

Brexit – Why Free Trade in Services Should Not Be Feared

Free trade deals are the talk of the town, but on Prime Minister Theresa May's current course, The UK could be headed towards a more integrated, EU-centric trade deal. It's the safe bet to some, but to those who see the bigger picture, a potentially huge loss for the services industry here in the UK, of which we form a very small part. Free trade agreements (FTAs) could open up huge new markets and economic potential for the UK and aren't be something to be feared, and here's why:

Should the British government decide to take the Canada-style trade deal [offered by Donald Tusk](#) and the European union – or should indeed the negotiations fail and The UK 'crash out' of the European Union on World Trade Organisation rules – then large new markets automatically open up for trade, which were previously not available to us

While European Union law will be signed into law here in the UK as a way of minimising the impact of Brexit, leaving the EU also gives the UK government an opportunity to veto previous EU laws that stand in the way of economic progress – or which could even tie up the services industry in regulation. Free trade, therefore, offers the service industry two things:

1. a chance to ease up tight regulation,
2. an opportunity to expand trade more easily across developed economies and the English-speaking world.

It's also worth noting that the Customs Union currently only facilitates the trade of goods, not services – meaning Brexit in itself, and the implementation of a free trade agreement, doesn't mean any huge loss in terms of the trade in services. Members of the Customs Union do not have preferential access to the services market in the EU, and countries who can set up Swiss-style bilateral agreements can gain easy access to this services market. But the scope of FTAs changes drastically depending on the agreement being made. It is possible for the UK to sign new FTAs with countries all over the world which offer greater liberalisation of the services trade.

This has been demonstrated many times already. After the North American Free Trade Agreement (NAFTA) was signed in 1993, and the World Trade Organization was established in 1995, the US economy grew substantially. Trade increased, [the economy grew](#) by over 23%, and GDP grew by more than \$2.1 trillion.

Singapore has used foreign direct investments (FDIs) and free trade to significantly grow its own economy too, moving from a manufacturing-based economy to a [knowledge and service-based economy](#). Through strengthening their human capital by investing in education, opening up new trade networks, and building its telecoms,

Mailing Address: Enarpee Services Ltd, c/o 1 Fosseyway Gardens, Radstock, Somerset, BA3 3XW

Registered Office: 141 Englishcombe Lane, Southdown, Bath, BA2 2EL.

Registered in England: 05854549. **VAT Registration:** 910 2651 64



technology and biotech industries, Singapore has become one of the most stable economies in the world.

Telecommunications has since become the [driving industry](#) in the Singaporean economy, followed by the banking sector, all thanks to FDIs and FTAs.

A similar story can be told about Canada, where the liberalisation of telecommunications has seen Canada's communication market expand significantly. Owing to NAFTA's elimination of both tariff and non-tariff barriers, Canada saw economic growth in its telecommunications sector from the 90s and [into the 2000s](#).

Our service industry is not just the centre of the British economy, it's almost all of it. And, with English-speaking countries making up a [combined GDP of \\$22.11 trillion](#), there's a whole world of opportunity out there for the UK, in the event of a no-deal, or free-trade Brexit.

This can be capitalised on most effectively through a Canada Plus free trade agreement. This is an agreement that improves upon the existing Comprehensive Economic and Trade Agreement that integrated Canadian and EU markets. A CETA+ alternative would liberalise trade in services and go beyond the original agreement with Canada by including more financial services. It would also [trigger Most Favoured Nation \(MFN\) clauses](#) in the European Union's other FTAs – meaning that The UK would demand equal treatment to other nations with free trade agreements within the European Union.

The UK also has a large trade surplus with the EU, which reached [£25.9 billion](#) in 2015, which gives The UK the upper hand in negotiations with the EU. Combined with the fact that The UK currently already buys and sells more services [outside of the EU than within](#), it becomes clear that the services industry will not suffer in the event of new FTAs. Through new trade deals and trade liberalisation, the UK can continue its trend of trading globally.

The evidence shows that free trade grows economies and benefits service industries. It's worked for Canada, it's worked for Singapore, and it will work for the UK, but only if the government decides to grasp the opportunity to trade more freely with the rest of our Commonwealth, the English-speaking world, and other growing economies. The potential to access non-English speaking markets in the Far East, Africa and Central/Latin America should not be under-estimated. Courage and a little free thinking is required. The UK's service trade could continue an upwards trajectory placing us in an enviable position among our competitors. If the UK government fails to identify and seize on the opportunity, or if we remain in the European Union, it will be a missed opportunity which will impact on generations of

Mailing Address: Enarpee Services Ltd, c/o 1 Fosseyway Gardens, Radstock, Somerset, BA3 3XW

Registered Office: 141 Englishcombe Lane, Southdown, Bath, BA2 2EL.

Registered in England: 05854549. **VAT Registration:** 910 2651 64



UK citizens. The strongest economies are the ones that have the freedom of choice to trade. We may have the 6th largest economy in the world currently, but with the strength of FTA's, we could become the 3rd largest economy in the world in under 10 years. Seize the moment! Aim high! Have the courage!

Mailing Address: Enarpee Services Ltd, c/o 1 Fosseyway Gardens, Radstock, Somerset, BA3 3XW

Registered Office: 141 Englishcombe Lane, Southdown, Bath, BA2 2EL.

Registered in England: 05854549. **VAT Registration:** 910 2651 64