

UK trade hit hard as Brexit crisis deepens

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10 February 2021

The economic dislocation caused by Britain's exit from the European Union (EU) is making itself felt, threatening serious political consequences for Prime Minister Boris Johnson's Conservative government and the Brexit agreement.

At the centre of the crisis is Northern Ireland. According to the Northern Ireland Protocol agreed between the UK and the EU, Northern Ireland remains within the EU's single market for goods, meaning import and export checks must be carried out on goods travelling between Britain and Northern Ireland. This effectively placed a customs border down the Irish Sea, rather than between Northern Ireland and the Republic of Ireland—an EU member state—which would have compromised the Good Friday Agreement ending the armed conflict in the northern six counties.

The EU implemented import checks immediately after the deal came into effect on January 1, a few days after it had been ratified by the UK Parliament. This created serious hold-ups for goods travelling from Britain into Northern Ireland, leading to shortages of products in major supermarkets.

While the initial shortages have been largely overcome, warnings are being sounded about what will happen when additional checks are imposed in April—Northern Ireland is currently in a “grace period” exempting it from certain EU import rules.

In January, the chief executives of the UK's major supermarkets—Tesco, Sainsbury's, Asda, Iceland, Co-Op and Marks & Spencer—wrote to Gove to request an “urgent intervention” by the government ahead of the April “cliff edge”. They said in a joint letter that Northern Ireland could face “significant disruption to food supplies” because “the current proposals, increased bureaucracy and certification in such a short time scale are unworkable.” This appeal was echoed yesterday by several Northern Ireland business leaders, speaking to the Northern Ireland Affairs Committee.

The seriousness of the situation is indicated by Cabinet Secretary Michael Gove's meeting with European Commission vice-president Maroš Šefčovič today, where he will seek an extension of the “grace period” to 2023. Gove has attempted to leverage the fallout from the EU's aborted attempt to override the Northern Ireland protocol late last month (using Article 16 of the Brexit agreement) in connection with ongoing vaccine trade wars. He accused the EU on Monday of putting its “integrationist theology ahead of the interests of the people of Northern Ireland”.

Multiple Whitehall and EU officials have confirmed that the EU is only likely to agree to an extension of three to six months. Johnson has told MPs that the UK government is prepared to invoke Article 16 to ensure there is no “barrier of any kind in the Irish Sea”.

The inter-imperialist conflicts left unsolved by the Brexit deal are inflaming sectarian and national conflicts left unsolved by the Good Friday Agreement. The pro-British and Protestant Democratic Unionist Party (DUP) leader Arlene Foster wrote in the *Telegraph* last week to insist, “the Northern Ireland Protocol has not worked, cannot work and needs to be replaced.” She concluded by raising the spectre of “greater division” in Northern Ireland and threatening that the UK government should remember, “not a single unionist party in Northern Ireland supports this flawed Protocol.”

Speaking in the UK parliament, DUP MP Ian Paisley demanded that Johnson “Be the unionist we need you to be” and use “all of the instruments at his disposal... to remove the impediments to trade in Northern Ireland.” The protocol “has betrayed us and made us feel like foreigners in our own country.”

On February 1, customs inspections were suspended at Belfast and Larne ports, and inspectors, local council and EU officials sent home amid reported threats from loyalists. Threatening graffiti referring to border staff as

“targets” was found, and the chief of the Police Service of Northern Ireland (PSNI) called on the region “to step back from the brink in terms of community tension.” The PSNI later said they had no evidence of “credible threats”.

Sinn Féin member of the Northern Ireland Assembly (MLA) John O’Dowd said port staff were being used as pawns in a “very cruel game” of “half-truths and manipulation”, arguing that the DUP were talking up threats to advance their agenda of scrapping the Northern Ireland protocol. Mary Lou MacDonald, president of Sinn Féin, has said, “Brexiters... should not be surprised at the fact that Brexit is disruptive” and called for “a sensible informed conversation between the British government and the European Commission... to iron out and mitigate those initial problems.”

The scope of the Brexit crisis is not limited to Northern Ireland. Shortages across the Irish Sea are an initial warning of the situation facing the rest of the UK. The Johnson government chose not to immediately begin import checks on goods entering from the EU, in large part because it did not have anywhere close to the required infrastructure in place to carry out the necessary procedures. They are due to come into force in several phases, the first two this April and July.

Adam Shuter, joint managing director of transport company Exact Logistics, told the *Guardian* the situation “has got disaster written all over it. I don’t think the systems are robust enough to be able to process the information quickly enough.” Accounting firm KPMG has said that business’s “biggest headaches” are to come.

Tim Morris, chief executive of the UK Major Ports Group, and Richard Ballantyne, chief executive of the British Ports Association, warned at the end of January that lack of funding from the government meant ports were falling behind on infrastructure plans to make themselves ready for the new regime. Morris stated, “We need urgent action from the government to show flexibility either on the July 1 deadline or what is required on that date. The alternative is to accept potentially serious implications for traffic flows through the ports this summer.”

There has already been serious disruption of UK exports. The Road Haulage Association (RHA) reported February 1 that the volume of exports going through British ports to the EU fell by 68 percent this

January compared to last. The government fiercely disputed this claim, citing traffic figures, but the RHA counters that 65-75 percent of vehicles are returning to the EU empty due to hold-ups in the UK, or because their UK contractors have stopped exporting.

According to a survey of supply chain managers by the Chartered Institute of Procurement & Supply, more than half of UK companies trading with the EU suffered delays in January, with more than a third reporting delays of multiple days. Nearly a quarter believed they would run low on stock in weeks if the situation does not improve.

Some businesses, especially small and medium sized, are being threatened with ruin by the increased bureaucracy costs of exporting to the EU and the extra charges applied to their products as they enter the union.

These initial losses are likely to be dwarfed by the ultimate impact on Britain’s services sector, 80 percent of the UK’s economic output, which was left out of the Brexit deal. As an indication, the Centre for Economics and Business Research reported yesterday that London, accounting for 40 percent the UK’s export earnings from services, stood to lose £9.5 billion a year—and more if no deal on services is ever reached.

The government’s response to this expanding crisis will be to proceed more viciously with its plans to slash workers’ conditions and hand out massive corporate tax breaks through the establishment of free ports. This will be coupled with nationalist outbursts against its imperialist rivals in the EU and repression of social anger at home. Supply disruptions and shortages were part of the disaster scenario outlined in the government’s “Operation Yellowhammer”, drawn up as part of a series of plans for massive police and military deployments against the unrest flowing from a no deal or hard Brexit.

The working class in Britain must oppose this reactionary agenda with its own political programme of unified class struggle with the European and international working class.



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