



## **ERG: Brexit & The Queen's Speech**

- **The Government's policy is to leave the EU's Customs Union, Internal (Single) Market and the jurisdiction of the European Court of Justice**
  - Only by leaving the Customs Union and Internal (Single) Market are we able to strike our own free trade agreements and so gain the benefit of access to large new markets.
  - Only by leaving the Single Market can we decide on our own immigration policy.
  - Only by leaving the European Court of Justice can we be fully sovereign and make our own laws.
- **The Government is respecting the referendum result and the General election result in which 85% of the electorate voted for parties that planned to leave the Customs Union and Single Market.**
- **We wish to see a full and prosperous Brexit where the Government is able to maximise on the opportunity the electorate has given it to leave the EU.**
- **There are no such things as "hard" or "soft" Brexit. If "soft" Brexit means staying in the EEA& Customs Union then the UK will be denied all the opportunities of leaving the EU.**
- **While we wish to see (and expect to see) a good deal with the EU, it makes no sense to start a negotiation by saying you need a deal at any cost. Therefore it is sensible to say that no deal is better than a bad deal. Would anyone buying, say a house or a car, start a conversation by saying "I need a deal at any cost"?**

### **Background:**

The Queen's Speech will need to set out the legislative underpinning for Brexit. This will have to include at least the following:

- The Great repeal Bill, to repeal the 1972 European Communities Act (and Euratom) and place the majority of current EU law into domestic legislation,
- A Trade Bill to ensure that the UK has the legal framework to agree new UK trade agreements and new Customs procedures
- An agriculture to allow for a new UK agriculture policy,
- A fishing policy to ensure the UK takes back control of its fishing grounds,
- Immigration Bills to replace EU competence in these areas, grants EU citizens' rights and ensures that questions as to entitlement to public services are dealt with.

# 1. Why we have to leave the Single 'Internal Market'

The EU's Single Market is the largest EU policy area, it includes the majority of the EU's policy areas. Remaining in the Single Market, would mean staying in the European Economic Area or EEA. It would require following the ECJ and accepting EU freedom of movement.

## Four 'Freedoms'

The Internal Market as defined by the EU includes the four original 'freedoms': Goods, Services, Capital and Workers.

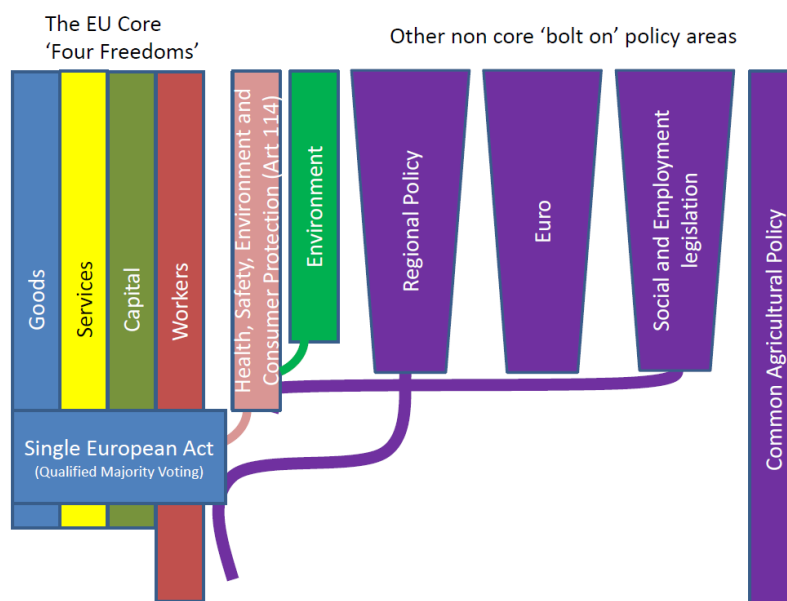
Of these there is only a near perfect market in Goods. The principle of the free movement of workers has been expanded into something more akin to a common citizenship than an economic principle.

## Bolt on policy areas:

In addition to the four freedoms, the EU has over time added new policy areas that are now seen as a part of the internal market. These include:

- Environmental policy
- Social and employment policy
- Regional policy (seen as a quid pro quo for the less competitive states membership)

The Common Agricultural Policy has always been a separate discrete policy area.



Source: Open Europe as submitted to the Balance of Competence review<sup>1</sup>

**The EEA states have to adopt EU social & employment legislation, environmental legislation and contribute to their own version of the EU's regional policy.**

<sup>1</sup> UK Gov, Balance of Competences Review submissions:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224582/EITD-responses-all-K-to-W-FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224582/EITD-responses-all-K-to-W-FINAL.pdf)

### **The EEA v the EU**

The EEA (Norway, Iceland and Lichtenstein) is an agreement between those states and the EU that gives those states access to the internal market. The EEA states are legally obliged to follow EU laws in all the Internal Market areas the EU legislates. The EEA states are within the majority of EU policy areas including the free movement of people.

### **Customs Union v Free Trade Area**

The EEA states are not within the EU Customs Union allowing them to strike their own 3<sup>rd</sup> party trade deals. In addition the EEA states have negotiated opt-outs from agriculture and fishing policies.

### **Mutual Recognition v Harmonisation**

The EEA and EU work on the harmonisation and replacement of existing laws as opposed to the mutual recognition of laws as 'equivalent'.

#### **Semantics:**

**Membership of the Internal/Single Market** – probably means membership of the EU / EEA with the ECJ, the EEA states are non-voting “members”.

**Access to the Single Market** – Could mean a free trade agreement?

**Freedom to trade into the Single Market** – Could mean trading with the EU without a trade agreement (i.e USA) or with a preferential trade agreement (i.e South Korea).

## **2. Why we have to leave the EU's Customs Union**

**The EU's Customs Union has a common set of external tariffs (import taxes). If we remained in the Customs Union we could not set our own import taxes and therefore could not conclude our own advantageous free trade agreements.**

The EU's Customs Union is part of its Common Commercial Policy that ties the EU to negotiate trade agreements as a block. It entails ECJ jurisdiction over product standards on a state's domestic economy & Customs procedures. A state cannot include tariffs in any external trade deal and may not benefit from EU trade deals.

Turkey has a limited Customs Union agreement with the EU for industrial goods. As a result its goods can circulate within the EU without customs. In return for free passage the EU has demanded (perhaps not unreasonably) that Turkey upholds its product standards. To do this the EU had forced Turkey to accept the jurisdiction of the ECJ over its domestic economy, not just its EU exports (for more information read Lawyers for Britain [here](#)). This in turn binds the Turkish economy to the EU, which worked politically as long as Turkey was set to join.

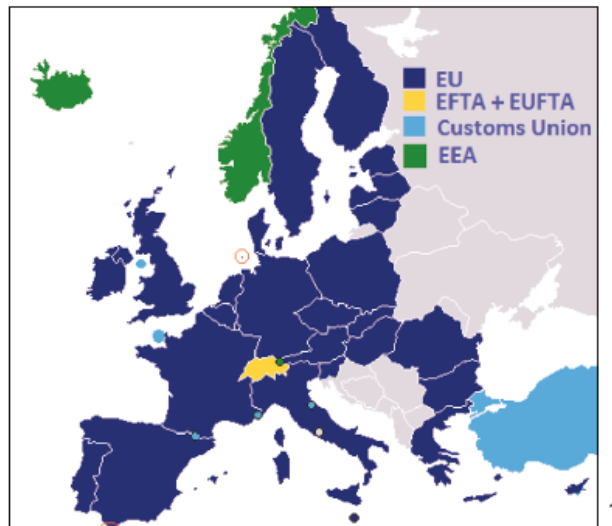
To make matters worse, as Turkey is within the Custom's Union it cannot sign their own trade agreements with foreign states, except in areas not covered by its agreement, in their case services and agricultural products. To rub salt into the wound, if the EU signs a deal to reduce tariffs with a 3<sup>rd</sup> party, those goods can flow straight into Turkey even though Turkey is not automatically a beneficiary of the same trade deal and will not share in the customs duties. These imbalances have led many in Turkey to conclude the agreement is no longer in their interests.

### **Out of the Customs Union and in the EEA?**

The EEA states however are outside of the Custom's Union, and therefore retain the ability to conduct their own trade policy, except in areas where it would conflict with their obligation to follow EU internal market rules – ruling out for instance regulatory cooperation agreements. The Swedish/Norwegian border is therefore a customs border as, despite both states being in the internal market, Norway is outside of the Customs Union.

[Switzerland voted against EEA membership but ended up with a similar bilateral arrangement with the EU essentially the same as the EEA, accepting all of the EU's laws in return for 'access'.]

### Illustration ii: Different economic relations with the EU



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## 3. Opportunities of Brexit

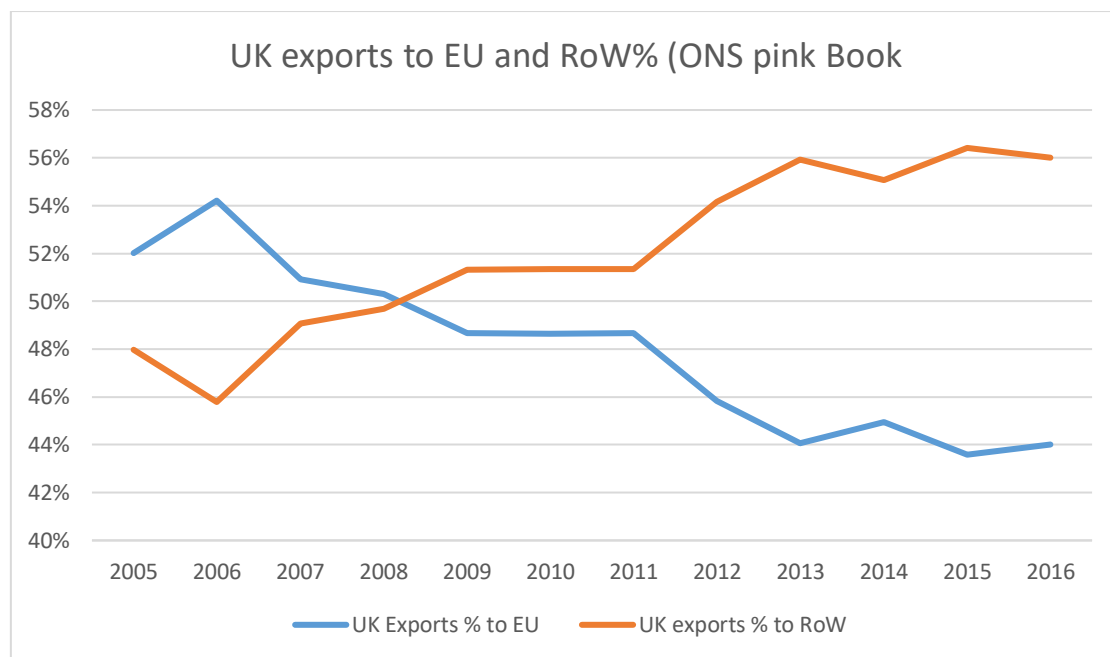
Leaving the Customs Union and Single Market allows the UK the freedom to benefit from global trade by securing preferential trade agreements with states that the EU does not have agreements with.

- **The EU has failed to maximise the UK's trading opportunities**

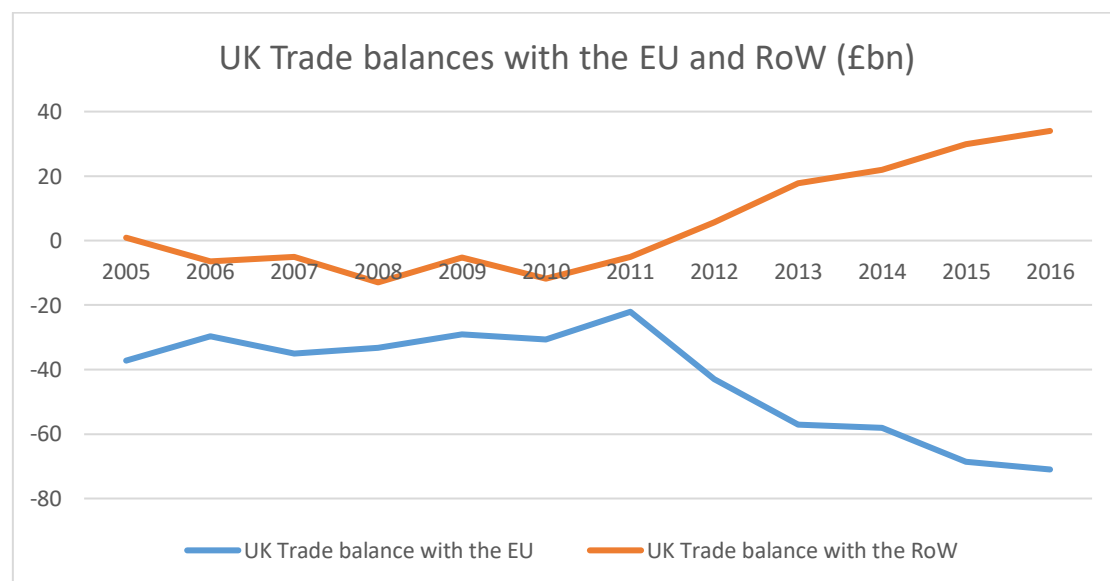
The UK's trade as a proportion of exports has gradually moved away from the EU market and towards global opportunities.

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<sup>2</sup> Open Europe, Howarth and Booth [Trading Places 2011](#)



In addition to the UK's proportion of exports to the EU declining, it is clear that the UK's trade with the EU is in deficit, while the UK's trade with the rest of the World is in surplus.



Source: ONS Pink Book 2015<sup>3</sup>

<sup>3</sup> ONS Pink Book:  
<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/9geographicalbreakdownofthecurrentaccountthepinkbook2016>

**Reason 1) Failure to liberalise the services sector:** The EU's internal market has failed to maximise the benefit to the UK in its area of strength – services. Services make up: “70% of the EU's output, they only make up 20% of the EU's internal trade”<sup>4</sup> It is closer to 80% in the UK.<sup>5</sup>

The services sector includes sectors such as finance, telecommunications, transport and healthcare that are covered by EU internal market legislation. However 40% of EU GDP is not, including areas such as construction, retail, professional services which are dealt with under the Services Directive.

The European Commission brought forward the Services Directive (Services in the Internal Market Directive 2006/123/EC) to help liberalise the sector but failed. The EU's own evaluation of the services sector found that:

*“the Single Market for services is not yet delivering its full potential... The absence of dynamism in intra-EU services trade becomes clear when mirrored against EU's global trade in services. Since 2004, trade in services between the EU and the rest of the world has been growing faster than inside the Single Market. Today only about 8% of European SMEs do business in other Member States.”<sup>6</sup>*

**Example of the failure of the Internal Market in Services: Regulated professions:** The European Commission has found there are 800 different activities “considered to be regulated professions in one or more Member States and are reserved for providers with specific qualifications.” “More than 25%” of the regulated professions in the EU are regulated in just one member state, including photographers, barmen, corset makers or chambermaids.<sup>7</sup>

The failure of the EU to liberalise internally has become evident in the EU/USA TTIP negotiations where leaked documents detail the EU areas of non-negotiable restrictions.<sup>8</sup>

This led German Chancellor Angela Merkel to admit that “We have a Single Market of goods, but not quite a Single Market for services. We still have to work at it.”<sup>9</sup>

**Reason 2) Failure of the EU to capitalise on external trade deals:**

**Lack of coverage:**

The EU currently has preferential agreements in force with c.27 non EU states and with a number of others awaiting ratification. The EU however does not have agreements with major economies such as China, India the USA or Brazil or with long term UK allies such as Australia and New Zealand.

**Map of EU trade agreements in force, in negotiation or awaiting ratification:**

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<sup>4</sup> Open Europe Kick Starting Growth; <http://openeurope.org.uk/intelligence/economic-policy-and-trade/single-market-in-services/> & HM Government, ‘The European Union Single Market – what has been achieved in twenty years?’ in ‘Twenty years on: The UK and the future of the Single Market’, CEPR and HM Government, 2012, p1

<sup>5</sup> FT, 31 march 2016; <https://www.ft.com/content/2ce78f36-ed2e-11e5-888e-2eadd5fbc4a4>

<sup>6</sup> EC, 2011 “Towards a better functioning Single Market for services – building on the results of the mutual evaluation process of the Services Directive” <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0020:FIN:EN:PDF>

<sup>7</sup> European Commission, ‘Towards a better functioning Single Market for services – building on the results of the mutual evaluation process of the Services Directive’, 27 January 2011, p7; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0020:FIN:EN:PDF>

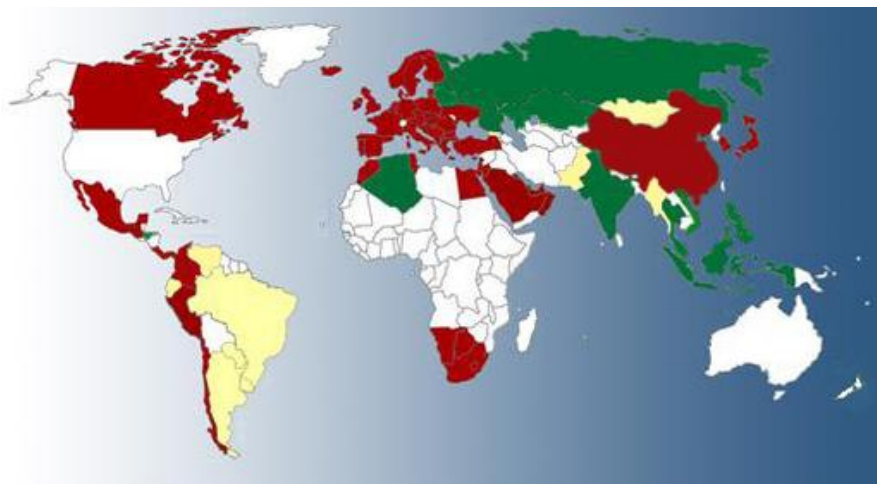
<sup>8</sup> Green Peace leaked TTIP document <https://ttip-leaks.org/ttip/>

<sup>9</sup> 18 February 2013



A comparison of the EU's trade agreements with other smaller states however shows that this is not particularly impressive.

#### Map of Swiss trade agreements:



Michael Burrage, in his 2016 Civitas paper "How the trade benefits of EU membership have been miss-sold" analysed the EU's trade agreements in comparison with a number of smaller states and made the following two claims:

- "The EC has therefore opened services markets of just \$4.8tn to UK exporters, whereas the Swiss have opened markets of \$35tn, the Singaporeans of \$37.2tn, the Koreans of \$40tn and Chileans of \$55.4tn."
- "90 per cent of the agreements of these four smaller, independent countries include services, whereas only 68 per cent of the EC's trade agreements do so."<sup>10</sup>

#### Prioritising the wrong elements:

<sup>10</sup> Civitas, Michael Burrage, 2016: "How the trade benefits of EU membership have been miss-sold"; <http://www.civitas.org.uk/content/files/mythandparadox.pdf>

The EU has traditionally argued its weight in negotiations allow it to secure better access for its members goods & services (although this does not explain the lack of access to the USA & China).

The draw back to this is that the UK's competing interests are played off against others in a common negotiating hand.

The EU has to negotiate with the interests of the EU28 in mind, and the EU28's interests often diverge from those of the UK. For instance the EU retains high tariffs on the import of textiles and agricultural products increasing the cost to consumers, at the behest of lobbying from other member states when these sectors are comparatively small in the UK. These tariffs will make EU trade agreements more difficult to achieve.

An example of a trade-off is that EU's negotiation with Singapore. Singapore is a major financial services market with zero tariff rates meaning that all negotiations would be on the subject of non-tariff barriers. In the final stages of the negotiation issues related to financial services and geographical indications remained outstanding.<sup>11</sup> For the UK, financial services are of key importance whereas for other EU states the protection of goods by geographical name (i.e. Australian Champagne sold in Singapore) were of more importance. In this case the EU ended up with less access to the financial centre than the USA.<sup>12</sup>

In the future it may also be argued that the EU's inclusion of Greek & Cypriot banking may have dragged on its ability to secure a favourable deal.

- **New opportunities for UK trade outside of the EU**

Since Brexit 6 of the G20 have indicated a willingness to discuss trade with the UK.<sup>13</sup> These are China, India, Mexico, South Korea, Singapore and Australia. Other notable states where trade agreements may be possible include the USA.

In these trade discussions the UK will be able to reduce its own tariffs and so help consumers while potentially securing better preferential access as a result of not having defensive interests.

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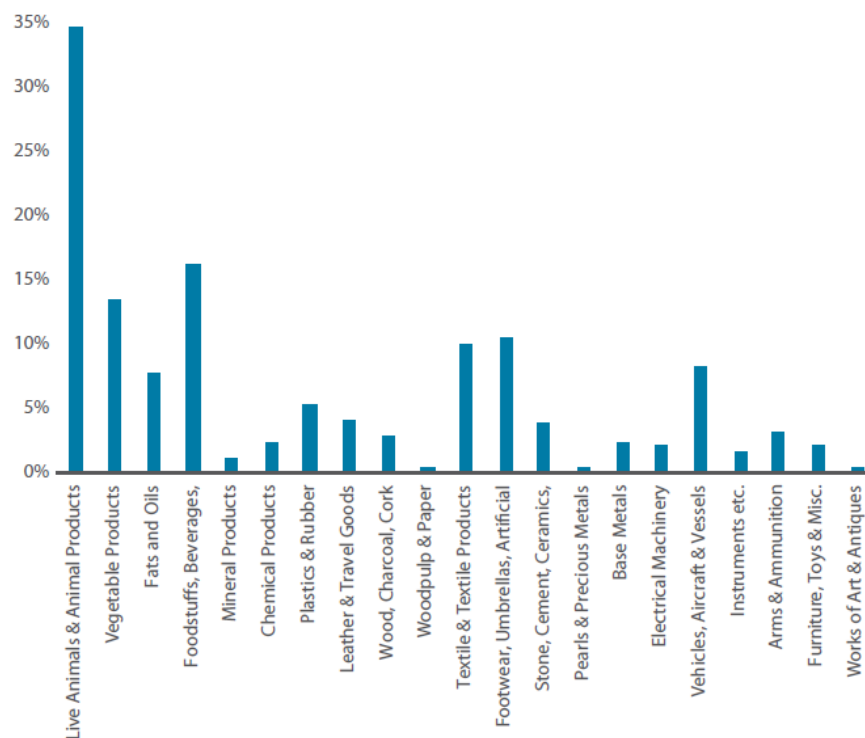
<sup>11</sup> European FOREIGN AFFAIRS COUNCIL - TRADE ISSUES Friday 16 March in Brussels;  
[http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/128948.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/128948.pdf)

<sup>12</sup> Open Europe, Trading Places; [https://docs.google.com/viewerng/viewer?url=http://openeurope.org.uk/wp-content/uploads/2014/10/trading\\_places\\_Is\\_EU\\_membership\\_still\\_the\\_best\\_option\\_for\\_UK\\_trade\\_and\\_what\\_are\\_the\\_alternatives.pdf](https://docs.google.com/viewerng/viewer?url=http://openeurope.org.uk/wp-content/uploads/2014/10/trading_places_Is_EU_membership_still_the_best_option_for_UK_trade_and_what_are_the_alternatives.pdf)

<sup>13</sup> Guardian; <https://www.theguardian.com/world/2016/sep/05/five-countries-at-g20-keen-on-uk-trade-talks-says-theresa-may>



Figure 30.ix: Effective tariff rates on UK exports by category in the 'Worst Case Scenario'



Source: see Annex B

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Reducing UK food prices to world prices has been calculated as saving the UK household £361 and in textiles a further £146.<sup>15</sup> In the long term the economic growth rates of the markets outside of the EU are likely to be far higher. For instance PwC's "The World In 2050 projection concludes that:

*"The global economic power shift away from the established advanced economies in North America, Western Europe and Japan will continue over the next 35 years. China has already overtaken the US in 2014 to become the largest economy in purchasing power parity (PPP2) terms. In market exchange rate (MER) terms, we project China to overtake the US in 2028 despite its projected growth slowdown.*

*India has the potential to become the second largest economy in the world by 2050 in PPP terms (third in MER terms), although this requires a sustained programme of structural reforms3.*

*We project new emerging economies like Mexico and Indonesia to be larger than the UK and France by 2030 (in PPP terms) while Turkey could become larger than Italy. Nigeria and Vietnam could be the fast growing large economies over the period to 2050.*

<sup>14</sup> P.777 Change or Go 2016; <http://2mbg6f9b1kl380gtk22pbxgw.wpengine.netdna-cdn.com/wp-content/uploads/2016/11/ChangeorGo.pdf>

<sup>15</sup> Ibid P.827

*Colombia, Poland and Malaysia all possess great potential for sustainable long-term growth in the coming decades according to our country experts.”<sup>16</sup>*

Of those states mentioned as having potential, only Poland is within the EU and the EU does not have Free Trade agreements with China, India, Indonesia or Malaysia.

#### 4. Party manifestos on Brexit

	UK Vote share	Brexit	Leave Internal Market	Leave Customs Union
<b>Conservative</b>	42.3%	Yes	Yes	Yes
<b>Labour</b>	40.0%	Yes	Yes	Yes
<b>DUP</b>	0.9%	Yes	Yes	Yes
<b>UKIP</b>	1.8%	Yes	Yes	Yes
<b>UUP</b>	0.3%	Yes	NO	NO
<b>Lib Dem</b>	7.4%	No (second referendum)	NO	NO
<b>Total % for Yes In 2017 GE</b>		<b>85.3%</b>	<b>85%</b>	<b>85%</b>

##### Conservative Manifesto

A clear commitment to leave the EU, Customs Union and Internal Market

- *“As we leave the European Union, we will no longer be members of the single market or customs union but we will seek a deep and special partnership including a comprehensive free trade and customs agreement.”<sup>17</sup>*

##### Labour Manifesto

Labour want to retain the “benefits” of the Single Market while ruling out full membership by ruling out EU free movement. In addition Labour plan to have their own international trade and investment agreements which would be incompatible with Customs Union membership.

- *“Labour accepts the referendum Result”<sup>18</sup>*
- *“We will scrap the Conservatives’ Brexit White Paper and replace it with fresh negotiating priorities that have a strong emphasis on retaining the benefits of the Single Market and the Customs Union”*
- *“Freedom of movement will end when we leave the European Union.”*

<sup>16</sup> See for instance, PwC “The World in 2050”. <https://www.pwc.com/gx/en/issues/the-economy/assets/world-in-2050-february-2015.pdf>

<sup>17</sup> Conservative party manifesto 2017: <https://www.conservatives.com/manifesto>

<sup>18</sup> Labour Party manifesto 2017: <http://www.labour.org.uk/page/-/Images/manifesto-2017/Labour%20Manifesto%202017.pdf>

- *“Through our Just Trading initiative launched in 2016, Labour will work with global trading partners to develop best-in-class’ free trade and investment agreements that remove trade barriers and promote skilled jobs and high standards.*

### **Labour Confusion:**

**Jeremy Corbyn MP:** *“Well the single market is a requirement of EU membership and since we won’t be EU members there will have to be an arrangement made”*

- 11 June 2017 Andrew Marr<sup>19</sup>

**John McDonnell MP:** *“We will push for a jobs-first Brexit. Labour wants to respect the results of the referendum. Staying in the single market would not honour that. We remain absolutely wedded to completing Brexit and getting on with the job.”*

- ITV Peston 11 June<sup>20</sup>

**Sir Keir Starmer MP: (shadow Brexit secretary)** *“you can only be a full member of the single market if you’re an EU member, and therefore it is obvious that we’re looking at something else. The question is do we leave options on the table? And I have said repeatedly yes, leave options on the table, but there are a number of different”*

*“Andrew Marr:... Customs union. In or out?”*

*Keir Starmer: Well I think that should be left on the table as an option.*

*Andrew Marr: So we could stay inside the customs union?*

*Keir Starmer: Yes.*

- 18 June Andrew Marr<sup>21</sup>

**Barry Gardiner MP (Shadow SoS for International Trade):** *“We’ve said let’s look at that and see if it can be reformed. But the key thing is not to get hung up on the membership of the single market, but to be assured of the benefits that it can bring for our economy and for our jobs.”... “through reformed membership of the single market and the customs union, or through a new, bespoke trading arrangement”.*<sup>22</sup>

- BBC Today 12 June

**Harriet Harman MP:** *“we’re out of the EU and we are going to be, therefore, not in the single market or the customs union – but we want to negotiate a deal which gives us red tape-free access, tariff-free access as much as we possibly can, and I think people are trying to find differences, actually, where there aren’t any.”*

- BBC Today 13 June<sup>23</sup>

<sup>19</sup> 11 June Andrew Marr: <http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/11061703.pdf>

<sup>20</sup> ITV Peston 11 June <http://www.express.co.uk/news/politics/815670/John-McDonnell-Labour-UK-single-market-Brexit>

<sup>21</sup> 18 June Andrew Marr: <http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/18061701.pdf>

<sup>22</sup> BBC Today 12 June as reported by Express: <http://www.express.co.uk/news/politics/816249/labour-brexit-police-reformed-eu-single-market-barry-gardiner-john-mcdonnell-jeremy-corbyn>

<sup>23</sup> BBC Today 13 June: <http://metro.co.uk/2017/06/13/harriet-harman-has-become-first-ever-mother-of-the-house-6706051/>

## DUP manifesto

The DUP wish to see a free trade and customs agreement with the EU, not membership of the Single Market and Customs Union. By ruling out the jurisdiction of the ECJ and promoting new 3<sup>rd</sup> party trade deals the manifesto rules out Single Market and Customs Union membership.

- *“Comprehensive free trade and customs agreement with the European Union”*
- *“Jurisdiction of European Court of Justice ended and greater control over our laws restored”*
- *“Progress on new free trade deals with the rest of the world”<sup>24</sup>*

[The DUP have since the election reiterated they wish to leave the Single Market and Customs Union.<sup>25</sup>]

## UUP manifesto

The UUP accepted Brexit but wished to retain the four EU freedoms

- *“Whether you voted remain or leave, the reality now is that we will be exiting the European Union. The Ulster Unionist Party is committed to ensuring the UK, and Northern Ireland in particular, gets the best possible deal.*
- *“continued access to the European Single Market on terms no less favourable than current arrangements. Northern Ireland has need of the so-called “four freedoms”, goods, services, capital and labour”<sup>26</sup>*

## Liberal Democrat Manifesto

The Liberal Democrats wish to stay in the Single Market and Customs Union and to reverse Brexit by instigating a second referendum

- *“Every vote for the Liberal Democrats is a vote to give the final say to the British people in a referendum on whether to accept the deal or remain in the EU”<sup>27</sup>*

## 5. The WTO as a fall back

What would happen if the UK left without a “main deal” under WTO Most Favoured Nation Terms (MFN)?

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<sup>24</sup> DUP 2017 manifesto:

[http://dev.mydup.com/images/uploads/publications/DUP\\_Wminster\\_Manifesto\\_2017\\_v5.pdf](http://dev.mydup.com/images/uploads/publications/DUP_Wminster_Manifesto_2017_v5.pdf)

<sup>25</sup> ITV news 15 June: A DUP spokesman “said the DUP was 100% committed to the UK leaving the single market AND the customs union”, <http://www.itv.com/news/2017-06-15/dup-backs-theresa-mays-vision-of-brexit-not-philip-hammonds/>

<sup>26</sup> UUP 2017 manifesto: <https://uup.org/assets/policies/uup%20GE%20manifesto.pdf> and <https://uup.org/assets/images/a%20vision%20for%20ni%20outside%20the%20eu.pdf>

<sup>27</sup> Liberal Democrats 2017 manifesto: <http://www.libdems.org.uk/europe>

The UK is a member of the WTO and its forerunner GATT. If the UK was not able to secure a preferential trade deal within the 2 years it could rely on Most Favoured Nation Terms (MFN). This is the WTO norm whereby states have to offer each other their best trade terms, outside of the context of a Free Trade Agreement or Customs Union.

The Legatum Institute in [their paper "Brexit: WTO Process and Negotiations of FTAs"](#) has described the WTO as follows:

***"WTO rules are not something you "fall back on" in the absence of a better bi-lateral agreement. They are the foundation for and structure around which all international trade is carried on. Bi-lateral and platform trade deals (such as FTAs and customs unions) build on this structure. WTO rules still apply, both to cover aspects of trade that are not dealt with in the trade deal and to regulate the parties' trade with countries that they do not have a trade deal with."***<sup>28</sup>

## The Legatum Institute's suggested answer

### 1. Whenever the WTO fall back is mentioned.

**Response;** The WTO is the foundation of all international trade; WTO and its predecessor, the GATT has done more through progressive trade liberalization to improve the economy and lift billions out of poverty. It exists to lower trade barriers. Far from falling onto the WTO, we are rising up to it. The WTO also confers rights on the UK as we leave the EU such that, if the EU operates in ways that damage our trade, we can bring cases against it. For example, if they refuse to give us mutual recognition in certain areas, then there are provisions we can rely on in various WTO agreements (Sanitary and Phytosanitary Barriers, Technical Barriers to Trade). The WTO is also the place where we should be exercising trade leadership. There has been a pitiful amount of progress in the WTO on services liberalization, key to the UK economy. Free to be the key demandeur for services liberalization we can make enormous progress.

2. Economy and Jobs. If you actually analyse the UK and global economy, we see that even before the financial crisis, measures of actual wealth creation are down. Industrial output has been flat since around 2005/6. GDP figures often mask this because they include government spending and consumer spending. The notion that economies were doing well before the Referendum is false. The world is full of barriers to our services industry in the form of regulatory protection which is on the rise, and behind the border economic distortions. We need to be able to negotiate for their reduction in the WTO and through other trade agreements. The notion that there are no opportunities in trade agreements and the WTO assumes that we face no barriers in the Rest of the World, which is the whole purpose of negotiating high standards agreements with UK
3. We need to maximize opportunities – trade deals, improving our own regulatory environment and delivering competition/aspiration based society where people succeed based on what you know not who you know while at the same time minimizing disruptions.
4. Minimizing disruptions means agreeing what the desired end state. The EU and UK agree that the end state is a free trade agreement and we will be out of the CU and EEA.

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<sup>28</sup> Legatum Institute special trade commission; February 2017;  
<http://www.li.com/activities/publications/brexit-world-trade-organisation-process-and-negotiation-of-free-trade-agreements>

5. Minimizing disruption means on leaving CU, zero for zero tariff deal, rules of origin, mutual recognition of goods, especially agricultural products, and customs arrangements that allow expedited customs clearance.
6. Leaving the EEA, minimizing disruption means regulatory cooperation between the UK and EU – regulatory coordination in the case of financial services which will enable us to ensure that the UK can diverge from the EU over time, subject to the ultimate agreement in the FTA.<sup>29</sup>

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<sup>29</sup> Emails from Shanker Singham 20 June 2017