

Brexit: Opportunity for a new agreement between UK and US?

The United Kingdom (UK) government considers Brexit as an opportunity for a new trade agreement with United States (U.S)

When the result of the last British election was known, Donald Trump celebrated Boris Johnson's electoral victory with the following tweet: "Congratulations to Boris Johnson on his great win! Britain and the United States will now be free to strike a massive new Trade Deal after Brexit. This deal has the potential to be far bigger and more lucrative than any deal that could be made with the E.U. Celebrate Boris! "

Both countries are historic allies that share history and language. However, red lines have appeared on the negotiating table which may condition the success of the said agreement. Below, we analyzed key aspects of UK-US negotiations.

Import /export of food and agricultural products.

Britain expects to win lower tariffs on its agricultural exports to U.S.

US is not eligible to export food products to European countries due to that it does not meet the European regulations. Therefore, Washington considers Brexit an opportunity to exports that products to UK. However, standards campaigners are concerned that UK will import products which are produced with lower quality, such as the hormone treated beef and chlorinated chicken.

National Health Service

Initially, Trump expressed the interest of American companies in accessing to the British National Health Service (NHS), however, the British Government has

repeatedly stated that the UK health system is outside the trade agreement. It seems that the American president has abandoned that requirement at the moment.

Huawei

In January 2020, Boris Johnson resisted pressure from US to ban Huawei in the UK market, which created friction between the two countries. However, the British Government is reviewing the decision taken in January, and according to the British Newspaper the Telegraph, Boris Johnson's cabinet is planning to phase out Huawei's equipment from 5G mobile networks. This decision would create losses for UK companies that have already invested resources in the Huawei 5G, such as Vodafone and BT.

Digital Tax

Since 1 April 2020, the UK has taxed 2% of the turnover of large technology companies, such as Google, Amazon or Facebook.

Steven Mnuchin, the US Treasury secretary, warned that if the UK applies the digital tax, the US could consider imposing "arbitrary tariffs" on imports of British vehicles, among other products.

When will the negotiations between the two countries be concluded?

The duration of negotiations leading to the signing of the agreement depends on a number of factors, including:

- ✓ The coronavirus pandemic.
- ✓ The result of the ongoing negotiations between the UK and the EU.
- ✓ The next US presidential elections scheduled for 3rd November 2020.

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