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**EIN-A4**

(19-10-2016)

**EIN Working breakfast on: "The economic consequences after BREXIT"**

*European Parliament, Brussels*

*Chair:*

- **Paulo RANGEL MEP**, *EIN Chairman, Vice-Chair of the EPP Group in the European Parliament responsible for Political Strategy and the European Ideas Network*

*Keynote Speaker:*

- **Carlos MARTINEZ MONGAY**, *Director Economies of the Member States II, DG ECFIN — Directorate-General for Economic and Financial Affairs, European Commission*

- There is a volatility in the process of Brexit and we cannot predict the real outcome, since UK economy is one of the biggest and well-organized economies in the world. The existing arrangements for non-EU countries vary and have different aspects. In the Norway model, for example, agriculture and fisheries are excluded from the agreement; Swiss model consists from bilateral agreements in certain areas and the Turkish model is completely different. Currently, EU have 50 trade agreements and negotiates with 60 countries.
- The economic relations between EU and UK are very strong- 43% of the British export is for the EU countries and at the same time 53% of the UK import is from the EU (mainly from Germany, France, Netherlands etc.). However, the financial sector and services are much more important for the United Kingdom compare with the EU in total. Financial sector holds a share of 7.6% of the UK GDP.
- The UK'S main macroeconomic indicators published after the referendum are very few. Employment intentions are not clear yet but the course of British Sterling dropped with 17-18% the last year, the expectations for the next 18 months are down with 15%. Inflation rates might be one of the most important indicators, since the British consumers are not elastic to price raises.
- The worst-case scenario was stressed as not being as simple as the ones being considered. There is no guarantee that the UK will immediately be treated as a full member of the WTO.
- Mairead McGUINNESS pointed the need to have an impact assessment sector-by-sector, in spite of the lack of predictability of it.
- Paulo RANGEL stressed the importance of the impact of the financial services in the British economy.
- How will the banks respond to BREXIT? Would they miss their passports? Most banks have branches in EU Member-States, so they would be able to continue working there. There are no expectations that we will watch banks suddenly run-off Britain to other Member-States. It might happen in some extent but not totally. Moreover, until there is no accurate information about the *modus vivendi* after BREXIT the banks will not react.
- In addition, there are still many other variables that need to be considered, such as the oil prices or the future of the monetary policy of the ECB.

*The 'EIN-A4' represents a summary of EIN seminar initiatives. The views expressed do not necessarily reflect the EPP Group political line.*