

Brexit latest: A clearer position?

After a summer lull, Brexit is back in the headlines as the UK unveils position papers on a future deal.



Source: Shutterstock

Brexit is back! Here's what we've learned from this week's position papers

We've seen increasing signs of unity amongst UK ministers on the need for transition deal after Brexit in recent weeks. This week, position papers released by the British government show that the UK favours a post-Brexit customs arrangement that is as little changed as possible, with the Irish border kept free of physical checks.

The reaction from Europe can be described as "mixed". Michel Barnier, Europe's Chief Negotiator, has reiterated that progress needs to be made on the divorce bill, citizens' rights and the Irish border before they will be prepared to move onto future arrangements. Business has been encouraged by the government's formal acceptance of the need for a transitional arrangement, but there is still a lack of clarity on what the post transition environment will look like. This means uncertainty will continue, which will weigh on growth.



Transition deal

The UK has said it wants to remain a part of the customs union for a period of time after March 2019. This should help reduce the risk of a “cliff edge”, but it’s worth noting that the UK would still need to abide by EU regulation to retain access, and it generally only applies to goods not services.

But the EU’s position remains unchanged: “sufficient progress” on exit terms needs to be made before a transition can be agreed.



Length of transition deal

The position paper is vague on timings. David Davis has said it should be “shortish”, perhaps only two years. Others have suggested it could be longer. Either way, this is an important detail when it comes to the business investment outlook.



Irish Border

The UK proposes a continuation of the common travel area and wants to avoid a hard border. The Northern Ireland Secretary noted that most trade is local not international between Ireland and the UK. But it does raise questions about how trade and labour movement could be monitored practically on the UK’s only EU land border after Brexit.



Border checks

The UK is reportedly looking for “creative solutions” that avoid “physical infrastructure” to maintain customs checks post-Brexit. The idea would be to use technology to police customs checks, although critics warn this method has never been used before.

Source: ING

PM May's satisfaction rating among voters has plunged

Theresa May’s satisfaction rating among the UK electorate appears to have plunged 22 points between calling the election in April and now, according to latest polls. Just 34% of British people are “satisfied” with the job she is doing, which is the worst rating ever for a Prime Minister one month after an election.

Opposition leader Jeremy Corbyn is on 44%, but May is still seen as the person who is most capable for the job of Prime Minister. She leads Corbyn 46%-38% on this question. Her next big test will be the upcoming Conservative party conference in early October. If this doesn’t go well it could intensify speculation about a possible leadership challenge.

22

Points PM May's satisfaction rating has fallen since April

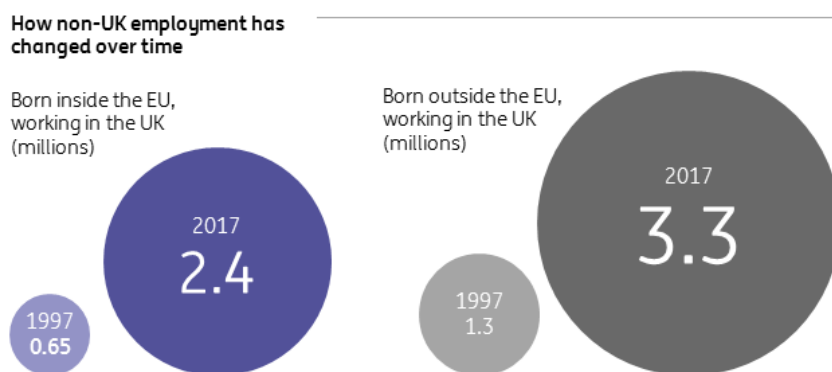
(Source: Ipsos Mori)

How Brexit is affecting the jobs market

The latest jobs numbers were healthier than expected, with wage growth beating expectations. We still have our doubts that the rate of pay growth will increase to 3% next year as the Bank of England hopes, amidst elevated uncertainty and slowing economic momentum. You can read more about [our thoughts on the latest jobs numbers here](#)

But what might Brexit mean for the jobs market in the longer term? Whatever deal is agreed after

Brexit, it's worth noting that there are currently more nationals born outside of the EU working in the UK, than those born in EU countries. Whilst numbers of workers from the EU may moderate over the next few years, the trend suggests that non-EU employees could fill any gaps created.



Source: ONS

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