

# DEAL OR NO DEAL

## THE IMPACT OF BREXIT FOR THE GAS INDUSTRY



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from the EU. However, in the long term, access to EU workers beyond the transition period may be more problematic. The UK will not be entitled to revoke the backstop once it is in force without the mutual agreement of the EU. This is a major reason why the backstop is so contentious and why the UK government is under pressure to amend the agreement to remove it.

## 2. A no-deal Brexit

Without an agreement, the default position under Article 50 TEU is that the UK will leave the EU and revert to World Trade Organisation (WTO) rules. Paul Wheelhouse, Scotland's Energy Minister, recently stated that "falling back on the WTO would be hugely damaging for the economy and the oil and gas sector within that."<sup>2</sup> Other commentators have suggested that a no-deal Brexit would lead to gas shortages and outages. In our view, a statistical analysis of the UK gas sector, as well as an understanding of the UK's gas interconnectors with mainland Europe, does not add up to deficiencies for the UK gas sector. However, it is highly plausible that increased costs could arise as a result of increasing the demand of gas on other non-EU gas supply chains.

According to British Gas, whose sources derive from the Department for Business, Energy and Industrial Strategy statistics<sup>3</sup>, 44 per cent of the UK's gas comes from UK production of gas, nine per cent from LNG tankers, largely from Qatar, and the remaining 47 per cent comes from Europe, most significantly from Norway, Russia and Turkey, all of which are not EU member states. Therefore, it is likely that the UK will continue to have a strong gas supply. This is boosted by the fact that

studies these connections and  
to coordinate the areas

### Next steps

Work on the  
sessions in the  
the company  
regulation  
of the  
management