

Trading under WTO rules

There is a lot of confusion and deliberate misinformation about trading under the WTO. Here are some facts that might help.

1. All our current trade is under the WTO, as the EU is a member. The UK will become a full member with vote and voice as soon as we leave the EU, as we never surrendered our membership when we joined the EU.
2. There is no WTO schedule of tariffs that automatically comes in. Each member of the EU files its own tariff schedule and trades with anyone under that who wish to trade. The WTO requires a member to trade with any other member on the same terms, unless there is an approved Free Trade Agreement that exempts the countries from the common tariff of the Schedules. A country is always free unilaterally to cut or remove tariffs.
3. If a country's trading terms are disputed by another member there is a dispute resolution procedure. A dispute does not stop trading under the published terms whilst the dispute is being resolved.
4. The EU does not have Free Trade Agreements with the USA, China, Brazil etc so we trade successfully with them at the moment under WTO rules and under the tariff schedule set by the EU. Once out we can sign Free Trade deals with these countries removing these tariffs, or could cut some of the tariffs unilaterally any time we wanted to make imports cheaper.
5. The so called side deals the EU has with these countries are mainly unimportant or unrelated to trade. Some are multilateral agreements that the UK has signed anyway.
6. The one agreement we currently have through the EU that may be important, the General Procurement Agreement, gives us access to public procurement opportunities in signatory states, and gives them the same access to the UK. The WTO has now agreed the UK will be a member of that Agreement in our own right on departure from the EU.
7. The EU has free trade agreements with a number of mainly smaller countries. The top five, Switzerland, Canada, Korea, Norway and Turkey account for three quarters of the exports involved. Switzerland, for example, has agreed to continue all current preferences with the UK as well as with the rest of the EU on our exit. No country with an FTA with the EU has indicated any wish to terminate the agreement with the UK once we leave. Transferring the current deal to both the remaining EU and to the UK is a relatively straightforward process.
8. The WTO does not require us to impose new checks at borders or delay imports into the UK. They recommend risk based checks. As the risks of EU product will not go up the day we leave the EU there is no requirement to impose new difficult checks.
9. If the UK and the EU agree to negotiate a free trade agreement once the UK has left the EU on March 29 this year, we could agree to impose no tariffs on each other and would get WTO consent to not impose them pending the negotiation of a full free trade agreement.

Peter Lilley has published a good pamphlet with Global Britain and Labour Leave setting out more detail called "30 Truths about leaving on WTO terms"