



# Four issues fueling the “Brexit” debate

## Conscious uncoupling

Polls are underway to try and build an accurate picture of whether the U.K. will vote to stay in the European Union (EU) – or make a British exit (Brexit).

With the referendum on June 23, we look at some of the key issues being discussed – and the different opinions of politicians, economists, the business community and those living in the EU.

When actress Gwyneth Paltrow described her plans to divorce musician Chris Martin a few years ago, she talked about going through “conscious uncoupling” – meaning they would “collaboratively unlink” as opposed to having a “hostile separation.”

Divorce experts agree that a divorce is a divorce, no matter how it happens. However, the tone and terms of a divorce can range from non-combative, to one that evokes revenge and anger.

What is clear (from listening to the many discussions on the subject), is that the “leave” supporters are counting on more of the Paltrow-Martin friendly uncoupling – while many of the opposed predict a hostile and messy split.

So, what are some of the considerations – and how does the EU, and the corporate world, feel about the Brexit? And what does it mean for us in mobility?



## 1. Economists vs. politicians

Let's start with Article 50 of the Lisbon Treaty. It states that, if the U.K. withdraws from the EU, the remaining 27 nations will have up to two years to “uncouple” after 43 years of “marriage.” New relationships will have to be negotiated and put in place.

According to a recent article in the *New York Times*, because this divorce will be one-sided, and not based on mutual feelings, many economists believe it might take years to negotiate new trade agreements – and give an estimated 10 – 15 years of uncertainty to Britain in the meantime.

Some of the British politicians in favor of Brexit, most prominently Boris Johnson, Conservative MP, believe that a withdrawal would be a win-win for everyone – and that Britain is too important to not come out on top.

However, an opinion from the other side sums it up very differently. The Polish Deputy Prime Minister, Leszek Balcerwicz, believes that the EU will probably punish Britain to deter others from following them.

## 2. Expat Brits in the EU

According to an April 6 article in the British newspaper, *the Telegraph*, around two million British expats live in the EU (approximately 3% of the U.K.'s population). Their worlds might turn upside down with a Brexit.

Current access to free healthcare and state pensions may disappear. And taxation laws on European property would likely change. There is also uncertainty regarding the value of the Pound to the Euro that would impact cost of living, among other things. Remember the concerns of the handover in Hong Kong back in July of 1997?



### 3. Corporate perspective

Arrangements around the hiring and movement of people within the EU, and current trade agreements, will need to be renegotiated should a withdrawal occur.

Multinational banks like HSBC and Goldman Sachs have warned that Brexit would mean the export of jobs and headquarters to other European countries; London-based companies would no longer have passporting rights for their services in the EU (*New York Times*, April 3, 2016).

On the other hand, successful British manufacturer, Edward Atkin (who sold his company for £300 million in 2005) is in favor of Brexit – and believes that democracy is more important than Europeanism. He doesn’t believe that trade will come to a halt.

The Confederation of British Industry (CBI) recently commissioned the professional services firm, PwC, to examine two different exit scenarios – one with a free-trade agreement between the EU and Britain by 2020 and one without. According to the findings for both scenarios, U.K. living standards, gross domestic product and employment are significantly reduced compared with staying.

In March 2016, *HR Magazine* cited CBI Director-general, Carolyn Fairbain, stating that “the findings from PwC’s independent study also explain why the majority of U.K. businesses are in favor of remaining within the European Union. Even under optimistic assumptions, an exit triggers serious economic disruption.”

### 4. What do EU members think?

According to a March 2016 poll by Odoxa – a French independent research firm – the majority of people living in the five largest EU countries, including Britain and France, favor the U.K. remaining in the EU.

For Brexit	France: 45% Britain: 44%
Against Brexit	Spain: 76% Italy: 67% Germany: 65% Britain: 55% France: 54%

Some experts believe that French support of a Brexit is due to their impatience with Britain’s attitude of being “semi-detached” from the EU; receiving special treatment and making, what some consider, unfair demands.

#### What does it mean for Ireland?

In terms of the impact of Brexit on the U.K.-Ireland relationship, not only are the two countries economically bound trade partners, but the freedom of movement seems to be one of the central issues being discussed.

According to the Centre for Cross Border Studies, an estimated 23,400 workers cross the border between Northern Ireland and the Republic of Ireland every day. The International Air Transport Association data shows that the Dublin-London air route was ranked the second busiest in the world back in 2013.

New border controls between Northern Ireland and the Republic of Ireland would have to be addressed should British voters choose to leave the EU. One visible outcome of the current uncertainty is that first-time applications for Irish passports from adults in Northern Ireland have risen 14% in the past year, according to figures from Ireland’s Department of Foreign Affairs.



## Conclusion

No matter what version you believe in – the friendly uncoupling or a hostile and messy split – a Brexit would not be simple. Polls leading up to the referendum are neck and neck in terms of predicting outcomes. The country is divided; politicians and the business community are divided. Most of the EU seem pretty clear that they are not in favor of a Brexit.

The U.K. is one of the top destinations (in terms of volume) for international assignments. Its immigration regulations, currency fluctuation and economic well-being impact many of our worlds on a daily basis. So for those of us working in international HR and global mobility, we are eagerly watching the debate unfold.

The outcome of the referendum is just around the corner and, no matter what happens, this global event is one to watch. We hope that this short reflection on this controversial event has helped you understand the issues and form some of your own opinions around it.

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