



Boardroom Brexit: Stay prepared for no-deal

A new deal is agreed

To the surprise of many, on 17 October 2019 the UK and EU agreed a revised Brexit deal.

Comparison between this and the deal previously negotiated by Theresa May shows that 90% remains the same, but there is one area of significant change. The [Protocol to the draft withdrawal agreement](#) dealing with Ireland and Northern Ireland (the Protocol) has been largely redrafted.

Quick recap: the deal comprises a legally binding withdrawal agreement which sets out the terms of the UK's departure from the EU, and a political declaration which sets out the UK and EU's aims for their future relationship after Brexit, but which is not legally binding.

Sign up to our [Boardroom Brexit client alerts](#) to keep updated as negotiations develop.

Who wins and who loses from the deal?

There's no simple answer - both sides gain and lose from the deal.

- The UK and the EU both win in that a deal (if the UK Parliament ratifies it - *a big if*) avoids the negative economic consequences of a no-deal Brexit for both sides. The negative impact of no deal would have been severe for EU Member States which trade closely with the UK, but particularly acute for the UK economy.
- The EU wins because it is clear that the UK will be economically worse off as a consequence of Brexit: it will be a third country with no privileged access to EU markets until a trade agreement is negotiated. This is an important consideration in Brussels: the outcome is a disincentive to other Member States who might, at some stage, wish to consider leaving the EU.
- The EU could, however, also be seen to lose from the deal because it means that the UK will finally leave if the deal is ratified by the UK Parliament. This will be the first time in the EU's 62-year history that a Member State has left.
- The Irish and Northern Irish economies win because there's no customs or regulatory interruption to cross-border trade within the island of Ireland - the one-Irish economy is maintained. Northern Ireland gains in

particular as it remains de facto in the EU's customs union and single market, as well as the UK's customs territory.

- The 1998 Good Friday Agreement wins from the deal. The Good Friday Agreement, which was negotiated under the chairmanship of Senator George Mitchell, DLA Piper's Chairman Emeritus, brought to an end a 40-year period of conflict in Northern Ireland called the Troubles. Both the UK and EU were concerned that a border of any kind between Ireland and Northern Ireland could reignite inter-community violence in Northern Ireland.
- The Unionist parties in Northern Ireland could be said to lose from the deal. The Democratic Unionist Party (DUP) wanted to avoid Northern Ireland being singled out for different treatment from the rest of the UK as a consequence of Brexit for fear that any difference of treatment would undermine the union between Northern Ireland and Great Britain and be a step towards the unification of Ireland. At all costs they wanted to avoid a customs border in the Irish Sea, which is, in effect, what the new Protocol establishes.
- The UK could also be seen to lose from the establishment of a customs border in the Irish Sea. Some fear it hastens the dissolution of the UK and gives further force to Scottish nationalism, making a second referendum on Scottish independence more likely.

The UK will hold a General Election on 12 December 2019

In light of the impasse, the UK Parliament has agreed that a General Election will be held in the UK on 12 December 2019. All parties will be hoping for a decisive outcome to the election:

- If the Conservative Party gains a majority, the UK will leave the EU on the basis of the current deal, described in this bulletin.
- If the Labour Party gains a majority, they will seek to renegotiate the current deal, particularly to enhance environmental protections and workers' rights, and put it to a referendum.
- If the Liberal Democrat Party gains a majority, they will revoke the UK's decision to leave the EU.
- The result is, however, impossible to predict; but a hung parliament (where no party has a majority) is, alas, a distinct possibility.

If you have questions related to how trade of goods and services between Norway and the UK will be affected and how to navigate through the complexities of Brexit, please contact partner [Kjetil Haare Johansen](#).