

News in Review

30 December 2020

"This agreement, this deal above all means certainty"



After months of negotiations, on issues including fishing rights and business rules, an agreement between the UK and the EU was finally reached on Christmas Eve, just days before the deadline. The bilateral trade deal, the biggest signed by either side, covers trade worth around £660bn, and will preserve tariff and quota-free EU-UK trade for goods and components. At a Downing Street briefing on 24 December, Boris Johnson described the agreement as, "A comprehensive Canada-style free trade deal between the UK and the EU, a deal that will protect jobs across this country... we have taken back control of laws and our destiny."

He continued, "This is, I believe, a good deal for the whole of Europe and for our friends and partners as well. And it will be a good thing – it will drive jobs and prosperity across the whole continent... This agreement, this deal above all means certainty." Ursula von der Leyen, European Commission President, called the agreement "a fair balanced deal."

The post-Brexit trade deal, set to take effect on 1 January, has been approved by EU ambassadors and under EU rules, can commence provisionally on that date, with the European Parliament voting on it during January. In the UK, MPs will vote on the deal in Parliament on 30 December.

As negotiators reached the historic deal, sterling traded just below its 2020 peak against the US dollar.

Business reaction

Chancellor of the Exchequer, Rishi Sunak,

referred to agreement of the deal as, "An enormously unifying moment for our country" that provides reassurance to those who are concerned about the impact on businesses and ensures "tariff-free, quota-free, access for British businesses to the European market." Michael Gove said there will be "bumpy moments" for UK businesses and travellers as they adjust to new rules.

Representative for thousands of UK businesses, Director General of the British Chambers of Commerce, Adam Marshall, commented, "After four long years of uncertainty and upheaval, and just days before the end of transition, businesses will be able to muster little more than a muted and weary cheer. While firms will welcome the agreement of a new foundation for UK-EU trade, they are now faced with the gargantuan task of adapting to new arrangements with scarcely a week before they take effect."

Chief Executive of the British Retail Consortium, Helen Dickinson said, "After years of campaigning for zero-tariff trade, we welcome the announcement of a free-trade agreement between the UK and EU. This protects consumers on both sides of the Channel from billions in import tariffs on everyday goods. Given that four-fifths of UK food imports come from the EU, today's announcement should afford households around the UK a collective sigh of relief."

Tougher restrictions faced by millions

As the official UK COVID death toll surpassed 70,000 on Christmas Day, large swathes of the country joined the most

restrictive measures on Boxing Day. Six million people in the east and south-east of England moved into tier 4, with around 24 million people now living under the toughest restrictions, which includes a 'stay at home' order. Lockdowns also commenced in Northern Ireland and Scotland, while measures were reimposed in Wales after being eased for Christmas.

A shot in the arm

Early on Wednesday morning, there came news that the vaccine developed by the University of Oxford and AstraZeneca has been approved for use in the UK. Health Secretary, Matt Hancock, said the rollout will start on 4 January, "and will really accelerate into the first few weeks of next year." The vaccine will join the Pfizer-BioNTech offering, which, according to government statistics, has already been administered to 600,000 people in the UK.

The Oxford-AstraZeneca vaccine is considerably cheaper than others, easy to mass produce, and does not need to be stored at ultra-low temperatures.

Trump finally signs stimulus package

On Monday, US stocks closed at record highs as investors welcomed the \$900bn stimulus package which was finally signed by President Trump at the weekend, previously approved by Congress after months of negotiation. He previously refused to sign the bill, saying it was "wasteful spending."

Here to help

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