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Brexit: Impact on and Opportunities for the UK and the EU

Thank you for contacting me about the UK's withdrawal from the EU.

The UK's withdrawal from the EU will have widespread repercussions, impacting the EU as well as the UK. I am confident that the UK's exit from the bloc will be a success, and I am encouraged by the commitment of both the Government and the European Commission to secure the best possible deal for both the UK and the EU in the ongoing negotiations.

The UK's trade relationship with the EU is significant. Our position as the EU's largest trading partner means that reaching a comprehensive deal, based on fair competition, consumer rights and strong regulatory standards, is as important to the EU as it is to the UK. Tariff-free trade will not only benefit UK businesses and citizens, but also those EU businesses which engage in cross-Channel commerce. The EU sells more to the UK than we sell to them and our trade deficit increased from £12 billion in 1999 to £71 billion in 2016.

The UK is also important to individual countries. We are, for instance, Germany's largest sales market in Europe for automotive supplies and in 2016 we imported £75 billion worth of goods and services from Germany. This resulted in a trade deficit of £26 billion.

Banks in the UK underwrite about half of the debt and equity issued by EU companies and in 2015 alone they provided £1.1 trillion of cross-border lending to the bloc. I believe that as frictionless a trade deal as possible in goods and services between the UK and the EU is in our mutual interest. It is the best route to prosperity for everyone.

I want to make clear that the economic scenarios included in the documents leaked to BuzzFeed did not include the Government's preferred option of a bespoke trade deal with the EU. They only included the trade arrangements that the Government does not want to have with the EU. It is also important to understand that in every scenario the economy was predicted to grow and even in the most pessimistic forecast, it was projected to be just 0.5 per cent a year smaller.

The analyses are in draft form only and the results are incomplete and preliminary. Ministers have only just been consulted on the information and significant work is required before completion. They do not accurately reflect the Government's view or the expected outcome of the negotiations. They are being made available to MPs on a confidential basis so as not to compromise the country's negotiating position. I do not believe that the analyses provide any case for a second referendum or stopping the UK's exit from the EU.

As part of its work, the Government has analysed 58 sectors of the economy, as defined by the Office for National Statistics, and these have now been published.

It is important to understand, however, that the sectoral analysis is not a series of 58 discrete impact assessments on the quantitative impact of exiting the EU. It is instead a mixture of qualitative and quantitative analysis that is contained in a number of different documents. The analysis ranges from general analysis to detail on specific product lines. The Government has always been clear that the information did not exist in the form requested by Parliament.

The UK is leaving the single market and customs union and the Government is aiming for a deep and special partnership with the EU that goes beyond any model that currently exists. I believe that this is the best way of securing the prosperity of both our peoples. The EU has itself predicted that 90 per cent of future world growth will come from outside Europe; after leaving the EU, the UK will be well placed to take advantage of this by making its own trade deals with countries from across the world.

The economy has grown for five consecutive years, and exceeded expectations in 2017. The Office for Budget Responsibility has increased their forecast for growth this year. Manufacturing has had the longest period of expansion in 50 years.

The current strength of the UK economy will also provide a sound foundation for the country's future prosperity once we leave the EU. Forbes has ranked the UK as the best country for business in 2018 and PwC predicts that the UK country could become the fastest-growing economy in the G7 between now and 2050. Employment has also increased by over 3 million since 2010 and unemployment is at its lowest level since 1975. The OBR predict there will be over 500,000 more people in work by 2022. The deficit has fallen by three-quarters.

The OBR expect inflation to fall over the next 12 months, and wages to rise faster than prices over the next five years.

Leaving the EU will enable us to build on the progress our economy has made by forming new links and trade deals with countries around the world. At the moment, our membership of the EU restricts the deals we can make. The Government will also be able to design its own immigration strategy in consultation with businesses and communities. This will ensure that the impact of immigration on the economy and the labour market is properly understood.

There may, of course, be difficulties in the negotiations but I am confident that the future of the UK is bright.

Thank you again for taking the time to contact me.

Kind regards,

A handwritten signature in black ink, appearing to read 'Craig Whittaker', with a stylized flourish at the end.

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