

The UK in a post-Brexit world; following the US, or the EU's influence on trade agreements?

By Dr Arantza Gomez-Arana, Centre for Brexit Studies

Since the creation of the General Agreement on Tariffs and Trade (GATT) in 1947 and its replacement with the World Trade Organisation (WTO) in 1994, the main goal of the organisation has been the facilitation of [trade between countries, by decreasing barriers among the now 164 members and covering 98% of international trade](#). The role of the US and the EU within the WTO negotiations, has been interpreted as them being the dominating players, until the Doha Round that started in 2001. It has not been finished [in part due to the disagreement between several countries with the US and the EU](#). The position of the UK after Brexit, will likely be weaker as a negotiator within the context of the WTO, because it cannot compete individually against them and also, against other big and relatively new members such as China (2001) and Russia (2012).

Considering that it normally takes many years to finish these Rounds of negotiations within the WTO, and the already mentioned lack of progress with the last one, it is not a surprise that both the [US](#) and the [EU](#) have developed many trade agreements with other countries and regions. The way they have both influenced other countries and exported rules and norms through these agreements, does however represent the power that they have had for decades: [“The EC and US agreements effectively serve as a means for the two hubs to export their own regulatory approaches to their PTA partners”](#)[1]. In the case of the EU in particular, as Professor Young explains: [“Both in the academic literature and in the media the European Union is commonly characterised as an influential regulator well beyond its borders. This depiction is informed primarily by examples of regulatory competition in which firms or governments unilaterally adjust to or adopt EU rules”](#) [2]. The position of the UK after Brexit will likely be weaker within the context of international trade agreements because, it will attempt to negotiate agreements with regions and countries that have already achieved an agreement with the US or the EU. Consequently, it will be influenced by the regulations created by either

the US or the EU. As I argue somewhere else^[3], there are instances where both the US and the EU's influence is seen in the same region, such as the case of their trade agreements with the Central American Common Market.

The current American President, Donald Trump, has recently expressed his view of the difficulties that would face the UK if they create an agreement with the US and the British government decided to negotiate a "soft" Brexit: "[If they do a deal like that, we would be dealing with the European Union instead of dealing with the UK, so it will probably kill the deal. If they do that, then their trade deal with the US will probably not be made](#)". It appears that if there is no deal, or if there is a hard Brexit, then the UK will have to choose between the EU and the US, for as long as there is not an agreement between them, such as the Transatlantic Trade and Investment Partnership (TTIP). It does not seem however, that the UK will be the one choosing the regulations put in place when negotiating the agreement with them.

A potential agreement such as the TTIP, would leave the UK in a very isolated position within a post-Brexit world. However, considering the lack of success of the transatlantic agreement, it does not seem to be the case for now, but alternative negotiations could take place either with the current president (or with future US administrations) according to his recent tweet on the 25th of July: "[The European Union is coming to Washington tomorrow to negotiate a deal on Trade. I have an idea for them. Both the U.S. and the E.U drop all Tariffs, Barriers and Subsidies! That would be called Free Market and Fair Trade! Hope they do it, we are ready-but they won't!](#)". Moreover, [the negotiations of the TTIP were criticised in Europe for trying to bring further privatisation of the public sector as one of the main goals](#). After Brexit, the UK will face a similar approach when negotiating any future trade agreement with the US.

The need for an agreement between the EU and the US [could be linked to the rapid economic growth of several southeast Asian countries](#) in the last decades. In the current climate, if the EU and the US need to join forces to keep their privileged status, the UK in a post-Brexit context will have to join one of them (and therefore, should have to accept their rules and norms without negotiating them) or end up trading with other trade partners (who will try to impose their own

rules and norms) or both. Once more, the UK in a post Brexit world will likely be in a weaker position as an international negotiator.

By leaving the EU, the UK is leaving behind a good opportunity to shape and influence international regulations, and consequently, it is choosing to become a more passive actor by losing leverage at a crucial time of deciding the rules of the game.

[1] Page 10.

[2] Page 1.

[3] Gomez-Arana, A. (2015) "The European Union and the Central American Common Market signs an Association Agreement: Pragmatism versus Values?" *European Foreign Affairs Review* 20, no 1: 43-64