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Course

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**Introduction**

Britain made a decision to no longer be part of the European Union. It is the first ever nation to make a decision on leaving the Union. Britain arrived at this decision upon observation that European Union was unable to address developing economic issues since 2008. A good example is high rates of unemployment. Brexit also took place because of rise of nationalism in the world (Kranser 123). Distrust of trade and financial organizations which were created after the Second World War is increasing. EU is an example. Britain believed that the institution is not in a position of serving a purpose. They also feared that EU would make them loose control by taking the control of Britain away.

Advocates who support Brexit claim that leaving European Union is necessary in facilitating restoration of Britain’s identity, culture and independence. However, opposers claim that leaving the union will have powerful economic consequences. Major results of UK being a member of the European Union is most of relations of UK were carried out through the European Union (Pisani 211). Following Brexit, United Kingdom will take control of most of its relations, including trade.

There has been great interest for trade agreement which is bilateral, between United States and United Kingdom. A referendum held for Brexit had some congress members and administration of Trump call for launching of United States and United Kingdom free trade association negotiations. In January 2017, the United Kingdom’s prime minister and President Donald Trump had a discussion on how both sides could launch talks on the future of the free trade agreement between the two countries. In the month of July, both parties held a launch for a working group that would help in exploration of an after Brexit Free Trade Association.

The negotiation of trade between US and UK comes in handy with change in the United States transatlantic policy of trade. United States views the United Kingdom as a major force of liberation within the European Union. It is therefore more in line with the United Kingdom on approaches to policies of trade as compared to the overall European Union. The trade agreement that Britain intends to explore with the United States should include an investment protection provision.

Issue description

Several industries are involved in the relationship between US and UK. They are finance, scientific, professional, manufacture industries, and services. The United States companies are majorly pulled towards the United Kingdom due to existence of a business environment which is open, the skills of their workforce, and the access they have on the market. Financial companies belonging to United States but exist in the United Kingdom have the advantage of making use of “rights of passporting” from which they can possibly set up platform of carrying out activities.

There is an expectation that Brexit will give UK its authority back. The authority will enable them to come up with its own tariff and policies of trade in a broader means. Formal negotiations between the United Kingdom and United States cannot however begin yet. The treaty of EU sets a period of two years to end negotiations. According to some analysts, the process is likely to take a longer period. The UK therefore remains a member of the union until it is done with the negotiations for exit. In the while United States and United Kingdom could carry out discussions which are informal.

There exist several Brexit variables that are likely to affect the negotiations of free trade between United States and United Kingdom. They are the negotiations between UK and EU which are in regard to the withdrawal of U K from the European Union, the negotiations on the trade relationship that will exist between UK and European Union upon the formal exit of United Kingdom. Also, the negotiations between UK and members of WTO on its plan, and also any arrangements of transition which the United Kingdom will have to negotiate till agreements are finalized.

Trade policy goes beyond agreements of trade. Most of the policies of trade lay their focus on agreements of trade. For instance, there exist instruments that defend trade and investment. There are also rules of the world trade organization.

The best general approach that United Kingdom could use to approach its trade is to ensure that they retain their current engagements of trade even after they are through with Brexit (Hunt 156). The new department for International trade has placed indications that it will make effort to make agreements on free trade.

The government of United States believes that United Kingdom is among the safest places for investment. The government therefore advertises the place to its investors. Facilitators for easy market entry are the easy and very common language that exists between the two countries, the fact that both countries have the same institutions in their markets which results to similarity in their practices, political stability, social stability and stability in regulations, low taxation rates and inflation.

Investors of the United Kingdom who would like to have their investments in the United States for the purpose of protecting agreements with the United States are faced with two major challenges. The United States includes benefits denial provision in several of its treaties of investment and chapters of its investments in chapters of FTA. A commentary that existed in the model BIT of the US model, the major aim of the provision of denial I to endure providence of Safeguards that would cater for the issue of shopping of treaties by creating “sham” enterprises.

The other challenge that investors of United Kingdom are likely to face as they look to structure their investment in the United States is the fact that United States has no treaties with several states for instance Netherlands and Virgin islands yet they are attractive due to the low charge on taxes. This is an important aspect to consider because planning of taxes has a major role to play in corporate structures. Similarly, while an investor belonging to the United States has the chance of investing in the United Kingdom through an intermediary which is made part of a country that United States has a treaty with, the United Kingdom Is found to Lack treaties with States which have a likelihood of being an attraction to investors of the United states for the purposes of tax.

The policy

The prime minister of London known as Theresa May had her government state that it was going to give submission to parliament. The legislation is meant to allow Britain be able to pursue a trade policy which is independent upon its exit from the European Union. The bill on trade possesses provisions that will assist Britain in its aim to be able to make a conversion from the current European Union free trade to British Free trade on leaving the trade.

The legislation will also have the power to make sure that the companies of British will be in a position where they can have access to contracts of the governments of other countries (Dhingra 187). It will also help Britain be in a position of coming up with a trade body which is new that will help prevent the business against practices of trade which are unfair. A trade minister known as Liam Fox made a statement that for the first time in a period of more than forty years, the United Kingdom is going to be able to put into shape, its agenda on trade and investment. He also added that the United Kingdom I id determined that consumers will get to take advantage of the opportunity.

The trade agreement should have a protection for investment protection. This is because it will facilitate easy flow of trade. Trade between countries who are partners is likely to be manageable if they have provision for the policies they are yet to undertake (Schoenmaker 267). This prevents a situation where both countries will have to disagree on some issues. In case of disagreements, the provisions become a source of reference. An increase in the flow of trade contributes to great choice from the consumer and the purchasing power goes up.

The investment protection is likely to lead to growth of the economy. This means that both countries can be in a position where their ability to produce goods and services increases. The reason for economic growth is low spending which comes about. If the trade provision comes along with the ability to subsidize on several segments of the industry, the funds which are spared are used for other purposes by the government of the United States.

Britain has the ability to become a ‘hub’ for other big economies if it comes up with good policies for investment that will cater for the US (Ben-David 289). This will mean deeper links with the US. More to this, other countries who are not open to deals with the European Union will wish to be part of deals with UK once they witness the success .Some of these countries are the commonwealth regions. As a result, trade for Britain becomes easy making it an international spot for trade.

If Britain is to gain benefit from the existence of a good relationship between them and the United States, it would be in a good position to be envied (Lanoo 187). There exist fourteen free trade agreements between the United States and 20 more countries. None of the 20 countries are found in the region of Europe. They are found in Asia pacific, and in the Middle East. Being an economy that has services which are well developed, that enhance trade and investment, cross- Atlantic trade would be attracted to Britain. As much as this is a possibility, it depends on several factors. Britain has to be in a position where it can negotiate trade deals. The fact that trade is always accompanied by political issues, what may seem like an easy deal may not always be straightforward. It will also take time before Britain’s aims are realized as a whole. A strategic vision which is long term and ensuring that United Kingdom is well positioned is a major necessity.

Some possible shortcoming of the free trade deal and adoption of provision exist. Britain may come up with a provision that may lead to heavy damage of the environment. Once it decides to allow United State’s companies to shift their facilities of manufacture, this may take place in regions of Britain whose natural resources cannot withstand the industries. For instance, before North Americans came up with an agreement on free trade, the amount of metal ores and timber demanded from Mexico was very low. According to a report published in 2014, the policy on the free trade agreement led to coming up with mining operation which was regulated poorly (Baier 226). This would not have come up if the trade agreement was not brought up.

By choosing to enter into a provision for free trade agreement, the domestic industry of Britain may be at risk. This is because the nation is going to be exposed to producers who are foreign at cost which are much lesser. For instance, United States industries were damaged by the free trade between United States and Mexico since low cost of labor in Mexico made the manufacturers of Mexico to be involved in undercutting producers of Americans. By the year 2010, the trade agreement had created a transfer of more than 60000 jobs belonging to America, to Mexico. More to these, claims were made that the agricultural sector of Mexico was almost destroyed by bringing cheap crops to the country.

Free trade agreements facilitate the easiness of large businesses to bring in products from countries which are poor since low barriers of trade create an allowance for the big businesses to make use of cheap costs of labor (Muradian 256). The United Kingdom already is and is likely to grow into being a large business environment, once it fully enters into the free trade agreement with United States. . If its investment policy is based on taking advantage of cheap costs of labor, then the cost of humans will be very high.

As much proposition of agreements on free trade insist on their ability to have an improved efficiency in economy, Britain may come up with provisions containing very many regulations that may bring complication to businesses, making it hard for business persons in the two countries to co-exist.

Conclusion

Britain has a long way to go because none of the post-Brexit operations will be easy to execute. It needs to have a clear path on the economic path it intends to take. Being able to have a good strategic position in the overall trade with the worlds is going to facilitate economic prosperity for the country. The fact that it will continue to have an influence of liberalization will help open up service economies globally.

Pragmatically, by being in a position where it retains and shadows European Union agreements on trade and the talks which are currently going on, a large possibility of Britain having trade deals with more than 80 countries after Brexit is high. On coming up with provisions which favor healthy trade between Britain and United States, other countries will be attracted to the United Kingdom for Trade.

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