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Brexit, One Month After

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"This [Brexit] is an amazing moment for this country."

–Boris Johnson (New Year's Day, 2021)

"Only a quarter of Brits believe Brexit has 'gone well' so far"

– YouGov poll

The UK's official departure from the EU took place on January 1, 2021. The Brexit roll-out, not unexpectedly, has been awash with problems.

The government describes these as "teething problems", but it is clear that some of them are inbuilt into the Brexit deal, and will be there for the duration.

As expected, the Northern Irish border is one of them. Northern Ireland is part of the UK, but remains in the EU's economic orbit because it shares a border with the EU-member Republic of Ireland.

The Prime Minister, Boris "BoJo" Johnson, insisted, implausibly, that there would be "frictionless" trade despite this border arrangement, but this has not turned out to be the case.
UK companies shipping goods to Northern Ireland face new customs rules and health checks that have the same impact as shipping goods to the EU per se, rendering Northern Ireland a "foreign" country, economically, even though it is a part of the UK.
The post-Brexit UK-EU trade deal allows goods to move without tariffs or quotas, but businesses still face extra costs, paperwork, inspections, and other barriers.
Businesses anticipated these hurdles when trading with the EU, but were relatively unprepared to face the same obstacles when shipping goods to Northern Ireland.
These measures regarding shipments to Northern Ireland were put in place to retain an open border between Northern Ireland and the EU-member Irish Republic to its south.
The potential pitfalls regarding this border arrangement became apparent a couple of weeks ago, when the EU proposed a ban on shipments of the Covid vaccine to Northern Ireland in order to bolster the bloc's vaccine stocks.
This step would have created a hard border, for however short a term, between the two parts of Ireland, and in so doing breach the terms of the Brexit deal.
Irish leaders were quick to object to the EU's plan, and Brussels dropped it in a couple of hours—the European Commission president Ursula von der Leyen (a medical doctor by training) apologizing for her "mistake".
The transport of medicines is clearly an issue for Brexit cross-border provisions. An official of the Confederation of British Industry (CBI) told a parliamentary committee that an unnamed drugs manufacturer had been forced to move its production from Wales to Ireland in order to overcome delays at the UK-EU border.
Friction at the border held-up the manufacturer's exports of time-sensitive cancer drugs to the EU, which had to be destroyed as a result, the committee's MPs were informed.
The BBC surveyed 3 exporters in the North East, and reported as follows:
A brewery in Newcastle has been hamstrung by the new shipping rules, which have caused its beers to be held-up in ports or returned to it, severing it from its EU markets– which account for a quarter of its business– in the process. Wylam Brewery has already lost half its business because of the pandemic lockdowns.
Another firm operates clothing banks for charities. It sorts, repairs, and packs donated items into containers that are sent for sale to the EU and elsewhere.
The new "rules of origin" require all products not originally made in the UK to be subjected to a 5.3% import duty before they can enter the EU. Many clothing items have "Made in China" labels attached to them, and these are now subjected to the EU's China import tax. As a result, ECS Textiles has 20 tonne/20,000kg containers languishing at a port in Latvia (to which it sends 5 containers per week), and is incurring extra storage costs while they are there. The charities involved are receiving less money as a result.

Another firm manufactures metal fasteners for chemical drums, which it ships to Germany and other countries, and is facing increased haulage costs since Brexit. The price of a single container has increased by £650/$891, and Berger Group Europe has had to suspend several of its exports to the EU.

More complex paperwork can be streamlined in time, but the extra haulage costs and import duties are here to stay.

The Tory government is putting a positive spin on events.

UK supermarkets are not facing food shortages, but this is due in large part to businesses stockpiling ahead of Brexit and in anticipation of any chaos caused by the Covid pandemic.

Large-scale traffic jams have not occurred at English Channel ports, and the expected monster 7,000-vehicle tailbacks have not materialized.

Traffic is flowing efficiently across the Channel, with fewer than 5% of trucks being denied entry because drivers lack the requisite documentation.

Business organizations say this is not necessarily to the government's credit–companies have opted to scale-down their cross-Channel transactions as they wait for things to improve, and *The Observer* reports that the volume of exports going through British ports to the EU fell by 68% last month compared with January 2020, primarily as a result of problems caused by Brexit.

These organizations say businesses need more support to overcome post-Brexit obstacles, and are pleading with the British government and the EU to streamline customs paperwork and to reduce "rules of origin" bureaucracy that has requires businesses to prove their goods are British (as opposed to being manufactured in some other country and having a "Made in Britain" label slapped on them) and thus entitled to tariff-free trade.

The British government says it is spending millions to help companies with these problems.

Having done their best to deceive the electorate in the run-up to Brexit over the problems potentially afflicting cross-border trade, the Tory Brexiters are now admitting that frictionless trade was a mirage.

The International Trade Secretary Liz Truss said recently:

"We've always been clear that trading as a third-party country would involve processes, the similar processes that you have for trading with the United States or Japan or any other countries".

Contrast this with the breezy statement made in 2016 made by Michael Gove, the current minister in charge of Brexit: "The day after we vote to leave, we hold all the cards and we can choose the path we want".

Hand in and with the deception that Brexit would be almost completely free of obstacles to trade, Brexit supporters maintained that leaving the EU would enable the UK to develop its own economic programmes and set-up trade deals with this or that country of choice.

Last week the UK applied to join the Comprehensive and Progressive Trans-Pacific Partnership, a trade bloc of 11 countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam). Unlike the UK, all these countries have proximity to the Pacific, which does not bode well for the success of the UK's application.

In any event, sceptics point out that the UK's £111bn/$152bn in annual trade with the Pacific bloc is a fraction of the £670bn/$920bn a year in trade between the UK and the EU.

It is becoming increasingly clear that no such trade deals can match the trade advantages the UK had as a member of the EU, and that the Tory government was being less than candid about this with the UK electorate.

Things are due to get more complicated. *The Guardian* reports:

In the coming months further checks are due to be phased in at the UK border, controlling everything from the import of sausages and live mussels to horses and trees, as well as the locations these checks can take place.

One logistics firm warned the situation had "disaster written all over it", saying businesses need more time to prepare, while accountancy firm KPMG said some of the "biggest headaches" facing traders are yet to come. Importers fear UK customs are not ready for the new controls, and that logjams at points of entry could cause fruit and vegetable shortages in the spring.

The "teething problems" excuse used by BoJo Johnson and his pals looks increasingly to be no such thing.

Brits are starting to face the beginnings of a permanent economic shift, involving long-term economic adjustments for which they are ill-prepared.

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