

Don't let the EU dictate Brexit if you want a speedy US trade deal, Trump adviser warns UK



Wilbur Ross addressed delegates at the annual Confederation of British Industry (CBI) conference. CREDIT: DANIEL LEAL-OLIVAS/AFP

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Britain must avoid too much compromise with the EU over the Brexit divorce deal if it wants a speedy free trade agreement with the US, one of President Donald Trump's most senior advisers has said.

Wilbur Ross, the US commerce secretary, said that a trade deal with Britain could be signed within months of Brexit, brushing aside claims that it could take 10 years for an agreement to be reached.

But Mr Ross said there would be problems if the UK retained the current EU-wide bans on chlorinated chicken and genetically-modified food.

Speaking at the Confederation of British Industry (CBI) conference, Mr Ross said his trip to the UK allowed him to "address with the UK some concerns we have that they may be tempted to include (provisions) in their agreement with the European Commission (EC) that could be problems for a subsequent FTA (Free Trade Agreement) with the US".

While he struck a friendly tone, he also issued a veiled warning that talks with Washington could go off the rails if Theresa May, the Prime Minister, aligned too closely with Brussels in designing the post-Brexit settlement.

It is a reminder that Britain risks having to pick sides between two trade superpowers with starkly different demands.

Theresa May speaking at the conference

Mr Ross issued a veiled warning to Theresa May, who also spoke at the conference
CREDIT: JASON ALDEN /BLOOMBERG

Mr Ross accused Brussels of imposing higher tariffs than the US across the “vast majority” of traded goods – including a 10 per cent charge on cars, compared to America’s 2.5 per cent – and trying to enforce its regulatory codes on third countries rather than allowing an open global system.

“While the EU talks a lot of free-trade rhetoric, it is really quite protectionist,” he said.

He vowed to avoid “tit-for-tat” bargaining when it came to negotiating a trade deal with Britain but left no doubt that there would be trouble if the UK signed up to core elements of EU ideology deemed most aggravating in Washington, not least the EU curbs on chlorinated chickens and – far more important – genetically modified foods.

He said: “The EU rules are not science-based. This could potentially create problems with us. What happens will be very much conditioned by the terms of the departure agreement between the UK and the EU.”

He told The Daily Telegraph: “Any trade deal is important but especially one with a country with whom we have such intense relations as we do with the UK, from a geopolitical, military, and a commercial point of view. Our two economies have \$1.2 trillion invested in each other. That is a very big number.”

He said of the timing of a trade deal: “Assuming that there are no big landmines in the UK’s exit agreement from the EU, it shouldn’t take terribly long.”

Referring to the North American Free Trade Agreement (NAFTA), which regulates trade between the US, Canada and Mexico, he added: “We’re trying to redo NAFTA in less than a year and that is a much more complicated situation than we would have with the UK.”

Mr Ross’s comments provide a welcome boost to Mrs May at a time when Brexit talks remain deadlocked, increasing the possibility of the UK leaving the EU without a trade deal. His remarks come just days before the latest round of negotiations between the UK and the EU, which will take place on Thursday and Friday.

A free trade deal with the US will be vital to the UK's post-Brexit strategy for "global Britain" and is also key to convincing Europhile voters that Britain can forge a brighter future outside of the bloc.

The US and the UK cannot legally conduct full trade talks until the day after Brexit, but the two sides are already in "scoping discussions" to avoid a cliff-edge in March 2019.

They are pushing for a smooth switch on "Open Skies" for air transport, on transfers of nuclear material and on a host of technical issues.

Mr Ross said it was vital that "passporting" rights for banks and finance houses operating in Europe were preserved. The system allows any firm registered in the European Economic Area to do business in any other EEA country without needing any additional authorisation from individual countries.

"It's been a great convenience for many American companies to base themselves here in London," said Mr Ross. "To the degree that it turns out there is a change and to the degree that it's a complication, that could become a real barrier in services."

The warning was chiefly directed at Brussels, where the main blockage lies.

"The EU also needs access to the UK," he said. "Your banking system is one of the largest in the world. There is a mutual need for some sort of interaction going back and forth."