



Kallum Pickering, Senior Economist | [Kallum.pickering@berenberg.com](mailto:Kallum.pickering@berenberg.com) | +44 203 465 2672

## **BREXIT: RUMOURED JOHNSON PLAN UNLIKELY TO UNLOCK TALKS**

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**Haven't we been here before?** Yes, we have. UK prime minister Boris Johnson is reportedly planning to unveil proposals for the Irish Border within the coming days to negate the need for the contentious 'back-stop'. Various news outlets report that Johnson wants to introduce customs check-posts for some goods – those not covered by an all-island agreement such as agri-foods – some 5-10 miles away from the Irish Border. The plan includes the use of tracking systems to follow couriers of goods in real time across the border, thereby avoiding a need for physical infrastructure on the border.

It is not confirmed that this is what the UK will officially propose to the EU. However, in case it is, three points are worth noting:

- 1. The idea is not new:** Instead, the plan sounds a lot like the so-called 'maximum facilitation' model that ex-UK PM Theresa May had tried and failed to negotiate. It is the preferred model of the Eurosceptic wing of the Conservative Party. The [current addendum to the Withdrawal Agreement](#), which sets out the guidelines for the negotiation on future UK-EU trade, envisages the use of technology to manage the customs border eventually. But the whole point of the backstop is to have some emergency protocol in case technological solutions fail or are not ready in time for the UK's full exit from the single market and customs union when any transition period ends.
- 2. It may actually lower the chance of a deal by the end of 31 October.** We only see a slim chance of that anyway (12.5%). See this [report](#) for our detailed probabilities. If Johnson reveals such a plan – most likely at the Conservative Party conference this week – the chance of an orderly Brexit by 31 October could even fall further. Irish foreign minister Simon Coveney already called such control posts a "non-starter" last night. Judging by the reports about Johnson's plan, it falls far short of EU demands to either accept the backstop or present alternative ideas that fully serve the purpose of the backstop. As the EU is unlikely to agree to said proposals, Johnson will likely leave the 17-18 October EU summit without a deal. [As we have argued before, the EU could agree to further fine-tune the wording of the Irish-backstop](#) to settle the worries in parts of the UK that the EU could abuse the backstop to trap the UK in the EU customs union forever. But this would fall very short of Johnson's declared aim to ditch the backstop or at least change it thoroughly.
- 3. Johnson is electioneering:** Our base case remains that the Brexit will be further delayed beyond 31 October to make way for a vote; it could be a general election (more likely) or a second referendum. That largely depends on what the rebel alliance of MPs in parliament out to stop a hard Brexit decides. All actions by Johnson in recent weeks look like an attempt to frame the likely upcoming election as a vote between the "people" – the 52% of voters who backed Brexit in 2016 – and the alleged "establishment" which includes parliament less the Brexiteers, the UK Supreme Court and, of course, the EU. Johnson's best bet of winning an election to can signal that he is the only one to be trusted to deliver Brexit. The rumoured plan looks so far away from what the EU and the Republic of Ireland could reasonably accept that Johnson's alleged plan may come across in Brussels more as a ploy to shift the blame for a hard Brexit on the EU rather than a serious attempt to resolve the issue for the benefit of all sides.



## MACRO NEWS

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Joh. Berenberg, Gossler & Co.  
KG  
60 Threadneedle Street  
London EC2R 8HP  
Phone +44 20 3207 7889  
[www.berenberg.com](http://www.berenberg.com)  
[holger.schmieding@berenberg.com](mailto:holger.schmieding@berenberg.com)