

Britain's ambitious trade plans are barely off the drawing board



What can we glean about the government's plans from its new white paper on trade? Not much, says **Fabian Bohnenberger (King's College London)**. The paper is frustratingly short on detail and suggests plans are still in their early stages. While the commitment to give developing countries preferential access to the UK market is commendable, the sections on establishing the terms for Britain's independent membership of the World Trade Organisation and transitioning EU Free Trade Agreements remain flimsy.

'[Preparing for our future UK trade policy](#)', the Government's new white paper, offers a glimpse of what it calls the "emerging approach to establishing an independent international trade policy as we exit the EU".

As one of the more open-ended challenges of the Brexit process, this task requires both long-term thinking and close attention to the many technical and legal problems that are involved in disentangling existing and creating new commercial arrangements with the rest of the world. It promises a "truly Global Britain" whose people "have decided to be a global, free trading nation [that is] more outward-looking than ever before". Yet only few paragraphs go beyond the use of generic terms, offer concrete examples of what needs to be done or engage with the technical aspects of making an independent trade policy work in practice. While certain parts of this policy will depend on the UK's future relationship with Europe, the overall lack of detail suggests that planning and policy coordination across government on this issue is still at an early stage.



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The key points with important implications for trade policy are:

- The UK seeks "a strictly time-limited implementation period with the EU" with market access on current terms.
- During the implementation period, the UK would be allowed to negotiate new trade agreements on its own – but not bring them into effect if they are inconsistent with the current UK-EU terms.
- The paper puts an increasing focus on no-deal preparations, stating multiple times that "the UK needs to prepare ahead of its exit from the EU for all possible outcomes of the negotiations".
- The UK "will seek to transition all existing EU trade agreements and other EU preferential arrangements" – without elaborating how that could work.
- To support developing countries, the UK "is ready to put in place a trade preferences scheme, which will, as

- a minimum, provide the same level of access as the current EU trade preference scheme”.
- In a first step towards establishing an independent trade remedies framework, the UK government will begin to identify “EU measures which are essential to UK business and will need to be carried forward”.
 - To establish the necessary domestic powers, the government will introduce legislation, including a trade bill, a customs bill and a sanctions bill.

The UK economy has become increasingly connected to, and interdependent with, the outside world. This is the main point of the paper's first part, which otherwise dryly narrates the evolution of global trade over the last decades. The development of cross-border supply chains and the associated rise in the trade in intermediate products, which today accounts for over 70 percent of global trade, is particularly highlighted. In addition, the authors carefully show that UK services exports, which have grown fast and already account for 45 percent of total UK exports in 2016, are also an increasingly “important, and growing, component of supply chains”.

The second section covers five broadly-worded principles: (i) transparent and inclusive trade policy making, (ii) supporting a rules-based multilateral trade system, (iii) securing and seeking market access, (iv) supporting developing countries through trade, and (v) ensuring a global level playing field.

However, it is not always explained what these principles mean in practice. For example, the UK pledges to work within the WTO to “cut red tape across borders, phase out distortive subsidies, scrap tariffs [...] and work to ensure the rule book stays relevant as patterns of trade change”. But the policy paper offers little assurances on the more immediate challenges facing the UK in the WTO: the crucial task of establishing UK-only tariff schedules and separating agricultural import quotas between the UK and EU is barely acknowledged. What is more, in light of [recent objections](#) by a group of major agricultural exporters including the US, Argentina, Brazil and New Zealand to a preliminary plan agreed by Brussels and London over how to split the EU's existing tariff rate quotas, the reaffirmation of the government's intention to largely replicate its existing commitments and “keep changes to a technical nature” seems woefully out of date.

Similarly, the government is “seeking continuity in its current trade and investment relationships, including those covered by EU third country [Free Trade Agreements] FTAs” and aims to negotiate new trade agreements on its own. However, by focusing entirely on the domestic legislative process and ignoring the many complexities involved in actually transitioning EU trade agreements with third countries, the authors seem to suggest that these problems are not really worth thinking about. Instead, they merely promise “measures through legislation which will allow the Government to fully implement any EU third country and other EU preferential arrangements which we transition”. Only the Treasury's [white paper on customs](#) contains some ideas, including “a new customs partnership” that would force the UK to mirror most of the EU's tariffs and customs processes. Considering the technical and economic hurdles of transferring EU FTAs, some of which are summarised [here](#), the available level of detail will do little to reassure anyone of a smooth transition.

On how to negotiate future trade agreements, the trade paper remains equally reticent: highlighting the need for consultations, it envisions “a legislative framework that will enable future trade agreements with partner countries to move quickly from signing to implementation and then to ratification, whilst respecting due process in Parliament”. The only country that is specifically named as a candidate with which to potentially strengthen trade relations is India – an interesting choice, given India's [priority](#) of increasing worker mobility.

The paper is much more forthcoming on the subject of plurilateral trade agreements, which the government seems to wholeheartedly support. It explains that the UK wishes to remain part of the Government Procurement Agreement, to finalise the Environmental Goods Agreement and to resume the negotiations on the Trade in Services Agreement.

Specific priorities for future trade negotiations are rarely mentioned, but the paper highlights the UK's interest to “push for greater liberalisation of global services, investment and procurement markets” as well as to “seek ambitious digital trade packages”. On the other hand, it emphasises the need to avoid any ‘race to the bottom’ and retain control over ‘behind-the-border’ policy issues, namely decisions about public services as well as the “protection of intellectual property, consumers, the environment, and employees”.

Overall, the paper adds few new ideas and is particularly sketchy on the principles' real world application. While the specifics may depend on the UK's future relationship with Europe, the lack of any clear policy options or timeline to establish the many interlinking pieces of an independent trade policy indicates that planning is still at a very early stage. More positively, it explicitly invites stakeholders to give their views on inclusiveness and transparency, trade preferences for developing countries, and trade remedies. Also commendable is the government's unilateral commitment to guarantee the preferential market access that developing countries currently enjoy to the UK. But this document indicates that the UK has a long, arduous way to go before it regains an independent trade policy.

This post represents the views of the author and not those of the Brexit blog, nor the LSE.

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