



Secondly, other public or private actors in the EU that align with the UK on trade policy might adjust their strategies to secure their interests post-Brexit. This has already happened with the creation of the [Hanseatic League](#), a coalition of small, northern European Member States supportive of free trade and budgetary restraint.

Finally, the future course of EU trade policy also depends on [how Brexit is framed](#). If the referendum result is interpreted as a call for protection by the losers of globalisation, a less liberal response is likely. But if Brexit is framed as a retrograde, protectionist move, then it could serve to legitimate (more) open, and potentially deregulatory, trade policies.

In the three and a half years since the referendum, the EU has generally reinforced its liberal trade policy orientation. Brexit and the election of Donald Trump as US President were seized on by the European Commission to present the Union as the ['leader in trade' that the world needs](#). In this period, under the leadership of Commission President Jean-Claude Juncker and Trade Commissioner Cecilia Malmström, a plethora of ongoing trade negotiations have been concluded with the likes of Canada, Japan and Mercosur (the regional economic bloc involving Brazil, Argentina, Uruguay and Paraguay). New talks were also launched with Australia and New Zealand, amongst others. However, as the Brexit process moves to its next stage, and with a new European Commission in office under the leadership of Ursula von der Leyen, there exists an opportunity to *reframe* the EU's trade policies.

The day after the UK General Election, von der Leyen stated that the EU's goal in the upcoming negotiations was to achieve ['zero tariffs, zero quotas, zero dumping'](#). This new slogan underlines the importance accorded by the EU to preserve a 'level playing field' between the EU and the UK. The aim is to avoid UK-based firms undercutting EU firms as a result of less stringent competition and state aid rules, lower taxes and laxer social and environmental protection.

Such provisions – providing for, [amongst other things](#), non-regression on labour standards and environmental rules, dynamic alignment on state aid rules and the transposition of EU tax directives – were already included in the initial draft of the Withdrawal Agreement which featured a 'backstop' customs union between the EU and the UK. They may have since been dropped in the renegotiated Withdrawal Agreement – which no longer features such an agreement on a customs union – but remain relevant for the next phase. Top EU politicians and officials have since repeatedly [warned](#) the UK that it should not follow up on the threat, or ambition, to turn itself into a 'Singapore-on-Thames' if it wants to maintain easy access to the Single Market.

Beyond Brexit and the UK, this strengthened emphasis on a level playing field in exchange for extensive market access could become a more extensive feature of the EU's future trade policy with third parties. While the UK is both more proximate and significant than other trade partners, there is an argument to be made that the EU could be more consistent: it is harder for the EU to justify withholding market access to the UK if it pursues a 'Singapore-on-Thames' strategy when it just concluded a [trade agreement](#) with Singapore that did not feature as stringent provisions.

We would argue that the context is potentially also fortuitous in terms of upgrading the EU's relatively weaker commitments on ensuring a 'level playing field' on social and environmental standards. Recent provisions in free trade agreements have only gone as far on non-regression (e.g. [in CETA](#)) and are not enforceable through sanctions.

Reciprocity has been a [long-standing motif](#) within EU trade policymaking, informing previous moves to establish an International Procurement Instrument and the EU's 2010 'Trade, Growth and World Affairs' strategy. But current policies are pulling reciprocity in a stronger and markedly more environmental direction. The new Commission's ambitions in respect of climate and environmental policy, as outlined in the ['European Green Deal'](#), have led it to propose a ['carbon border mechanism'](#) that seeks to prevent 'carbon leakage' – or the offshoring of emissions.

While many EU policymakers may hope that 'Brexit' will become a less prominent feature of 2020, its effects on the EU still loom large. As the process moves to the next stage of negotiations on the future economic partnership, the impact of Brexit on EU-UK relations and on the UK's and EU's future policies remains uncertain. In EU trade policy, we have so far not seen a protectionist turn as has been expected by several observers. However, if the negotiations with the UK raise the profile of 'level playing field' provisions on the environment and labour standards this could change EU trade policy in the longer term. For the better, we would say.

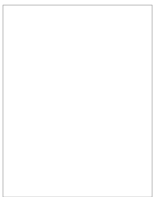


*Notes:*

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