Old Friends, New Deals:

The Route to the UK's global prosperity through International Networks

by Tim Hewish

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Special thanks to Lord Howell of Guildford, Lord Flight, and Brent Cameron

1 Ralph Buckle was originally a member of the author team. On 17th January 2014, Ralph Buckle accepted an offer of employment from the IEA. The terms of his employment - and the rules of the competition - required him to immediately desist from any further work on the entry and to forfeit any legal or contractual entitlement to any prize the entry might win

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Summary

The principal objective of this submission is to demonstrate that, after Brexit, the UK has at its disposal the power and utility of the Commonwealth and the wider Anglosphere once it has reconnected with them through this network of states.

We've been able to highlight historical precedents for Brexit via the Ottawa Agreements and the Statue of Westminster. In addition, through a set of policy propositions we recommended a three-year drawdown procedure that focused on the European dimension in areas such as how to amortise the EU budget, the UK rebate, and British MEPs by 2021. We also explained how a UK-EU Free Trade Agreement (FTA) would work practically and the potential consequences.

The asset strength of the Commonwealth and the Anglosphere was then analysed in terms of English language, Common Law, geography, the internet, and its business and corruption perception rankings amongst others. These all pointed to the enlarged and previously unforeseen advantage for British business and citizens by accessing this worldwide system and linkages.

We then presented a case for how the UK can re-engage with the world based on FTA and bilateral investment agreements, weighing their likelihood of achievement and assessing the difficulties through an easy to follow ranking system followed by a detailed evaluation. Many of these FTA proposals were synced with the 2021 EU drawdown; however, a second phase of deals was projected to conclude by 2023.

The final section looks at the often uncomfortable immigration debate where we made a number of recommendations to overhaul the UK visa system and restore the Commonwealth track that existed for a young

workforce, while also calling for the growth of business visas to show that the UK is truly open for commerce.

Taken together the submission charts the UK along a path to its Commonwealth and wider Anglosphere partners through an exchange of trade, investment, people, ideas, and culture for mutual prosperity.

Introduction

In this submission, we will assert that both the precedent for Britain's withdrawal from the EU and new global relationships lie in rejuvenated economic associations with Commonwealth nations and those with Anglosphere connections – such as the USA, the Gulf States, and Hong Kong. We will start by arguing that the roadmap for withdrawal can be found in an historical Commonwealth context via the Statute of Westminster and the Ottawa agreements of the 1930s.

However, the goal is not to swap one economic bloc for another. Instead, we will argue that, in order for successful policy changes to take place, there must be a seismic shift in thought process away from large regional blocs to the concept of networks and soft power.

The Commonwealth is an underutilised network that operates on every habitable continent and time zone. English is its lingua franca and it can provide bilateral and multilateral trade and investment deals with a collection of like-minded nations.

Despite this, Lord Howel was shocked during his time as Commonwealth Minister to find "how little this is understood by many in this generation and circles who have been brought up to think that the Commonwealth is a relic of yesterday and that our destiny lies inside the European bloc."[2]

Our submission is not arguing for a Commonwealth-wide Free Trade Agreement (CFTA) due to its unrealistic, unwieldy, and out-dated nature. Neither is our approach one-dimensional. The Commonwealth offers the chance for the UK to make favourable agreements with 52 other markets but also acts as a gateway to the rest of the world.

2 Howell, D., (2013), Old Links New Ties, p.46

The considerable Commonwealth diaspora in the UK will also prove to be pivotal in building friendly business links. The last census found that 4.6 million people in the UK have a new Commonwealth background and many maintain historic and familial ties.[3] The number from the old Commonwealth is harder to ascertain but it is clear why Lord Howell attested that "Commonwealth blood is thicker than international water."[4]

However, no new policy will be effective unless this cognitive change takes place – networked solutions not rigid blocs. For decades, UK policy makers have understood the UK position through the lens of being a small European island off the Atlantic coast destined to be locked in with other European partners or as a Western power allied strongly to the USA. This political bloc mentality of East vs West, Europe vs the rest, is a relic of 20th Century predicaments. It is a puzzle box with the incorrect pieces. The UK should not fit neatly into this pre-made and outmoded space, but rather interlock loosely with various parts of a wider network.

Even the UK's position on a conventional map is misleading. We are no longer the centre of the earth and economic power has shifted eastwards. This doesn't mean the UK should fight to haul back, but rather should seek out global opportunities. For Britain in 2017, policy direction is no longer about: What Would Europe Do?

This mental leap will be extremely painful as geography has a tendency to bind the mind and lead it down too narrow a path.

The UK has numerous choices and opportunities available to it. However, no option charts the full course or leads to instant prosperity. There is no panacea to be found. It should be understood clearly from the outset that politics is a process, and will remain so. It is not a set of independent executive decisions made in a vacuum.

However, what should also be made apparent is the UK will be riding two horses: the first is its negotiation with the EU through an amicable and mutually favourable agreement that will cover trade policy amongst others. The second will be its relationship with the rest of the world.

This leads to questions such as whether the UK conducts deals concurrently with the EU and other nations in order to strengthen its

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3 2011 Census, The population of England and Wales, by ethnic group, BBC, 11 December 2012, http://www.bbc.co.uk/news/uk-20687168, accessed 10 Feb 2014

4 Op. cit., Howell, p.19

hand at the table or waits to conclude the European deal in order not to spread ourselves thinly and risk jeopardising it? To keep the equestrian analogy going – we would not wish to suggest policies which meant the UK fell at the first or even final fence. Where possible we will provide a simple ranking system, which will allow the reader to assess quickly how we determine the actuality of a policy.

We will seek to explain the precedent relating to the Statue of Westminster and Ottawa Agreements. Then this essay will weigh up policy directions available to the UK in detaching from the EU's institutions and agreements in order to establish a FTA. Then it will move to explain our rationale for focusing our efforts on Commonwealth and Anglosphere economies. There will also be analysis on certain economic grouping that the UK could opt to join and their likelihood. There will also be a discussion on the UKs future immigration policy that links closely to trade, education, and entrepreneurship.

The precedent – Westminster and Ottawa

Despite there being no full precedent for EU secession, there is for countries granted political independence that subsequently formed trade agreements with the countries from which they broke away. We believe the UK can repeat this historical paradigm.

This model goes back over eighty years although the similarities are remarkable. Then, as now, the world was still feeling the effects from a global financial crash and international relationships were under the microscope. Against this background, the UK, through the Statute of Westminster, gave powers to a select number of former colonies.[5]

This Act effectively granted the Dominions legislative independence by both empowering their Parliaments and removing the UK Parliament's legislative powers over these nations in all spheres except defence.[6] However, it did allow for the newly independent Parliaments to request and consent to future UK laws extending over them if they saw fit.

In the current context, there are of course distinct differences. Currently, the EU can make laws which the UK must adopt although it retains certain opts out and vetoes. Yet, the Statue of Westminster in one stroke unshackled the Dominions from the Westminster Parliament something that the UK will need to do during Brexit this time with the UK playing the Dominion role. The key phrase in the Balfour Declaration in 1926 admitted as much:

> They [Dominions] are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any respect of their domestic or external affairs.[7]

5 Statute of Westminster 1931, http://www.legislation.gov.uk/ukpga/Geo5/22-23/4/contents, Accessed 10th September 2013
6 Inter-Imperial Relations Committee Report, November 1926, p.4
7 The Statue of Westminster, Cabinet briefing paper, CP 212 (31), p.1

The Act itself is only six pages long and makes clear that Dominion Parliaments are sovereign over their future affairs.

Point four of the Act states:

> No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that the Dominion has requested, and consented to, the enactment thereof.[8]

This is important in an EU context because firstly the initial text of the UK's withdrawal from the legal apparatus of the EU can be as easily defined in only a few pages using the Statue of Westminster as a guide, but secondly that there will remain as there was for the Dominions:

> A considerable body of law passed by the Parliament at Westminster, which still applies to the Dominions.[9]

With a sizeable amount of EU law that the UK has adopted over the past 40 years, it would equally be unwise to merely scrap that backlog in a wholesale fashion. We argue that Parliament should create a new committee to look at the existing EU laws that the UK wished to repeal and then present this as an EU Law Repeal Bill (2020). Its remit would be wide ranging on every area of Government policy from the environment, business, to transport and health amongst others. The committee would also be able to draw on the results of the Balances of Competences' Reviews that were established in 2013.

The inclusion of the Statue of Westminster in this exercise is to show that nations that were once tied together in legal union were able to sever those linkages in an amicable and functional manner using minimal legalistic obfuscation. That is why we take the view that this provides one model following EU withdrawal.

However, the similarity between the situations and the precedent set does not end with political separation. Within ten months of the Statute's ratification, the newly emancipated Dominions and a British delegation assembled in Ottawa to negotiate 12 trade agreements. By August 1932, only a month after they had gathered, the Dominions that fought to be

8 Statue of Westminster, 1931, http://www.legislation.gov.uk/ukpga/Geo5/22-23/4/section/4 accessed 17 January 2014.

9 Op. Cit., Cabinet, CP 212 (31) p.1

politically free of Britain less than a year earlier, agreed to be trading partners.[10] These deals, while arguably simpler than modern agreements, involved complexities including external tariffs, internal quotas, and exceptions. Following Brexit, the UK will only need to negotiate with the EU Trade Commission not 12, thereby making the process cleaner.

Granted that any UK-EU FTA would not be dealing with the protectionist thrust of Ottawa of hiding behind tariff walls and excluding others the fact remains that the deals were struck within a month at a time of major turmoil in world affairs.

The Agreements themselves consisted of 20-24 Articles which dealt with general points relating to free trade, exports, and specific Dominion concerns. However, the crux of the matter was set out in Article 1 which ensured “the entry free of duty into the UK of goods consigned from any part of the British Empire, and grown, produced or manufactured in X [e.g. Canada], which by virtue of that Act are now free of duty.”[11]

Once the Agreements were signed they were debated in the UK Parliament where the then Chancellor, Neville Chamberlain, argued that:

> The time is long past when any country can suppose itself to be indifferent to what is going on in other countries. The operations of finance and commerce are no longer merely national. They are international. They are so closely entwined that it is impossible that any disturbance of the system in any part of the world should not have its reactions upon every other part.[12]

This response is apt for today’s financial crisis and shows the need for the UK to create free trade deals with nations all over the world not just regionally. Chamberlain went on to say:

> I am sure in the minds not only of the British delegation, there are certain aims and ideals which are common to all of them – ideals of peace, justice, and freedom.[13]

This Ottawa temperament should be the method in which the UK-EU deal is conducted. It should be repeated that this essay is not arguing for a plunge into protectionist tariffs like the Depression-era. The Ottawa example works two ways: it shows how friendly

10 The Canadian Encyclopaedia: Ottawa Agreements, http://www.thecanadianencyclopedia.com/articles/ottawa-agreements, Accessed 10th September 2013

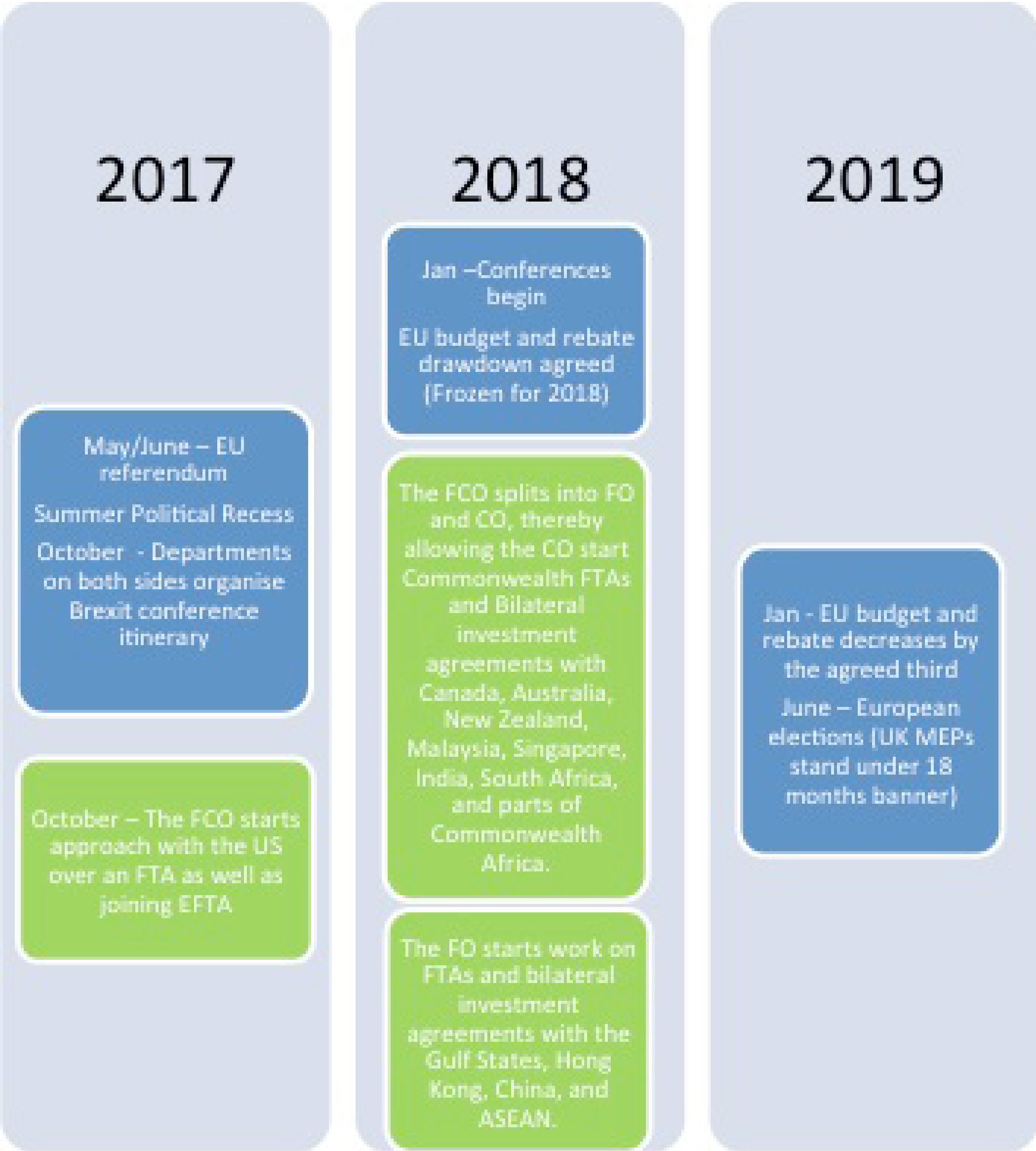
11 ibid, p.17

12 HC Deb 18 October 1932 vol 269 cc27-146, Chancellor, Mr. Chamberlain.

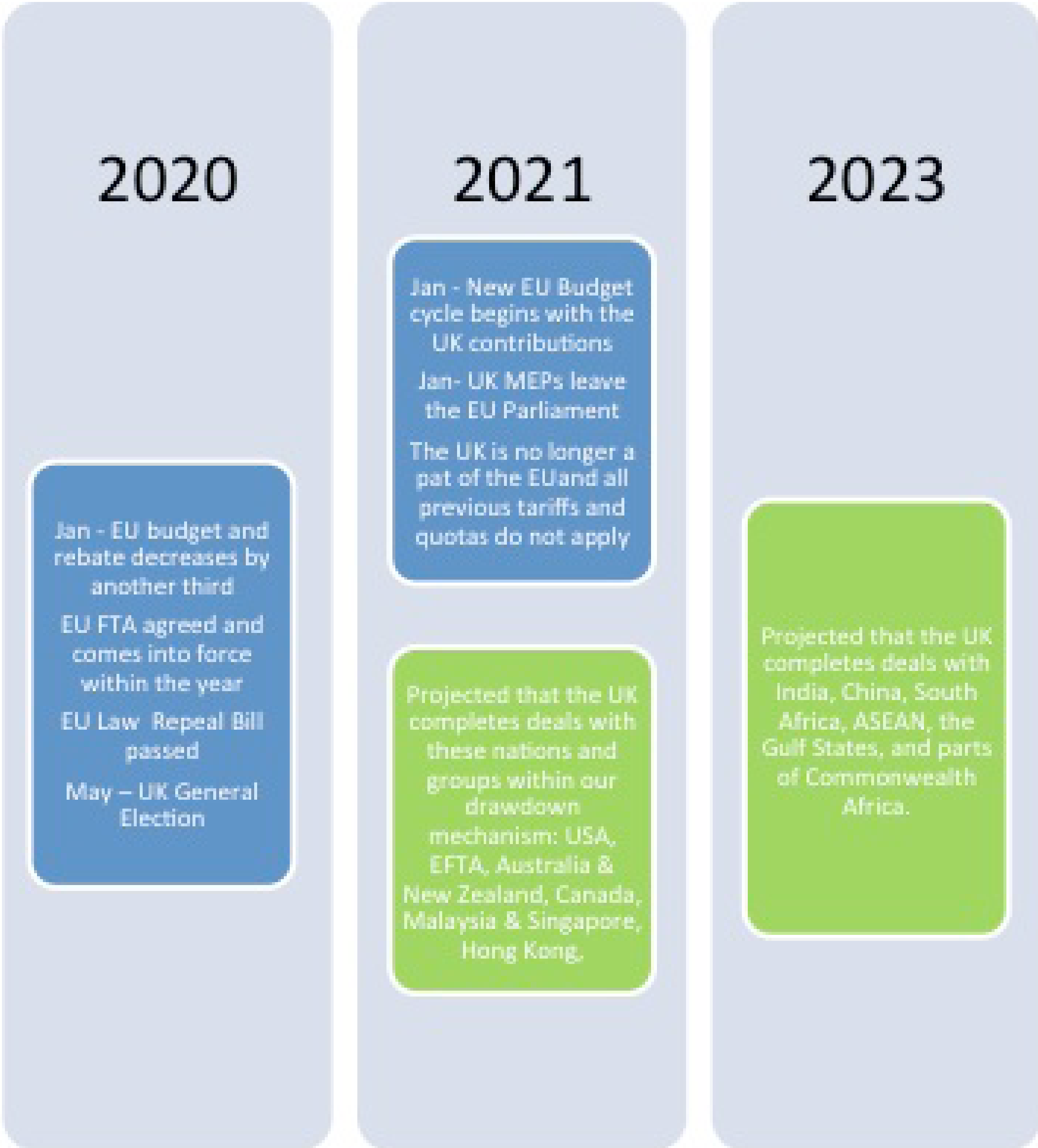
13 ibid

powers that were once united economically and politically can still form favourable trade deals within two years of secession, but it also provides an example of how the UK can form quick and strong agreements with Commonwealth partners.

Timeline



The EU detachment: 2017-20



However, there are other mechanisms not covered in Ottawa that are in an EU context such as the UK's reduction of rebate and contribution to the EU budget as well as withdrawing MEPs from Brussels. We will argue that the British propose an amortised drawdown of financial contributions for an agreed period. This would also allow the EU to get used to the lack of UK contributions to the budget.

Our Three-year plan

The prospective UK-EU FTA has to be kept in mind when developing a solution to detachment from the EU, but the two must be seen as separate tracks. We believe that the policies provided here are the most pragmatic and the most possible given the exceptional circumstances.

There are 72 UK MEPs that will need to be withdrawn once a deal is agreed. The next elections are due to take place in 2014 and 2019. Given the amount the UK currently pays to the EU, it requires that the MEPs must remain until it is reduced to zero as this falls into the traditional political tenets of taxation requiring representation.[14]

The current funding round for the EU budget ends in 2020 with a new six-year cycle due to commence in 2021. The UK General Election is also set for May 2020 and Article 50 of the Lisbon Treaty sets out that an FTA should be agreed within two years. This all points towards 2020 being the most constructive time to complete withdrawal from the EU.

Therefore, this is our 2020-drawdown policy.

In 2013, the UK was the second largest gross contributor to the EU at £17.182bn.[15] After the UK rebate is deducted, it pays 12.4% of the EU budget making it the fourth largest net contributor.[16] The UK rebate in 2013 stood at £3.324bn while £5.237bn worth of public sector receipts were returned. This makes the UK net contribution to the EU £8.62bn a year. We also accept that the rebate is subject to fluctuations year-on-year.[17]

14 European MEPs cost £1.79m each three times as much as MPs, Daily Telegraph, 10 Jan 2013, http://www.telegraph.co.uk/news/politics/9792374/European-MEPs-cost-1.79m-a-year-each-three-times-as-much-as-MPs.html, accessed 13 Jan 2014

15 European Union Finances 2013, November 2013, p.14 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259692/EU_Finances_2013.pdf

16 ibid, p.11

17 ibid, p.33

Taken together, we propose a three-year drawdown with the UK's gross contribution, the UK rebate, and public sector receipts being reduced at a flexible 33-34% annually. With the referendum likely to take place in May/June 2017 followed by a parliamentary recess, this means it is unlikely that much will be decided or organised until October 2017. Inevitability, there will also be a period of reflection on both sides to try and comprehended any next steps. We envisage officials starting to set up conferences for Ministers and representatives for the start of 2018.

Consequently, in 2017 and 2018 we argue that the UK should keep its gross EU contribution at £17.2bn, but start drawing down by a third to £11.3bn in 2019, then £5.58bn in 2020. This would mean by January 2021, with the new round of EU budget funding, our contribution would be zero. We propose that the same process occurs for the UK rebate: 2017-2018 at £3.3bn, then decreasing to £2.2bn in 2019, £1.1bn in 2020, and finally zero by 2021. The same would play out in public sector receipts from the EU to the UK.

Neither Swiss nor Norwegian

We also have taken the position that UK future trade policy should not hide behind the EEA or have a complex arrangement like the Swiss. We will argue for a completely separate bilateral deal as the previous examples are based on contributions to certain components of the EU budget, but without political representation to oversee British taxpayers' money.

In keeping with our network approach, the UK is not tied to a bloc but part of an international web of connections. Therefore, UK policy should not see itself as just European, but internationalist and able to generate an FTA with the EU that reflects previous EU FTAs with global partners, such as Canada, which allows access to the EU market without a financial contribution to the Union. As both sides of the EU argument say, we are not Norway or Switzerland; therefore, it should follow that the UK's deal will not reflect such a dualism. We want a global policy not a regional one.

MEPs: Solving the democratic deficit

However, there are also four significant issues still at play: the MEPs; the Common Agricultural Policy (CAP); the gap in funds for the EU; and an FTA. Taking each in turn, our model still has the UK contributing to the EU after the 2019 MEP election. It would be improper to have UK taxpayer money going to an institution without British representatives being able to scrutinise legislation and where this money is spent. The UK would rightly not stand for taxation without representation. As a result, we propose that the UK participates in these elections under the caveat that each UK MEPs' term will be shortened to 18 months. As a result the UK will have no MEPs from January 2021.

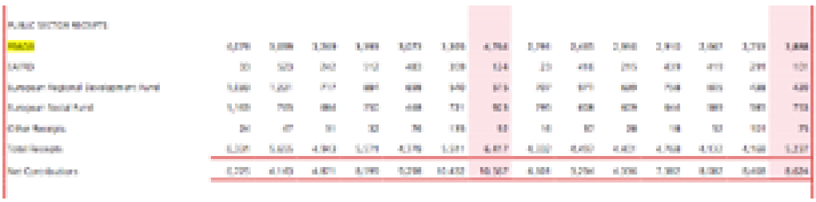
A parallel can be found in the event of the 2014 Scottish referendum siding with independence. Would Scottish MPs be allowed to stand in the 2015 General Election given that the proposed independence date is 2016? Lord Flight asked for the Government's position, the answer of which is reproduced below:

> **The Advocate-General for Scotland (Lord Wallace):** Scotland would leave the United Kingdom and all its institutions, including the UK Parliament, after a process of negotiation. The timing for any changes would have to be settled in the event of a vote for independence.[18]

Given this partial answer, we can show that MEP elections would indeed be a matter of a negotiation process and not a single act occurring in 2017. Therefore, there is political room for manoeuvre in our policy.

CAP funding

The UK's agricultural funding through CAP would also be destabilised by our drawdown mechanism. However, the CAP is governed by two pillars: the European Agricultural Fund of Guarantee (FEAGA) and the European Agricultural Fund for Rural Development (EAFRD). Last year, the UK received almost £4bn in receipts between these two funds:[19]



PUBLIC SECTOR RECEIPTS														
FEAGA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EAFRD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European Regional Development Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European Social Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Receipts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Contributions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

This is paid through the Single Payments Scheme that is administered by the Rural Payments Agency. The unilateral termination of these payments

18 Lord Flight, Scotland: Independence, Lords Hansard, 29 Jan 2014 http://www.publications.parliament.uk/pa/ld201314/ldhansrd/text/140129-0001.htm#14012956000304 accessed 30 Jan 2014

19 Op. cit., European Union Finances 2013, p.48

would be disastrous for the British farming industry. Jobs, tax revenue, and votes would be lost by such a singular act. European farmers would still be hiding behind tariff walls and the UK farming industry would struggle to compete.

Therefore, despite our commitment to free trade, our policy proposals must be flexible to pragmatic and real life concerns. As a result, for the process to remain as undisturbed as possible we would keep the existing payment structure in place as the only alteration is where the money comes from as opposed to the administrative mechanisms. Our three-year plan allows for the drawdown of funding from the EU, while the Treasury picks up the slack. This would be a neutral course of action, as the UK would also be paying less to the EU. After 2020 the SPS would be repatriated back to the UK. There are many issues with the CAP that the UK dislikes, but once the funding controls are firmly under British auspices it would allow for an autonomous policy for farm subsidies, which goes beyond the scope of this essay.

Funding the Gap

As for the gap in the EU budget between 2018-20, this will of course be a matter for the EU itself; however, we recognise that the UK's drawdown could cause some political resentment. However, on balance a drawdown is better than going cold turkey at a prescribed date as it allows for graduated adjustments to be made. It is likely that it would mean an increase in contributions from newer EU members rather than France and Germany shouldering an even greater burden. Failing that, the EU would have to show greater financial restraint or reduce the budget itself. Again, how this is executed is not in the scope of this essay, but does highlight the knock on effect this may have on the UK's FTA negotiations.

This point leads neatly on to the timeframe of the FTA. For it all to coalesce, the FTA itself would have to be concluded by 2020 and enacted by January 2021 at the latest. This is where our next section and set of proposals will turn.

What does an EU FTA look like?

The short answer: Canadian.

Having studied previous EU FTAs, it has taken the EU on average over four years to complete a deal. The latest Canadian FTA (CETA) took five:

it started on October 2008 as a joint study, negotiated from June 2009, then signed in October 2013.[20]

This Commonwealth nation secured a deal which saw 98% of the 9,000 tariffs lifted with the remaining 2% of being phased out over seven years.[21] As it is the most recent EU FTA to date, the UK is covered under the WTO's Most Favoured Nation system to secure a deal equal to or better than it.[22] The idea that the UK would struggle to strike a deal that was as good as Canada does not bear out against the facts[23] Furthermore, the UK's trading relationship with the EU has to conform to every directive bar any opts out. For over 40 years its economy has been effectively 'harmonised' within Europe. No tariff barriers need to be torn down or compliances by applied to British goods. The four-year process that characterises EU FTAs would apply little to a former EU member whose economy has been nearly fully integrated. For example, there is no need for an extensive feasibility study.

A more detailed interactive guide on CETA from CBC News shows the important tariff reductions that would have to mirror any UK-EU deal under MFN rules.[24] However, one example from this guide exposes one significant frailty of any UK-EU FTA: quotas.

Beware Quotas

Despite the Canadians being able to export its cars to the EU tariff free, as opposed to the 10% average, they were only able to increase their previous quota of 13,000 cars to 100,000.[25] For the UK tough quotas would be catastrophic. Last year, the UK exported 1.21m cars with nearly

20 Canada Trade, EU Commission, http://ec.europa.eu/trade/policy/countries-and-regions/countries/canada/, accessed 10 Jan 2014,

21 CETA By Numbers: The Vital Figures In The Canada-EU Trade Agreement, Conach International, http://conachinternational.com/ceta-by-numbers-the-vital-figures-in-the-canada-eu-trade-agreement/, accessed 10 Jan 2014

22 Principles of the trading system, WTO, http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm#seebox, accessed 10 Jan 2014

23 Data Bank – GDP, World Bank, http://databank.worldbank.org/data/download/GDP.pdf, accessed 10 Jan 2014

24 Canada-EU trade deal - How the historic agreement will affect Canadian industries, Canada Broadcast Corporation, 18 Oct 2013, http://www.cbc.ca/news2/interactives/canada-eu-ceta/, accessed 10 Jan 2014

25 Canada wins expanded auto quotas in EU trade talks, Canada Broadcast Corporation, 8 July 2013, http://www.cbc.ca/news/business/canada-wins-expanded-auto-quotas-in-eu-trade-talks-1.1310593, accessed 11 Jan 2014

50% of this figure going to EU destinations.[26] If a quota system were put in place for cars or any other product it would damage the UK's trading ability and the incentives for businesses to locate here. Consequently, the UK's negotiating team would have to ensure that quotas were not too prohibitive if any were to apply.

However, as with any deal, the pact is one of compromise, but the UK has substantial strengths. Its market size provides nearly double the Canadian market and runs a significant trade deficit with the EU. In short – the UK buys more from the EU than visa versa. In 2012, the EU exported £266.541bn of goods and services to the UK, and imported £222.126bn.[27]This leaves the UK with a total EU trade deficit of £44.415bn. With this in mind at the negotiating table, it would make economic sense for the EU not to put up tariff barriers or apply quotas because this would damage its trade balance advantage.

In fact, overnight the UK would become the Eurozone's biggest single goods market and if our policies were followed then within three years it would have a bilateral FTA.[28] The ECB's figures for 2012 total goods exports by country illustrate this:[29]

Country (rank)	Trade in Goods (Euro bns)
1. UK	230.5bn
2. US	224.4bn
3. China	120.8bn
4. Switzerland	116.6bn
5. Russia	90.1bn
6. Turkey	59.5bn
7. Sweden	58.9bn

26 UK car exports hit record despite European market slump, BBC, 17 Jan 2013, http://www.bbc.co.uk/news/business-21057798, accessed 11 Jan 2014

27 UK Pink Book 2013, Payment of Balances, Section 9.1, p.1

28 Helmer, R., The UK, the EU's largest export market, TFA, 20 Feb 2013, http://www.tfa.net/2013/02/20/roger-helmer-mep-the-uk-the-eus-largest-export-market/, accessed 11 Jan 2014

29 ECB Monthly Bulletin, Jan 2014, https://www.ecb.europa.eu/pub/pdf/mobu/mb201401en.pdf, accessed 11 Jan 2014

Bonfire of the Quotas

A further issue is the current tariffs or quotas that the EU places on third countries, which the UK would not need to uphold. Our policy proposal is to follow the freest and most open market that practicality allows.

The UK could conceivably slash many tariffs or even abolish them altogether. The tariffs that would be difficult to reduce and abandon would be those related to livestock and cereals. However, in our pursuit of lower tariffs we have produced a table, which ranges from some of the obvious tariffs to cut to those that beggar belief:[30]

Item	Tariff percentage
Roasted coffee	7.50%
Vanilla	6%
Crushed Pepper	4%
Green tea	3.20%
White chocolate	9.10%
Cigars	26%
Shoe Slippers	8%
Umbrellas	4.70%
Titanium rods	7%
Aluminium	7.50%
Fresh figs	5.60%
Cobalt	3%
Tungsten	6%
Oranges	16%
Limes	12.80%
Walnuts	4%
Zinc bars and wire	5%
Men's cotton overcoat	12%
Unicycles	15%

30 Trade Tariffs, UK Government, https://www.gov.uk/trade-tariff/sections, accessed 20 Jan 2014

We propose that a UK taskforce looks at the full breakdown and reports to a Parliamentary committee advising which tariffs to reduce or abolish. If any tariffs remain then these can be reduced between specific nations during future FTAs. This policy is to ensure that the British public as well as businesses can buy in cheaper products from nations outside the EU giving them more choice as well as helping developing nations lift themselves out of poverty. Furthermore, due to the UK's trade deficit with the EU it would be in the latter's economic interest not to apply such tariffs to the UK because, as stated before, we would be the EU's largest market for goods.

To bring this sub-section to a natural close we argue that the UK-EU FTA can be agreed within a three-year period due to on-going similarities and compliance with the EU and also be a vast improvement on the Canadian-EU CETA which took five years to complete. Negotiations would only be over tariffs to put up, not take down, as well as any quota systems being put in place. This would undermine the EU's trade surplus with the UK and damage its current advantage, while the UK would have the bargaining chip of cutting EU tariffs and quotas on other nations through a freer trade policy, thereby helping UK consumers and other producing nations. This can be a mirrored process to coincide with our three-year drawdown policy. Under this policy, by the end 2020 the UK would have a bilateral FTA with the EU, no MEPs, liberation from EU external tariffs and quotas, and be subject to no new EU legislation.

However, what Department or Minister will lead the negotiations with the EU and which will deal with other nations in the rest of the world? Our focus on the Commonwealth and Anglosphere will need its own champions, but what will this policy look like? The next sub-section will elaborate on how to implement our plans.

Splitting the FCO atom

We propose that in a networked world government departments should adapt to this climate and have roaming briefs. This already occurs to an extent with many departments now concerned with our international networking.

Therefore, we advocate splitting the Foreign and Commonwealth Office into separate Foreign AND Commonwealth offices. Precedents include the 2007 breakup of the Home Office into the Ministry of Justice and the Home Office. We admit this wasn't without political problems and added cost at the time. However, there were also stand-alone iterations of a Commonwealth Office up until 1968.

We argue for this because the task of negotiating the disentanglement from the EU and the resulting FTA will exhaust any department. It needs near total focus to navigate such a task. Our commitment to prioritising Commonwealth trade and investment would need to see an Office of State that was removed from the shackles of the often viewed European-leaning Foreign Office.[31] Moreover, as has been revealed, the Commonwealth unit in the FCO has only six members - two of which are full time with the rest having other part time briefs.

Having consulted with the former Commonwealth Minister Lord Howell, it was recommended that the prospective new CO would struggle to justify a Secretary of State with a seat at an already crowded Cabinet table. Rather a separate and senior Minister of State, or Minister just outside the Cabinet, with a specific Commonwealth remit and title would show the UK's intent to other Commonwealth nations. With Baroness Warsi in the newly created position of Senior Minister of State at the FCO this is a further precedent for the proposed CO.

As Lord Howell told us:

> What is true is that the EU-specific divisions in the FCO are enormous – despite almost every other department having EU-related officials and sections – while the emerging power/Commonwealth network sections are much smaller.

Thus, the Senior Minister for the Commonwealth would require an increased team drawing people from all over the civil service and beyond. It should have a renewed focus on trade and investment and should have a roaming brief between BIS which houses UKTI as well as DIfD in order to work closely with men and women on the spot. Its raison d'etre would be to establish FTAs and bilateral investment agreements with Commonwealth nations.

Our policy recommendation would be to concentrate on FTA phases with phase one looking towards Canada, Australia and New Zealand, South Africa, India, Singapore and Malaysia, Kenya, Ghana, and Nigeria. With

31 David Cameron angers Tory Right by leaving Britain's EU renegotiations to the Foreign Office, Daily Telegraph, 10 December 2013, http://www.telegraph.co.uk/news/worldnews/europe/10506160/David-Cameron-angers-Tory-Right-by-leaving-Britains-EU-renegotiations-to-the-Foreign-Office.html, accessed 11 Jan 2014

the FCO now in two segments it will allow both to focus on their specific remits during FTA deals.

Furthermore, after over 40 years without trade experts to deliver FTAs the UK will need to recruit internationally. This opens up the opportunity for dealmakers from the more open and dynamic Commonwealth economies to play a role in the CO. As we will show later in the essay these nations are securing FTAs for their own nations and have been doing so for the past two decades. The UK will need this ability as well as using knowledge of their own nations to mutual advantage.

We also argue that despite the new FO's priority over Europe this needs balancing with its other traditional foreign policy pillar – the USA. The US is the UK's largest trading and investment partner, while their close ties in many other areas of governance makes an Anglo-American FTA of equal importance to any EU deal.

To conclude, we take the view that the UK stands a stronger chance of delivering on its European, Atlantic, and Commonwealth goals with a distinct separation of departmental responsibilities. If each step is followed this can be delivered within the three-year phase set out in conjunction with our UK's EU drawdown policy. However, readers might now be starting to ask why is the Commonwealth and wider Anglosphere imperative to the UK's prosperity and why does it warrant its own department? Our next section elucidates on these questions.

Why the Commonwealth and Anglosphere nations?

This section will seek to illustrate why we believe the UK's primary focus following Brexit should be on securing trade deals with a key Commonwealth and Anglosphere economies. In order to do so we will examine some of the key advantages the UK has with regards to these countries.

These advantages fall broadly in to two camps. The first refers to trade barriers that either don't exist or are lessened between Commonwealth and Anglosphere nations compared to others. The second examines additional benefits that would boost trade above and beyond what might be expected. Some factors will obviously have impacts on both sides of this divide.

Frankel identified the following factors as inhibitors to trade:[32]

1. Lack of shared history/culture
2. Lack of an FTA
3. Geographical factors
4. Currency differences or volatilities
5. Language differences

In addition, we would add legal differences as a 6th factor.

Obviously, the UK has significant historical and cultural ties with Commonwealth and Anglosphere nations and the purpose of this section

32 Frankel, Jeffrey A., 2000, *Assessing the Efficiency Gains from Further Liberalization*, John F. Kennedy School of Government, Harvard University, Faculty Research Working Papers Series, RWP01-030

is to argue for more free trade agreements. However, we will also attempt to show that the other four potential barriers are significantly reduced or eliminated between Commonwealth and Anglosphere economies.

Finally, we will also examine current economic trends, business and corruption rankings, and the role of the internet to show that trade between Commonwealth and Anglosphere nations not only has lower barriers but also has strong positive reasons for pursuing it.

Geography

In the internet age with an increasing percentage of Britain's trade being made up of services and digital goods, geographical factors are arguably becoming less relevant. As Lord Howell points out:

> Technology has trumped history and geography. In the digital age, size matters less and place matters less.[33]

Even so, they can still have a major impact. For example, Frankel's analysis[34] found that "if two countries are not adjacent to each other, trade falls by half."

It is therefore fortunate that many of the potential geographic barriers do not stand in the way of trade with Commonwealth and Anglosphere economies.

It is worth at this stage highlighting the sheer global breadth of the Commonwealth. Almost all other economic and geo-political blocs are based along regional lines. As a result they are particularly vulnerable to regional economic shocks, natural disasters, and political shifts. The Commonwealth on the other hand spans every inhabited time zone and continent making it the only true global network.

In addition its members are also members of almost every other bloc, grouping and union giving the UK the potential to gain proxy-access to almost every economy in the world by first focusing on its Commonwealth partners. As Lord Howell explained:

33 Howell, D., (2013), Old Links New Ties, p.27
34 Ibid

> The modern Commonwealth… [offers] a golden gateway to the giant new markets beyond - China through Australia and still through Hong Kong from the inside, Brazil through Trinidad, and the Middle East.[35]

One of the other key geographic barriers to trade is the issue of landlocked countries. An OECD Paper found that "being landlocked reduces a typical country's openness ratio by 5 percentage points."[36] In addition, the Millennium Project Report found that:

> The annual growth rate of landlocked developing countries [LLDCs] is 0.7% less than coastal countries, as a consequence of their geographical location.[37]

Even if firms are able to trade with landlocked nations, a UN office found:

> The costs to export and import from/to LLDCs are on average more than twice the costs to export and import from/to transit developing countries.[38]

However, as mentioned above, this is not an issue for Commonwealth and Anglosphere countries as only seven of them do not have a coastline. Of these, all seven have at least one agreement in place with neighbouring Commonwealth countries to allow them access to ports.

While this geographic spread and coastal presence among Commonwealth and Anglosphere nations has its advantages as detailed above, there are also potential downsides. It is estimated that geographic contiguity can multiply trade by two[39]. This is obviously always going to be a problem for an island nation such as the UK, but the Commonwealth can assist with this. In spite of its geographic spread, the Commonwealth still has a large number pairings and groupings. As a result, once a firm has penetrated one Commonwealth market, it will almost certainly have at least one more on its doorstep. In fact, once island nations are excluded, over 80% of Commonwealth member states share a border with another.

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35 ibid, p.55

36 OECD Trade Policy Paper No. 116: Estimating the Constraints to Trade of Developing Countries (2011) http://www.oecd-ilibrary.org/trade/estimating-the-constraints-to-trade-of-developing-countries_5kg9mq8mx9tc-en Accessed 8th February 2014

37 Millennium Project Report to the Secretary General (2005) http://www.unmillenniumproject.org/documents/MainReportComplete-lowres.pdf Accessed 8th February 2014

38 UN-OHRLLS: The Development Economics of Landlockedness: Understanding the development costs of being landlocked (2013) http://unohrlls.org/custom-content/uploads/2013/10/Dev-Costs-of-landlockedness.pdf Accessed 8th February 2014

39 Combes, Pierre-Philippe, Mayer, Thierry, and Thisse, Jacques-François (2008) *Economic Geography: The Integration of Regions and Nations* p. 117

Currency stability

With the added expansion of the internet providing better information about currency fluctuations and the confidence and security provided by payment systems such as PayPal, currency instability is also arguably becoming less of a barrier to trade[40].

None the less, the Commonwealth and Anglosphere still performs relative well against this measure. Sterling, the Rand and the Dollars from the US, Australia, New Zealand, Singapore and Canada are all relatively stable currencies (including three of the four components of the Stable Currency Index[41]). In addition, a further 21 of Commonwealth or Anglosphere countries either use or are pegged to one of them.

This also gives a further advantage to firms who trade with a number of Commonwealth nations and territories as they may be able to do so while only monitoring one or two currencies. For example, a firm could trade with nine Commonwealth economies all by using the East Caribbean dollar which is in turn pegged to the US dollar (as are five further Commonwealth currencies).

Language

Our shared language is potentially our biggest asset. With 1.75 billion people speaking English to a reasonable level[42] the ease of conversation and exchange with nearly a quarter of the world's population can have a major impact, especially when those who speak it as a first language make up an estimated 28.2% of Global GDP[43].

In many countries the English language also acts as a stabilising factor bringing together disparate ethnic groups and tribes under a unified language in which they all have an equal footing. This has been particularly

40 Parcelforce: Overcoming barriers to export. [online] Available here: http://www.parcelforce.com/sites/default/files/Exporters.pdf [Accessed 10th September 2013]

41 Current SCI Composition http://www.stablecurrencyindex.com/overview/currentcomp.html

42 The English Effect http://www.britishcouncil.org/sites/britishcouncil.uk2/files/english-effect-report.pdf

43 Unicode Technical Note #13: GDP by Language http://www.unicode.org/notes/tn13/tn13-1.html

documented in Nigeria[44] and India[45]. Thus, as we trade and build links with other Anglosphere countries, we will not only reap the mutually beneficial rewards, but also help stabilise and unite our trading partners.

The most obvious impact of maximising trade with English-speaking nations is the reduced costs to businesses from not needing to pay for translators, language training for staff or higher wages to multi-lingual employees. This can be particularly important for SMEs, many of whom are so called “accidental exporters” who post their goods or services online and suddenly find themselves with an international market.

There are also far more tangible benefits to focusing our initial efforts on English speaking countries. Ghemawat showed that two countries that share a common language trade 42% more with each other than two identical nations that lack the same bond. Pinker observed[46] that “a common language connects the members of a community into an information-sharing network with formidable collective powers.”

Ghemawat also found that trade flows were 13% higher in the Anglosphere than you would expect, while its capital flows were 24% higher and flows of people and information were 93% higher.[47]

This trend could only be expected to increase once trade barriers were reduced. An Economist Intelligence Unit (EIU) study[48] of executives at internationally facing businesses found that 64% said differences in language and culture make it difficult to gain a foothold in unfamiliar markets. A 2012 IoD survey[49] of over a thousand members found that 16% of exporters identified “concern about the language barrier/lack of language skills” as a reason why they didn’t export more. Once new English speaking markets are opened, a surge of additional trade could

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44 Language As A Tool For National Integration: The Case Of English Language In Nigeria http://www.ijalel.org/viewpdf.aspx?articleid=131

45 English has helped unite the diverse ‘cultures’ of India http://www.deccanherald.com/content/348329/english-has-helped-unite-diverse.html

46 Pinker, S (1994) *The Language Instinct: The New Science of Language and Mind*

47 *The Power of Tribes*, The Economist, UK Edition, 14 September 2013, http://www.economist.com/node/21543487

48 Competing Across Borders: How Cultural And Communication Barriers Affect Business www.economistinsights.com/sites/default/files/downloads/Competing across borders.pdf

49 IoD: Ice Skates to Argentina: IoD Member Export Trends 2012-13. [online] Available here: http://www.iod.com/influencing/policy-papers/enterprise-and-business-environment/iod-skates-to-argentina-iod-member-export-trends-201213 [Accessed 10th September 2013]

be expected. This is reinforced by a Parcelforce study[50] which also found that "One in four exporters view local knowledge, tax and languages askey market barriers."

While it would be possible for firms to get round these barriers, it is often the case that they are not doing enough. The EIU study also found that 47% of respondents said their companies "do not offer enough training to hone their employees' language and communication skills." If business either cannot afford or is unable to expand this skills base then ensuring open trade with English-speaking countries must be even more of a priority.

A British Council study[51] also found that people from other countries speaking English resulted in a significant increase in "the average level of trust in people in the UK, which in turn contributed to a "higher level of interest in doing business and trade with the UK."

While immigration provisions might take significantly more time than trade agreements, it is also worth considering the longer term benefits of Britain welcoming more English-speaking migrants. A recent analysis of the 2011 census[52] found that "Migrants with little or no English are 50% more likely to be unemployed than native speakers and three times as likely to have no formal qualifications." It also found that "those who do work are condemned to the lowest paid and most laborious jobs if they do not have a working command of English."

This advantage also expands beyond the Commonwealth. An Ipsos-Mori survey[53] of more than 10,000 global employees in 26 countries found that 67% of those, "who say they work in a job that requires them to interact with people from other countries indicate the language used most often in those interactions is English."

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50 Parcelforce: Overcoming barriers to export. [online] Available here: http://www.parcelforce.com/sites/default/files/Exporters.pdf [Accessed 10th September 2013]

51 Trust Pays: How international cultural relationships build trust in the UK and underpin the success of the UK economy http://www.britishcouncil.org/new/Documents/full_trust_report.pdf

52 The 800,000 people living in Britain with little or no English http://www.telegraph.co.uk/news/uknews/immigration/10605581/The-800000-people-living-in-Britain-with-little-or-no-English.html

53 Ipsos Mori: English is the Common Link for Employees Who Interact with People From Other Countries. [online] Available here: http://www.ipsos.jp/en/node/759 [Accessed 10th September 2013]

Similarly, an Ethiopian academic's study for the British Council found:

> "Africans do not trade or negotiate only with the West. Asian markets, such as China, India, Japan and Thailand, are becoming the major trading partners for Africans… To effectively manage such a huge and growing economy the main language which Asian and African businessmen, investors, experts and leaders have in common is English. This is likely to continue to be the case for the foreseeable future." [54]

The opportunities of trade with English speaking nations are also growing. The English-speaking population is estimated to reach 2 billion by the end of this decade[55]. The EF English Proficiency Index found an increasing trend in almost all target markets including all of the BRIC nations and key Asian economies.[56]

Governments are also recognising the value of the language with more and more countries adopting or promoting English. In 2003, Malaysia made basic proficiency in English a requirement for all foreign employees, Rwanda chose to adopt it in all schools in 2008[57] and Gabon has indicated the same[58]. Vietnam is currently trying to ensure all young people leaving school by 2020 will have a good grasp of the language[59].

The paper for the British Council[60] also concluded that:

> English is going to be even more important as Africa, its member states and its citizens engage with the rest of the world more meaningfully. As governments and people become more confident to have their say in global economic, social and political matters, the demand for English will increase.

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54 English language in Africa: An impediment or a contributor to development? http://www.teachingenglish.org.uk/sites/teacheng/files/Z413%20EDB%20Section08.pdf

55 The English Effect http://www.britishcouncil.org/sites/britishcouncil.uk2/files/english-effect-report.pdf

56 EF EPI Trends http://www.ef.co.uk/epi/analysis/ef-epi-trends/

57 http://www.theguardian.com/world/2008/oct/14/rwanda-france

58 http://www.dailymail.co.uk/news/article-2214994/Gabon-set-ditch-French-English-nations-second-language-bid-improve-opportunities-people.html

59 http://www.theguardian.com/education/2011/nov/08/vietnam-unrealistic-english-teaching-goals

60 English language in Africa: An impediment or a contributor to development? http://www.teachingenglish.org.uk/sites/teacheng/files/Z413%20EDB%20Section08.pdf

Moreover, a YouGov found that 68% of Chinese citizens wished to learn the language[61] while the Economist found that 86% of Chinese Executives polled expect that 50% of their employees will need to know English if their companies are to make a success of their international plans[62].

In addition, a multitude of international companies including Nokia, SAP, Heinkeken, Rakuten, Samsung, Renault, and Lenovo are all adopting English as a single corporate language across their global operations.

It is also worth bearing in mind that much of what the UK services exports would expect above average benefits from targeting English-speaking economies. Finance is the most obvious of these with the top four financial centres in the world all speaking English along with a further ten in the top 25,[63] while English is widely acknowledged as the "language of the markets" around the world.[64]

Another sector that would benefit is education and training, the export of which currently contributes an estimated £17.5bn to the UK economy[65]. Obviously not all of this is reliant on the English-language, but much is and a significant portion involves teaching the language itself (around £2.3bn[66]). In addition to this, UK universities are setting up campuses around the world.[67]

Another significant sector to consider is the creative industries which contributes around £16bn in exports[68]. They would not only flourish with a renewed focus on English-speaking countries, their growth would also help spread the language further around the globe thereby growing its own potential markets.

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61 http://cdn.yougov.com/cumulus_uploads/document/rg1lebivab/YG-Archive-140121-ChinaData.pdf

62 Competing Across Borders: How Cultural And Communication Barriers Affect Business www.economistinsights.com/sites/default/files/downloads/Competing across borders.pdf

63 The Global Financial Centres Index 14 http://www.longfinance.net/images/GFCI14_30Sept2013.pdf

64 Mishal Husein of BBC World http://youtu.be/3zaTCI_65j4?t=30s

65 BIS: International Education: Global Growth and Prosperity https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/229844/bis-13-1081-international-education-global-growth-and-prosperity.pdf

66 BIS: Estimating the Value to the UK of Education Exports http://www.bis.gov.uk/assets/biscore/higher-education/docs/e/11-980-estimating-value-of-education-exports.pdf

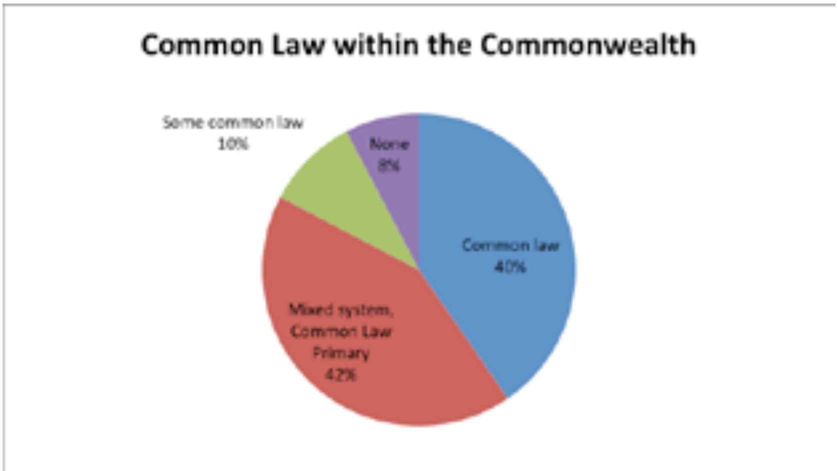
67 Global Higher Education: Branch Campus Listing http://www.globalhighered.org/branchcampuses.php

68 CBI: Creative industries in focus http://www.cbi.org.uk/business-issues/creative-industries/in-focus/

Many other sectors would benefit from an exporting focus on English-speaking countries. However, Business and Professional Services, Communications Services, and Computer and Information Services would again all see above average benefit from an expansion of available English-speaking markets. In 2012 they contributed a combined exports value of more than £18bn[69].

Legal systems

The Commonwealth does not just speak English, it *thinks* English. This is most visible and relevant to this paper through Common Law. It is prevalent throughout Commonwealth nations and the US.[70] The below figure shows the extent of this prevalence:[71]



As can be seen, 40% (21 countries) use a Common Law system. Within these, ten are English Common Law and a further nine are explicitly based on it. Alongside this, a further 42% use a mixed system in which Common Law is the primary factor and five more include some element of it.

69 ONS: International Trade in Services, 2012 http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-333903

70 *Counties that use Common Law*, The Encyclopaedia of New Zealand, http://www.teara.govt.nz/en/interactive/33931/countries-that-use-common-law, Accessed 14th September 2013

71 CIA World Factbook: Field Listing :: Legal system https://www.cia.gov/library/publications/the-world-factbook/fields/2100.html Accessed 5th February 2014.

Adding other Anglosphere countries completes the picture of an incredible opportunity for British business. In total, the Commonwealth and Anglosphere nations using some element of Common Law represents a market of nearly 2.55 billion people[72], over a third of the global population and a total GDP (PPP) of over US$30 trillion[73], 30% of the global figure.

In addition, a Common Law system can have significant impact on encouraging current exporters to increase their overseas activity. An IoD survey[74] found that 30% of exporters identified "overseas regulations/ legislation" as a reason why they didn't export more. While this will always be a factor in any foreign market, the relatively recognisable and familiar Common Law systems prevalent around the Commonwealth and Anglosphere would certainly see this impact reduced. The same percentage also identified "the challenge of researching new markets", another factor that is certainly reduced by a familiar or even identical legal system.

The same survey also indicated that firms not currently exporting might chose to do so with freer access to countries that use Common Law. 15% of them identified "overseas regulations/legislation" as a barrier to them exporting.

This impact should not be underestimated. As Powell and Rickard pointed out:

> Holding all else constant; levels of bilateral trade are highest among common law states. On average, common law states trade more than civil law states.[75]

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72 Calculated from CIA World Factbook: Field Listing :: Population https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html Accessed 5th February 2014.

73 Calculated from CIA World Factbook: Field Listing :: GDP (PPP) https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html Accessed 5th February 2014.

74 IoD: Ice Skates to Argentina: IoD Member Export Trends 2012-13. [online] Available here: http://www.iod.com/influencing/policy-papers/enterprise-and-business-environment/iod-skates-to-argentina-iod-member-export-trends-201213 [Accessed 10th September 2013]

75 Powell, Emilia Justyna and Rickard, Stephanie (2010) *International trade and domestic legal systems: examining the impact of Islamic Law.* International interactions, 36 (4). pp. 335-362. http://personal.lse.ac.uk/RICKARD/law.pdf Accessed 5th February 2014.

This is supported by Islam and Reshef who found that:

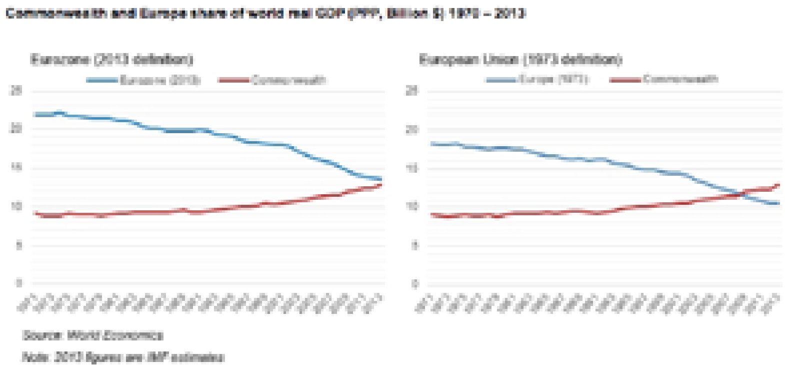
> Different legal origins do have a detrimental effect on trade, between 10% and 25%.[76]

As a result, a reduction of barriers to Commonwealth and Anglosphere countries, particularly those that share Common Law, could be expected to achieve above average increases in trade.

76 Islam, Roumeen and Reshef, Ariell (2006) *Trade and harmonization: if your institutions are good, does it matter if they are different?* http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/05/02/000016406_20060502124637/Rendered/PDF/wps3907.pdf Accessed 5th February 2014.

Current economic trends

While the UK should of course be looking as far afield as possible to find the best markets for its goods and services, it makes sense to focus on those countries where it already has existing arrangements and/or significant trade. This section seeks to illustrate what trends have or are taking place within our Commonwealth and Anglosphere relationships. These graphs show this most clearly:



The Commonwealth latent economic potential is highlighted by this data which illustrates that the gap in GDP between the Eurozone and the Commonwealth in 2013 has decreased so rapidly that it almost level on 18% of the world's GDP, while the EEC of 1973 was overtaken by the Commonwealth in 2009.[77] World Economics projects that this trend will continue and accelerate in the next 20 years.

77 http://www.worldeconomics.com/papers/Commonwealth_Growth_Monitor_0e53b963-bce5-4ba1-9cab-333cedaab048.paper?PaperID=0E53B963-BCE5-4BA1-9CAB-333CEDAAB048

The current trade balance breakdowns and exports totals are also illuminating:

Nation	UK Current Account Balances – 2013 (£bn)
USA	£28.250bn
Australia	£7.454bn
Gulf States	£4.554bn
Singapore	£3.779bn
Hong Kong	£2.493bn
South Africa	£1.093bn
Malaysia	£0.886bn
Canada	£0.535bn
New Zealand	£0.224bn
Pakistan	-£0.48bn
India	-£0.856bn
China	-£18.543bn
EFTA	-£11.909bn

Nation	UK exports – 2013 (£bn)
USA	£84.083bn
Canada	£8.087bn
Hong Kong	£7.473bn
India	£6.891bn
South Africa	£4.956bn
Malaysia	£2.411bn
New Zealand	£1.122bn
Pakistan	£0.961bn

We have calculated that out of the total UK exports of £492.810bn a Commonwealth top six equals 8.61% (£42.463bn), while the current UK exports to the EU make up 45.07% (£222,126bn).

It should also be noted that UK exports with the EU are primarily with only 5 nations, not 26. Germany, the UK's top EU export partner, accounts for 20.8% of its 2012 £158bn total, while the top three of Germany, France and the Netherlands, equate to 49.7%. A top five including Ireland and Belgium take 70.2% of total UK to EU exports.[78]

Furthermore, we can see clearly that the UK is a substantial trade partner for the EU. Data from 2012 identifies that the UK provides one-sixth of all EU goods exports to Singapore, Australia, and India, one-fifth of EU to Canadian exports and almost one-fifth of EU-USA exports:[79]

Country	Total EU Exports	Total UK exports	Percentage of EU
Singapore	€27 131	€ 4,535	**16.71%**
South Africa	€25 635	€ 2,763	**10.77%**
India	€40 419	€ 6,817	**16.87%**
Canada	€29 607	€ 6,108	**20.83%**
USA	€260 567	€49 072	**18.08%**
Australia	€30 805	€ 5,264	**17.08%**

Business and corruption rankings

Many of our proposed high priority Commonwealth and Anglosphere target countries for FTAs are incredibly good places to trade with and do business in. The following section will examine some of the many measures which highlight this:

78 Hewish, T., 2012, p.3
79 ibid, p.75

World Bank's Ease of Doing Business rankings[80]

Rank	Economy
1	Singapore
2	Hong Kong
3	New Zealand
4	United States
5	Denmark

World Bank's "Starting a Business" rankings[81]

Rank	Economy
1	New Zealand
2	Canada
3	Singapore
4	Australia
5	Hong Kong

World Bank's "protecting investors" rankings[82]

Rank	Economy
1	New Zealand
2	Singapore
3	Hong Kong
4	Malaysia
5	Canada

80 World Bank's Ease of Doing Business rankings http://www.doingbusiness.org/rankings
81 Ibid
82 Ibid

The Corruption Perception Index[83]

Rank	Country	Rank	Country
1	New Zealand	5	Norway
1	Denmark	7	Switzerland
3	Finland	8	Netherlands
3	Sweden	9	Australia
5	Singapore	9	Canada

As one might expect, some of the less developed Commonwealth countries do not fare as well here. However, the data for "High Income" countries[84] shows a Commonwealth and Anglosphere average of 71/100 compared to the EU's 63.

The Heritage Foundation Index of Economic Freedom[85]

Five of the six nations identified as entirely economically free are Commonwealth or Anglosphere:

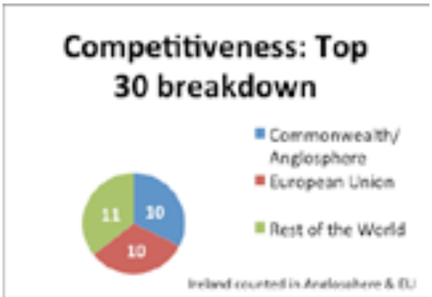
Rank	Country
1	Hong Kong
2	Singapore
3	Australia
4	Switzerland
5	New Zealand
6	Canada

83 The Corruption Perception Index http://www.transparency.org/cpi2013/results
84 World Bank: High Income Countries http://data.worldbank.org/about/country-classifications/country-and-lending-groups#High_income
85 The Heritage Foundation Index of Economic Freedom http://www.heritage.org/index/ranking

A further six come under “mostly free” and 14 more are classed as “moderately free.”

World Economic Forum’s Enabling Trade Index and Global Competitiveness Report[86]

Enabling Trade Rank	Country
1	Singapore
1	Hong Kong
3	Denmark
3	Sweden
5	New Zealand



International Chamber of Commerce’s Open Market’s Index[87]

Rank	Country
1	Hong Kong
1	Singapore
3	Luxembourg
3	Belgium
5	Malta

When taken together, these incredibly strong statistics show convincingly that the UK can be confident in making trustworthy and healthy trade deals with a significant number of Commonwealth and Anglosphere partners.

While this is not the place to cover each country in detail, it is worth briefly considering two nations in particular as highlighted in the below case studies. This shows not only their strength as potential partners but also provides a model to emulate for a new, global-facing United Kingdom.

86 World Economic Forum’s Enabling Trade Index http://www3.weforum.org/docs/GETR/2012/GlobalEnablingTrade_Report.pdf

87 International Chamber of Commerce’s Open Market’s Index http://www.iccwbo.org/Global-influence/G20/Reports-and-Products/Open-Markets-Index/

Singapore

Singapore is perhaps the greatest example of what an open and trade focussed economy can be with its total trade amounting to 350% of GDP in 2012[88]. The World Bank rank it as the easiest nation for doing business and trading across borders and in the top three across four further sub-indices including protecting investors and getting credit. The World Economic Forum ranks it highest for enabling trade. Similarly it is ranked as second in the indexes for most globally competitive, most economically free and having the most open markets. Even in the corruption perception index it ranks fifth, well above the UK in 14th.

It is already the UK's largest trading partner in South-East Asia, and UK goods and services exports in 2011 amounting to £3.6 billion and £3.7 billion respectively[89]. Over 75% of our exports to South-East Asia go through Singapore[90] and many UK firms already use it as an entry point into the region with over 1,000 firms holding a presence there and around 250 establishing their Regional HQ's in the country[91].

88 Calculated from data from Singapore Department of Statistics http://www.singstat.gov.sg/statistics/latest_data.html
89 UKTI: Singapore http://www.ukti.gov.uk/export/countries/asiapacific/southeastasia/singapore.html
90 BIS: UK-Singapore Economic & Business Partnership https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32474/11-1200-uk-singapore-economic-business-partnership-letter.pdf
91 UKTI case study: http://www.ukti.gov.uk/export/countries/asiapacific/southeastasia/singapore/successStory/680800.html

New Zealand

New Zealand is another excellent example of what can be achieved when an economy takes a global approach and focuses on trade, an approach that resulted in it being the first developed economy to sign a free trade deal with China in 2008[92]. It also already has trade deals[93] with the ten ASEAN nations (and stronger individual agreements with Singapore, Malaysia, Thailand, and Brunei), Australia, Honk Kong, and Chile. It has also concluded a deal with the six nations of the Gulf Co-operation council which is expected to be formally signed later this year and has ongoing negotiations with India, South Korea, Russia, Belarus and Kazakhstan. It is also considering an agreement with Japan.

It ranks as the least corrupt country on earth and third in ease of doing business. It tops the rankings in sub-indices such as starting a business and protecting investors. It is one of only six nations ranked as economically free by The Heritage Foundation and is the 5th highest economy for enabling trade according to The World Economic Forum.

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92 The New York Times: China and New Zealand sign free trade deal http://www.nytimes.com/2008/04/07/business/worldbusiness/07iht-7tradefw.11718461.html?_r=0

93 New Zealand Ministry of Foreign Affairs and Trade: Trade Relationships and Agreements http://mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/index.php#force

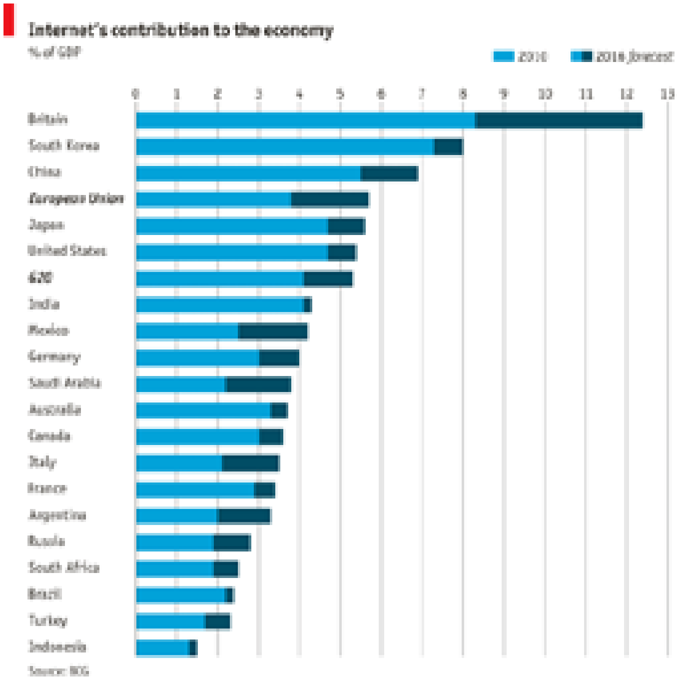
The below diagram highlights how far Singapore and New Zealand have gone in order to maximise their trade. While the UK is by no means weak in its rankings, it falls behind Singapore in every index and New Zealand in all but one. France is also shown as a means of comparison.

It is clear that these Commonwealth countries and others like them should be key FTA targets. However they also demonstrate that, with the right approach it is possible for even these small countries to broker major deals. A liberated and global-facing UK should have little trouble doing the same with its far larger market, political clout, and economic power.

The Internet

The Internet will undoubtedly prove to be one of the biggest drivers of trade and prosperity in the 21st Century. This will be particularly important to the UK as a world leader in digital goods. The Economist recently described the British as the *digital shop- keepers of the world* and pointed out the significant contribution the internet makes to our economy:[94]

94 Digital Shopkeepers of the World, The Economist, http://www.economist.com/blogs/graphicdetail/2012/04/daily-chart-2, Accessed 14th September 2013



Once again, the Anglosphere has an advantage in this area. With almost 85% of home pages and an estimated 55% of all Internet content in English, it has never been easier for British SMEs to reach the world.[95]

This advantage could be key. The benefits to businesses are significant, especially to those businesses that export primarily through the internet. The reduced need to provide multi-language versions of websites or translate adverts online can provide considerable time and cost savings.

Similarly there is growing anecdotal evidence of increasing numbers of "accidental exporters." These are firms that advertise or sell online intending to increase their domestic market sales only to find a growing percentage of their business coming from overseas. Obviously this is significantly more likely to occur with countries that speak the same language. Unfortunately this is largely unmeasured but a Parcelforce

95 W3techs: Usage of content languages for websites, http://w3techs.com/technologies/overview/content_language/all, Accessed 10th September 2013

study reportedly found that 65% of exporting firms in Wales[96] and in South Yorkshire[97] had started to do so by accident. It is reasonable to expect that similar figures were recorded across the country and that, over the following decade, the number of firms exporting by accident has if anything increased.

The number of individuals who use the internet also continues to grow and by mid-2012 had reached 2.4 billion people, an increase of 566% since 2000[98]. As access and usage increases, so does the opportunity. Choi observed that:

> An increase in a country's Internet access will facilitate an increase in its service trade with other countries…and doubling of Internet usage in a country turned out to lead to a 2 to 4% increase in services trade.[99]

Needless to say this presents a particular advantage to Britain and its digital driven economy. Commonwealth markets represent a significant opportunity here with a number of them achieving internet penetration well above their geographical neighbours. In Africa, there are over 89m Commonwealth internet users, representing 53% of the continent's total users, nearly 10% more than would be expected compared to their population[100]. Some Commonwealth countries in particular excel compared to the continental average (see below). If these countries are excluded, the continental average falls to just 10.7%.

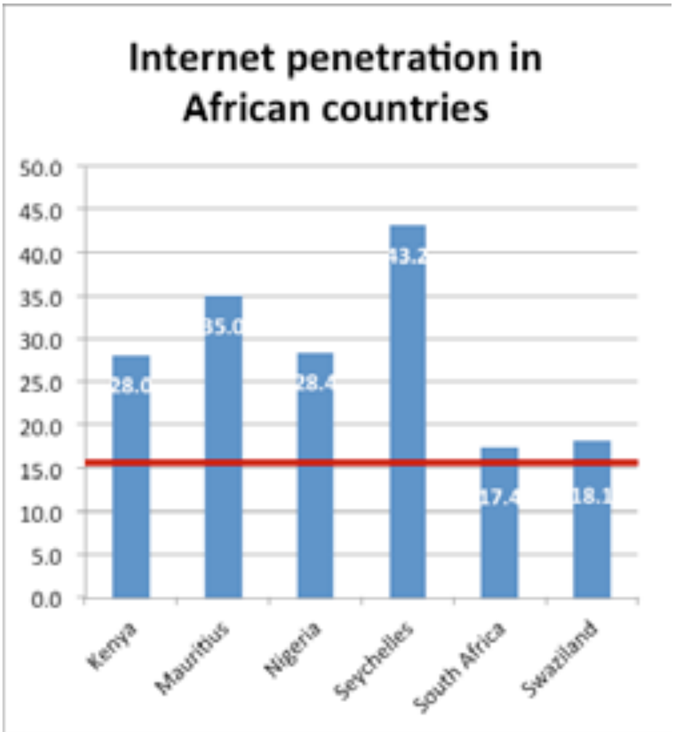
96 Wales Online: Parcelforce's package is full of tips to guide virgin exporters http://www.walesonline.co.uk/business/business-news/parcelforces-package-full-tips-guide-2445103 Accessed 18th January 2014

97 The Star: Accidental exporters in the county http://www.thestar.co.uk/news/business/accidental-exporters-in-the-county-1-320358 Accessed 18th January 2014

98 Internet Usage Statistics http://www.internetworldstats.com/stats.htm Accessed 18th January 2014

99 Choi, Changkyu (2010) *The effect of the Internet on service trade* idisk.mju.ac.kr/WebLink/ckchoi/int_svc_EL_FINAL.pdf

100 Calculated from: Internet Usage Statistics http://www.internetworldstats.com/stats1.htm Accessed 18th January 2014



The picture is even better in South-East Asia. Despite the Commonwealth population only making up 5.6% of the region's total, they are 13.5% of its internet users, nearly 2.5 times more than would be expected. Similarly, while the regional average of internet penetration is only 31.6%, the average figure in Commonwealth economies is a staggering 71.2%. Indeed it is only Commonwealth nations which have internet penetration higher than 35%, without them the regional average falls to just 16.7%[101].

It is clear then that UK firms looking to sell digital goods and services into these markets would do well to begin with the Commonwealth economies. Their penetration is already much higher than their neighbours and is expected to increase such as in Malaysia[102] as well as private sector led initiatives ranging from Microsoft utilising existing solar and television

101 Calculated from: Internet Usage Statistics http://www.internetworldstats.com/stats3.htm Accessed 18th January 2014

102 Malaysia to boost Internet coverage in Budget 2014 http://www.zdnet.com/my/malaysia-to-boost-internet-coverage-in-budget-2014-7000022488/ Accessed 11th February 2014

infrastructure in Kenya[103] to Google piloting WiFi-emitting blimps in South Africa with the intention of rolling them out across Africa and South East Asia[104].

In closing, we suggest that, by focusing on Commonwealth and Anglosphere countries, the UK can not only avoid or reduce many of the non-tangible trade barriers it might expect to face elsewhere, but also reap the significant advantages of existing trends, incredibly open potential trading partners and the ever growing importance and power of the internet. As Lord Howell points out:

> “Instant digital connectively has turned the Commonwealth from a yesterday club into a live, all-powerful networked system.”[105]

103 Microsoft Teams With the Government of Kenya and Indigo Telecom to Deliver Low-Cost, Solar-Powered Broadband Access Using Cutting-Edge TV White Space Technology http://www.microsoft.com/en-us/news/press/2013/feb13/02-04whitespacespr.aspx Accessed 11th February 2014

104 Google blimps will bring the web to Africa http://www.telegraph.co.uk/technology/google/10084512/Google-blimps-will-bring-the-web-to-Africa.html Accessed 11th February 2014

105 Op. cit., Howell, p.19

Following the Commonwealth and Anglosphere

The table below gives a simple graphical reference point on how our argument is pursued throughout our essay. Each nation is ranked out of five on whether an FTA can be completed by our 2021 drawdown or later in 2023, while it also shows which nations already have an FTA with EFTA.

Nation or Group	2021 Drawdown	2023 Possibility	EFTA agreement
NAFTA	1/5		
US	4.5/5		
Canada	4.5/5		✓
EFTA	3.5/5		
ANZCERTA	4/5		
New Aus + NZ FTA	3/5		
AANZFTA	✗	2/5	
Malaysia + Singapore	4/5		
ASEAN	✗	3.5/5	
APEC	✗	2.5/5	
India	✗	2.5/5	✓
South Africa (SACU)	✗	2.5/5	✓
Ghana/Nigeria/Kenya	✗	2/5	
Gulf States (GCC)	✗	3.5/5	✓
Hong Kong	4/5		✓
China	✗	2.5/5	
EU	4.5/5		

This section will attempt to shed light on the current FTAs system that the UK will be entering, the possible pitfalls, the likelihood of gains, and the projected timescales involved with such a programme. As stated previously, our policy is for the FO to conduct the EU and US trade deals, while the new CO will establish FTAs with select Commonwealth nations while also looking to the Gulf States and Hong Kong. The possibility of these deals is ranked out of five. We will also highlight current or on-going FTAs between Commonwealth members, such as India and Canada as this will further broaden the understanding of how Commonwealth nations interact and trade.

Throughout we will dispel the current political acceptance that the UK is merely a European power. A strong starting example comes from European Geostrategy that has produced power rankings for nations states.

Rank	Country	Power	Category
1	United States	100.0	Super Power
2	United Kingdom	48.6	Global Power
3	France	39.0	Regional Power
4	China	37.6	
5	Russia	30.3	
6	Japan	20.0	
7	Germany	19.0	
8	Australia	17.6	
9	Canada	16.7	
10	India	15.7	

The UK ranks second and is classed as a *Global Power*, not a regional one. It defines this as a country “with a wide international footprint and means to reach most geopolitical theatres.[106]

Expanding NAFTA

Our first example is expanding the North American Free Trade Agreement (NAFTA) to include the UK. Many commentators have cited this possibility;

106 Audit of Major Powers, European Strategy, Jan 2014, http://www.europeangeostrategy.org/2014/01/european-geostrategy-audit-major-powers-worlds-fifteen-most-powerful-countries-2014/, accessed 11 Feb 2014

however, once the veneer is pulled away we can see that it is a policy plagued by out-dated features.

We spoke to a leading think tank in the United States who explained to us while NAFTA is a good arrangement it is now somewhat dated as it doesn't address items such as finance, which are central to the US-UK economic dynamic. Therefore, a wholesale renegotiation to incorporate all the things that NAFTA doesn't currently cover would slowdown the process.

Furthermore, each NAFTA member would have the right to veto. Mexico may do given its trade with the UK is low and its preference is for other Central American nations to join.

The Special Relationship: a single UK-US FTA

Instead, the think tank in question said that it makes more economic sense for the US and the UK to craft a new FTA. It also said that there were very few serious technical challenges in negotiating such a deal and few interest groups would be likely to oppose one. It takes the view that this would be cleaner and safer than inclusion into NAFTA, while a full trade and investment deal could be negotiated fairly easily. However, the calculation is partly political not just economic. In its own view, it suspects that if the UK were out of the EU then practical realities would lead to a President of any stripe accepting the notion of a US-UK FTA. The fourth Sterling Asset report's foreword written by the British Ambassador affirms this view:

> Strengthening Britain's commercial relationship with the United States is a central part of our plan for returning the UK to sustainable economic growth...But the success of our plan hinges on continuing our incomparable partnership with the United States. At a time when we are both looking for ways to strengthen our economies and restore growth, keeping our borders open to bilateral trade and investment remains crucial.[107]

The UK has a very health trade surplus with the US of £28.6bn as of 2013 and the US is still the UK's single largest export partner with £84.1bn worth of goods and services going to the US in 2013.[108]

107 Sterling Assets, Fourth Report, British Investment creating US Jobs, 2012, p.2, http://www.cbi.org.uk/media/1727518/sterling_assets_iv.pdf, accessed 20 Jan 2014
108 Op. cit., Pink Book 2013, p.1

In addition, Britain is the largest foreign investor in America. As of 2011, the UK had $442 billion invested, representing 17% of the $2.5tn of FDI, while America has 902,000 workers in jobs that are created and sustained by British companies.[109]

Despite these positives, an issue that clouds a possible UK-US FTA is the conclusion of the Transatlantic Trade and Investment Partnership (TTIP) deal between the US and EU, which could well have taken place by 2017. If that is indeed the case then the UK would already have an FTA with the US, via the EU.

The American think tank raised the question that because the Lisbon Treaty now explicitly allows member states to exit then US policy could be to ask for some sort of mechanism which allows the FTA deal to remain in place for the exiting members as the EU could not stop the US from doing this. This, of course, is open to legal challenges and the EU would certainly not allow a deal that was struck by the EU Trade Commission to be signed by the individual nations as it would undermine the whole principle of the Union. The flip side of this is that if TTIP is in operation by 2017 the US and UK could simply tweak the arrangements for mutual advantage and not have to go through the whole FTA process from scratch, which means a deal could take months not years to come into effect. This would also be the same for any Canadian agreement as the EU already has CETA.

Therefore, in terms of practicality we have rated the possibility of the UK joining NAFTA at 1/5 and an FTA with the US at 4.5/5 within our three-year period. Similarly, a Canadian FTA would be given 4.5/5 chance of being concluded within the proposed cycle time.

EFTA – a possible stopgap?

Substantial arguments have taken place about the UK's options in relation to EFTA, the EEA or the so-called Swiss model. We propose that the UK should sidestep this issue and instead act as a global power and conduct its own FTA with the EU as if it were a nation anywhere in the world much like the EU-Canadian deal. However, this is not to say that membership to EFTA is insignificant, in fact, it could be a vital and rapid tool for the UK to secure FTAs with third parties.

109 Op. cit., Sterling Assets, p.4

It is also important to note that we view EFTA differently from many other commentators. We see it as a gateway to join exciting FTAs that EFTA already has as a quickstep solution within our three year plan. For the UK to conduct its own separate deal with all of EFTAs current FTA partners (which has taken them over 20 years to craft) would take considerable time. By joining EFTA, the UK would inherit trade deals under Article 56 (3) of the EFTA Convention:

> Any State acceding to this Convention shall apply to become a party to the free trade agreements between the Member States on the one hand and third states, unions of states or international organisations on the other.[110]

What is notable is the Commonwealth thread running through its agreements to date: Canada; South African Customs Union; Singapore, Hong Kong, and Gulf States, while it is also in advanced talks with India and Malaysia. Therefore, if the UK were to secure accession it would be party to 24 FTAs covering 33 nations.

As EFTA is not a customs union it also allows its countries to conduct FTAs with other parties and not be bound by each other; therefore, the UK could try and strengthen these current deals as a group or go it alone and build upon what is already established.

This does sound like a positive opportunity, but how likely is a deal with EFTA? A partial answer lies with Scottish overtures to EFTA in the lead up to the Scottish referendum this year. One key Scottish nationalist blogger asked a senior legal advisor from EFTA for his legal opinion on a Scottish bid. The reply received explained that any State may accede to the Convention provided that the EFTA Council decides to approve its accession. The advisor goes on to say that the issue of membership is first and foremost a political matter and would need to be discussed at the highest political levels and between all nations involved.[111]

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110 EFTA Convention, Article 56 (3), http://www.efta.int/sites/default/files/documents/legal-texts/efta-convention/Vaduz%20Convention%20Agreement.pdf, accessed 22 Jan 2014

111 The EU or EFTA, 16 Dec 2012, http://www.yesmoray.com/the-eu-or-efta/ accessed 22 Jan 2014

Extra weight was added to the Scottish claim when an EFTA senior information officer went on public record to say that Scotland would be welcomed into the organisation [EFTA] as it would be a net contributor and is a small nation, which would not dominate others:

> Scotland could apply, but it would be a political question of whether the EFTA members would like to see more members. Just like the EU, this situation has never occurred for the last 20 or 30 years. It would have to be agreed by the other countries – but Scotland is not a dominant country like Turkey or the UK.[112]

From two separate sources we can see that the any nation looking to join is subject to veto from each EFTA members and that the decision will be political not economic; however, we have also learnt that any UK submission to join may be subject to increased difficulty due to its perceived size economically, politically, and in terms of population.

That said, the UK founded EFTA in 1960 and runs a considerable trade deficit with EFTA nations of £21.1bn.[113] The UK would in fact be re-joining an organisation that it left and it even created the Convention itself. EFTA already appears on the UK statute book and it would be easier to reverse a law than forge one from scratch.[114] The UK abolished the Act when it joined the EEC in 1972.[115]

The UK return is touched upon by Schwok and Jayj. Their sources within EFTA explained that unlike the EU it does not pursue an active enlargement policy and that:

> Feasibility and desirability of a possible EFTA enlargement would have to be assessed on a case-by-case basis for each possible applicant.[116]

They go on to show that there is no guarantee that EFTA nations would welcome new members and the bloc itself its 'quite homogenous' in terms

112 Scotland Could Join EU Mark II, Scottish Express, 11 Nov 2012, http://www.express.co.uk/news/uk/357509/Scotland-could-join-EU-Mark-II, accessed 22 Jan 2014

113 Op. cit., Pink Book 2013, Section 9.3, p3

114 Historic Hansard, HC Deb 14 December 1959 vol 615, http://hansard.millbanksystems.com/commons/1959/dec/14/european-free-trade-association#S5CV0615P0_19591214_HOC_343, accessed 22 Jan 2014

115 European Communities Act 1972, http://www.legislation.gov.uk/ukpga/1972/68/schedule/3/part/I, accessed 22 Jan 2014

116 Prof Schwok, R., and Najy UK, C., (2012), UK returning to EFTA: Divorce at 40 and going back to Mom and Dad?, Point 78, p.10 http://www.publications.parliament.uk/pa/cm201213/cmselect/cmfaff/writev/futunion/m21.pdf

of size, economic development and trade preferences. Therefore, bigger nations such as the UK joining would, in their own analysis, ‘shake the established base of the whole organisation’.[117]

There are other considerations such as EFTA’s close relationship with the EU and without delving back into an EU vs EFTA dialectic the latter would not wish to see this jeopardised just to see the UK re-join. However, their association with the EU does not govern EFTA FTAs and as Schwok and Jayj highlight, EFTA has the capacity to ratify FTAs faster and with more partners than the EU.[118] This point is of fundamental importance with regard to our three-year policy.

Furthermore, any potential agreement with EFTA could even have opt-outs for the UK, which mean that it could not be bound by the EFTA-EU trade agreement through the EEA and without the fees paid to the EU. That way, the UK would not be impinging on EFTAs carefully crafted and close deal with the EU. This, of course, would be a fluid arrangement and subject to change during any application process. There is also a joining fee for EFTA membership, but this is minute compared to the costs of EU, EEA or the Swiss bilateral deals. Finally, the UK’s power and economic clout has so far been seen in the negative, but if we were to turn this on its head, an EFTA strengthened by Britain in the international FTA arena would bolster negotiating muscle and benefit the other members.

In conclusion, our policy would be to have the FO enter into agreements with EFTA, while conducting its main EU FTA. EFTA membership would also allow the CO to go after other Commonwealth members more quickly. Therefore, we place a high, but secondary importance to EFTA membership. As a result, we have placed a 3.5/5 ranking to the UK joining EFTA in terms of timescale and likelihood.

117 ibid, Point 79, p. 10
118 ibid, Point 70, p. 9

A trade deal down under: Australia and New Zealand

Australia has been a leading light in FTAs, especially with Commonwealth and Anglosphere countries. It has deals with the US, New Zealand, Singapore, Malaysia and ASEAN (AANZFTA) and it is negotiating deals with the Gulf States and India[119]. In most cases New Zealand follows suit and as shown by AANZFTA both nations worked together with ASEAN to form the agreement.[120]

The first question is whether they want to do a deal with an independent UK. In 2012 the then Australian Government it drew up a whitepaper called *Australia in the Asian Century*, which couldn't set out priorities more clearly.[121] However, under the current Abbott Government, reports have leaked that the whitepaper has been shelved.[122]

Abbott himself is a self-styled supporter of the Anglosphere and has made a number of comments regarding widening it to include its Asian branches:

> As with all the countries that think and argue among themselves in English (that these days include Singapore and Hong Kong, Malaysia and even India), what we have in common is usually more important than anything that divides us.[123]

We asked leading Australian and New Zealand think-tanks what they thought about any FTA with the UK. The comments were more reserved than our US partners as they said that neither government would consider a British entry into ANZCERTA until Brexit is a certainty as they did not want to sour their current EU relationship by trying to woo the UK. This view is supported by PM John Key comments when asked about the

119 Australia's Trade Agreements, Australian Government Department of Foreign Affairs and Trade, http://www.dfat.gov.au/fta/, accessed 24 Jan 2014

120 Trade Relations and Agreements, New Zealand Ministry of Foreign Affairs and Trade, http://www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/index.php, accessed 24 Jan 2014

121 Australia in the Asian Century White Paper, 2012, Australian Government, http://pandora.nla.gov.au/pan/133850/20130914-0122/asiancentury.dpmc.gov.au/white-paper.html, accessed 24 Jan 2014

122 Asian Century plans consigned to history, The Australian, 28 Oct 2013, http://www.theaustralian.com.au/national-affairs/policy/asian-century-plans-consigned-to-history/story-e6frg8yo-1226747866681#, accessed 25 Jan 2014

123 Abbott, T., ADDRESS TO THE QUEEN'S COLLEGE, UNIVERSITY OF OXFORD, 14 Dec 2012, http://www.liberal.org.au/latest-news/2012/12/15/tony-abbott-transcript-address-queens-college-oxford-uk, accessed 25 Jan 2014

UK's referendum, 'it is solely a matter for the United Kingdom'.[124]

Notwithstanding the lack of a definitive answer we take the view that, like our US commentary, once the political realities of Brexit came into the fore the political silence would shift. This is not just wishful thinking. As we have shown both nations have expansionist trade policies, which are reaching beyond regional concerns.

Furthermore, Australia is the UK's 17th largest export market for goods and 7th for services, while for UK imports from Australia come in at 33rd and 12th respectively. Since last year it has climbed the rankings. The UK also runs a trade surplus with Australia of £7.454bn and with New Zealand of £0.242bn[125]

As explained earlier, these deals should be easier to overcome because of the shared language, legal system, and for Commonwealth Realms – a shared Head of State. Therefore signing any prospective FTA between Australia and New Zealand is well within three-year timeframe.

However, there must be the political will to do so on both sides. A newly separated, but networked CO will show the rest of the Commonwealth that it means business, although the reaction from nations like Australia will be essential. In any event what does this FTA look like? The UK could try and forge separate deals with Australia and New Zealand, but these two nations are extremely close as highlighted by their joint FTA with ASEAN last year. Thus, it would make sense to try and either join ANZCERTA as a tripartite deal or create a new three-way FTA.

Similar arguments surrounding NAFTA raise their heads: ANZCERTA is 31 years old so the deal may appear out-dated for the UK or that why would either Australia and New Zealand want a new FTA with each other when they already have one that works well. If we were to come down one way or another then joining ANZCERTA is quicker and easier because the framework is already in place and one is not starting from zero. Moreover, Australia and New Zealand have been involved jointly in negotiating an FTA with ASEAN to form AANZFTA, which came into effect in 2010. As we will argue later that this sort of deal does open up the possibility to join AANZFTA if a trilateral agreement can be struck.

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124 Key, Cameron discuss immigration concerns, Yahoo News New Zealand, 19 September 2013, http://nz.sports.yahoo.com/news/key-cameron-discuss-immigration-concerns-184946522--spt.html, accessed 25 Jan 2014

125 Op cit., Pink Book, Section 9.12, p26

In conclusion, we have given the prospect of an Australian-New Zealand deal 4/5 in terms of practical policy by 2021. This diminishes to 3/5 depending on it being a new deal entirely over joining ANZCERTA. As for the highly speculative AANZTFA this would need the first steps to be in place thereby only scores 2/5.

ASEAN or its Commonwealth parts?

A newly independent UK has a number of Commonwealth partners in the Asia-Pacific, excluding Australia and New Zealand, who have been successfully building FTAs in the region and are internationally regarded as leading free market economies. The two most notable are Malaysia and Singapore. The former has strong investment ties with the UK having recently top the rankings as London's biggest property buyers and accounts for more than 10% of the commercial property in the capital.[126] The UK also has trade surpluses with both nations: £0.883bn and £3.779bn respectively.[127]

They are also part of ASEAN, which has a strong record on FTAs. ASEAN also has a deal with India that covers goods, although India wants to extend this to services.[128]

We are not arguing that the UK joins ASEAN, as no western nations have, rather that securing a bilateral deal with ASEAN much like Australia and New Zealand have done would allow the UK to tap into three Commonwealth markets as well as wider south east Asia in one go as opposed to separate bilaterals. In fact, the UK economy stands at $2.45trn[129], while ASEAN's combined GDP is $2.1trn.[130] Therefore, ASEAN would be looking at similar sized economies. This underscores our network approach to public policy, which when deployed through the Commonwealth, allows for greater purchase than working from a standing

126 Malaysians lead charge in buying up London, Malaysian Insider, 18 Oct 2012, http://www.themalaysianinsider.com/business/article/malaysians-lead-charge-in-buying-up-london/, accessed 25 Jan 2014

127 Op cit., Pink Book 2013, Section 9.1, p3

128 Time we pushed ASEAN pact on services, Hindu Business line, 29 Jan 2014, http://www.thehindubusinessline.com/opinion/time-we-pushed-asean-pact-on-services/article5631395.ece, accessed 29 Jan 2014

129 Coming soon Europe's biggest economy will be the UK, Market Watch, 15 May 2013, http://www.marketwatch.com/story/coming-soon-europes-biggest-economy-will-be-uk-2013-05-15, accessed 14th September 2013

130 Investing in ASEAN, http://www.asean.org/resources/publications/item/investing-in-asean-2012-2013-2?category_id=382, accessed 14 September 2013

start. This also chimes with our goal of joining existing multilateral deals that have already spent years covering this ground.

Moreover, another similar organization that incorporates much of ASEAN is APEC – the Asia Pacific Economic Corporation. This association includes western powers such as the US and Canada. It also has a long list of Commonwealth nations wishing to join, which are not along the Pacific Rim. We will discuss APEC later in our immigration section due to its highly successful business visa. Importantly, unlike the EU, APEC only exists to forward trading relations.[131]

Despite APEC not expanding since 1998 and freezing its membership, the UK should still make a formal approach as soon as possible. A 20-year pause is long enough given the significant economic upheavals between now and then. There are those in the organisation who fear that if India were to join then it would tip the balance back in favour of Asia. However, we would argue that by allowing the UK and India to join this fear would be offset given the size of both economies.

Also, given the fact that it is not an FTA, but an economic association the feasibility for joining would not be slowed down by the minutiae of tariffs and quotas. Our Commonwealth partners should also be lobbied on the inside to assist the UK in its diplomatic efforts. That after all is the whole point of utilising the Commonwealth network – to be in multiple places at the same time across the world.

Given the openness of their markets and the lure of securing an FTA with the UK, where they already have strong investment ties, we rank a 4/5 score that the CO would be able to secure an FTA within our three-year plan for Malaysia and Singapore. Forging an FTA with ASEAN or joining APEC are somewhat different matters and are more complicated. Given ASEAN's expanding reach in the FTA market the UK would likely prove an entertaining prospect. Therefore, we rank a UK-ASEAN deal 3/5; however, this would not appear likely by 2021, but it could be in an advanced stage. APEC is mired more in politics than economics despite its founding principle. Only if it unfroze its membership policy could the UK secure entry and as a result we rank this 2.5/5.

131 About APEC, Achievements and Benefits, http://www.apec.org/About-Us/About-APEC/Achievements-and-Benefits/Bogor-Goals.aspx, accessed 29 Jan 2014

India – a remaining jewel

Without question India still represents the jewel in the crown for any nation looking to secure a trade deal, but this is by no means easy. India as a major rising power has been considerably protectionist in its trade policy. US trade negotiators commented:

> India also has very high agricultural tariffs…some of the highest in the world, averaging between -- maximum bound rates of 100 per cent and 300 per cent.[132]

Additionally, intellectual property issues are unresolved, as Pharmaceutical giant Pfizer has shown:

> India has systematically failed to interpret and apply its intellectual property laws in a manner consistent with recognized global standards.[133]

To paint a bleaker picture, Vodafone was hit was a retrospective taxation charge a few years ago. This sent a clear signal that India was not fully open to the idea of foreign businesses and as a result no business would want to gamble on investing in India especially if the tax regime suddenly changed.[134] Fortunately, the case was overturned by India's Supreme Court, which is largely free from corruption, and seen to fairly represent the rule of law. The Wall Street Journal commented:

> The tax case became a symbol for many foreign investors of the uncertainty of doing business in India, the unpredictability of regulators and the risks foreign firms face if they decide to make big bets on Indian growth.[135]

Yet despite this uncertain environment the allure of India and the cultural leverage the UK holds with India could prove useful. The UK is home to one of the largest populations from Indian descent outside of mainland India with 1.4m. Only the US, out of a population of 300m, has more

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132 India adopting protectionist measures in agri, dairy sector, India Times, 14 March 2013, http://articles.economictimes.indiatimes.com/2013-03-14/news/37713839_1_cent-tariff-protectionist-measures-export, accessed 29 Jan 2014

133 US business bemoans India trade 'protectionism', Yahoo News, 13 March 2013, http://news.yahoo.com/us-business-bemoans-india-trade-protectionism-183556984--finance.html, accessed 29 Jan 2014

134 Vodafone steps up tax row with India, BBC, 17 April 2012, http://www.bbc.co.uk/news/business-17746649, accessed 29 Jan 2014

135 Vodafone Overturns Tax Bill in India, Wall Street Journal, 21 Jan 2013, http://online.wsj.com/news/articles/SB1000142405297020461650457717215270071 0334, accessed 29 Jan 2014

with 1.9m.[136] As Lord Howell has mentioned, the *Commonwealth from within* the UK is particularly powerful if utilised correctly through family and business ties between the two nations. As for trade itself, the UK is increasing its business in India, but it runs a deficit of £0.85bn. Although in 2013 it was also reported that exports to India increased by 20%.[137] India also ranks as the 18th top destination for UK goods exports and 21st for services, while the India ranks 17th and 11th respectively.[138]

As mentioned previously the English language will play a significant role – India is no different. An English-speaking newspaper in India set out this most succinctly:

> Modern India's unique selling proposition to attract FDI is obviously what can be called, "the English speaking dividend" that has aided the economic growth. English is not a foreign language anymore in India… Today English is perceived as a language, which helps its diverse population to communicate in a country endowed with over 6,500 languages/dialects… English is symbolic of the language of opportunity.[139]

Therefore, UK business is strongly placed to ultilise English's in-built power to unite India as a means for increased mutual prosperity.

In terms of Commonwealth FTAs the mood is even more optimistic. Currently, New Zealand[140], Australia and Canada are conducting FTAs with India. Australia's joint study found that a completed FTA would increase both countries' GDPs by more than 1%.[141] Canada has predicted that its GDP would grow by $15bn and India's by $6bn.[142] South Africa

136 Indians are third largest immigrant group in US, Times of India, 23 Aug 2013, http://articles.timesofindia.indiatimes.com/2013-08-23/us-canada-news/41440115_1_11-percent-migration-policy-institute-5-percent, accessed 29 Jan 2014

137 UK exports to India increase 20pc on the back of trade push, Daily Telegraph, 9 Dec 2013, http://www.telegraph.co.uk/finance/economics/10504459/UK-exports-to-India-increase-20pc-on-back-of-trade-push.html, accessed 29 Jan 2014

138 Op. Cit., Pink Book 2013, Section 9.12, pp. 26

139 English has helped unite the diverse 'cultures' of India, Deccan Herald, 31 July 2013, http://www.deccanherald.com/content/348329/english-has-helped-unite-diverse.html, accessed 29 Jan 2014

140 Op cit., Hewish pp76

141 ibid, pp76

142 Canada-India Free Trade Agreement Negotiations, Foreign Affairs, Trade and Development Canada, http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/india-inde/info.aspx?lang=eng, accessed 1 Feb 2014

is also pushing for an Indian preferential trade pact (PTA) on goods[143] and other Commonwealth partners have a goods trade deal with India through ASEAN.

If these wide range of Commonwealth nations across the globe are trying to strike deals with India then this leaves the potential for the UK to do likewise. However, the deals are slow and subject to dogged negotiations from a still somewhat protectionist India. The CO should see this possible FTA as one of the biggest prizes for its department, but it should expect a protracted deal. It is expected that India's Commonwealth deals will be concluded by 2017. Therefore, the CO should hire or second a number of these Commonwealth trade experts who know how an India deal will play out to help create the UK's own. The UK can also utilise its domestic soft power Commonwealth network via its Indian community playing a strategic role. In summary, we envisage that an FTA with India is possible if the Commonwealth connections are optimised, but the time scale will be long given the past length of deals. Therefore we rank an Indian FTA with a probability of 2.5/5, this could rise if the UK were to secure a place in EFTA as its own deal with India is fairly advanced after 13 trade rounds.[144]

South Africa – the gateway to Commonwealth Africa?

As the newest member of the BRICS, South Africa in recent years has been seen as the leading nation in Africa – the most developed, open, and free. So much so that it describes itself as the gateway to Africa. It is the highest ranked African economy in the world. However, this is being challenged as other parts of Africa, notably Commonwealth, become more stable. The Economist pointed out that:

> The economy of Nigeria, with some 158m people to South Africa's 50m, has been roaring along at an annual rate of almost 7% for the past eight years—and may even become Africa's biggest by 2016…At the same time, Ghana and Kenya, are competing with South Africa to host the African headquarters of foreign multinationals.[145]

143 Talks on for preferential trade pact between India, South Africa, Times of India, 4 Sept 2013, http://articles.economictimes.indiatimes.com/2013-09-04/news/41765859_1_preferential-trade-pact-south-africa-bilateral-trade, accessed 1 Feb 2014

144 EFTA on-going negotiations – India, EFTA http://www.efta.int/free-trade/ongoing-negotiations-talks/india, accessed 1 Feb 2014

145 The gateway to Africa?, South Africa's business pre-eminence is being challenged, The Economist, 2 June 2012, http://www.economist.com/node/21556300, accessed 1 Feb 2014

Although, the magazine caveats these trends by adding:

> Yet South Africa's decline is only relative. Despite having the continent's fifth-biggest population, it still has easily its biggest economy, with GDP per head of over $11,000 PPP, bigger than China's or India's and more than four times the African average. Its infrastructure is by far the best in Africa. It has 80% of the continent's rail network and is home to the region's biggest stock exchange. It also has the biggest middle class, proportional to its population, of any African country.[146]

The UK's relationship with South Africa is on paper quite strong. It claims that it sees South Africa as in its *Premier League of trade partners*.[147] South Africa is the UK's biggest African trading partner and we run a trade surplus of £1.1bn.[148] UKTI also indirectly acknowledges the Commonwealth factor in doing business in South Africa:

> Much of South Africa's legal, economic and business practices and legislation is based on the UK equivalents. This makes operating in South Africa less problematic and alien than in other international markets… the cultural and historical links are broadly positive in the UK's favour. In return, the UK receives 4 out of every 5 South African investment projects in Europe.[149]

In terms of trading priorities within South African policy, the focus is almost wholly on intra-African unity. South Africa is part of the SACU customs union. The major example of a free trade agreement within African regions is the SADC-EAC-COMESA FTA that will encompass 26 nations. It is this monumental deal and an FTA with India, which are South Africa's current on-going deals.[150]

Predicting any possible UK-SA agreement therefore remains problematic; however, as mentioned previously, if the UK were to secure EFTA membership it would enter into an EFTA-SACU deal that allowed for tariffs reductions on goods. It would be easier for the UK to then build on this agreement within EFTA perhaps to include services as opposed to starting from afresh. The UK would have the bargaining chip of not being subject to EU tariffs or quotas, which many African nations dislike.

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146 ibid

147 UKTI – South Africa, http://www.ukti.gov.uk/export/countries/africa/southernafrica/southafrica.html, accessed 1 Feb 2014

148 Op cit., Pink Book 2013, Section 9.1 & 9.12

149 Port Sector in South Africa, UKTI, 31 Jan 2014, http://www.ukti.gov.uk/uktihome/item/705640.html, accessed 1 Feb 2014

150 Trade Agreements, South Africa, Department of Trade and Industry, http://www.dti.gov.za/trade_investment/ited_trade_agreement.jsp, accessed 1 Feb 2014

Thus a free trade policy throughout these discussions would prove to be a valuable tool.

This opens up the question of wider trade with Anglosphone Africa many of which are growing considerably. These nations still have close ties to the UK, yet it is not headline UK policy to utilise them. As explained earlier, the UK shares the same language and has similar laws and customs, but fails to underscore this inbuilt mutual advantage. The only MP to really say so is Shadow BIS Secretary, Chuka Umunna:

> The response from the Nigerian and Ghanaian business community is: "Where are the Brits? Where have you been? You are historically, and still are, our preferred partner. You are reliable, you produce a quality product, we like your legal system and you deliver on time. But where have you been at the time when all have been coming to invest here? The British brand abroad is much stronger than we realise.[151]

His point is a valid one. The UK in 2011 launched a new initiative called African Free Trade initiative (AFTi), although its progress has not been reported back to Parliament in any meaningful way since then.[152]

How this plays out into any FTAs does remain difficult given the drive in Africa to secure its own continental trade agreements, but that said drafting a bilateral deal is much easier and quicker than a multilateral one. Separate deals with South Africa, Nigeria, Kenya, and Ghana do not represent insurmountable challenges with a new CO working exclusively on Commonwealth trade deals.

Additionally, bilateral investment agreements should be used as an instrument to boost the prospect of FTAs with these African nations and beyond. This competence was negotiated away to the EU in 2009.[153] Post-Brexit the UK would regain that ability, strengthening our hand in negotiations with Anglophone African nations that require such investment.

Moreover, the Anglophone nature of trade should not be overlooked as has been already explained, but it remains paramount in Africa specifically. A British Council study found that English was the preeminent

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151 UK business must not miss out on Africa, This is Africa, 23 May 2013, http://www.thisisafricaonline.com/Business/UK-business-must-not-miss-out-on-Africa-Chuka-Umunna?ct=true, accessed 4 Feb 2013

152 UK Government ramps up trading in Africa, 9 Feb 2011 https://www.gov.uk/government/news/uk-government-ramps-up-trading-in-africa, accessed 4 Feb 2014

153 A letter from Mark Simmonds MP to Andrew Rosindell MP, 20 Dec 2012, In response to a Westminster Hall debate on Commonwealth Trade.

language which united Africans in business on the continent, Europe, the Americas and importantly China and the East and concluded that:

> My own and other survey studies indicate, therefore, that despite challenges from other languages English will remain the most popular or desired language in Africa.[154]

To conclude this section on South Africa and wider Anglophone Africa we would rank the likelihood of an FTA with the former as 2.5/5 which would increase if the UK were able to ensure entry into EFTA within a three year time scale. However, a bilateral would take considerably longer given South Africa's slow progression of past FTAs and their gaze placed firmly on Africa. As for other select Commonwealth nations like Ghana, Nigeria, and Kenya we would rank 2/5, but that should not indicate that UK policy should overlook these fast growing Commonwealth nations with perhaps a focus on bilateral investment agreements coming first.

The Gulf States

Although not Commonwealth nations nor for that matter immediately identifiable as part of the Anglosphere, it can be argued that the Gulf States should form some part of our trade opportunities which can be seen through a Commonwealth lens. To substantiate this claim we must touch upon the historical links. Bahrain, Kuwait, Qatar, and the UAE all became British Protectorates during the 19th and early 20th centuries. They remained foreign territory, but their status placed them informally within the British Empire. This continued until Britain granted independence to Kuwait in 1961 and the remaining Gulf states in 1971.[155] Strong ties still remain and this led the Foreign Affairs Select Committee to explain that:

> The Gulf had mattered to the UK for generations, and FCO described the UK's relationships in the Gulf as "among our most enduring in the world"… The fact that the Gulf wasn't directly colonised was generally thought to have resulted in a more mutually respectful relationship and the UK now has a valuable legacy of close ties with a number of Gulf rulers.[156]

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154 Coleman, H., 2011, Dream and Realities - Developing Countries and the English Language, http://www.teachingenglish.org.uk/sites/teacheng/files/Z413%20EDB%20Section08.pdf, accessed 4 Feb 2014

155 Onley, J., (2005) Britain's Informal Empire in the Gulf, 1820—1971, pp. 2, http://socialsciences.exeter.ac.uk/iais/downloads/Britain_s_Informal_Empire_in_the_Gulf_1820-1971_2005.pdf, accessed 4 Feb 2014

156 The UK's relations with Saudi Arabia and Bahrain – Foreign Affairs Committee, Broader context: UK ties with the Gulf, http://www.publications.parliament.uk/pa/cm201314/cmselect/cmfaff/88/8806.htm, accessed 4 Feb 2014

It also highlighted the fact that witnesses noted a sense in the Gulf of the UK as: “an experienced and knowledgeable partner”, especially when compared with other Western nations. One witness said:

> The clinch is you understand us. You have been around roughly for 150 years.[157]

In a further demonstration of closer unity with the Gulf, the UK has been described as the Eighth Emirate after the UK’s recent push to make it easier for people from Gulf States to visit through visa free travel.[158]. This accord is augmented through the proliferation of English in the Gulf. The English language has also become a regular subject in schools of Dubai and Abu Dhabi and it is now considered as the primary second language.[159] Although this has had certain resistance the New York Times reported:

> There is a feeling that Arabic is fast becoming a second language in the Gulf, as people need to use English as a common language with the huge number of expatriate workers who make up most of the private sector, and as the wealthy and educated youth increasingly speak to each other in English…there is a tendency of educated Arab youth to switch back and forth from Arabic to English[160]

With reference to our legal system section, it should be noted that Bahrain and Kuwait use English Common Law which adds to compatibility with the UK.

In addition, the Royal United Services Institute released a report which comments that:

> There is some important ground to make up and the Gulf powers, in their military weakness and economic strength, are more pivotal to UK security and prosperity than was the case a decade ago. [For example,] Trade between the UK and the UAE reached £14 billion last year and the UAE alone invested £8 billion in UK projects. The biggest single group of UK expatriates – over 100,000 – live and work in the UAE.

157 ibid
158 UK gives visa free travel to the Eighth Emirate to Emirates, The National, 12 Nov 2013, http://www.thenational.ae/uae/tourism/uk-gives-visa-free-travel-to-the-eighth-emirate-to-emiratis, accessed 4 Feb 2014
159 A guide to teaching English in the UAE, Love TEFL, http://www.lovetefl.com/teaching-english-in-the-middle-east/teaching-english-in-the-uae/, accessed 4 Feb 2014
160 Battling to Preserve Arabic From English’s Onslaught, New York Times, 11 June 2012, http://www.nytimes.com/2012/06/11/world/middleeast/11iht-educlede11.html?_r=0, accessed 4 Feb 2014

> Qatar is believed to invest around £20 billion in the UK and may soon add another £10–15 billion in infrastructure investment. Qatar is, in any case, the prime supplier of liquefied natural gas (LNG) into the UK.[161]

They conclude that there are, 'compelling reasons for the UK to take its Gulf relationships much more seriously.'[162] We agree and it appears so does the UK Government according to the FASC report:

> The Government has also said it intends to become the Gulf's commercial 'partner of choice', and it has set ambitious trade targets, including the doubling of trade with Kuwait and Qatar by 2015.[163]

Therefore post Brexit, the process of securing an FTA and bilateral investment deal with the Gulf Co-operative Council (GCC), which also includes Saudi Arabia, is critical. In terms of bilateral trade with the region the Gulf States are the UK's seventh largest export market.[164]

In September 2013, the UK also announced that it was opening two British Business Centres in Dubai and Abu Dhabi. They will offer advice and a 12-month 'incubator' support system for SMEs trying to break into the Emirates.[165] UKTI have also had discussions to branch out across the Gulf with similar centres in 20 countries, including Qatar and Kuwait.[166] Furthermore, Britain's consul general to Dubai said the UK's target for bilateral trade in the UEA by 2015 of £12 billion is well on track.[167]

The UK is also moving forward as the first non-Muslim nation to be allowed to issue Islamic bonds called a Sukuk.[168] This groundbreaking achievement has an advantage with the wider Commonwealth, as a number of pivotal nations are Muslim to which the UK can sell bonds.

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161 A Return to East of Suez? UK Military Deployment to the Gulf, RUSI, 2012, http://www.rusi.org/publications/other/ref:N517AA8D59D1B3/

162 ibid, pp. 1

163 Op cit., The UK's relations with Saudi Arabia and Bahrain, http://www.publications.parliament.uk/pa/cm201314/cmselect/cmfaff/88/8806.htm

164 ibid

165 New British business centres to support UK SMEs opening in UAE, Dubai Eye, http://www.dubaieye1038.com/new-british-business-centres-to-support-uk-smes-opening-in-uae/, accessed 4 Feb 2014

166 Dubai and Abu Dhabi to help British firms start up in the UAE, The National, 23 Sept 2013 http://www.thenational.ae/business/economy/dubai-and-abu-dhabi-to-help-british-firms-start-up-in-the-uae, accessed 4 Feb 2014,

167 ibid

168 Britain to become first non-Muslim country to launch sharia bond, Daily Telegraph, 29 Oct 2013, http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10410467/Britain-to-become-first-non-Muslim-country-to-launch-sharia-bond.html, accessed 4 Feb 2014

The bond itself should go live later in 2014 through HSBC, which led the Lord Mayor of London to state confidently that:

> Islamic finance should be as British as fish and chips or even the overcast skies we see outside today.[169]

This approach was shown to have merit last year when the first World Islamic Economic Forum ever held in Europe took place in London.[170] This truly international policy from the UK can only help in a post-Brexit world.

How does this leave the possible FTA ranking in the Gulf? The GCC has a number of FTAs one of which is with EFTA, but this has yet to come into force.[171] Another is with Singapore[172], while it is also negotiating with Australia.[173] Deals with China[174] and India[175] have also been revived. Interestingly, the EU has tried to forge a deal with the Gulf as far back as 1988, but talks broke down and the GCC suspended them citing numerous unresolved issues.[176]

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169 UK said to pick HSBC fro Sukuk debut as early as 2014, Bloomberg, 31 Jan 2014, http://www.bloomberg.com/news/2014-01-31/u-k-said-to-pick-hsbc-for-sukuk-debut-as-early-as-2014.html, accessed 4 Feb 2014

170 9th WIEF, London http://wief.org/current-wief/ accessed 4 Feb 2014

171 EFTA Trade Agreements, GCC, http://www.efta.int/free-trade/free-trade-agreements/gcc, accessed 5 Feb 2014

172 Overview of the GCC, The Singapore FTA Network, http://www.fta.gov.sg/fta_gsfta.asp?hl=32, accessed 5 Feb 2014

173 The Australian-GCC FTA agreement, Australian Government Department of Foreign Affairs and Trade, http://www.dfat.gov.au/fta/agccfta/, accessed 5 Feb 2014

174 GCC, China to sign ''14-17 action plan, resume FTA negotiations, Bilaterals.org, 16 Jan 2014, http://www.bilaterals.org/?gcc-china-to-sign-14-17-action, accessed 5 Feb 2014

175 Support early conclusion of FTA with GCC: India to Kuwait, Times of India, 8 Nov 2013, http://articles.economictimes.indiatimes.com/2013-11-08/news/43822238_1_india-and-gcc-early-conclusion-economic-cooperation, accessed 5 Feb 2014

176 GCC Members Suspend Free-Trade Talks With Europe, Bilaterals.org, 26 May 2010, http://www.bilaterals.org/?gcc-members-suspend-free-trade, accessed 5 Feb 2014

Therefore, with the UK's strong historical and new trading relationship with the Gulf, we would argue that it is highly likely that both bilateral investment deals and a regional deal could be secured. We rank this 3/5 in terms of ease, but the timing may take longer than three years given the previous length of FTA discussions. Again EFTA accession would provide a ready-made option to build upon, although the UK independently would be in one of the soundest positions to build such agreements with the Gulf.

Hong Kong and China

We have included this section because Hong Kong has a special place unofficially within the Commonwealth while China has used various Commonwealth organisations in order promote trade. China sent 60 delegates to the 2011 Commonwealth Business Forum in Perth and repeated this in 2013 at Colombo with 100 plus Government and business leaders.[177] Furthermore, before Perth, Australia used Hong Kong as a staging post to invite Chinese business to understand the Commonwealth.[178] On these three occasions the UK lagged behind, for example only sending a Trade Minister last minute to Sri Lanka. China uses Hong Kong's special relationship with a key number of Commonwealth nations to further its objectives – it uses the power of the Commonwealth network for itself while UK policy leaves this sphere relatively untapped. Therefore, we would argue that there is nothing stopping the UK from reverse engineering the relationship with China – using the Commonwealth and Hong Kong to gain greater access to China.

This is underscored by the Director-General of the Hong Kong Economic and Trade Office, which revealed that British companies employed about 10% of Hong Kong's workforce and that membership of the British Chamber of Commerce in HK is greater than anywhere else in Asia. She also made the point that the UK can make use of Hong Kong's geographical and economic position to enter the emerging markets in Asia. Even more crucially she explains that through the Closer Economic Partnership Arrangement (CEPA) between Hong Kong and China that is in effect an FTA which:

177 Sri Lanka hopes for investment rise at record Commonwealth business meeting, Xinhuanet, 13 Nov 2013, http://news.xinhuanet.com/english/world/2013-11/13/c_132885572.htm, accessed 5 Feb 2013

178 Australia's Commonwealth Business Forum launched in Hong Kong, Australian Consulate-General, Hong Kong, China, 28 April 2011, http://www.china.embassy.gov.au/hkng/PR_20110428.html, accessed 5 Feb 2014

> UK companies can take advantage of because the beauty of CEPA is that it is nationality-blind: by setting up an operation in Hong Kong, foreign enterprises can use the city as their platform to enter the vast Chinese market.[179]

Moreover, UKTI highlights on its website that Hong Kong is the second largest market in Asia Pacific for UK goods exports and more than half of all the UK's investment in Asia is in Hong Kong.[180]

Hong Kong still has representation in numerous Commonwealth organisations; however, China does not grant associate or full membership. Andrew Rosindell MP made this point last year.[181] The question was side-stepped by the Chinese, but the point remains that if China wishes to engage with the Commonwealth then Britain should use its leverage in Hong Kong for the mutual benefit of all three nations involved. In addition, Hong Kong uses a Common Law legal system. This link allows the UK considerable strength with trade and investment. Using Hong Kong as a gateway into China will dispel concerns about Chinese law and practices if deals can be concluded in Hong Kong then fed into the Mainland.

The UK also has the added asset of securing itself as the Western hub for offshore trading in the Chinese currency – the Renminbi as well as the Western centre for Chinese investment.[182] Furthermore, it was agreed that Renminbi could be traded directly against sterling, rather than through the US dollar, which elevates the UK's position.[183]

179 Allcock, A., Director-General of the Hong Kong Economic and Trade Office, Why does Hong Kong still matter to the UK? Keynote at the Hong Kong Association, March 2011, http://international.lawsociety.org.uk/files/20101214_why_does_Hong_Kong_still_matter_to_the_UK.pdf

180 Building Britain's prosperity in Hong Kong, 21 March 2013, https://www.gov.uk/government/priority/building-britain-s-prosperity-in-hong-kong, accessed 5 Feb 2014

181 British lawmaker to Beijing: Allow Hong Kong to rejoin Commonwealth, 11 Nov 2013, http://www.scmp.com/news/hong-kong/article/1352736/british-lawmaker-wants-hong-kong-back-commonwealth?page=all, accessed 5 Feb 2014

182 The UK as the Global centre for investment in China, HM Treasury infographic, http://www.flickr.com/photos/hmtreasury/10286451284/lightbox/, accessed 5 Feb 2014

183 Traders welcome latest UK-China deal on RMB, FX Week, http://www.fxweek.com/fx-week/news/2301379/traders-welcome-latest-uk-china-deal-on-rmb, accessed 5 Feb 2014

Therefore, turning to free trade and the possibility of the any deal, China is slowly opening up with the launch of its first Free Trade Zones.[184] While Hong Kong also has an FTA with EFTA, which is far ahead of the EU's attempt at a deal, it would mean that any successful EFTA membership bid would grant the UK free access to the Hong Kong market.[185] The EFTA deal itself only took just over a year to be completed. Such speed and scope shows what the UK must learn.

Consequently when taken together we would rank the feasibility of a UK-Hong Kong FTA highly with 4/5 for speed and political difficulty which increases further with any EFTA membership. As for Mainland China the difficulty lies in its direction of travel towards unity with the other BRICS nations as well as its path to greater economic freedom. However, China does also have FTAs with a number of Commonwealth nations: Pakistan, New Zealand, and Singapore as well as ASEAN, EFTA and Switzerland. It is also negotiating deals with the Gulf Council and Australia.[186] Given the closer economic ties with the UK via Hong Kong, we would rank a possible UK-China FTA as 2.5/5, although the time this would take we predict would fall outside our 2021 Europe deal as its FTAs have taken just over four years to complete.

Summary

As one can see from this exhaustive list of nations and groupings the UK is going to have to be extremely stretched in its capacity to create FTAs or bilateral investment agreements. It will also require the utmost patience as the average FTA takes around four years to complete. A deal with the USA should be sought from the beginning and should run parallel to any EU FTA. The US moves quickly with FTAs averaging 1.7 years.[187] We expect the EU deal to be fraught, but not insurmountable as the EU is bound by the Lisbon Treaty to find an amicable solution. Politics is a

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184 Shanghai free trade zone attracts 1,400 companies, Financial Times, http://www.ft.com/cms/s/0/20b7714c-57fb-11e3-82fc-00144feabdc0.html#axzz2sXnxMLh2, accessed 5 Feb 2015

185 EFTA-Hong Kong FTA signed, EFTA, 21 June 2011, http://www.efta.int/about-efta/news/2011-06-21-efta-hong-kong-fta-signed, accessed 5 Feb 2014

186 China FTA Network, http://fta.mofcom.gov.cn/english/index.shtml, accessed 5 Feb 2014

187 Ferrantino. M., (2006) Policy Anchors: Do Free Trade Agreements And WTO Accessions Serve As Vehicles For Developing-Country Policy Reform?, Office of Economics Working Paper, US International Trade Commission, p.26 http://www.usitc.gov/publications/332/working_papers/EC200604A.pdf, accessed 10 February 2014

game of compromise, although the EU with its favourable trade surplus with the UK must recognise the benefits of keeping trade open.

Meanwhile, EFTA throws up complications as it could damage any EU deal. However, it does provide a huge gateway to many other existing FTAs that would save the UK considerable time. EFTA deals with South Africa, Canada, the Gulf, Hong Kong, and hopefully India by 2017 will allow the UK more time to focus on other Commonwealth nations. We recommend that it is an approach worth starting.

Other FTA arrangements can also commence in 2017, but the UK must expect the process to be protracted. However, deals with Canada, Australia, New Zealand, Malaysia, Singapore, and Hong Kong we suggest can be concluded within our three-year draw down period until 2021. We stress again unlocking EFTA as well as the EU and US by 2021 will ensure that the UK has even more FTAs by 2021. A second phase of FTAs are more likely to include nations such as South Africa, China, India, Nigeria, Ghana, Kenya or groups like ASEAN. We have designated a 2023 completion date.

Our next section looks at immigration and how this can affect the temperament not just of domestic politics, but also the trade partners that one is looking to secure. We will argue the case that the UK can do much to alter its perception in the global market place and attract the best talent from around the Commonwealth and wider Anglosphere, while also promoting emigration to these parts of the world.

Immigration

Immigration Policy Proposals
1.Re-establish the Commonwealth Youth Visa
2. Restore 2 year time frame to secure employment through the Tier 1 post-study visas
3. Introduce a Commonwealth route to Tier 1 Exceptional Talent visas
4. Call a Commons vote on any prospective EU migration cap
5. All EU nationals currently working in the UK to be free to remain
6. Alter UK via policy to be based on economic need and new 'ability to integrate' parameters
7. Expand bilateral visa options for British undergrads to study in Anglosphere nations
8. Create a Commonwealth Business visa that mirrors APEC's
9. Join the APEC business visa programme
10. Establish a form of Commonwealth airport queue at major airports

Immigration: an island story

Despite being one of the most challenging political topics in the UK, immigration must be included in any public policy discussion when focusing on trade and investment. There are two sides to this – the economics and the social, which often pull in the opposite direction. No politician has found a workable solution and is often pulled hither and thither by the elements. Our attempt in this essay will be to show that migration can make a positive contribution to both the social and the economic vibrancy of the UK in a way that is fair and considerate to both European and Commonwealth immigrants. Our argument rests on the premise that the Commonwealth and wider Anglosphere provides the widest network to access the global talent in a way that boosts business and cultural exchange. To do this we must first return to history to explain the current Commonwealth situation.

Commonwealth migration patterns

The Commonwealth Immigration Act 1962 became the first attempt to control the first sizeable waves of immigration into the UK from the Caribbean. This was then extended through the 1968 Commonwealth

Immigration Act with the arrival of many Asian people into the UK when these groups became displaced by the *Africanisation* policies of Kenya, Malawi and Uganda. The 1971 Immigration Act then provided control of people of all nationalities from entering the UK freely.[188] Previously, all those in the Commonwealth and the colonies were British subjects and therefore had the right to settle. However, when decolonisation took place new nations and nationalities were born. The idea of *Britishness* was slowly returning to its own shores, while the idea of being a European nation began to rise. It is not just a coincidence that when Commonwealth immigration into the UK was curbed significantly that the UK entered into closer trading relations with the EEC. Trade, investment, and immigration policies go hand in hand.

It has also been argued then that the influx of immigrants into the UK from Commonwealth nations were not seen as 'British' anymore thereby making ethnicity a key component of citizenship.

The process of viewing those from Commonwealth nations: white, black, or Asian as alien has had a profound effect on the UK's national psyche and trading position in the world. Britain's global identity had been diminished in favour of a solely European one.

Mind the Migration Gap

Arguments surrounding immigration still do not fare well in the 21st century either. Jack Straw and David Blunkett confess they got it wrong on immigration policy.[189] This has had a knock on effect for the UK as these diagrams below from the House of Commons Library explain:

188 Immigration Legislation in Britain, Moving Here, http://www.movinghere.org.uk/galleries/histories/caribbean/journeys/legislation.htm, accessed 8 Feb 2014,

189 Immigration from Eastern Europe: David Blunkett and Jack Straw admit Labour Government 'got it wrong', Daily Mirror, 13 Nov 2013, http://www.mirror.co.uk/news/uk-news/immigration-eastern-europe-david-blunkett-2786376, accessed 8 Feb 2014

Chart 2: IPS estimates of long-term international migration in the UK, 1964-2012

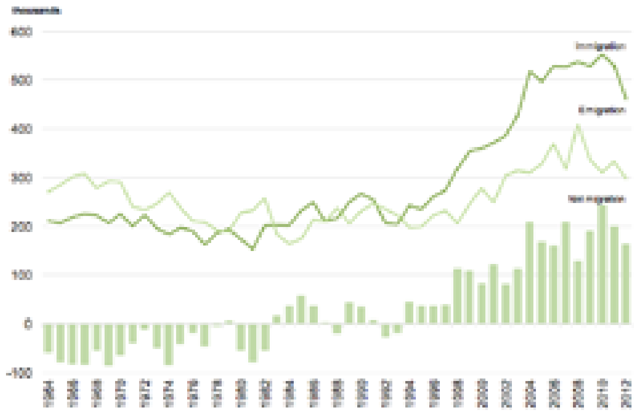


Chart 1: Long-term international migration in the UK, 1991-2012

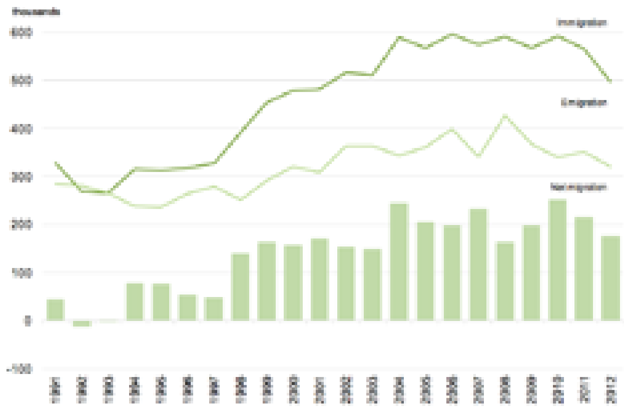
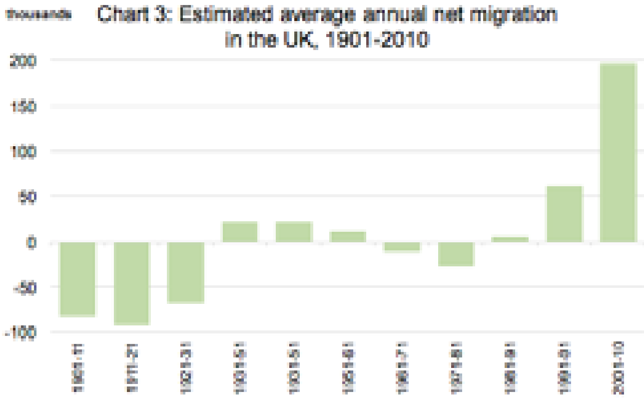


Chart 3: Estimated average annual net migration in the UK, 1901-2010



As the first chart shows clearly, even when Britons were worried about Commonwealth immigration there was still negative net migration in the 60s and 70s. In fact, it wasn't until the mid-80s that the UK witnessed year on year levels of net migration in the region of 50,000. As our second chart indicates, from 1997 there was a rapid acceleration of immigration, which caused the gap in net migration to widen considerably. Finally, as our third chart shows, the last decade witnessed a surge in net migration that was unprecedented in the history of the UK.[190] Numbers increased in 2004 when the EU grew to include large parts of Eastern Europe. Although the current government has reduced these net migration levels slightly. However, at what cost to the Commonwealth? The only real lever that the present Government could pull to reduce migration levels was from non-EU nationals due to the EU four freedoms of which the UK is bound.

A Tale of Two Commonwealths

When looking at a breakdown of the immigration figures we see that from 2004 Old Commonwealth nations (Australia, Canada, New Zealand & South Africa) peaked at 73,000, but this figure has crashed to 29,000. New Commonwealth immigration remained relatively constant from 141,000 to 151,000; however, this category increased rapidly from a 1999 base of 68,000. 53,000 Eastern European immigrants entered the UK in 2004; this peaked in 2007 at 112,000 and stood at 77,000 in 2011. Therefore, what we have is a mixed picture between the Old and New Commonwealth against a backdrop of increased EU immigration, which has led to an average net surplus of 200,000 entering the UK each year.[191]

190 Migration Statistics, House of Commons Library brief, 21 October 2013, pp. 5, 6, 7, and 9.

191 ibid, p.11

Table 4a: Immigration to the UK by country of last residence, 1999-2011

thousands

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union	**95**	**89**	**84**	**98**	**101**	**153**	**186**	**218**	**229**	**226**	**198**	**208**	**203**
European Union 15	95	65	84	98	101	88	107	118	130	114	114	118	107
European Union A8	:	:	:	:	:	64	76	93	113	83	67	81	77
European Union Other	:	:	:	:	:	1	3	7	7	21	13	17	19
Rest of Europe	57	50	37	47	35	18	20	21	17	14	13	14	12
Old Commonwealth	**92**	**65**	**99**	**86**	**92**	**96**	**90**	**88**	**65**	**65**	**56**	**57**	**51**
Australia	40	36	62	38	40	36	36	48	31	30	29	30	26
Canada	6	10	7	8	12	7	7	7	9	10	8	9	9
New Zealand	16	18	17	13	12	13	15	12	13	9	8	11	8
South Africa	26	22	23	28	28	37	29	21	17	20	11	7	8
New Commonwealth	**83**	**104**	**101**	**102**	**113**	**162**	**136**	**139**	**135**	**128**	**148**	**162**	**153**
African Commonwealth	24	30	30	41	40	45	32	23	24	31	31	23	19
Indian sub-continent	40	50	51	46	58	90	86	102	95	80	101	121	122
Other Commonwealth	19	24	19	15	15	17	11	14	16	17	16	19	12
USA	31	24	25	29	30	27	25	23	23	28	31	22	23
Rest of America	7	12	6	7	8	5	7	8	13	12	9	18	6
Middle East	15	30	31	33	26	25	19	21	25	30	26	24	25
Other	74	88	99	122	107	104	90	93	82	87	84	94	91
All countries	**454**	**479**	**481**	**516**	**511**	**589**	**567**	**596**	**574**	**590**	**567**	**591**	**566**

In fact, there has been a dramatic drop in Australian immigration from 40,000 in 1999 to 26,000 in 2011. New Zealand has seen 16,000 annual immigrants reduced to 8,000, while South Africans have tumbled from 26,000 to just 8,000 in 2011. Only Canada in the Old Commonwealth has increased from 6,000 to 9,000.[192]

It does not make good reading for the UK's largest trading and investment partner either with 31,000 Americans arrived in 1999, but this figure has declined to 23,000 in 2011. Commonwealth Africa (excluding South Africa) has also seen a drop from a peak of 45,000 in 2004 to 19,000. It is the Indian sub-continent Commonwealth that tells a different story rising from 40,000 to 122,000 in 2011.[193]

192 ibid, p.11
193 ibid, p.11

The Commonwealth Working Holiday Scheme

One of the reasons for alterations in Commonwealth immigration is down to the change in the Commonwealth Working Holiday scheme. It allowed young people (17-27) from the Commonwealth to visit the UK for two years and gave them the option of working during this period. There were no quotas and the vast majority came from the Old Commonwealth. The scheme increased year-on-year from 40,400 in 2000 to 69,500 by 2004/5, but started to decrease to 52,600 by the end of 2006.[194]

The Government tinkered with the scheme over the years. The 12-month working limit was abolished in 2003 only to be reinstalled again in 2005. In a 2002 immigration whitepaper it also wanted to increase its take up away from Old Commonwealth nations to New Commonwealth, while wanting the job criteria to extend to all skills levels. Other ideas included raising the age limit to 30 and even allowing Commonwealth individuals to use the visa more than once. The then Immigration Minister stressed the Government's commitment:

> The House will see clearly how determined we are to ensure that there is a continued opportunity for people from Commonwealth countries.[195]

Despite this, the government decided to bring the Commonwealth holidaymaker visa to an end and introduce a points-based youth mobility scheme that removed Commonwealth exclusivity and reduced which Commonwealth nations could apply.[196] When it was introduced in 2008 it was only open to Australia, Canada, New Zealand, and Japan. This has been extended to Monaco, South Korea and Taiwan. This act in 2008 was a definitive undermining of the UK's Commonwealth links and damaged that network.

Consequently post-Brexit this essay's policy proposal is to see the Commonwealth youth visa reinstated and available to <u>all</u> Commonwealth nations. Importantly, this is also a goodwill device that will help discussions during any FTA the UK will be trying to negotiate with these Commonwealth partners.

Furthermore, even Australians are finding it hard to enter the UK on either Tier 1, 2, or 5 visas as has been shown by the Australian Times branding

194 ibid, p.4
195 ibid, p.9
196 ibid, p.12

the process a 'circus of red tape.'[197] Therefore, the UK is now left with a new immigration system that has no Commonwealth component, but has unfettered immigration from EU nationals. This is not a fair state of affairs.

"We take their money, we give them our knowledge, and then we kick them out" – Sir James Dyson

The current Government have also made things worse through its decision to change Tier 1 (post-study work) visas. Now international graduates will only be able to stay in the UK after study if they have a graduate level job offer. In the past they had two years to find a job. If they did secure skilled or highly skilled employment then they could apply for a Tier 1 or Tier 2 visa.[198] This decision has been criticised by a number of organisations and businessmen as well as going against international trends. Previously, the old route saw 47,700 visas granted in 2010, while in the first 12 months since the change only 119 people were granted one-year graduate entrepreneur visas.[199] Furthermore, Australia was introducing arrangements that were similar to the UK's abolished post-study work visa, although allowing four years to find employment.[200]

This is supported in a 2014 Evening Standard article from the head of the IoD in the UK, Simon Walker, (a New Zealander):

> Eighty percent of IoD members say that educating foreign students in British universities is good for the country — yet the system is described by Sir James Dyson as being one where "we take their money, we give them our knowledge, and then we kick them out". This is madness. I agree with Sir James that we ought to be handing out visas to the brightest students at their graduation ceremony…The economy of the future will be powered by a young, mobile workforce…we must do all we can to attract them from around the world.[201]

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197 UK visas for Australians are a circus of red tap, Australian Times, 28 Aug 2013, http://www.australiantimes.co.uk/uk-life/your-say-uk-visas-for-australians-a-circus-of-red-tape.htm, accessed 8 Feb 2014

198 Immigration, Tier 1 (Post-study work) visa, House of Commons Library brief, 21 March 2012, p.1

199 Jus 119 graduate entrepreneur visas granted in 12 months, Times Higher Education, 3 Oct 2013, http://www.timeshighereducation.co.uk/news/just-119-graduate-entrepreneur-visas-granted-in-12-months/2007861.article, accessed 8 Feb 2014

200 Op. Cit., Immigration Tier 1 brief p.11

201 London must attract the world's best workforce, Evening Standard, 4 Feb 2014, http://www.standard.co.uk/comment/simon-walker-london-must-attract-the-worlds-best-workforce-9106242.html, accessed 8 Feb 2014

With 60% of the Commonwealth population under-30, we agree that more must be done to secure a global workforce that views the UK as a place to study, set up shop, and do business.

Who wants exceptional talent?

Another one of our policy suggestions is to open up the Tier 1 (Exceptional talent) visa route to include a Commonwealth dimension. At present there are four British organisations that have the ability to endorse candidates for these types of visa. These groups are the Royal Society, Arts Council England, British Academy, and Royal Academy of Engineering. There is a quota limit each year of 1,000 endorsements shared between the four.[202] We propose that a Commonwealth agency be added to the list to help businessmen/women in any field from Commonwealth countries that are eligible under the exceptional talent visa criteria. This would convey the UK's commitment to the wider Commonwealth at a time when no mention of the Commonwealth exists in UK visa applications.

EU nationals working in the UK

More boldly, the unchecked nature of EU immigration would have to be considered by British lawmakers. We propose that any decision on whether to cap or curb EU immigration must be through a specific Commons vote. This would give the Prime Minister the consent of Parliament to negotiate a deal with the EU during our three year drawdown process. Current EU nationals that have made their home in the UK would of course be free to remain.

This policy is not anti-immigration, but the UK should not sanction EU migration to the detriment of the rest of the world. Instead, there should be a levelling of the playing field for US, Commonwealth and European nationals looking to work, visit, and study in the UK. Fundamentally, the idea of Britishness must be expanded away from its recent European moorings towards a more internationalist aspect not based on geographic proximity.

We recommend a visa policy based on economic need and the 'ability to integrate' through such parameters as a strong competency of the English language, compatible values, laws and customs, as well as educational

202 Tier 1 Exceptional Talent Visa, UK Border Agency, http://www.ukba.homeoffice.gov.uk/visas-immigration/working/tier1/exceptional-talent/, accessed 8 Feb 2014

demand. The current points based system for Tier 1 does not weigh these considerations as highly as it does preferring Age, Qualifications, and Previous Earnings.

Migration is a two-way process

Importantly, migration is a two-way process – immigration and emigration. At the moment the UK is heavily skewed towards the former. Therefore, one of our policy proposals is to see more people, especially the young, gain more opportunities to study and work in the Commonwealth and wider Anglosphere like they currently do through the EU Erasmus programme. Universities Minister, David Willetts, wrote an article entitled: *Why I want more British students to study in America.* He identifies that over 400,000 international students come to study in the UK, whilst 25,000 UK students study abroad. In a key paragraph he states:

> British students who decide to study abroad are embarking on an adventure that could transform their lives...These undergraduates are establishing a network that stretches across the Atlantic – and probably further. Many of them see a degree course abroad as the first step to an international career but that doesn't mean they lose their UK roots.[203]

This should also extend to Commonwealth nations. The network is not just an Atlantic tie; it is global and is represented through the Commonwealth chain. As explained previously in this essay, a shared language and law mean it is possible for a Brit to study Law in Singapore, work in a practice in Canada, and then set up a firm in Nigeria. The same should be said of nearly every business or investment prospect. Therefore, when negotiating FTAs with Commonwealth nations the UK should also be working with University Ministers to secure deals for flexible study/work visa requirements.

Make Britain open for business – A Commonwealth business visa

There should also be a policy switch to business visas. The UK does have Tier 1 visas. However, our recommendation is for the creation of a Commonwealth business visa system similar to APEC's. This would boost our Commonwealth credentials in the eyes of our partners and

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203 Willetts, D., Why I want more British students to study in America, Daily Telegraph, 14 Nov 2013, http://www.telegraph.co.uk/news/politics/conservative/10448662/David-Willetts-Why-I-want-more-British-students-to-study-in-America.html, 8 Feb 2014

importantly make business easier. We also advocate that the UK seek to join the APEC business visa too.

APEC's approach has been to create a visa, which allows business travellers a pre-cleared, short-term entry system for participating countries. It removes the need to individually apply for visas, which saves valuable time and also allows multiple entries for three years before it must be renewed. There are also special lanes at major airports for APEC cardholders. The scheme started in 1997 and has grown significantly. In 2011 applications had increased year-on-year by 100%. In 2008 there were 34,000 with an active card.[204] This figure has increased to 120,000 in 2013.[205] The typical cost for the three-year visa is Aus$200.[206] An in-house study was complied in 2011, which showed that the ABTC scheme reduced transaction costs for cardholders by 38%, which represented a total saving of $3.7m between March-July 2010 and March-July 2011. The time saved over these periods was calculated to be 62,413 hours with a monetary value of $1.9m.[207]

It went on to show that a survey found that a majority of business executives thought face-to-face communication and in-person meetings had a large impact on their business with it being seen as the best way to meet new clients (79%), essential for negotiating final agreements (89%), and a key factor in building long term business relationships (95%).[208] Therefore, such a visa adopted in the UK would help grow British business.

Joining the APEC business visa may prove problematic at first due to its association of Asia-Pacific nations. However, Russia joined in 2013 and is seen as both European and Asian power. The same political notion applies to the US, Canada, Australia and New Zealand. If these nations can pivot to Asia there is no reason why the UK cannot. What it requires is a change of mind-set and political perspective. As we have argued throughout: Geography matters little in a globalised and networked world. Post-Brexit the UK would be able to break the bonds of a solely European Weltanschauung.

204 Apec Business Travel Card, APEC.org, http://www.apec.org/about-us/about-apec/business-resources/apec-business-travel-card.aspx, accessed 8 Feb 2014
205 Russia opens visa-free entry under APEC business travel scheme, APEC, 6 June 2013 http://www.apec.org/Press/News-Releases/2013/0606_travel.aspx, accessed 8 Feb 2014
206 APEC tRavel Card Costs, Australian Department of Immigration and Border Protection, http://www.immi.gov.au/fees-charges/apec.htm, accessed 8 Feb 2014
207 Op. cit, APEC Business Travel Card
208 ibid, p.1

If joining the APEC visa scheme proved too challenging then reproducing such a visa for the UK should be regarded as a priority and one that also has a focus on Commonwealth businessmen joining as well as those from the USA. Tiers could be built in the system for specific bilateral arrangements between Commonwealth nations.

This all highlights the positives of an APEC approach for making immigration queues more about business. We recommend that the UK adopt such a policy and finds a way to work with those who administer the scheme. This will be a way to increase business opportunities prior the completion of FTAs and investment agreements.

How to Queue – a British pastime

Keeping with immigration queues, Andrew Rosindell MP has advocated for Commonwealth Realms to have a dedicated channel at airport terminals.[209] This proposal is of relevance because after Brexit immigration controls will have to visibly change at the UK border. The UK will not remain in the EU queue, which will mean a repatriation of a single British queue. This would be an appropriate time to consider ways to introduce a Commonwealth airport queue to emphasise our Commonwealth relationship. It would be the first sight citizens would see and it would send a clear message that the UK welcomes them. If a total Commonwealth queue proved too cumbersome to administer for security reasons then our Commonwealth business visa lane based on APEC would be a simpler solution. In fact, the UK Government has introduced separate fast track lanes at Heathrow for what it considers five *low risk nations* which were Australia, Canada, New Zealand, the US and Japan. The Immigration Minister had said the pilot had produced mixed results, although he said that fast-track lanes would be introduced after the Olympics to give these nations a better experience at Heathrow.[210]

209 Rosindell, A., United Kingdom Border, Hansard, 11 July 2012, Column 330, http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm120711/debtext/120711-0001.htm#12071139003229, accessed 8 Feb 2014

210 Heathrow to get fast-track passport lanes for ‘low-risk’ countries, The Guardian, 12 July 2012, http://www.theguardian.com/world/2012/jul/10/heathrow-fast-track-passport-heathrow/print, accessed 8 Feb 2014

In conclusion, the issue of immigration in the UK is no doubt even more complex than finding a solution to the UK's relationship with the EU. However, Brexit does allow the UK the opportunity to have a national discussion on how it sees itself. A good many policies need to be undone – the largest being the unchecked EU migration that effectively blocked the rest of the world from having a fair chance to study and work in the UK. This policy damaged the UK's rapport with Commonwealth nations. That is why we have tried to create a set of proposals that we believe strike the right balance. The reintroduction of the Commonwealth Youth Visa is the best start as the UK had one in 2008. Restoring the two-year mechanism to secure a job after university for international students is another smart move given that the UK only abolished this in 2013. Allowing EU nationals that work in the UK to remain will stop relations from souring and will mean the UK will not be accused of kicking out large swathes of Europeans.

Having a visa system based on economic need makes for a sensible and credible policy that the majority of Britons can get behind, while a creation of a Commonwealth business visa will signal to the rest of the Commonwealth that Britain is open for business again. This will certainly strengthen the UK's hand when at the negotiating table with these nations. Finally, post-Brexit efforts in public policy must be made to ensure airport terminals reflect a welcome global hub not solely a European passageway for the world.

Conclusion

We have presented what we believe to be a visionary set of proposals that are reinforced by real world illustrations. These are not fanciful, but rather analytical projections of where the UK's destiny lies by way of a policy framework through a Commonwealth and Anglosphere perspective. We have also demonstrated a distinctive equilibrium for the UK that sets it free towards an international and not exclusive European position.

Our strategy uses the historical tools of the Statue of Westminster and the Ottawa Agreements as blueprints to navigate the UK's secession. They also show the way on how to swiftly regain the underutilised markets of the Commonwealth, which we have validated as being growing players in the world economy.

The Commonwealth's power lies in its networked approach thereby allowing the UK access to every continent and every time-zone as a collection of developed, developing, and emerging economies. Through its shared language of 1.75bn English speakers we have shown how this facilitates trade and business ties bringing greater stability and unity as well as remaining the language of the future not the past.

2.55bn citizens using Common Law adds trust and safety to the Commonwealth system, as does its impressive business and corruptions rankings. The Commonwealth is also the perfect decentralised entity for the UK to import cheaper food and goods without EU tariffs as well as to export its own high end services. Additionally, the internet will play a vital part in this process, but the UK has the inbuilt advantage of being the "digital shop-keepers of the world"[211] as well as having numerous "accidental exporters" backed by the language of international commerce and the internet itself.

211 Digital Shopkeepers of the World, The Economist, http://www.economist.com/blogs/graphicdetail/2012/04/daily-chart-2, Accessed 14th September 2013

We have proposed a detailed three-year drawdown plan for the UK's exit from the European Union by 2021 ranging from the EU budget, the UK rebate, the withdrawal of MEPs, and a resulting UK-EU FTA.

To compliment this we have prepared a comprehensive breakdown of the FTA system that the UK will find itself in by prioritising its relationship with the Commonwealth and wider Anglosphere. For example, a trade agreement with the United States provides a mutually beneficial partnership as the UK's biggest trade and investment partner. Furthermore, we have argued that a number of these deals with nations like Australia, Hong Kong, Malaysia, and Canada will be completed by our prescribed 2021 drawdown period. However, we acknowledge that other nations will take the UK longer to secure due to historical patterns and complicated domestic priorities. In light of this we have shown that a 2023 phase is more likely. This includes countries and groupings such as India, South Africa, China, Nigeria, the Gulf States, and ASEAN.

We reflect that membership of EFTA will make a key number of these deals with Commonwealth partners more achievable given its own existing agreements that the UK would inherit if it gained accession to EFTA. Although, we recognise that EFTA membership is politically challenging given the evidence uncovered showing that it prefers nations similar to its own size and populations, but this is not an unsolvable task.

To deliver on these trade deals we made a further proposition to split the FCO thereby returning the Commonwealth Office to its previous position. We showed how this would streamline both Offices so they can focus on their specific sizeable remits and their challenges in a post-Brexit world. This is a cognitive shift in public policy and one with which our submission relishes.

Our immigration strategy is sensible, but sensitive to domestic concerns over migrants' ability to integrate and against businesses desire for a pool of additional labour at all skill levels. Additionally, UK policy must remain open to attract the talent that it requires and it must retain students who come to study in the UK. We believe our proposals will send a clear signal that Britain is now open for business.

In closing we say this: The British Government will need unlimited courage to complete the tasks set before them by Brexit. With this essay we feel confident that what we have set down is a strong marker and an unparalleled guide that will rebuild the UK's standing in the world transforming it into a vibrant and prosperous island capable of returning greatness.

Therefore, our restoration of the three-prong approach that was once natural British foreign policy will finally be rebalanced in order to create for the UK a future that is both European, Atlantic, and Global anchored within a Commonwealth context.

Finally as an old book on British Patriotism once said: *We are the Island on the World's edge*.

I rather now imagine that we are on its doorstep.

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