UK Trade Policy: Post-Brexit Contingency Planning

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UK Trade and Trade Policy Facts

1. The UK is currently a member of the European Union and the WTO.

2. Geographic proximity – or distance - empirically matters for trade flows, even for the UK

3. The UK is starting from a point of relatively low applied (and legally bound) MFN import tariffs that average 5.5 percent
Question: What happens to UK trade policy after the Brexit vote?

- A “Leave” vote on Brexit
- A “Stay” vote on Brexit
Contingency Planning: A “Leave” vote on Brexit

Option 1: Unilateral trade liberalization

Option 2: An independently determined UK trade policy
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Issue 1: (Re-)negotiation of bilateral trade relationships

1. With European Union

2. With “existing” FTA partners (Switzerland, South Korea, Turkey, South Africa, Mexico, etc.)

3. With important high-standard partners (US, Canada, Japan)

4. With major emerging economies (India, China, Brazil)
Option 2: An independently determined UK trade policy.

Issue 2: UK’s Resumption of Managing Day-to-Day Trade Policy

1. Trade remedies – antidumping, CVDs, safeguards

2. Administering/reporting/tracking/monitoring other countries’ and own trade policies at the WTO

3. Litigating the UK’s own independent (WTO/FTA) trade disputes (offensive and defensive)
Contingency Planning: A “Leave” vote on Brexit

Question: What will happen to the ongoing US-EU T-TIP negotiations in the case of Brexit?
Contingency Planning: A “Stay” vote on Brexit

What are the implications for the EU’s negotiations of

- T-TIP with the US
- Economic Partnership Agreement with Japan
- CETA (EU-Canada Comprehensive Economic and Trade Agreement) implementation
- WTO negotiations: TiSA (Services), EGA (Environmental Goods), other plurilateral initiatives