

[Brexit and Goods Trade: A Trending Topic](#)

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We estimate the effect of the Brexit process on UK-EU goods trade flows using bilateral trade data for 50 countries at the HS2 product level. Under a variety of ways of de-trending the data, we find that the effect of the short-term effect of shifting from EU membership trading arrangements to those of the “Trade and Cooperation Agreement” resulted in a fall in UK-EU trade of 17-18%. Both are highly robust to differences in how the model accounts for trends. By contrast, the longer-run effect on UK-EU trade, comparing pre-referendum with post-TCA flows, is sensitive to whether and how trends are included. Splitting the results by product type, we find that the effects associated with TCA implementation work via consumer goods and intermediate goods, with no significant effect on capital goods. Splitting by trade elasticity, we find no apparent correlation between the effect on trade and the canonical estimates of the goods level trade elasticity of Fontagné et al. (2022).