



BT Views on the Future UK Trade Policy

November 2017

We welcome the Department for International Trade's engagement with business stakeholders on the future of UK trade policy. In particular, we were pleased to see that the recent white paper, *Preparing for our future UK trade policy*, addresses many of the issues that BT sees as critical to the UK's future economic vitality following Brexit. This is an encouraging document that demonstrates substantial commitment and careful consideration of pressing issues.

Trade with Global Partners

We were pleased to see that the paper highlights support for the rules-based international trading system and the WTO. We support the Government's effort to ensure the UK remains part of the Government Procurement Agreement (open procurement regimes, including at sub-federal and local levels, are critical to our business) and hope that the Government will prioritize support for possible future agreements, such as TiSA, which we see as essential for the facilitation of global value chains (GVCs). BT has historically also advocated for a global agreement on the facilitation of business services (e.g., logistics, finance, transportation, ICTs, accountancy and law) that enable GVCs.

But, due to structural changes in the global economy, deal-making at the multilateral level is becoming ever-more complex and difficult. Therefore we fully support the Government's plan to transition EU third country trade agreements and to build a network of new, high-quality trade agreements with important trading partners such as the US. We further support the plan to introduce new measures through legislation that will allow for full implementation of any third country and other EU preferential arrangements that are transitioned. The UK should be pragmatic in novating existing EU deals with third parties where possible and in pursuing new deals beyond the Brexit timeframe.

Trade with the EU

The communications and digital services sectors are key to the health of the UK economy, as is UK trade with the EU. We provide services for enterprises and organisations across the EU27 and globally and believe that, in order to be successful, the UK will need a positive, enduring and certain relationship with the EU. To that end, BT supports:



- A stable and proportionate UK regulatory environment, aligned with EU norms, that supports long-term investment and innovation;
- The continued ability to transfer in both ways data freely across borders, with no obligations on data localization in the UK or EU. We need certainty as soon as possible for current employees;
- Continued access to scarce talent and resources, and the ability to move people between the EU and the UK as well as throughout the EU on an intra-corporate basis;
- Full reciprocal access to EU bids for R&D and related funding (e.g. Horizon 2020), including continued full participation in dialogues that set research priorities and standards;
- As outlined in the white paper, a close, open and non-discriminatory trade relationship with the EU and other major markets, recognising the UK's strengths in services (particularly in the financial, digital/creative and communications sectors); and
- The early formal confirmation of a comprehensive transitional arrangement that provides sufficient certainty and time for businesses and the wider economy to adapt to any new trading arrangements from and beyond March 2019. To provide business as much certainty as possible, the shape of the future arrangements should be known well before the start of the transition period.

Trade in ICT Services and Digital Trade

Effective digital trade policy is essential for BT. Outside of the UK, BT provides electronic communications services and ICT solutions to mid-sized and large multinational enterprises and government institutions in over 180 countries. Given the UK's economic strengths, the paper very usefully highlights the ever-increasing importance of trade in services and digital technologies and their impact on future growth: trade correlates well with ICT growth at the macro-level – it increases demand for ICT services that are an enabler of global supply chains, which in turn drive global growth.

Brexit provides the opportunity to use new trade deals as a template for future best practice with due recognition of the importance both of services to the UK economy and of regulatory alignment. This is especially relevant both in a US context in the communications sector, where we have struggled to get access from US incumbents on reasonable terms given ineffective regulation, and in gaining further access to other key markets such as China. In particular with respect to the market for business communications services, the regulatory asymmetry between the US on one side and the UK/EU on the other, does not only provide US competitors a competitive advantage domestically, but the distortion is felt at global level given the nature of the market to serve multinational businesses. The EU rightly put telecommunications market



access and the removal of NTBs (in form of insufficient application of competition law principles in telecoms) as a priority when negotiating digital policy related chapters in TTIP and TiSA.

We support therefore future UK trade arrangements that:

- Establish frameworks for forward-looking norms to help capture global market share in innovative new areas;
- Avoid forced data localisation and secure the free and open cross-border flow of data vital to the functioning of all areas of commerce, while respecting EU data protection norms;
- Establish consistent, pro-competitive regulation of business grade wholesale access to telecommunications networks (this is necessary in order to provide cross-border ICT business services over cross-border wide-area networks);
- Create transparent and non-discriminatory regulatory frameworks that build upon existing WTO norms for the sector and bring them in line with the needs of the global digital economy;
- Eliminate foreign ownership restrictions in the telecommunications and ICT services sector and support transparent regulatory practices and licensing procedures.
- Ensure public procurement commitments in future FTAs cover also services.

Finally, we support that the UK signs-up to the Information Technology Agreement (ITA).

Conclusion

We are grateful for the opportunity to share our views on the future of UK trade policy. We welcome the Government's proposal to build a transparent and inclusive trade policy that supports the global rules-based system and the WTO, and to expand the UK's trading relationships. We would be pleased to further discuss the points raised in this submission.

Given BT's vital role as the UK's largest provider of fixed and mobile communications services and as one of the leading global players serving multi-site businesses, we look forward to an ongoing discussion around how best to manage trade policy change in a time of technological transformation.