

# Brexit 'Deal Dead', New Financial Market Fears and Unredacted Riot Report

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*If you didn't know it, you would think the British establishment had been [deliberately rocking every boat possible](#) to ensure a no-deal or hard-Brexit from the outset. From David Cameron's so-called 'miscalculation' to Theresa May's guaranteed failure to produce a deal. From ministers threatening business leaders for speaking out about Brexit to the [Tory donors colluding over a hard-Brexit plan](#). The reports continue to emerge on the same theme - that Britain is casually strolling towards leaving the largest trading bloc in the world without demonstrating much concern for its consequences. It's as if we just ditched a relationship because we were already in a better one somewhere else.*

There was no Brexit plan

European Commission chief Frans Timmermans has ridiculed U.K. efforts to negotiate Brexit — likening them to “Dad’s Army,” a classic British TV sitcom about hapless would-be soldiers during World War II. In an interview with the BBC’s Panorama program, due to be broadcast this Thursday evening, the Commission First Vice President singled out David Davis, the first Brexit secretary, in particular for his infrequent trips to Brussels and his “grandstanding.”

Timmermans also said yesterday -

“And then the first time I saw public utterances by David Davis and I saw him not coming [to Brussels], not negotiating, grandstanding elsewhere I thought: ‘Oh my God, they haven’t got a plan, they haven’t got a plan. That was really shocking frankly, because the damage if you don’t have a plan — you know, we see it — time’s running out and you don’t have a plan, it’s like Lance Corporal Jones — you know, ‘Don’t panic, don’t panic’, running around like idiots.”

In June last year, a Financial Times piece covered the news that [David Davis had spent just four hours in Brexit meetings](#) with European counterparts. The FT (June 29th 2018) said - “the lack of political engagement was cited by EU leaders on Friday as they rebuked the UK for slow progress on Brexit. In a joint summit statement, they insisted on “the need for intensified efforts” and warned that there had been “no substantial” advances on the vexed issue of the Irish border.”

Mr Davis met Michel Barnier, the EU lead on the talks, only three times in the first half of 2018 for high-level political discussions. Meetings between the two principals lasted on average just 40 minutes a month since the start of the year.

“Now we are waiting for the UK white paper,” Mr Barnier said at the same time last June. “And I hope it will contain workable and realistic proposals.” He added: “Time is very short.” An acceptable paper has not materialised.

## Brexit ‘deal is dead’

In the meantime, U.K. Brexit Secretary Stephen Barclay dismissed claims he told EU Brexit negotiator Michel Barnier the withdrawal deal is “dead” during an angry exchange in Brussels last week. [The Times reported](#) the pair had a tense meeting over how the Brexit issue could be resolved by the next prime minister.

“He told Barnier that the Withdrawal Agreement was dead — not once but five times,” a senior EU diplomat told the paper. “If this is what is coming then we will be heading for no-deal very quickly.”

It is also interesting that Barclay has [suggested](#) the government could compensate sheep farmers if they have to slaughter flocks after a no-deal Brexit, car manufacturers be awarded compensation if they are hit with a 10 per cent tariff following a no-deal departure and that the U.K. would take a “continuity approach” to fishing waters after a no-deal.

Barclay also said that Theresa May is meeting with car manufacturers this week, adding: “We would also have to look at what support we can give to the industry and there are various computations of that.” But anti-Brexit group Best for Britain said any compensation for car manufacturers following a no-deal departure would have to be worth more than £25 billion.

## Financial markets unprepared

From the City of London, it is now reported that the increasing prospect of a No Deal Brexit is prompting new concerns that there are still ‘substantial’ regulatory gaps between the EU and UK in parts of the financial services sector.

In a [report published](#) on Tuesday (16 July), the Association for Financial Markets in Europe (AFME), an industry lobby group, warned that

“while a very substantial amount of work has already been undertaken to mitigate risks by both firms and regulators, a no-deal Brexit is likely to have a significant impact on the financial services sector and regulatory and operational challenges remain.”

The UK’s financial services industry remains one of its most important economically, and the City of London is comfortably Europe’s largest financial services centre.

Fears that the UK is edging closer to a No Deal Brexit have prompted a fall in the value of the pound to its lowest level in more than two years this week.

## Prison riots anticipated

In addition, if a no-deal Brexit does happen as promised by both Tory leadership contenders, another report, which was written in January but only just published, warns that prison riots

over food and medicine shortages are likely. The report entitled – “Successful mitigation of risks of EU Exit,” was not properly redacted by officials, meaning that sections intended to be cut from the text released publicly could still be read.

The improperly redacted sections laid out that Ernst & Young would work with the Ministry of Justice and other areas of government to push forward contingency plans but the report said:

“Not progressing these actions plans could have severe consequences for MoJ Operations, e.g. unrest in prison because of undersupplying of foods or medicines.”

Former Justice Minister Phillip Lee said:

“No one voted for unrest in prisons, shortages of food supplies or any of the other indignities that could result from a disastrous no deal. This is yet another example of how the Brexit being delivered is a million miles away from the one that was being promised in 2016.”

Shadow Justice Secretary Richard Burgon said:

“This shocking revelation is yet more evidence of the threat a no-deal Brexit poses to our justice system. From ending access to the European Arrest Warrant to our prisons being up for grabs by American corporations in a post-Brexit U.S. trade deal, it is clear that a no-deal Brexit risks further damaging our justice system, which has already been weakened by nearly a decade of cruel Tory austerity.”

All of this leads the impartial onlooker to a view that Brexit is going to be very costly to the economy as promises that economic output will improve through leaving the EU trading bloc have yet failed to be supported by economic experts (leaving aside opaque right-wing think tank reports) or any government advisors. The much-lauded trade deal with America that Brexiteers continue to look towards as the ultimate prize for their efforts has just been given yet another blow after an unreported and [extensive 2018 cross-Whitehall study of the costs and benefits of Brexit](#) were published. It estimated, in its own words – that a US free trade agreement would increase UK GDP by only 0.2 per cent and even then only after 15 years, a tiny fraction of the 2 to 8 per cent costs of Brexit.

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