

ECIPE - UK PROJECT PRESS RELEASE — NEW POLICY BRIEF

The UK's First International Trade Negotiation – Agriculture at the WTO

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Brussels, Belgium, 23rd July 2018 - There are few issues that cause more controversy in international trade policy than agriculture. The EU's overall agriculture policy, including domestic support, tariffs, and Tariff Rate Quotas (TRQs), are an ongoing irritant with trade partners. The UK government has spoken of being more liberal.

This is the context for the UK's first international trade negotiation since the Brexit vote, to set our future WTO schedules, including calculating our TRQs. There has been optimistic talk from UK Ministers and influential advisers about UK leadership helping renew the impetus for trade liberalisation at the WTO. This process could therefore be an opportunity for the UK to show a liberalising instinct, and a sensitivity towards the differing interests of different countries.

So far the UK is struggling. The proposed approach to assert a new schedule, calculated on the basis of average historical usage of the previous EU TRQs, is seen by agricultural exporters as counter to WTO rules as they would suffer a loss of market access from the loss of flexibility, and failure to account for produce currently crossing borders once inside the EU. Given that all countries have to certify the schedule, a full negotiation will be needed. The EU, who joined the UK in proposing this approach, have now accepted this need. The UK government has sent mixed signals regarding following this lead, but we expect they will need to do so shortly.

The UK needs to find a new more liberal approach in line with Government policy. The UK Withdrawal Agreement may provide a period of time during which unfettered trade with the EU will continue, which should allow continuing single management of the existing TRQs in the short term. The UK should use this extra time to run a domestic consultation process with a Green Paper on agriculture and trade, aiming at an outcome that will deliver liberalisation alongside clarity and reassurance for domestic interests. The evidence suggests that such an outcome is attainable.

In the event that the UK leaves the EU without a deal in March 2019 the UK's current approach will also not work, given the existing trade between the two, and would definitely require a significant renegotiation by both EU and UK after a short term solution was put in place. Thus the case for the UK taking a fresh look at splitting Tariff Rate Quotas would seem to be overwhelming. It should be fine to admit that the initial approach was optimistic, and that having now considered further we are going to deliver something better.

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