



Library Note

Leaving the European Union: Global Free Trade

On 27 October 2016, the House of Lords will debate the following motion, tabled by Lord Leigh of Hurley (Conservative):

That this House takes note of the opportunities presented by the United Kingdom's departure from the European Union for this country to be an outward looking champion of global free trade, and the potential benefits this will bring both domestically and internationally.

During her speech to the Conservative Party Conference on 5 October 2016, the Prime Minister, Theresa May, stated that part of the UK's role upon the world stage after leaving the EU would be to act as an advocate for global free trade rights. The Secretary of State for International Trade, Liam Fox, has also suggested that the UK's departure from the EU will provide an opportunity for the UK to become a world leader in free trade. The Government has said that it has begun preliminary explorative talks with some countries outside the EU on potential new trade deals once the UK has left the EU.

The UK's future trading relationship with the EU is to be the subject of negotiations for the UK's departure. The Parliamentary Under Secretary of State at the Department for Exiting the European Union, Lord Bridges of Headley, has stated that the Government is looking to achieve "the freest possible" trading relationship with EU member states. The UK Government has also said that it wants to have greater control over its immigration policy outside the EU. The President of the European Council, Donald Tusk, has stated the EU would not compromise on rules for the free movement of people and allow the UK to retain its current level of access to the European single market.

The Labour Party, the Liberal Democrats and the Scottish National Party have all argued that the Government's position going into the EU departure negotiation process is likely to lead to less free access to foreign markets for UK businesses. The campaign organisation Open Britain also contends that the Government risks jeopardising the UK's ability to trade freely with EU member states. Of the think tanks and campaign groups commenting on the future of UK international trade policy, a number have suggested that leaving the EU might present the UK with an opportunity to promote global free trade.

This briefing provides a summary of the statements made thus far by the Government regarding global free trade after the UK has departed from the EU. It also summarises comments from the opposition political parties, business representatives, trade unions and campaign groups on the future prospects for UK free trade.

Table of Contents

- 1. Introduction 1
- 2. UK Trade Negotiations: Current Status 1
- 3. UK Government Policy 2
 - 3.1 G20 September 2016 Meeting 5
- 4. Reactions 6
 - 4.1 UK Political Parties 6
 - 4.2 UK Industry 8
 - 4.3 Think Tanks and Campaign Groups..... 9

I. Introduction

This briefing outlines the statements made thus far by the Government on the UK's trade policy, relating to both the negotiation of its departure from the EU and its subsequent ambitions for the UK's role following its departure from the EU. It sets out the current status of the negotiations, provides an outline of the Government's position on future UK trade, and then provides responses and commentary regarding this position.

Information on the UK's current trading relationship with the EU and possible alternative models for UK–EU trade is provided in the House of Commons Library briefing [Brexit: Trade Aspects](#).¹ Further statistical information on UK trade, including with the Commonwealth, is provided in the House of Lords Library briefing [UK–Commonwealth Trade](#).²

2. UK Trade Negotiations: Current Status

Following the vote by the UK to leave the EU in the referendum on 23 June 2016, the Prime Minister, Theresa May, has stated that the UK will begin the process of leaving the EU in March 2017 by activating the procedure set out in Article 50 of the Lisbon Treaty.³ The House of Lords European Union Committee has stated that the Article 50 process may proceed at the same time as the negotiation of a separate future trading relationship between the UK and the EU.⁴ The negotiations of the UK's departure from the EU will therefore establish the future relationship between the UK and the EU in relation to trade.

The UK, as a member of the EU, is currently within the European single market. The so called 'four freedoms' of the single market are facilitating the free movement of goods, persons, services and capital amongst member states.⁵ The UK is also a member of the EU customs union, which establishes a single external customs tariff for the EU and the abolition of duties between member states.⁶

While the negotiation of the UK's departure from the EU has not yet begun, one of the issues identified as being important for these negotiations is the degree to which the UK may or may not remain within the single market or otherwise be able to access it.⁷ Speaking in October 2016, the President of the European Council, Donald Tusk, has stated the EU would not compromise with the UK on the rules for the free movement of people while allowing the UK to retain its current level of access to the European single market.⁸

The UK's trading arrangements after departing from the EU will be shaped by the form of the final agreement reached with the EU, the World Trade Organisation, and other international trading partners. These are currently the subject of complex and interrelated negotiations which have yet to begin formally. The Parliamentary Under Secretary of State at the Department for Exiting the European Union, Lord Bridges of Headley, has described the status

¹ House of Commons Library, [Brexit: Trade Aspects](#), 8 September 2016.

² House of Lords Library, [UK–Commonwealth Trade](#), 5 August 2016.

³ BBC News, ['Brexit: Theresa May to Trigger Article 50 by End of March'](#), 2 October 2016.

⁴ House of Lords European Union Committee, [The Process of Withdrawing from the European Union](#), HL Paper 138 of session 2015–16, 4 May 2016, p 10.

⁵ HM Government, [Review of the Balance of Competences between the United Kingdom and the European Union: The Single Market](#), July 2013, p 13.

⁶ *ibid.*

⁷ BBC, ['Reality Check: Could There Be Free Trade Without Free Movement?'](#), 27 June 2016.

⁸ BBC News, ["'Hard Brexit" or "no Brexit" for Britain—Tusk'](#), 13 October 2016.

of the UK's existing free trade agreements on departing from the EU, and the UK's ability to form new trade agreements, as being part of a multi-dimension negotiation.⁹ He said that this was intertwined with negotiation with the EU as part of the Article 50 process, the process for the repeal of the European Communities Act 1972, and settling arrangements for the future status of the UK as an independent member of the World Trade Organisation (WTO).¹⁰

Trade Deals with Third Parties and WTO

Under the Treaty of Lisbon, while the UK remains a member state within the customs union, the EU has exclusive competence regarding what is referred to as the 'common commercial policy'.¹¹ This means that, until it has left the EU, the UK is unable to sign trade deals with countries outside the EU which might include elements such as setting trade tariffs. However, the Government has said that it has begun preliminary, explorative talks with other countries ahead of triggering Article 50.¹²

The negotiations with the EU will take place at the same time as the UK makes arrangements for its membership of the World Trade Organisation (WTO) outside the EU.¹³ Prior to the EU referendum, the Director-General of the WTO, Roberto Azevêdo, stated that the UK would remain a WTO member on leaving the EU but would need to re-establish the defined terms in the WTO for its trade in goods and services.¹⁴ At present the UK is bound by the EU's schedule of commitments which is negotiated as a block in the WTO.¹⁵ Outside the EU, the UK would need to have its own schedule of commitments, setting out its terms of trade as a member of the WTO.

3. UK Government Policy

In July 2016, the Prime Minister announced changes to those aspects of the machinery of government concerning the UK's future trading relationship: the Department for Exiting the European Union was created with responsibility for overseeing the withdrawal of the UK from the EU and conducting the withdrawal negotiations; and the Department for International Trade was created with responsibility for negotiating free trade agreements and market access deals with non-EU countries.¹⁶ The House of Commons Foreign Affairs Committee has noted that these two roles will also overlap with the work of the Foreign and Commonwealth Office.¹⁷

⁹ Select Committee on the European Union Internal Market Sub-Committee and External Affairs Sub-Committee, [Uncorrected Oral Evidence: Brexit—Future Trade between the UK and the EU, 13 October 2016](#), 18 October 2016, Q 40.

¹⁰ *ibid.*

¹¹ HM Government, [Review of the Balance of Competences between the United Kingdom and the European Union: Trade and Investment](#), February 2014, pp 10 and 26.

¹² Prime Minister's Office, Department for Exiting the European Union and Department for International Trade, [PM: UK Should Become the Global Leader in Free Trade](#), 4 September 2016.

¹³ Select Committee on the European Union Internal Market Sub-Committee and External Affairs Sub-Committee, [Uncorrected Oral Evidence: Brexit—Future Trade between the UK and the EU, 13 October 2016](#), 18 October 2016, Q 40.

¹⁴ World Trade Organisation, [Azevêdo Addresses World Trade Symposium in London on the State of Global Trade](#), 7 June 2016.

¹⁵ *Financial Times*, [Brexit and the WTO Option: Key Questions About a Looming Challenge](#), 11 July 2016.

¹⁶ House of Commons, [Written Statement: Machinery of Government Changes](#), 18 July 2016, HCWS94.

¹⁷ House of Commons Foreign Affairs Committee, [Equipping the Government for Brexit](#), HC 431 of session 2016–17, 20 July 2016, p 7.

The Prime Minister, Theresa May, and the Secretary of State for Exiting the European Union, David Davis, have both stated that they wished to negotiate a ‘bespoke’ deal with the EU, different to those arrangements enjoyed by Norway—which is a member of the European Economic Area but not a member of the EU—or Switzerland—which has a series of bilateral arrangements with the EU.¹⁸ During her speech to the Conservative Party Conference on 5 October 2016, the Prime Minister stated that, while it was too early to say exactly what agreement would be reached, the UK would seek to secure an agreement that would involve free trade in goods and services.¹⁹ She argued, however, that the deal would need to entail the UK outside the EU having greater control over immigration:

I want it to give British companies the maximum freedom to trade with and operate within the single market—and let European businesses do the same here. But let’s state one thing loud and clear: we are not leaving the European Union only to give up control of immigration all over again. And we are not leaving only to return to the jurisdiction of the European Court of Justice. That’s not going to happen.²⁰

Current Negotiation Preparations

Following the EU referendum, two sub-committees of the House of Lords Committee on the EU—the EU External Affairs Sub-Committee and EU Internal Market Sub-Committee—began a joint inquiry into the future of trade between the UK and the EU. On 13 October 2016, the Parliamentary Under Secretary of State at the Department for Exiting the European Union, Lord Bridges of Headley, and the Minister of State for Trade Policy at the Department for International Trade, Lord Price, both gave evidence outlining the preparations that had been made for the UK’s departure from the EU up to that point.

Echoing the words of the Prime Minister, Lord Bridges told the Committee that the Government was not able to give a running commentary on what the UK’s position would be in its negotiations.²¹ Further to the type of trade relationship the UK was seeking to agree with the EU, Lord Bridges said that the UK was “looking at all options” as part of the negotiations.²² He said that the Prime Minister had set out the overriding aims and objectives of the UK in the negotiations, which included “the freest possible relationship as regards trade for [...] businesses right across the UK”, while retaining control over UK law.²³

Lord Price told the sub committees that he and the Secretary of State for International Trade, Liam Fox, had attended meetings with the WTO and engaged in “constructive conversations”.²⁴ Lord Price also said that it was the Government’s position that, because the UK was a founder member of the WTO, it did not need to accede to the WTO. In terms of the negotiation of free trade agreements prior to the UK leaving the EU, Lord Price stated that the UK was currently exploring what might be possible with various countries.²⁵

¹⁸ [HC Hansard, 5 September 2016, cols 38–40; 7 September 2016, cols 335–7.](#)

¹⁹ Conservative Party, [‘Prime Minister: The Good that Government Can Do’](#), 5 October 2016.

²⁰ *ibid.*

²¹ Select Committee on the European Union Internal Market Sub-Committee and External Affairs Sub-Committee, [Uncorrected Oral Evidence: Brexit—Future Trade between the UK and the EU](#), 13 October 2016, 18 October 2016, Q 40.

²² *ibid.*

²³ *ibid.*

²⁴ *ibid.*

²⁵ *ibid.*

Future Trading Relationships

The Secretary of State for Exiting the European Union, David Davis, stated to the House of Commons that the deal that the Government would seek to negotiate with the EU would include the UK having more control over its trade policy.²⁶ He stated that it was the Government's ambition for the UK to become a "beacon for free trade across the world" after leaving the EU.²⁷

Regarding the UK's future trade deal with the EU, Mr Davis argued that, once the UK had left the EU, the negotiation of a trade agreement between the UK and the EU would be "mutually beneficial".²⁸ He argued that the EU would seek to negotiate with the UK on favourable terms because of the manufacturing surplus of EU member states with the UK and the UK's surplus in the EU in trade in services.²⁹

On 29 September 2016, the Secretary of State for International Trade, Liam Fox, gave a speech at Manchester Town Hall, the purpose of which he described as being to "remake the intellectual and philosophical case for free trade".³⁰ Dr Fox argued that there was a trend across the globe to restrict free trade in favour of greater protectionism. Invoking the history of the UK as "a trading nation", he told the Manchester Town Hall audience that the UK leaving the EU presented the UK with an opportunity to promote free trade globally, stating:

[...] I believe the UK is in a prime position to become a world leader in free trade because of the brave and historic decision of the British people to leave the European Union. Those who believe that the referendum was a sign of Britain looking inwards have it completely wrong—it is the beginning of Britain increasing its global engagement. We are leaving the EU, we are not leaving Europe and we are ready to take our place in an open, liberal and competitive globalised trading environment.³¹

Dr Fox has stated in the House of Commons that leaving the EU offered the UK:

[...] an opportunity to forge a new role for ourselves in the world: to negotiate, in time, our own trade agreements and to be a positive and powerful force for free trade.³²

As part of achieving this new global role, Dr Fox has argued in the House of Commons that UK businesses should seek to maximise the potential of new export opportunities:

All of us should encourage businesses in our constituencies to export. In a nation that built itself upon free trade, it is disappointing that only 11 percent of businesses export. I hope that my Department will help all Members improve that position and create the expertise required to get all parts of the United Kingdom exporting to all parts of the globe.³³

²⁶ [HC Hansard, 5 September 2016, col 38.](#)

²⁷ [ibid.](#)

²⁸ [ibid, col 46.](#)

²⁹ [HC Hansard, 12 October 2016, col 331.](#)

³⁰ Department for International Trade, '[Liam Fox's Free Trade Speech](#)', 29 September 2016.

³¹ [ibid.](#)

³² House of Commons, '[Written Question: Trade Agreements—USA](#)', 26 August 2016, 41850.

³³ [HC Hansard, 8 September 2016, col 460.](#)

On 10 September 2016, the *Times* reported that Dr Fox, speaking at an event hosted by the campaign group Conservative Way Forward, had accused UK businesses of being “too lazy, and too fat” to seek out new trade opportunities around the world, with business leaders not prioritising exports because it was “too difficult or too time-consuming or because they can’t play golf on a Friday afternoon”.³⁴ Dr Fox was criticised for his comments, including by the Shadow Secretary of State for International Trade, Barry Gardiner, who described them as “inexcusable”.³⁵ Responding to criticism, Dr Fox defended his comments, arguing that his job “was not to tell people what they wanted to hear”.³⁶

3.1 G20 September 2016 Meeting

The Prime Minister, Theresa May, has said that her ambition was for the UK to become the global leader in free trade, describing this as one of her priorities for the G20 meeting in China in September 2016.³⁷ Prior to the meeting, the Prime Minister said that she would conduct “exploratory talks” with a number of countries which would enable the UK to create its own new trade deals once it had left the EU. She also said that, while governments around the world should not ignore those working people who felt left behind by globalisation, there should not be a “retreat” towards protectionism and away from free trade.³⁸ Instead, she argued that more should be done to ensure that working people benefited from the opportunities of free trade through great investment in skills, training and infrastructure. She argued that, in the UK, this greater investment would be enacted through the Government’s plan to establish a new industrial strategy.³⁹

At her press conference during the G20 meeting, she continued to argue in favour of greater global free trade, stating that this was a more effective means of creating sustainable economic growth and combating poverty than the adoption of protectionist policies.⁴⁰ She told reporters that the leaders from India, Mexico, South Korea and Singapore had told her that they would welcome talks on removing barriers to trade with the UK, and that exploratory discussions on the shape of a UK-Australia trade deal were also underway.

Regarding future trade arrangements with the EU, she said during the G20 summit press conference that she wished to achieve “the best deal” on trade in goods and services with the EU.⁴¹ She said that the Government was currently considering what sort of deal it was looking to achieve with the EU:

[The] work that we’re doing at the moment across Government is about looking at the sort of relationship that we want to negotiate with the European Union. Part of that is about the sort of trade arrangements, part of it is about the sort of issues we want to

³⁴ Oliver Wright and Henry Zeffman, ‘[Liam Fox Under Fire Over Claim that UK Business Is Too Lazy and Fat](#)’, *Times* (£), 10 September 2016.

³⁵ Josh May, ‘[Liam Fox: As a Doctor, I’m Entitled to Call Businesses Fat and Lazy](#)’, Politics Home, 29 September 2016.

³⁶ Kate McCann, ‘[Liam Fox Signals Britain will Leave the Single Market in “Hard Brexit”](#)’, *Telegraph*, 29 September 2016.

³⁷ Prime Minister’s Office, Department for Exiting the European Union and Department for International Trade, ‘[PM: UK Should Become the Global Leader in Free Trade](#)’, 4 September 2016.

³⁸ *ibid.*

³⁹ *ibid.*

⁴⁰ Prime Minister’s Office, Department for Exiting the European Union and Department for International Trade, ‘[G20 Summit, China: Prime Minister’s Press Conference—5 September 2016](#)’, 5 September 2016.

⁴¹ *ibid.*

deal with in relation to free movement. So we will be coming forward in due course with those proposals.⁴²

In her statement to the House of Commons following the G20, the Prime Minister argued that the UK leaving the EU presented opportunities for the UK to forge new trade deals, saying that:

Trading with partners all around the globe has been the foundation of [the UK's] prosperity in the past, and it will underpin our prosperity in the future. So under my leadership, as we leave the EU, Britain will seek to become the global leader in free trade. At this summit we secured widespread agreement across the G20 to resist a retreat to protectionism, including a specific agreement to extend the roll-back of protectionist measures until at least the end of 2018.⁴³

In addition to the meeting that she had with G20 countries on the potential for removing barriers for trade with the UK, she referred the House to the visit of the Australian trade minister to the UK and the beginnings of preliminary talks between Australia and the UK.⁴⁴ She also said that President Xi of China had said that he would welcome discussions on a bilateral trade arrangement with the UK.⁴⁵

4. Reactions

4.1 UK Political Parties

Labour

The Leader of the Opposition, Jeremy Corbyn, accused the Prime Minister of pursuing “free trade dogma” regarding the UK’s future trade negotiations outside the EU.⁴⁶ He argued that this dogma had “[...] often been pursued at the expense of the world’s most fragile economies, and has been realised with destructive consequences for our environment”.⁴⁷ Mr Corbyn argued instead that the UK should pursue:

[...] a UK trade agenda that protects people and the environment. I urge the Prime Minister to stand with me against the use of Britain’s aid and trade policies to further the agenda of deregulation and privatisation in developing countries. We need a trade policy that values human rights and human dignity.

Responding to Mr Corbyn, the Prime Minister argued that the Labour Party was “turning its back” on free trade, and that promoting global free trade was a means of promoting prosperity and economic growth in the UK and around the world.⁴⁸

The Labour Party has argued that, during the negotiations to leave the EU, the UK should prioritise maintaining current levels of access to the European single market.⁴⁹ The Shadow

⁴² Prime Minister’s Office, Department for Exiting the European Union and Department for International Trade, ‘[G20 Summit, China: Prime Minister’s Press Conference—5 September 2016](#)’, 5 September 2016.

⁴³ [HC Hansard, 7 September 2016, cols 335–8.](#)

⁴⁴ *ibid.*

⁴⁵ *ibid.*

⁴⁶ [HC Hansard, 7 September 2016, col 338.](#)

⁴⁷ *ibid.*

⁴⁸ [ibid, col 340.](#)

Secretary of State for International Trade, Barry Gardiner, has argued that the Government's stance on the UK's future membership of the single market would result in the UK "leaving the largest free trade market in the world".⁵⁰

With regard to the UK's negotiating position and UK-EU trade, the Shadow Secretary of State for Exiting the European Union, Keir Starmer, stated in House of Commons that the UK should ensure that "that all sectors of [its] economy are able to trade with our most important market".⁵¹ He argued that the Government was instead prioritising controls over immigration, which he characterised as bowing "to pressure from [Conservative] back benchers for a hard Brexit".⁵²

Scottish National Party

The Scottish National Party (SNP) Westminster Leader, Angus Robertson, has accused the UK Government of exaggerating the appetite amongst other countries to create new trade deals with the UK after it has left the EU.⁵³ He argued that at the G20 meeting in China, Mexico, Australia and Singapore had only "expressed a vague interest in doing trade deals" in the future.⁵⁴ The SNP Westminster Group Leader on Trade and Investment, Tasmina Ahmed-Sheikh, has argued that leaving the EU would result in increasing the obstacles to international trade for Scottish businesses.⁵⁵ She accused the International Trade Secretary, Liam Fox, of being ideologically obsessed with Brexit and not providing any clarity on the UK's future trade arrangements, stating "that the more [Dr Fox] speaks the less we know about the UK Government's detailed plans for our trading future with Europe".⁵⁶

Liberal Democrats

The Leader of the Liberal Democrats, Tim Farron, has stated that his party is a supporter of free trade, yet contended that the Government was pursuing a policy that would lead to the creation of barriers for trade between the UK and EU.⁵⁷ In a press release, Mr Farron stated:

[...] the Government seems increasingly to favour 'hard Brexit' with withdrawal from both the single market and even the EU customs union. There would be no better way to clip the wings of business than to create additional red tape when trading with our single largest export market. Such a decision would be unacceptable to business and deeply damaging to our economy.⁵⁸

Speaking in the House of Commons, Mr Farron accused the Government of adopting an "extremist protectionism" negotiating position on leaving the EU, arguing:

[The Prime Minister] has chosen a hard Brexit that was never on anybody's ballot paper and she has chosen to turn her back on British business in the process. As a result,

⁴⁹ [HC Hansard, 12 October 2016, col 412.](#)

⁵⁰ *ibid.*

⁵¹ [ibid, col 323.](#)

⁵² *ibid.*

⁵³ [HC Hansard, 7 September 2016, cols 340–1.](#)

⁵⁴ *ibid.*

⁵⁵ Michael Settle, '[Britain Can Maintain Free Trade With EU and Still Control its Borders, Insists Liam Fox](#)', *Herald*, 30 September 2016.

⁵⁶ *ibid.*

⁵⁷ Tim Farron, '[Supporting the Single Market not "Free Trade Dogma"](#)', 20 September 2016.

⁵⁸ *ibid.*

petrol and food retailers have warned of huge price rises at the pumps and on the supermarket shelves in the coming days.⁵⁹

The Liberal Democrats have said that the party is in favour of a further referendum on the terms for the UK's departure from the EU.⁶⁰

4.2 UK Industry

Confederation of British Industry

The Confederation of British Industry (CBI) has supported the Government's stated ambition to promote free trade once the UK has left the EU. It has stated that it was encouraged by the International Trade Secretary Liam Fox's September 2016 Manchester Town Hall speech on the UK and free trade.⁶¹ The organisation said that there needed to be a "sincere partnership" between UK businesses and Government for the UK, so that the UK could make the most of opportunities to maintain and increase trade.⁶²

The CBI also argued that "redefining" economic and trading links with Europe should be the Government's first priority, stating that the terms of the UK's exit from the EU would shape what the UK's future trade deals will look like.⁶³ The CBI has stated that the UK Government should "build the foundations" of future trading relations with other countries to prepare for the point at which the UK will be able to sign new trade deals.⁶⁴ Prior to the G20 meeting in China, the CBI called on the Government to update businesses on the process for clarifying details of the UK's individual membership of the World Trade Organisation once it has left the EU.⁶⁵

British Chambers of Commerce

The British Chambers of Commerce (BCC) have argued that, following the referendum, the Government needed to give priority to supporting businesses that were looking to access new markets by increasing funding for trade missions and trade fair attendance.⁶⁶ The BCC also argued that the Government should seek to improve the UK's infrastructure and ensure businesses had access to the skills that they need to enable them to trade internationally.

Federation of Small Businesses

The Federation of Small Businesses (FSB), in its July 2016 report [Destination Export: The Small Business Export Landscape](#), described the vote for the UK to leave the EU as having "opened the

⁵⁹ [HC Hansard, 12 October 2016, col 303](#).

⁶⁰ Liberal Democrats, [Tim Farron's Conference Speech](#), 20 September 2016.

⁶¹ Confederation of British Industry, [CBI Comments on International Trade Secretary's Speech](#), 29 September 2016.

⁶² *ibid.*

⁶³ *ibid.*

⁶⁴ Confederation of British Industry, [Supporting International Trade](#), 9 September 2016.

⁶⁵ *ibid.*

⁶⁶ British Chambers of Commerce, [Quarterly International Trade Outlook, Q2 2016](#), August 2016, p 2.

door to potentially seismic changes to the exports landscape”.⁶⁷ The report recommended that:

The priority must be to maintain a stable and secure trading environment for small businesses. This includes ensuring that existing and potential export opportunities are safeguarded and continue to be strengthened.⁶⁸

The FSB has stated that it would seek to be a “constructive partner” with the Government during the negotiations to leave the EU.⁶⁹ The FSB has said that it would seek to lobby for the Government to ensure that small businesses are able to maintain easy access to the European market at the lowest cost. The FSB’s Policy Director, Martin McTague, has stated that the UK should retain “simple access” to European markets, including duty-free and barrier-free trade, and that businesses should be able to continue to have the ability to recruit from “EU talent pools”.⁷⁰ The FSB has also said that the Government should negotiate a favourable arrangement for those businesses that depend on EU funding and clarify what the future regulatory framework for small businesses would be outside the EU.⁷¹

Trade Unions

The Trades Union Congress (TUC), in its June 2016 publication [Working People Must Not Pay the Price for the Vote to Leave](#), has set out a series of recommendations to the Government following the EU referendum result.⁷² This report stated that the Government needed to establish a plan for the UK to retain current levels of access to the single market.⁷³ The TUC also recommended that the UK should pursue a “modern industrial strategy”, including Government support for businesses with a high degree of export potential.⁷⁴

In her speech to the 2016 TUC Conference, the TUC General Secretary, Frances O’Grady, argued that economic decisions made by the UK Government once the UK had left the EU should not adversely affect employment rights.⁷⁵ She stated that the UK’s priorities for leaving the EU should include maintaining those employment rights currently protected under EU law. She argued that the UK should not seek a competitive advantage against the EU by getting rid of these protections and becoming “an offshore haven for cheap labour”, stating this could jeopardise UK trade with the EU.

4.3 Think Tanks and Campaign Groups

Of the think tanks and campaign groups commenting on the future of UK international trade policy, a number have suggested that leaving the EU might present the UK with an opportunity to promote global free trade. For example, Dr Geoff Raby, head of the trade policy unit at the think tank Policy Exchange, has argued that the UK could pursue a less protectionist trade policy than that pursued by the EU. He argued that the UK would be able to do this by forming

⁶⁷ Federation of Small Businesses, [Destination Export: The Small Business Export Landscape](#), July 2016, p 5.

⁶⁸ *ibid.*

⁶⁹ Federation of Small Businesses, [‘Navigating the Brexit Tide’](#), 9 August 2016.

⁷⁰ Federation of Small Businesses, [‘What You Need to Know About Export Opportunities Following Brexit’](#), 2 September 2016.

⁷¹ Federation of Small Businesses, [‘Navigating the Brexit Tide’](#), 9 August 2016.

⁷² Trades Union Congress, [Working People Must Not Pay the Price for the Vote to Leave](#), June 2016.

⁷³ *ibid.*, p 2.

⁷⁴ *ibid.*, p 3.

⁷⁵ Trades Union Congress, [‘TUC General Secretary Frances O’Grady’s Address to Congress 2016’](#) 12 September 2016.

its own WTO schedule of commitments.⁷⁶ Dr Raby argued that the UK would be able to speak with its own voice in the WTO outside the EU:

The UK has been far too long silent in the WTO. With the rise of populism and the anti-globalisation sentiments, the UK's liberal trade voice would be most valuable in the WTO at this time. It's been far too long since the UK has been in a position to influence the direction of the multilateral system.

Shanker Singham, Director of Economic Policy and Prosperity Studies at the Legatum Institute, has also argued that the UK's departure from the EU offered the opportunity for the UK to more readily promote free trade internationally.⁷⁷ He argued that, outside the EU, the UK Government would be able to reform its own regulatory regime and create agreements that prevented "distortions and barriers" to free trade in other countries.⁷⁸ He described the potential for the UK to change global trade in the following terms:

As the global economy stalls, as trade negotiations tread water with no result, this Brexit moment has given Britain the opportunity to find its role, to be a vital catalyst for re-energizing the global economy, and to alleviate global poverty by promoting open and undistorted markets around the world.

The campaign group Open Britain has stated that Britain leaving the EU is likely to have a negative effect on UK trade. Open Britain, which describes its objective as being to strengthen the UK's future relationship with Europe, was co-founded by Anna Soubry (Conservative MP for Broxtowe), who campaigned during the referendum for the UK to remain a member of the EU. Open Britain has argued that, while the Government has said that it wishes to maintain free trade with Europe, it was in fact putting the future of free trade at risk.⁷⁹ It has argued that the UK already had a high degree of free trade with EU member states through its membership of the single market. Open Britain has called for the UK to seek to retain its current level of access to the European single market and remain in the EU customs union.⁸⁰

Writing for the website Labour List, Pat McFadden (Labour MP for Wolverhampton South East), who is a member of the Open Britain campaign group, has argued that there currently existed serious barriers preventing the UK from being able to negotiate new trade agreements with other countries. This he argued was because trade negotiations had primarily taken place at the EU level in the past, which meant that there was a lack of qualified trade negotiators in Whitehall.⁸¹ Mr McFadden also argued the process for the UK to become an independent member of the World Trade Organisation could potentially take years. He argued that the UK would not be able to attract trading partners unless the Government could guarantee that the UK remained a "full member" of the European single market.⁸²

⁷⁶ Policy Exchange, '[Leave the EU's Customs Union and Go for a Free Trade Agreement](#)', 27 September 2016.

⁷⁷ Reaction, '[Brexit Britain Can Be a Catalyst for Global Free Trade](#)', 10 October 2016.

⁷⁸ *ibid.*

⁷⁹ Open Britain, '[Liam Fox's Trade Strategy Answers None of the Hard Questions about Brexit](#)', 29 September 2016.

⁸⁰ Open Britain, '[Soubry—90 Percent of UK Trade Will Be Free if We Stay in the Single Market and the Customs Union](#)', 17 October 2016.

⁸¹ Pat McFadden, '[It Is Big Trade Deal Day—So Where Is the Boost for Business We Were Promised by David Davis?](#)', Labour List, 9 September 2016.

⁸² *ibid.*

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