

Brexit Trade Impacts' and Mercosur's Negotiations with Europe

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Please find below the abstract of "Brexit Trade Impacts' and Mercosur's Negotiations with Europe" by Julio J. Nogués, published in *Journal of World Trade*, Issue 3, Volume 53 (2019) edited by Edwin Vermulst.

We estimate that a hard Brexit (HB) would reduce UK agro-industrial-imports from the EU by around 50%. Following the dismantling of the Common Agricultural Policy (CAP) the UK Government has proposed to shift towards market-oriented agricultural policies and negotiating free trade agreements (FTAs) with interested countries. Members of Mercosur would then face two negotiations in Europe: with the EU27 and with the UK. How should they allocate their scarce negotiating resources and where should they invest their political capital? For a number of reasons discussed in the text we argue that: (1) negotiations with the EU are unlikely to deliver market access much in excess of what it has offered so far; (2) unlike these negotiations that have dragged for around twenty years, there are circumstances indicating that in the event of Brexit, an FTA with the UK could be completed in a relatively short period and, (3) failing Mercosur to give these talks priority, other countries are more than likely to sign trade agreements with the UK and fill its import gap thus creating additional trade diversion effects against its Members. We offer back-of-the-envelope estimates indicating that under such an FTA, Mercosur could double its agro-industrial exports to the UK.