

# THE UK'S NEGOTIATIONS WITH THE EU ON A NEW TRADING FUTURE

Aspirations, Benchmarks and Measures of Success

**August 2020**

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# EXECUTIVE SUMMARY

## CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>4</b>
INTRODUCTION.....	4
TRADE IN GOODS .....	5
TRADE IN SERVICES .....	6
OTHER CRITICAL NEGOTIATING ISSUES/STALEMATE ISSUES.....	8
CONCLUSION.....	9
<b>TRADE IN GOODS</b> .....	<b>10</b>
WHAT HAS THE UK COMMITTED TO DELIVERING ON GOODS TRADE?.....	10
<b>TRADE IN SERVICES</b> .....	<b>20</b>
WHAT HAS THE UK COMMITTED TO DELIVERING ON SERVICES TRADE?.....	20
FINANCIAL SERVICES .....	23
DIGITAL SERVICES.....	25
ROAD TRANSPORT .....	26
TEMPORARY ENTRY AND STAY FOR BUSINESS PURPOSES.....	27
MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS .....	28
BEST PRACTICE ON SERVICES IN OTHER FTAS: .....	28
<b>STALEMATE ISSUES IN THE NEGOTIATIONS</b> .....	<b>32</b>
FISHERIES NEGOTIATIONS.....	32
REGULATORY ALIGNMENT AND LEVEL PLAYING FIELD PROVISIONS .....	32
<b>TABLES: TRADE IN GOODS</b> .....	<b>35</b>
<b>TABLES: TRADE IN SERVICES</b> .....	<b>42</b>
<b>BIBLIOGRAPHY</b> .....	<b>56</b>

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Tim led Australia's rules of origin teams in negotiating the Trans-Pacific Partnership and the ASEAN-Australia-New Zealand Trade Agreement. He also played a key role in negotiating Australia's bilateral free trade agreements with the US, New Zealand and Malaysia.

Tim also spent three years as part of Australia's delegation to the WTO in Geneva, where he had responsibility for a number of trade in goods issues including negotiations on non-agricultural market access, information technology products and environmental goods, as well as rules of origin, technical barriers to trade and customs arrangements technical

Tim spent a year and a half as a senior adviser in the UK's Department for International Trade (DIT) between November 2017 and April 2019.

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Namali's diplomatic posting was as the senior trade specialist at the Australian High Commission in London where she managed Australia's key trade and economic interests in the UK. Since then Namali led the international team at Prudential plc in London, including on the trade in services agenda. More recently from 2016-2019, Namali was the Trade Advisor to Make UK, The Manufacturers' Organisation, where she worked with a range of UK manufacturing companies on their supply chain and trade strategy for Brexit-readiness.

Since then, Namali has been providing specialist trade policy and trade negotiations advice on Brexit to government and industry across a range of sectors including manufacturing, agriculture and financial services, as well as delivering trade policy training programmes.

# EXECUTIVE SUMMARY

## INTRODUCTION

As the deadline draws closer for the United Kingdom (UK) to strike a deal with the European Union (EU) before the end of the transition period, the condensed timeframe and the unforeseen social and economic circumstances of 2020 have placed the parties under unprecedented pressure to conclude a deal – and to do this quickly.

The challenges of 2020 aside, it is now well understood that this was never an ordinary bilateral negotiation. Not only did it extend significantly beyond a standard trade deal, it also moves in the opposite direction by separating systems rather than trying to merge systems together which is the norm in Free Trade Agreements (FTAs). Therefore, the political dynamics, potential impacts of the proposed changes and the negotiations themselves will be significantly different to any previous trade deal on record.

The potential impacts in particular are worth considering. In usual trade arrangements two or more parties come together to build upwards from their current trading base. Any gains from the deal generally add to each party's status quo, improving the competitiveness of a party's exports within the partner's markets.

In this trade deal, the status quo will be dismantled and re-arranged in many sectors and as a result there will be significant change and cost – borne by producers and consumers of goods and services on both sides. The objective of these negotiations therefore should be to agree on arrangements that minimise the change and costs as much as possible and maximise future opportunities.

In that context, this report aims to objectively highlight what the UK has committed to achieving through a future trade arrangement – looking especially at the most important areas of goods and services trade for the UK.

In the trade of goods, the report looks at what the UK has stated as its aims in each of tariffs, quotas, rules of origin, customs and trade facilitation measures as well the non-tariff issues of Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT).

Similarly, on the services trade side the report assesses the UK's commitments to its key interests – cross border supply of services, financial services, digital services, road transport services, the movement of people for business purposes, mutual recognition of professional qualifications and audio-visual services.

Finally, we take a brief look at the UK's position on the issues which have proven to be sticking points in the negotiations to date – level playing field provisions, state aid and a fisheries arrangement. In setting out the UK's aims on all of these areas, the report looks at what the practical implications are of these positions and the dynamics in the negotiations, drawing on precedent in other FTAs.