No, WTO rules are not a viable alternative and could wreck the economy

Following the EU Referendum, Remainers and many Leavers alike argued that the UK would need to negotiate a new relationship with the EU, our biggest trading partner, to mitigate the worst damage to the economy from leaving. Recently, however, there has been a concerted campaign to normalise exiting without *any* agreement and falling back on World Trade Organisation rules. But far from a safety-net, this would mean the hardest of hard landings for the economy. Only those rich enough not to care about the damage (Boris Johnson, for example, thinks a collapse of Brexit talks would be "fine") would seriously consider it.

Here's why:

From day one, vital links would be severed

Over the UK's 40 year membership, the EU and UK legal and commercial systems have become intricately intertwined. Breaking away without a new agreement to reconfigure the wiring would be like cutting off your electricity, gas and water supplies all at once – everything would stop working.

We would be left with no legal standing for European trade, travel, residence and so on. Planes would stop flying, goods would pile up at the ports and UK citizens living in Europe and their counterparts here would be cast into limbo with their status undefined. And even assuming some rapid re-wiring to avert total collapse (ie a new agreement!) this would be only the start of our problems.

We would face the EU's tariff wall, threatening whole sectors of the economy…

Our new-found status outside the EU would mean UK exports to the EU (like those of any other non-member without a trade agreement) would be subject to the EU's Common External Tariff (taxes imposed on imports). While the average tariff is 2-3% for non-agricultural products, for some important goods categories it is much higher – for example 10% for cars, while food tariffs average 22%.

The effect would be to raise the price of UK exports in the EU, reducing competitiveness and hence the quantity we sell. This could be particularly serious for the auto industry where the supply-chain resembles more a spider's web across Europe with the same car parts crossing between the UK and the continent several times in the manufacturing process. Currently this all takes place tariff- and friction-free, but would then attract tariffs at each border crossing. Businesses which presently see their operations in the UK as part of a seamless supply chain and a launch-pad for exports to Europe will have to rethink as Nissan, for example, has recently made clear.

…and build a tariff wall of our own which would raise prices here

The UK itself probably could, and would, "inherit" this self-same tariff wall to maintain the protection producers currently enjoy – but at the cost of higher prices for goods we import from the EU. We *could* unilaterally cut tariffs all the way to zero, on the face of it benefiting consumers - but under WTO rules this would have to apply to *all* imports wherever sourced, threatening to wipe out swathes of domestic producers and jobs with increased foreign competition – and we would have thrown away one of our few cards (reducing tariffs for reciprocal market access) for negotiating Free Trade Agreements in the future.

Trade with the EU would be more widely threatened by *non*-tariff barriers - regulatory requirements which, as a member, are taken as read…

These days, so-called *non*-tariff barriers – principally regulations including product standards, labelling, packaging and sanitary requirements - are even more important than traditional tariff barriers for reducing imports and protecting domestic industry. The whole point of being in the EU Single Market is regulatory harmonisation which facilitates free-flowing trade *within* the EU but acts as a barrier to imports *into* the EU.

For goods originating in the EU, border checks have been eliminated and the common rules are monitored by national authorities with mutual recognition of each other's compliance procedures. Once we left, however, trade would be subject to "rules of origin" certification, independent testing, border checks, inspections and delays, all of which would disrupt and increase costs significantly. Again, businesses exporting to the EU from the UK would have to consider whether the game was still worth the candle or whether to relocate production back behind the EU's CET wall.

…which would be particularly damaging for our service sector

Common regulation is, if anything, even more important to trade in services than goods - and for the UK, exports of services to the EU are more valuable than goods exports. While a fully level playing field in services trade does not exist inside the EU as national governments still exercise some control, once outside market access would come under the WTO General Agreement on Trade in Services and would be far more limited than it is currently.

Financial services in general and banking in particular are highly vulnerable. Currently, for example, a bank based and regulated in one EU (or European Economic Area) state can operate in another by a simple pass-porting procedure. Leaving without alternative arrangements in place would directly put at risk a significant proportion of banks' business within Europe and indirectly even more as non-EU customers sought new routes for transacting in Europe.

The costs in lost trade and inward investment into the UK would be significant

Most estimates suggest a large cost if we leave the EU with no deal (and, indeed if we leave at all). The National Institute of Economic and Social Research, for example, calculates that moving to WTO rules would reduce total UK trade by almost one third over 5-10 years. This heavily outweighs possible gains from new Free Trade Agreements (FTAs) with the BRIICS (Brazil, Russia, India, Indonesia, China and South Africa) and with the "Anglos" (US, Canada, Australia and New Zealand) which are estimated to add only 2-3% to trade (assuming we could negotiate them).

The main reason for the big net loss is that, as a major services exporter, the UK would be leaving a very deep and comprehensive services-friendly trade agreement aimed at reducing non-tariff barriers (the Single Market) and attracting foreign investment - while at best replacing it with non-EU FTAs which would in all probability be restricted to reducing tariffs on goods trade.

And outside the EU we would still have to comply with a supra-national regulatory regime and be subject to a supra-national dispute resolution system

Moreover, those who think it will all be worth it because we would somehow be "regaining sovereignty" or "taking back control" would be disappointed. To trade internationally you have to comply with *someone's* regulations and accept an independent body to resolve legal disputes (in the EU, the European Court of Justice (ECJ)).

Broadly speaking, there are two (and a half) standard setters for international trade – the EU, the US (and a third emerging around China). We would still have to meet EU standards to export there, but would be losing our say in the EU regulatory regime; and swapping the much maligned but accessible, effective and transparent ECJ - which, incidentally, protects your and my legal rights – for the somewhat clunky WTO dispute settlement system (which doesn't).

Changing the terms on which we trade will potentially bring about huge changes in the economy - but the government admits it has not assessed the impact

Countries normally seek trade arrangements which favour existing, successful businesses but here we are seriously contemplating the opposite - a change in the terms of trade which will threaten important sectors, for starters the auto industry, finance and agriculture. This is economic suicide. Rather than the UK becoming the buccaneering torch bearer for global free trade of Brexiters' fantasies, "No Deal" would more likely usher in the considerably poorer low regulation, low wage tax haven Mrs May has hinted at - to replace the real businesses and jobs Brexit has destroyed.