

ECIPE - UK PROJECT PRESS RELEASE — NEW POLICY BRIEF

## Assessing UK Trade Policy Readiness

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**Brussels, Belgium, 19th April 2018** - The UK is setting out on the path of an independent trade policy at a difficult time. Public interest in trade policy has never been greater, with US political rejection of a trade agreement negotiated by their government the prime example of the challenge of successfully pursuing a long-term strategy. The UK has a tradition of outward-oriented economic policy, but trade agreements are seen by many as a problem.

Trade policy always has the potential for controversy. Domestic and international interests ask for the protection or promotion of their interests, and this is not fully possible, not least given some are contradictory. Successfully managing these trade-offs is at the heart of effective trade policy.

Disappointingly the management of these trade-offs has scarcely been discussed by UK politicians of either government or opposition parties. Should this situation continue we can expect a UK trade policy agenda to run into difficulty. A new Free Trade Agreement (FTA) with the US would present the greatest risk. Likely US asks in terms of different agricultural standards have already been widely discussed and at least as significant could be any perceived risk to the NHS from asks such as transparency in medicine pricing. Even an agreement with New Zealand could be controversial if it was thought to threaten UK farmers. It won't be possible to avoid all controversy, but such controversy need not stop trade agreements, as shown by the other signatories to the Trans Pacific Partnership (TPP) who kept going after the US withdrew.

Why did these countries succeed given in many cases they also faced significant domestic opposition? We have identified six pillars of trade policy which are crucial to the success of a country's trade policy, and against which we have evaluated UK performance to date. Achieving a degree of consensus in trade policy sufficient to overcome inevitable controversies is the first of these. Given the lack of discussion to date this is the area we judge to require most urgent attention.

The UK starts with some strengths in developing trade policy. Most importantly there is a relatively strong support for trade in general, reflected in consistent UK support for trade liberalisation within the EU through governments led by different political parties, and more recently the relative agreement on maintaining existing EU trade agreements after Brexit. A trade policy combining this with the maintenance of high UK standards would, for example, be likely to attract widespread support, particularly if built upon open, clear management of the required trade-offs. But this cannot be taken for granted; rather the UK government must engage widely following best practice.

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