

How the WTO affects the UK's options

Three parts: "In the WTO", "special relationships", and "meanwhile back in the WTO"

WTO, affecting ...	Needed/not needed	Difficult points?	Will this disrupt trade?
IN THE WTO			
... establishing UK membership separate from the EU	<ul style="list-style-type: none"> • Rule-book continues to apply • "Schedules" of commitments on goods and services 	<ul style="list-style-type: none"> • Tariff quotas in agriculture • Possibly some tariffs • Possibly agricultural subsidies • May take longer than two years for WTO members to certify by consensus 	<ul style="list-style-type: none"> • With good diplomacy, if UK has draft schedules that accommodate most countries' concerns, then trade can continue • Without it, possible disruption through retaliation and litigation
UK-rest of the world under WTO commitments	<p>As above</p> <ul style="list-style-type: none"> • What trade policy does UK want to pursue? UK can unilaterally apply policies that are more liberal than its WTO commitments eg tariffs lower than the legally bound ceilings provided it doesn't discriminate between trading partners (except FTA or economic integration) 	As above	As above
SPECIAL RELATIONSHIPS			
UK-EU relationship <ul style="list-style-type: none"> • Part of single market? • Customs union (goods)? • Free trade agreement (goods/services)? 	<ul style="list-style-type: none"> • Comply with article 24 of GATT (goods coverage: substantially all trade) • Comply with article 5 of GATS (services coverage: substantially all services sectors) 	<ul style="list-style-type: none"> • Can't have single-sector deals eg for cars and financial services • Huge grey area in WTO jurisprudence means some exclusions are possible 	<p>This may not be quick to negotiate</p> <ul style="list-style-type: none"> • EU-UK trade disrupted if no transition/interim deal by expiry of Art.50 in 2019 • Disruption worse if schedules of commitments not agreed by expiry of Art.50 in 2019
UK free trade agreements (FTAs) with non-EU countries	Articles 24 and 5 as above	<p>Also as above plus</p> <ul style="list-style-type: none"> • Very difficult for goods trade if UK in EU customs union • Some debate on whether EU FTAs eg Korea, Canada, can be "grandfathered" for UK. Doesn't look easy 	<p>May take time to negotiate, therefore:</p> <ul style="list-style-type: none"> • UK would lose free trade under EU free trade agreements (eg Korea, Canada), until new UK deals struck bilaterally
MEANWHILE BACK IN THE WTO			
UK's future role in the WTO	<p>UK taking over WTO work currently handled by EU Commission on behalf of member states. Needs staff and expertise for</p> <ul style="list-style-type: none"> • active participation in WTO committees, which deal with implementing WTO agreements • legal disputes • on-going negotiations (agriculture, services, environmental goods, etc) 		