Beat: News

UK EXPORTERS FACE BREXIT CRUNCH

A failure to rollover all existing trade

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USPA NEWS - Geneva, 3 September 2019 - Considering its impending departure from the European Union (EU), the United Kingdom (UK) needs to reach its own bilateral agreements with countries that grant preferences to the EU countries in order to maintain preferential market access.

Although roll-over trade deals have been agreed with several countries, about 20 percent of UK non-EU exports are at risk of facing higher tariffs from countries such as Turkey, South Africa, Canada and Mexico.

A new UNCTAD research shows that if these agreements are not concluded by exit day, it would cost the UK economy almost $2 billion in exports. Sectors such as apparel, textiles, motor vehicles and processed food products would face higher tariffs, with losses as high as $750 million in the motor vehicles sector.

This comes at a time when the EU is concluding several agreements with various important partners, like Viet Nam and MERCOSUR countries. These agreements, if not matched by equivalent agreements by the UK, will result in additional losses for UK exporters.

These outcomes pale in comparison to the export losses that the UK will experience in the EU market in the case of a no-deal Brexit. UNCTAD´s research indicates that a no-deal Brexit will result in UK export losses of at least $16 billion, representing an approximate 7 percent loss of overall UK exports to the EU.

Most of the UK losses in the EU market would be concentrated in motor vehicles ($5 billion), animal products ($2 billion) and apparel and textiles (encompassing about $2 billion).

UNCTAD cautions that these losses would be much greater because of non-tariff measures, border controls and consequent disruption of existing UK-EU production networks.

The nearing Brexit deadline, along with increased uncertainty on outcomes, is problematic for UK exporters, and policy solutions are likely needed for at least short-term relief. Ultimately it will require progress on rolling over current deals or finding new relationships with other partners that will be needed for thrive.

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V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Dr. Raida Al-Awamleh

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Editorial program service of General News Agency:
UPA United Press Agency LTD
483 Green Lanes
UK, London N13NV 4BS
contact (at) unitedpressagency.com
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