

**A delegation from the US Congress visited London last week. They form the cross-party British-American Parliamentary Group and discussed trade with MPs and Peers. The special US-UK relationship could be witnessed from the corridors of the House, but how likely is it that businesses can soon benefit from free trade across the pond? TradePeers Sietske de Groot gives her view.**

Forget 'Canada Plus', 'Norway' or a 'jobs Brexit', EU or US is the real choice for the UK. The US and the EU are the UK's most important trading partners. However, a deal with one might scupper a deal with the other.

On both the US and the UK sides there is appetite for closer trade links. However, as long as the UK is negotiating with the EU, it cannot negotiate with the US in earnest. As we know, negotiating trade deals with non-EU countries is tricky during the transition period, because the EU and the UK need to finalise their trade deal and it is unknown whether a customs union with a common external tariff will be agreed.

Also, the EU has a head start with regard to the US. The UK already has the same rules as the EU, and the outlines of an EU-UK Free Trade Agreement (FTA) will be discussed from this April, with the finer details to be filled in from March next year. An EU-UK FTA could be ready towards end 2020. This means we could be looking at explorative US-UK trade talks from March 2019 and serious negotiations from 2021 the earliest.

But the key political issue, again, is *regulatory alignment*. Any agreement with the UK to stay aligned with EU rules, standards and requirements, could diminish the appetite for, and UK leverage in, US-UK negotiations. For example, the EU's regime with regard to the free flow of data may deter the US.

In an ideal world the UK would have its own rules that are mutually recognised by its trading partners. But, in trade negotiations, alignment of rules is sometimes desirable for improving trade flows. For every business sector, the Government will need to consider the level of alignment, in order to facilitate trade. But, if the UK Government decides to move away from easy trade with the Single Market, it can be more open to oiling the wheels for US trade. We don't know yet what the final balance will be, but this is surely on the minds of some politicians.

However, the UK has to go through the negotiation process with the EU first, before it can seriously start trade talks with the US. Therefore, a US-UK Free Trade Agreement is not yet on the cards and also depends on the new EU-UK trade relationship.