

British push to abolish customs union is 'madness'

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Director of Corporate, Strategic and International Affairs at IBEC Mary Rose Burke

Britain's new Trade Minister is pushing an agenda that could be "detrimental" to Irish trade, business leaders have said.

Liam Fox is pressurising the British Prime Minister Theresa May to break free from an agreement which ensures there are no tariffs on goods moving within European Union.

Despite the Brexit result, it was believed that the UK would remain within the 'customs union' - but Mr Fox, who was central to the 'Leave' campaign, has indicated he wants the freedom to cut all existing ties with EU.

Such a move would impact dramatically on Anglo-Irish relations, adding "significant" administrative costs and delays to trade crossing the border between Northern Ireland and the Republic.

Prior to the referendum, the UK Treasury warned that leaving the customs union would lead to cross-border transactions being subject to "various forms of customs control and their liability to duty determined according to complex rules or origin".

Mr Fox's approach has been described by the Director of Corporate, Strategic and International Affairs at IBEC Mary Rose Burke as "madness".

"I was a bit staggered when I read it," she told the Irish Independent. "Any additional barriers, even if the tariff is set at zero, would be a hindrance. The paperwork would be very challenging."

Similarly Simon McKeever, Chief Executive of Irish Exporters' Association, said Britain leaving the tariff-free zone has "potential to get very messy for us".

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"The EU is a trade unit and does negotiation on all of our behalves using just one external border. "It would be detrimental to trade crossing the border between Northern Ireland and the Republic," he said.

Mr McKeever said it would result in companies having to account for the origins of each individual piece of a product assembled in Ireland.

"I've seen estimates that an importation of border and need to comply with all the rules and regulations and the extra paperwork which could mean hiring extra staff could add about 25pc to the cost of trade."

During a visit to the United States this week, Mr Fox told the 'Wall Street Journal' staying in the custom union could limit the UK's ability to negotiate lower tariffs with other trading partners.

While members of the union do not charge each other tariffs for most goods, they do impose a common external tariff on all goods coming from outside.

"We have nothing to fear from forging our own free-trade environment and breaking out on our own," Mr Fox said.

He also set a date of 2020 for completing the Brexit negotiations.

Reports in London suggest Theresa May and chancellor Philip Hammond have yet to be convinced that the advantages of leaving the customs union would be offset by the liberty to negotiate.

A spokesperson for the Irish government said they were not concerned by his comments "because we're so early in the process here".

However, Ms Burke said it would be difficult to see how the Common Travel Area will be maintained if Mr Fox's agenda is followed. She said it "beggars belief" that the UK would abandon an EU-wide deal in order to "go chasing after potential trade with small economies".