

# [How might brexit impact the uk?](https://assignbuster.com/how-might-brexit-impact-the-uk/)

EuropeanUnion (EU) is a monetary and trade body comprising of 28 member countries. Thepurpose of this body is to ensure that it has a competitive edge in the global marketplace(Cappelen et al., 621). Itis also involved in balancing the needs of both its political members and independentfiscals. Despite its transformation since the establishment of the concept ofEuropean trade area in 1951, the Treaty of Lisbon in 2009 highlighted thesupremacy of the body (Emmanouilidis& Stratulat, n. p). The treaty granted EU the legal authority to signand negotiate about international treaties. It thus had the powers for aspectssuch as border control and immigration.

TheEU eliminates barriers to entry along the borders of its members and thus thereis a free flow of goods and people unless in instances where there is need forcrime and drugs checks. Members also benefit from environmental protection, development strategies, energy provision and research. Aspects such as publiccontracts in a country are made open to bidders from countries within the body. The body also standardizes taxes and products manufactured in one of the membercountries are sold to other members without duties and tariffs. Practitionersof services such as banking, law, medicine, law, and insurance among others arealso permitted to operate in any member country.

The United Kingdom, on June 23, 2016, voted to leave the European Unionthrough a referendum known as Brexit(New York Times, par. 8). The section below focuses the impact that Brexit will have on the United Kingdom.

### Effect of Brexit on Britain’s economy

Research indicates that Brexit will have profound consequences invarious sectors of Britain’s economy. Trade, labor access and subsidies play an essential role in Britain’s agricultural sector. According to FT Reporters (par. 4), with Brexit, this sector will be affected by insufficient labor, as 90% of workers come from central and eastern Europe. Farmers also depended on the tariff access to agricultural inputs under EU. Two-thirds of the agricultural products are exported to the EU and thus will be interrupted and will have a negative impact on the economy.

Themanufacturing sector, which contributes to 10% of Britain’s economy accordingto Dhingra et al. (p. 3), will also be affected. This sector depends on the EU’snegotiations on trade on how to sell their products. It also depends on globaltalent to improve its products, which was available through free flow of peopleunder EU. With Brexit, the EU’s effect on determining their products’ effectivecost and free flow of talents will be halted; consequently affecting theeconomy.

Servicesthat account for four-fifths of Britain’s economy will also be constrained bythe barriers that will be impacted by Brexit (Begg & Mushövel, n. p.). This sector depends onstaff mobility, transfer of clients and data across the borders, which wereeffective under EU. With Brexit, free-trade agreements will be ineffective. Affecting services will have a negative impact on Britain’s economy.

Thefinancial services sector makes up for 7 percent of Britain’s economy (FT Reporters, par. 13). AfterBrexit, this sector will lose significantly, as it will try to adjust from thesingle market rules. With free flow of people affected, the sector will alsoexperience challenges in the labor force. Despite the prospect that it may stabilizeafter several years, this interruption will adversely affect Britain’s economy.

Theeducation sector is another area that will be affected. Britain’s universitiesgenerate approximately £11bn through export in a year and thus are expected tochange after Brexit (FT Reporters, par. 15). They depend on funding from EU for research. EU alsocontributed to the sector’s labor force and international students. FollowingBrexit, these benefits under EU will be cut and thus the sector will be unableto sustain its contribution to the economy.

### Effect of Brexit on Britain’s ability to do business in Europe

Brexittranslates to the fact that the trade agreements that it had under EU will beterminated. Therefore, it will need to reach new trade agreement with tradepartners or even the EU. In this case, the ability of Britain to conductbusiness in Europe will be affected. It will tend to appear weak in the newtrade deals. In the two-year deadline that Britain was allocated by EU toestablish itself after Brexit, it has to carry out the task under pressure. This may make it submit to some aspects under the new trade deals that portraythat its ability to do business with other countries in Europe will beaffected. For instance, higher tariffs are expected to be imposed on its goodunder a new trade deal with EU (Dhingraet al., p. 1).

### Effect of Brexit on Britain’s ability to do business in the U. S

Brexitwill also have an impact on the ability of Britain to conduct business with theUnited States. Murad (par. 1)explains that Britain and the United States have strong trade tiesespecially through U. S companies that operate in Europe. There are also citizensof the U. S who work in Europe.

Brexittends to dampen the growth of the business activities between the countries. The uncertainty regarding the fate of the U. S citizens in Britain after Brexitis also contributing to the tension between business relations between the twocountries. Companies from the United States may also be reluctant to invest inBritain over this uncertainty. This change in business relationships betweenBritain and the United States portrays that Brexit tends to take Britain offthe leading platform of the financial world.

## Works Cited

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