

News in Review

16 December 2020

"We think it is responsible at this point to go the extra mile"



Brexit talks have restarted after Prime Minister Boris Johnson and European Commission President Ursula von der Leyen agreed to an extension of their original 13 December deadline. Following a "constructive" telephone call, during which the pair discussed "major unresolved topics", both parties agreed that talks should continue.

A joint statement issued last Sunday, outlined, 'Our negotiating teams have been working day and night over recent days and despite the exhaustion after almost a year of negotiations, despite the fact that deadlines have been missed over and over, we think it is responsible at this point to go the extra mile. We have accordingly mandated our negotiators to continue the talks and to see whether an agreement can even at this late stage be reached.'

Major sticking points still remain with regards to fishing rights, regulations governing fair competition between businesses and how any deal agreed will be policed in the event of disputes.

A deal could still be struck

EU Chief Negotiator Michel Barnier stated on Monday that an agreement was "still possible". Meanwhile, Boris Johnson has remained cautious, stating that both sides remain "very far apart" on certain essential issues – but adding "where there is life there's hope".

While the all-important UK-EU deal has yet to be struck, however, Britain has been making progress in securing free trade deals with non-EU countries. The latest of these was with Singapore, with Britain's Secretary of State, Liz Truss, signing the deal with Singapore's Trade Minister last Thursday.

Business sectors react

Organisations across a range of sectors have reacted to the ongoing battle for a Brexit deal. Logistics UK (formerly the Freight Transport Association or FTA) has stated that 'no side would benefit from a no deal outcome', which would put 'the country's entire supply chain at risk.' Similarly, the National Farmers Union (NFU) has warned there will be 'significant disruption' for the agricultural sector if a deal isn't found, while the British Retail Consortium (BRC) has warned that a no deal Brexit could mean an additional £3bn in food tariffs, leading to higher costs for consumers.

Vaccination rollout picks up speed

Hailed as the biggest vaccination programme in UK history, the move to get the country protected against COVID-19 is gathering momentum, with GP surgeries soon to join hospitals in offering the jab. With 55 million UK residents to be vaccinated, Britain is hoping that the Oxford/AstraZeneca vaccine is next to be approved. Across the pond, the Pfizer/BioNTech vaccine has also been given emergency approval by the US Food and Drug Administration (FDA).

Banks can weather the pandemic

The UK's banking system will not be toppled by the pandemic, the Bank of England (BoE) has stated in its latest Financial Stability Report. Since the 2008 financial crisis, it says, British banks have been well prepared for even the most severe economic shocks and can afford to absorb credit losses of up to £200bn. Nor will the financial system be seriously impacted by a no deal Brexit, with financial institutions having taken steps to mitigate most risks. However, outside of

the financial system, a no deal Brexit could have an impact on market and economic stability, the report warned.

UK growth stalls

Following an encouraging rebound during the summer months, UK growth is slowing, according to the latest data from ONS (Office for National Statistics). The economy grew by 0.4% in October, down from September's figure of 1.1%. In the month before the UK's second national lockdown, it's clear that the economy was already suffering under the new three-tier alert system. Certain areas of the economy experienced growth, for example wholesale and retail trade, and motor vehicle repairs.

In the three months to October, the unemployment rate in the UK rose to 4.9%, with the jobless total up to 1.7 million people, latest estimates from ONS indicate.

Regional differences

Amid a sharp rise in cases, London, parts of Essex and South Hertfordshire moved into the highest tier of coronavirus restrictions on Wednesday 16 December. Ministers and officials are said to be "deeply concerned" about the rising number of cases across the capital. Meanwhile, Wales is set to move to a four-level alert system, while Scotland's regions remain divided into five tiers, depending on case severity. In Northern Ireland, a two-week lockdown ended last week, with restaurants, cafes, and pubs serving food all allowed to reopen.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.