

FREE TRADE IN TROUBLE

Once the coronavirus crisis has passed, Britain could find itself in a very different environment when it comes to negotiating post-Brexit trade deals.

The global pandemic has highlighted worldwide problems in obtaining medical equipment to protect health workers, test suspected victims of the virus, and support those most affected. Meanwhile, panic-buying and the closure of restaurants and cafés has led to increased purchases of groceries and household products, leaving supermarket shelves bare as the just-in-time supply chain struggles to keep up.

Despite warm words from G20 trade ministers, the shortages have led to increased protectionism in the midst of the crisis.

During a conference call on Monday, global trade chiefs promised to avoid obstacles to world trade, but failed to rule out export restrictions on medical goods. U.S. Trade Representative Robert Lighthizer said Monday that the U.S. is learning that "over-dependence" on other countries has left the nation vulnerable, and that the government will promote more domestic manufacturing.

In the middle of it all, the U.K. is scrabbling around alone. It is boosting domestic ventilator production after missing out on an EU procurement scheme, and is <u>scrapping taxes</u> on medical imports.

Once the virus passes, the new global order will remain, as governments move to convince the public they are ready to deal with another economic emergency, according to the chair of the U.K. international trade committee, Angus MacNeil. He said there will be an ongoing "reticence" to change because the world will have self-sufficiency "in the back of our minds."

That could mean fewer cooperation opportunities for Britain when it comes to building its post-Brexit trade links.

"It would have seemed more outlandish two or three months ago to suggest that," MacNeil, a Scottish National Party MP, said. "But it's less outlandish now to suggest it because a lot of people are feeling that this pandemic is a huge black swan event which we couldn't have foreseen, and we are trying to make sense of it."

Harry Broadman, a former senior U.S. trade negotiator agreed. He said "health care and food security issues are now likely to be higher up on the negotiating agenda of U.S.-U.K. trade. But not in a pro-free trade direction." He said nations around the globe are "circling the wagons for greater protectionism in international trade of health care products and services."

David Henig, the U.K. director of the European Centre For International Political Economy, highlighted the precarious position Brexit has created for Britain during the coronavirus outbreak. He said the crisis has "revealed a U.K. without any obvious allies among global trade powers," which will leave some in Britain ever more desperate for a deal with an increasingly protectionist U.S.

And turning back to the EU might no longer be an option, added MacNeil. "You are going to have a different Europe on your doorstep," he said. "A Europe that will be looking to its own resilience and whether it can have trust within its own borders."