**Johnson warned by business on ‘hugely damaging’ no-deal Brexit**

*Letter signed by more than 100 company chiefs and entrepreneurs signals renewed concern over EU talks Businesses are becoming worried again over the lack of progress in EU trade negotiations*

More than 100 UK company chiefs, entrepreneurs and business groups have written to the prime minister warning that it would be “hugely damaging” to the economy if Britain leaves the EU without a deal at the end of this year.

The letter — written on the deadline by which the UK could have requested an extension to the transition period with the EU — says that a no-deal outcome would result “in more people out of work and lower living standards”.

Businesses “simply do not have time or capacity to prepare for big changes in trading rules by the end of the year — especially given that we are already grappling with the upheaval caused by coronavirus”, it added.

Negotiators for the EU and UK are meeting in Brussels this week for the latest round of talks amid growing optimism that the two sides can agree their future relationship ahead of the end of the Brexit transition period on December 31.

Last week the EU’s chief Brexit negotiator Michel Barnier signalled his team was willing to look for compromises on the vexed issue of level playing field rules for business, which aim to ensure close alignment between the sides’ state aid, environmental and employment regulations.

The letter, signed by companies and entrepreneurs with significant EU trading experience, is one of the first cross-industry efforts since the onset of Covid-19 to exert pressure on UK government negotiators to strike a business-friendly EU trade deal.

Business groups have been reluctant to reopen disputes with the government over Brexit, having mended relationships that were strained by the EU referendum and backed recovery plans in the wake of Covid-19. But businesses are now becoming concerned again over the lack of progress in EU trade talks, with just six months to go before the transition period ends without a deal.

The letter has been signed by bosses and founders of companies such as Ebookers, Zoopla, Argus Media, New Covent Garden Soup, Graphene Composites and ICW.  “This is not a call to reopen old divisions about remaining or leaving. The government must now deliver for us all, and on their promise to get a good deal, not a bad deal, and definitely not a no deal,” said Jürgen Maier, former chief executive of Siemens UK, who helped write the letter.

Peter Newport, chief executive of the Chemical Business Association, another signatory, said that a “good EU trade deal with close alignment on chemical regulation and standards is the only way to avoid chemical supply chain disruption and have a negative impact on our economy”.

The letter said that global trade tensions, and the focus on localising supply chains, “will make promised trade with the US, China and others more difficult”. It called for “the best possible trading arrangements with the EU . . . upholding common high standards currently applicable on both sides in the areas of state aid, social and employment standards, environment, climate change and tax”.

Businesses also want alignment with EU regulatory bodies that allow free flow of products in areas such as pharmaceutical, medical and chemical supplies. The letter added that the UK’s financial services businesses also “urgently need assurance of an equivalence agreement with the EU that is broader than the traditional arrangements and gives them much greater certainty”.

The Financial Times on Monday revealed that London and Brussels were blaming each other for slow progress on the question of whether the City of London will be granted access to European financial services markets after the Brexit transition period.

The letter was sent as new data from the British Chambers of Commerce show how badly the economy has been hit by coronavirus, with various indicators deteriorating at an unprecedented rate in the second quarter of 2020.

Eleven of 14 key service sector indicators, including sales, orders and cash flow, dropped to their lowest levels on record. About three quarters of the 7,700 companies surveyed said that domestic sales decreased in the pandemic. The proportion of firms recruiting also fell to its lowest level on record.