Competing Logics of Integration: EU Trade Post-Brexit

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Abstract

The European Union’s (EU) external trade policy has long been championed by scholars and practitioners alike as one of the great accomplishments for European integration. The UK’s exit from the EU in 2020 offers many precedents; one of which is the current negotiation of a trade deal between the EU and a former important member of the single market. This paper outlines the trade negotiation process between the EU and the UK and the resulting Trade and Cooperation Agreement (TCA) against the backdrop of the COVID-19 pandemic to forecast the broader potential evolution of EU trade policy. The increasing visibility of nationalist and protectionist statements in various instances of political communication suggests a major shift in multilateral norms away from the liberal-international emphasis on heightened trade and interdependence. The implications for the EU external trade policy are a re-direction of efforts toward internal single market cohesion, and a more cautious approach to future potential trade agreements.

Keywords

Brexit, EU trade, integration, Brexit, multilateralism

Introduction

The European Union’s (EU) external trade policy has long been championed by scholars and practitioners alike as one of the great accomplishments of European integration. As early as the Treaty of Rome in 1957, the six founding member countries of the European Economic Community (EEC) initiated a Common Commercial Policy (CCP) as an extension of the early European Union Customs

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Union (EUCU). The gradual widening and deepening of the EEC, and later EU, helped the single market of the EU to develop into a cohesive and capable presence within bilateral trade negotiations and multilateral forums alike. The competence of the EU’s legal personality to negotiate and conclude international agreements on its behalf, in accordance with the fields conferred on the single market by the EU treaties, is frequently considered to be one of the major markers of success within the design of the single market (D’Erman, 2020; Meunier & Nicolaïdis, 2006; Woolcock, 2011).

The separation of the UK from the EU—the first instance of a member state choosing to divorce itself from EU membership—has instigated various kinds of intellectual debates over what kind of single market policy the EU might become after the departure of the most visibly neo-liberal, open-market national economy. It also initiated a series of negotiations over a potential free-trade agreement (FTA) between the UK and the EU, culminating in the Trade and Cooperation Agreement (TCA), which was concluded on 24 December 2020. For the UK, these negotiations and other free-trade negotiations during 2019 and 2020 were the first external trade activities conducted solely by the national government since its entrance into the EEC in 1973. For the EU, however, these negotiations were simply another exercise in its well-established repertoire of operating as a single voice empowered to represent the single market.

Despite the capability of the European institutions to conduct and conclude a trade agreement with the new external UK, the framing of these negotiations is taking place against the political backdrop of increased nationalist and protectionist sentiments. These sentiments are partly visible in shifting trade preferences from successive US administrations, which have (since late 2016) departed from the prior expected norms of trade liberalization being a central tool for both economic growth and stable international relations. The change in the US administration’s approach to external economic affairs has had immediate impacts on the EU, which considers the US as its top trading partner and holds a trade surplus with the American market. Sentiments of protectionism have also been visible within EU member states in recent years during various EU free-trade negotiations. In particular, the question of competences in concluding trade agreements has become more salient as ‘second-generation’ trade agreements involve areas of exchange that require both supranational and national-level approval. While the establishment of mixed competences is not a new phenomenon, these events increase the visibility of national parliamentary involvement in trade; it is thus reasonable to surmise whether the size and strength of the UK market might offer yet another test of member state interests during national responses to the trade chapters at hand in the coming year.

In addition, the COVID-19 pandemic of 2020 presents a formidable challenge to all economies around the world. While the situation is primarily a public health crisis, the ramifications on economic behaviour at both national and supranational levels in the EU are severe and may be long-lasting. Trade itself has become all at once both a vital phenomenon (considering the movement of such current critical necessities such as personal protective equipment, toilet paper, electronic devices) and a source of raw protectionism (considering some early domestic
responses to the rapid spread of coronavirus in the form of localizing supply chains, as in one news headline that appeared in March, 2020: ‘Germany would like to localize supply chains, nationalization possible, minister says’ (Reuters Business News, 2020).

Paramount when contemplating the ramifications of economic fallout from COVID-19 on EU trade policy is the reality of national borders. The single EU market is largely dependent on the abolishment of internal borders for goods, services, people and capital. However, the reality of the pandemic as it unfolded during March, 2020 presented the need for borders as a critical health and safety mechanism. While arguments for or against border controls have waxed and waned according to various other perceived crises in the EU over the past decade, such as responses to terrorist attacks as well as to the heightened surge of refugees and migrants, the difference with the COVID-19 pandemic is that the need for domestic protections and cautious exposure to outsiders, particularly where healthcare systems are concerned, is rooted in a more generally shared perception of what the health risks are for the public at large.

The increasing visibility of nationalist and protectionist statements in various instances of political interactions could suggest a widespread shift in multilateral norms away from the liberal-international emphasis on heightened trade and interdependence. The implication for the EU external trade policy is a re-direction of effort toward internal single market cohesion. This paper explores some of the sources of rising protectionist sentiments against the backdrop of Brexit and the recent evolution of EU trade policy to offer ideas about the future direction of EU trade activities. The next section provides a brief overview of EU trade to include recent dynamics within and among member states in relation to the proposed FTAs. This is followed by an examination of the particularities of EU-UK trade negotiations during 2020 to illustrate some of the political undercurrents framing current discussions. Following this is a discussion of two sources of potential influence on EU trade decisions that are external to the EU: the trade policies of the US, and the indirect effects of the COVID-19 pandemic, to include some particularities of the EU’s Recovery and Resilience Facility (RRF). Although any attempt at prediction is heavily shaped by the present circumstances, which do not yet afford the benefit of hindsight, this paper tentatively offers one forecast—that the combined circumstances of Brexit, changing norms of trade liberalization and economic circumstances resulting from the COVID-19 pandemic together portend a re-direction of EU market effort away from trade and move inward toward internal single market cohesion.

**External Trade Policy Up Until Brexit**

Trade policy began with the CCP enshrined in Article 113 of the 1957 Treaty of Rome in the setting of common tariffs for non-EEC members to develop an internal Customs Union (EUR-Lex, 2000). For most EU scholars, the evolution of external trade as a policy area up to the current Lisbon Treaty has more or less illustrated a steady direction of heightened integration. This is partly attributed to
EU’s success as a single market voice vis-à-vis its inability to act as a single power on other conventional forms of geopolitical power (Aggarwal & Forgarty, 2004; Lavenex & Schimmelfennig, 2009; Meunier & Nicolaïdis, 2006), and partly by way of the EU’s continued emphasis on trade as a tool for single market growth through bilateral agreements because of the waning of World Trade Organization (WTO) multilateral regimes with the incompletion of the Doha round (García, 2013; Ladi & Tsarourhas, 2017). Trade policy is now the exclusive power of the EU, as was set out in Article 207 of the 1957 Treaty on the Functioning of the European Union (TFEU), meaning that individual member states are not able to independently legislate on trade matters and conduct individual international trade agreements, and are governed under the Ordinary Legislative Procedure (OLP), which includes qualified majority voting (Woolcock, 2011).

Despite the general acceptance of external trade being an established area of European integration, recent developments in bilateral trade negotiations have suggested potential stress fractures in the cohesiveness of single market norms regarding internal movement and external protections. The politicization of the proposed Transatlantic Trade and Investment Partnership (TTIP) agreement with the US within EU member states and among civil society organizations represented the first major instance of public contestation with the liberal trade position of the EU (De Ville & Siles-Brügge, 2016). In particular, the size and strength of the US market provided the first significant challenge to EU market leverage in shaping the content and form of negotiating chapters; an element that was readily noticed by public organizations invested in the protection of environmental and food standards across the EU (Buonanno, 2017). Although TTIP has since been abandoned, largely due to the change in the US administration in 2016, the legacy of early discussions on TTIP negotiations served to expand and mobilize several societal actors involved in raising awareness on EU external trade activities (De Biève & Poletti, 2020).

The EU’s awareness of TTIP within member states and among public groups led to a heightened curiosity about the details of other impending FTAs. The first example of this is the pushback to the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada. Although CETA had been a set of processes in the works since 2009, negotiations had proceeded without a heavy amount of scrutiny from either the media or public groups on the European side up until early 2016. Awareness of CETA’s content and potential implications for select EU interest groups grew alongside an awareness of TTIP, as well as in tandem with the highly political atmosphere of 2016’s Brexit vote and the US presidential election. A 2016 news article from The Guardian entitled, ‘Think TTIP is a threat to democracy? There’s another trade deal that’s already signed’, described the CETA as being ‘a threat to not only our food standards but also the battle against climate change, our ability to regulate big banks to prevent another crash and our power to renationalize industries’ (Dearden, 2016). The results of this heightened awareness over CETA’s proposed content were visible in the reassignment of the agreement to be concluded as a ‘mixed-member’ agreement (i.e., needing the approval of both the EU institutions and the national parliaments) rather than through the supranational institutions alone. This change, in turn,
ushered in last-minute protests from the Walloon National Parliament in Belgium in October 2016, right before the signing of the agreement, over concerns that the dispute resolution mechanisms within the agreement could allow multinational companies the right to sue governments (D’Erman, 2020).

The second example of heightened awareness of EU free-trade activities was visible with the level of scrutiny put towards the proposed trade deal with Singapore. Because this agreement contained in-depth provisions over the removal of non-tariff barriers to trade in areas that did not fall cleanly within single market jurisdiction (such as, but not limited to, intellectual property and investment), there was ambiguity among EU trade negotiators over whether the supranational level had exclusive competence to conclude the entire FTA in totality. As a result, the European Commission submitted a request to the Court of Justice of the European Union (CJEU) in 2015 requesting legal interpretation over the situation of competence and jurisdiction. The CJEU’s opinion, provided in 2017, was that the provisioned agreement with Singapore could only be concluded by both national and supranational levels, as the competence of non-direct foreign investment and the regime providing for investor-state dispute settlements were not areas allocated to the supranational level in the EU treaties (CJEU, 2017).

The third example of the increasing visibility and politicization of EU trade activities relates to the ongoing ratification of the CETA—at the time of writing, only 14 of the 27 EU member states had ratified the agreement in their national parliaments, despite the provisional acceptance of the deal in September 2017 (‘provisional’ meaning that the areas of the deal which could be concluded fully under supranational authority, such as the removal of tariffs and other barriers to single market goods and services, could proceed) (Walzenbach, 2019). A specific ratification issue in Cyprus during the summer of 2020 exemplifies the tension between domestic political interests and the broader objectives of a supranational external trade policy. The government of Cyprus voted against the ratification of CETA, citing an objection to the lack of geographical indications for agricultural and food products which originate from specific regions, differentiating them from similar products produced elsewhere; however, this particular element of the CETA also raised the profile of other opposition parties in Cyprus who had larger-scale concerns over environmental and labour protections, and protections for small producers (Investment Treaty News, 2020, para 3). The significance of this event is in the discourse surrounding EU external trade activities whereas the trade policy of the EU was largely heralded as an example of successful integration up until approximately 2015–2016, the political climate since—both internally to the EU and worldwide—has been one where skepticism surrounding both global interdependences generally and international trade specifically, has flourished.

Brexit and UK-EU Trade Negotiations

The UK-wide referendum in June 2016 on the question of whether the UK should leave the EU or remain in the EU as a member resulted in the well-known
52% vote in favour of leaving the EU. The formal notice of withdrawal was outlined within Article 50 in the consolidated version of the Treaty on European Union and states:

A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. (EUR-Lex, 2012)

The UK government did not issue its formal withdrawal notice as per the rules of Article 50 until December of 2017, due to deadlock in the UK Parliament and partisan disputes throughout 2017. As of 31 January 2020, the UK was officially no longer a member of the EU but remained subject to EU laws and the single market until the final transition process ended on 31 December 2020 (O’Rourke, 2020). Negotiations on a trade agreement began on 2 March 2020; after the conclusion of nine formal rounds in October 2020, intensified talks began on a near-daily basis until both sides reached an agreement on the (currently titled) ‘EU-UK TCA’ on 24 December 2020. The TCA is currently in a provisional application until both polities fully ratify the agreement (European Commission, 2020b).

While the relatively long period between referendum results and final legal exit was characterized by political and economic disputes of many kinds at both domestic UK levels and in UK-EU settings, the 2020 transition period was much more focused on the subject of trade and a potential EU-UK FTA (Edgington, 2020). The early rounds of negotiation concluded the language for ongoing cooperation on the policy areas of foreign affairs, security and defence in the draft text, as the UK stated that it did not wish to engage in negotiations on these matters (European Commission, 2020a). News reports from the summer of 2020 indicated that the EU negotiating team preferred to work towards one comprehensive agreement covering all aspects of the future EU-UK relationship, while the UK negotiating side preferred the conclusion of a series of separate agreements, including a FTA (Edgington, 2020). The trade talks on negotiations came to a near standstill in October, 2020, with key areas of disagreement being regulatory standards, competition and fishing rights—fishing being the biggest source of tension among these areas. Despite the fishing industry comprising a relatively small portion of UK GDP, news sources reported that sovereignty over UK waters is an important symbol of regained authority for Brexit supporters; at the same time, UK waters are an integral part of the fishing industries for other continental EU members, namely France (BBC News, 2020; Casert & Lawless, 2020; Castle, 2020). The EU-UK TCA initiated a five-and-a-half-year transition period on fisheries, during which EU access to UK waters is cut by 25% (Sandford, 2021).

The UK’s emphasis on the need to conclude an FTA in anticipation of the end of the transition period was likely underscored by the large trade deficit it had with the EU-27—approximately −£72 billion in 2019—and the fact of the EU being UK’s largest trading partner (Ward, 2020). Should an FTA not have been reached before the end of 2020, tariff regulations as per WTO rules would have applied.
until an eventual agreement was reached, which would likely have held more disruption for the UK economy rather than for the EU. By contrast, the EU had the largest trade network in the world and a trade surplus of €197 billion in 2019; the UK is the EU’s third-largest trading partner, after the United States and China (Eurostat, 2020). While these figures might broadly suggest that the EU held a stronger position of leverage in negotiating the rules of a UK-EU trade deal since the UK does not occupy the top position of destination for EU exports, it is also true that the EU’s single market reliance on exports as a strategy for growth has its attendant vulnerabilities for trade negotiations. The UK’s trade deficit with the EU means that UK interests in trade negotiations are heavily driven by the need for low- or non-existent tariffs to accommodate domestic demand; at the same time, the worst-case scenario of suddenly higher tariffs and more expensive goods could theoretically be corrected in the mid-to longer-term with other international FTA agreements and investment in local production. The major exception to this balance is in the area of fishing and fisheries—as the UK sells most of its fish to the EU, it is heavy reliant on having unfettered access to the EU market, particularly during the phasing in of different quotas for the UK and EU access (Sandford, 2021). Conversely, while the EU’s current trade surplus (with the UK specifically and all trade partners more generally) offers a snapshot of single market strength, it also speaks of underlying trade account imbalances between the high production EU members and the periphery countries of the euro currency area. This imbalance, driven largely by the competitiveness of the German manufacturing sector, has been noted by both the European Commission and the United States Treasury as being dangerous for deflationary pressures within the euro area (Springford & Tilford, 2014). More specifically to Brexit, the EU’s trade surplus with the UK also highlights a reliance on external exports that is dependent on a shared perception of the value of open economies and multilateral trade norms. To a large extent, the design of the EU single market offsets some of the vulnerabilities of economic reliance on free-trade mechanisms in that a majority of EU members export primarily to other EU members, which provides a built-in securitization of demand with a large internal market to fall back on in the event of trade disruptions (t’Veld, 2019). At the same time, the very cohesion of the EU single market and its central foundation of the freedom of movement for goods, services, people and capital rests entirely upon the member states continuing to uphold the obligations of EU treaties and the single market values it represents. The recent EU-China Comprehensive Agreement on Investment (CAI), also concluded in December 2020, highlights some of the pressures inherent in maintaining an export-led strategy for growth. Although CAI is a limited agreement that helps primarily with EU access to China’s automotive and financial sectors, it has already come under heavy criticism (to include that of former EU Commission President Jean-Claude Juncker) for the willingness to conclude an economic relationship without securing binding commitments on labour standards and worker’s rights (Gros, 2021; von der Burchard, 2021). In this context, the CAI provides yet another potential example of the secondary challenges of external trade processes and outcomes, in the form of increasing negative public perceptions of the risks inherent in negotiating with third-party entities.
Following this line of thought, the prognostication of how Brexit might impact the EU’s external trade policy rests more upon the role of ideas and the construction of norms rather than a simple calculation of interests and opportunities. The UK’s divorce from the EU in and of itself is symbolically and politically significant for numerous reasons beyond the scope of this paper (for more fulsome discussions on this topic, please read the Introduction by Brunet-Jailly in this special issue of *International Studies*), but in terms of Brexit’s actual influence upon the EU’s logic and strategy in approaching international trade, or even more broadly the EU’s global market share, the direct measurable effects are likely to be insignificant. What is perhaps more likely is the slow-burning exacerbation of a political undercurrent of dissatisfaction with globalization and internationalization at large; this is reflected in the Brexit vote itself and is magnified by recent trade policy shifts in successive US administrations as well as some of the economic implications stemming from the COVID-19 pandemic. The next section outlines some of these pressures.

The Shift from Multilateralism as a Shared Aspiration

Since the Brexit vote in 2016, numerous pieces have been written on the idea of the Leave result of the referendum signifying more of a general reaction to the processes of globalization and cosmopolitanism rather than to European integration in and of itself (Calhoun, 2017; Crouch, 2017; Hobolt, 2016; Sampson, 2019). This same heuristic has been put forth in explaining the Trump presidency in the US (Rodrik, 2020) and for the rise of support for nationalist and anti-immigration political parties in European countries (Gold, 2016; Ibsen, 2018; Langsæther & Stubager, 2019). The logic within these explanations accounts for varied public perceptions of the utility of global markets, national borders and the impact of cultural globalization writ large—put simply, the insecurities inherent in the heightened global market activity, the decreasing significance of national borders, and the outsourcing of manufacturing jobs have altogether led to an increase in reactionary and protectionist sentiments. The sudden upsurge of the COVID-19 pandemic has, in some ways, provided indirect support to the recent underlying current of protectionism, as national governments struggle with trying to support local industries while global supply chains falter in meeting international market demands. Similarly, the politics surrounding the production and distribution of new vaccines for COVID-19, along with high public awareness of ‘who-gets-what-and-when’, are arguably helping to shift broader public opinion favourably toward increasing reliance on domestic production.

However, this reasoning is less coherent as a general forecast for what Brexit might portend for the EU’s external trade policy. Aside from the high level of difficulty in attempting to predict something yet to be determined (i.e., EU trade norms after the full ratification and implementation of the new TCA), the impact of Brexit itself does not appear to post a significant derailment of the EU’s existing material and normative interests in pursuing bilateral trade agreements with different actors on the world stage. In the immediate aftermath of the Brexit
referendum, Larsen (2018) suggested that the UK’s departure might result in a shift towards a less liberal trade policy for the EU, given that the UK as a member state was one of the more visible champions of open market economies in market integration. De Ville and Siles-Brügge (2019) instead argued that the Brexit referendum result has been used to reinforce the Commission’s external liberalization agenda, in that the EU’s discursive response to Brexit (and the 2017–2021 Trump administration in the US) has been to portray the EU as a champion of free trade in an era of global populism. While certainly, the substance of an ensuing UK-EU trade agreement will impact the decisions and preferences of specific industries and stakeholders within the EU affected by such an agreement, the overall logic of single market external trade is probably unlikely to undergo major shifts as a direct result of Brexit (Smith, 2019; Zimmerman, 2019). The efforts put toward the EU-China CAI would seem to support this: ‘When European companies get the chance to compete and thrive on such markets, they generate direct benefits to the European economy in terms of higher productivity, brought about by a larger scale of operations, exports, innovation and global competitiveness’ (European Commission, 2021a). Two factors that are more likely to have direct consequences on the internal sensemaking of the EU’s external trade policies are the shifting trade policies of the current US administration and the structural consequences of the COVID-19 pandemic. Each of these variables, in different ways, holds more potential influence over the EU’s short-term approach to the pursuit of exports as an engine for market growth.

Changes in US trade policy during the Trump administration reflected a concerted effort towards prioritizing American industries over the established international liberal norms of multilateralism. Such changes include tense exchanges over the renegotiation of the North American Trade Agreement (NAFTA) into the US-Mexico-Canada (USMCA) agreement in 2018, the administration’s tariffs on Chinese goods which breach WTO regulations, and the possibility of issuing aluminum tariffs on Canadian exports (Panetta, 2020). Taken together, the content of these changes suggests an inward realignment of the US role on the world stage; one of strategic self-interest in the realist tradition, rather than one of purported hegemonic maintenance of internationalism and interdependence. The former US Trade Representative Robert Lighthizer, writing in Foreign Affairs, stated that the Trump administration had ‘broken with the orthodoxies of free-trade religion at times, but contrary to what critics have charged, it has not embraced protectionism and autarky. Instead, it has sought to balance the benefits of trade liberalization with policies that prioritize the dignity of work’ (Lighthizer, 2020, p. 78). The relatively sudden about-face of American challenges to established trade norms during the Trump administration held immediate ramifications for an EU market reliant on exports, but more importantly, held the potential to create a normative fissure in the EU’s fundamental raison d’être of trade being a critical tool in fostering interdependence between nations. Trade liberalization has come to be seen as ‘not just a tool of economic policy but also as a path to perpetual peace’ (Lighthizer, 2020, p. 79). If the US trade policymakers, once top proponents of both European integration and multilateral trade openness, continue to pursue economic policies that prioritize domestic
economic interests over multilateral policies, an element of contagion could arguably be foreseen to spread to different areas, thereby limiting the opportunities for the EU to negotiate future FTAs. Indeed, the recent change in US administration to a Democrat-led Biden presidency has seen more support, not less, for what appear to be protectionist practices. President Biden’s early executive order on ‘Buy American’, intended to preserve more federal procurement spending on US entities, has so far only served to reinforce a skepticism on international trade begun by the prior administration, thereby highlighting that American norms have undergone a shift that goes beyond Donald Trump, the individual (The Economist, 2021). Brexit as a phenomenon could, in hindsight, become intertwined with this shift in external trade norms, as an extension of protectionist impulses emanating from the insecurities resulting from heightened globalism and globalization.

The COVID-19 pandemic also holds indirect implications for the discourse of multilateralism on the international stage. Despite being a public health crisis rather than a direct financial crisis, the fallout from the pandemic on the economic health of nations and markets around the world has been enormous. The relevance for trade and EU external trade policies lies in how the pandemic exposed a tangible need for national borders in two areas: the first being that of curtailing the spread of the virus by limiting the movement of people; the second being the stark reality of what material goods countries did and did not have ready access to when the global supply-chain stalled. In both these situations, national borders—which, in the post-war history of European integration, were frequently portrayed as obstacles to be overcome in the pursuit of peace—have become re-contextualized as a primary source of utility and safety. So far, the most dramatic changes to import and export levels across heavy points of trade gravity have been the result of lower consumer demand rather than fundamental disruptions of supply chains (Jones, 2020). However, the pandemic has opened up discussions on the need to minimize one-sided dependencies and the possibility of localizing supply chains, particularly for strategically important companies (Reuters Business News, 2020). These discussions have the potential to shape assumptions about the value of international trade apart from the usual tone of economic interests and partisan preferences precisely because the apprehension surrounding the spread of the virus is independent of other politicized discussions surrounding borders and protectionism. Status-quo economic logic on the benefits of trade liberalization does not account for the unforeseen realities of national responses to the COVID-19 virus, and liberal-internationalist approaches to cross-border movements are less compelling in the face of shuttered businesses and rising unemployment.

What this could portend is that an argument for reinstated border controls is much less likely to be politicized as a reactionary-versus-progressive debate. The implications of this for economic activity are obvious: the reduced movement of goods and services (upon which much market activity has come to rely) both between EU members as well as between the EU and its trading partners. Less obvious are the implications for future trade agreements, not in the least because the health and economic forecasts are still completely unknown. On the one hand, cooperation with known partners might become an absolute necessity—the EU will have an enormous advantage in this regard compared to other major power
players in the WTO. The conclusion of discussions in the EU-China CAI—which was preceded by seven years of negotiations—offers some support to this likelihood. On the other hand, the sorts of challenges and politics that arise from prolonged economic downturns tend to not be supportive of openness; a political reality that could be compounded with the idea that the virus itself was able to spread as quickly as it did precisely because of the pre-pandemic emphasis on open globalized markets.

The EU’s recent long-term budget within the Multiannual Financial Framework (MFF) for 2021–2027 allocates approximately 50% of funds towards internal modernization packages targeting research and development, support for digital transitions and the one-off RRF. An unprecedented 30% of the MFF is earmarked for fighting climate change, the highest ever share of the European budget. The heading of ‘Neighbourhood and the world’ as a spending target—a small but notable semantic shift from the 2014–2020 MFF’s heading of ‘Global Europe’—emphasizes the EU’s investment in the Western Balkan neighbourhood and support of developing countries’ response to the pandemic, but makes no explicit mention of investment in future external trade or existing trade relationships (European Commission, 2021b).

Coming full circle to the question of whether Brexit might impact the politics and functioning of EU trade policy, the suggested response is that Brexit in and of itself is not likely to have any real effect on the preferences and design of the EU’s position on FTAs. What is more likely, however, is that the end of the Brexit transition heralds in a graduated political shift towards the recognition of the need for self-reliance. The Leave campaign building up to the Brexit referendum and the subsequent referendum results indicated the existence of a sizeable public and political force that is willing to prioritize the perception of national sovereignty over the economic loss—a notable development for a maritime country that has traditionally placed great emphasis on the value of free trade (Freedman, 2020). Whether this particular perception of Brexit is accurate or not is beside the point, and can be addressed in analyses on the debates within the Brexit campaigns; what is relevant here is that Brexit as a political event, alongside the trade policies of successive US administrations and the economic fallout from the COVID pandemic, together suggest a new construction of the costs and benefits of international trade. For the EU, a central consequence could likely be a diminishment of effort on the pursuit of FTAs, if the shift in norms and ideas ultimately helps to contribute to a prioritization of single market self-sufficiency over constant export-led economic growth.

**Conclusion**

The aftermath of the UK’s departure from the EU and the recent conclusion of negotiations between the two polities on the UK-EU TCA are insightful for trying to assess the continuing value of trade as an engine for growth for the EU. The EU’s trade surplus—both with the UK and in general—illustrates its reliance upon exports as an important source of economic growth, and thus also reveals a critical source of vulnerability if trying to maintain a normative commitment to
the value of international trade during a moment of protectionist impulses. The negotiations over the TCA took place in a climate of heightened nationalist and protectionist discourse (as evidenced both by the Brexit vote itself and the shifting trade preferences of the United States), and during the relatively contentious and drawn-out ratification process within member states of the CETA between the EU and Canada. In addition, these current shifts in norms and ideas surrounding international trade liberalization are taking place during the global COVID-19 pandemic, which has unprecedented secondary effects on domestic economies and global supply chains. Put simply—the long conclusion of Brexit has taken place during a moment in time that is neither multilateral nor international in tone. The evidence of the recent conclusion of EU-China investment negotiations may buffer this suggestion, in that the CAI provides an example of the tenacity of EU external trade policy. However, the degree to which the EU as a single market can maintain a continued commitment to open markets and comprehensive bilateral trade agreements will depend heavily on member state support for external interdependence, which is in itself dependent on the results of pandemic outcomes and internal investments. Brexit is thus more of a complement than a cause of likely increasing cautiousness toward EU external trade affairs.

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