Radical Options for Scotland and Europe

For public ownership and democratic control

Briefing 56 March 2023

The Windsor Framework Agreement on Northern Ireland

The agreement announced on 27 February is described as a ‘policy for trade, state subsidy and VAT’. Its objective ‘to reduce the impact of the trade barrier in the North Sea’.

Those goods destined for the North alone are given what is described as a major reduction in paperwork: parcels for family and friends will no long require customs declarations; family pets will no longer require to be microchipped, imports from Britain that were previously banned (horticultural plants, potatoes) will be permitted as will medicines approved by the UK but not yet by the EU; UK public health standards will be accepted for all agricultural products as long as they carry ‘not for EU’ labels; steel imports to the North will no longer be subject to tariffs. On State Aid: previously any state aid affecting goods imported into the North had to be referred to Brussels. Now Britain will apply tests that will remove ’98 percent’ subsidies from risk of referral to Brussels ‘with the exception of immovable objects’ such as solar panels. The North with now be able to benefit from the lower British VAT levels for alcohol. 1,700 pages of regulatory specifications have been removed.

On future changes in EU law the Northern Ireland Assembly will have the right, if supported by 30 MLAs from two parties, to require a temporary halt to their imposition if not resolved through dialogue between Westminster and Brussels.
https://commonslibrary.parliament.uk/research-briefings/cbp-9736/

Responses to the Windsor Framework Agreement

On 1 March Alyn Smith, the SNP’s EU spokesperson, called on the UK government to enable Scotland to negotiate membership of the EU Single Market on the same terms as those applying to NIreland.

In terms of the EU Parliament its Research Services provided MEPs with a portfolio of reports welcoming closer cooperation between the EU and Britain: ‘a new chapter in EU-UK ties’. This includes a paper from Charles Grant at the Centre for European Reform praising the agreement as opening the way to closer cooperation. Grant reports that as a result Biden will now visit the North of Ireland to mark the 25th anniversary of the Good Friday Agreement. ‘The agreement reflected the wish of the United States for a united Europe in face of Russia and China’. Writing for Carnegie Europe Peter Kellner comments: ‘any serious analysis of Britain’s current position starts with Brexit’. Jamie Shea, Senior Fellow of the Friends of Europe, gives a commentary on British public opinion stressing the swing in favour EU membership: ‘more and more UK citizens are regretting Brexit’ (Shea was previously NATO spokesperson in Europe). Chatham House provides a position paper on Anglo-French defence cooperation ahead of the summit on 10 March: ‘both countries recognise a need to increase their current forces readiness for high intensity warfare’ and to conclude agreements before the NATO summit in Vilnius in July: ‘the Indo-Pacific is a logical new item for Franco-British defence cooperation’. See below for full documentation:
https://epthinktank.eu/2023/03/03/a-new-chapter-in-eu-uk-ties-what-think-tanks-are-thinking/

Current developments in the EU

a) Interest Rates

ECB interest rates are due to rise, as agreed at the previous rate setting, by 0.5 percent to 3.5 percent next week. In an interview given in the first week of March ECB Chief Economist Phillip Lane indicated a determination to maintain rate rises until inflation is squeezed out of the system – and expressed concern at current food price inflation and the relative tightness of the labour market. EU inflation is currently at 8.5 percent.

b) EU prepares to re-impose spending limits on national deficits

On 8 March Economy Commissioner Paolo Gentilone stated that the EU Commission would reinstate the Excessive Deficit Procedure in 2024 based on the fiscal year 2023-2024. Penalties would be imposed on current expenditure (basically provision of services and pensions) rather than capital expenditure and do so wherever the deficit exceeded 3 percent of GDP.

c) EU takes decision to abandon previous ban on the sale of petrol vehicles from 2035

Under pressure from Germany the EU Council at its meeting week abandoned its previous position.

d) 'Green' subsidy scheme announced

EU agrees 'green' subsidy scheme to counteract US Inflation Reduction Act which offers significant subsidies to firms relocating to the US. 'Poor' areas will be allowed to offer up to 350,000 euro and 'richer' areas 150,000 to persuade companies considering migrating to the US to remain. Currently one in four firms in Germany are considering relocating plant to the US according to a survey undertaken by the EU Commission.

e) Ursula Von der Leyen meeting Biden to discuss a free trade treaty

The meeting will take place on 10 March during Von der Leyen's visit to Washington.