



UK TRADE POLICY POST-BREXIT

Following the withdrawal of the UK from the EU - after any transitional period which may be negotiated - the UK will be in a position to formulate its own trade policy.

The UK's trade policy is currently controlled by the EU as part of the EU's Common Commercial Policy. This means, for example:

- The UK applies the EU's common external tariff to goods arriving from outside the EU.
- Trade between the UK and the EU takes place without tariffs and customs controls.

- The UK is part of free trade agreements which the EU has concluded with third countries, such as the EU – Canada Comprehensive Economic and Trade Agreement.
- The UK is represented by the EU at the World Trade Organisation.
- Service providers that are authorised in the UK in certain industries (e.g. financial services and insurance) can operate throughout the EU (and EEA) due to ‘passporting’ rights.

Following the withdrawal of the UK from the EU, after any transitional period which may be negotiated:

- The UK will not be required to apply the EU’s common external tariff to goods arriving from outside the EU. Whilst it is likely, at least initially, that the UK will apply the same tariffs as those applied by the EU, the UK will be able to negotiate its own free trade agreements with third countries. Such free trade agreements would, amongst other things, be likely to lower tariffs on goods travelling between the UK and the relevant third countries.
- There is no guarantee that trade between the UK and the EU will take place on a tariff free basis. Under WTO rules, the UK and the EU would be required to enter into a formal free trade arrangement in

order to maintain tariff free trade. In addition, it is likely that some form of customs controls for goods travelling between the UK and EU would have to be reintroduced. In a worst-case scenario, the reintroduction of such controls could lead to significant delays at ports.

- The UK Government recently published proposals on the future customs relationship between the UK and the EU¹. The proposals have the objective of minimising any disruption resulting from the reintroduction of customs controls for goods travelling between the UK and EU.
- There is no guarantee that the UK will continue to benefit from free trade agreements concluded by the EU with third countries before the UK’s withdrawal. At least following Brexit, the UK will be in a position to negotiate and conclude its own free trade agreements with third countries.
- The UK will be represented separately from the EU at the World Trade Organisation. This means, for example, that it will be able to impose its own trade defence measures, for example anti-dumping duties, in situations where cheap imports have a harmful effect on domestic industry.

¹ <https://www.gov.uk/government/publications/future-customs-arrangements-a-future-partnership-paper>

- Service providers authorised in the UK which currently benefit from passporting rights may have to make alternative arrangements to safeguard their ability to supply services throughout the EU.

The eventual trading relationship between the UK and the EU depends upon the outcome of upcoming trade negotiations between the two. Businesses involved in importing or exporting goods and services to and from the UK should follow negotiations closely so that they are prepared for potential challenges they may face as the UK’s new trade regime is implemented.

For further information please contact:

ANTHONY WOOLICH
Partner, London
T +44 (0)20 7264 8033
E anthony.woolich@hfw.com

FELICITY BURLING
Associate, London
T +44 (0)20 7264 8057
E felicity.burling@hfw.com

JEREMY KELLY
Associate, London
T +44 (0)20 7264 8798
E jeremy.kelly@hfw.com

HFW has over 500 lawyers working in offices across Australia, Asia, the Middle East, Europe and the Americas. For further information about our EU, competition and regulatory trade capabilities, please visit [hfw.com/EU-Competition-and-Regulatory](https://www.hfw.com/EU-Competition-and-Regulatory)

[hfw.com](https://www.hfw.com)

© 2017 Holman Fenwick Willan LLP. All rights reserved.

Whilst every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. Holman Fenwick Willan LLP is the Data Controller for any data that it holds about you. To correct your personal details or change your mailing preferences please contact Souhir Jemai on +44 (0)20 7264 8415 or email souhir.jemai@hfw.com

Beirut Brussels Dubai Geneva Hong Kong Houston Kuwait London Melbourne Paris Perth Piraeus Riyadh São Paulo Shanghai Singapore Sydney