

Brexit news: Economist says UK can keep EU links AND seal a free trade deal with the US

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BRITAIN can retain close links with the EU AND bag a wide-ranging free trade deal with the United States after Brexit, a leading economist has said in a boost to Theresa May as she continues to tout her controversial Chequers blueprint.

But while he stressed the UK could quit the customs union while preserving ties with the bloc, Daniel Ikenson, director of the Herbert A Stiefel Center for Trade Policy Studies at world-renowned US-based economic think tank the Cato Institute also cautioned against a damaging hard Brexit.

Mr Ikenson made his remarks after publishing a paper entitled *The Ideal US-UK Free Trade Agreement: A Free Trader's Perspective*, during which he and co-authors Simon Lester and Daniel Hannan look at how such a deal would work.

The paper sets out, in considerable detail, what would be required to make such an arrangement work in areas such as market access for goods, customs, cross-border trade in services, regulatory coherence and free movement of people.

And Mr Ikenson told Express.co.uk such an agreement remained feasible within the context of Brexit, despite the wrangling over the terms of the UK's departure from the EU.

He said: "It's definitely not a case of either/or.

"At the moment the UK is in a customs union so you cannot have your own extensive trade policy.

"The thing is once the UK has withdrawn from the customs union, does that mean the whole structure disappears?"

Mr Ikenson said in theory, quitting the customs union should not make too much difference to the UK's trading relationship with the bloc, suggesting the arrangement could simply be converted to a free trade agreement with no tariffs on either side, leaving a structure which permitted a degree of regulatory alignment.

Daniel Ikenson has said a trade deal with the US is quite achievable (Image: GETTY)

This he added, would leave the UK free to conclude a separate free trade agreement with the EU.

He said: “I’m not saying it won’t be costless but these sorts of deals are common practice.”

The question, he acknowledged, was whether the Chequers blueprint went far enough to keep US negotiators happy – with Mr Ikenson suggesting it “might do the trick”.

Nevertheless, Mr Ikenson acknowledged daunting problems remained as negotiators attempt to work out the UK’s exit strategy, most notably arrangements over the border between Northern Ireland and the Irish Republic.