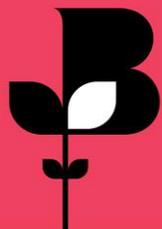


Brexit – the local and regional implications



North & Western
Lancashire
Chamber of Commerce



Brexit – What does the future hold?



dreamstime.com



The Norway option



- UK joins the EEA and EFTA
- Full access to Single Market
- Able to negotiate separate trade deals
- Existing institutional structure for EU relationship
- Minimises disruption and calms business
- But free movement of people still applies
- Pays contribution to the EU budget (per capita fee paid by Norway is roughly that currently paid by the UK)
- Has to sign up to EU rules – “We pay, but have no say: that’s the reality of Norway’s relationship with the EU”

The Swiss model



- Member of EFTA but not EEA
- Access to Single Market – over 120 separate bilateral agreements
- Pays £53 per head contribution to EU budget
- Need to comply with EU legislation in those areas where it wants to secure Single Market access but greater flexibility to deviate
- But still involves keeping free movement of people
- Referendum held on restricting free movement

The Canada option

- CETA seven years in the making
- Gives preferential access to EU without obligations faced by Norway and Switzerland
- Gets rid of most tariffs on goods, but excludes some food items and services
- 100% “Made in Canada” proof
- Does not involve Canada paying into the EU budget or signing up to EU rules on the free movement of people in return for increased market access



The no deal / WTO option



- Unilateral free trade policy
- Full control of UK borders
- No free movement, financial contribution, or complex negotiations but traded goods would still have to meet EU standards
- UK and EU have to apply to each other the tariffs and other trade restrictions they apply to the rest of the world
- UK hasn't negotiated a trade deal in 40 years

Brexit: the good, the bad, and the unknown

- Exports are cheaper
- More UK “staycationers” and more overseas visitors
- Less red tape
- But farmers, retailers, producers facing rising input and sourcing costs
- Fuel and energy costs could rise as crude oil is traded in dollars
- Uncertainty could reduce foreign direct investment
- Negative impact on prices and inflation
- Extent of global uncertainty - First official UK GDP estimates covering post-referendum period not published until October



Labour market short term impacts

- UK has record high employment
- Labour supply constraints may increase wages but possibly mitigated by cutting staff
- Food and Drink Federation - more than 25% of of 450,000 workforce comes from Eastern Europe
- ONS - 292,000 migrants work in UK manufacturing
- ONS - 230,000 migrants work in UK retail and wholesaling
- Australian points system to attract skilled migration
- But need mechanism to fill low skilled jobs and meet labour shortages



Structural funds and CAP impact

- Loss of £232m ESI Funds
- Decline in North's heavy industry
 - significant focus of funding is to create new industries
- Created around 70,000 jobs and 18000 new businesses
- JRF: Northern Powerhouse risks withering after Brexit
- 19% of farms don't make a profit and rely on CAP subsidies (average farm income of just over £20k of which 55% came from CAP)
- What to do with UK contribution to the EU budget



Brexit: in summary – a series of difficult choices



- **Beyond the border** – what to do about trade
- **On the border** – what to do about labour migration
- **Behind the border** – what to do about EU regulations

And now back to my
crystal ball



“..... because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know and it is the latter category that tend to be the difficult ones”

Donald Rumsfeld US Secretary of Defence 2002