

# Revitalising UK Trade for a Post-Brexit World: Pathways to Restore Competitiveness, Raise Productivity and Rebuild Resilience

## What?

Mitigate the Negative Effects of the Trade and Cooperation Agreement (TCA) by improving regulatory alignment, reducing non-tariff measures (NTMs), and streamlining customs processes to ease the burden on UK businesses.

## Why?

Strengthen competitiveness and mitigate negative pressures on productivity, stop the weakening of UK-EU supply chains, and reduce the vulnerabilities of SMEs.

## How?

The UK should negotiate sector-specific TCA Improvements, promote digitalisation and modernisation of customs procedures, strengthen domestic supply chains and reshore critical production to build resilience, and provide targeted financial support to SMEs for export training and innovation grants.

**Brexit has fundamentally reshaped UK trade, especially with the EU, under the Trade and Cooperation Agreement (TCA). This has resulted in increased non-tariff measures (NTMs) for UK firms, disruptions in supply chains, and impaired global competitiveness on the global stage. While Brexit's impacts were**

**initially viewed as short-term adjustments, new evidence suggests that these are deep, persistent challenges likely to affect UK productivity and trade dynamics in the long term.**

## What Needs to Change?

The TCA has created barriers for UK-EU trade, with a 27% decline in exports and a 32% reduction in imports since 2021. It is vital to address these challenges by

improving regulatory alignment, reducing NTMs, and streamlining customs processes to ease the burden on UK businesses, especially SMEs, who face disproportionate trade costs.

This includes:

- More flexible and adaptive trade policies that aim to renegotiate to reduce non-tariff barriers and regulatory barriers.
- Targeted policy interventions, reconfiguring supply chains and supporting SMEs to adapt to new trade requirements.

## Why Does It Need to Change?

The substantial drop in trade with the EU is eroding the UK's global competitiveness. Trade has historically been a driver of productivity, and without strategic action, the UK's economic position could weaken further.

Brexit has also disrupted previously seamless UK-EU supply chains, especially for consumer and intermediate goods, further weakening the UK's competitive position in global markets. SMEs face the greatest challenges from NTMs, reduced market access, and increased regulatory burdens. Without enhanced support, many risk losing out on international markets, weakening the UK's overall economic resilience.

## How Does It Need to Change?

First, addressing the trade barriers created by the TCA, by pursuing sector-specific negotiations, particularly in industries like

agri-food, chemicals, and pharmaceuticals, can help to:

- Reduce NTMs in agrifood trade by pursuing a well-designed veterinary agreement with the EU.
- Reduce NTMs more generally by harmonising standards with the EU.
- Establish mutual recognition agreements to minimise regulatory burdens on UK businesses.
- Streamline customs procedures to ensure smoother and faster movement of goods, reducing costs for UK exporters, especially SMEs.

Second, to reduce delays and cut costs, customs processes should be streamlined through digital platforms that automate documentation and provide real-time tracking. This would allow smoother trade flows, especially for time-sensitive goods like agri-food.

The government should:

- Build the infrastructure for trade digitalisation, including the required legal framework and data standardisation that allow trading system to be digitalised.

- Invest in the development of a comprehensive digital customs platform that automates documentation, reduces paperwork, and enables real-time tracking of goods across borders.

Third, strengthening domestic supply chains and reshoring critical production can build resilience. Additionally, government initiatives to encourage trade diversification and negotiate new trade agreements outside the EU will be key to reducing dependency on any one market.

Finally, SMEs need targeted financial support, export training, and innovation grants to adapt to new trade realities. Government incentives for R&D and technology upgrading can help improve productivity and competitiveness in global markets.

Taken together, the persistent impacts of the TCA on UK trade underline the need for urgent policy interventions to mitigate trade barriers, reconfigure supply chains, and support SMEs. By addressing these challenges, the UK can strengthen its competitiveness, raise productivity and secure long-term economic resilience in a post-Brexit world.

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