
Understanding and engaging with the Labour Party's trade policy

An overview

SUMMER 2023



Labour in listening mode

The UK's political landscape has changed decisively. On current polling, the Labour Party will comfortably win the next general election. The Conservative Party has been the sole architect on the UK's independent trade policy since Britain officially left the European Union in 2020; making this a critical moment to shape Labour's unevolved trade policy as it prepares for government.

The Labour Party is in "listening mode". While this has opened a window of opportunity, it will inevitably lead to the Shadow Cabinet being oversaturated with engagement from industry stakeholders. Industries with manifest electoral value will move to the front of the line; however, the value of trade policy in the context of a general election campaign is far from self-evident.

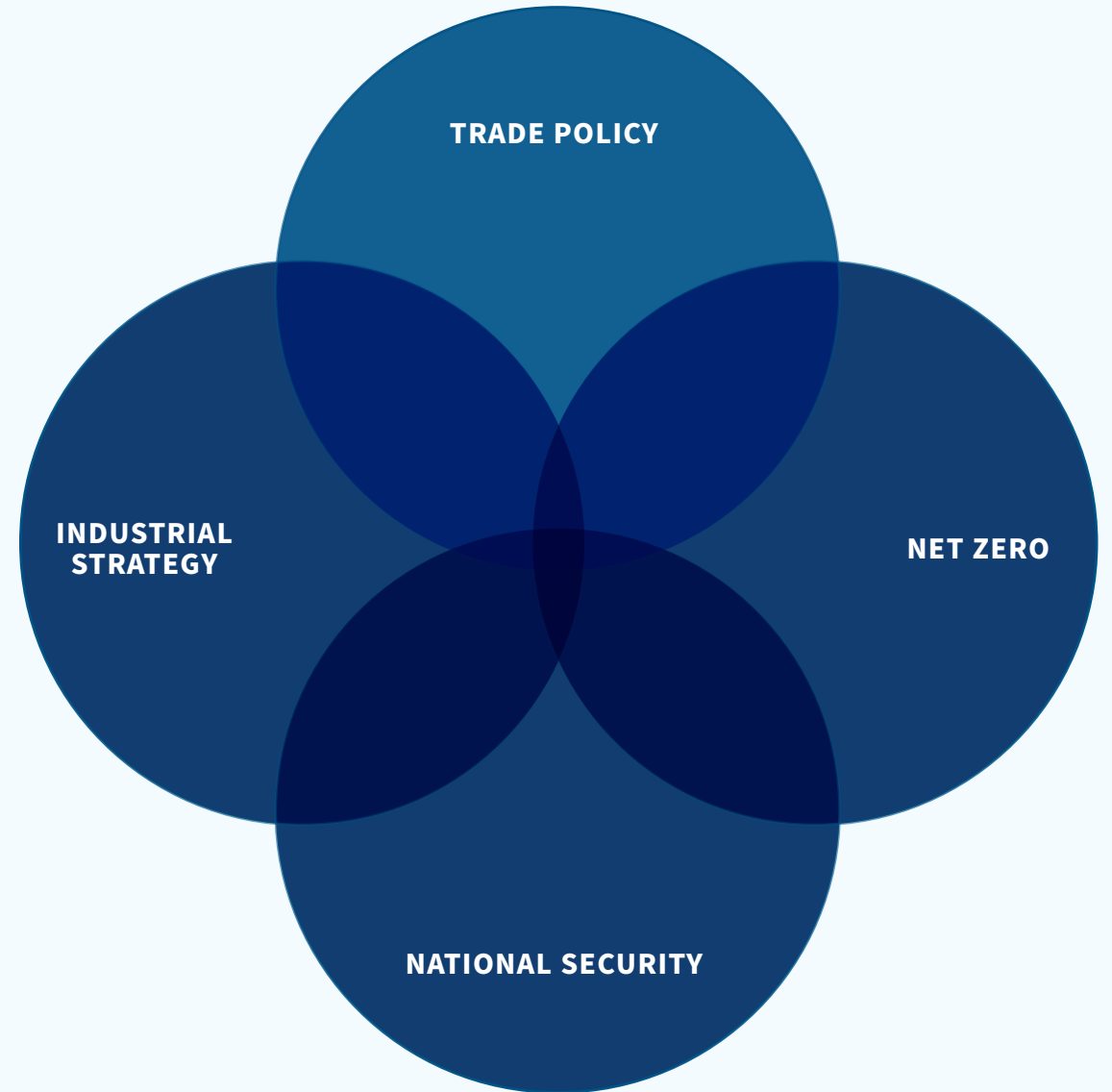
Trade policy is a critical vector of risk and opportunity for countless sectors, from advanced manufacturing and life sciences to textiles and retail. It does however risk being judged as low-impact in the context of a compressed political timeline, in which Labour will be hoping to consolidate its messaging as tightly as possible. Many industries' engagement strategies will need to be rewritten or reframed to survive contact with a potential Labour victory.

Global Counsel is uniquely placed to guide your engagement through the pre-election period, helping you understand trade policy risks and opportunities, fine-tune your engagement narrative, and establish relationships that outlive the election and deliver policy dividends on the other side.



Trade policy is about more than tariffs

- UK trade policy is undergoing a process of maturation. The immediate post-Brexit period saw free trade agreements assume top priority for successive Conservative governments. Now that deals have been struck with Australia, New Zealand, and the CPTPP, there has been a bipartisan change of focus; one that understands there is more to trade policy than tariffs.
- The election of a Labour government next year would roughly coincide with the resurgence of activist industrial policy on both sides of the Atlantic. While the contents of Labour's manifesto are unwritten, one thing is increasingly clear; green industrial policy is Labour's answer to economic underperformance and the race to net zero.
- From Labour's perspective, trade policy is industrial policy. For a future Labour government, it will be a delivery channel for regulatory diplomacy, border infrastructure, critical minerals supplies, and ultimately, the compliance costs faced by businesses trading goods and services in a new era of activist industrial policy.



The breadth of UK trade policy



BILATERAL NEGOTIATIONS

- India
- Canada
- Mexico
- Switzerland
- Israel
- Gulf Cooperation Council
- South Korea
- Turkey



BILATERAL PLATFORMS & INITIATIVES

- TCA review
- EU-UK Joint Committee
- US-UK Strategic Dialogues
- Critical Minerals Initiatives
- Memoranda of Understanding (MOUS)
- Mutual Recognition Agreements (MRAs)



MULTILATERAL ORGANISATIONS

- World Trade Organization
- World Intellectual Property Organization
- OECD
- G7
- G20



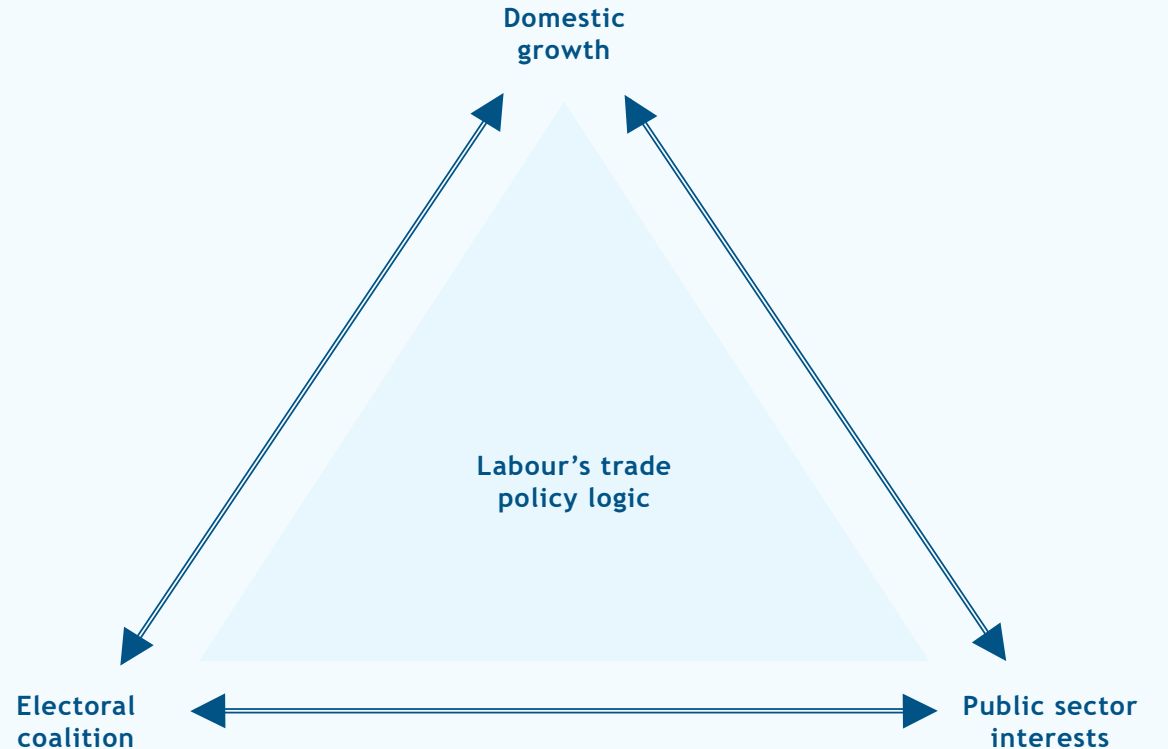
PLURILATERAL PLATFORMS

- CPTPP
- Access Consortium
- Project Orbis
- European Political Community
- ASEAN
- Mercosur

Where Labour stands on trade

- The Labour Party's trade policy is underdeveloped. Trade has not been an historic source of consensus within the party, but more importantly, trade policy is simply not a vote-winner.
- Labour have committed to upholding all existing negotiations inherited from the Conservative Party, but relations with the EU will assume top priority.
- Labour is prioritising policy files through the prism of Keir Starmer's "Five Missions for a Better Britain". Many industries' trade priorities do not sit neatly within these missions, making it necessary to reframe their narratives.
- Labour is trending towards a "values-based" posture, which repurposes trade policy as a vehicle for labour rights and environmental protections. It is not yet clear how Labour will reconcile this with its growth mission, but such a shift would almost certainly involve more extensive supply chain due diligence.
- Derisking is the preferred course of action for both Labour and the Conservatives when it comes to China. The next government, and indeed the private sector, will have to contend with national security imperatives encroaching on trade policy.

KEY INFLUENCES ON LABOUR'S TRADE POLICY:



Labour's electoral coalition will steer the party toward defensive trade measures, as will its protective stance on public services. The party's growth agenda will offset some of these influences, but industry will need to take account of Labour's competing priorities when engaging on trade.

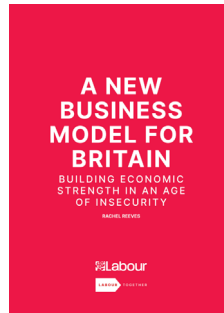
The policy frameworks informing Labour's trade policy

In the absence of a manifesto, industry is navigating a diffuse set of policy papers which, when taken together, sketch the outline of Labour's trade policy. GC is helping industry stakeholders make sense of these papers in their wider context and helps clients see the bigger picture as Labour readies itself for government.



SECURE THE HIGHEST SUSTAINED GROWTH IN THE G7

Labour has committed to building a resilient trading economy that is less exposed to global shocks, but trade is viewed as an appendage of industrial policy. No trade partners are identified beyond the EU.



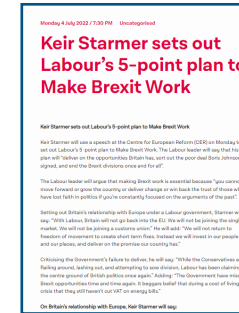
A NEW BUSINESS MODEL FOR BRITAIN

Rachel Reeves' vision for "Securonomics" takes its cue from President Biden's industrial strategy and explicitly aligns with the "new Washington Consensus" outlined by the White House. What is untested is her willingness to align with US national security imperatives in the trade space.



BRITAIN RECONNECTED

Economic diplomacy is key to David Lammy's vision for British foreign policy. Lammy's vision recognises the importance of shaping the norms and standards of modern trade in the UK's interest.



5-POINT PLAN TO MAKE BREXIT WORK

Labour's vision for reducing trade barriers hangs on the review of the Trade and Cooperation Agreement but lacks a longer-term strategy for deepening the relationship in an economic meaningful way.

The trade policy trends Labour would inherit



TRADE AND SUSTAINABILITY

A Labour government is likely to bring new compliance obligations for traders; whether that be its approach to forced labour in the supply chain, or its response to the EU's forthcoming Carbon Border Adjustment Mechanism.



NATIONAL SECURITY

The G7 are trending toward outbound investment screening and the increased use of export controls. A Labour government would have to navigate this nexus of national security and trade; intensifying supply chain scrutiny for advanced sectors.



CUSTOMS

The UK border is being redesigned. A Labour government could assume responsibility for following through on the Target Operating Model and the Single Trade Window, as well as whether to diverge from EU standards.

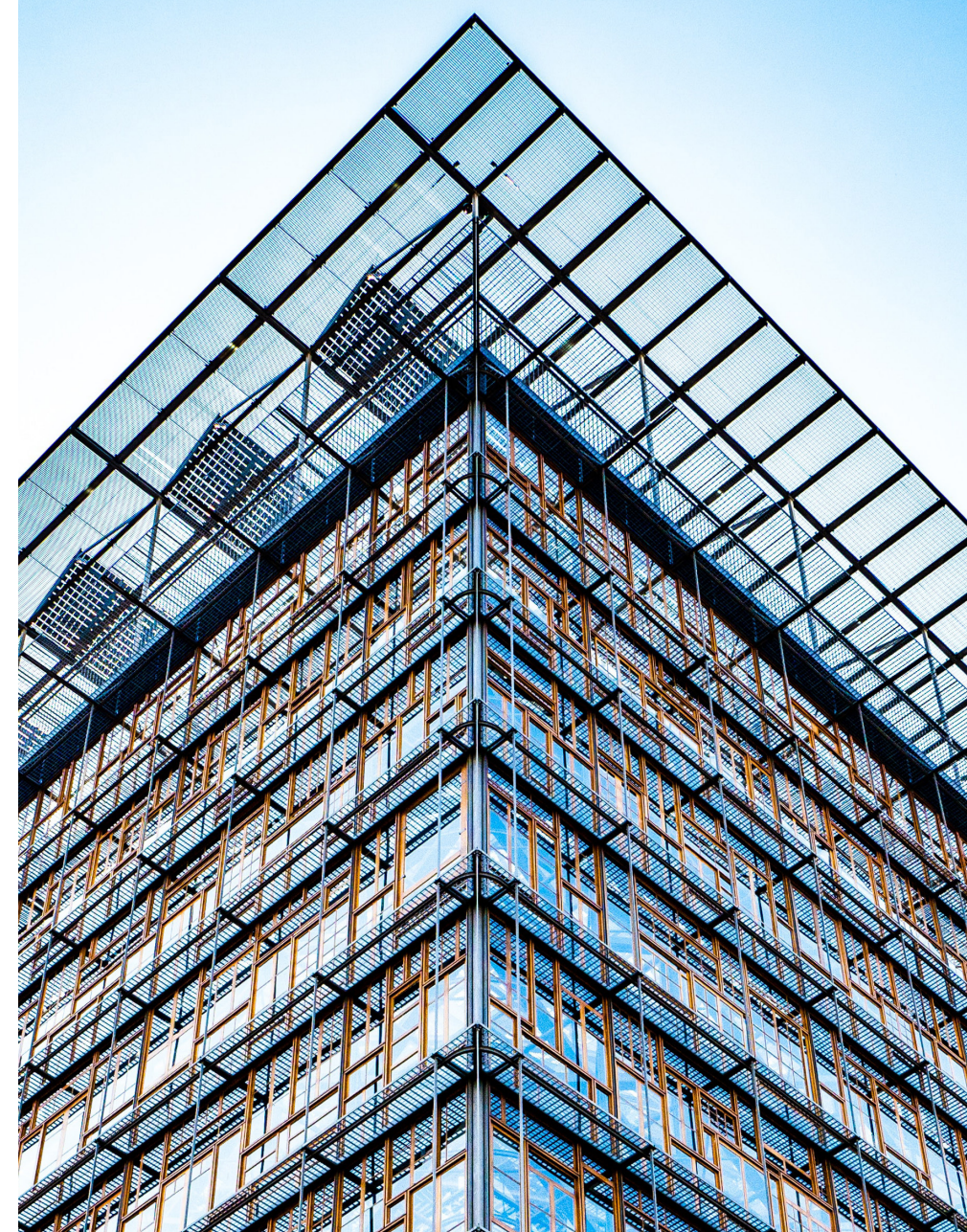


MULTILATERAL PLATFORMS

A Labour government would inherit the UK's independent seat at the World Trade Organization, where the commercial landscape of tomorrow is being shaped by global agreements in the post-pandemic era.

Deepening a stable but uncertain EU relationship

- The Labour Party has promised to restore the centrality of Europe to its trade policy, but has been equally emphatic that re-entry into the Single Market or Customs Union is off the table for the foreseeable future. The bigger Labour's parliamentary majority, the more ambitious it can afford to be; provided these red lines are not crossed. The question is therefore whether Labour can deepen the trade relationship in an economically meaningful way, whilst skirting the subject of re-integration.
- The Trade and Cooperation Agreement, which governs trade between the UK and the EU, is up for review in 2025/26. This review is the centrepiece of Labour's vision for deepening trade relations with the EU. The party has promised to re-visit the TCA "page by page" to eliminate trade barriers; however, the EU has not reciprocated this enthusiasm, and strongly signalled that the TCA will not amount to a renegotiation. There is therefore a high degree of uncertainty over what this review will deliver for businesses.
- Beyond the scope of the TCA, Labour has promised to pursue a veterinary agreement with the EU, as well as mutual recognition for professional qualifications. If achieved, both would be beneficial but far from economically transformative. While this prevailing ambiguity is a source of uncertainty, it also represents an opportunity for businesses to inform Labour's vision for a more mature relationship with the EU.



How we can support you

UNDERSTANDING

- GC helps clients understand the drivers of the Labour Party's trade policy. We capture the full spectrum of views within Labour and explain them to diverse audiences; from government relations teams to senior executives.
- GC tracks Labour's trade policy as it evolves. This keeps our clients inside the decision curve before the next general election and allows them to adapt their engagement strategies to the changing political landscape.
- GC's support comes in a variety of forms; whether it be dedicated workshops on Labour's trade policy, live dashboards tracking policy movement, or monthly calls to take stock.

STAKEHOLDER MAPPING

- GC specialises in actionable stakeholder mapping, and helps clients understand the key influencers on Labour's trade policy; from think tanks to trade unions, political advisers to the Shadow Cabinet.
- GC leverages our diverse networks and experience in government, politics and the private sector to offer targeted advice on how to engage with the Labour Party before, during, and after party conference season.
- GC can prepare stakeholder handbooks outlining the key influencers, ranking their importance on a sliding scale and advising clients on how to sequence their engagement for maximum effect.

MESSAGING

- After thirteen years of Conservative government, GC develops fresh narratives for corporates and trade associations to deploy when engaging with the Labour Party on trade policy.
- GC has developed engagement narratives for some of the UK's most advanced sectors; situating trade squarely within the party's five missions.
- GC takes account of Labour's limited institutional memory on trade policy and calibrates clients' messaging accordingly; ensuring our clients' engagement pays dividends in the long run.

Our Labour and trade specialists



DANIEL CAPPARELLI

Daniel has led GC's trade and manufacturing practice for a decade. He has supported countless multinationals redesigning their supply chains post-Brexit.



ROSS NUGENT

Ross leads our trade practice's work on Labour. Ross advises some of the UK's largest corporates and trade associations on engaging with the party. He joined GC from the Irish trade ministry.



JAMES BIGLEY

James is one of GC's leading experts on UK trade policy and advises multinationals on their trade strategies. He joined GC from the then Department for International Trade, where he was Head of WTO Operations.



LILAH HOWSON-SMITH

Lilah leads our UK politics and policy practice, as well as its weekly coverage of the Labour Party's evolving policy platform. Lilah previously served as a special advisor in successive British governments.



JASBIR BASI

Jasbir leads our energy practice, having previously led the UK government's strategic communications at COP26. He helps clients understand Labour's mission to become a clean energy superpower.



JANE EAGLES

Jane Eagles advises UK and international firms on their preparations for Labour Party conference, helping them maximise their presence in Liverpool this year. Jane has a background in multi-stakeholder advocacy campaigns.



MATT BEVINGTON

Matt leads GC's UK political due diligence practice, having previously worked at The UK in a Changing Europe think tank, as well as the Economist Intelligence Unit. Matt advises on the evolution of Labour's policy platform.



JON GARVIE

Jon leads GC's International Policy Practice, having previously worked at the Foreign, Commonwealth and Development Office, as well as the Cabinet Office. Jon advises GC clients on the trajectory of Labour's foreign policy.

Our senior advisory team



PETER MANDELSON

Peter Mandelson is GC's co-founder and chairman, having previously served as EU Trade Commissioner and British First Secretary of State. Peter held several posts in the last Labour governments, including Secretary of State for Trade and Industry.



BENJAMIN WEGG-PROSSER

Benjamin Wegg-Prosser is GC's CEO, co-founder and leads the business. Benjamin's career has been split between media and government, where he last worked as Director of Strategic Communications under Tony Blair.



STEPHEN ADAMS

Stephen Adams has served as an advisor to the EU Trade Commissioner and the British Secretary of State for Business. Stephen is a thought leader in trade and industrial policy, and works with clients to develop their engagement with UK policymakers.



GEOFFREY NORRIS

Geoffrey Norris is one of GC's lead consultants on energy and industrial policy, having spent more than ten years as the principal business adviser to Tony Blair and subsequently to Gordon Brown.



DENZIL DAVIDSON

Denzil Davidson has been a special advisor to two British foreign secretaries and former Prime Minister, Theresa May. Denzil leads GC's coverage of EU-UK relations, and helps clients understand how Labour's trade policy will be received in Brussels.



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