

BREXIT

A hand holding a red pencil is drawing a thick red line on a map. The line separates the United Kingdom, which is filled with the Union Jack flag, from the rest of Europe. The rest of Europe is filled with a blue background and yellow stars, representing the European Union flag. The hand is positioned in the upper right corner, and the pencil is drawing the line from the UK towards the EU.

Sally & Brian
March 8, 2021

Great Britain

- England
- Scotland
- Wales



Ireland

- Northern Ireland
- Republic of Ireland

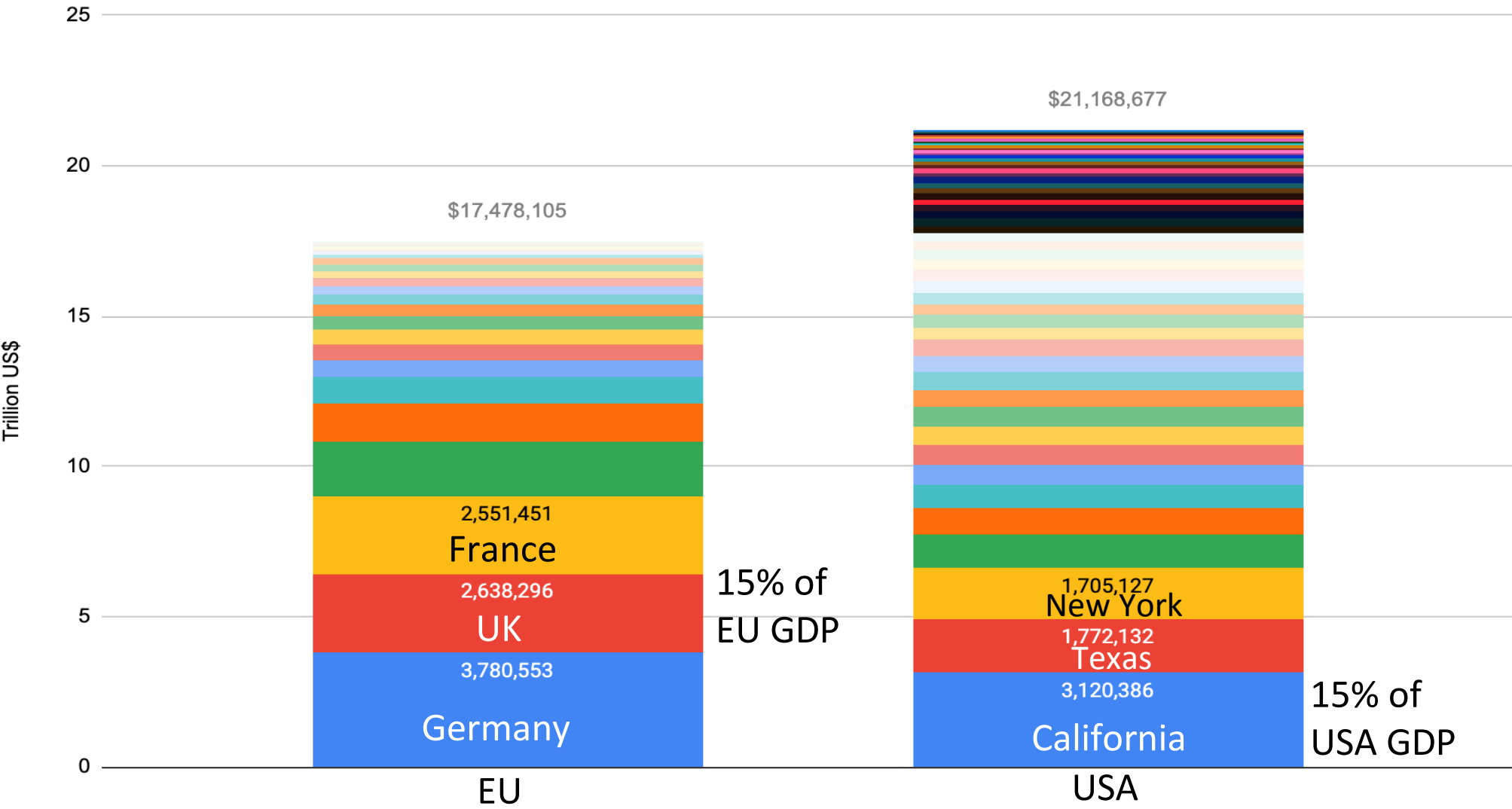


United Kingdom

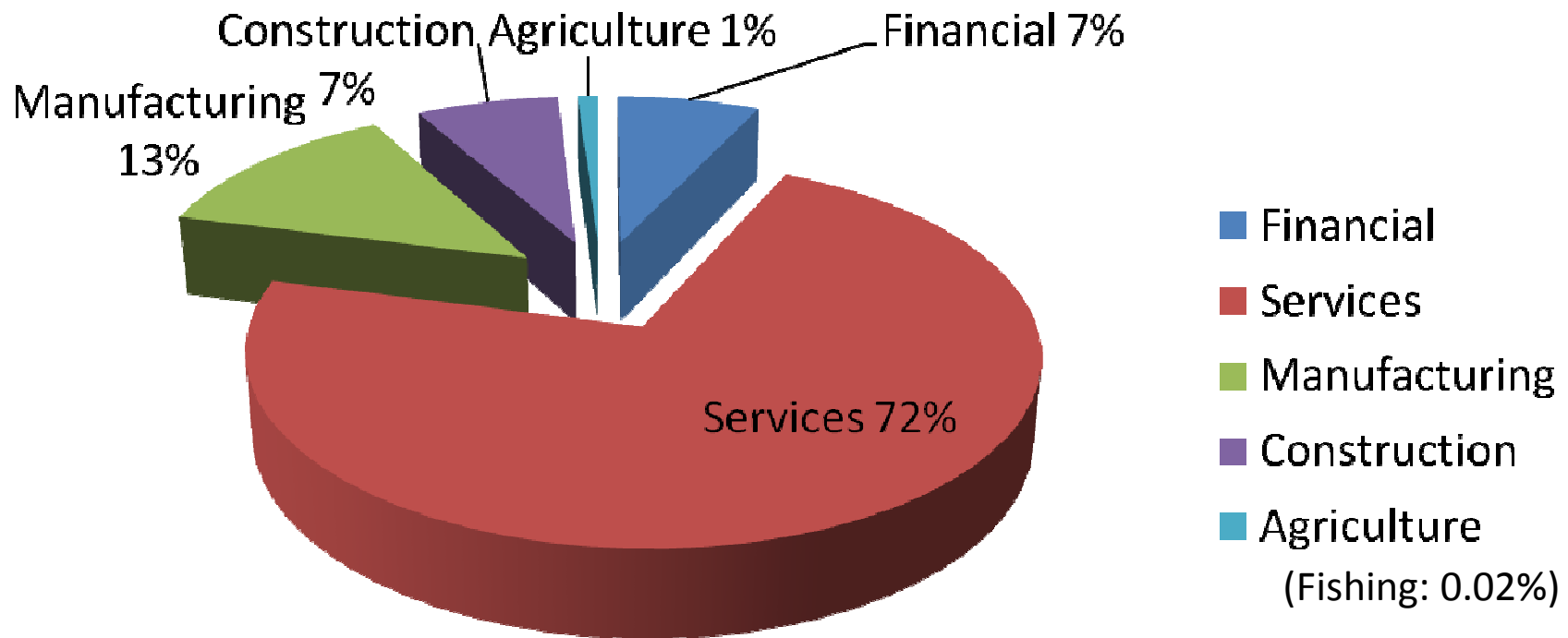
- England
- Scotland
- Wales
- Northern Ireland



EU & USA GDP in 2020



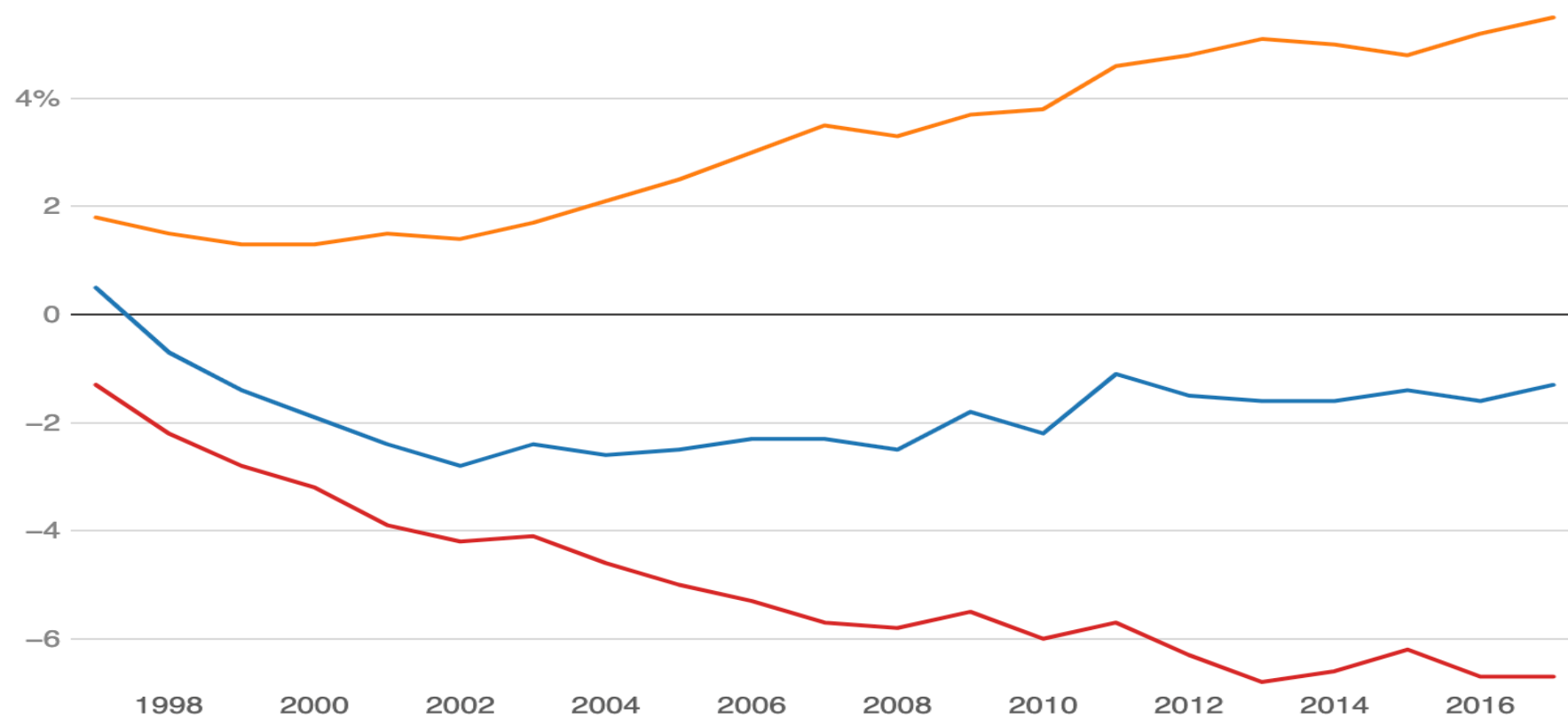
UK GDP: \$2.6 Trillion



UK trade balance, 1997-2017

Percentage of nominal GDP

— Trade in goods balance — Trade in services balance — Total trade balance



Source: [ONS](#)

UK & EU

- 1973 Britain joins EEC
- 1975 Referendum
 - 66% vote to remain
- 1979 Formation of Monetary Union
 - **Britain doesn't join**
- 1986 Single European Act
- 1992 Maastricht Treaty
 - Creates EU & Euro
 - **Britain opts out of currency & social chapter**
- 1994 Schengen Agreement
 - **Britain keeps border controls**
- 2004 EU Expands Membership
 - 10 Eastern European countries join
- 2011 EU Act
 - **Requires referendum before transfer of any more powers from UK to EU**
- 2016 Referendum
 - Leave 51.9%
- 2020 UK leaves EU
 - Enters transition period to end of year
- 2021 Transition ends

UK was in EU but...

- Never joined Euro, kept UK pound
- Never dropped border controls, although EU citizens had right of free travel & work

British people thought...

- Europe is across the channel
- Don't want political union with Europe
- EU was bureaucratic, imposing silly regulations
- EU a waste of money
- EU elections were a joke
- Immigrants were taking their jobs
- EU taking away British sovereignty

UK Parties divided on EU

- Conservative Right and some Labour Left against EU

UK Elections 2010-2019

(325 seats required for majority)

2010 election

- Conservatives (306) in coalition with centrist Liberal Democrats (57)
- Cameron promises referendum on Brexit, Lib Dem partners want to remain in EU

2015 election

- Conservatives unexpectedly win majority (330)

2016 referendum

- Party leaders campaign to Remain, but some politicians from both sides support Leave
- Result: Leave 52% Remain 48%
- Cameron resigns, Theresa May becomes PM
- Clear that there is no plan for Brexit

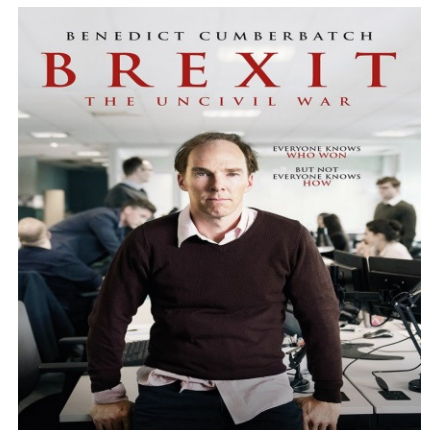
2017 snap election

- May miscalculates and calls election
- Conservatives lose majority (317), form minority government with Northern Ireland DUP support (10)

2019

- May unable to pass Brexit legislation, resigns & Boris Johnson becomes PM
- Boris calls election, Conservatives win strong majority (365)

BREXIT Campaign



BREXIT

THE UK GOT TARRIFF FREE TRADE FOR GOODS (PRODUCTS) AND THAT IS ABOUT ALL. All goods, formerly subject to EU regulations, are now subject to these regulations plus customs including paperwork, inspections, certifications and checks (Northern Ireland still has open access)

SERVICES now involve paperwork and access to EU services. 79% OF THE UK ECONOMY IS SERVICES.

THIS FINAL DEAL WAS NOT A GOOD DEAL FOR THE UK.

WHY WAS THE EU SO TOUGH? TO PREVENT FURTHER EXITS FROM THE EU.

- THE UK GOT SOVEREIGNTY BUT WILL LIKELY PAY IN TERMS OF A WEAKER ECONOMY. Sovereignty is very important for Unionists (pro Brexit).

Problems with products & services: Transition period ended Dec 31, 2020

Products (goods)

- Vaccines
- Fish
- Plants (soil)
- Food products (Supermarkets in Northern Ireland are relatively empty)
- Farm produce (“ “ “)
- Art

SERVICES

- Financial services
- Musicians
- Theater
- Etc.

The Northern Ireland Protocol

- To avoid a hard border, Northern Ireland stays in the EU single market for goods and services.
- Now there is new trade border between Northern Ireland and the rest of the UK.
- Unionists oppose the protocol, arguing that it has damaged internal trade from Great Britain to Northern Ireland (NI) and poses a risk to the future of the UK union.
- But anti-Brexit parties in NI say that it must be implemented in full, and that issues should be worked out through joint UK-EU processes

Current issues with trade (goods) under the protocol

- EU demanded a “hard border” with trade cut off for vaccines to the UK via Northern Ireland. The EU threatened to invoke Article 16. The UK sees this as a hostility which has “significantly undermined” the protocol. The EU has backed down.
- The UK has insisted that it can unilaterally extend grace periods on border checks for UK goods to ship to Northern Ireland. (e.g. food products & plants and parcels). (No customs paperwork or inspection)

EU threatens legal action (3-4-2020)

Lord Frost, the “Brexit” minister, insisted the delayed border checks was a "temporary" measure justified by the "fragile" situation in Northern Ireland.” They are about protecting the everyday lives of people in Northern Ireland, making sure they can receive parcels and buy the usual groceries from the supermarket.

It is clear that the Northern Ireland border is currently a subject of dispute. Will it be negotiated?

The EU would appeal to the European Court of Justice.

Financial Services

How will the UK's financial sector be affected by Brexit?

Last month, London was ousted by Amsterdam as the largest share-trading centre in Europe. Trading is a part of “financial services.”

1,500 money managers, payment firms and insurers have applied for permission to operate in the UK after Brexit. Around two-thirds had no prior physical operations in Britain

EU-based banks wanting to buy European shares currently cannot trade via London, meaning a loss of fees for City (London) firms.

Mr. Bailey (Bank of England) said there were signs that the EU planned to cut the UK off from its financial markets.

Financial services makes up about 7% of the UK's income and about 40% of banking and investment's business abroad is with the EU.

Fishing: How it went wrong.

(Less than 1% of the economy)

Fresh fish was dumped because of the new custom controls between the UK and the EU.

Shellfish present a special problem. Most Welsh waters are Grade B so shellfish have to be cleaned and purified before being sent to Europe but there are not enough facilities in the UK.

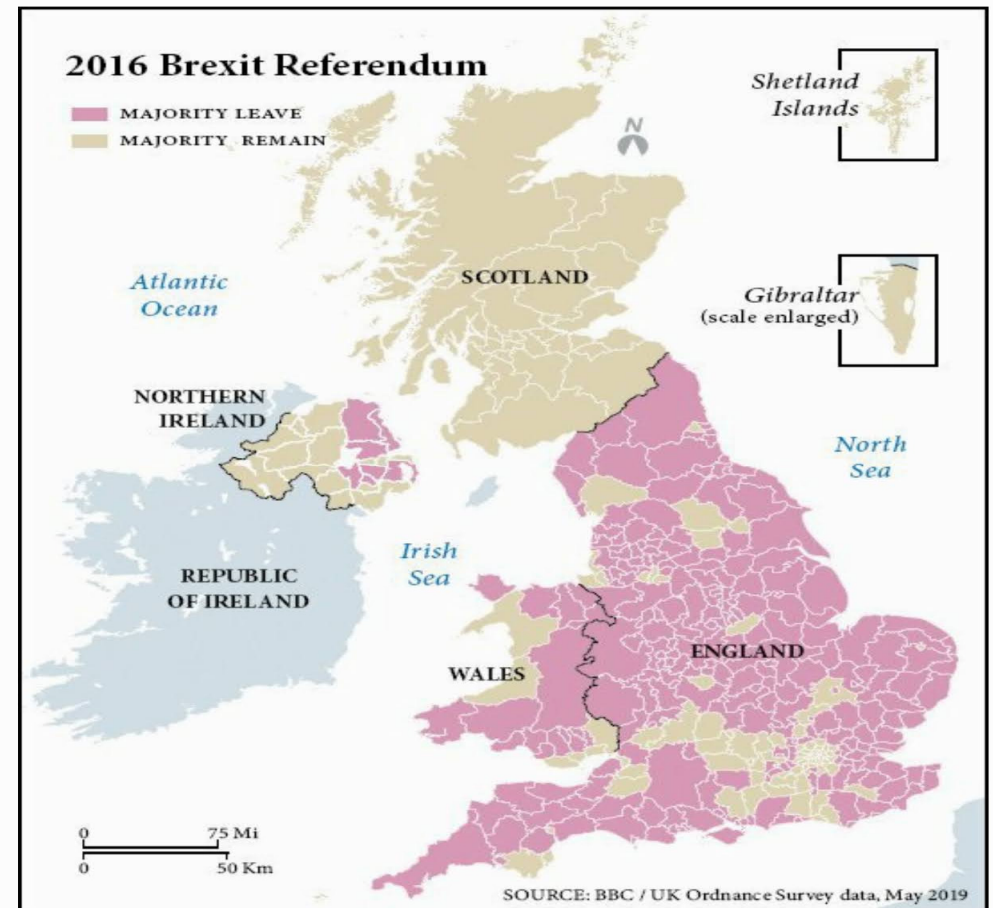
With Brexit, French and Belgian trawlers can fish just outside the 6 mile limit off Wales. Before with the EU Policy these trawlers had to stay 12 miles outside.

FISHING: a Quote from a Remain Candidate

- “It's difficult to feel sympathy for the fishing industry here, as a group they voted Brexit overwhelmingly and they were aware that exports to the EU was a vital revenue stream for the industry. By way of some mitigation lots of people were taken in with jingoistic, racist, little Englander lies, which we now know to be a smoke screen put up by a handful of market manipulators and tax dodgers.”

The Future of the UK

- **Northern Ireland:** Sinn Fein, the nationalist party wants a referendum; the main loyalist paramilitary factions have withdrawn support for the Good Friday peace agreement.
- **Scotland:** A majority voted to remain. But the move to independence is at risk with the breakdown of unity within the independence party, SNP due to accusations of a cover up of sexual harassment. Elections are in May. One commentator indicated that there would also be a very big problem for Scotland in a change of currency.

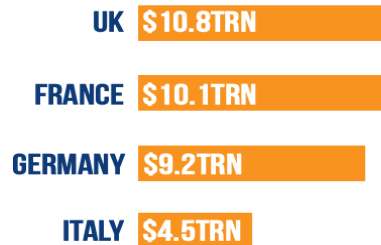




UK Financial Services



UK BANKING SECTOR ASSETS ARE THE **LARGEST IN EUROPE**



THE UK IS THE **LEADING GLOBAL NET EXPORTER** OF FINANCIAL SERVICES



THE UK IS THE **LEADING FOREIGN EXCHANGE MARKET**



NEARLY TWICE AS MANY US DOLLARS ARE TRADED IN THE UK AS IN THE US

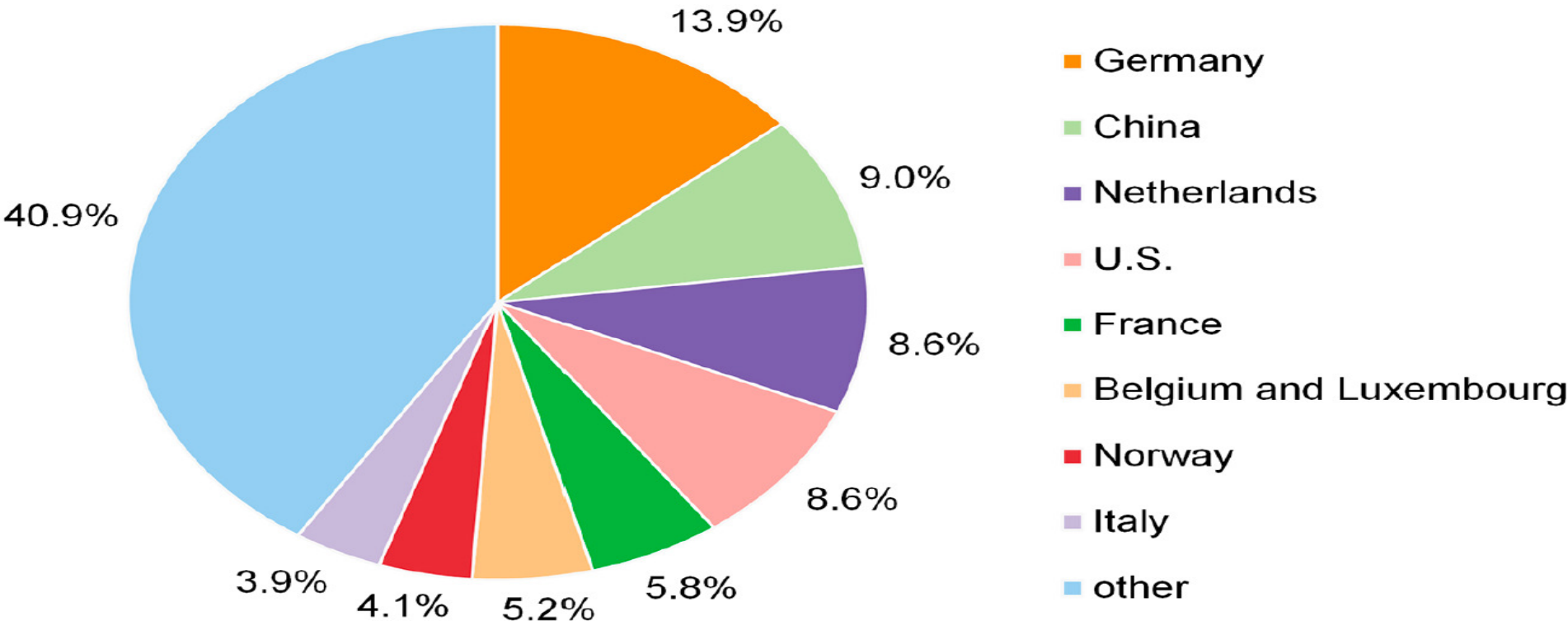
MORE THAN TWICE AS MANY EUROS ARE TRADED IN THE UK AS IN THE EUROZONE



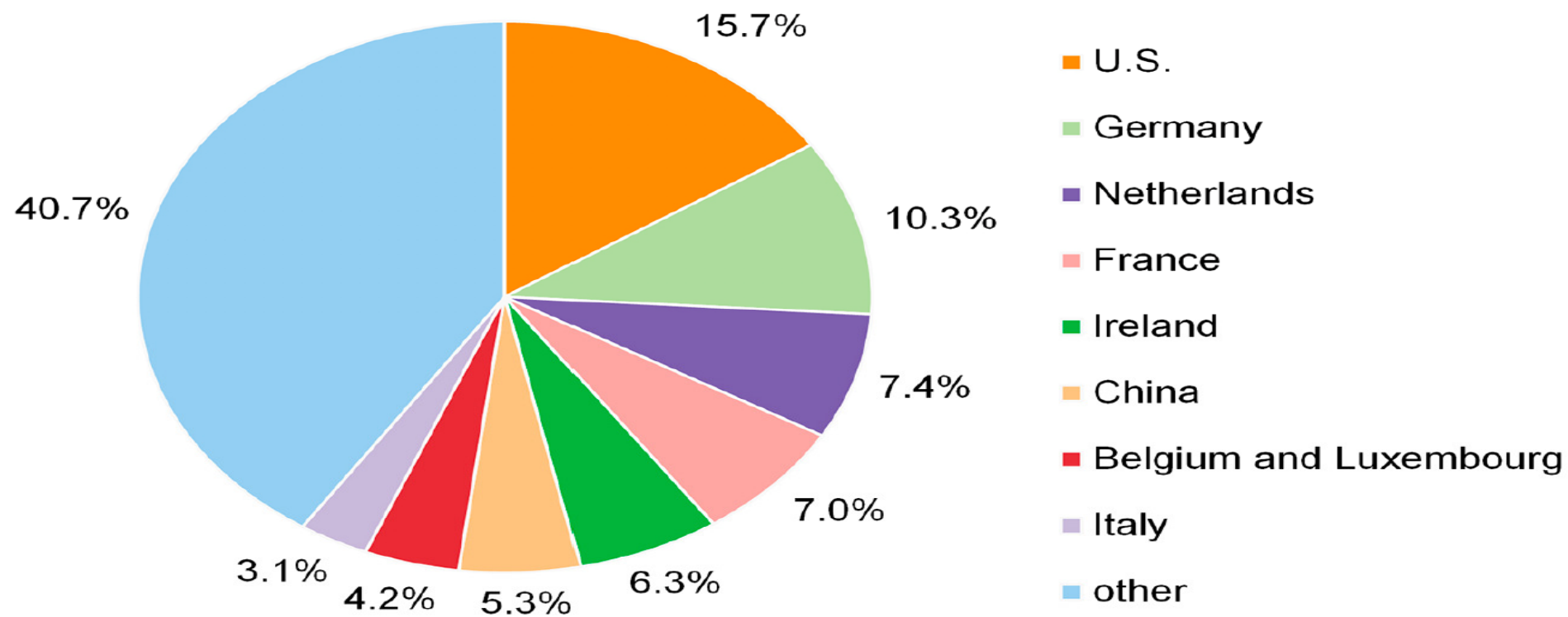
VALUE OF INTERNATIONAL BONDS IN THE UK =

\$3.2TRN
LARGEST IN THE WORLD

United Kingdom major import sources (2018)*



United Kingdom major export destinations (2018)*



British Isles

- Islands of Great Britain
- Islands of Ireland
- Isle of Man
- Channel Islands



UK Elections 2010-2019

325 seats for majority

