

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