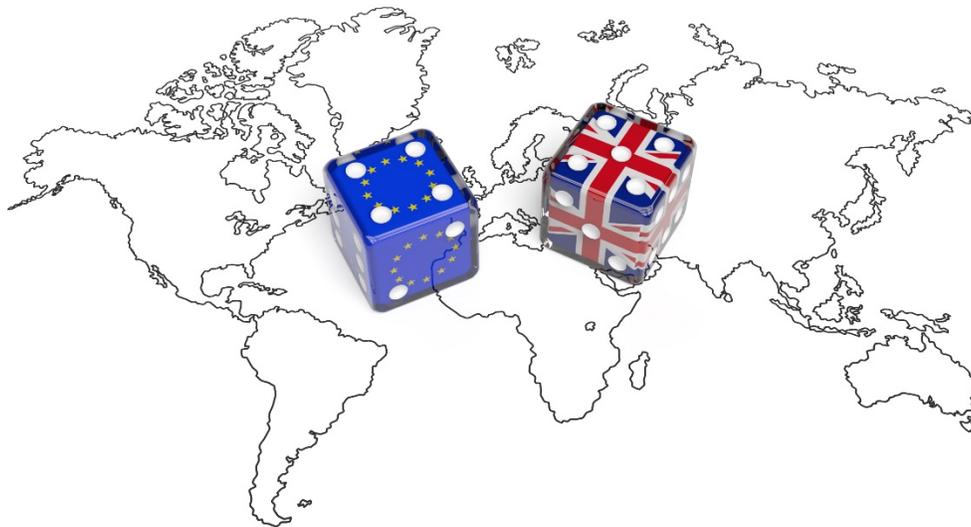


Boris Johnson and the new Brexit deal

British Prime Minister Boris Johnson's new Brexit deal has received widespread condemnation, with skeptics arguing that the deal it is almost entirely the same as Theresa May's Withdrawal Agreement. Many political analysts have gone as far to suggest that the new deal only offers a few key amendments over the Northern Ireland border issue. In this article, I will be taking an in-depth look at Boris Johnson's new deal to discover whether the new deal betrays the 17.4 million people who voted Brexit on June 23rd, 2016.

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One of the keys to understanding Boris Johnson's new Brexit deal is to remove the word deal and replace it with transition. This most effectively describes what the United Kingdom and the EU have agreed upon over several weeks of negotiations. The Brexit transition will last for a period of 14 months until the end of 2020, which could be extended by one year or two years. Both sides would aim for a mutually beneficial Brexit deal during this transition period.

Before looking at the changes to the Northern Ireland border issue, it is worth noting that most people voting for Brexit had almost no comprehension that the Irish border issue would become such a major issue following the vote to leave the European Union. The majority of people who voted for Brexit had concerns about issues such as growing EU regulation, European Court of Justice laws, immigration, economic competitiveness, growing EU authoritarianism, and taking back control of UK fishing territories. The political spin coming from both the UK and EU would suggest that Brexit was only about the Northern Ireland border issue in the first place, which is almost certainly not the case for most people who voted for Brexit.

Irish Border Changes

The Northern Ireland backstop is effectively an insurance policy, with the sole purpose of preventing a hard border between Northern Ireland and the Republic. Boris Johnson's deal now has two borders in theory. Northern Ireland will remain aligned to a limited set of EU single market rules, in order to avoid checks on goods crossing the three-hundred and ten-mile Irish border.

Northern Ireland and the Republic would also share some EU single market rules.

Furthermore, the Northern Ireland Assembly would vote every four years on whether to continue to allow EU law in Northern Ireland. Northern Ireland Unionists are deeply upset by the proposal, which sets up a possible long-lasting rift with the ruling Conservative party.

European Court of Justice

With Boris Johnson's new Brexit deal, the European Court of Justice or ECJ will still have jurisdiction over European citizen's rights for a limited period. The ECJ will see over disputes that relate to an interpretation of EU law. The United Kingdom will be free to implement its own laws, but only once the transition period ends, on January 1st 2021.

Immigration

With Boris Johnson's Brexit deal the United Kingdom will be able to control its own borders and end the free movement of people with the European Union, but not until January 1st 2021.

It remains uncertain what immigration policy will eventually be implemented, although Boris Johnson favors a policy that attracts high-skilled people to live and work in the UK.

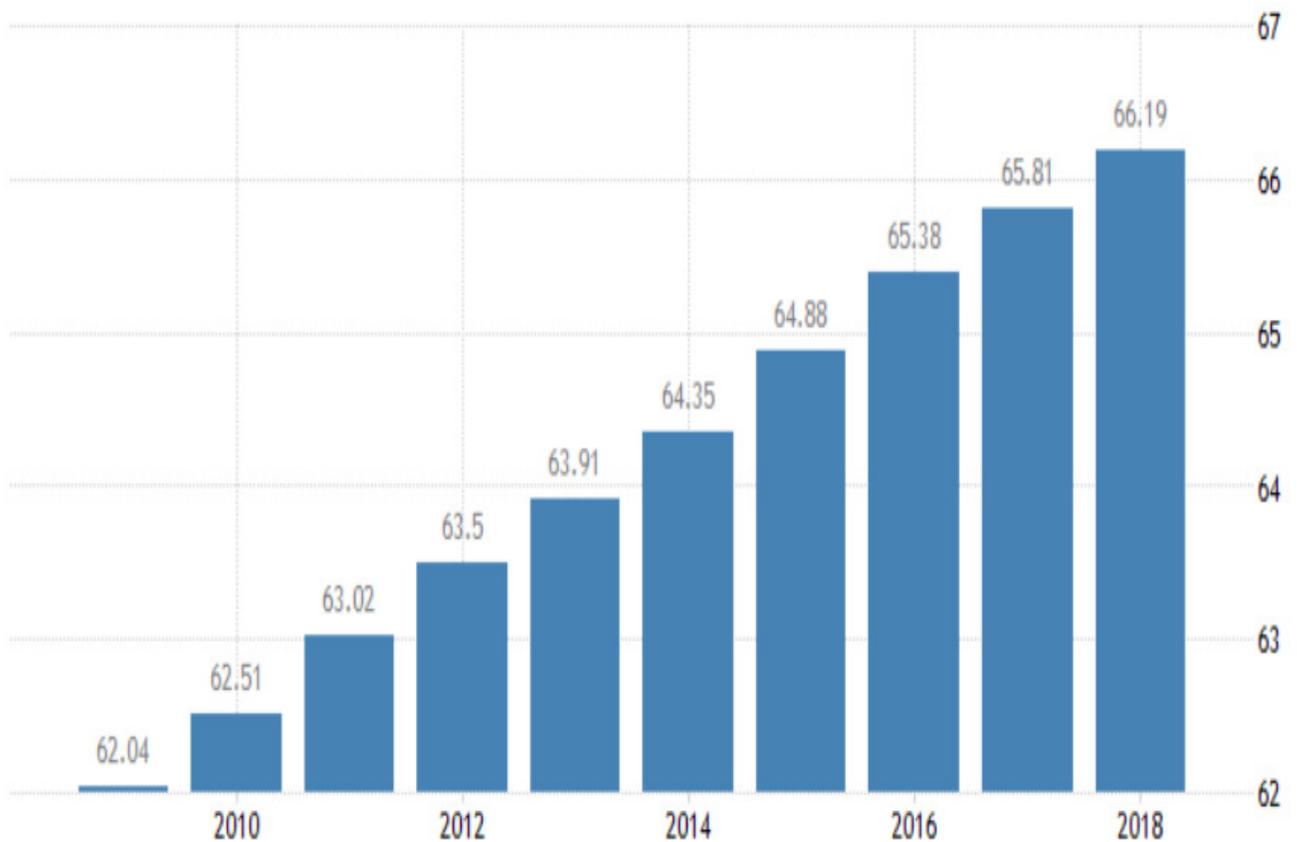


Photo-United Kingdom Population Chart

Source- Trading Economics

UK Fishing Territories

Boris Johnson's Brexit deal indicates that the EU and UK will try and strike deals by July 2020 to agree over UK fishing territories. This is one of the more contentious issues amongst Brexiteers, as overseas nations such as France and Spain will likely try to block any attempt for the UK to reclaim its prosperous fishing water. This leaves the prospects of years of prolonged wrangling

between the UK and neighbouring countries of control of UK fishing waters.

Financial Services

Details have so far been vague about a potential financial services agreement between the EU and UK. An agreement in principle has been set forth that both sides will attempt to recognize one another's financial services regulations as "equivalent" by July 2020. The United Kingdom's financial services industry is highly prized and the lifeblood of England's capital city. It is unlikely that the UK will concede any ground. The EU will strive to level the playing field between Frankfurt and London, while the UK will attempt to retain its competitive edge over other European financial hubs.



GBP/USD Daily Candlestick Chart

Source-ActivTrader Platform

Trade deals

The United Kingdom can begin to trade with other countries after January 2021 and will be free to start negotiations with other countries in the transition period. Under Theresa May's Withdrawal Agreement, the UK would have been legally bound to EU rules and would not be able to seek certain competitive advantages when trading with countries around the world.

The UK and the EU will start to negotiate a long-lasting free trade agreement, this would be comprehensive in nature and encompass a wide range of sectors and issues. Once again the main issue will be the time it takes to negotiate a trade deal and the very real prospect of talks extending well beyond January 2021.

Currency Effect

If Boris Jonson's Brexit deal were to be approved, it would likely see the British pound settling in a much higher trading range against the U.S Dollar. The GBP/USD pair would likely face top resistance around the 1.3600 level, with the 1.3000 level should mark the bottom-end of the trading range. A Brexit deadline extension should see the GBP/USD pair trading between the 1.2500 to 1.3000 price range.

Unfavorable Comparison

When going through the key elements of the new Brexit deal, it is fair to say that aside from scrapping the Northern Irish border, it is hard to find distinct differences between the Withdrawal Agreement, presented by former British PM Theresa May and

Boris Johnson's new Brexit deal. The new deal relies extremely heavily on the European's Unions ability to negotiate in good faith.

In the future, EU negotiators will be keen to send a clear message to other European Union countries. The desired goal would be to show other EU countries that leaving the trading block would ultimately be timely, expensive and extremely hard to do. It is therefore unlikely that the transition period proposed in Boris Johnson's new Brexit deal will meet its deadline. Sadly, the transition period has the potential to ramble on for many years to come.

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