

# Speech: When we speak for ourselves, we flourish – and our status in the WTO is no exception

As part of our work to set up the UK's own trade policy for the first time in over 40 years, we are currently establishing our independent goods "schedule" at the World Trade Organisation (WTO).

The UK is a full and founding member of the WTO and our status is no different from that of, say, Canada or Japan. But under the EU treaties, EU member states have agreed to speak with one voice on trade. In the WTO that means the Commission represents the member states. It also means the UK's rights and obligations are bound up with those of the other EU member states in common "schedules". One for goods and one for services, these are the official WTO documents that describe the tariffs, quotas, subsidies, and regulatory commitments that underpin our position in the multilateral trading system.

Before we leave the EU, the UK needs to separate its schedules from the EU's. As part of this process, WTO members have a chance to respond. A small number expressed reservations and would like to discuss further. Last week, I announced that the UK intends to open negotiations at the WTO to address these concerns. This has been purposefully misunderstood by those wishing to stop Brexit as evidence that our WTO strategy isn't working.

They are wrong. It's not unprecedented for a WTO member to trade on schedules that have not been approved by every other WTO member. In fact, the EU hasn't had an up to date certified goods schedule since 2004, and certainly doesn't have an updated services one.

The government's policy since October 2016 has been to establish the UK's independent position in the WTO by March 2019 so that we are prepared for a range of possible Brexit outcomes. That remains our policy, and last week's announcement is evidence that it is on track, not that it has failed.

Under WTO procedures, if changes to a country's schedule are of a purely technical and formal nature, members can use a process called "rectification" to make those changes. That is why we decided to replicate, as far as possible, the UK's existing rights and obligations. We have replicated thousands of tariffs lines in our EU schedules into our UK-only schedules.

We always knew agricultural quotas and subsidies would be different. You cannot copy and paste a quota or subsidy for the EU into the UK schedule: it would represent a major change to our agricultural trade on the one hand, and a major increase in the UK's rights to subsidise agriculture on the other. The UK and the EU came up with a methodology last year for dividing the EU's existing agricultural quotas and subsidies, based on existing trade flows with third countries. We knew there would be objections, because the

countries that rely most on these quotas – the US, New Zealand, the major Latin American exporters – have been telling us, and the EU, from the outset.

We nevertheless used this methodology in our goods schedule and submitted it to the WTO membership, for 2 main reasons. First, we believe this represents a fair reproduction of the rights under the EU's existing schedule. And second, our priority was to first establish the UK's separate schedule in the WTO and only then to use other WTO processes that exist to address any objections to specific elements of it.

The objections we have received were therefore neither unexpected, nor a failure of our strategy. We have always been open to having more detailed discussions with partners once we had established our own schedule. That is why I have announced our intention to launch negotiations on these objections.

This process is unlikely to be fully complete by the time we leave the EU. But objecting WTO members cannot veto the UK trading on our uncertified goods, or services, schedules after next March. In the unlikely event of a "no deal" between the UK and EU, we will be able to take full control of our trade policy in March 2019 based on the schedule we have set out.

As the Director General of the WTO has said, the consequences of no deal would not be a walk in the park but nor would it be the end of the world. There will be difficult moments, but the UK will be ready to take back full control in the WTO from next March.