Ireland, there exists an unmanned border between the North and the South. Since the Brexit agreement ensures a, 'free to travel' border within the island of Ireland, it follows that all Customs checks must take place within GB and/or the sea ports of Northern Ireland. This is termed the Northern Ireland Protocol.

So, whilst many of the world's leading trading economies are seeking to link their commercial activities to encourage the expansion of business, the UK appears to be moving in the opposite direction with regard to their closest and largest trading partner.

Act Two: The show must go on

It is an interesting reflection on the topsy-turvy world in which we live that profound changes affecting the lives of millions of people can be made with just the stroke of a pen.

At the end of Empire, the UK, like other ex colonial nations, created a Commonwealth of those countries which had previously been within their judicial authority. This was and remains headed by the Monarch. However, in 1973, on joining the EEC, the UK was required to reduce its trading links with the former parts of its Empire. This author well recalls the Government pleas to UK business to create trading links with its new European Partners citing the large populations lying just off shore.

Post BREXIT, the same political pleas are now being made to develop trading links with any and everyone outside the EU trading bloc, particularly to those nations which continue to form part of the British Commonwealth. This is interesting given that many Commonwealth countries lost their largest trading partner when the UK joined the EEC.

Of course, the global Coronavirus Pandemic has had the effect of throwing virtually all human activities into slow motion.

For BREXIT, this has had the very desirable effect of easing the demands on its roll-out. Given the apparent lack of preparedness of virtually everything, it is impossible to speculate what might have occurred if all travel, transport, communication, manufacture etc., had been functioning as it did in 2019.

But, as the saying goes, we are where we are and, like the Circus, the show must go on. So, the Ringmaster, consummately attired in his bright red coat and wearing a tall black hat, strides purposefully into centre stage and cracks his whip to attract attention. "Ladies and Gentlemen", his rich voice intones, "Today, we have a show for you unlike any seen before. Our performers from around the World, consist of the biggest and best you have ever witnessed. So, I ask you all, to provide a huge round of applause for what is to come."

Act Three: Mutiny in the ranks?

The Big Tent terminology used to describe the home of a Circus, is very similar to the hypothetical table around which many political players are invited to sit and where their dissenting voices are rarely listened to.

In 1999, the UK Parliament passed legislation granting devolved powers to local administrations in Scotland, Wales and Northern Ireland. With the exception of Northern Ireland where the majority of the voting population wish to maintain their links to the British Parliament, the regions of Scotland and to a lesser extent Wales, see complete independence as a future political goal.

England does not have devolution and in terms of population, at over 80% of the UK is by far the largest grouping. Scotland has less than 10% population, Wales ~5% and Northern Ireland ~3%.

However, in this particular trading situation, the relative size and distribution of the population is perhaps of less importance than the respective regions of the UK which they occupy.

In Scotland, which could vote to become an independent nation within a decade, the BREXIT vote was strongly in favour of the UK remaining inside the EU. This was also the case in Northern Ireland. However, in Wales and England, the popular vote was to leave the EU.

Were Scotland to vote for independence from the UK, then it is likely they will seek entry to the EU. Being located close to Scandinavian countries, it is clear that direct access by sea from and to Northern Europe would present no problem.

In such a scenario, there would have to be a new series of border customs posts at all land crossings between Scotland and England. This would also be the case with all the entry ports for local trade. The same would be true for Wales if the population there were to obtain independence from the UK.



This situation concerning what might happen if the UK were to be replaced by their individual component entities acting independently is currently being played out between Northern Ireland and The Irish Republic (Eire).

Act Four: When push comes to shove!

The Irish Republic and the UK joined the EEC at the same time in 1973. This of course meant that all trade between the two countries was regulation and tariff free.

Although borders were open for trade, the roads between the north and south of Ireland were controlled by the British Army. This situation continued until the Belfast Agreement was signed in 1998 ending the so called 'Troubles'.

The BREXIT negotiations were conducted with the full agreement from all parties that there should never be a 'Hard Border' on the Island of Ireland. In essence, this meant that any goods could enter or leave The Irish Republic and/or Northern Ireland land borders without "customs" checks.

Clearly, to do this whilst maintaining cross border regulations would mean that any and all checks must take place before, or at the point of entry from GB into Northern Ireland.

This apparently simple requirement threw a huge spanner into the BREXIT negotiations. On the EU side, 'free movement' across the land border between the north and the south was a 'red line' situation. For the UK, since Northern Ireland was a part of the country, there could not be any borders between GB and Northern Ireland.

This seemingly insurmountable problem was finally resolved (in time for the BREXIT agreement to be signed) by introducing the Northern Ireland Protocol. The 63 page, closely argued text covers all aspects of trade in the special situation which exists in Ireland and Northern Ireland.

It naturally requires customs checks between GB and Northern Ireland which the UK Prime Minister stated could and would never happen. Just weeks after its roll-out the First Minister of the Devolved Northern Ireland Government has called the Protocol "disastrous" and is demanding that it should be dismantled.

At the time of writing this article, litigation is being threatened by both the EU and UK in international courts relating to this situation.

An immediate physical consequence of the imposition of customs requirements between Northern Ireland and the GB mainland has been the very significant increase in sea ferry transport directly between EIRE and the EU, cutting out the previously favoured route into the EU through GB. Couple this with the growing cacophony of traders on both sides of the BREXIT borders bitterly complaining about unwanted documentation and unnecessary bureaucratic interference and the immediate fall off in business is not a surprise.

As in all new situations, over time, systems will develop to minimise the problems. However, in these early days, it is not unexpected to see people voting with their feet to circumvent what they view as obstacles.

Act Five: Fasteners – a future!



So, into this apparent maelstrom of claim and counter claim often stirred by the political spin of hubris or predicted calamity, we have the real world of Fasteners.

As a move toward independence from the EU, the UK stated its intention to replace the EU, CE certification mark with its own UKCA mark. So, from 1 January 2021 the UKCA mark needs to be applied to goods being sold in the UK although a period of one year of grace has been extended before the CE mark is no longer valid. By a similar argument, the new UKCA mark will not be recognised within the EU. However, according to the BREXIT agreement, in Northern Ireland, products sold there must carry only the CE mark. Or, in other words, the UKCA mark is only accepted in GB not the whole of the UK!

At another level, UKCA and CE marks are obtained from Market Conformity Assessment Bodies. Those operating in the UK which for many years will also have served the whole of the EU, now find they are blocked from supplying the CE conformity marks they did before. In the same tit-for-tat manner, those companies working in Continental Europe which facilitate the CE mark are excluded from providing UKCA conformity.

The same situation also applies to Technical Approval Bodies which manufacturers use. A UK position is being considered by Government but has not yet been determined. For goods made in Northern Ireland, they can be sold within GB carrying a CE, UKCA or a CEUKNI mark which can be used when an approved body gives a certificate based on EU rules.

As the reader will have gathered at this stage, the whole area is like a new website displaying the sign, "under construction". This author will make no attempt to enter this minefield. However, the following may be of help to those who need to?

First, determine if the product being 'placed on the market' requires a mark. This may relate to the manufacturer or a distributor selling further down the market.



Next, since the EU has spent years developing its regulations, begin with its Assessment and Verification of Constasy of Performance (AVCP) documentation. This includes, the Declaration of Performance (DoP) and the methodology required to obtain a CE mark. It follows, that until it gets its own act together, the UK will utilise the EU documentation it is familiar with until it is able to produce its own.

Intermission: Shall we stay for the next Act?

The reality of BREXIT is that in 1973 the UK needed the EEC more than the EEC needed the UK. For almost fifty years as a participating partner, the UK provided significant benefits to EU development. Not least of these were the mountains of documentation covering virtually all aspects of life.

As every business knows, you increase efficiency by sharing back office tasks. For a nation of ~65 million people, not all of whom agree with the national policy, to decide to rewrite, abbreviate, condense the documentation concerning how they should live simply to be seen to be different makes little apparent sense.

For goods manufactured in the UK and carrying a UKCA mark, the question to be asked is, will that provide a better marketing edge than they had before?

For the placement of goods into the UK requiring a UKCA mark, will that do more than increase cost?

And for the good folks who live in the no-mans-land of Northern Ireland, will they see more benefit in voting to join the south and remain in the EU as they voted to do during the BREXIT election?

The Covid Pandemic has had a dramatic effect on the UK economy not experienced since the 1940's. However, in reducing demand, it has also decreased the possible strains which massive change always brings. What will follow is at the time of writing, anyone's guess.

For those whose daily activities rely on stability, organisation and planning (particularly supply chain managers), it would appear that BREXIT has brought little to look forward to inside the UK. Change does bring opportunities but these always need to be identified and taken advantage of. Given the UK back office has yet to finish the selection/installation of much of its software programs, it would appear to be unlikely to hit the road running when the global economic recovery kicks in. For those unable to wait, the setting up of better supply chains inside GB may be the urgent answer? Unfortunately, a better crystal ball may provide a clearer picture but it can't change what is in it!

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