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Brexit

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Discover the history and
events surrounding Brexit

Understand the personal
and business impact of Brexit

Create a plan to protect
your business interests

Nicholas Wallwork

International real estate
and business mentor



Brexit

by Nicholas Wallwork

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Brexit For Dummies®

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Introduction

Welcome to *Brexit For Dummies* and thank you for choosing me to guide you through the tricky topic of Brexit.

When the United Kingdom (UK) voted to leave the European Union (EU) on June 23, 2016, the result sent shockwaves around the world. In the years since, we've witnessed a complex (and seemingly never-ending) negotiation process, all sorts of political point-scoring, and a whole heap of steaming uncertainty. This book is designed to cut through all that and get to the critical information you need to understand and navigate Brexit.

Let me say upfront that I'm not a politician, I'm not a political journalist, I'm not an economist, and I'm not a civil servant. So, what, you might be wondering, qualifies me to write *Brexit For Dummies*?

I'm a British business owner, investor, and entrepreneur. I own and run several businesses in the UK, each one impacted by Brexit in slightly different ways. This gives me a solid foundation to write a book aimed at others — especially those in business in the UK — who have been scratching their heads at the news and wondering what Brexit means for them.

And what if you're not in the UK? What if you're in Europe or the United States, for instance, and you find yourself looking at Brexit from the outside in, wondering what the heck is going on? If that's the case, I welcome you to our (not very) sunny shores and look forward to giving you a Briton's perspective on Brexit.

About This Book

Few words have the power to divide the nation like *Brexit*. Walk into any pub, shop, or office in the UK and ask the people inside what they think about Brexit, and you'll get very different answers. In fact, the Brexit referendum divided opinion like nothing I've ever seen before. People who grew up together voted in opposite directions. Meals among friends descended into heated political debate. The “B-word” was banned from many a family gathering.

Few Brits were or are “on the fence” about Brexit. In my experience, most people in the UK feel pretty strongly one way or the other. In addition, most newspapers skewed heavily for or against Brexit.

Because of this, unbiased information about Brexit can be hard to come by. Yet, regardless of which way we voted, neutral information is exactly what we all need at this point in the Brexit journey. The UK has voted to leave the EU; when it does leave, we must all begin to navigate the UK’s new relationship with the EU.

For example, what happens to EU citizens living in the UK (and vice versa)? What might change for British businesses that export/import goods to/from the EU? How should businesses prepare for what comes next? What positive opportunities lie ahead for companies in the post-Brexit world?

In these pages, I answer all these questions and more — and always in an impartial way. You might say I’m on the fence and I’m staying there, at least for the duration of this book! Come join me up here. There’s plenty of room, and the view’s great.

Precisely because I’m a political “outsider,” I can deliver the unbiased information you need. In other words, I’m not trying to get you to vote for me, and I’m not trying to “spin” the facts to further my own agenda. Like you, I’m just trying to deal with Brexit, strip away the hype, and prepare myself and my businesses for life after Brexit.

So, as you may have guessed, impartiality is a core concept of this book. Here are two other concepts that *Brexit For Dummies* is built upon:

- » We get it — Brexit is a serious topic, with serious, real-world implications. But do we have to be bored to tears (or, worse, whipped up into a furious rage) while reading about it? I don’t think so. That’s why this book is designed to explore Brexit in an interesting, engaging way, as well as in a balanced way.
- » The UK’s relationship with the EU is complex and wide-reaching. To cover every aspect of negotiations and the UK’s future relationship with the EU would be impossible in a short, easy-to-read guide like this. That’s why this book leans more toward the business aspects of Brexit, as opposed to implications for areas like security, defense, foreign policy, and so on. For many people, whether they own a business or are employed in a business, it’s the business implications that present (potentially) the biggest headaches.

One final, practical thing to note about this book: Within this book, you may note that some web addresses break across two lines of text. If you’re reading this book in print and want to visit one of these web pages, simply key in the web address

exactly as it's noted in the text, pretending as though the line break doesn't exist. If you're reading this as an e-book, you've got it easy — just click the web address to be taken directly to the web page.

Foolish Assumptions

Most authors have a specific audience in mind as they write. I'm no different. So, while I was writing this book, I made some assumptions about you as a reader:

- » You're looking for a balanced guide to Brexit, written by someone who's not out to score political points or put the fear of God into you. You want the facts, and you want to be left to your own political opinions, thanks very much.
- » You sometimes feel like you're suffering from information overload or Brexit exhaustion. You know you *need* to be informed about Brexit; you just want someone to pull together the "must-know" info in one easy-to-read resource.
- » You run a business or work in a business, and you're concerned how Brexit might impact your everyday business processes. You want to know how to assess the potential impact and make a realistic plan for the future.

If that sounds like you (and I hope it does!), this book is just what you need.

Icons Used in This Book

To help you get the most out of this book, I highlight key points of advice with the following eye-catching icons. Look out for these helpful symbols throughout the book and you can be sure you're picking up on the most important info:



REMEMBER

You'll no doubt want to commit certain info from this book to memory. But how do you know what's key and what's not? Check out this icon for the must-read Brexit info that you'll want to remember.



TIP

I use this icon to highlight handy hints and tips that are designed to save you time or effort, or generally make your life a little bit easier as you navigate the world of Brexit.



WARNING

This icon draws your eye to things to avoid, or areas where professional advice is a must.



Anything marked with the Technical Stuff icon is, well, a bit technical. It's not essential to your understanding of the subject at hand, but if you're a wonky sort, you'll probably find this material fascinating!

Beyond This Book

In addition to the book you have in your hand, you can access some helpful extra content online. Check out the free Cheat Sheet for bonus Brexit content. You can access it by going to www.dummies.com and entering **Brexit For Dummies** in the Search box.

You can also find lots of additional information for business owners at www.dummies.com. Whether you're just starting a business or looking to expand your skills in networking, leadership, project management or whatever, you'll find plenty of inspiration and advice on the website.

Where to Go from Here

Right then, where do you want to start?

One of the great things about *For Dummies* books is that they're designed to be read in any way that works for you. So, if you want to read the entire book from cover to cover, go for it.

But maybe you have a burning desire to understand how the UK came to hold a referendum on EU membership. In which case, skip ahead to Chapter 2 and read about the UK's rocky relationship with the EU. Need to know how Brexit affects employees from the EU? Chapter 7 is what you're looking for. Interested in potential business opportunities after Brexit? Turn to Chapter 11, my friend. You can pick and choose the chapters that appeal to you most, so flip through the table of contents and take it from there.

Not sure where to begin? That's fine, too. Just turn the page and see what comes next.

1

Getting Familiar with Brexit

IN THIS PART . . .

Get a quick overview of Brexit.

Understand the ups and downs of the United Kingdom's relationship with the European Union.

IN THIS CHAPTER

- » Breaking down the UK referendum result and key issues that led to the result
- » Setting out the timeline for the UK's exit from the EU
- » Delving into the key negotiation points for the UK's withdrawal agreement
- » Attempting to get parliamentary consensus on the withdrawal agreement
- » Looking at the reaction from business leaders
- » Preparing your business for Brexit and looking to the future

Chapter 1

What Is Brexit and What Does It Mean for You?

In 2016, the United Kingdom (UK), which comprises Great Britain and Northern Ireland, voted to leave the European Union (EU).

Europe had become a bitterly divisive issue in the country, and especially within the ruling Conservative Party. The country was essentially split down the middle, with “Remainers” on one side, arguing that the UK benefited greatly from membership in the EU, and “Leavers” (“Brexiters” or the even more jaunty-sounding “Brexiters”) on the other, arguing that it was time to take back control from the EU.

The prime minister at the time, David Cameron, hoped that a referendum would settle the issue for at least a generation. Firmly on the Remain side, he took a gamble that the voting public would choose to stay in the EU, and the more Eurosceptic elements of his party would have to put up and shut up. But things didn't quite work out the way he planned, and the public voted, albeit by a narrow margin, to say *au revoir*, *adios*, and *auf Wiedersehen* to the EU. And so began the British exit from the EU: Brexit.

In this chapter, I take you on a whistle-stop tour through the referendum, the Brexit process, and what the UK's departure from the EU means for the UK and Europe — not to mention us regular folk who have to navigate this incredibly complex labyrinth.

The Votes Are In, But How Did We Get Here?

The 2016 referendum wasn't the UK's first vote on Europe. In 1975, there was a referendum on whether the UK should stay in the European Economic Community (EEC; see the sidebar "Do you speak Brexit?," later in this chapter, for a breakdown of all the Brexit lingo you need to know). The result of that referendum was a firm "Yes, please, we'd like to stay in," with 67.2 percent of voters voting in favor.

Looking at the 2016 results in more detail

Fast-forward a generation, and the 2016 referendum turned the previous result on its head, but by a narrower margin. Overall, 51.89 percent voted to leave the EU, while 48.11 percent voted to stay in.

But the UK is made up of four different countries, and, interestingly, the individual countries voted in quite different ways:

- » England voted Leave, by 53.38 percent to 46.62 percent.
- » Scotland voted Remain, by 62 percent to 38 percent.
- » Wales voted Leave, by 52.53 percent to 47.47 percent.
- » Northern Ireland voted Remain, by 55.78 percent to 44.22 percent.



REMEMBER

Why did people vote to leave? Well, the answer will vary depending on who you ask. But some of the key reasons Leavers wanted out of the EU included the following:

- » Having to make financial contributions to the EU's annual budget
- » Free movement of people and the perception that immigration from Europe was too high
- » Wanting the UK to be able to negotiate its own trade deals, instead of negotiating as part of the EU bloc
- » Perceived lack of UK "sovereignty" or control, with the UK being bound by EU rules and regulations

Meanwhile, those on the Remain side pointed out that, as with any EU member, the UK directly benefited from the EU budget — and from free movement of people and the EU single market, for that matter. Many Remainers also felt that the UK should be integrating closer with Europe, not distancing itself from its closest neighbours and biggest trading partner. Read more about these knotty referendum issues in Chapter 2.

Understanding the UK's complex relationship with Europe

It's fair to say that the UK never really bought into the dream of a fully integrated Europe, and it kept Europe at arm's length whenever possible. When the EEC was formed in 1957, the UK didn't sign up. And when the UK did apply, in the 1960s, its entry was vetoed by a skeptical France.



REMEMBER

The UK eventually joined the club in the 1970s but remained, in its own way, distant from Europe. Over the years, the UK has voted against or opted out of key EU arrangements, such as the euro single currency or the Schengen passport-free travel area (see the nearby sidebar "Do you speak Brexit?").

Throughout the 1990s and later, as Europe moved toward greater integration (political and social integration, as well as economic integration), Euroscepticism really began to grow in the UK. Nationalist parties like the UK Independence Party (UKIP), whose main mission was to get the UK out of the EU, grew in popularity and tapped into voter concerns around immigration in a very effective way. UKIP finally won a seat in the UK Parliament in 2014; a year later, in the run-up to the UK general election, the Conservative Party manifesto included the promise of an EU referendum. The Conservatives won, and the referendum took place a year later.

Read more about the UK's past relationship with Europe in Chapter 2.

DO YOU SPEAK BREXIT?

Brexit is a topic that's dominated by political and economic jargon, and loaded with more acronyms than you can shake a stick at. What does it all mean? Read on.

- **European Union (EU):** The political and economic union that comprises 28 member states, with a total population of around 500 million. That's including the UK, however — there will be 27 member states when the UK leaves the EU. So, when you hear people talk about the EU27, they're referring to the remaining 27 countries of the EU, excluding the UK. The EU is built upon four key principles, or freedoms: free movement of people, goods, services, and money across all member states.
- **Eurozone:** Those members of the EU that have adopted the euro currency. Not all EU members are part of the eurozone; the UK, for example, chose not to adopt the euro, while newer EU members like Bulgaria and Romania are working toward adopting the euro.
- **Schengen Area:** An area of passport- and border-free travel within Europe. It comprises most (not all) EU countries, plus some non-EU countries, such as Switzerland. The UK did not participate in Schengen.
- **European Economic Community (EEC):** In very simple terms, the precursor to the EU. Created in 1957, it aimed to bring about greater economic integration between member countries in Europe. The UK wasn't an original member of the EEC, and it didn't end up joining until the 1970s. When the EU was eventually formed in the 1990s (reflecting the fact that European integration was now about much more than economic cooperation), the EEC was essentially folded into the EU.
- **Single market (or common market):** The EU's free trade area. The single market means participating countries can trade freely with each other without trade barriers (like tariffs). For this to happen, all countries in the EU single market generally follow the same rules, regulations, and standards, and accept the free movement of people, goods, services, and money. You cannot be a member of the single market without accepting free movement of people.
- **EU customs union:** Different from the single market. A customs union means all members agree to charge the same tariffs on imports from outside the union. You can be a member of the customs union (and apply the same agreed-upon tariffs as the EU) but not be part of the single market — Turkey has this arrangement with the EU. Conversely, you can be a member of the single market but not the customs union — Norway has this arrangement with the EU.
- **European Economic Area (EEA):** An agreement that allows some non-EU countries to participate in the EU single market. The EEA is made up of all the EU countries, plus three extra countries: Norway, Iceland, and Liechtenstein.