

Post-election UK trade policy roundtables

Recommendations

2024

CITP Trade Roundtables

The new UK Government, elected in June 2024, has promised to produce both an industrial strategy and, closely connected, a trade strategy. From late September to early December, the CITP convened a series of roundtables with various partners – Chatham House, The CBI, Resolution Foundation, and Fieldfisher LLP – each aimed at specific issues or an area of policy the new trade strategy will need to address.

Each roundtable convened a high-level discussion between policymakers from the UK and beyond, business representatives, experts and academics to identify core challenges and policy recommendations in each topic area. Each event was held under the [Chatham House Rule](#).

This document provides the recommendations from each roundtable: a) trade and economic security; (b) trade policymaking within the UK; (c) Services trade and priorities for future negotiations; (d) SME's, export support and UK competitiveness; (e) agriculture, environment and food standards and f) a UK-EU reset.

Trade wars, the transformation of trade policy, and the UK response

Recommendations for the UK Government

1. Provide a clear definition of economic security and a principles-based framework for considering the circumstances and actions governments might use to promote economic security. Consider the frameworks or structures used by other countries such as Australia or Japan. Ideally, the development of such a framework may be more credible and long-lasting if it is developed by an independent body outside of the politically determined processes.
2. Identify what policies the UK wants to introduce to support economic security and why and provide explanations.
3. Identify the sectors and/or technologies which are critical to economic growth and consider the vulnerabilities which may need addressing.
4. Ensure that there is a whole government approach and structure to economic security such that policy is coherent and there is appropriate oversight.
5. Long-term consistency in policy is important in appropriately incentivising business to respond to policy levers.

6. Work more closely with 'like-minded' middle-power countries in addressing the challenges of economic security and the rise in geopolitical and economic tension between the US and China. Identify specific areas of cooperation and work on these. In particular there is scope for closer cooperation and common positions on economic security with the EU, which also provides a way for rebuilding the UK-EU relationship.
7. Also explicitly consider how closer engagement with the Global South can both build frameworks for cooperation on economic security and improve supply chain diversification and resilience.
8. To work with the forthcoming new US administration to identify areas, such as climate, technology and economic security where closer cooperation may be possible on an issue-by-issue basis.
9. Unlike the US, the UK should avoid taking a hardline stance against Chinese imports and foreign direct investment (FDI). The UK can utilise tools like the National Security and Investment Act to screen Chinese FDI, as it did with the ban on Chinese-owned Huawei products over national security concerns. The UK can continue trading in non-sensitive goods while striking a balance between protectionism and pragmatism, recognising that full decoupling from China, as the U.S. attempts, may only exacerbate the challenges in the world economy.
10. The UK Government should explore options for supporting WTO reform to make it more relevant for current economic security challenges.

Inclusivity in UK trade policymaking? Process, Consultations and Devolved administrations

11. Further research is needed to understand the reason for currently limited parliamentary involvement in the Treaty scrutiny process. It is key to comprehend if the lack of involvement is due to existing legal structures that discourage participation or due to a lack of willingness by Members of Parliament.
12. All parties need to give further consideration to ensure transparency between the devolved and central governments and legislatures. This includes reviewing the existing processes that enables information dissemination on trade policy.
13. Devolved governments can enhance the legitimacy and effectiveness of their engagement with central government when they evaluate the anticipated trade effects of international trade agreements. This can be achieved by systematically conducting territorial impact assessments and evaluating the impact of government strategies on region-specific social issues such as environment and labour.
14. Detailed agendas for civil society engagement should be shared in sufficient time ahead of consultation meetings. This allows civil society organisations to overcome existing capacity issues and ensure organisations can effectively engage with the agenda by presenting detailed findings.
15. Co-chairs from civil societies for consultation roundtables should be encouraged. This allows greater opportunity for fair representation at stakeholder meetings and can help overcome inherent organisational biases.

Services trade and priorities for future negotiations

16. Prioritise policies that promote productivity (growth) and investment in services sectors as these account for a large share of value added and employment. To this end, the new Government's industrial strategy should focus on key services sectors such as professional services and creative industries. Developing workforce skills is fundamental. The strategy should also consider the involvement of key stakeholders such as businesses that export services, potentially alongside manufacturing goods.
17. The regulatory environment should facilitate the private sector's optimal choice of services delivery, be that cross-border trade (Mode 1), local establishment (Mode 3), mobility of service professionals (Mode 4), or a preferred combination of these modes.
18. The UK Government and EU should also re-evaluate the restrictions that limit education services and work towards facilitating professional mobility.
19. Pursuing mutual recognition agreements (MRAs) for professional qualifications may offer a quicker and more feasible approach to facilitate services trade in certain professions than fully-fledged trade agreements.
20. The UK Government should consider regulatory dialogue, concrete regulatory cooperation between agencies with comparable remits, and the use of MRAs with countries that have similar cultural and regulatory backgrounds and sectoral agreements (especially with the EU) as a way forward.
21. Rapid advances in technology as well as the rise in geopolitical frictions imply that the direction of travel is likely towards more regulation rather than less. Therefore, ensuring the coherence of trade policy and its implementation is critical, which entails consistency of provisions not only across the UK's many trade agreements but also with domestic policies that have clear trade implications, such as copyright regulation or AI governance.
22. To establish a coherent policy position across all trading partners, the UK Government should review key provisions in UK trade agreements (and DEAs) including (i) the provisions regarding free data flows and restrictions of data localisation requirements, (ii) restrictions of source code requirements, and (iii) national security exemptions
23. On the multilateral stage, the UK should provide international leadership in digital trade negotiations since digital trade influences all services sectors. In particular, extending the moratorium on imposing customs duties at the WTO should be set as a priority for businesses. These initiatives will help the UK fully exploit its comparative advantage in producing and exporting digitally deliverable services.
24. Make efforts to improve the momentum of services trade negotiations. For example, establishing new plurilateral negotiations on cross-sectoral issues, such as trade facilitation (particularly logistics delivery), environment services and investment facilitation, could be considered.
25. For the benefit of evidence-based policy advice, improve the quality of, and timely access to, sufficiently detailed services trade data for civil service analysts, academic researchers, and other stakeholders.

SME export support and trade competitiveness

26. Targeted support for SMEs: Develop more tailored government interventions that understand the specific challenges SMEs face, with improved communication channels.
27. Affordable advisory services: Reintroduce or expand free consultancy services for customs procedures and trade regulations, particularly aimed at small businesses.
28. Clearer information on exporting: firms, and in particular SMEs, require more detailed and timely information on how to access Free Trade Agreements, how to navigate customs bureaucracy and certainty
29. Clearer information on regulatory divergence: Establish a central unit to provide timely, detailed information on the regulatory divergence between the UK and EU to help firms adapt.
30. Export finance reforms: Enhance financial support for export-driven companies, particularly those struggling with supply chain disruptions and high upfront costs.
31. Adaptation to global challenges: Encourage businesses to invest in long-term resilience by offering financial incentives and supporting adaptation to the changing global landscape (e.g., reshoring, new supply chains).
32. Peer-to-peer events: Create more events where firms can meet and discuss their experiences in international markets. Develop mechanisms to facilitate peer-to-peer learning and information sharing between businesses.

The UK-EU Reset: What can be done on trade?

33. Addressing ETS and CBAM alignment was identified as a high-priority area, given its potential to mitigate economic disruptions and enhance environmental policy coherence. The UK and the EU should aim to align their ETS frameworks and engage in technical discussions to harmonise CBAM methodologies, including default values, to prevent duplicative reporting requirements and trade barriers.
34. Negotiate an ambitious veterinary agreement along the lines of the veterinary arrangement between the EU and Switzerland. Significant economic benefit for the parties involved but involves political risk. Level of ambition and regulatory compliance would need to be carefully prepared through discussions by both sides.
35. Fully activate the specialised committees under the Trade and Cooperation Agreement (TCA) to facilitate technical discussions on key issues like customs facilitation, mobility, and regulatory alignment. Regular and meaningful engagement through these committees would maximise the TCA's potential and help address specific trade barriers. Civil society forums and business advisory groups should also be leveraged to ensure a comprehensive and inclusive approach to policy discussions.
36. Before formal negotiations begin, conduct scoping exercises to align priorities and address potential mismatches between the objectives of the UK and EU. This process would help avoid misunderstandings and ensure negotiations are grounded in realistic and mutually beneficial goals.

37. Develop targeted mobility frameworks for professionals and young people, ensuring these agreements are framed as economic initiatives rather than migration policies. Aligning business mobility arrangements with broader economic goals could foster trust and collaboration while addressing critical labour shortages in regulated sectors.
38. Establish a structured framework to address passive regulatory divergence, ensuring the UK aligns its regulations with the EU on technical updates where feasible. This would prevent unnecessary trade frictions and provide businesses with greater predictability. For new regulatory regimes, initiate early discussions between both sides to minimise divergence and ensure mutual understanding. This approach could also pave the way for more ambitious, legally binding agreements in the future.

What should the Labour Government prioritise on agri-food trade?

39. Publish a dedicated agri-food strategy: The current agricultural policy landscape is fragmented, with multiple departments, policies, and sectors. A clear agri-food strategy, aligned with the industrial and trade strategy is needed to integrate policy goals.
40. Plan for food security: To protect the UK from price volatility and shortages in the face of geopolitical tensions and climate disasters, a comprehensive framework for food security and resilience is needed. This framework should ensure that both civilians and military personnel are well-fed and prepared for crises.
41. Embrace devolution and stakeholder consultation: Devolution should be carefully considered, as top-down policies can lead to frustration and division. An inclusive approach that fosters consultation and outreach is crucial, as stakeholder engagement is key to creating a balanced and effective policy.
42. Strengthen traceability and operational efficiency: The UK must enhance its capacity for food traceability through digitalisation and improved interoperability. This will not only support compliance with safety and sustainability standards but also optimise port operations and contribute to policy goals, such as preventing deforestation-linked products from entering the agri-food chain.
43. Build global partnerships: Under the previous Labour Government, the UK demonstrated leadership on global issues such as aid. Moving forward, there is an opportunity to partner with the EU and other nations on food security, climate change, and migration, creating a platform to address interconnected global challenges.