

WHICH WAY FOR THE NEW EU-UK TRADE RELATIONSHIP?

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Main Messages

- Under almost any plausible scenario, the UK will leave the customs union with the EU
- This raises unprecedented issues for the relationship
 - Between the EU and the UK
 - Between the UK and other WTO members
 - Between the EU and other WTO members
- Under most plausible scenarios, there will be a free-trade area between the EU and the UK
 - An FTA implies rules of origin, which imply customs controls
 - However the EU and the UK can have a customs agreement

UK participation in customs union with the EU under various post-Brexit scenarios

	Soft Brexit		Mixed	Hard Brexit		
	EFTA		Continental Partnership	CU Turkey	FTA Canada	WTO Rules
	EEA	Switzerland				
Part of EU customs union?	NO	NO	NO	PARTIAL	NO	NO

EU-UK free trade in goods and services under various post-Brexit scenarios

	Soft Brexit		Mixed	Hard Brexit		
	EFTA		Continental Partnership	CU Turkey	FTA Canada	WTO rules
	EEA	Switzerland				
Free trade in goods?	YES	YES	YES	YES	YES	NO
Free trade in services?	YES	PARTIAL	YES	NO	PARTIAL	NO

EU-UK customs arrangement

- The UK could unilaterally adopt the EU tariff schedule: this would greatly reduce the need for RoO and therefore for customs checks if the UK also adopts the same RoO with 3rd countries than the EU
- But even if the UK has a different tariff schedule than the EU (e.g. in agricultural products), there could be a customs agreement that would greatly reduce the need for customs checks