

Fears mount a no-deal Brexit could lead to more chaos in EU economies



Boris Johnson says the UK is ready for any eventuality

The chances of the UK leaving the European Union without a trade deal have risen sharply as negotiations have been threatened by London's insistence that it have full autonomy over its state-aid plans, according to negotiators and diplomats.

Fears in Dublin, London, Brussels and other European capitals are mounting that a UK exit without a trade deal could sow yet more economic chaos amid the turmoil of the coronavirus crisis which has hammered European economies.

"The chances for a deal, or a no-deal, are 50/50," said one senior EU diplomat. "There has been absolutely no movement from the British side in the talks. If this approach doesn't change quickly, we won't be able to negotiate a deal in time."

Failure to reach a trade deal could hammer financial markets as nearly a trillion dollars in trade - from car parts and medicines to lamb and fish - would be thrown into turmoil.

A British source close to the negotiations said the European Union was slowing down negotiations and should understand that its demands on state aid and fishing were not compatible with the UK's status as an independent country.

"We have also consistently tried to move discussions forwards but have been prevented from doing so by an EU which insists everything must go at the pace of the most difficult issue," the source said.

"Their ask that we accept continuity with EU state-aid and fisheries policy is simply not compatible with our status as a fully independent country," the source said.

British Prime Minister Boris Johnson said if the EU was sensible, it would give the UK the Canada-style solution it is seeking. He also said the UK was ready for any eventuality over Brexit.

European Council President Charles Michel told reporters: "Sooner or later, the UK should clarify what they want. It's not possible to leave the European club and at the same time keep all the benefits. We have no certainty that we'll reach a deal," he said.

The current sticking point is state aid.

EU Brexit negotiator Michel Barnier went to London on Tuesday to tell his UK counterpart, David Frost, that the UK must move on state aid, or there will not be an agreement, according to EU diplomats.

Afterwards, Mr Barnier said London had not shown enough flexibility and creativity on fair competition, fisheries and solving disputes in order to seal a deal on new trade ties by a "strict deadline" of the end of October.

Source:

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