European
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The consequences of a British exit from the European Union

Given that the main arguments in favour of leaving the EU centre on economic interdependence, sovereignty and security, and immigration, this paper takes a closer look at what a Brexit would mean in those areas. It also examines whether the UK would be able to extract a better deal from the EU if it chose to leave the Union.

1. Economic Consequences

A. EU-UK Trade Relationship

Facts and Figures

The UK is more dependent on the EU than vice versa given that 12.6% of UK GDP is linked to exports to the EU wheareas only 3.1% of GDP among the other 27 Member States is linked to exports to the UK. The EU is the destination of 44% of UK exports and 60% of total UK trade is covered by EU membership and the preferential access it grants to 53 markets outside the EU. If TTIP and other current negotiations succeed this could increase to 85%.[1]

The UK is a service-based economy with the service sector making up almost 80% of its economy.[2] Furthermore, although the UK has a net trade deficit with the EU, it had a net trade surplus in services of 10.3 billion pounds in 2013.[3] The EU is one of its biggest partners with 36% of total UK service exports going to the EU.

The UK is also the leading EU destination for Foreign Direct Investment (FDI) because it combines an English-speaking and relatively flexible labour market with barrier-free access to the EU Single Market. Market size is a major determinant of the size of FDI flows, and membership of the EU expands the UK market.[4] The barriers that matter to investors in a competitive modern economy are not tariffs but non-tariff barriers such as divergent national standards and regulations. The EU Single Market provides a level playing field, replacing 28 sets of regulations with a single rule book and free access to 500 million customers to the companies operating with it. Outside of the EU the UK will most likely lose full access to the Single Market, making it a less attractive destination for companies that would like to use it as a base for their investment in the EU market.

The UK negotiation position vis-à-vis the EU

Brexit campaigners have so far argued that the EU's trade surplus with the UK is its trump card in negotiations. However, this ignores the fact that, whereas UK exports to the EU are 44% of total UK exports, on average the other 27 Member States only export 7% of their total exports to the EU. According to the Centre for European Reform "half of the EU's trade surplus with the UK is accounted for by just two Member States: Germany and the Netherlands. Most EU Member States do not run substantial trade surpluses with the UK, and some run deficits with it. Any agreement would require the assent of the remaining 27 members, some of whom buy more from Britain than they sell to it".[5] Furthermore, the EU only has a trade surplus based on goods exports but a trade deficit of 10.3 billion pounds in services. Therefore there is far less of a rationale for the EU to conclude a liberal agreement on services access than on goods, which would severely hurt the UK's service-based economy.[6] Moreover, many more international trade treaties already regulate and help reduce barriers to trade in goods, yet very few, if any cover, non-tariff barriers to trade in services. The EU's access to goods will thus not be as heavily affected as the UK's access to services on an already much smaller share of the EU's overall trade.

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1 The recent EU-Canada agreement is estimated to deliver a long-term positive annual impact of 1.3 billion pounds to UK GDP. https://www.gov.uk/government/news/government-welcomes-historic-eu-canada-free-trade-agreement

2 The Office for National Statistics UK GDP, low level aggregates; Second Estimate of 2015 GDP. The ONS defines services as everything that is not agriculture, fisheries, fishing, mining, quarrying, manufacturing, electricity, gas, steam and air conditioning supply, water supply activities, and construction.

3 http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/

4 https://www.cer.org.uk/sites/default/files/smc_final_report_june2014.pdf

5 https://www.cer.org.uk/sites/default/files/smc_final_report_june2014.pdf

6 In the above CEP model, the optimistic scenario assumes that the UK would face one quarter of the reducible non-tariff costs that the US currently faces, while the pessimistic scenario assumes that the UK would face as much as two thirds. http://cep.lse.ac.uk/pubs/download/pa016.pdf

> "The UK is more dependent on the EU than vice versa given that 12.6% of UK GDP is linked to exports to the EU wheareas only 3.1% of GDP among the other 27 Member States is linked to exports to the UK. The EU is the destination of 44% of UK exports and 60% of total UK trade is covered by EU membership and the preferential access it grants to 53 markets outside the EU. If TTIP and other current negotiations succeed this could increase to 85%."

B. Future Scenarios

Growth Predictions (by 2030):

Predictions on how a Brexit would affect economic growth depend on four factors: 1) Whether the EU itself will embrace reforms; 2) the outcome of TTIP and other trade agreements the EU negotiates; 3) To what extent the UK is willing to turn Britain into a dramatically deregulated free trading economy; 4) What type of relationship the UK decides to have towards the EU Single Market.

Due to the unpredictability of all of these factors growth predictions vary greatly. According to the most optimistic scenarios, where the UK maintains a high level of access to the Single Market, the effects range from a loss of 2.2% of GDP[7] and the absolute best case scenario, which foresees that the UK would benefit from leaving Europe with a 1.6% higher GDP in 2030.[8] The assumptions and the plausibility of this very positive best case scenario will be evaluated further down in the paper. The most pessimistic predictions, where the UK would have a simple WTO managed relationship with the EU, show that the UK could face an income loss of between 3.1% (50 billion pounds) and 9.5% of GDP.[9] As a baseline for comparison: following the 2007/2008 global financial crisis UK GDP fell by around 7%.

Different plausible relationships to the Single Market

The UK could decide to have a Norwegian/EEA-style relationship, a Swiss-style bilateral trade agreement, a Canada-style bilateral trade agreement a WTO-style managed relationship or a uniquely negotiated relationship with the Single Market. Under the first two models the UK would have to pay for Single Market access and accept almost all EU regulation without having a voice at the table. The WTO-style relationship, absent of significant domestic reforms, is the "worst case scenario" and would bring substantial economic costs. Overall, no free trade deal with the EU will offset the loss of access to the Single Market and EU customs union.[10] If the UK decided to have an EEA-type relationship where it pays for full access to the Single Market, most EU regulation would continue to apply to the UK, including the five pieces of EU derived legislation considered to be the most "costly".[11]

The only plausible model for a relationship where the UK could gain substantial access to the Single Market without requiring freedom of movement is the bilateral EU-Canada Comprehensive Economic and Trade Agreement (CETA). However, according to the UK Treasury, such an agreement would result in a 6.2% smaller UK GDP in 2031, a £4,300 decrease in household income and an annual £36 billion "black hole" in tax receipts, equivalent to a little more than one third of the NHS budget. [12] Given that reducing migration is one of the main goals of the Leave campaign, it is significant to

7 http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/
8 The UK manages to enter into liberal trade arrangements with the EU whilst pursuing large-scale deregulation at home on immigration, environmental protection and social policies
9 http://cep.lse.ac.uk/pubs/download/pa016.pdf
10 http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/
11 These include the UK Renewable Energy Strategy, the CRD IV package, Working Time Directive, EU Climate and Energy Package, and Temporary Agency Workers Directive. http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/
12 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517415/treasury_analysis_economic_impact_of_eu_membership_web.pdf

note that any possible future relationship that restricts or removes freedom of movement results in substantial economic costs and growth loss for the UK.

To conclude, none of these existing models would carry much appeal for the UK. If the UK were to negotiate a unique agreement, it would probably take more than two years to do so.[13] One Eurosceptic think-tank concludes that their most favourable alternative relationship model "would be the hardest option to negotiate, and it may actually be easier to achieve a model along these lines by renegotiating from inside the EU."[14]

UK economically stronger outside the EU: A "pie in the sky"

For the UK to benefit by 1.6% of GDP gains by 2030, as the best case scenario implies, it would have to substantially reform its economy on three broad fronts: 1) open up to China, USA, India and Indonesia; 2) pursue a liberal policy for labour migration; 3) slash regulation on climate change, social and employment protections and financial services rules. The last two reform packages would only be possible if the UK decided to choose a WTO-style relationship with the EU, given that EU rules would apply in the other cases. However, most models show this option to produce the biggest income losses for the UK economy and it therefore represents a high risk option.[15]

It is highly unlikely that all or any of these models will be acceptable from a political viewpoint. Introducing unprecedented levels of competition in manufacturing and other industries by opening up to China, India, etc. is a politically sensitive topic and would not be popular with working class populations. Furthermore, given that anti-immigration sentiments are helping to drive a Brexit sentiment, the government would probably not introduce a more liberal policy on immigration. Also, if the UK decides to sign up to the Single Market it will need to agree to the free movement of people.[16] Currently the UK has opt-out agreements on Schengen in place so this would most likely cause an increase in immigration to the UK, neutralising one of the main pro-Leave arguments. To compare, in 2013 Norway was the destination of over twice as many EU migrants per head than the UK. [17] Also, Britain is likely to keep many EU rules in place, for example on climate change and banking regulation where it has gone further in some areas than the EU standard.[18]

Better and faster trade deals outside the EU?

The EFTA (of which Norway is a member) currently has 25 free trade agreements covering 35 countries. These include Canada and Singapore where both FTAs were concluded ten years ahead of the EU. The EU also currently does not have plans to negotiate with China. However, the quality of these deals should be questioned. To give an example, the Switzerland-China free trade agreement opens up the entire Swiss market to China immediately while maintaining tariffs on exports of Swiss watches to China in perpetuity. Were it to negotiate from outside the EU, the UK, a medium-sized country, would have to strike less favourable trade deals than it would do as part of a 500 million-strong market.

Furthermore, no matter how attractive alternatives to trade with the EU might appear, the fact is that, as the Centre for European reform argues, "Europe has become a regional trading hub. Over three-fifths of EU Member States' trade in goods is conducted among themselves. Intra-EU trade expanded less rapidly than extra-EU trade over the last decade, but it still managed growth of 5.4 per cent a year, suggesting that European regional trade integration is far from exhausted".[19]

13 Both the official UK government report on "Alternatives to membership: possible models for the United Kingdom outside the European Union" and Open Europe's comprehensive study judge any existing model as less desirable than the current status quo. Both also predict an extended period of negotiation of up to ten years.
14 http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/

15 Professor Nick Crafts of Warwick University http://www.ft.com/intl/cms/s/2/70d0bfd8-d1b3-11e5-831d-09f7778e7377.html#axzz42ECtfOKi
16 No country has been able to withdraw from this requirement.
17 In fact, all EEA countries and Switzerland had a higher number of EU migrants per capita. http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/
18 http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2014/pb_city_brexit_js_pw_8may14-8816.pdf

19 https://www.cer.org.uk/sites/default/files/smc_final_report_june2014.pdf

C. Brexit Effects on Seven Main Sectors

In total the seven most affected industries employ 20.79% of the UK labour force and generate 53.2% of UK total exports.

Key sector: Financial services and Insurance Sectors

The financial services and insurance sector employs 3.6% of the UK labour force. Financial services represent a 9.6% share of total UK exports of which 41% are destined for the EU. The insurance sector represents a 4.3% share of total UK exports of which 18% are destined for the EU.[20]

The insurance industry is more globally oriented so it is less at risk. However, financial services are the most exposed sector and a deal will be hardest to negotiate here. Britain would be forced to choose between a "third country" WTO-style status or somehow remain a member of the Single Market like Norway. The EU is also currently in the process of tightening rules on third country access to financial services through the Markets in Financial Instruments Directive (MIFID III).

Another UK consideration is the "financial passport" whereby UK financial firms, including banks, insurers, and asset managers generally have the right to sell financial services and establish branches anywhere in the EU without other countries being able to impose different or additional requirements. Outside the EU, UK firms would no longer enjoy that right. Any interest in liberalising trade in services, in which Britain is especially competitive, would also diminish if the UK were to leave.[21]

20 http://2ihmoy1d3v7630ar9h2rsglp.wpengine.netdna-cdn.com/wp-content/uploads/2015/03/150507-Open-Europe-What-If-Report-Final-Digital-Copy.pdf

The other six affected sectors are:[22]

- Automobile Sector: the automotive sector employs 0.42% of the UK labour force and represents a 4.9% share of total UK exports of which 35% by value are destined for the EU. If the EU-UK can't negotiate a deal, then tariffs on cars will be 10%.
- Chemicals and Pharmaceuticals Sector: the chemicals and pharmaceuticals sector employs 0.52% of the UK labour force and represents a 9.9% share of total UK exports of which 57% are destined for the EU. If the EU-UK can't negotiate a deal, then tariffs on chemicals will be 4.6%.
- Aerospace Sector: the aerospace sector employs 0.34% of the UK labour force and represents a 2.3% share of total UK exports of which 45% are destined for the EU. If the EU-UK can't negotiate a deal, there is a high risk of market disruption. The UK's Aerospace, Defence, Security and Space sector estimates the aerospace sector could be subject to up to 7.7% tariffs.[23]

21 http://2ihmoy1d3v7630ar9h2rsglp.wpengine.netdna-cdn.com/wp-content/uploads/2015/03/150507-Open-Europe-What-If-Report-Final-Fully liberalising the EU's service market would lead to an increase of 1.8 percent in EU GDP. A fully functioning single market in digital services would add an additional 260 billion euros.
22 http://2ihmoy1d3v7630ar9h2rsglp.wpengine.netdna-cdn.com/wp-content/uploads/2015/03/150507-Open-Europe-What-If-Report-Final-Digital-Copy.pdf
23 https://www.adsgroup.org.uk/brexit-could-mean-7-7-tariffs-for-uk-aerospace-exports-to-eu/

- Capital Goods and Machinery Sector: the capital goods and machinery sector employs 0.61% of the UK labour force and represents an 8.6% share of total UK exports of which 31% are destined for the EU. If the EU-UK can't negotiate a deal, then tariffs on machinery will be between 1.7% and 4.5%.
- Food, Beverage and Tobacco Sector: the food, beverage, and tobacco sector employs 3.7% of the UK labour force and represents a 3.7% share of total UK exports of which 61% are destined for the EU. If the EU-UK can't negotiate a deal, then tariffs on processed food will be 15% and for other products tariffs could increase by up to 30%.
- Professional Services Sector: the professional services sector employs 11.6% of the UK labour force and represents a 9.9% share of total UK exports of which 29.8% are destined for the EU. If the EU-UK can't negotiate a deal, the potential barriers to the EU market consist primarily of national market access regulations, not tariffs.

D. Effect on UK citizens living in the EU

Another measure of EU-UK interdependency is the 1.4 to 1.8 million UK nationals that live in the EU on a permanent basis who would be most affected by a Brexit. In the case of Brexit, a lot of pensioners would move back to the UK to use NHS services, further burdening a system already working at or over its capacity. The current scheme whereby individuals receiving UK state pensions are entitled to healthcare in the other Member States, which is then reimbursed by the UK, would stop. In addition to losing the right to live, work and own property in the other Member States, UK citizens would also lose the ability to vote in local elections in their EU country of residence, the mutual recognition of child custody decisions, the right to use public services in other EU countries and the use of the European Small Claims procedure to reclaim up to 2.000 euros from individuals in other EU countries.

E. Effect on migration and the economy

The UK's Office for Budget Responsibility (OBR) in its annual Economic and Fiscal Outlook report found that net migration has a positive impact on the British economy. According to its calculation, the high migration variant would increase the UK's budget surplus by about £4.5bn by 2019-20, while the low migration variant would reduce it by the same amount.[24] In other words the "high migration scenario" would add 0.8% to economic growth whereas the "low migration scenario" would cut economic output and the size of the economy by 0.8%.[25] Migration is an important factor in calculations of the UK's economic and fiscal outlook, where there is a direct positive relation between migration flows and growth forecasts, because of adult population growth, higher employment rates, and increased tax income.[26] EU migrants in particular have on average paid more in taxes than they have received in benefits. EU migrants that arrived in the UK since 2000 have contributed more than 20 billion pounds to UK public finances between 2001 and 2011, with EU migrants from the EU-15 contributing 64% more in taxes than they take out in benefits, and migrants from the 10 newest EU Members States 12% more.[27] Non-EU migrants, for comparison, have contributed around 5 billion pounds to the UK public finances in the same period. Also, there is hardly any statistical evidence to suggest that there is a negative link between migration and wages, reqther the contrary appears to be true.[28]

> "The UK's Office for Budget Responsibility (OBR) in its annual Economic and Fiscal Outlook report found that net migration has a positive impact on the British economy."

The UK is not a part of Schengen, which means that it has never lifted border controls for EU citizens. However, the freedom of movement (as well as goods, capitals and services) does apply, which means that EU citizens can enter the UK to (search for) work. If the UK were to leave the EU, and, depending on the agreement negotiated with the EU, it could be able to restrict this form of labour migration from the EU. But it is hard to foresee a scenario where the UK will not have to apply freedom of labour rules if it wants to maintain access to the EU's Single Market in a post-Brexit agreement. Furthermore, it is worth keeping in mind that, regarding the total migration flows into the UK between 2005 and 2015, more non-EU migrants entered the UK than EU migrants.[29]

24 http://cdn.budgetresponsibility.org.uk/March2016EFO.pdf
25 http://cdn.budgetresponsibility.org.uk/March2016EFO.pdf
26 http://cdn.budgetresponsibility.org.uk/March2016EFO.pdf

27 https://www.ucl.ac.uk/news/news-articles/1114/051114-economic-impact-EU-immigration
http://www.cream-migration.org/publ_uploads/CDP_22_13.pdf
28 http://www.cer.org.uk/publications/archive/bulletin-article/2015/britain-immigration-and-brexit ; http://www.niesr.ac.uk/blog/how-small-small-impact-immigration-uk-wages#.VxUAKNR94dU

29 http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/february2016

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www.europeanmovement.eu/policies

2. Sovereignty

Outside of the EU, the UK would no longer be subject to ECJ jurisdiction, EU social and employment policies and theoretically only firms exporting to the EU would need to comply with EU regulation. Furthermore it would be able to negotiate its own trade deals. However, it will still be bound by other international agreements. In the scenario where it signs up for the Single Market, the UK will still be affected by a significant array of EU legislation with the important difference being that the UK would not be able to influence the relevant legislation. Also, without the UK the more "protectionist" bloc within the EU gains strength, making the likelihood of a more open free trade agreement between the UK and the EU unlikely. Lastly, if the UK remains a member it can use the ECJ to defend its Single Market rights against what it deems to be violations by Eurozone-inspired regulations.

A. Security

Depending on what type of agreement it could negotiate with the EU, the UK would lose access to the 2004 European Arrest Warrant, the European criminal records information system, the 2005 EU Counter-Terrorism Strategy, the Schengen Information System II and the Prum Decisions relating to fingerprints and DNA databases that will come into effect in 2017. No alternative type of relationship offers co-operation on security similar to that available through EU membership: neither Norway nor Switzerland have equivalent access to the European Arrest Warrant.[30] Furthermore, the UK is the strongest European military power in NATO, so a Brexit would hurt the EU-NATO relationship, diminish the strength of NATO[31] and European security and defence capacities. A dozen former British military chiefs have written a public letter outlining the value for the UK of security cooperation through the EU in an increasingly unstable world.[32]

> "No alternative type of relationship offers co-operation on security similar to that available through EU membership: neither Norway nor Switzerland have equivalent access to the European Arrest Warrant."

B. International standing

The UK also has a history of being a major player in the international arena, it is a member of the G7, G20, NATO and a permanent member of the UN Security Council. A recent Chatham House report contends that in recent years the UK has three major channels for international influence: the European Union, its economic and security partnerships with the USA, and its other key bilateral and institutional relationships. However, the UK's abil-

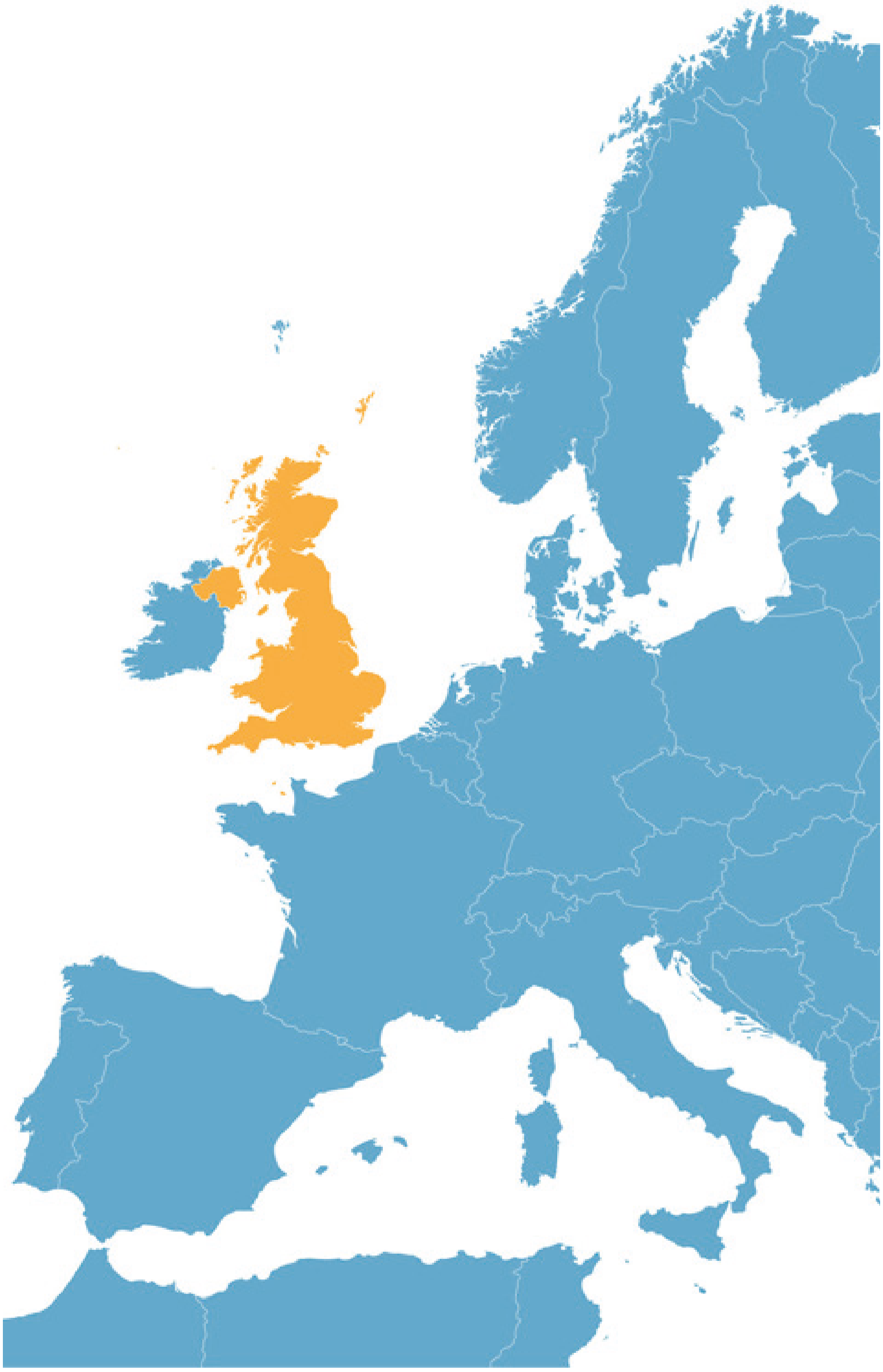
30 The EAW has so far led 7,000 people to be extradited from the UK to face trial and has resulted in just over 1,000 to be returned to the UK to face justice there. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503908/54538_EU_Series_No2_Accessible.pdf

31 http://www.newsweek.com/brexit-vote-could-weaken-nato-us-general-europe-436843

32 http://www.telegraph.co.uk/news/newstopics/eureferendum/12170890/Britain-must-stay-in-the-EU-to-protect-itself-from-Isil-former-military-chiefs-say.html

> "The EU allows the UK to leverage the world's biggest single market to secure the UK's economic interests, to shape policies towards the EU's Eastern and Southern neighbourhoods, to maximise its ability to shape global policies on climate change and to give it more clout vis-à-vis countries such as the United States. Leaving the EU would accelerate and make more permanent the UK's diminished influence in the global order."

ity to influence the external world is decreasing due to structural and long-term changes at the same time as it faces substantial security challenges from "a more assertive Russia, fallout from disintegration in the Middle East, and global challenges such as climate change."[33] Furthermore, with the United States focusing more and more on Asia, the UK becomes a less important partner and therefore the EU is the principal source of leverage for Britain in the world. The EU allows the UK to leverage the world's biggest single market to secure the UK's economic interests, to shape policies towards the EU's Eastern and Southern neighbourhoods, to maximise its ability to shape global policies on climate change and to give it more clout vis-à-vis countries such as the United States. Leaving the EU would accelerate and make more permanent the UK's diminished influence in the global order.



33 As a member of NATO the UK has a duty to protect its European neighbors from a Russian attack, as a member of the Five Power Defense Arrangement it will have to react to a flare-up with China while its defence budget has been slashed by 19% in the last five years.
https://www.chathamhouse.org/sites/files/chathamhouse/20151019BritainEuropeWorldNiblettFinal.pdf

3. The Withdrawal Process – Lisbon Treaty Article 50

The Lisbon Treaty Article 50 both outlines how the withdrawal process will work and, implicitly, why that process is disadvantageous to the leaving country.

Both UK Prime Minister David Cameron and leaders of the Brexit camp[34] have publicly stated that if the UK votes to leave the EU, then Article 50 of the Lisbon Treaty will immediately be triggered. These statements are direct replies to the Brexit claim that if the UK votes 'No', it would be able to use that as a tool to renegotiate a better deal with the EU while keeping the option of staying inside the EU alive. High-ranking EU officials have all stated that there is no 'Plan B' to the current EU-UK draft deal i.e. if the UK votes no, there will be no renegotiated agreement to stay in the EU.[35]

With that in mind the below points look at the formula espoused by Article 50, and the implications this might imply:

Article 50

- Negotiations would involve the 27 remaining Member States, the Commission and the UK.
- A withdrawal agreement would need the consent of the European Parliament and unanimous agreement of the Council.
- The UK would need to negotiate a withdrawal and post-exit arrangement with the EU within two years.
- After two years the negotiation period can be extended only by unanimous agreement among the 27 Members States - any Member State can veto the extension.
- The EU treaties continue to apply to the departing Member State until a withdrawal agreement has entered into force or the formal negotiation process ends.[36]

> "This uncertainty, which the UK government has said could last up to ten years, could have an impact on financial markets, investments, and the value of the pound which will affect employment and the wider economy."

Implications

Based on completed comprehensive trade treaty negotiations it is unlikely that two years will suffice for the negotiation,[37] thus the UK will be at the mercy of EU Member States voting to extend the negotiation period. If the UK does not have a new agreement in place after two years and there is no extension of negotiations the UK will leave the EU with no preferential trade agreement. This means it reverts to the WTO's Most Favored Nation rules and standards, which in most models signifies a massive economic cost to the UK and represents the worst-case scenario.[38]

As a result of the EU's ability to veto any extension in negotiations and the deal needing unanimous agreement in the Council - opening up the possibility that any given Member State may try to block the deal in order to extract a higher price for agreeing to any element of the agreement - the UK faces a far weaker negotiation position.

During negotiations the UK's ability to negotiate and conclude new trade

34 http://www.theguardian.com/politics/2016/feb/27/boris-johnson-rejects-idea-of-second-eu-referendum-and-says-out-is-out

35 Based on past EU negotiations and breaches of agreements and use of informal mechanisms such as trilogies, it is not impossible that withdrawal or remain negotaitions could happen outside of the Article 50 framework. However, it seems very likely that negotiations will happen under the Article 50 framework as there is almost no incentive for the EU to take any other route and such an agreement would need the support of all Member States.

36 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503908/54538_EU_Series_No2_Accessible.pdf

37 The EU-South Korea negotiations lasted 3-4 years, the EU-Mexico deal took over four years and the EU-Canada negotiations took 5-6 years. http://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/

38 France and Germany face national elections between April-October 2017 during which time negotiations would likely stall or be less productive. Furthermore, a new agreement on trade and wider co-operation would require approval by each of the 27 Member States alongside the EU. This could require ratification by some national parliaments, further delaying the process and would give each Member State another opportunity to block the agreement for any reason. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503908/54538_EU_Series_No2_Accessible.pdf

agreements with countries outside the EU will be constrained due to the uncertainty involved. Also many potential trade partners such as the USA are already negotiating with the EU and have already stated that a separate trade deal with the UK will not be available.[39] This uncertainty, which the UK government has said could last up to ten years, could have an impact on financial markets, investments, and the value of the pound which will affect employment and the wider economy.[40]

39 http://www.telegraph.co.uk/news/worldnews/europe/eu/11962277/Major-blow-for-Brexit-campaign-as-US-rules-out-UK-only-trade-deal.html

40 An HSBC report estimates that the pound would drop by 20%. http://www.theguardian.com/business/2016/feb/24/brexit-could-wipe-20-percent-off-the-pound-warns-hsbc

Renewing Membership: no advantages for the UK

According to the recent UK government report on the consequences of Brexit, renewed membership with the EU "would be highly unlikely to replicate our [Britain's] current special status, affecting the:

- Rebate on payments to the EU budget
- Opt outs from the Euro and Schengen border free area
- Right to choose which Justice and Home Affairs arrangements to join"

As such, the UK would be facing a plethora of difficult circumstances and choices were it to vote to leave the EU on 23 June 2016.

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“In addition to losing the right to live, work and own property in the other Member States, UK citizens would also lose the ability to vote in local elections in their EU country of residence.”

Conclusion

Upon looking at and assessing a variety of reports and analyses, it is clear that a British exit from the EU will carry with it large economic and political costs. It will also reduce the UK’s standing in the world and its ability to influence the international events that affect it the most. It is also evident that none of the alternative relations with the EU presents itself as more advantageous compared to EU membership. For these reasons we conclude that leaving the EU will be a historical mistake of paramount proportions, one whose effects will be felt sharply in the short term and have a lasting impact on the UK for many years to come.

The European Movement seeks to provide a platform to encourage and facilitate the active participation of citizens and stakeholders in the development of European solutions to our common challenges. We offer thought leadership on the issues that affect Europe and we give the opportunity to representatives from European associations, political parties, enterprises, trade unions, NGOs and other stakeholders, through our 39 National Councils and 34 International Associations, to work together, towards improving the way that Europe works.

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