



Paper 1 - Future of UK International Trade

Time/Complexity

Trade agreements have always taken a very substantial amount of time to negotiate, agree and ratify, e.g. 7 years for CETA between EU and Canada. This highlights the exceptional challenge in negotiating new trading arrangements between the EU and UK within 2 years but also indicates that there will likely be a significant period after the conclusion of the new EU/UK deal when no trade agreements will be in place with non-EU states. In principle new trade agreements could be concluded much more quickly if the broad terms are informally agreed in advance however the following risks would ensue:

1. A quickly concluded deal is much more likely to be a bad deal for the UK as it is likely to involve the UK accepting terms put forward by the other state.
2. While tariffs below WTO requirements can in principle be agreed rapidly if they are seen to provide mutual advantage, non-tariff questions will necessarily involve more complex negotiations involving multiple industry sectors.
3. Whether negotiated rapidly or otherwise, trade deals with major markets may involve substantial concessions to secure agreement, such as in the China-Switzerland deal where the Swiss remove many tariffs immediately but China will maintain them for up to 15 years.
4. Where non-tariff questions with non-EU states are dealt with without full consideration, such as mutual recognition of standards, there is a serious risk that the UK's continuing participation in European standards-making will be threatened.

Standards

While minimising or eliminating tariffs is of interest to all sectors of industry the particular concern of product manufacturers relates to non-tariff barriers and especially standards. Points that UK government must ensure are at the forefront of trade deal preparation include:

1. Avoiding becoming a dumping ground for low standard low, value products under pressure from other states to eliminate alleged non-tariff barriers. Robust requirements for standards compliance must be maintained both to protect UK consumers and to avoid threatening the future EU-UK deal by allowing a 'back-door' for low standard products into Europe
2. Maintaining and enhancing robust UK market surveillance operations, where possible in co-operation with those of the EU and other states, to eliminate unsafe and non-compliant products from the market.

3. Avoiding a reduction or elimination of the UK's leading role in European standards setting by mutual recognition agreements. For example, the UK giving mutual recognition status to non-European standards without agreement at European level would remove the BSI from CEN and CENELEC participation and severely threaten the UK's position in global standards-making and UK industry's competitiveness..
4. Avoiding unnecessary additional requirements for UK manufacturers, e.g. accepting a requirement to have products certified under non-UK regimes adding cost, complexity and potentially requiring multiple production lines for markets currently served by single processes.

Industry

While trade deals will inevitably require individual consideration of the regulatory requirements for each sectors of industry, any deals should not single out sectors seen as of greater importance for more favourable attention as this will risk consigning growing and emerging sectors to a future without meaningful export prospects.

Equally, the market pressures and regulatory hurdles faced by industry sectors will in many cases be specific to each sector so there must be close engagement by UK government with industry trade associations to ensure those are clearly understood and dealt with in trade negotiations. To assist with this, industry associations will work together to present UK companies' concerns in a unified message where those concerns coincide.

In addition, UK industry associations are typically closely engaged with equivalent industry bodies at EU level and will also have good links with their equivalent bodies in other major markets. It may be that UK government will be able to access influence over trade negotiations at industry level where this is proving difficult through government channels.

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