

What would 'trading on WTO terms' mean?



The **UK** in a
Changing Europe

Foreword

The United Kingdom has left the European Union. Although the 'no deal' outcome that preoccupied us before ratification of the Withdrawal Agreement is no longer possible, there is still a real possibility that a trade agreement won't be in place by the end of transition (the 'no trade deal' scenario). Whether it is because of fishing rights, financial services, the EU's insistence that the UK adhere to its level playing field and governance demands, or simply running out of time, it is far from clear that a trade deal will be successfully negotiated and approved in the time left.

As a consequence, the notion of the UK trading with the EU 'on WTO terms' has resurfaced. We have produced this report to explain what the World Trade Organisation (WTO) is and what trading on WTO terms actually means legally and practically. It updates an earlier version published in 2018. That report was the product of the hard work of a number of colleagues. We would like to record our profound thanks to Katy Hayward, David Henig, Holger Hestermeyer, Emilija Leinarte, Sam Lowe, Steve Peers and Peter Ungphakorn, who worked on the first edition, and Katy Hayward, Emilija Leinarte, Jonathan Portes and Peter Ungphakorn, who have helped with this updated version. Special mention to Jill Rutter and Peter Ungphakorn, who edited and commented on the text on numerous occasions. Navjyot Lehl had the unenviable task of coordinating everything and was once again responsible for sorting out the design.

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Introduction

Brexit has taught us things we never knew about and never thought we would need to know: Article 50, the Good Friday Agreement, the devolution settlement, complex international supply chains, trade facilitation, the list goes on. And to it we can now add, the World Trade Organization (WTO).

The WTO is an institution frequently mentioned in the context of Brexit, but it is little understood. The idea that the UK could trade with the EU after Brexit on 'WTO terms' sounds reassuring, but it is rarely, if ever, explained. Yet, as the government made clear on 27 February 2020 when launching its mandate for the future relationship, leaving the EU without a trade deal in place by the end of the year remains a distinct possibility. Should this happen, UK trade with the EU will automatically be carried out on 'WTO terms' alone.

For some Brexiters, the absence of a trade deal with the EU is nothing to worry about. The WTO, they claim, holds the answers to the myriad questions about trade posed by Brexit. It not only provides all we need to continue trading with the European Union, but also the platform from which to launch a 'Global Britain', able to pursue an independent trade policy with all corners of the globe. 'After all, we trade with the USA on WTO terms, right?' (Actually, this is an oversimplification—through our EU membership the UK is party to several agreements that facilitate EU–US trade).

This option, it has to be said, looks increasingly complicated since the onset of the Covid-19 crisis, which is forcing many states to focus on their domestic situation rather than the international one. And, as this report shows, WTO terms will make trade between the UK and EU, the UK's main trading partner, more difficult.

So, what is the WTO? What are WTO terms? And what would trading with the EU solely on the basis of them mean for the UK?



What is the WTO?

The [WTO](#) was set up at a meeting in Marrakesh in 1994, the result of a major overhaul of the post-second world war system of multilateral trade rules known as the General Agreement on Tariffs and Trade. The purpose of the WTO is to make trade between its members easier, not only when it comes to buying and selling goods (food, televisions, phones, cars and so on) but also in rapidly growing areas such as services (banking, insurance and law, for example) and intellectual property (trademarks, patents, etc.). It also introduced new procedures for settling trade disputes between members

There are now 164 WTO members including individual countries, the EU and three 'customs territories' of China. The WTO covers 98% of all international trade. Decisions are taken by consensus.

The WTO is based in Geneva, employing 625 staff. The UK is represented by its delegation, headed by its Ambassador to the WTO, Julian Braithwaite. Ministers meet roughly every two years at the WTO Ministerial Conference.





What does 'trading on WTO terms' mean?

The UK is already a [member](#) of the WTO but, in the wake of Brexit, must now establish an independent presence that is separate from the EU. Currently, the UK's commitments—pledges about the level of access it gives goods and services from other WTO states—are bundled up with those of the EU. The UK now has to disentangle its commitments from those agreed for the EU in order to ready itself for its post-Brexit trading position, which will come into force when the transition period ends (currently scheduled for the end of 2020).

Unless a free trade agreement is signed, trade between the UK and the EU will be based on WTO *terms*. Even with a trade deal, the two sides will still be bound by WTO *rules*. These, it should be noted, are not the same thing.

WTO rules are agreements negotiated and concluded by consensus among WTO member governments. They have two components:

- rules that cover different aspect of trading relations between members, such as the kinds of subsidies that are allowed and how legal disputes are settled. The [latest edition](#) of the WTO rules runs to about 550 pages;
- commitments that individual governments make to open their markets and limit agricultural subsidies. These are different for every country. The combined commitments of all WTO members probably runs to around 30,000 pages.

WTO rules apply to all trading relationships between WTO members, even if they negotiate additional agreements among themselves. A UK–EU free trade agreement would still have to comply with WTO rules.

WTO terms is a way of describing a trading relationship that is based only on WTO rules—without a bilateral free trade agreement between the parties. Trade on WTO terms is governed by a key [WTO principle](#): treating one's trading partners equally or as a *most favoured nation* (MFN). The term is misleading. MFN ensures non-discrimination between different WTO members. In practice, for the UK it will mean the least preferential tariff rates that the EU offers.



What would 'trading on WTO terms' mean?

The non-discrimination principle applies to the full range of tariffs and regulatory controls. If the UK charges a 10% duty on car imports from China, it has to charge the same duty on cars from all other WTO members, except where it has a free trade agreement with another country.

The WTO has a second important non-discrimination principle called *national treatment*. This means that foreigners or foreign companies have to receive the same treatment as the country's own nationals or companies. In other words, if a foreign company needs a licence to operate then the domestic company needs one too.

If the UK and EU do not agree a trade deal, their trade would be on WTO terms only; they would have to treat each other like any other trading partner with whom they do not have a trade agreement. Imported British goods would be charged tariffs according to the EU's MFN terms and vice versa. In the case of cars, for example, that would be 10%. The UK set out its proposed tariff schedule to the WTO in 2018. In May 2020, it announced a new ['UK global tariff'](#) that eliminates a number of low tariffs, but leaves others in place on goods such as cars and ceramics and on many agricultural goods. The aim of these tariffs is to protect the UK industry in these goods from cheaper imports.

Finally, free trade agreements and WTO rules are not mutually exclusive. If there is a narrow UK–EU deal that only covers goods, for example, then the rest of UK–EU trade will be carried out on WTO terms.

WTO commitments

The UK is bound by the commitments that it makes at the WTO. These commitments include ceilings on tariffs, for example, and the level of access a country is prepared to give to its markets for services and procurement. Countries can of course charge lower tariffs or open their markets more than stipulated in the commitments, provided they maintain the principle of non-discrimination.

At the end of the Brexit transition period, the UK will leave the EU customs union and will no longer come under the EU's Common Commercial Policy, which will mean that it can set different tariffs if it wants to. The UK has used that flexibility in setting new tariffs, eliminating them on a number of items, which meets its commitment in the Withdrawal Agreement not to raise tariffs above the levels to which the EU has committed. The UK has also said that it will honour the commitments made for services and [government procurement](#).



Tariff quotas

Negotiations between the EU and UK are also needed on 'tariff quotas'. Quotas permit limited quantities of a product to be imported at zero or low tariffs. Anything above the quota is charged a much higher duty. The quotas currently apply to the EU as a whole—including the UK—so they need to be divided up. There are currently more than 100 tariff quotas and sharing them out is already proving [complicated](#).



To take one example: the current tariff quota for New Zealand lamb entering the EU is around 230,000 tonnes. Everything up to this amount can be imported duty free. For any imports above that, a significant tariff is charged. The UK and EU have proposed that their quotas should be divided to maintain the same overall total of 230,000 tonnes. Based on the estimated percentages that entered the UK and EU between 2013 and 2015, it amounts to a 50:50 split. However, all the WTO countries with lamb quotas, including New Zealand, have objected, arguing that this deprives exporters of the choice of which of 28 national European markets to choose for their product. At the time of publication, the UK and EU are still negotiating these quotas with other WTO members.

Free trade agreements

When member states want a deeper trade relationship than that provided by WTO terms alone, they can negotiate a free trade agreement (FTA) with one or more countries.

FTAs are allowed in the WTO provided that certain conditions are met, not least that they cover substantially all sectors. In other words, an FTA cannot be implemented just for the car industry or just for pharmaceuticals. FTAs can vary in depth and breadth, from the simple (dealing only with tariffs) to the [ultra-complex](#) (including standards, regulations, services, intellectual property, investment, institutional arrangements and more). FTAs break the MFN non-discrimination principle, in that they enable states to trade with their FTA partner(s) on better terms than with other WTO members.



The UK and EU are currently engaged in negotiating a free trade agreement. The UK is seeking an [agreement](#) of the type that the EU already has with countries such as Canada, South Korea and Japan. Anything left out of the UK–EU agreement will be traded on WTO terms.

Through its EU membership, the UK has enjoyed access to [a large number of free trade agreements](#) with countries such as Canada, Japan, Singapore and South Korea. These provide for trade on preferential terms. The UK is attempting to renegotiate all these EU deals, but in several cases a rollover of the deal is incomplete and may need further negotiation. So far, [19 agreements](#) have been rolled over with individual countries or regional groups. However, some countries are holding back, most notably Canada and Japan. They want to see what the UK's trading relationships with the EU and the rest of the world will look like before discussing a bilateral arrangement. Where an agreement is not rolled over, or a new agreement not put in place by the end of transition, the UK's trade with that country or bloc will be governed by WTO terms.

Rules of origin

Trading on WTO terms means that there is no need to decide where a good comes from before levying a tariff – the principle of non-discrimination (MFN) means that the same tariff applies whether the good comes into State A from State B or State C. That changes when a good is subject to a preferential tariff in a free trade agreement. Should the UK and the EU sign an FTA, however, so-called 'rules of origin' will apply.



Imagine that State A and State B sign an FTA that provides for zero tariffs on car imports. Normally, State A levies a 10% tariff on cars. So, State A will want to check that only cars coming in from State B benefit from the zero tariff and that cars coming in from State C via State B do not. It uses 'rules of origin' to check where the goods come from. In fact, it is often more complicated because cars are assembled from many component parts, some made in State B and some in State C. When is there sufficient 'local content' (i.e., State B content) to qualify? The business exporting a good has to be able to prove that the good qualifies for the zero tariff. This can be costly and is one reason why some businesses prefer to pay the MFN tariff (especially if it is quite low) rather than go through the administrative hoops required to prove the good qualifies for the lower tariff.

What would happen if the UK and EU traded on WTO terms?

In the event that the UK and EU fail to reach agreement, all trade between them will be on WTO terms. British imports from the EU and exports to the EU will face tariffs and non-tariff barriers for goods and various restrictions on trade in services.

Tariffs

UK exports into the EU would be charged the EU's MFN tariff rates (there are no tariffs on services). The [average duty](#) is 3.2%. However, tariffs are higher for agricultural goods—8.7% on average. In fact, duties exceed 25% for more than one in ten agricultural products, whereas almost no products in any other sector have duties above 25%. The highest EU MFN tariffs are the equivalent of 189% for some dairy products and 116% for some animal products.

Without a trade deal, these rates would apply to trade between the UK and the EU, unless either side agreed to reduce them unilaterally for all WTO members (that MFN principle again), although currently there is no sign of this happening.

However, a 10% import duty may not mean a 10% increase in prices in the shops. The final price consumers pay includes a lot of additional costs on top of the price of the good at import—costs of reprocessing, transport and retail mark-up. Moreover, the exporter might lower their price to offset some of the impact on consumers.

The UK cannot influence the tariffs that its exporters have to pay without negotiating a free trade agreement. It will apply its new UK global tariff to all imports from any country with which the UK does not have a free trade agreement.

Setting tariff rates requires trade-offs between different interests—business, farming and others—and balancing different priorities such as cheaper prices versus protecting farmers and businesses against cheap imports. Although there is an immediate benefit to consumers from reducing tariffs unilaterally, this may reduce the incentives for other countries to conclude free trade agreements with the UK, if they see very little additional benefit from further negotiated reductions. This was [reported](#) to be one reason why Canada was reluctant to rollover their EU trade deal into a new bilateral deal with the UK when the UK published its proposed tariff schedule in March 2019. It may also be one reason why ministers have changed the tariff reductions in its new schedule to cover a lower proportion of goods.



Tariff quotas

An additional complication is tariff quotas where the import duty is zero or low on limited quantities of a product. These quotas are often allocated to specific exporting countries. As in the example of New Zealand lamb, the UK and EU already face a battle in the WTO because their proposed method for splitting the quota is controversial. But there is a further problem if the UK and EU do not agree to quota-free trade in a new FTA. The way the UK and EU propose splitting the current quotas does not take into account trade between them. British lamb, for example, would have almost no duty-free access to the EU market since the quota is almost entirely allocated to other WTO members.

Non-tariff barriers

Tariffs are not the only barrier to trade in goods. Non-tariff barriers (NTBs) can also make trading difficult. For example, countries want to be confident that imported food is safe, that animals and plants are free from disease or pests, and that other goods meet safety or labelling requirements. Exporters must produce goods that satisfy the requirements of importing countries and provide paperwork to show that those requirements are met. Even after Brexit, UK manufacturers wanting to sell into the EU market will have to produce their goods in accordance with EU standards.

WTO rules contain agreed basic requirements on how governments set [standards and regulations](#), but countries frequently sign additional deals to enable trade to flow more smoothly. In some cases, they agree to align their standards or accept each other's standards. In others, they provide equivalent health and safety protection or recognise laboratory inspections and certificates issued in the exporting country (known as mutual recognition agreements—[MRAs](#)).

Modern free trade agreements try to deal with these non-tariff barriers more broadly. In the [EU–Canada agreement \(CETA\)](#), at least three of the 30 chapters (4-6) and large parts of the lengthy Annex deal with non-tariff barriers. The UK government has made clear that one of the purposes of Brexit is to enable the UK to diverge from EU regulations. If there is no agreement on how to manage regulatory alignment, WTO rules will apply.

Services

More than 80% of UK economic output (and 45% of exports) comes from service industries: from finance to law, catering to tourism, transport to telecommunications. Even the manufacturing sector depends heavily on services. Aircraft are often sold alongside long-term and highly lucrative maintenance service contracts and traded across borders. Trade in services is also covered under WTO agreements, but these are far less developed

than they are for goods. Trade in goods involves tangible products physically moving across a border. Services are more complicated. There are different types of service and each has several methods of delivery, whether it is from setting up a branch in a foreign country to flying the customer into the country (as with tourism) or an expert out to provide the service.

While tariffs and quotas play a large role in goods trade, the main barriers to trade in services are differing national regulations. Immigration law, too, is an important factor that affects an exporter's ability to supply a service and a consumer's ability to consume services abroad. This is barely covered by existing WTO agreements. Immigration law is very much a domestic issue.

The various requirements that states put in place to control the creation of corporations make establishing a commercial presence, such as a branch or subsidiary, more difficult. There is, for instance, often a requirement to hold qualifications or a practitioner's licence accepted by the host state (as in the case of lawyers, to take one example), which might make it harder to offer services abroad. Attempts to reduce barriers to services trade often means limiting the ability of countries to pass such regulation, which can be politically difficult and is one reason why trade in services has proved much harder to liberalise than trade in goods.

Once a good has been imported, it cannot be treated worse than a domestic good. National treatment is also required for services but there are significant permitted limitations. That leaves member countries free to discriminate against foreign services. The only limitation is that they must discriminate against all other WTO members equally.

The EU's regime for the free movement of services is much more extensive than the WTO's. In the EU, equal treatment is the norm and there is an extensive programme of mutual recognition of qualifications, making it much easier to provide services across borders. The UK should therefore expect significant new barriers to services trade – even with the kind of goods-focused trade agreement they are seeking. Trading only on WTO terms would make services trade even more difficult.

Intellectual property rights

As with all other topics, anything left out of an UK–EU agreement on intellectual property rights—patents, copyright, trademarks, designs—will fall under the WTO's intellectual property rules, which set only minimum standards.

The biggest potential difference could be over [geographical indications \(GIs\)](#)—names associated with specific places and defining the characteristics of certain goods. These GIs

are an important source of brand value. As an EU member, British names were registered together with those from the rest of the EU. This protects UK industries like Scotch whisky.

In the Withdrawal Agreement, which is now an internationally binding treaty, the UK agreed to continue to protect EU names already registered. Article 24.25 of the UK's draft free trade agreement proposes superseding the commitment on GIs in the Withdrawal Agreement, but the text is left blank, so we do not know yet what the UK wants on this.

The WTO agreement distinguishes between wines and spirits, and other products. Names of wines and spirits have to be protected, if they qualify and particularly if the names have not become generic. Names of other products only have to be protected in case that there is a risk of confusing consumers. For example, no one would think that 'American feta' came from Greece. The EU, by contrast, treats the names of cheese, beer and other products more or less the same as wines and spirits. So a cheese sold in the EU can only include 'feta' in its name if it comes from Greece.

Britain could decide to revert to basic WTO rules, which would please the US, Australia and others who regard the EU's system as a form of protectionism. Whatever the UK does would have to comply with both forms of [non-discrimination](#): most-favoured nation and national treatment.

Border checks

Any product crossing from, say, Somerset into Devon (or from Berwickshire to Bedfordshire) is assumed to be safe because the transaction takes place within the UK's own internal market. Similarly, goods entering the UK from the rest of the EU are assumed to be safe because of common standards and checks in the EU's internal market. They are therefore not normally inspected at the border.



This will no longer be the case once the UK is outside this market (although the situation of Northern Ireland is different – see below). Without an agreement in place, Britain could unilaterally scrap checks on imports from the EU, but it would have to do the same for imports from everywhere under the WTO's non-discrimination rule. If it did, there is a serious risk that dangerous products such as contaminated food, animal and plant products carrying pests and diseases, and dangerous electrical goods would enter the UK market.

Even with an FTA, goods traded between the UK and EU will face [unavoidable](#) new entry barriers and friction at the border. There will be checks on some goods and paperwork for goods that are not physically checked. Exporters will also have to be able to prove

that their goods pass rules-of-origin tests for preferential tariffs. With no deal, the friction will be high, although it may be possible to reduce it through specific agreements, for example on customs facilitation.

For British exports to the EU, all products of animal origin will have to enter via a [veterinary border inspection post](#) where documents and the goods themselves would be checked. All consignments of milk for human consumption would also be subject to document and identity checks, with at least half subject to additional physical checks.

The only examples of non-EU countries that can export food and agricultural products to the EU without going through inspection posts are Switzerland and the EEA/EFTA nations (Norway, Iceland and Liechtenstein). All have aligned their food safety and animal or plant health (sanitary and phytosanitary – SPS) regimes with the EU, and they follow any changes to EU rules to maintain this ease of access.

Some products, such as medicines and chemicals, require approval by testing bodies. If the UK and EU were trading on WTO terms, the EU would no longer recognise declarations of compliance with EU standards by UK-based bodies.

Can the UK rely on WTO rules to stop EU checks?

Contrary to some claims, the WTO's [Trade Facilitation Agreement](#) would have no effect on how and whether the UK and EU check each other's goods. They both already comply with most, if not all, of its provisions. And those provisions dealing specifically with streamlining at the border—such as electronic paperwork—generally ask countries [no more than to do their best](#), so non-compliance is hardly easy to prove.

Nor, as some have claimed, would it be '[illegal under WTO rules](#)' for the EU to check imports from Britain. Without an FTA, the EU will treat imports from the UK in the same way as it does those from any non-EU country without a bilateral free trade agreement. The sole exception will be the island of Ireland, where the Withdrawal Agreement [in practice](#) keeps Northern Ireland in the EU single market for goods, so avoiding checks on the border between the north and the south of the island.



Compliance with WTO rules

Trading on WTO terms means relying on WTO dispute settlement or 'remedies' mechanisms. Unfortunately, these are very weak and rest on peer review, pressure to comply, retaliation and compensation. The WTO does not enforce its rules. It does not even enforce its dispute rulings. Both the US and EU continue to violate WTO rulings, in some cases with a mutual agreement to allow the violation to continue. The reason for this is that the WTO is an organisation of governments.

A consequence of this is that, unlike in the EU, citizens and companies can only have access to WTO dispute settlement procedures via their governments. This means that companies and businesses must persuade their own governments to bring a claim on their behalf. Given how expensive, complex and political WTO litigation is, governments filter complaints and bring only a small number before the WTO panels. Moreover, because claims can be brought only against states, if a breach of trade rules is committed by a competitor company, the WTO dispute resolution system is generally of no help.

The limitations of the WTO system for settling disputes, however, fade into insignificance compared to the much deeper problems faced by the organisation in recent months. The United States has been a longstanding critic of the WTO appellate body, accusing it of making laws rather than simply adjudicating on them. In December 2019, the US blocked the appointment of new judges to the WTO appellate body. As a result, there is currently only one judge, leaving the WTO unable to adjudicate trade disputes. The crisis raises a question as to how the UK would be able to ensure the EU complies with its obligations, if the UK falls back on the WTO framework.



Will Northern Ireland also trade with the EU on WTO terms?

Northern Ireland is the one part of the UK where a degree of certainty already exists as to how it will trade with the EU after Brexit. If there is no trade agreement between the UK and the EU, the Ireland/Northern Ireland Protocol in the Withdrawal Agreement will apply and regulate goods trade. The Protocol does not, however, cover services. Any trade in services between Northern Ireland and the EU in the absence of an FTA would be on WTO terms.

The Protocol officially leaves Northern Ireland as part of the UK's customs territory, but, in order to avoid a physical border on the island of Ireland (implying checks and possibly even tariffs), it effectively moves the regulatory and customs border into the Irish Sea – meaning that any checks will be carried out between Northern Ireland and the rest of the UK. Goods moving between Great Britain (England, Scotland and Wales) and Northern Ireland will need to pay any necessary tariffs and pass EU regulatory checks as if they were entering the Single Market. Only if a good can be proved not to be ['at risk'](#) of moving from Northern Ireland into the Single Market can the tariff be rebated.

If the UK and EU sign a trade agreement, only goods without enough 'UK content' (see 'Rules of origin' above) to qualify would be subject to the full EU tariff rate. Without a trade agreement between the UK and the EU, the full tariff rate would apply to all goods crossing the Irish Sea and the full range of regulatory checks and controls applied at any other UK–EU border would have to be applied on all goods entering Northern Ireland from GB.

It would be up to the UK to decide whether to apply tariffs and checks to goods travelling from Northern Ireland to GB. It has already promised 'unfettered access' for such goods. However, applying no tariffs or checks would risk opening a back channel for illegal trade into the UK market. GB businesses and other trading partners may also have cause to complain about a perceived advantage to producers on the island of Ireland.



The economic implications of 'WTO terms'

In an earlier report, we [modelled](#) the impact of trading on WTO terms. We assumed that UK–EU goods trade would be subject to the EU's most-favoured nation tariffs and all UK–EU trade would face an increase in non-tariff barriers equalling three-quarters of the estimated reducible non-tariff barriers between the EU and the US. This assumption reflects the judgment that, because of the close integration that currently exists between the UK and EU, even without a free trade agreement, non-tariff barriers on UK–EU trade would be lower than on EU–US trade.



We found that the direct impact would be to reduce UK GDP and income per head by 3.3% over ten years (in ten years' time GDP would be 3.3% lower than it otherwise would be). However, with plausible estimates of the indirect impacts—in particular, the hit to productivity resulting from reduced international trade—it would rise to 8.1%. This estimate is broadly consistent with the government's own impact assessment, which estimated a negative impact of 7.6% of GDP. This decline is dwarfed by the economic impact of the pandemic but whereas it is hoped that the impact of Covid-19 will be relatively short-lived, the impact of Brexit will not be.

Some pro-Brexit economists, in particular the [Economists for Free Trade](#), argue that Britain would in fact benefit if, as a WTO member, it unilaterally removed all tariffs and non-tariff barriers. With regards to tariffs, many economists, including those not sympathetic to Brexit, would agree that this would yield some relatively modest economic benefits through a reduction in prices for consumers. However, for obvious political and economic reasons—in particular, the impact on vulnerable domestic producers in the agricultural and manufacturing sectors—the government does not seem to be attracted by this. Moreover, when it comes to non-tariff barriers—where the economic impacts of removal would be larger—this proposal would imply abolishing all environmental and safety standards and checks on imported goods; this is simply not credible.

Conclusions

Trade between the UK and EU is going to be more difficult after Brexit. How much more difficult it will be is dependent on what can be agreed. The more that can be agreed, the less the two sides will have to rely on WTO terms.

WTO terms provide a basic floor for world trade. Most obviously, there are schedules describing the market access all members receive in terms of tariffs on goods, the conditions for providing services in other territories, along with measures to limit barriers at borders. Taken together, they provide a basic level of predictability and non-discrimination. WTO members cannot discriminate against others by charging them higher tariffs or putting in place specific measures, such as discriminating against UK foodstuffs, without specific grounds to justify this behaviour.

WTO rules, however, are only a basis for trade; countries often wish to go further and tackle issues inadequately covered through WTO rules. The WTO option would significantly disrupt trade between the UK and the EU and even some UK trade with other parts of the world.





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