

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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UK Triggers Two-year Process to Exit EU

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Report Highlights:

On March 29, 2017 the United Kingdom (UK) formally triggered its exit process from the European Union (EU). It now has up to two years to negotiate and conclude an agreement with the EU on the arrangements for its withdrawal. In the meantime, all trading arrangements between the UK, the EU, and third countries are unchanged.

The United Kingdom (UK) triggered Article 50 of the Treaty of Lisbon on March 29, 2017, formally launching its exit process from the European Union (EU) through a [letter](#) from Prime Minister (PM) Theresa May to European Council President Donald Tusk. Article 50 allows up to two years for the UK to negotiate and conclude an agreement with the EU setting out the arrangements for its withdrawal. In the meantime, trading arrangements between the UK, the EU, and third countries are unchanged.

The PM's office had previously issued a [White Paper](#) on February 2 with the Government's twelve objectives for the negotiations ahead. The Government released another [White Paper](#) on March 30 outlining its plans for converting the body of existing EU law (the "acquis") into UK law wherever practical. One of the twelve priorities set out in the February 2 White Paper was, "Ensuring free trade with European markets." While PM May confirmed in her letter to President Tusk that "...the UK does not seek membership of the single market...", she also emphasized that she believes "...it is necessary to agree the terms of our future partnership alongside those of our withdrawal from the European Union." She indicated, however, that "We recognize that it will be a challenge to reach such a comprehensive agreement within the two-year period set out for withdrawal discussions in the Treaty."

If the UK leaves the European Union without an agreement, PM May notes in her letter to President Tusk that the default position is that the UK would have to trade with the EU on World Trade Organization (WTO) terms. The UK is a WTO member in its own right but its Uruguay Round goods schedules are included in those of the European Communities and it currently applies the EU's common external tariffs and the EU's sanitary and phytosanitary requirements to product from third countries. The UK plans to establish its own separate WTO obligations for maximum tariffs, tariff rate quotas, etc. through a rectification process to go into effect after it exits the EU.

"Securing new trade agreements with other countries" is also among the twelve priorities set out in the February 2 White Paper. A proviso is included, however, that, "While we cannot agree new trade deals until after we have left the EU, there is much that we can do to prepare and to achieve now, while respecting our obligations as members of the EU."

In short, there are many questions about where the UK will be in terms of trade in two years' time. This has prompted an industry of analysis in various quarters, with many organizations trying to get a handle on what the process and spectrum of outcomes might be. Links to a few examples are included below:

- House of Commons – [Brexit: how does the Article 50 process work?](#)
- House of Lords - [Brexit: the options for trade](#)
- Agriculture & Horticultural Development Board (AHDB) - [Horizon Reports on Brexit](#)
- National Farmers Union – [Brexit News](#)