

Brexit: The Day After in the UK and in Italy



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Brexit: The Day After in the UK and in Italy

- A Brief History of the EU and what it has become up to the UK Referendum
- Potential Impact of Brexit from an Italian point of view:
 - Freedom of movement of goods
 - Hard or soft Brexit?
 - Movement of workers
 - Movement of capital
 - The impact on us all
 - What now?

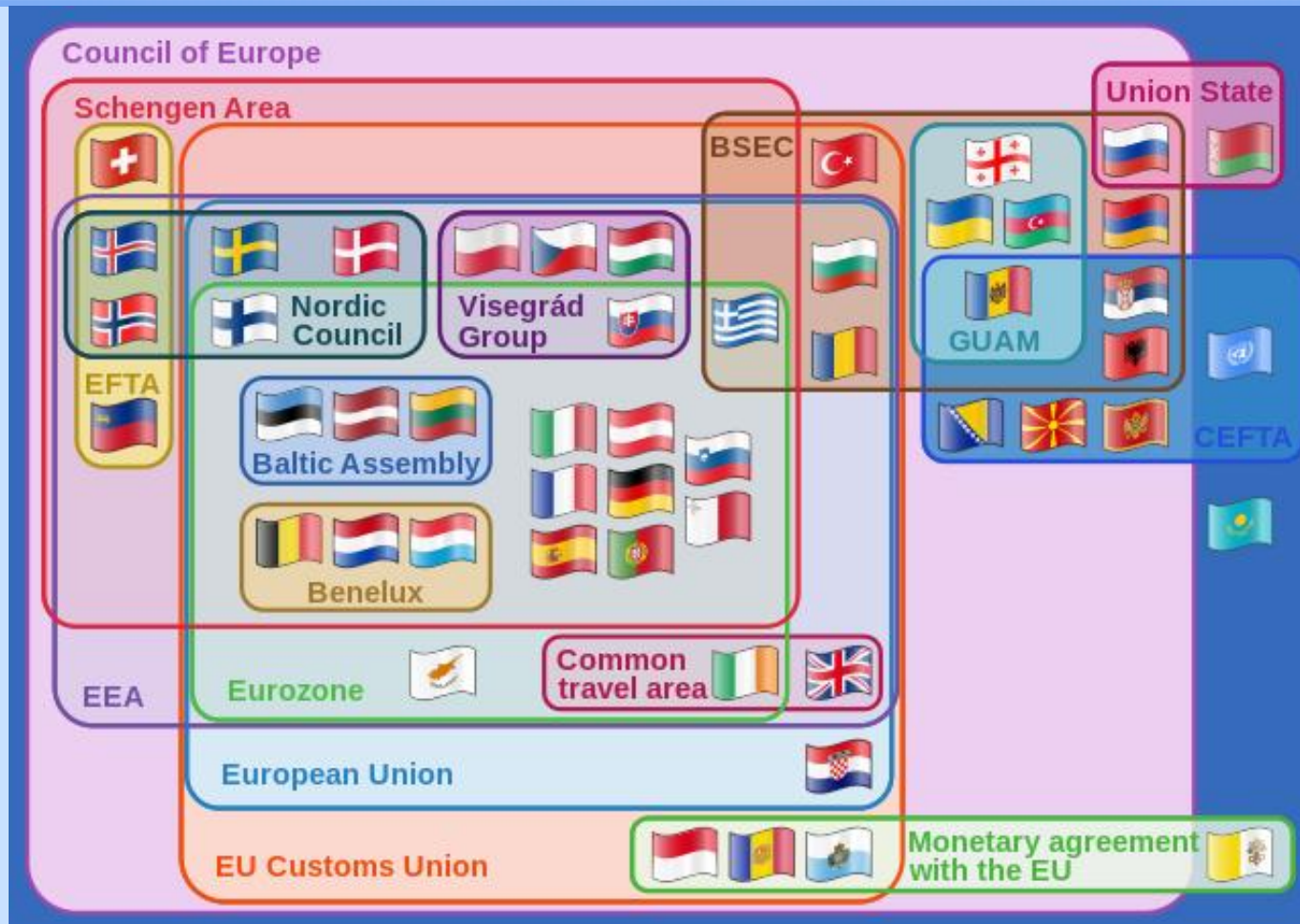
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[Daily Telegraph Video](#)

Brexit: History of the EU in one slide



The separate institutions of European integration



Brexit: What is the EU?

The establishment of a customs union

The EEC Treaty abolishes quotas and customs duties between the

Member States. It establishes a common external tariff, a sort of external frontier for Member States' products, replacing the preceding tariffs of the different states. This customs union is accompanied by a common trade policy. This policy, managed at Community level and no longer at state level, totally dissociates the customs union from a mere free-trade association.

Brexit: What is being exited?

This common market is founded on "four freedoms" namely the free movement of

- workers
- services
- goods
- capital

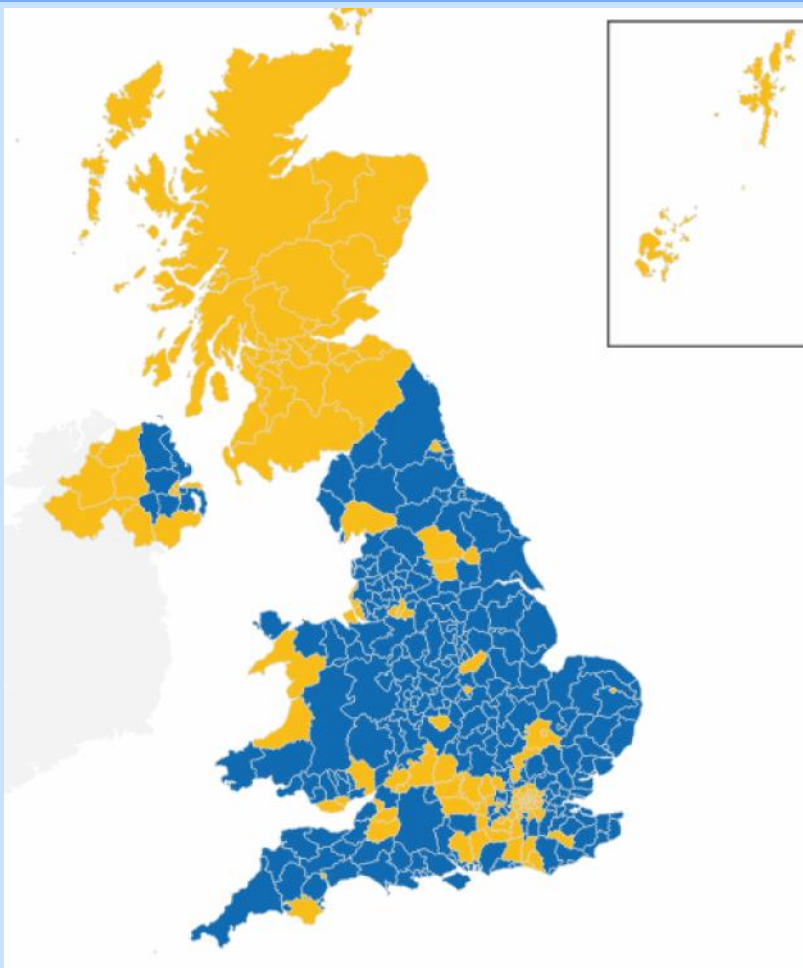
It creates a single economic area establishing free competition between undertakings.

Brexit: The UK Referendum

June 23, 2016

| | |
|--|--------------------------|
| Referendum on the United Kingdom's membership of the European Union | |
| Vote only once by putting a cross <input checked="" type="checkbox"/> in the box next to your choice | |
| Should the United Kingdom remain a member of the European Union or leave the European Union? | |
| Remain a member of the European Union | <input type="checkbox"/> |
| Leave the European Union | <input type="checkbox"/> |

Brexit: The UK Referendum



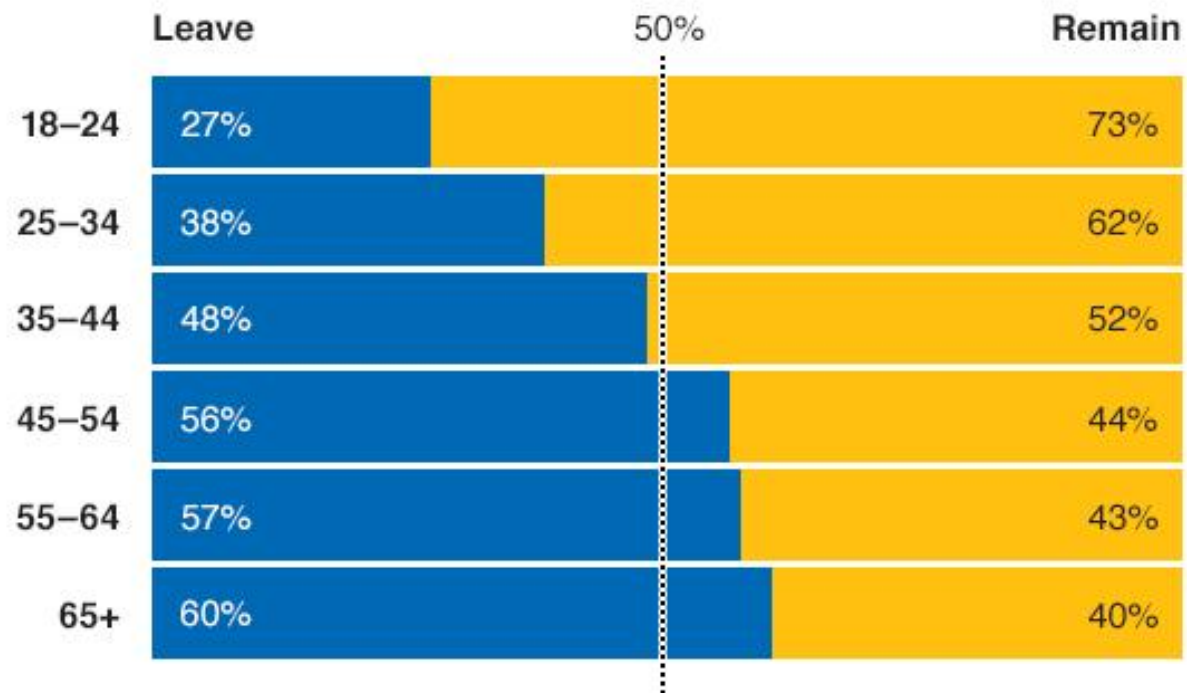
Key: ■ Majority leave ■ Majority remain ■ Tie ■ Undeclared

| | Votes | % |
|-------------|------------|--------|
| Leave | 17,410,742 | 51.89% |
| Remain | 16,141,241 | 48.11% |
| Valid votes | 33,551,983 | 99.92% |



Brexit: Age Before Beauty

How different age groups voted



But turnout was low in areas with more young people

Source: Lord Ashcroft Polls

BBC

Brexit: Why?

Typically negative perception of EU



- **Unlimited immigration**
- Extension of health and welfare benefits to non British citizens/taxpayers, e.g.
 - Health Service
 - Child Support/ Unemployment benefit
- Red Tape/Bureaucracy
- The EU is very expensive for the UK and the money saved can better be spent on the National Health Service
- Single market requires the UK to impose sometimes inappropriate tariffs and prevents the UK from negotiating its own trade agreements.
- EU regulatory restrictions are seen to prejudice imports from non-EU countries which damage consumers and drive up costs needlessly.
- Interference by unelected bureaucrats/judges/foreigners generally

Brexit Impact: Free movement of workers

Dutch woman resident in UK for 30 years may have to leave after Brexit

“Jet Cooper, who has raised three children here told she may not qualify for permanent residency without private health insurance.”

The couple were alarmed to discover, via two three-page letters from the Minster, that Jet may not be eligible to remain in the country because she had not taken out private health insurance and because she may not have earned sufficient revenue in the years during which she freelanced.



Brexit Impact: Free movement of workers

resident status - forced return
residence permit/stay - permesso di soggiorno
healthcare
welfare benefits
recognition of pension payments
rights to citizenship?
right to work, work permits?
mutual recognition of exam results, qualifications
driving licence?
rights to study, student loans/grants/facilities - Erasmus

Brexit Impact: Free movement of goods

Customs and Trade areas affected by Brexit

- Import / Export procedures
- Free Trade Agreements
- Origin of Goods
- Compliance of Goods
- Intra-EU-Supply Chains
- Customs Duties
- Customs Procedures (e.g. VAT/customs warehouses)
- VAT
- Export Control Licenses

“Italy exports a lot of food and beverages, and high-grade electronic parts to the UK, so if any areas of the economy are to suffer in particular, it will probably be these”

Brexit Impact: Free movement of services

- UK is above all a service economy and losing access to e.g. passport directives could prejudice UK business ability to compete
- But services can often be supplied from anywhere so it is just a question of setting up offices on the Continent, or the Irish Republic
- Many international groups of companies use the UK as their springboard into Europe and competition has been fierce over the years for choice of European holding regime between the UK, Luxembourg, the Netherlands and the Republic of Ireland. Even Spain has introduced a special regime to attract multinationals

Brexit Impact: Free movement of capital

- UK to become and offshore financial centre – competing with Switzerland and tax havens – not really feasible
- UK financial products will need anyway to comply with EU regs if they are to be sold on the Continent
- Pensions flexibility?
- Right of establishment – numerous entrepreneurs on the continent have decided to use English companies as their trading vehicle – in the same that many in the U.S. use Delaware as their choice of corporate HQ.

Brexit Impact: Other issues

- Enforcement of judgments of a UK court in Italy and vice versa?
- Will English still be an official language of the EU?
- Movement of offices of EU institutions from the UK
- Protection of food/beverage – protected designation of origin (PDO), protected geographical indication (PGI), and traditional specialities guaranteed (TSG)
- Trademarks, patents and other intellectual property
- Agriculture
- Fishing

Brexit Impact: Tax (1)

Corporate taxation

- a number of directives designed to avoid (double) taxation on corporate reorganisations and payments of dividends interest and royalties around Europe
- Common Consolidated Tax Basis – already a dead duck but the EU could revive to offer a more competitive alternative to “tax haven UK”
- most of big business is sophisticated enough to be able to move HQ/resources/profit centres between an exited UK and EU not to have to worry about Brexit – likely relocation of parts of UK businesses to EU territories

Brexit Impact: Tax (2)

VAT

- Complexity of VAT is a barrier to doing business in Europe
- UK needs to decide to keep VAT (“a French tax”)
- Procedures will need to be agreed for refunds of VAT around Europe.

Brexit: What happens now?

- EU institutions have made it clear that no negotiations will be entered until Britain gives notice under Art 50 of the Lisbon Treaty.
- The British Prime Minister has indicated that she wishes to keep the UK government negotiating position confidential
- According to the PM the UK will not be a full member of the customs union, but will seek to strike some sort of tariff-free deal, and continue to cooperate over areas like crime and anti-terrorism.
- There is a commitment for the UK to leave the EU's single market, and for UK MPs and peers to get a vote on the final deal.

Brexit: Oxymoron

Noun: a figure of speech in which apparently contradictory terms appear in conjunction

“Full customs union membership prevents us from negotiating our own comprehensive trade deals... but I do want us to have a customs agreement with the EU.”

Prime Minister Theresa May



Brexit: The view from the EU

Guy Verhofstadt, who will lead on Brexit talks for the European parliament, has taken to Twitter to give his slightly sceptical reaction to May's speech:



Brexit: Scotland and Northern Ireland

- Scotland voted overwhelmingly to remain part of the EU.
- Possibility of second referendum and Scotland seeking independence to remain within the UE
- Would an independent Scotland be admitted to the EU – or would it ever leave?
- Brexit opens question of border between Ulster and the Republic of Ireland – already problematic due to the religious divide and currency differences.



“There is no opt-out from Brexit. And I will never allow divisive Nationalists to undermine the precious Union between the four nations of our United Kingdom” *Theresa May*

Brexit: The immediate impact (1)

Euro to British Pound Chart

This EUR/GBP Chart lets you see this pair's currency rate history for up to 10 years! XE uses highly accurate, live mid-market rates.

EUR to GBP Chart

18 Jan 2016 00:00 UTC - 17 Jan 2017 22:53 UTC **EUR/GBP** close: **0.86361** low: **0.75514** high: **0.90353**



100 EUR = 76.28 GBP

100 EUR = 86.36 GBP

Brexit: The immediate impact (2)



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LBC Video

'Which EU Law Are You Most Looking Forward To Losing' - LBC