Brexit and the External Trade Policy of the EU

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Abstract: Brexit is a huge challenge with enormous consequences for future UK trade policy. But it will also have an impact on the common external trade policy of the EU, and, thus, on one of the core components of EU foreign policy. This contribution analyses Britain’s role in the formulation of EU trade policy and the likely repercussions of its departure, particularly regarding the effectiveness of the EU as trade negotiator and the preferences it represents internationally. I use three theoretical lenses to address these questions: the first lens focuses on likely changes in the material power and interests of the EU; the second looks at the institutional consequences of Brexit for the formulation of EU foreign trade policy, and the third addresses potential changes in external perceptions of the EU as a trade power. It will be argued that neither the effectiveness of the EU as global trade power, nor the substance of its interests, will change substantially.

Keywords: Brexit, European Parliament, European Union, Trade Policy

Introduction

Foreign trade is an exclusive competence of the EU. The Commission manages Europe’s relations with trading partners in close consultation with the Council and the European Parliament, as set out in Art. 207 of the TEU. This is an enormous responsibility. The EU is arguably the biggest trading power in the world and it manages an unrivalled, extremely dense network of preferential trade agreements. Currently, the EU has customs unions, free trade agreements (FTAs), and partnership agreements with more than 80 states that are either completely or partly in place. Another nine agreements have been concluded and are awaiting ratification, including the FTA with Japan, to date the largest FTA ever, and, most recently with MERCOSUR (Brazil, Argentina, Paraguay, Uruguay). In addition, the EU is currently negotiating trade agreements with another 20 countries.

In the past fifteen years, research has fully acknowledged the importance of the EU as a trading power. There is now a vibrant community of researchers dealing

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1 The author acknowledges the very useful comments of two anonymous reviewers and of participants in a panel on the consequences of Brexit for EU foreign policies at the UACES Annual Conference at Bath in September 2018.

with questions such as the coherence of EU trade policy (both in itself and with respect to other policy fields), the power and effectiveness of the EU in international negotiations, the influence exerted by different actors, such as economic lobbies, parliaments or NGOs, the democratic governance of trade policy, and the causes of grassroots contestation of EU trade policy (for recent overviews: de Bièvre/Göstöhl 2018; Poletti/de Bièvre 2013). What has received less attention until now is the role of the member states (for exceptions, see Adriaensen 2016 and van Loon 2019). This is probably due to the supranational character of EU trade policy which gives it a state-like character and makes autonomous national trade policies practically impossible. This neglect of member state’s positions might also result from the limited visibility of explicit disagreements between them, and with the Commission. In fact, ever since the famous French attack against the results achieved by EU trade negotiators in the multilateral Uruguay Round negotiations (1986–94), the Commission has been careful to stay within the mandates established by the member states (Meunier 2005). In recent years, it has also taken care to keep the European Parliament (EP) fully informed and supportive of its strategy. Since the Lisbon treaty, the Parliament has evolved from being a mere political factor to an institutional veto player in trade policy and has become the object of a lot of recent research work on EU trade (for example, Rosén 2017, 2018; van den Putte et al., 2015).

Accordingly, there are almost no systematic studies on how single member states shape EU trade policy (for exceptions, see Bollen et al., 2016; Falke 2005). This makes it quite a challenge to assess what Brexit will mean for future trade policies in Europe. It is obvious that leaving the single market will be a huge challenge for Britain’s external trade. This fact has sparked numerous, extremely diverse, evaluations by think-tanks and research institutes that range from enthusiastic expectations that a traditional trade power will be restored to its former glory as soon as the yoke of common EU policies will be shed, to dramatic predictions of decline once Britain stands alone (Dhingra et al., 2016: Institute for Government 2017; Stewart and Monteith 2016).

But does it matter for EU external trade policies that Britain leaves? How will this affect the EU’s bargaining power in the international arena? How will the preferences change that are represented by the EU internationally? Both questions are necessarily speculative. Obviously, much will depend on the final shape of EU–UK relations once Brexit has been achieved in one form or another. But, thinking about the questions outlined above might alert scholars to issues in EU foreign trade policy, that have until now been rather neglected by research, particularly the nature and extent of member state influence. The article sets up a template for researching this issue.

I use three theoretical lenses that are derived from major approaches to EU external policies to tackle the topic. First, and most obviously, I will look at changes in the material power and interests of EU trade policy that will most likely result from Britain’s departure. This will be done mainly on the basis of a quantitative analysis of trade patterns. Second, I will use an institutionalist lens, drawing on the rich literature on EU trade policy that has emerged over the past 15 years. Looking at the dynamics of decision-making in EU institutions will allow me to address whether the internal cohesiveness of EU policies will be affected, whether after Brexit some interests will not be represented as prominently in EU trade policy as before, and whether the EU as a whole will become more protectionist. Third, I will analyse