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## Global Britain and the UK's Post-Brexit Trade: Examining Attitudes of the British Stakeholders<sup>\*</sup>

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### Abstract

Since the United Kingdom's vote for exit from the European Union - i.e. Brexit (June 2016), the proponents of the leave campaign have claimed that the idea of Global Britain will result in an independent trade policy, which can expand the UK's trade geography and scope through striking free trade agreements (FTAs). This study aimed at examining this claim, first by looking at the official statistics on the signed FTAs, and then, by conducting semi-structured interviews with British stakeholders from different social groups in order to see Global Britain's future potentials. The findings from this qualitative-quantitative approach revealed that the possible gains from the post-Brexit FTAs will only manifest in the long run and in some sectors. Furthermore, the prospects of an independent trade policy will be constrained by the UK's need to align with the EU standards and the unclear future of the FTAs with major economies like the US. Thus, as the theoretical framework of economic geography suggests, British trade relations will still depend on geographical proximity, and will not be shifted drastically by the idea of Global Britain; an idea which seems to serve as a strategy to positively portray Brexit for the domestic and international businesses and people.

**Keywords:** Brexit, Economic Geography, Free Trade Agreements, Global Britain, Trade and Cooperation Agreement, Trade Policy

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## 1. Introduction

The discussion on how the UK is going to shift its trade policy started with the vote to leave the European Union on June 23, 2016. Yet, until a certain extent of consensus was built on what kind of deal with the EU should be implemented, it was not clear how this vote could be translated into a new strategy to maintain and advance Britain's trade relations after the departure from the EU. The official UK Parliament reports and government policy papers published before the enforcement of Brexit (2020, Jan. 31) suggest a hopeful view about such a strategy. According to the UK government's white paper, Britain intended to have "greater access to overseas markets" to augment the exports of goods and gain more "liberalization of global services" to become the "champion of free trade" (UK Department for International Trade, 2017). This goal was believed to be attained if the UK could enhance trade relations with "old friends and new allies" through the framework of World Trade Organization (UK Department for International Trade, 2020). Furthermore, the Conservative Eurosceptics embraced the idea of building a *Global Britain*, whose realization would involve an ambitious plan aimed at creating an independent international business model, premised on looser regulation and signing Free Trade Agreements (FTAs) with the world's leading and rising economies (Siles-Brügge, 2019).

Since the dominance of this idea on British government's discourse, numerous articles have been written about the way in which the idea of Global Britain can impact the UK's post-Brexit political and economic relations. Nevertheless, it is important to see whether this idea has turned into a clear-cut strategy, and if so, whether the trade policy devised through signing the FTAs can realize the stated aim of making the UK more global after Brexit.

As these questions can only be concretely – i.e. with the use of quantitative data alone - answered when several years, or even decades, have passed after the implementation of Brexit, the authors sought to explore the feasibility of achieving the goal of becoming a Global Britain through interviews with representatives from stakeholder groups in Britain, in addition to referring to the quantitative data offered through the official resources as well as other speculative studies. The next sections will provide the literature review and theoretical framework of the research, which elaborate on the significance of this research, followed by explanations on the way in which the interviews were conducted as well as the findings they present.

## **2. Global Britain in a Regionalized World**

Defined as “the rallying cry for those who want to see the UK stride confidently into a post-Brexit future” by the House of Commons report, Global Britain is believed to mean more than just “free trade” (Robinson & Lunn, 2020). The term, which was first used by Theresa May in 2016 (Haugevik & Svendsen, 2023), is composed of three pillars: firstly, the concept of “Freedom for Trade”, and then, “Freedom from Oppression” and “Freedom of Thought” (Seely & Rogers, 2019). Unofficial accounts, however, describe it as a “utopian” project and irreconcilable with the UK's “geostrategic interests,” namely the need to look to Europe to compensate the costs of Brexit in the short run, in spite of the EU's unwillingness to give the “benefits of membership without its obligations” (Major & Ondarza, 2018).

Whilst some analysts believe that the idea of Global Britain is rooted in the Conservative Eurosceptics' perception that the United

Kingdom should regain her parliamentary sovereignty and establish a trade policy independent from that of the EU, others conceive of it as the will of the nation to make Britain a “world leader in free trade,” not following the path of neither the EU nor the US, and an attempt to “manage globalization” in a way that would be beneficial not only to the UK, but also to the Commonwealth countries (Hannan, 2017). Indeed, some in the latter group go as far as referring to Britain’s “nostalgia for her imperial past” (Melhuish, 2023) and claiming that one of the main reasons for this attempt at shifting trade policy is the UK's shared values with these countries who used to be a part of the British Empire, since they believe that these shared values can help build a Global Britain around the existing ties with the Commonwealth as well as the countries in the Anglosphere – i.e. Australia, Canada, New Zealand and the US (Harrois, 2018).

Looking at Britain's economic performance during the era of her EU membership, some scholars assert that the United Kingdom was in favour of a more active role in setting the rules of the game and since this goal did not come into fruition, the country decided to set foot on the path of becoming a more “deregulated, privatized offshore island”, who prefers the *intergovernmental* framework of cooperation with countries that have Anglo-Saxon institutions and characteristics - e.g. the common law - to being a part of the *supranational* structure of EU decision-making process. Siles-Brügge (2019), for instance, describes this ideal as a kind of “hyper-globalized” narrative in which the psychological proximity is prioritized over the geographical one and requires more access to global and regional markets.

### 3. Globalization and Economic Geography; Theoretical Framework

The debate over how to conceptualize Global Britain in the spectrum of notions about globalization brings the discussion to the theoretical framework of the research, that is to say, the theory of *Economic Geography*. Elaborated in prominent works by theorists and economists such as Paul Krugman, the relevance of geography in the study of international economy has gained momentum in the late twentieth and early twenty-first centuries due to the intensification of globalization. Paul Krugman (1991) describes economic geography as “the location of production in space” and stresses the importance of *concentration* of economic activity and *specialization* in “market structure”. According to this analytical framework, Krugman compares the degree of localization in the US with that of Europe and concludes that it is much higher in different regions of North America due to less trade barriers, especially “transport costs” (Krugman, 1991, pp. 70-81).

Indeed, based on the theory of *New Economic Geography*, concentration of production occurs at the “local and regional scale”, rather than at the “national or international level” (Martin & Sunley, 1996). Comparing Europe and the US, Krugman argues that although in both cases transportation costs were reduced and economies of scale became more important after specialization, the impacts on trade were different; because the costs of imposing tariffs in Europe (before the formation of the EU) offset the potential benefits of cuts in transportation costs. Krugman also posits that even after the European Community was founded, the *borders* - i.e. regulatory differences and protectionist policies in some member states - were “barriers to trade”. As a result, he asserts that these issues made European economic localization stay behind that of the United States, and led to the US moving ahead of

Europe in services concentration (Krugman, 1991). Additionally, by conceptualizing core-periphery models in international scale, Krugman et al. argue that trade liberalization leads to “decentralization of population and manufacturing activity”, even though it brings about “the clustering of particular industries” (Fujit et al., 1999, pp. 329-341). It is, therefore, not possible to conclude that opening up to external trade has the effects of what core-periphery model offers or results in the reduction of trade costs.

Nevertheless, there are other scholars such as Thomas Friedman, who assert that the globalization of world economy is an “inevitable” process deepened by the rapid flow of information and the removal of barriers in regional trade (Sarker, 2019). According to these scholars, regionalization is actually a confirmation of the rise in global trade; although Svetlicic and Singer (1996) posit that regional economic integration can also be viewed as a kind of “inward-looking development strategy,” which stands in contrast to ambitions for growth in the global context since the “gains from globalization across regions” are less than those of economic activities inside regions due to “transportation and communication costs,” which still exist in certain industries. Moreover, although the trend towards regionalization is strengthening international trade, it is doing so by increased *intra*-regional trade, rather than *inter*-regional, especially when it comes to manufacturing sectors (Svetlicic & Singer, 1996, pp. 20-26). This differentiation between inter-regional and intra-regional trade brings to mind Krugman's emphasis on the role of geography which, as Frankel (2007) contends, makes "regional preference natural".

#### **4. Global Britain and the UK's Post-Brexit Trade Policy; The Gap in the Literature**

Brexit and its impact on the UK's trade has been the subject of

numerous studies; however, most of these studies were carried out before the official exit of Britain from the EU in early 2020, and thus, they mostly assert speculations on what alternative(s) the UK would have for its trade policy after Brexit (Brakman et al., 2018). There is also a plethora of literature on what Brexit means for the future of British economy (Sampson, 2017) and politics (Oliver, 2016) as a whole, which are not the subject of this study. Furthermore, studies on likely post-Brexit trade policy have either focused on what form the exit – and, in turn, the EU-UK trade deal - would take (Neuwahl, 2017), or if FTAs can develop independent of the EU – for instance with the US (Heron & Siles-Brügge, 2021).

As for the question of Global Britain, the existing literature mostly has a linguistic approach to how this idea has entered the British politicians' discourse (Zappettini, 2019), and the implications of this idea for policy-making have only been conceived as relevant to Britain's foreign policy or role in the world affairs post-Brexit (Glencross & McCourt, 2018). The present study, on the other hand, not only addresses the trade implications of this idea since the implementation of Brexit deal (also known as the TCA<sup>1</sup>), but also discusses the future possibility of materializing a Global Britain, benefiting from a qualitative approach that builds on other research endeavours on the topic, which have only used quantitative approaches to examine the progress the UK has made in expanding its trade geography by signing new trade agreements after Brexit.

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1. The EU-UK Trade and Cooperation Agreement

## 5. Quantitative-Qualitative Approach; Mixed Methodology

As mentioned in the previous sections, the gap in the literature about the feasibility of the Global Britain idea, that can only be quantitatively analysed after the passing of several years or decades from the implementation of Brexit, led the authors to use a qualitative method which, based on primary sources, links the small volume of data on the last three years (since Brexit coming into force in 2020) to the broader understanding of the post-Brexit trade policy provided through interviews with representatives from stakeholder groups. In addition, the trade statistics after Brexit – that is to say, the end of January 2020 until the end of December 2023 - were examined based on the reports published by the official British statistics agencies<sup>1</sup> as well as impact assessment studies. This combination of quantitative and qualitative methods of data collection enabled the researchers to overcome the shortcomings of each approach (Haenssger, 2019) and benefit from a “mixed methodology” that was also useful for data analysis (Gunasekare, 2016).

The main method for selecting the interviewees was purposive sampling, which is a type of non-probability sampling, based on which group of stakeholders they represented and what affiliations they had – see *Appendices 1 & 2*. Stakeholder, as a concept, has different definitions across disciplines. All of these definitions include a shared concept that a stakeholder is anyone “with an interest or *stake*” in the policy-making process (Gaur, 2013) and not only can they affect this process, they can also be influenced by it (Friedman & Miles, 2006). Based on this broad definition, stakeholder groups include the policy-makers or regulators,

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1. Mainly, those published by the UK Parliament, Office for Budget Responsibility, and Office for National Statistics



business people, politicians, governments, unions, and the society (Sachs & Rühli, 2011, pp. 36-124). Nevertheless, since interviewing all UK politicians or the whole British society is not possible, the authors created a categorization – as explained in *Appendix 1* - to be able to explore the topic under study.

After sending invitation emails – a sample is provided in *Appendix 3* - to about fifty representatives of stakeholder groups, the researchers were faced with the limitation of access or the ability to interview in person, especially with the case of trade unions that did not have specific contact channels other than those provided by the Press or Communications sections. As a result, the number of interviewees had to be increased through recommendations by the invitees who were or were not available for the interviews, in addition to further research by the authors – a process that took about a year. Furthermore, to entice the participation of the invitees, the invitation letter was modified to highlight the fact that their comments and responses to the questions will not be directly quoted in the article and their names would be kept confidential.

Consequently, a hundred and fourteen stakeholders were invited, from whom the researchers were able to receive the acceptance of ten representatives – the number of stakeholders that accepted or rejected the interview invitations are mentioned in *Appendix 2*. Once the interviews were transcribed, similar utterances were identified and the important themes were extracted – which are presented in the findings section. Comparing and contrasting the identified patterns and scrutinizing the data enabled the researchers to find the answers to the main questions and examine the following hypotheses through a deductive analysis:

- H1) The United Kingdom's trade policy after Brexit will not offset the costs of leaving the European Union and cannot bring the benefits that are envisaged in the country's ambitious goal of becoming *Global Britain*;
- H2) The imposition of post-Brexit barriers to trade and the difficulty of aligning rules, standards and regulations with the EU will impede the formulation of UK's effective independent trade policy, which should be shaped based on the idea of *Global Britain*.

## **6. Britain's Trading Relations before and after Brexit; Findings from Official Statistics and Literature Review**

The theoretical framework of this research, i.e. Paul Krugman's theory of Economic Geography, enabled the authors to define the research questions, which are answered in the findings section. In the framework of this theory, the United Kingdom seeks to attain the goal of becoming a *Global Britain* through expanding its trade geography. The main means to achieve this goal, according to many official (Institute of Economic Affairs, 2022) and unofficial (Garcia, 2023) accounts, is signing FTAs with old and new trading partners. Therefore, the researchers looked at the UK's signed trade agreements, both with the EU and the non-EU partners since Brexit (from the end of January 2020 to the end of December 2023), and then, adopted a combined view of all of the trade agreements in the following sections.

### **6.1. The UK-EU Trade and Cooperation Agreement**

The Trade and Cooperation Agreement (TCA), operational since

21 January 2021, is a 1256-page agreement that was signed between the EU and the UK as a deal that replaced the trading regime under the EU membership. The long-debated agreement, which ended speculations about the post-Brexit framework of trade relations between Britain and the EU, covers many key issues that were meant to resolve divergences in relations and reduce frictions for businesses and people on both sides of the Channel after Brexit (Fusacchia et al., 2022). With the TCA, the UK is out of the Single Market, the Customs Union and all the other trade agreements from which it benefited as a member state – i.e. with third-party countries outside the EU (European Union, 2020). As Fusacchia et al. (2022) posit, the general structure of the deal resembles an Association Agreement or a basic form of FTA, similar to the ones the EU has with several countries neighbouring Europe. Moreover, while the UK officials hoped to achieve a *Canada Plus* deal and wanted to avoid the no-deal scenario due to its significant costs for the UK economy, in the end, the country had to make a compromise and agree to the TCA, which was also the result of the EU's compromise from its preferred option – i.e. an EEA or *Norway style* deal (Hix, 2018, pp. 6-15). This means that the TCA has helped the UK avoid a no-deal, but is still near the hardest Brexit scenarios, - see *Appendix 4* – which indicates lower access to the benefits of trading with the EU as a non-member state.

Although the TCA was celebrated as an agreement that shows that Global Britain can reaffirm herself as a “liberal free trading nation,” (UK Government, 2020) - owing to the removal of tariff barriers on goods trade, it does not address tariffs on the import and export of services, and many non-tariff trade barriers (NTB) in both sectors are still in place (European Commission, 2022) - as summarized in *Appendix 5*. Even the most significant achievement

of the TCA – i.e. zero-tariffs on goods trade – was not granted without formalities that complicate the UK’s trade relations and increase the costs of Brexit. Rules of Origin (ROOs), for instance, mean that zero tariffs are only provisioned to the goods that are produced in the UK, not another trade partner of the country. And since the ROOs in the TCA differ from those found in other FTAs of the UK as well as those of the EU, proving that “minimum percentage of inputs originate” from the UK and that “sufficient processing” has been done, makes exporting to the EU harder for the British businesses and manufacturers (Jerzewska, 2021). These rules incur “administrative costs” on UK-based firms and hinder the possibility of re-export for both sides – hence making production or even repackaging in the UK less attractive to foreign and domestic firms. This is while no customs formalities, ROOs and standards alignments were needed when the UK was a member of the Single Market and the Customs Union (Fusacchia et al., 2022).

Furthermore, the TCA has not been favourable to the British transport providers, as an example of services section; and this has led to the relocation of certain airlines’ registrations to Europe. Therefore, even though the TCA provides better terms for the movement of “business persons” than does the CETA (EU-Canada’s Comprehensive Economic and Trade Agreement), the bureaucracy restrains the mobility of the labour force across the border (Fusacchia et al., 2022). This is specially the case since the Mutual Recognition of Professional Qualifications (MRPQ) is not provided under the TCA, impacting the businesses that need low-skilled workers and making it harder for the high-skilled labour to prove their qualifications (Darvas et al., 2016). Provisions on digital trade, although new additions compared to other EU’s

FTAs, are also constraining and resemble the “EU’s digital trade policy”.

The last issue, but not the least one, is the level playing field, which was one of the domains where the UK intended to manoeuvre independent policy-making and seek a competitive advantage through de-regulation. However, predicting the UK’s ambitions, the EU made sure that the UK’s subsidy control regime aligns with the basic EU State aid principles – even despite the UK’s efforts to initiate her own principles under a new Act (Maczkovics et al., 2023). Additionally, the EU has attempted – through strict procedures on violations - to ensure harmonization on labour and the environmental standards so that looser regulations do not invigorate higher investment flows towards the UK (Fusacchia et al., 2022). Accordingly, many scholars agree that these procedures and safeguards, along other intervening factors such as the Coronavirus pandemic, have constrained the UK’s expected “degree of regulatory divergence” from the EU, and, have also had implications for “border controls and custom formalities”, especially in the case of Northern Ireland Protocol (Egan & Webber, 2023).

In line with the hypotheses and research questions of this research, impact assessments of the TCA since its implementation day were taken into account to see how this deal has impacted the scope of UK’s trade relations. Various methods of calculation have been taken by five recent studies, – summarized in *Appendix 6* - which reveal that not only has leaving the EU not resulted in broadening the scope of the UK-EU trade relations, but it has also brought about a decline in the exports to and the imports from the EU (Aerssen & Spital, 2023). These estimates concur pre-transition studies – those conducted before 31 January 2020 - such as one

about the costs of non-tariff barriers on Britain's trade flows, postulating the prediction that the costs of the NTBs can "match or even outstrip the tariffs" provisions "in some sectors" (Chadwick, 2017). Moreover, looking at the survey conducted by the British Chambers of Commerce, which has involved a diverse range of regions in Britain, it becomes evident that the afore-mentioned estimates and predictions correspond to the actual business and trade happening after the Brexit; as more than 70 percent of the British firms have reported that the TCA has not been helpful in growing their sales, and about half of the goods and services enterprises have complained about the difficulties of "adapting to the new rules", not to mention the majority of the small and medium-sized enterprises that are facing the biggest challenge in using the UK-EU trade deal (British Chambers of Commerce, 2022).

## 6.2. Other Free Trade Agreements

The proponents of Global Britain may react to the results discussed in the previous section by suggesting that Brexit was never about the expansion of the EU-UK trading relations, and in fact, was aimed at redirecting the UK's trade towards the other regions and trading partners. To see whether this argument holds true, the authors looked at the official statistics on the geography of the UK's trade relations. Since withdrawal from the EU, the UK has signed seventy FTAs, the majority of which – precisely sixty-eight - are rollovers from the EU's FTAs with countries outside the Single Market. The three new trade deals, namely with Japan, Australia, and New Zealand, are considered to be the bulk of the UK's achievement in terms of trade expansion. As depicted on the map drawn by Hunsaker and Howe (2023) - see *Appendix 7* - more

FTAs are still under negotiation, most notably with the US, India, Canada, Switzerland, and the GCC countries; the UK's gain or loss from them cannot be construed until they materialize. Moreover, many of the signed agreements have not completely entered into force due to not having been ratified by one or both of the party's parliament(s), and as a result, businesses cannot yet benefit from them (UK Department for Business and Trade, & Department for International Trade, 2023).

The three aforementioned new trade deals, in addition to becoming a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – a trade bloc consisting of eleven Asia-Pacific economies - and the two digital trade agreements with Singapore and Ukraine are heralded as great accomplishments of the UK's post-Brexit trade policy, since they are presumed to make cross-border data flows easier, reduce bureaucracy for exporters, and enhance the existing trade ties (Webb, 2024). Nevertheless, when scrutinized closely, they have not generated tangible improvements in Britain's trade relations vis-à-vis these nations or trading blocs. In fact, in the case of Japan, a decline in the volume of trade, particularly in the services, has been recorded (Morita-Jaeger & Larbalestier, 2022) and with regards to the FTAs with Australia and New Zealand, they are believed to be more advantageous to those two countries rather than the UK, as the British administrations of the time accepted more concessions in return for opening “doors to bigger deals” over the long-run, and in the hope of getting “a short-term Public Relations win” (Hunsaker & Howe, 2023) – a view confirmed by the British government's emphasis on preferring *quality* “over speed” in the FTAs under negotiation (Ralph, 2023). Thus, in spite of the initial high expectations expressed in the Britain

government's impact assessments (UK Department for Business and Trade, & Department for International Trade, 2021), lower percentages of GDP increase, e.g. "0.03% by 2035", and even flaws in the agreements, for instance lack of "investor-state dispute settlement mechanisms" have been reported by UK parliament (Webb, 2023).

Indeed, as many researchers reiterate, some of these new trade deals are only a small upgrading of the previous agreements under the EU; for instance, the CPTPP membership, which was purported to be a big step, is estimated to result in only 0.08 percent GDP growth in the long run (UK Department for International Trade, 2021, p. 60) and thus, is believed to have more strategic implications rather than economic ones (Schneider-Petsinger, 2023) – as was one of the major goals of the Indo-Pacific tilt set by the Integrated Review (UK Cabinet Office, p. 24).

### **6.3. A Combined View; Trade with EU and Non-EU Partners**

Apart from the detailed studies and reports in relation to the UK's trade with the EU and non-EU partners, there are studies that have a holistic approach by looking at Britain's entire global trading networks. One such attempt has investigated the estimated volume of trade under the supposition that the UK did not depart from the EU – i.e. the "Doppelganger UK" – with the actual effects (Du et al., 2022). Comparing the statistics on the UK's imports from and exports to the EU and the rest of the world (ROW) from the second quarter of 2019 until early 2022, Du et al. argued– as shown in *Appendix 8* – that the UK could have arranged better trading relationships with both the EU and the ROW, had the country not left the EU (Du et al., 2023).



Other studies, e.g. Freeman et al. (2022), indicate similar findings that Britain's trade with both the EU and non-EU partners declined as a consequence of Brexit, albeit the level of decline was sharper in the case of trade with the EU following the implementation of TCA. Likewise, the impact is more severe when it comes to imports from the EU, because the Single Market is still attractive to the British exporters owing to its proximity and the big size of the market, while the opposite not being true due to the higher trade costs and barriers. Freeman et al. also posit that the shift from supplying input from the ROW is neither a result of lower most-favored nation (MFN) tariffs – about one percent below the EU's MFN tariff - set by the UK Global Tariff in early 2021, nor because of a decrease in British importers' willingness to move away from EU suppliers completely (Freeman et al., 2022, pp. 6-34). In other words, as Du and Shepotylo (2022, pp. 3-13) assert, the short-term trends in UK trade relations with the EU and non-EU reveal that products that face NTBs like SPS have redirected towards the ROW, whereas those with which other types of or fewer NTBs exist, have continued to be on the list of trade with the EU. In spite of the varying impact of these NTBs, as Dhingra et al. (2021) contend, the "potential benefits" of a more extensive trade policy – i.e. comprising of "deep agreements with the EU and selected non-EU trade partners" – cannot counterbalance the possible losses incurred on the UK after leaving the European Union because the country will probably "experience a welfare loss" of about 1 to over 2 percent.

In addition to the above-mentioned studies, the data from official assessment bodies were examined; statistics published by the Office for Budget Responsibility (OBR) (2022, p. 26) about the UK's economic outlook post-Brexit confirm the unlikelihood of a

positive impact from the newly-signed FTAs, as the assessment is in line with the previous forecasts that showed a downward trend in UK's "trade volumes" and "number of trading relationships between UK and EU firms." The data from the Office for National Statistics also indicate a decline of UK's trade balance in goods, which has resulted in more total trade deficits, and has not been offset by the unchanging pattern of trade surplus in services since leaving the EU (UK Office for National Statistics, 2022). This downward trend has improved to a slight degree (UK Office for National Statistics, 2023), yet only reaching the pre-Brexit figures and still far away from the promise of trade expansion through Global Britain. As for the likely future trends, the stagnation of trade volumes in the medium run, as well as an estimate of 15% reduction in "UK's trade intensity" over the long-term have been reported by the OBR (Office for Budget Responsibility, 2023, pp. 45-46).

In terms of the possible changes in the trade networks and partners, the UK's Department for International Trade (2021) reported that trade with non-EU partners and regions has slightly increased since the end of Brexit transition period. However, only the total trade with all non-EU partners has surpassed that of the EU; thus, if regions and trading blocs are considered, the EU still counts as the UK's biggest export market and source of imports. Furthermore, when compared to the two top trade partners of the UK – the EU as a bloc and the US as a country (Ward, 2023) - the Commonwealth is only responsible for a small share of trade, about one-fourth of the value of UK's total trade with the EU and half of the trade balance with the US. The question "Whether or not this share increases and this group of countries as well as other trading relations will be able to compensate the costs of trade loss with the

EU?”, could not be answered through the literature review and the data provided by the UK’s official statistics agencies. Hence, the authors raised these questions during the interviews with a sample of British stakeholders, the findings of which are presented in the next section.

## **7. Independent Trade Policy after Brexit; Findings from the Interviews**

Although the responses to the researchers’ questions varied to a certain extent among the interviewees, all of them underlined some key findings. All respondents reiterated that the discourse on the idea of Global Britain has very much disappeared since Boris Johnson left the Downing Street No. 10, and they all underscored the fact that the idea, proposed by right-wing factions in the UK parliament, underpins an emphasis on Britain’s outward-looking approach after Brexit – i.e. trying to be open to trade and investment - with elements of nostalgia for Britain’s past as an Empire, in addition to a desire to develop a more liberal regulatory approach than that of the EU. Additionally, most of the stakeholders interviewed maintained that Global Britain is not a well-thought-through strategy and that neither the Tories nor the Labour have any clear vision of this idea to be able to translate it into future trade policy-making. Some even went as far as calling the idea a sheer Public Relations campaign, designed to make the costs of Brexit seem less painful, while knowing that it cannot, in fact, compensate for the economic losses. As for the specific questions, the following points summarize the responses:

**Question 1: Does the idea of Global Britain improve the UK's competitive advantages compared to other European economies vis-à-vis the rest of the world in the post-Brexit era?**

All the respondents believed that this idea will not improve the UK's competitive advantages because the data so far shows no increase in UK's export vis-à-vis the world, compared to when it was in the EU. They added that the UK does not have any FTAs, which the EU does not have and so far, there's no evidence for services providing any competitive boosts to trade with the non-European markets. They also noted the decline in UK's GDP since Brexit, and highlighted that it would be unlikely for Britain to benefit from the new FTAs, as lack of geographical proximity, economic size, and barrier-free trade can become obstacles. Thus, even the improvements achieved in the past two to three years do not offset the declining competitiveness that the UK has experienced as a result of Brexit.

Nevertheless, when asked about the medium to long run implications – i.e. in the next ten to twenty years - some stakeholders expressed hope that the UK may make some benefits in return for losing in other sectors, e.g. losing in the manufacturing sectors and marginal trade, and gaining in the services, especially in financial services, instead. There were also speculations about the gains that can possibly be made if new FTAs are signed with India, China and the US; however, the prospects of such deals, especially the latter two are deemed to be rather unlikely at present. Although some of the interviewees agreed with the possibility of such long-term gains, they shed doubt on how long it would take, and emphasized the costs arising out of this uncertainty as well as the need for a clearer strategy or vision by the British government.

**Question 2: How will the idea of Global Britain change UK's trading networks, trade partners and the forms of regional economic integration?**

In response to this question, the interviewed stakeholders pinpointed the Indo-Pacific tilt, which has more of a strategic nature, in their view, as well as some new trade deals with Commonwealth partners, mainly Australia, New Zealand, and Singapore, in addition to some of the other members of CPTPP. Nevertheless, there was a consensus among the respondents that such a change would occur rather slowly and its benefits will only come at the expense of short-term costs in supply chains – which are mostly localized - since the new trade deals resemble the existing FTAs under the EU, with less level of integration than being in the Single Market, and that trade agreements, in general, tend to not have such big effect on trade with distant partners.

The interviewed stakeholders also stressed that not having yet achieved many of the trade deals, with the US and India in particular, would make the prospects of competing with the American, Chinese, and EU economies weak. Many of these major economies would have preferred the UK remaining in the EU and now that the country is out, there is less willingness from the old trading partners and emerging economies to lower their trade barriers vis-à-vis Britain. Therefore, it seems that the new FTAs are designed with more of an intention of containing the costs of Brexit, rather than a plan to change the trading networks and partners resulting in the realization of Global Britain.

The interviewees also highlighted the interconnection between trade and geopolitics, and noted the implications of tensions, such as those between the US, the EU and China for Britain's ambitions.

Another constraining element pointed out was Britain's desperate need for getting a deal, which resulted in some of the FTAs, like the one signed with Australia, ending up more in favour of the other parties. Furthermore, the stakeholders mentioned that since all European states are reorienting their trade towards other parts of the world, mainly Asia (and more specifically Asia-Pacific), the UK would not be the only country shifting her trading relations in this direction and she would still have to compete with her rival economies.

**Question 3: What standards, rules and regulations, and dispute settlement mechanisms are going to govern the UK's trade relations post-Brexit?**

Apart from the main frameworks guiding the post-Brexit regulations and standards, i.e. those of the WTO and those mentioned in the UK's new RTAs (regional trade agreements) and FTAs, the interviewed stakeholders discussed whether it would be possible for the UK to set the standards vis-à-vis her trading partners, especially those with a larger economic size, such as the EU and the US. Dismissing such a possibility, most of the respondents underscored the improbability of the UK becoming a more deregulated power compared to her rivals and partners, since the EU, fearing Britain's competitive advantage, has already made it sure in the TCA and other agreements that such a scenario would not unfold.

As for the question of whether the UK will be a rule-setter or rule-taker when it comes to standards and regulations, there was no consensus among the interviewed stakeholders: some believed that the country would be able to set the rules in the financial services

sector where she enjoys a superior position, while others, emphasize the dim prospects of other partners following the rules set by Britain because of a lack of willingness on the side of the British businesses as well as the size of the EU and other rule-setters, mainly the US and China, making it difficult for the UK to diverge. Notwithstanding these differing views, all the interviewees agreed that Britain will be a rule-taker in the manufacturing sector, dispute settlement will become harder, especially in cases such as the Northern Ireland deal, and that standards harmonization under the new FTAs will depend on the self-enforcing nature of the agreements and require more regular contact with the trade partners since harmonizing with numerous smaller partners instead of the EU's broad framework may most likely prove to be more difficult.

**Question 4: What benefits and limitations will the UK gain and face by developing an independent trade policy?**

The answers to this question were rather varied, some mentioning both the gains and losses, and others completely repudiating the existence of any net benefits or believing that (potential) benefits would not outweigh the losses. Thus, some major points about the positive and negative implications are mentioned below:

- Through such a policy, the UK gains a measure of flexibility, mainly in the financial regulation, but at the cost of higher barriers to trade with the EU.
- Not being bound by EU's more extensive environmental, health, safety, social, and safeguarding principles would be an asset. Yet, at present, the UK has not identified all the potentials outside of the EU; not because they do not exist, but due to having less power as an independent actor.

- The UK always wanted to pursue independent trade with the US and some Commonwealth countries, which was not possible as a member of the EU. Although it is not clear how plausible this independence would be in an inter-connected world where every country has to align itself by particular power blocs and while Europe is Britain's nearest trading partner and the US is only focused on its own interests.
- Britain can go for maximum financial liberalization, deregulate industry rights, scrap her regulations around access to the service marketing, or allow Australian lawyers to practice law and offer accountancy services to the people in the UK, for instance. Still, she would have to compromise between her own domestic politics and the interests of every state with which she wants to trade.
- Although London is still an important financial centre for the EU, divergence from EU regulations may entice companies to move to other financial service hubs in Europe, such as those of Frankfurt, Paris or Dublin.
- There are disparities in the gains and losses according to the location and size of the firms; e.g. some British producers may lose from more compliance with the US food standards or the Australian ones, while others might gain from such compliances.
- Whatever principle, like the MFN, from which Britain benefits in relation to her old and new partners, they can never be as good as the provisions of being part of a very major trading bloc like that of the EU.
- Just because Britain now has independence in some areas of trade and financial policy-making, it does not mean that the British political system will not make any mistakes. Even if the policies are right, the outcome is going to be costly



because the removal of the EU's constraining mechanisms does not necessarily mean that the UK will replace them with a better-established system; establishing such a system would require time and would only be possible after trial and error.

## 8. Conclusion

This study adopted a deductive approach and used the theoretical framework of economic geography in order to see whether the idea of Global Britain has translated into an independent trade policy post-Brexit, which will expand the UK's trade geography and scope, and by doing so, will offset the costs of leaving the European Union. The reason for selecting such framework and approach was that the main claim of Global Britain on trade has to do with the geography of Britain's trade relations as manifested in the attempts by successive British governments (since the Brexit vote) to strike the so-called *new* free trade deals with regions and countries outside of Europe. As a result, this framework enabled the authors to formulate the research questions and examine the data through a mixed methodology. Thus, at the first stage, the official statistics and reports, as well as the speculative articles published about the signed FTAs with the EU and non-EU partners were examined. However, because the period since the implementation of Brexit (January 2020) is rather short, and the statistics alone cannot explain the future potentials of the Global Britain idea for trade policy, semi-structured interviews with British stakeholders from different groups including academics, advisors and experts were carried out.

The results of this mixed analysis helped the authors answer the research questions on the implications of Global Britain for the UK's competitive advantages, trading networks and partners,

standards and regulations, and the losses and gains from a potential independent trade policy. The stakeholders' responses to these questions as well as the quantitative data revealed four main findings; firstly, the benefits of an independent trade policy can only be attained in some sectors, especially the services, whilst losses will be mainly in the manufacturing sectors. Secondly, the expansion of UK's trade geography and scope through the FTAs largely depends on signing trade deals with major economies like the US, China, and India, although the prospects of such possibility are not very bright in the short run. Thirdly, the gains from an independent trade policy may manifest over the long run, but as much of the discourse on Global Britain has strategic and domestic pertinence rather than a clear strategy expanding the UK's trade geography and scope, it is not clear how long such a structural shift will take. And fourthly, the probability of Britain achieving divergence from the EU regulatory framework will be constrained by the requirements for alignment with the EU standards and the challenge of balancing domestic needs with those of foreign ambitions.

Consequently, the authors conclude that geography matters in the sense that what the UK can gain from new FTAs with the EU and other trading partners depends on how close the partner is. Since the EU is still Britain's closest trade partner, both in terms of geographical proximity and share of trade as a region, it is unlikely the FTAs with other partners can replace the benefits that the country could get through the membership of the Single Market. Therefore, the functions of the idea of Global Britain appear to be two-fold; on the domestic level, it was a strategy to portray Brexit as a positive experience for the British people and businesses, while on the international scale, it was devised as a plan to open up post-Brexit Britain to more economic and strategic opportunities.

Whether both or either of these aims were achieved or if one of them was a strong motive behind this idea require another comprehensive study after one or two decades have passed since the enforcement of Brexit. Nonetheless, although the idea of Global Britain is no more used in the rhetoric of the British politicians, it seems that it still resonates with some factions and firms who benefit from a more liberal deregulated Britain, despite the costs of it.

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## Appendix 1.

The Affiliations of the Interview Sample	
Category	Name
<b>Researchers at Think Tanks &amp; Research Centres</b>	Centre for Policy Studies; Centre for Business Research; European Centre for International Political Economy (UK Trade Policy Project); UK in changing Europe; Centre for Economic Performance; Initiative for Free Trade; Centre for Inclusive Trade Policy; Centre for European Reform; Overseas Development Institute; LSE IDEAS.
<b>Policy Makers, Advisors &amp; Members of Parliament</b>	UK's Department for International Trade (Strategic Trade Advisory Group); UK Trade Policy Observatory (UKTPO); British Parliament (House of Commons & House of Lords)
<b>Representatives of Trade Unions, Associations, Companies &amp; Chambers of Commerce</b>	Trade Justice Movement; Confederation of British Industry; Federation of Small Businesses; Trades Union Congress; National Farmers Union; Tech UK; WHICH UK; British Chamber of Commerce; Unite; Scottish Chamber of Commerce; UNISON; Ulster Carpets Group; British Standards Institution; National Education Union; KPMG UK Volac International Ltd.; Osborne Clarke LLP; Burberry; Fairtrade Foundation; JCB Greener UK; Friends of the Earth Global; Justice Now; War on Want; ABPmer
<b>University Professors &amp; Researchers</b>	University of York; University of London (Royal Holloway); University of Leeds; Queen's University Belfast; University of Kent; University of Manchester; University of Birmingham; University of Edinburgh; London School of Economics and Political Science; King's College London; Sussex University; University of Sheffield; Queen Mary University of London; University of Surrey, Open University; Manchester Metropolitan University; Northumbria University; Loughborough University London; University College London; University of London (Birkbeck); Birmingham City University

## Appendix 2.

The Number of Stakeholders Invited, and the Numbers of Acceptance and Rejection of the Interview Invitations in Each Group			
Category	Invited	Accepted	Rejected/No Reply
Researchers at Think Tanks or Research Centres	19	3	16
Policy Makers, Advisors & Members of Parliament	12	1	11
Representatives of Trade Unions, Associations or Chambers of Commerce	39	0	39
University Professors or Researchers	40	6	34

## Appendix 3. Sample Letter of Invitation for the Interviews

Dear Professor/Mr./Ms. ....,

Date: .....

My name is Fatemeh Farivar and I am a Ph.D. candidate of British Studies at the University of Tehran-Iran under the supervision of Dr. Abbas Akhoundi. The topic of my thesis is "*Global Britain and the UK's Post-Brexit Trade policy: Examining the Views of Representatives from British Stakeholders*", and I am using semi-structured interviews as the main means of trying to understand this complex subject. I am writing to

a select number of people from varying backgrounds in the UK to try to gain as comprehensive an account as possible, and I very much hope that you may be able to assist.

Prior to this study, I had done research in other aspects of the field of British Studies – mainly the media and politics – ever since the beginning of my Master's studies (i.e. 2012). However, since Britain's referendum for exiting the European Union, I have become more interested in the economic aspect of the field, and so, dedicated the past two years of my research to understanding more about international trade, trade law and the UK's trade relations, particularly after Brexit. Having followed the political and economic developments in the UK since 2016, I am intrigued by the concept of "Global Britain" which is frequently expressed by British politicians and policy-makers.

In this research, I am adopting Paul Krugman's theory of economic geography as the conceptual framework, and I intend to explore how the idea of "Global Britain" has translated into the UK's economic structure and the country's trade pattern after Brexit (if it has at all). I hope that my research can facilitate a better understanding of the UK's current trade relations with partners and regions, which may in turn, help the betterment of bilateral relations between Iran and Britain in the future.

I would therefore cordially like to invite you to an online interview lasting approximately 30-40 minutes depending on the time that you might have available. I would be happy to use Zoom or Skype for the interview, whichever is more convenient for you.

The focus of the interview would be on the following main questions, although I would be very happy to pursue other issues that you consider to be of importance:

1. To what extent does the idea of "Global Britain" improve the UK's

competitive advantages compared to other European economies vis-à-vis the rest of the world in the post-Brexit era?

2. What were the main ways through which the geography, scope and scale of the UK's trade and financial relations were transformed through membership of the European Union between 1973 and 2020?

3. How may the idea of “Global Britain” change the UK's trading networks, trade partners and the forms of regional economic integration?

4. What standards, rules and regulations, and dispute settlement mechanisms are going to govern the UK's trade and financial relations post-Brexit?

5. What benefits and limitations will the UK gain and face by developing an independent trade and financial policy?

The comments and responses to my interviews will not be directly quoted in my thesis and related essays and articles, unless interviewees would like this. However, if it is agreeable to you, I would like to record the interview for the purpose of transcribing the content. I will keep the names of all interviewees confidential and pledge that the content of the interviews will never be made public without their permission.

I would be really grateful if you could accept this invitation and take time to participate in an interview. I would be delighted to share a summary of the results of my research with you as soon as the interviews are conducted and I have defended my thesis or published the final paper.

Yours sincerely,

Fatemeh Farivar

Ph.D. candidate of British Studies

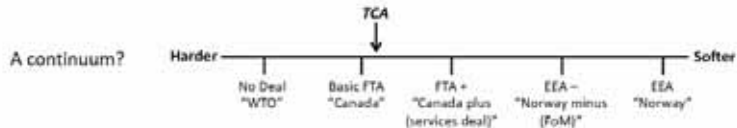
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### Appendix 4.

TCA Equilibrium, Courtesy of Hix, 2018 (FoM=Free Movement of People)

### Medium-Term Options for the UK and EU



### Appendix 5.

What the UK has gained and lost from the TCA. Courtesy of the data provided by: .....Fusacchia'gv'bn, 2022		
	TCA provisions & restrictions	Trade effects
<b>Tariffs</b>	Elimination of all tariffs and quotas between the UK and the EU - albeit if the Rules of origin are met, no anti-dumping or countervailing duties are levied, and no 'rebalancing' measures taken.	Zero, but 1.8% in UK exports, 1.9% in UK imports due to ROOs
<i>Trade in goods</i>		
<b>Non-tariff measures (NTM)</b>	Testing and certification conformity with EU standards in many manufacturing sectors, e.g. sanitary and phyto-sanitary (SPS) standards, technical barriers to trade, and new testing and documentary requirements for fisheries.	8.0% in UK exports, 8.4% in UK imports
<b>Border formalities/costs</b>	Different standard customs procedures for goods trade and low thresholds for liability to VAT on parcels and small packages that cross the border between the UK and the EU.	2.1% in UK exports, 2.2% in UK imports
<i>Trade in services</i>		
<b>Non-tariff measures</b>	Standards harmonization, excluding audio-visual trade, and not provisioning Mutual Recognition of Professional Qualifications	15.7% in UK exports, 14.7% in UK imports

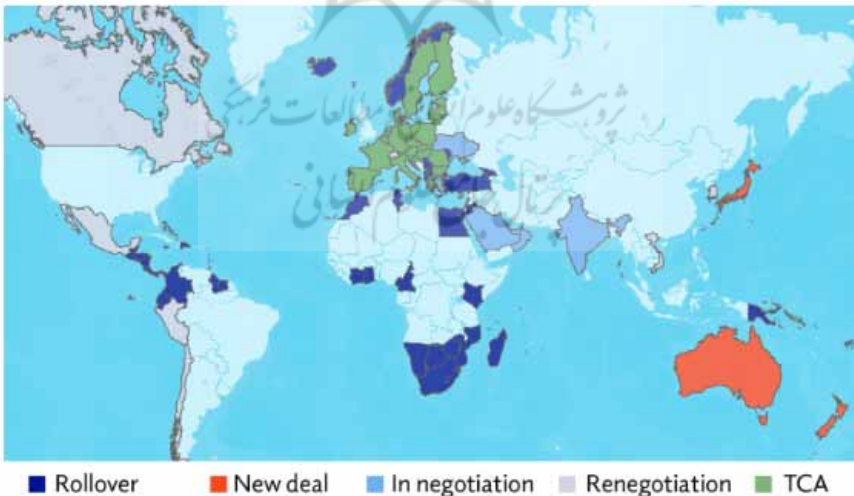
### Appendix 6.

Courtesy of Aerssen & Spital, 2023

Authors	Method	Brexit impacts
<b>Kren and Lawless</b>	Difference-in-difference approach; product-level data; control group: EU trade with the rest of the world	UK exports to the EU declined by 16%; UK imports from the EU declined by 20%
<b>Freeman et al.</b>	Difference-in-difference approach; product-level data; control group: UK trade with the rest of the world	Persistent 25% fall in relative UK imports from the EU, but only temporary decline in relative UK exports to the EU
<b>Du and Shepotylo</b>	Difference-in-difference approach; product-level data; control group: UK trade with the rest of the world; covering period up to Q3 2021	22% fall in relative UK exports to the EU compared with the rest of the world; 26% decline in relative UK imports
<b>Du et al.</b>	Difference-in-difference approach; product-level data; control group: UK trade with the rest of the world; update of the analysis by Du and Shepotylo up to Q1 2022	22.9% fall in relative exports to the EU compared with the rest of the world; negative impact on UK imports subsiding
<b>Springford</b>	"Doppelgänger" method	Up to June 2022: total trade (exports + imports) 7% lower than if the United Kingdom had not left the EU Up to Q4 2021: total trade 13.6% lower than if the United Kingdom had not left the EU

### Appendix 7.

UK FTAs so far - courtesy of Hunsaker & Howe, 2023



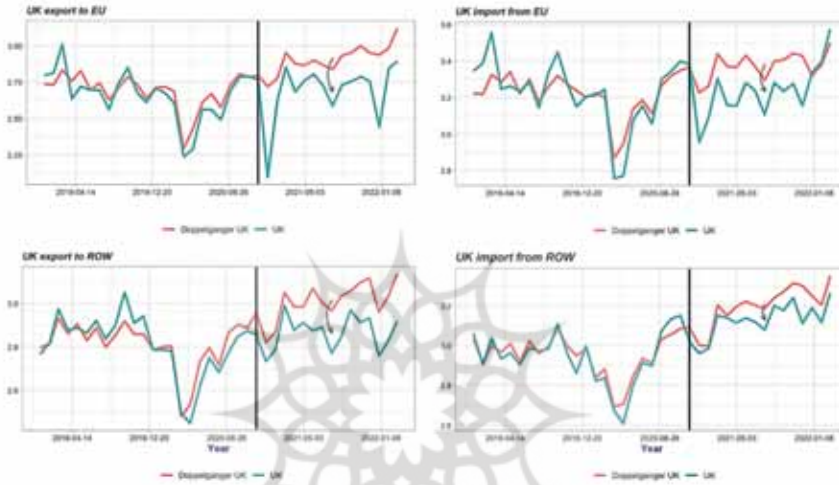
Source: Department of International Trade



## Appendix 8.

### Impact of Brexit on the UK trade: synthetic difference-in-difference, gold and mineral fuels excluded.

*Courtesy of Du & Shepotylo, 2022*



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