

MITA: BREXIT BRIEFING

Simon Hart

Your speaker



Simon Hart

Partner - Knowledge Management and Brexit lead
RSM UK

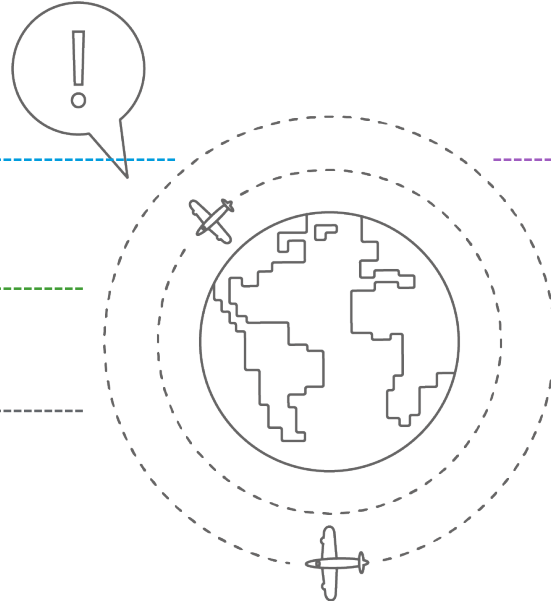


What are you going
to take away from
this session?

MITA Brexit Briefing

Brexit background

Brexit negotiations what's next?



What is Europe?

Business considerations

23 June 2016

Referendum on the United Kingdom's membership of the European Union

Vote only once by putting a cross ☒ in the box next to your choice

Should the United Kingdom remain a member of the European Union or leave the European Union?

Remain a member of the European Union

☐

Leave the European Union

☐

BREXIT BACKGROUND AND DRIVERS



Politics,
news and
fake news

Immigration
concerns

Cost of EU
membership
(£8.5bn net
per year)

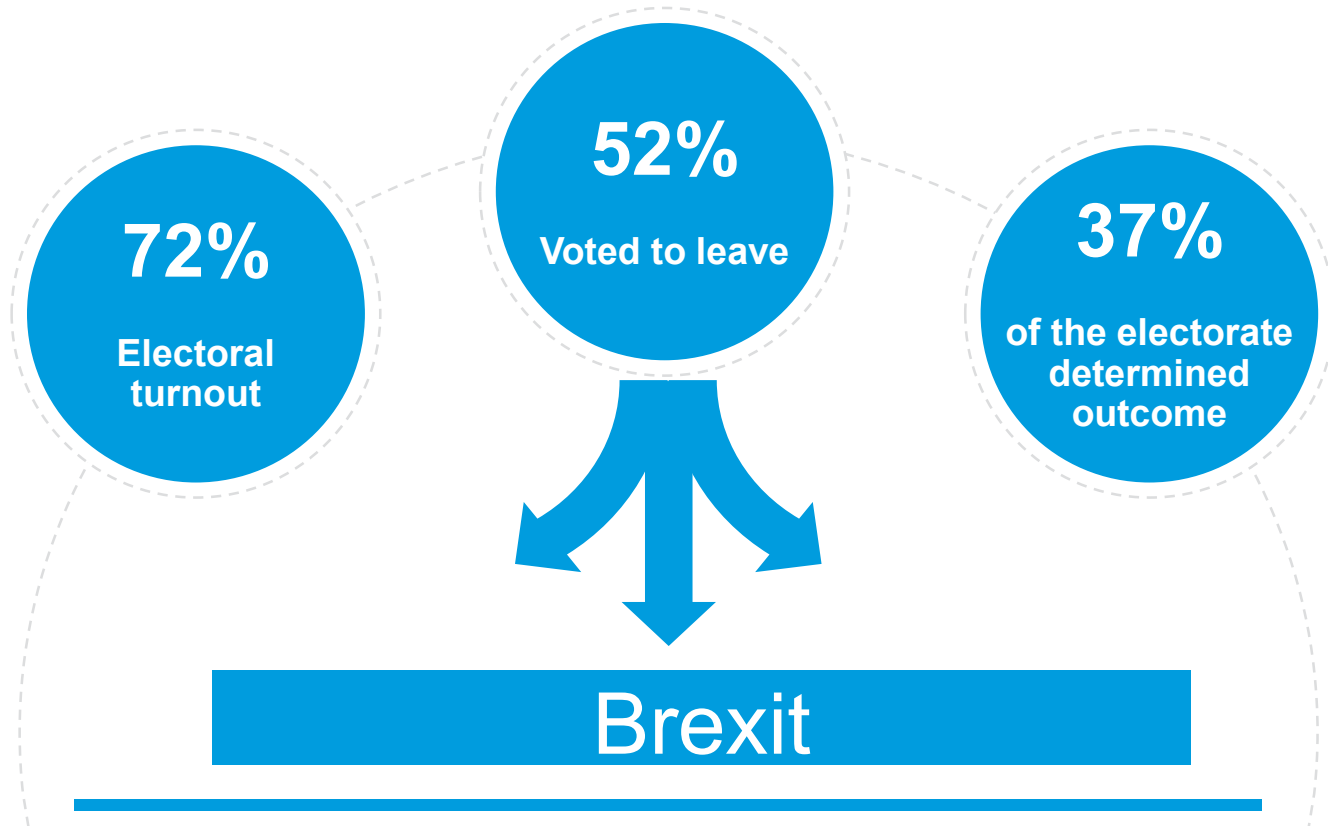
EU
bureaucrats;
Federal
project

UK/European
cultural
attitudes

Anti-
establishment
feeling

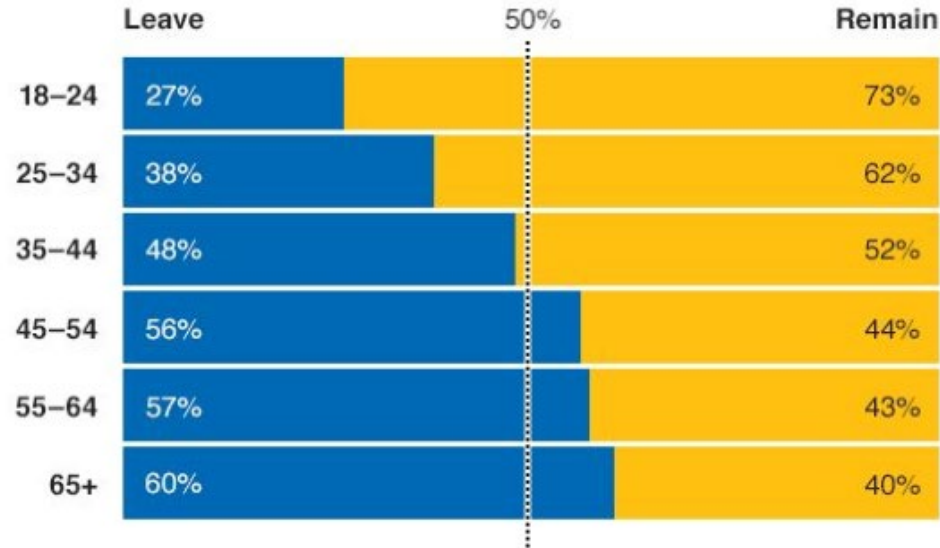
Reluctant
leavers...
reluctant
remainers

The result



Demographical voting analysis

How different age groups voted

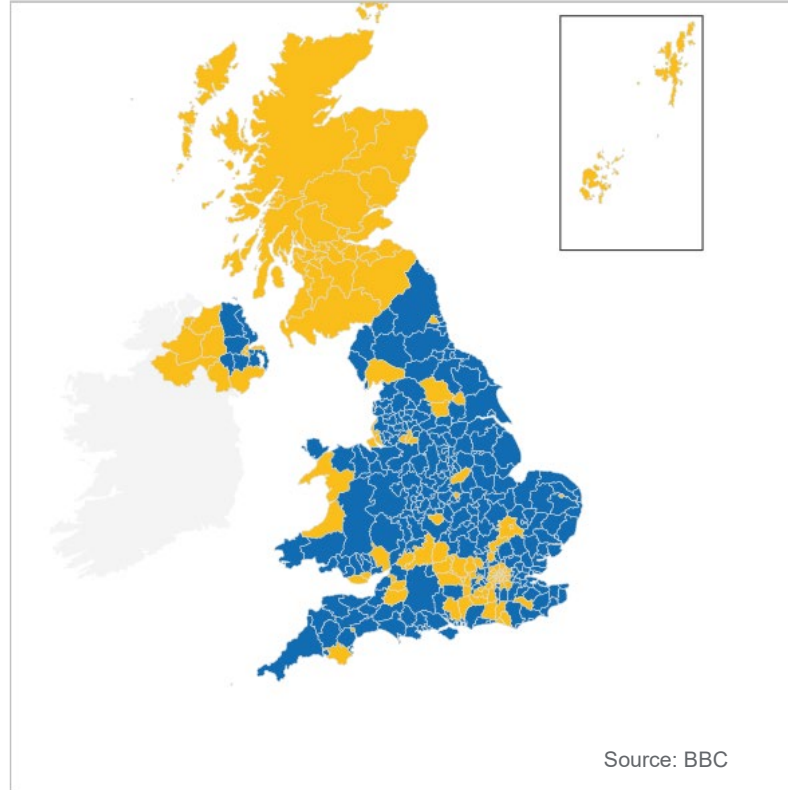


Source: Lord Ashcroft Polls

BBC

Geographical voting analysis

Key: ■ Majority leave ■ Majority remain ■ Tie ■ Undeclared



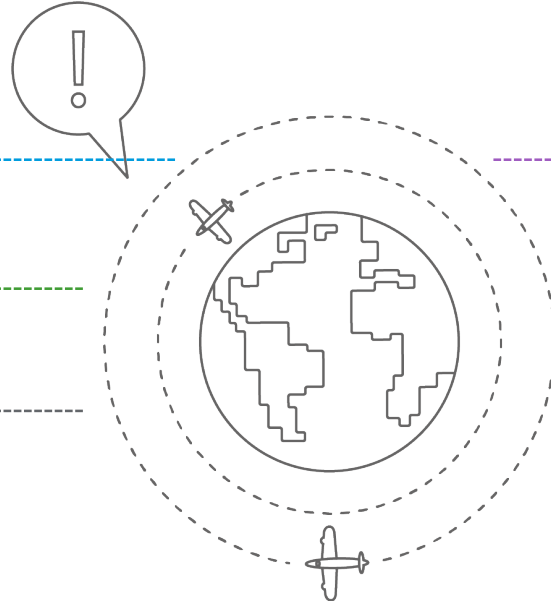
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What is the United Kingdom?



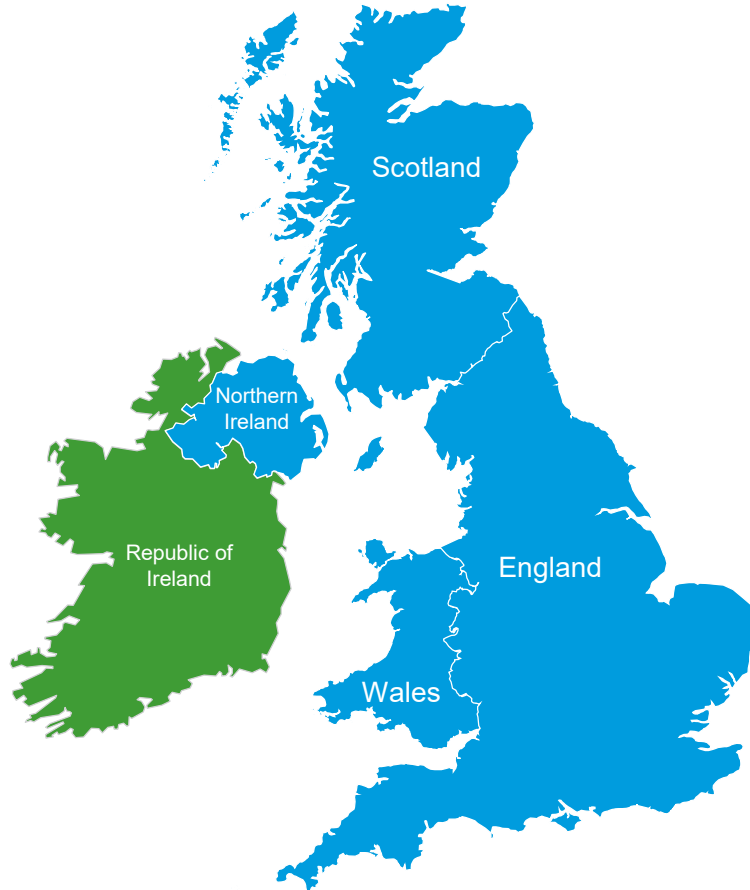
Great Britain

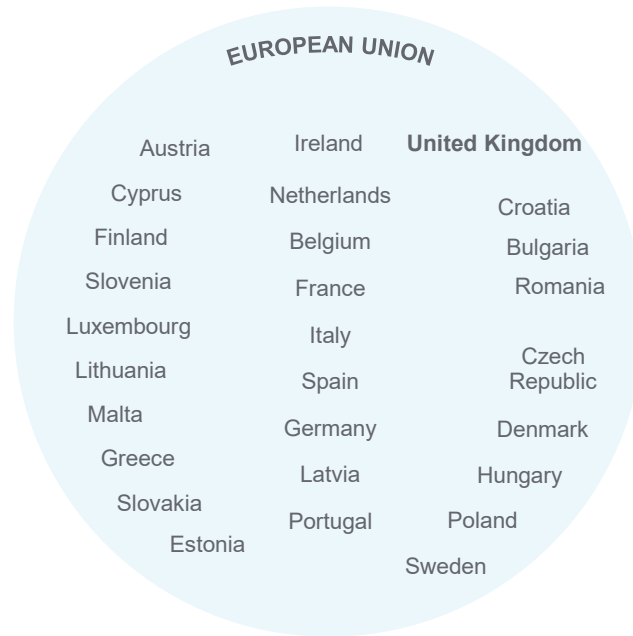


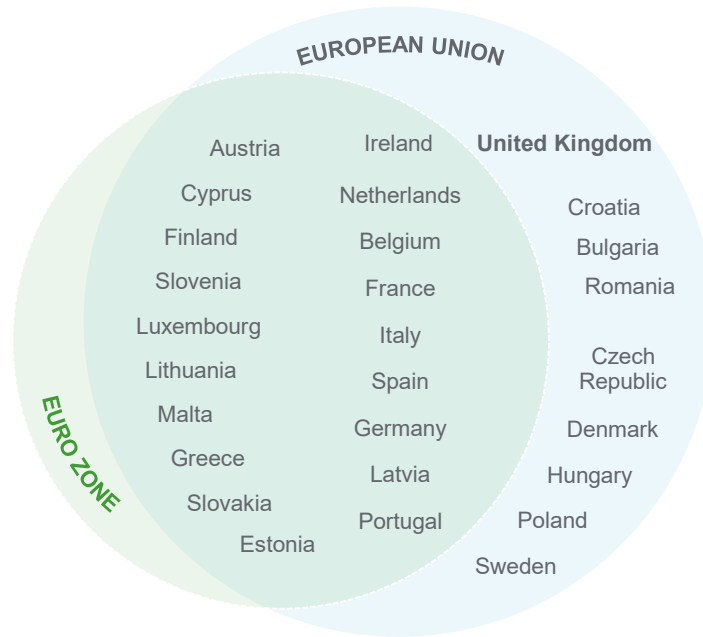
United Kingdom of Great Britain and Northern Ireland

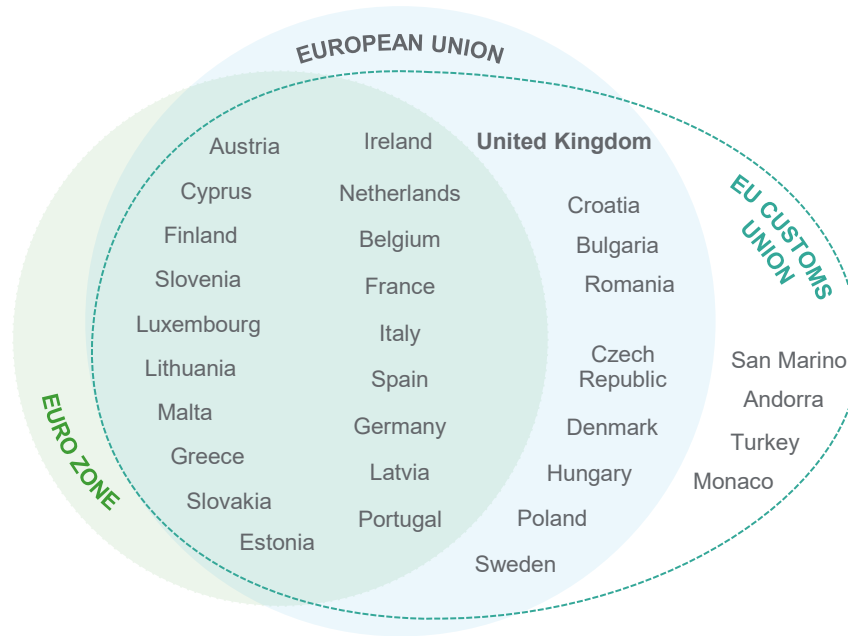


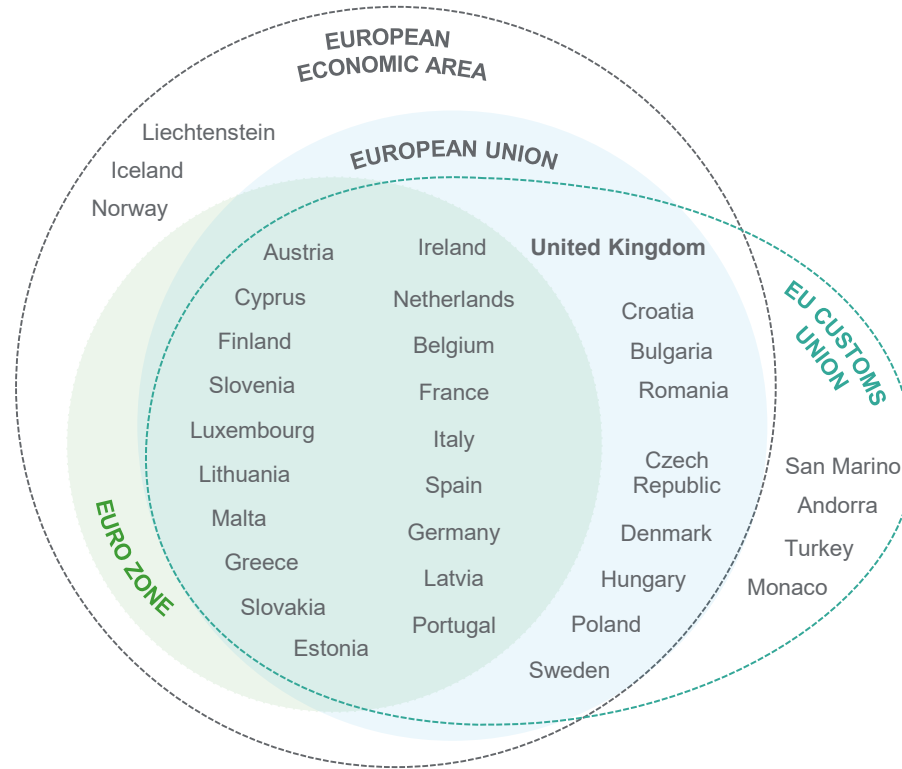
The British Isles

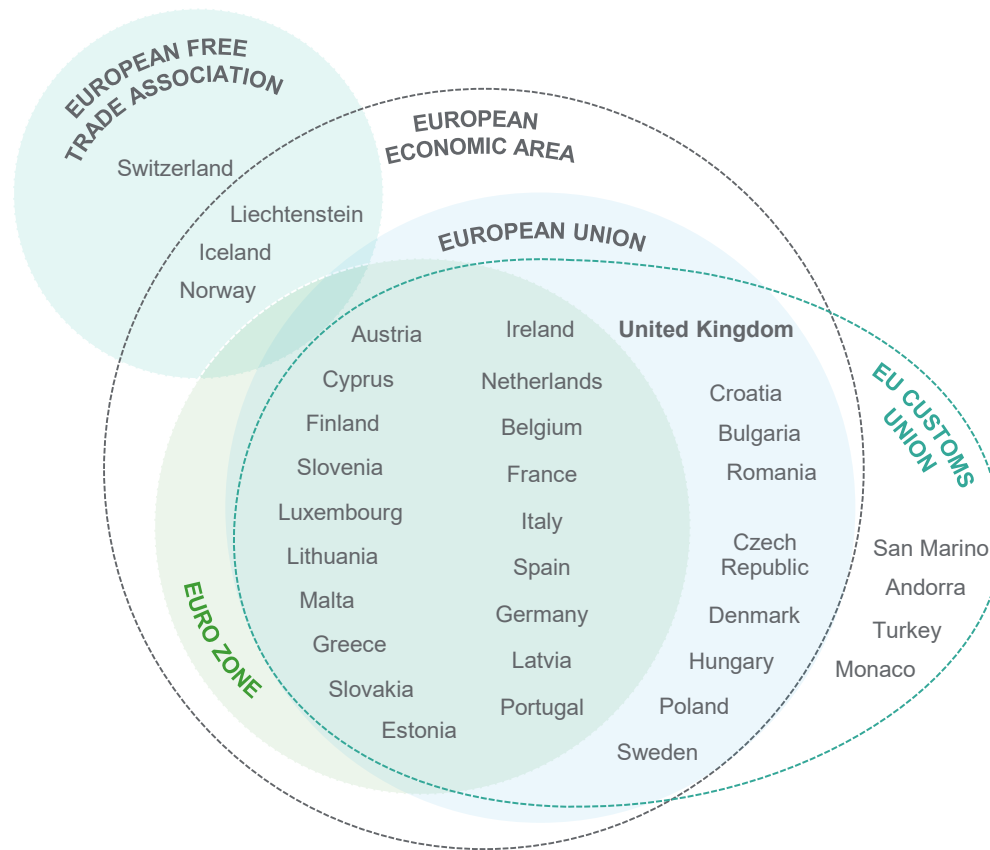


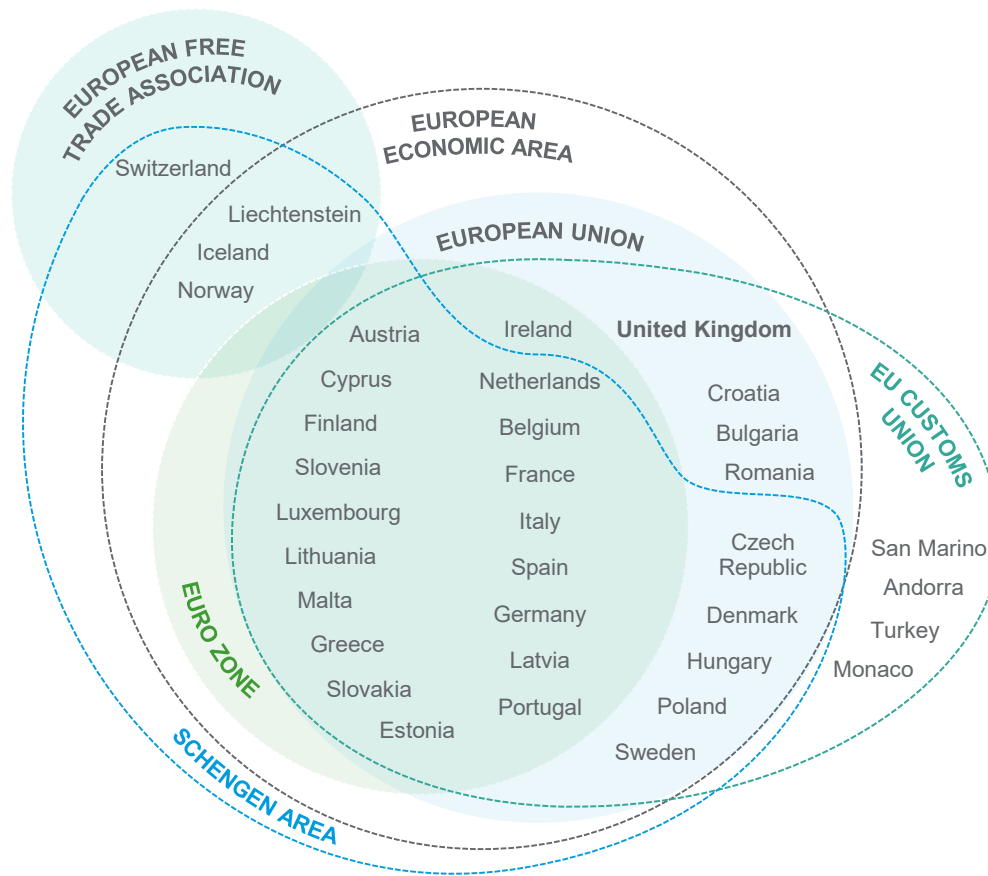


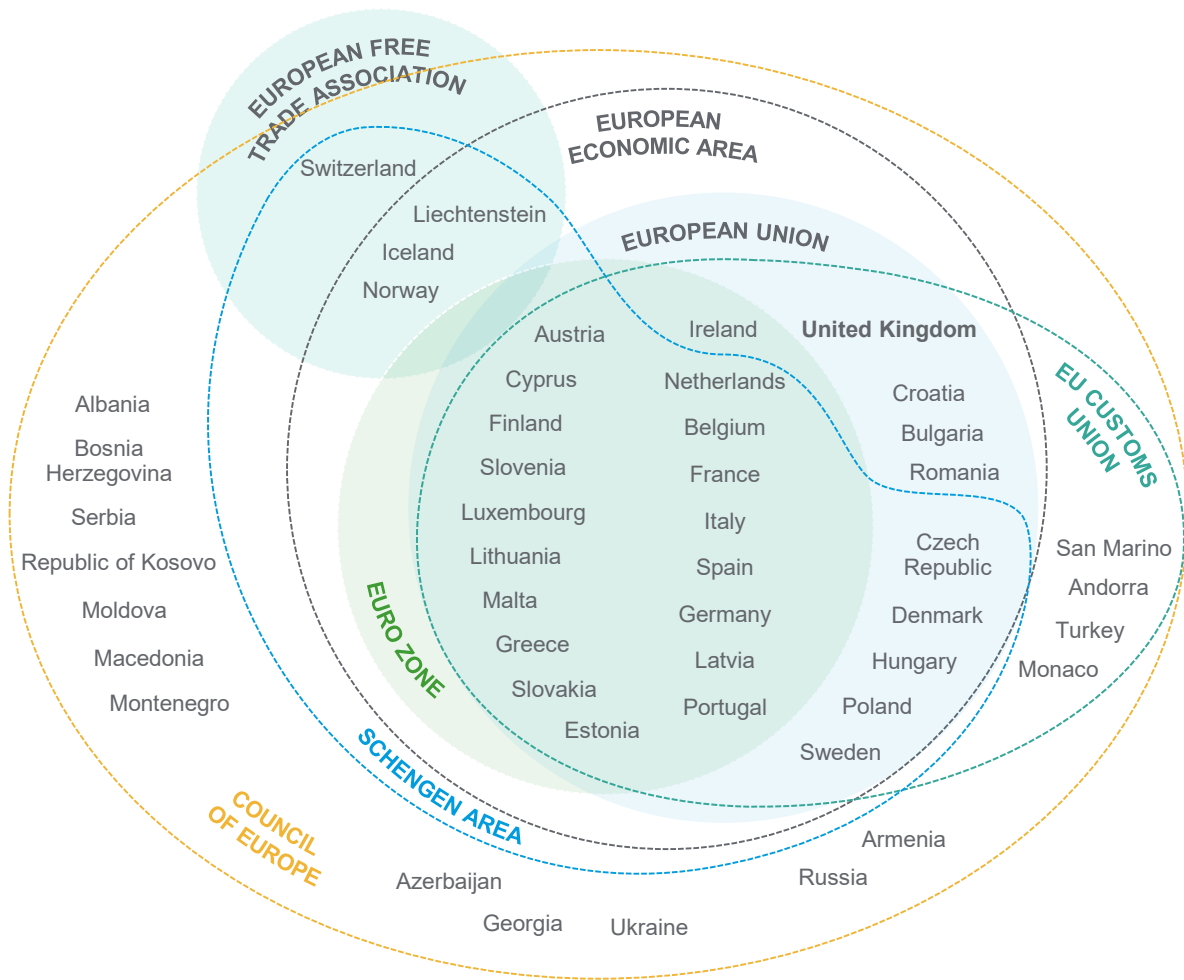












The four freedoms underpinning the EU

Free movement
of goods and
services

Free movement
of people

Freedom of
establishment

Free movement
of capital

Free movement of goods and people



Goods

- Tariff-free access to the single market
- Elimination of non-tariff barriers eg country-specific product/service regulations

People

- Worker orientated but includes family members of those seeking work
- EU workers can freely work anywhere within the Union

Freedom of establishment: passporting



Once a company is established within one EU country, it can sell its products or services to all other EU states without the need to have a branch or subsidiary there.

Free movement of capital



No restrictions or capital controls around the movement of money between member states. Vital for cross border investments and transactions.

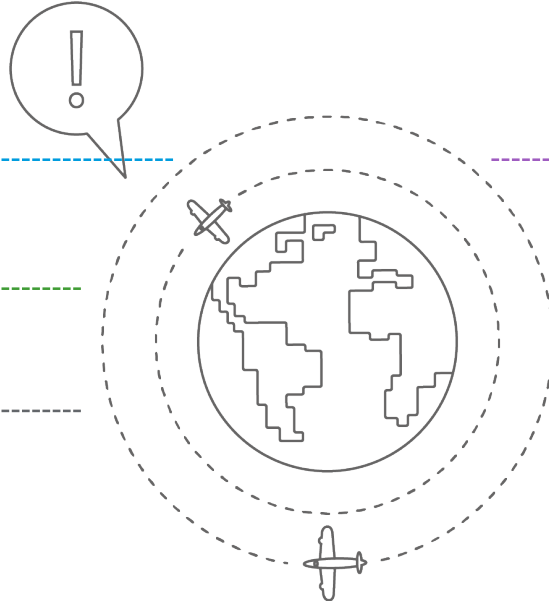
MITA Brexit Briefing

Brexit background

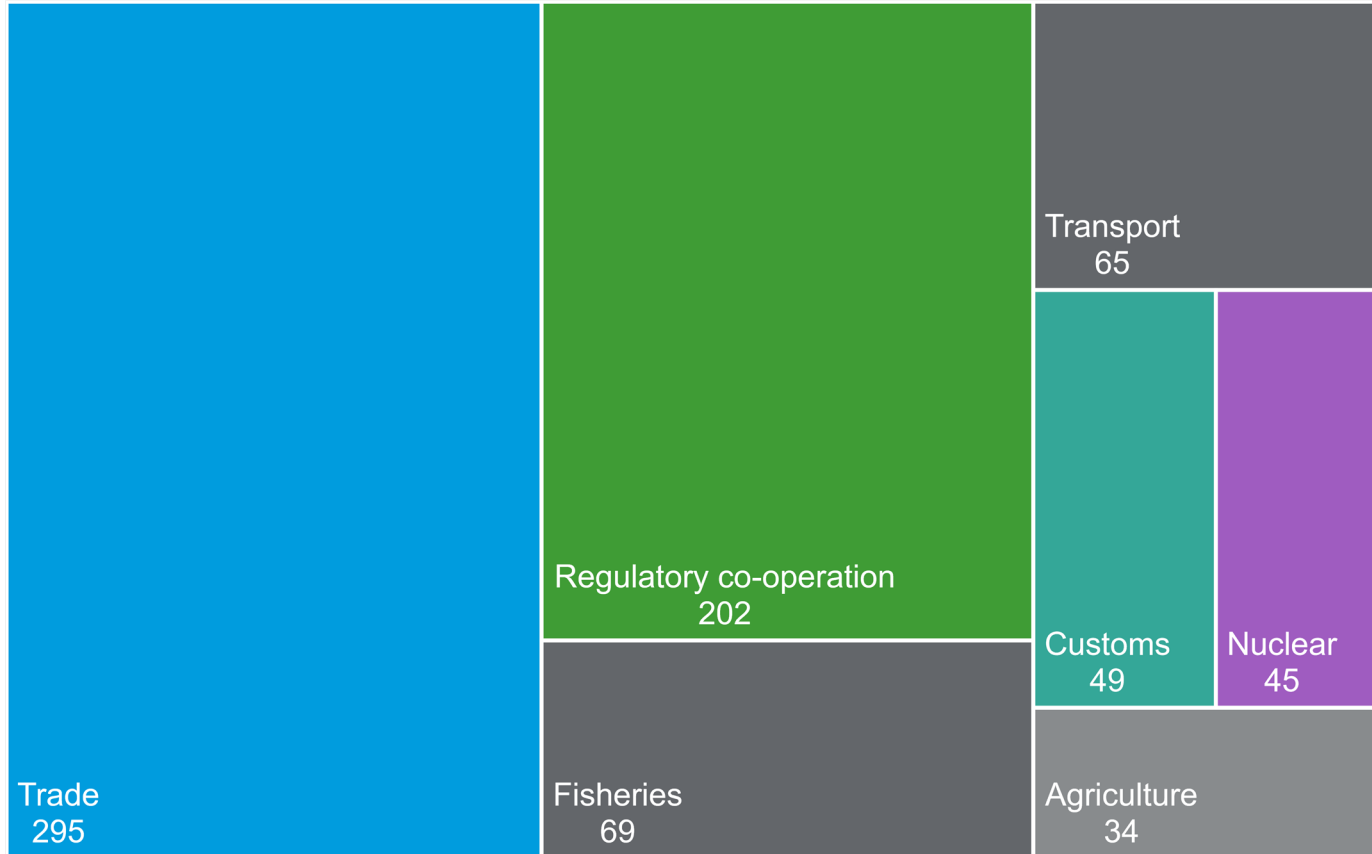
Brexit negotiations what's next?

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750 international arrangements to renegotiate



14 November 2018

TF50 (2018) 55 – Commission to EU27

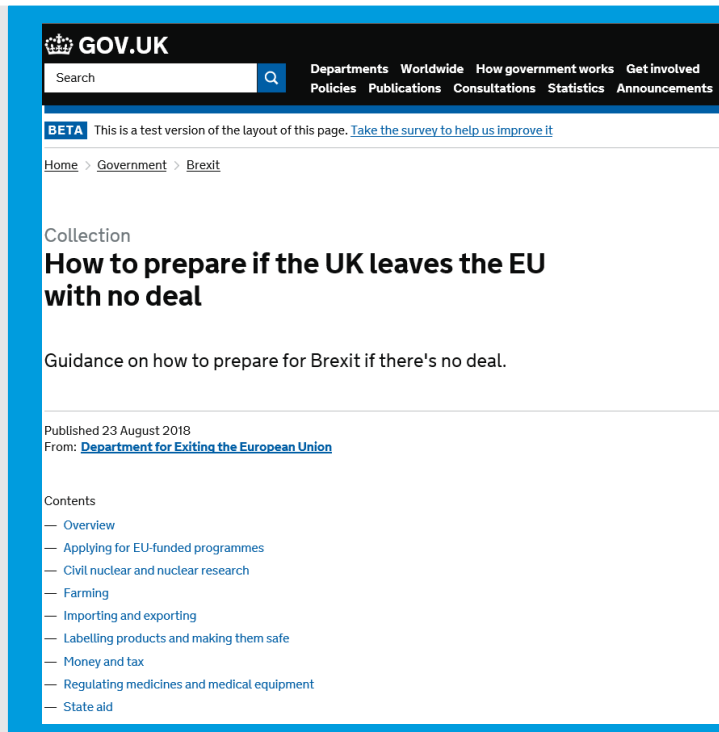
Subject: **Draft Agreement** on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, as agreed at negotiators' level on 14 November 2018.

Origin: European Commission, Task Force for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 TEU.

Objective: Sent to the EU27 Member States, to the Brexit Steering Group of the European Parliament and published on the TF50 website on 14 November 2018.

Government's position – No deal

<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>



The screenshot shows the GOV.UK website interface. At the top is the GOV.UK logo and a search bar. Below the search bar is a navigation menu with links: Departments, Worldwide, How government works, Get involved, Policies, Publications, Consultations, Statistics, and Announcements. A blue banner indicates it's a BETA test version. The breadcrumb trail shows: Home > Government > Brexit. The main heading is 'Collection: How to prepare if the UK leaves the EU with no deal'. Below this is a sub-heading: 'Guidance on how to prepare for Brexit if there's no deal.' The publication date is 'Published 23 August 2018' and the source is 'From: Department for Exiting the European Union'. A 'Contents' section lists the following topics: Overview, Applying for EU-funded programmes, Civil nuclear and nuclear research, Farming, Importing and exporting, Labelling products and making them safe, Money and tax, Regulating medicines and medical equipment, and State aid.

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BETA This is a test version of the layout of this page. [Take the survey to help us improve it](#)

Home > Government > Brexit

Collection

How to prepare if the UK leaves the EU with no deal

Guidance on how to prepare for Brexit if there's no deal.

Published 23 August 2018
From: [Department for Exiting the European Union](#)

Contents

- Overview
- Applying for EU-funded programmes
- Civil nuclear and nuclear research
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- Labelling products and making them safe
- Money and tax
- Regulating medicines and medical equipment
- State aid

Possible outcomes

01

General election

02

Labour press for second referendum

03

No deal

04

Parliamentary compromise

05

Extend Article 50

06

Revoke Article 50

Scenarios around EU existing trade models/outcomes

UK issues	Hard Brexit				Soft Brexit		
	No deal (WTO rules)	Free Trade Agreement (eg Canada)	EFTA / Bilateral (eg Switzerland)	Common Market 2.0	Draft UK/EU deal	EEA (eg Norway)	No Brexit (remain in the EU)
	Free movement of people	No	No	No/partial	Yes	No	Yes
	ECJ Jurisdiction	No	No	No	No	Partial	Yes
	Regulatory autonomy	Yes	Yes	Limited	Partial	Partial	No
	Free trade in goods with EU	No	Limited	Yes	Yes	Yes	Yes
	Free trade in services with EU	Limited	Limited	Limited	Yes	Limited	Yes
	Financial services equivalent status/passporting	No	No	No	Partial	Partial	Yes
	Non-EU free trade agreement	Yes	Yes	Partial	No	No	No
	Contribution to EU budget	No	No	Partial	Partial*	Partial*	Yes
	Duty/tariff free zone	No	No	No	Yes*	No*	No
						Yes	Yes

Westminster position – 5 April 2019

	Seats	
Conservative	313	↓
Labour	246	↓
Scottish National Party	35	No change
“The Independent Group”	11	↑
Liberal Democrats	11	No change
Democratic Unionist Party	10	No change
Others	24	No change
	650	



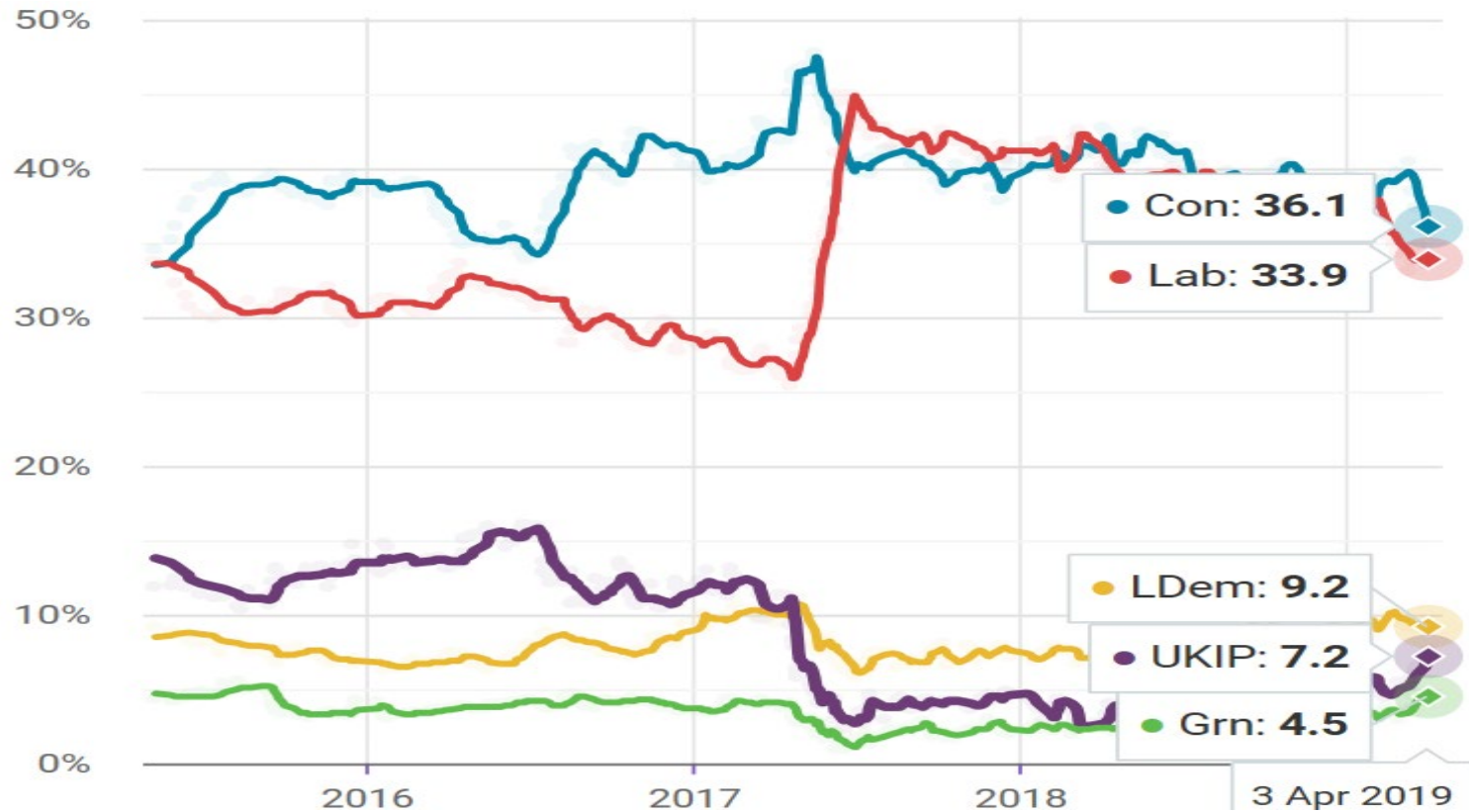
 **Labour**

SNP 

Liberal Democrats 



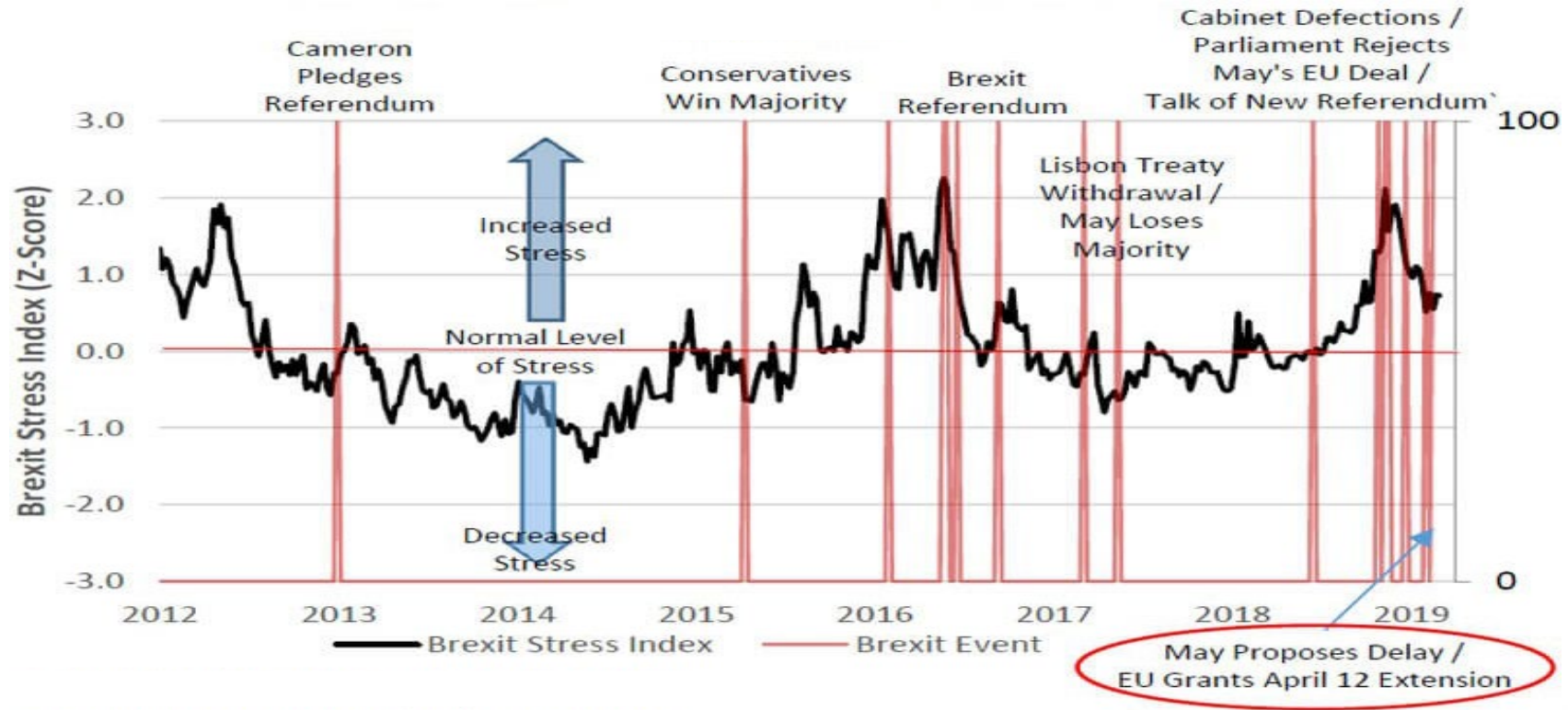
April 2019 poll tracker



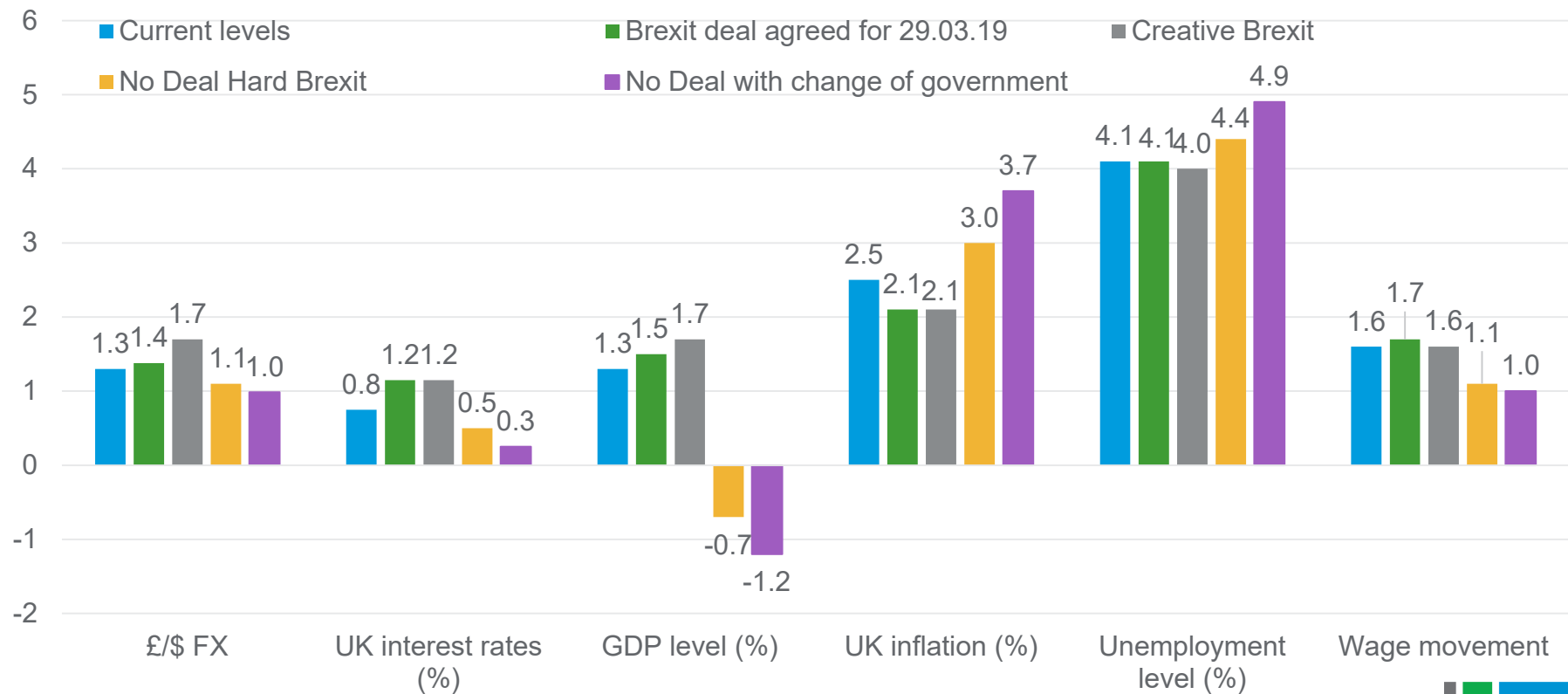
UK general election?



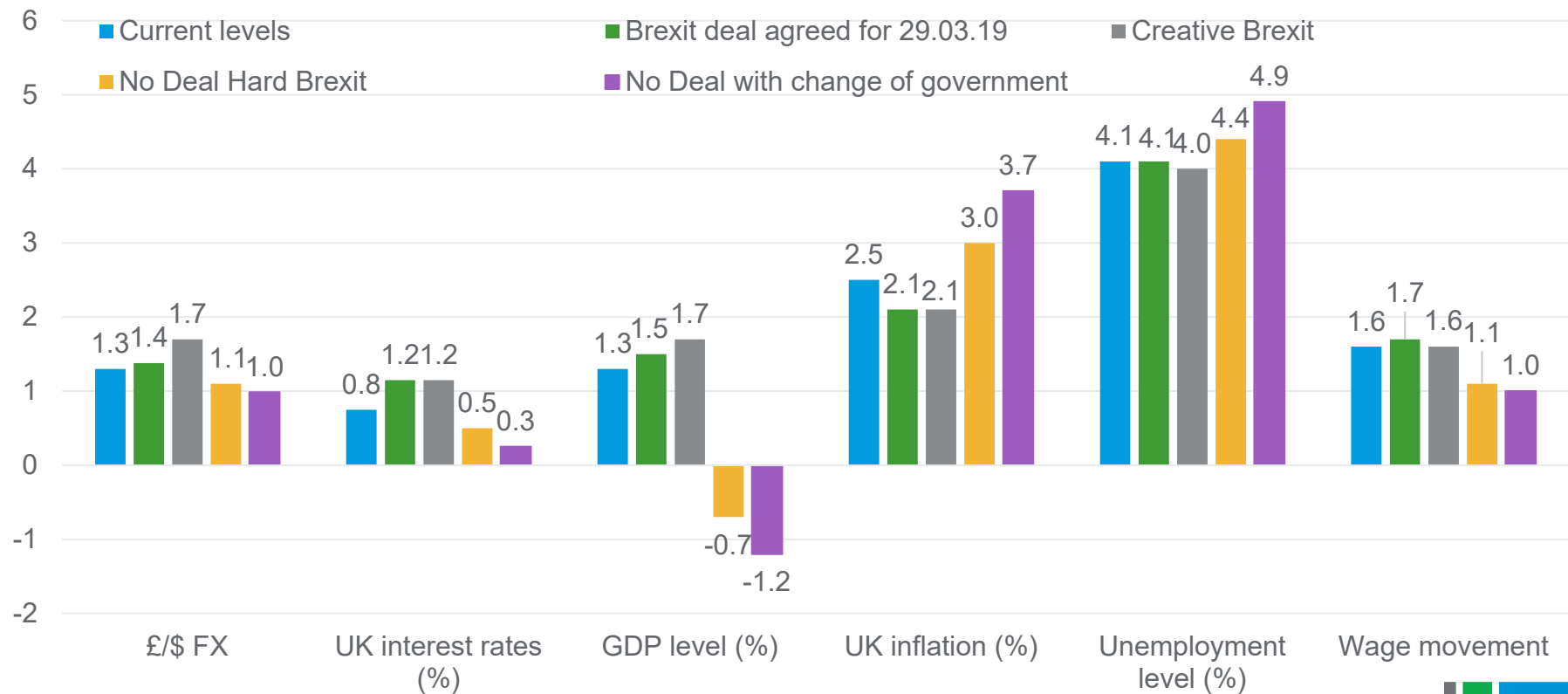
RSM Brexit stress index (since 2012)



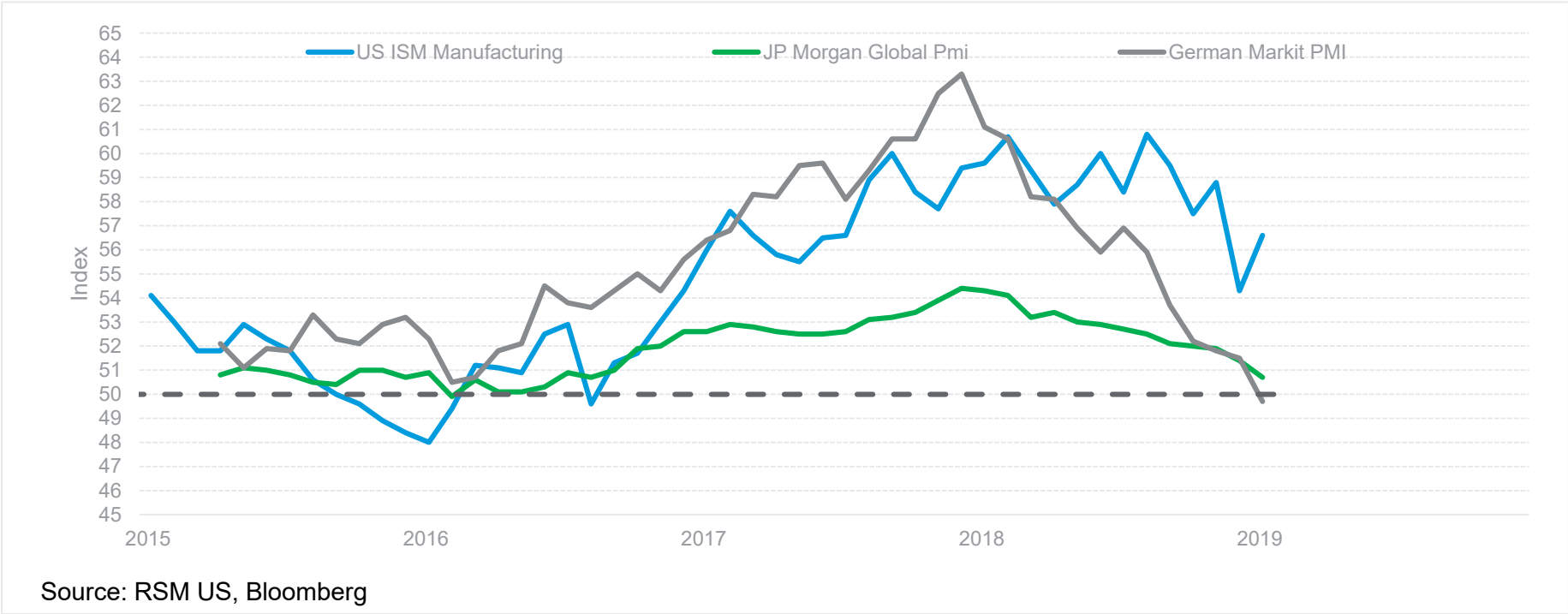
Brexit scenarios possible economic effects



Brexit scenarios possible economic effects



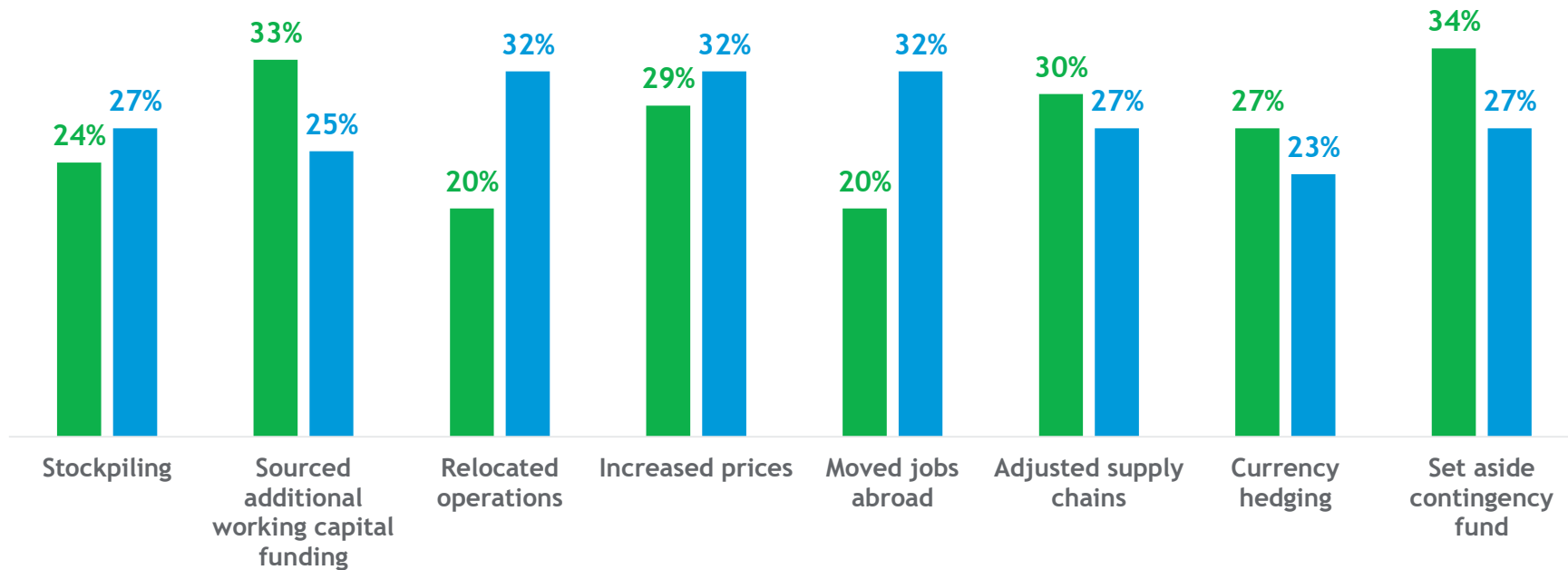
Global manufacturing snapshot





Thinking about a ‘No Deal’ scenario where the Government fails to negotiate a deal with the EU, which of the following actions, if any, have you taken or considered taking?

■ Taken ■ Considered taking

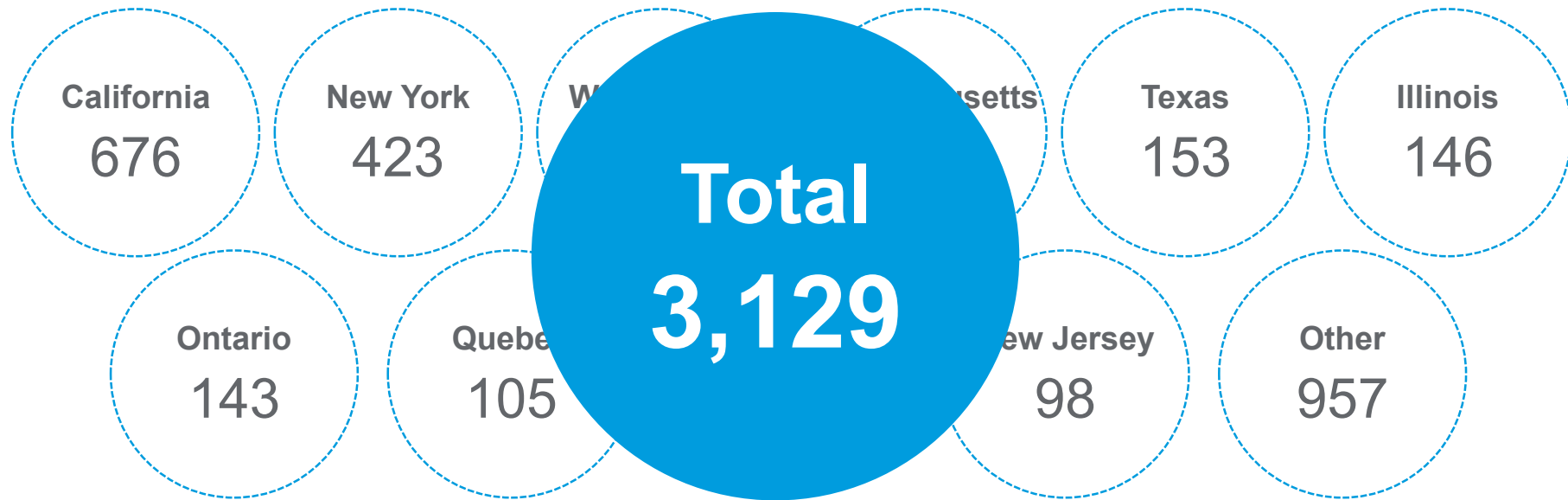


FDI into Europe in 2017

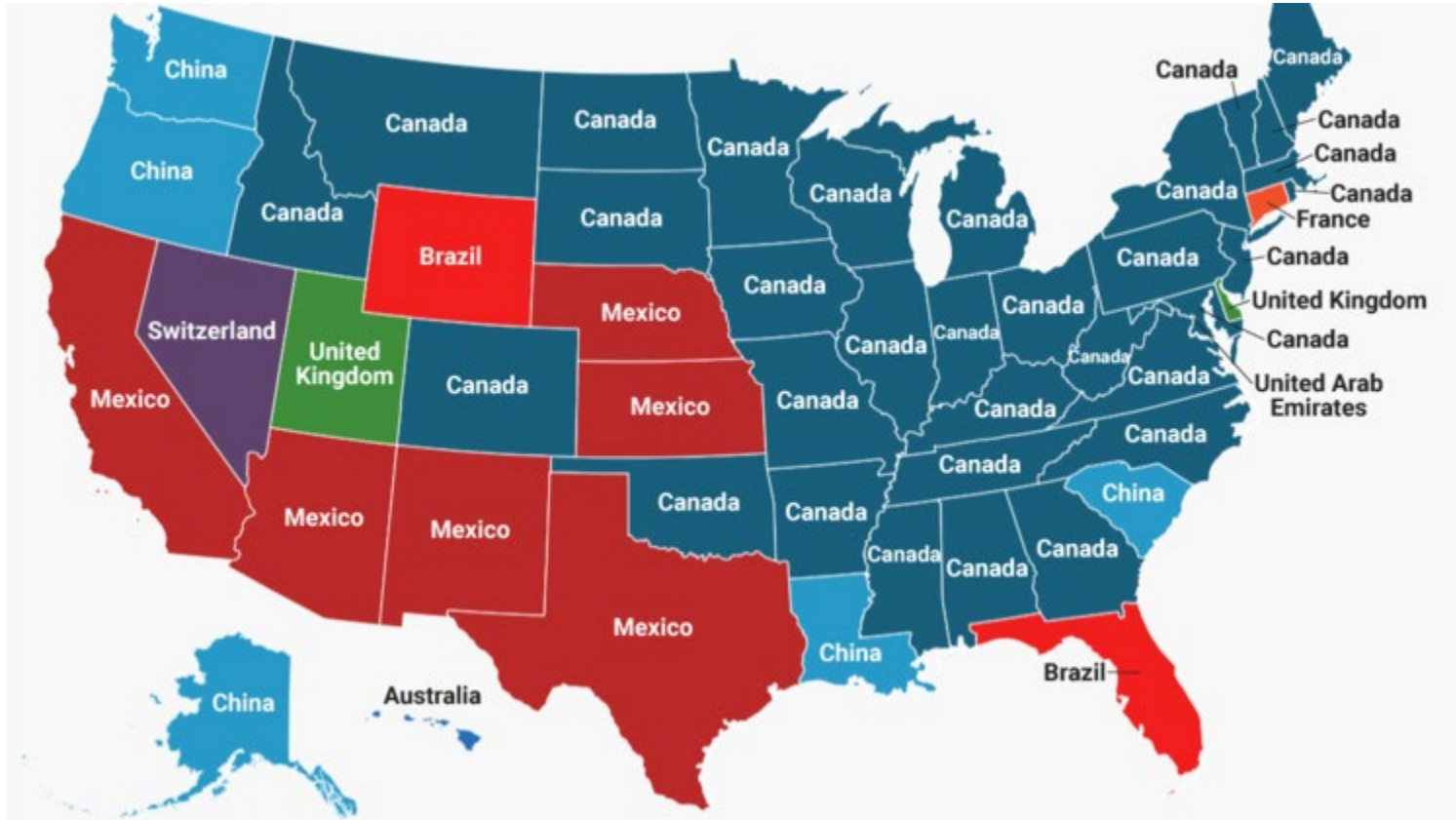
Capital investment

Europe market share %	Capital investment (\$bn) 2017
18% UK	33.2
9% Russia	15.9
8% Poland	14.8
8% Spain	13.9
7% Germany	13.7
7% France	13.4
7% Netherlands	12.8
4% Turkey	7.8
4% Ireland	7.8
3% Romania	5.8
25% Other	44.9

Where do FDI projects out of North America come from?

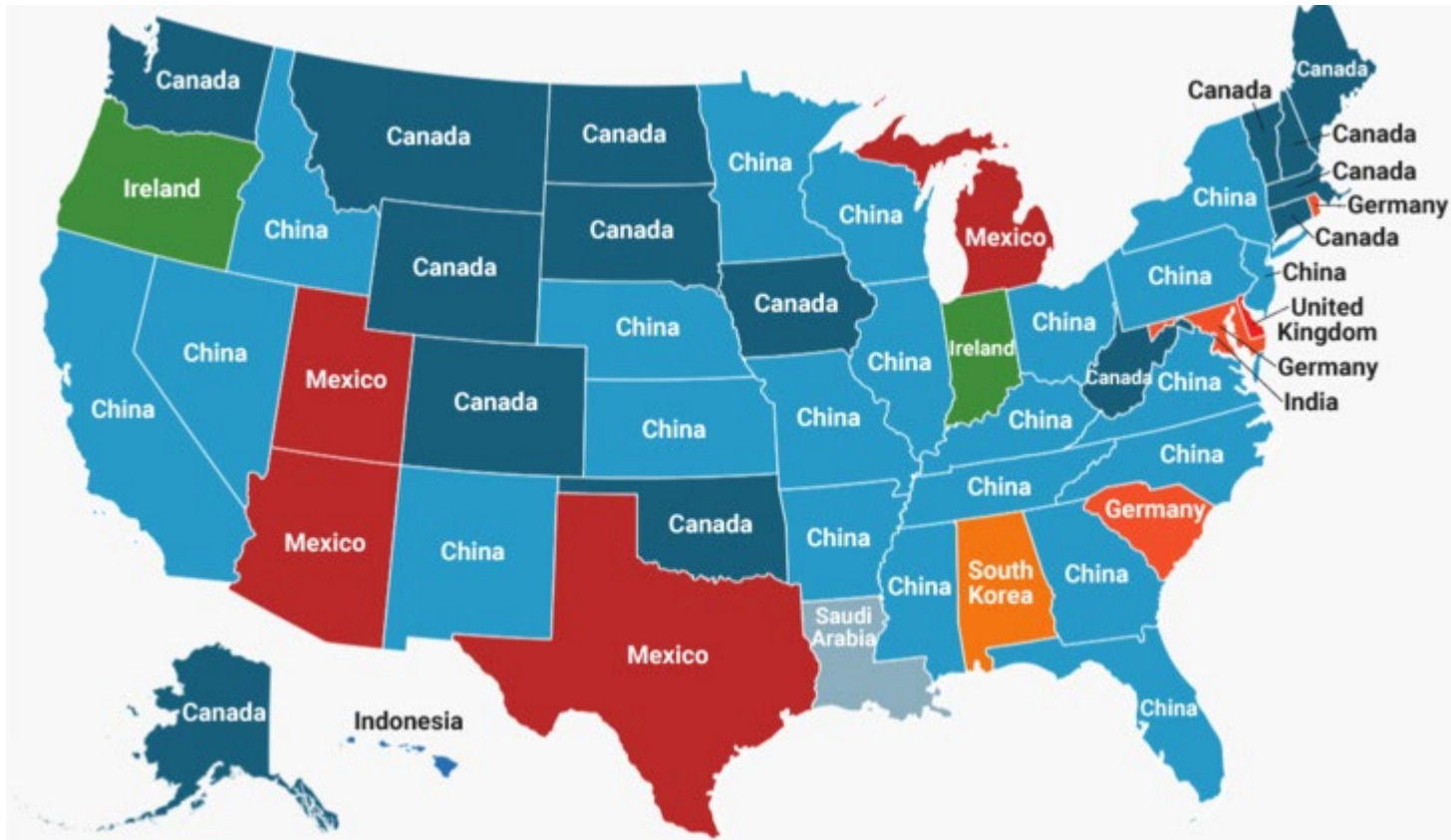


Biggest export trading partner for US



Source: US Census Bureau

Biggest import trading partner for US



Source: US Census Bureau

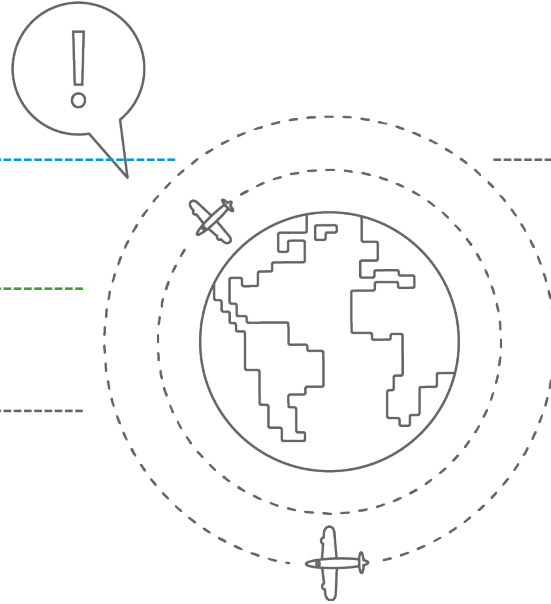
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Key considerations



Useful information sources

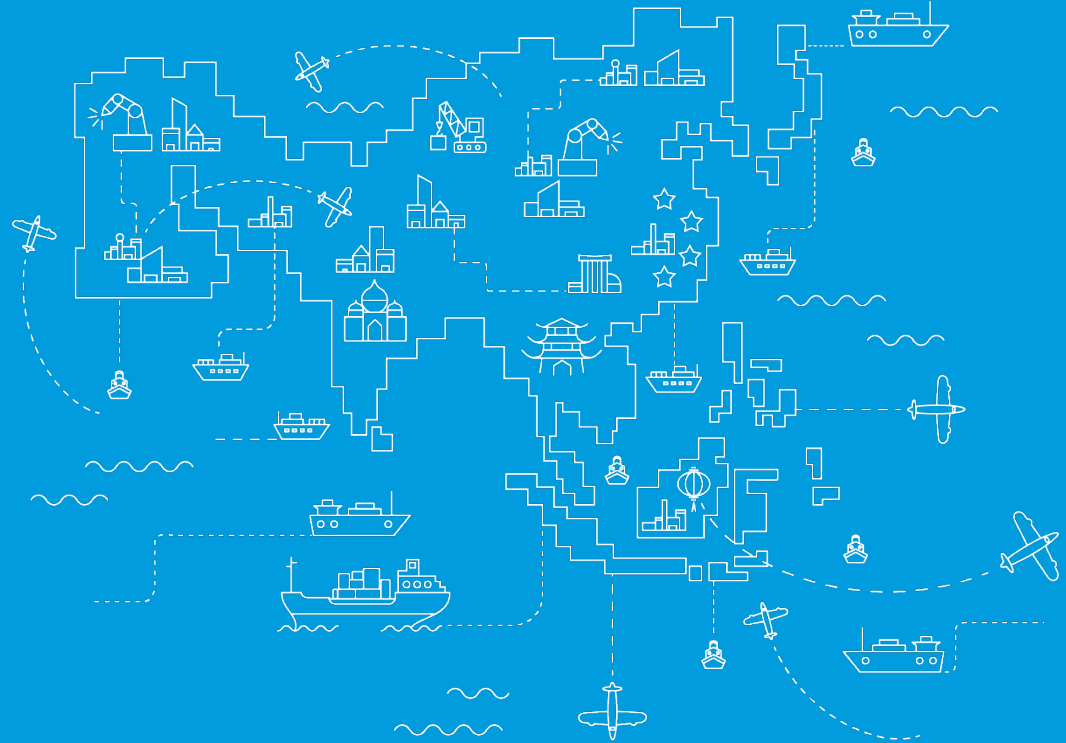
RSM UK

www.rsmuk.com/brexit

RSM US

www.rsmus.com/economics

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