



Department for International Trade

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Angus Brendan MacNeil MP
Chair of the International Trade Committee
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Dear Angus,

On 5 December 2016, in Written Ministerial Statement HCWS316, I set out the Government's plans regarding our future commitments within the World Trade Organization. Specifically, my Statement explained that in order to minimise disruption to global trade as we leave the EU, the Government would prepare the necessary draft schedules which would replicate as far as possible our current obligations, and that the Government would undertake this process in dialogue with the WTO membership. I should like to update you on this important work.

As you know, while the UK is a member of the WTO in its own right, many of our commitments are applied through the EU as a whole. These commitments are set out in goods and services schedules and represent the minimum levels of market openness that our trading partners can expect from us. In preparing UK-only schedules, the Government intends not to disadvantage any of our trading partners. But this involves technical adjustments in four areas that need careful treatment.

First, tariff rate quotas are currently administered for the whole of the EU and we will need to establish what the appropriate quota for the UK should be, taking into account the trade history.

Second, there is the question of the limit of trade-distorting agricultural support where the EU has a theoretical upper limit of €72 billion, but spends only a small fraction of that. Again, we will need to determine an appropriate UK share based on the UK's share when the limit was first established in 1995.

Third, in our services schedule we will need to check carefully to ensure that technical changes retain the substance of current commitments. We will also retain all existing provisions for granting preferential treatment to particular parties, including Least Developed Countries.

Fourth, as we leave the EU, a further issue that will arise is the UK's membership of the WTO Government Procurement Agreement. At present the UK is party to the agreement by virtue of our membership of the EU. We will need to find a mechanism whereby we can remain a member of the GPA on the same terms that currently apply to us. There are a number of options for doing this which we are exploring with GPA partners.

The WTO Secretariat has been helpful in assisting UK officials and I have found my meetings with the Director General of the WTO fruitful. The UK has engaged with the entire WTO Membership and engaged with national experts in specific sectors (agriculture, services, etc.) to discuss our plans regarding our position in the WTO, in particular making full use of the margins of committee meetings at the WTO. This engagement will intensify over the coming months. October alone will see committees meeting in Geneva on agriculture, procurement and services, all of which will provide opportunities to discuss our transition with WTO partners.

In taking these issues forward we are working closely with the European Commission. We have been exploring with the Commission areas for cooperation as we and the EU address our respective commitments in the WTO to reflect the UK's transition from EU to non-EU WTO Member. The UK Ambassador and the EU Ambassador to the WTO have today written to the WTO Membership to set out our plans. With regard to TRQs and AMS, UK and EU will soon start to discuss with the WTO Membership. Regarding the GPA, the Commission will work with us in support of achieving our objective of remaining party to the Agreement.

I want to ensure that the establishment of UK schedules is as transparent as possible and that all potential issues are accounted for in advance. We are committed to a process that will assure our trading partners that they will not be disadvantaged by our UK-specific schedules. On that basis, it is my intention that the Government will subsequently submit UK-specific goods and services schedules to the Director General of the WTO for circulation to the WTO Membership in advance of our leaving the EU.

Our future WTO schedules will form the foundation of our trade policy as we leave the EU and we will be looking to settle the issues identified above in the coming months. We want to ensure that we have a firm foundation for the implementation of the relevant aspects of the legislative programme – notably the Trade and Customs Bills – to allow us to forge new trading relationships with our trade partners around the world, and maintain continuity and stability for UK businesses and consumers.

I will place copies of this letter in the libraries of the House of Commons and House of Lords.

*Yours sincerely,
Liam Fox*

THE RT HON LIAM FOX MP
Secretary of State, Department for International Trade
& President of the Board of Trade