

## What would a no deal Brexit mean for the environment?

### Introduction

The prospect of the UK leaving the EU in March 2019 without a deal has increased in recent months. This raises serious concerns regarding the effects a no deal Brexit would have on the UK's environment.<sup>1</sup> The imposition of barriers to trade, the loss of access to EU agencies and the weakening of UK-EU environmental co-operation all present risks.

For example, if British farmers were to face trade barriers with the EU, they may need to lower their standards to compete on price with cheap imports. Exclusion from EU agencies, such as the European Chemicals Agency, would mean the UK loses access to safety information for thousands of harmful chemicals. And the loss of co-operation with the EU could undermine the management of cross border nature sites on the island of Ireland.

Despite these risks, since May 2018 the prime minister has come under pressure from Conservative backbenchers and others to confirm her willingness to walk away from the Brexit negotiations without a deal.<sup>2,3</sup> Following the cabinet meeting at Chequers in July 2018, Theresa May announced that preparations for a no deal Brexit would be stepped up.<sup>4</sup> The EU's chief negotiator, Michel Barnier, has cautioned that the negotiations could still collapse and the European Commission's president, Jean-Claude Juncker, has warned that the EU is stepping up preparations for a no deal outcome as well.<sup>5,6,7</sup> Time is running out to resolve the Irish border question before the European Council meeting in October.

A no deal Brexit could be amicable or chaotic.<sup>8</sup> An amicable no deal would see the UK and the EU attempt to ease trade barriers through bilateral agreements. A chaotic no deal would require the UK to trade with the EU under World Trade Organisation (WTO) rules with no preferential tariff agreement. There would be no transition period and no customs co-operation. There would also be a hard Irish border. This briefing sets out the risks of a chaotic no deal to the UK's environment in the fields of climate and energy, agriculture, chemicals, nature protection and overall governance. However, it is worth highlighting that many of these risks would also apply in the case of an amicable no deal.

Beyond the environmental implications of a no deal Brexit, the socioeconomic risks are well documented. In June 2018, *The Times* reported that a leaked plan, drawn up by the Department for Exiting the European Union, indicated that in a no deal scenario, the UK would suffer shortages of food, fuels and medicine within a fortnight.<sup>9,10</sup> Similarly, Cambridge Econometrics' analysis indicates that, under a chaotic no deal scenario, the UK would lose more than £46.7 billion (15 per cent) in investment by 2030, compared with business as usual.<sup>11</sup> In July 2018, following

similar warnings from Airbus and BMW, Jaguar Land Rover stated that trading under WTO rules would cost £1.2 billion a year in trade tariffs, making it unprofitable for the company to remain in the UK.<sup>12,13</sup> Economic difficulties could push environmental issues off the political agenda and prompt calls for deregulation in the interest of securing short term economic gain.

## Climate and energy

Leaving the EU without a deal would make it harder for the UK to meet its emissions reduction targets in the long term, increase energy bills for consumers and undermine investment in critical energy infrastructure.

Exiting the EU without a deal would mean the UK severing its relationship with the European Court of Justice. As such, its participation in the EU Emissions Trading Scheme (ETS) would end in March 2019. This is likely to cause significant disruption to business and a loss of more than £530 million in auction revenues for the UK government.<sup>14</sup> It could also lead to a drop in the carbon price as operators sell allowances in the lead up to March 2019.<sup>15</sup> A sudden departure from the ETS would also disrupt action to meet the UK's domestic carbon target, potentially undermining domestic ambition on climate change.

The UK would also leave the internal energy market (IEM).<sup>16</sup> Charges added to cross border electricity trading would increase consumer energy bills. A report commissioned by National Grid estimates that exclusion from the IEM could cost the UK £500 million by the early 2020s.<sup>17</sup> But this estimate is not based on a no deal scenario, which would see trading arrangements disrupted immediately, and does not account for the risks to Northern Ireland, which could experience power shortages if the UK leaves without a deal.<sup>18</sup>

The UK would lose access to the European Investment Bank (EIB) and other funding agencies, undermining longer term investment in critical energy infrastructure. The EIB and other agencies have invested more than £10 billion in the UK's energy infrastructure over the past five years.<sup>19</sup> Forfeiting access to the IEM and the EIB would mean investors in the UK's interconnection capacity would face huge political risk and reduced access to finance.<sup>20</sup> Two new interconnector projects are already on hold because of Brexit.<sup>21</sup>

## Agriculture

A chaotic no deal Brexit that forces farmers to compete with cheap imports could result in deregulation that weakens environmental standards, whilst a hard Irish border that creates delays for live exports would threaten animal welfare.

If no deal is reached with the EU, there is a severe risk that the UK will import more food from countries with lower production standards, or countries which are exposed to significant environmental risks like water stress.<sup>22</sup> For example, relying

on imports from countries like India, which experiences 9 months of water scarcity each year, would expose UK food supply chains to significant disruption.<sup>23</sup> The government has already proposed using trade policy to lower food prices.<sup>24</sup> This could mean lower standards and reduced checks on imports in a bid to improve access to cheaper produce.<sup>25</sup> Ted McKinney, a US trade official, has called for the removal of current UK food standards to increase US-UK trade.<sup>26</sup>

Domestic farmers would need to find ways to stay competitive in the face of competition from overseas producers who are not subject to strict environmental regulations. Existing regulatory standards would come under downward pressure, as farmers look for immediate cost saving opportunities. Many farmers would face severe economic pressure and would be more reluctant to make long term investments to transition to more sustainable farming practices.

There are further agricultural and economic risks of no deal for the island of Ireland. The agri-food industry is fully integrated across the Irish border, such that food products produced in each country can cross the border freely, often several times. More than 60 per cent of Northern Ireland's food and live animal exports are destined for the Republic of Ireland.<sup>27</sup> If the UK leaves the EU without a deal and a hard Irish border is imposed, checks and delays will not only increase business costs, they would also threaten animal welfare.<sup>28</sup> Approximately 400,000 pigs are exported from Ireland to Northern Ireland, whilst almost 400,000 lambs are exported in the opposite direction.<sup>29</sup> Border checks would cause huge delays which could see these animals waiting in poor conditions for several days.<sup>30</sup>

## Chemicals

As a member of the EU, the UK has been bound by REACH (Registration, Evaluation, Authorisation and restriction of Chemicals). This is the most advanced system in the world for ensuring chemicals are safe for human health and the environment. Leaving the EU without a deal would mean leaving REACH, exposing the UK to a number of environmental and economic risks.

First, if a UK-only system moved more slowly than REACH in restricting chemicals, businesses would be able to sell substances in the UK that are banned by the EU. The UK would also be open to legal challenges from businesses that want to use dangerous substances. Without access to the comprehensive database of information that underpins EU decisions to ban or restrict particular chemicals, the UK government would not be able to justify a decision to enforce the same bans and could lose these cases in the courts. It is highly unlikely that the UK will be able to replicate the REACH database, which covers 21,000 chemicals, on its own. At the least, attempting to do so would be enormously expensive and time-consuming, and would put the environment and human health in the UK at greater risk while the system is set up. In the case of REACH, this process took ten years. As such, the UK could become a dumping ground for products containing harmful chemicals that are banned in the EU.<sup>31</sup>

Second, leaving REACH would impose significant administrative and financial costs on businesses wishing to trade in Europe, who would have to abide by and register with REACH, as well as a separate UK system. It would also be enormously expensive for the UK government, which has admitted that the cost of copying the functions of the European Chemicals Agency could be in the “tens of millions of pounds” (although Green Alliance has suggested that this is likely to be a “huge underestimate”).<sup>32,33</sup>

## Nature protection

A chaotic no deal Brexit could lead to an economic downturn, deregulation and loss of co-operation with the EU, all of which could put our habitats and species at risk.

As shown above, if the UK leaves without a deal, it is likely to lose significant investment and experience an economic downturn.<sup>34</sup> In this context, there would almost certainly be a resurgence of deregulatory pressure, as efforts to protect UK competitiveness lead to calls for weaker standards. For nature, this could mean weakening or discarding protections currently included in the Birds and Habitats Directives. Two senior government ministers have already indicated a desire to set these directives aside.<sup>35</sup> This is particularly concerning in relation to the procedural safeguards that help to protect the UK’s Natura 2000 sites from unsustainable developments. If these rules are weakened, protected sites for rare and threatened species such as the nightjar and harbour porpoise would be at risk.

At the same time, the UK would lose the mechanisms for co-operating with the EU on transboundary environmental issues. The consequences for the island of Ireland would be particularly severe. Several cross border sites are protected under the Birds and Habitats Directives and the Water Framework Directive. If the UK leaves without putting in place measures to support continued co-operation across the Irish border, the management of important sites could be severely undermined. This would affect places like the Pettigo Plateau, the Neagh Bann river basin and Lough Foyle. It would also threaten the protection of endangered species like the roseate tern.

## Governance

Given that a chaotic no deal scenario would preclude a transition period, leaving the EU on these terms would result in a “yawning governance gap”.<sup>36</sup> The primary legislation establishing a set of environmental principles and a new environmental watchdog, as required by the EU (Withdrawal) Act 2018, is not due to be enacted by March 2019. There would, therefore, be a period of time during which the UK would no longer be bound by the EU’s environmental governance regime, but would not yet be bound by robust domestic governance structures.<sup>37,38</sup> There has been no indication of what interim arrangements are being considered. During this period, it is possible that the government would fail to enforce environmental law, whilst the British public would lack any effective means of forcing it to do so. In this context,

a range of harmful activities – from increased industrial emissions to large scale unsustainable infrastructure development – could become established practice, damaging the UK's natural environment. It would be extremely costly and difficult (if not impossible) to undo this harm at a later date.

## Other risks

The risks outlined above touch on just some areas of environmental protection. A no deal Brexit poses a number of other threats. For example, there is concern that the increase in traffic around UK ports could lead to tarmacking of the countryside to make space for huge lorry parks.<sup>39</sup> This would harm habitats and lead to greater local air pollution. Another example is that, if the UK does not apply the same ecodesign standards as the EU, it could become a dumping ground for low quality products excluded from EU markets. This would not only be harmful for consumers, it would also undercut domestic manufacturers.

Finally, without a transition period, customs checks on goods travelling between Dover and Calais will come into effect immediately, before customs authorities at either port have had time to install the necessary systems to accommodate the increased workload. This raises the prospect of enormous food waste and would threaten the economic viability of valuable sectors. For example, in 2016, the UK exported an estimated 4,810 tonnes of fresh Norway lobsters (nephrops), primarily to the EU.<sup>40</sup> These have to be shipped alive and can only survive in transit for 24 hours.<sup>41</sup> Delays at the border could therefore lead to thousands of tonnes of food wasted or the loss of significant cross border trade. It is estimated that Scotland exports £57.4 million of nephrops, mostly to France and Spain.<sup>42</sup> Disruption to the 'just in time' supply chains for goods like these could render valuable businesses uneconomical.

## Conclusion

There are many significant environmental risks of a no deal Brexit. As negotiating time runs out, they are becoming increasingly plausible. It is essential for our environment and the wellbeing of all who live in the UK that the government does everything it can to avoid the harm that would be caused by leaving the EU without a deal.

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## Endnotes

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- <sup>2</sup> *The Guardian*, 27 May 2018, '[Jacob Rees-Mogg urges May to revive her no-deal threat to Brussels](#)'.
- <sup>3</sup> *The Guardian*, 24 June 2018, '[Hardline Tories tell May: get ready for no-deal Brexit](#)'
- <sup>4</sup> *CNBC*, 9 July, 2018, '[British Prime Minister May says Parliament should prepare for several outcomes, including the possibility of no Brexit deal](#)'
- <sup>5</sup> *Bloomberg*, 2 May 2018, '[No-Deal Brexit risk is back as Barnier warns talks may fail](#)'
- <sup>6</sup> *The Guardian*, 22 June 2018, '[Brexit: EU is getting ready for no-deal, says Jean-Claude Juncker](#)'
- <sup>7</sup> *The Independent*, 3 June 2018, '[New infrastructure to absorb Channel port disruption will not be ready in time for no-deal Brexit](#)'
- <sup>8</sup> Institute for Government, 2017, [Options for deal or no deal](#)
- <sup>9</sup> *The Times*, 3 June 2018, '[Revealed: plans for Domsday Brexit](#)'
- <sup>10</sup> It's not clear how the scenarios considered in the DExEU documents relate to the amicable and chaotic no deal framings, as these documents have not been made public.
- <sup>11</sup> Cambridge Econometrics, 2018, [Preparing for Brexit](#)
- <sup>12</sup> *BBC*, 22 June 2018, '[BMW joins Airbus in Brexit warning](#)'
- <sup>13</sup> *Financial Times*, 4 July 2018, '[Jaguar Land Rover says hard Brexit will cost it £1.2bn a year](#)'
- <sup>14</sup> D Stockwell, 16 March 2018, '[In or Out: Does Brexit mean the UK should leave the EU ETS?](#)', Sandbag
- <sup>15</sup> Ibid
- <sup>16</sup> European Commission, 27 April 2018, '[Notice to stakeholders: withdrawal of the United Kingdom and the Internal Energy Market](#)'
- <sup>17</sup> Vivid Economics, 2016, [The impact of Brexit on the UK energy sector](#), p 6
- <sup>18</sup> *The Times*, 6 June 2018, '[Lights could go off in Northern Ireland without a Brexit deal](#)'
- <sup>19</sup> C Kumar and B Klein, 2018, [Britain's trading future: a post-Brexit export strategy led by clean growth](#), p 10, Green Alliance
- <sup>20</sup> *Financial Times*, 15 January 2018, '[Our friends electric: interconnection and Brexit](#)'
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- <sup>23</sup> Ibid
- <sup>24</sup> Defra, February 2018, '[Health and harmony: the future for food, farming and the environment in a Green Brexit](#)'
- <sup>25</sup> J Elliot and W Andrews Tipper, 2018, op cit
- <sup>26</sup> *Financial Times*, 4 January 2018, '[US urges Britain to press 'reset button' on food rules after Brexit](#)'
- <sup>27</sup> *Financial Times*, 30 November 2017, '[Why Northern Ireland needs to avoid a hard border](#)'
- <sup>28</sup> C Burns, V Gravey and A Jordan, 2018, op cit, p 35
- <sup>29</sup> Irish Farmers Association, 2017, [Brexit: The imperatives for Irish farmers and the agri-food sector](#), p 17
- <sup>30</sup> S Ghislain, 1 March 2018, [Brexit and animal welfare: threats and opportunities](#), UK Trade Forum
- <sup>31</sup> L Peake, 2017, [A new direction for UK resource strategy after Brexit](#), p 13, Green Alliance
- <sup>32</sup> Environmental Audit Committee, 25 April 2017, [The future of chemicals regulation after the EU referendum](#), p 6
- <sup>33</sup> L Peake, 2017, op cit, p 13
- <sup>34</sup> Cambridge Econometrics, 2018, [Preparing for Brexit](#), p 7
- <sup>35</sup> C Burns, V Gravey and A Jordan, 2018, op cit, pp 20-21
- <sup>36</sup> House of Commons, 13 June 2018, Volume 642, [Caroline Lucas](#), Column 935 Hansard

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<sup>37</sup> During this period it is also possible that some EU environmental law will not apply in the UK either, depending on the progress of Statutory Instruments connected to the Withdrawal Act through parliament.

<sup>38</sup> D Baldock, August 2017, '[The governance gap: why Brexit could weaken environmental protections](#)', Greener UK

<sup>39</sup> S Spiers, 30 November 2017, '[What a 'no deal' Brexit could mean for the environment](#)', Inside Track, Green Alliance

<sup>40</sup> J Russell and S Mardle, 2017, '[Analysis of nephrops industry in Scotland](#)', pp 52-55

<sup>41</sup> BBC, 29 May 2018, '[Shellfish industry warns Brexit checks could harm jobs](#)'

<sup>42</sup> J Russell and S Mardle, 2017, op cit, p 6, p 55

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