Brexit_in_Britain.edited.docx

by

Submission date: 06-Mar-2022 03:52PM (UTC+0800)
Submission ID: 1777472381
File name: Brexit_in_Britain.edited.docx (31.45K)
Word count: 2316
Character count: 11784

Economic and Legal Impacts of Brexit on Britain

Order ID: PPL-567

Subject: Law and Economics Essay

Contrast and compare the economic and legal impacts of Brexit on Britain. Which of these in your opinion, has been or will be the most significant, and why? (Approximately 2000 words).

Economic Impact:

14

The first and foremost impact of Brexit on Britain is a substantial fall in the pound sterling. Brexit is no doubt has damaged the economy of Britain. Financial Times in December 2017 stated that the national income of Britain has decreased by 0.6% and 1.3 %. In 2018 the economic cost of Brexit is estimated at 2.5% of GDP. Under European Union, cheap labor used to come into the United Kingdom from neighboring European countries, but now the businesses have to invest a greater amount of money than before in their interns and existing employees. Though leaving European Union was a double edge sword for Britain (Brexit: The economic Impact-A Survey, 2016). On 31st December 2020, 11 pm UK left European Union. After this, trade with EU countries became tough as compared to the trade transactions happening before. So, Britain explored other markets and started economic trading with them. Before Brexit goods were imported and exported without documentation, tariffs, and border checks. Those industries that had been trading regularly with the EU, have been most affected. Issues also arose with the workers.

After Brexit, there has been some positive impact on Britain's economy. Now the UK is allowed to trade more freely with America and Australia. Now the UK is developing new trade relations around the world and signing agreements with them. The dip of the British pound has made its products more attractive for the consumers of emerging markets like Brazil, China, and South Africa. The purchasing power of the consumers of these countries has greatly increased with the fall of the British pound. There is an opportunity for Britain to develop new strategies to tap these markets by increasing exports and overall trade which will eventually help the economy grow. Now Britain can become an AEO (Authorized Economic

Operator), by dedicating its resources. The AEO status will allow Britain to increase trade volumes with other countries the world over. UK and EU have already signed a post-Brexit deal according to which the UK can trade with EU countries tariff-free.

The Brexit has negatively affected the UK economy in terms of tariffs on British exports and imports if they don't meet the criteria set by **TCA** (Impact of Brexit on UK Businesses: Positive & Negative Effects, 2022). The production/origination of the goods must be from UK or EU to qualify for free tariff when trading with European Union countries. In the case of agricultural products, they need to be produced from the soil of either UK or the EU. If they don't meet the guidelines set by TCA, then global tariff rates are applicable on the goods traded from the UK. There were logistical delays in the supply chain, which increased the problem exponentially in the outbreak of covid-19. Numerous companies hoarded the goods as well as raw materials, to avoid the increased tariffs, which they had to pay by importing from the EU.

Now the business must consider "the new UKCA marking" instead of CE marking which UK businessmen were following before Brexit. For trading with the EU, they still must follow CE marking but to do business transactions within the UK, a new UKCA is implied. Gradually this change is implied. There had been a decline in EU workers in the UK, as now they cannot travel freely from the EU to the UK for work purposes and vice versa. Now EU workers need a work permit to work in the UK. Businesses in the UK now need to become approved business sponsors, if they want to employ non-UK citizens). On the other hand, the confidence in the UK businesses has greatly fallen and has become unpredictably unstable (Ortega-Argilés, 2019). Still, the pound sterling has not returned to its pre-Brexit levels and the share index is highly volatile. After Brexit, many businesses instead of relocating, are opening their sister companies/subsidiaries in European Union countries. Now the businesses need more long processes to import or export or hire EU workers as it has become a requirement by the EU to validate the documents before sending. Though the cost of notarization per document has not changed the number of documents required to be validated has significantly increased, resulting in increased notarization cost (Wadsworth, 2018).

One of the significant economic impacts will be the slow growth of Britain's economy after Brexit compared with the economy of Britain if it has stayed in the EU. Studies show Britain's economy will grow 0.4% slower than the no-Brexit scenario. Another important thing is the size of the economy of Britain post-Brexit will be larger or smaller than Britain as an EU member. Britain must introduce the new regulatory framework and laws to reach pre-Brexit levels these will include changing existing practices and laws regarding trade, migration of workers, currency valuation, foreign direct investment, etc. Without this new regulation, economists are not hopeful for a speedy recovery to the pre-Brexit level. Non-EU countries traded with the UK as it has access to a larger market of many other countries after Brexit Britain has become less attractive and a smaller market.

Few more significant economic impacts in post-Brexit are now the UK can take back control of its waters, thus operating as an independent coastal state, giving more space to the British fishermen and better opportunities have arisen for coastal communities, which in return will boost the economy. UK global tariff is established which is by UK economy's need and is in pounds rather than in euros. Nearly 6000 tariff lines are streamlined. Due to this, the cost of doing business has significantly reduced, as tariff variations are removed on many products and services to grow tariff-free businesses. A single trade window is introduced by investing 180 million pounds to restructure and modernize the export and import mechanism. Now the UK is the sole decision-maker regarding business acquisitions and mergers. The crown stamp symbol will be used by the business again (Greenaway and Milner, 2019). Approximately two-fifths of the FDI (foreign direct investment) of the UK comes from EU countries. Netherland is the largest foreign investor in the UK. An important significant economic impact is leaving the EU will make the UK less attractive for foreign investors. FDI will be greatly reduced due to Brexit. Multinationals find the UK an appealing export platform because they take benefit of the UK's desirable business environment at the same time, they enjoy smooth free trade with the rest of the EU countries.

Legal Impact:

United Kingdom is no longer bound by EU laws. Brexit cannot stop cases from being taken to ECHR (European Courts of Human Rights). There are significant commercial implications following Brexit which include the restricted movement of people from the EU to the UK and vice versa, placement of tariffs, and fluctuation in exchange rates. This will lead to financial hardship. UK is no longer bound by EU treaties and acts. There has been a significant impact on the English Legal System during membership with the EU (The Legal Consequences of Brexit, 2022). The act gave more rights to full-time workers than part-time workers. In many places, the EU laws had been in contradiction with British laws. Thus, EU laws are not applicable in the UK anymore. After Brexit EU rights have been replaced by new national UK rights. Now the Trademarks in the time of EU, Unregistered or Registered Community Designs as well as Community Plant Variety Rights are no longer valid in the UK. The regulations under which they were applicable and enforced in the UK have lost their validity. To have no or minimal loss of rights for right holders, the UK government is legislating for equivalent rights.

A significant legal impact of Brexit will be the changing of tax legislation as certain tax laws like VAT are influenced by the EU. In the past European court of justice, decisions had influenced tax codes or prevented certain UK domestic tax laws from being implemented. Although VAT is an EU tax system followed by its member states, UK VAT may diverge from the EU VAT system.

Alternative arrangements like Norway and Switzerland could have been an option too for Britain. Norway has joined a European Economic Area (EEA) where it has access to the whole European market and can freely trade goods and services among EU countries. If Britain adopted EEA, Tax laws generally would have stayed the same. However, if Britain had adopted what Switzerland had done by entering into specific bilateral agreements, tax laws would have been amended to suit Britain's interests. Under the Fair-Trade Agreement (FTA) and World Trade Organization (WTO) arrangement, Britain also will not be obliged to make any financial contributions to the EU budget nor it will be required to follow EU tax laws.

Currently, Britain is working with the Scottish and Ireland governments to come up with a UK common framework. To ensure continuity of businesses immediately after Brexit UK had retained European Communities Act 1972 as a UK law by introducing a new Act EU Withdrawal Act of 2018. In time and near future, the UK will repeal, amend, or replace all EU laws which are not suited for UK interests. Brexit is having a negative impression of the United Kingdom's common law system internationally. It is believed that closing the direct authority of CJEU, will not compromise the rights of the common man. Though it has been evident in the past that the combined effect of CJEU and EU laws help in having check and balance on UK government procedures. Following Brexit, this check will be no more, which is believed to weaken the civil and human rights of the people in the UK (Manji, 2019).

Now the UK government keeps its VAT rates for the welfare of their country. They no longer have to obey the mandate of EU laws, after Brexit, they are free to set their VAT rates. Alcohol duties are reformed as well by reducing taxes on consumers. The standard of the patent's framework will also be reviewed. Britain said they will be reviewing the EU's laws to bring the best for their country and their people. They plan to cut EU red tape to extend benefits to the businesses. Under the European Union Contract (Withdrawal) 2018, the UK transferred EU principles, legislation, and case laws into UK laws to preserve EU laws. Though some changes are made to unlock economic growth and tailor them according to the UK market. Changes to these retained EU laws require primary legislation, so the government is still in the process of reforming the retained EU laws (Markakis, 2017).

Conclusion

The real impact of Brexit has been on businesses and people. The opportunities the UK got out of Brexit have been utilized to a great extent despite the government's attention on the covid-19 pandemic most of the time. Britain now has the freedom in terms of regulating its economy to set it on the path of growth. They can also design the policies customized specifically to the UK economy's needs. Their global partnership in terms of trade is enhanced worldwide (Bloom et al., 2019). All the EU laws will be revised and replaced; they will be redesigned in a way that is in the best interest of Britain. It is feared that UK's economic growth will suffer, as its economy will shrink following Brexit as compared to if it would have remained part of the EU. This is because trade barriers have become stringent after Brexit. Previously UK's economy had been growing at a faster pace due to the influx of immigrants from other European countries, strong trade relations, and FDI from European countries.

It is feared that if UK and EU must trade on the terms of WTO, UK’s output will decrease by 18% by 2030. But there is another study that suggests that the UK's income will increase by 4% in the next 15 years following Brexit if it unilaterally adopts the strategy of free trade. Throughout the history of the relationship between the EU and the UK, there had been tension among them. In 2016, 52% of the voters voted to leave the EU. Brexit transformed the conventional relationship between the EU and UK and puts UK's global financial position into hot water. Brexit got support from low-skilled and low-wage conservative voters who used to feel left out of Europe's emerging and rapidly transforming economy.

(Word Count: 2012)

References

Bloom, N., Bunn, P., Chen, S., Mizen, P., Smietanka, P. and Thwaites, G., 2019. The Impact of Brexit on UK Firms. *SSRN Electronic Journal*,

Busch, Berthold; Matthes, Jürgen (2016) : Brexit: The Economic Impact – A Survey, CESifo Forum, ISSN 2190-717X, ifo Institut - Leibniz-Institut für Wirtschaftsforschung an der Universität München, München, Vol. 17, Iss. 2, pp. 37-44

Greenaway, D. and Milner, C., 2019. The economic impact of Brexit on the UK economy. *The World Economy*, 42(1), pp.2-4.

Manji, A., 2019. The Legal Framework for UK Aid After Brexit. *Current Legal Problems*, 72(1), pp.37-57.

Markakis, M., 2017. Legal Issues Arising from the Brexit Referendum: A UK and EU Constitutional Analysis. *International Journal of Legal Information*, 45(1), pp.14-23.

MSC Notaries. 2022. *Impact of Brexit on UK Businesses: Positive & Negative Effects*. [online] Available at: <https://www.mscnotaries.com/impact-brexit-uk-businesses/> [Accessed 3 March 2022].

Ortega-Argilés, R., 2019. The Economic Impacts on Brexit on the UK, its Regions, its Cities and its Sectors - ESRC. *Impact*, 2019(1), pp.47-49.

The Harvard Law School Forum on Corporate Governance. 2022. *The Legal Consequences of Brexit*. [online] Available at: <https://corpgov.law.harvard.edu/2016/06/27/the-legal-consequences-of-brexit/> [Accessed 3 March 2022].

Wadsworth, J., 2018. Off EU Go? Brexit, the UK Labour Market, and Immigration. *Fiscal Studies*, 39(4), pp.625-649.

Brexit_in_Britain.edited.docx

ORIGINALITY REPORT

12%	8%	0%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	www.econstor.eu Internet Source	1%
2	Submitted to RDI Distance Learning Student Paper	1%
3	Submitted to Manchester Metropolitan University Student Paper	1%
4	Submitted to Griffith College Dublin Student Paper	1%
5	Submitted to Leeds Beckett University Student Paper	1%
6	Submitted to University of Hull Student Paper	1%
7	Submitted to University College London Student Paper	1%
8	Submitted to University of Birmingham Student Paper	1%
9	Submitted to University of Greenwich Student Paper	1%

10	Submitted to Nelson College London Student Paper	1 %
11	Submitted to Athlone Institute of Technology Student Paper	1 %
12	Submitted to Royal Agricultural College Student Paper	1 %
13	cep.lse.ac.uk Internet Source	<1 %
14	www.ssoar.info Internet Source	<1 %

Exclude quotes	Off	Exclude matches	Off
Exclude bibliography	Off		