Britain could be seeking 'an all-UK customs union with the EU' — and Ireland backs the idea

Holly Ellyatt CNBC, 4 Oct 2018



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Traffic passes a Brexit Border poster on the Dublin road Co Armagh border, between Newry in Northern Ireland and Dundalk in the Irish Republic, on December 1, 2017, The European Union will not accept Britain's Brexit offer if Ireland is not satisfied with proposals for future border arrangements, EU President Donald Tusk said in Dublin on December 1, 2017.

U.K. Prime Minister Theresa May is reportedly working on a proposal that could see her seek an all-U.K. customs union with the European Union (EU) and has received the tacit backing of Ireland for such a post-Brexit deal, the Financial Times said Thursday.

The British newspaper reported that one of the proposals May is working on "is for the whole U.K. to participate in a customs union with the EU," a scenario that could take effect if no other solution to the Irish border issue is found. The U.K. could stay within a customs union until a U.K./EU trade deal is finalized, the paper said.

Officials in Dublin, not named by the paper, "privately argue it could settle the border question and open the way to a deal" but the EU's chief negotiator Michel Barnier has rejected the idea. A senior Irish official involved in Brexit talks was cited by the paper as saying, "whether Europe accepts it or not is another conversation."

Irish Prime Minister Leo Varadkar and Barnier are meeting later Thursday.

<u>The border between Ireland and Northern Ireland</u> (a part of the U.K.) is one of the biggest stumbling blocks in Brexit talks. The border between the two countries will become the U.K.'s only land border with the EU after Brexit, which is due to take place in March 2019.

Arguments have centered on how to maintain trade and the free movement of goods and people between the north and south of the country – crucial to the island's economy, society and the hard-won peace process – while maintaining EU customs rules and checks.

There were suggestions that Northern Ireland could remain part of the EU single market or some kind of customs union but the U.K. (and pro-U.K. politicians in Northern Ireland) refused to allow the country to be treated differently to the rest of the U.K.

Keeping the whole of the U.K. in <u>a customs union with the EU</u> – which mean there would be no tariffs on goods transported between the U.K. and EU (but common external tariffs) – could therefore prevent the need for a hard border, and costly and complicated customs checks.

The "temporary" extension of the customs union would prevent Northern Ireland being carved off from the rest of the U.K. into a separate EU customs territory, the Financial Times report noted. Some British ministers predict the arrangement might in practice extend well into the next decade.

May delivered a keynote speech at the final day of the Conservative Party conference on Wednesday at which she told delegates that Britain's post-Brexit <a href="future is "full of promise" and that the country "has everything we need to succeed."

Read the original story in the FT here.

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