

What is the WTO and why is it important?

The World Trade Organisation (WTO) is the global body responsible for governing international trade. **There are currently 164 members of the WTO.**

If a country, or bloc of countries, has no separate 'free trade deal' in place – an agreement to reduce trade barriers, import quotas and tariffs – they trade under WTO rules.



What are the WTO's rules?

- Every WTO member has a list of 'tariffs' – taxes on the import of goods.
- It also has 'quotas' – limits on the number of goods.
- Tariffs and quotas are applied to other countries they trade with. These are known as their WTO schedules.
- Following the Brexit negotiations, if no agreement between the UK and the EU on a future trading relationship is reached, then, by default, WTO rules will apply.
- The UK is already a WTO member, but will need to re-establish its autonomy from the rest of the EU. In particular, it needs to agree schedules for tariffs on goods.

What are 'non-tariff trade barriers' and why they are important?

These include rules on product standards, safety regulations and sanitary checks on food and animals, all of which need to be met if one country wishes to trade with another.

Once the UK is no longer part of the EU, both sides need to find a way to work with each other's regulations.



Why can't we set favourable tariffs for important trading partners?

Under WTO's most favoured nation rules, the UK cannot just lower tariffs for a specific country, unless it has agreed a trade deal. It has to treat every WTO member in the same way.

The most favoured nation rules also mean that the same market access must be granted to all other WTO members.

After Brexit, if the UK decides not to check goods crossing the Irish border to avoid a hard customs border, it has to apply the same rules to goods entering the UK from China, Brazil or any other WTO country. This is why the Irish border issue is so tricky

Doesn't the UK already trade with dozens of countries under WTO rules?

The UK trades with many countries under WTO rules, as a member of the EU.

Importantly, as an EU member. It also benefits from a number of additional agreements with countries such as the United States, China, Brazil and Australia, which helps to regulate important areas of trade.

In the event of a no-deal Brexit, the UK is working to replicate the deals that it currently has. Currently, as an EU member, the UK has around 40 trade agreements with more than 70 countries.



Has the UK managed to negotiate any new trade deals yet?

Until the UK leaves the EU it is not permitted to enter into any new formal trade deals but talks behind the scenes are taking place.

The Government has reportedly agreed continuity deals with some countries such as Switzerland.



You may be wondering what this all means for your business. Here at Midgley Snelling, our expert business advisors are here to help. If you are concerned about importing or exporting goods after Brexit, call us now for practical advice and support.