

have to charge their normal external tariffs on trade between them unless they wished to also reduce the tariffs *vis-à-vis* all other countries around the world.

Some proponents of Brexit predicted a glorious future in which the UK would negotiate its own trade deals with third countries. In the common market, EU member countries had delegated responsibility for international trade negotiations to the EU, who thus represented members in the WTO and had negotiated free trade agreements with, for example, Canada and Singapore as well as customs unions with Turkey, Andorra and San Marino. After Brexit, these free trade deals would no longer apply to the UK, but the UK had the opportunity to negotiate its own deals.

Table 1 Stylized options for post-Brexit arrangements

	EU	European economic area	European free trade area	Customs union	Free trade agreement	WTO rules
Example	27 member countries	Norway, Iceland	Switzerland	Turkey	Canada, Singapore	USA
Internal tariffs?	No	No	No	No	Mostly abolished	Yes
Common external tariffs?	Yes	No	No	Yes	No	No
Free movement of non-agricultural goods?	Yes	Yes, but rules of origin apply	Yes, but rules of origin apply	Yes, if complying with host regulations	Yes, for most goods if complying with host regulations, and rules of origin apply	No
Free movement of agriculture & fishery goods?	Yes	No	No	No	Normally no	No
Free trade in services	Yes	Some services, not financial services	No	No	Some services, usually not financial services	No
Regulatory compliance	Yes	Yes	Yes (some opt outs)	Yes	Normally no	No
Border controls for goods transports (1)	No	Yes, to check country of origin	Yes, to check country of origin	Yes, to check regulatory compliance (but not country of origin)	Yes, to check country of origin and regulatory compliance	Yes
Free trade agreements with third countries	No	Yes	Yes	Limited	Yes	Yes

Source: (1) *The Economist*, 2017, The six flavours of Brexit, July 22; (2) Deloitte, 2017, *Navigating Brexit in the Automotive Sector*, July; (3) BBC News, 2017, Free trade area, single market, customs union – what's the difference? August 14; (4) C.P. Ries et al., 2017, *afterbrexit*, Rand Corporation..

Several world leaders indicated an interest in talking to the UK government about free trade. Yet they were also reluctant to start negotiations before the relationship between the UK and the EU had been clarified. Many non-European partners saw the UK as a preferred platform to serve European markets, and