



REGULATORY ALIGNMENT

The issue of the extent to which the UK should remain aligned to the EU post-Brexit has been the subject of intense and heated debate. Sometimes referred to as a bonfire of red tape, the first Secretary of State for Exiting the European Union, David Davis, sought to allay the fears of many when he stated in February 2018 that the UK would not, post-Brexit undercut EU businesses on workers' rights and environmental standards. He made assurances there would be no regulatory 'race to the bottom'.

In a report published in April 2018, the Confederation of British Industry (CBI) concluded, following consultation with hundreds of businesses of varying sizes, that the cost of divergence from EU rules post-Brexit 'vastly outweighed' the benefits. Its key message was that for the majority of businesses, diverging from EU rules and regulations would make them less globally competitive, and so should only be done where the evidence was clear that the benefits outweighed the costs.

This approach is central to the notion of a soft Brexit, which may also mean remaining in a customs arrangement, or within the single market, in a Norway-type model. Those advocating this kind of approach accept the inherent limitation of the UK being able to enter into independent trade deals with countries outside the EU. In their view this is a worthwhile trade off, due to the benefits gained by retaining close alignment with the EU post-Brexit. However, the disadvantage is that the UK may no longer have any say in the making of those rules, regulations and standards.

By contrast, those advocating a hard Brexit are not in favour of close or even any regulatory alignment with the EU following the UK's departure. Theresa May always ruled out single market membership to ensure that immigration could be controlled, and to escape the jurisdiction of the European Court of Justice. These were two central planks of her interpretation of what Brexit meant.

Compromises were made in the negotiations for the Withdrawal Agreement. One of the key ones is the Irish backstop, disliked by both the DUP and the hard Brexiteers within the Conservative parliamentary party. This arrangement would keep the UK in a customs union and closely aligned with the EU, unless and until the future trading relationship between the EU and UK is agreed.