

BREXITOMETER

FEBRUARY 2018



FOR CREATIVE BUSINESSES

**C8 EXPERT REPORT
NEW INSIGHTS INTO THE IMPACT
FOR CREATIVE BUSINESSES**

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C8 Expert Opinion Update on the effect of Brexit on creative and other businesses

The Brexit landscape has changed since our last Brexitometer in October 2017.

Since then, there has been outline agreement between the EU and the UK on the transition, citizens resident in another country and the Irish border. There has also been a series of political statements on the negotiations and emerging political tensions. The statements coming from different players in the negotiations do not always align, which means businesses are having to make judgements for their forward planning.

We asked our experts – politicians, policy advisers and public affairs professionals – what is now the most likely outcome for the transitional deal and the final EU-UK trade deal.










There is more clarity now in the expert opinion, compared with October 2017, particularly in the scope of the transitional deal. There is also increasing certainty over the March 2019 date for the UK leaving the EU, although some experts still expect a delay beyond 2022.

This survey canvassed opinion from experts in Brussels, the UK and elsewhere, including politicians across the political spectrum, EU officials, UK civil servants and experts from public affairs and the creative industries. The survey was carried out during January 2018 using an online poll.

Timescales

Expert opinion now points more clearly to the UK leaving the EU in March 2019, as over half now subscribe to that view. This consensus around the March 2019 date has been steadily building from 44% in February 2017, to 51% in October 2017 and now 55% of experts saying the UK will leave the EU in March 2019. However, nearly half the experts (45%) are predicting a later date so March 2019 is still not guaranteed.

The second most likely scenario, according to expert opinion, is a delay beyond 2022 or the UK not actually leaving. That scenario, that the UK will leave 'later than 2022 or never' remains at 24%.

1.1. In your opinion, when will the UK leave the EU?					Response Percent	Response Total	
1	Mar 19				54.7%	47	
2	Apr - Sep 19				3.5%	3	
3	Oct 19 - Mar 20				3.5%	3	
4	Apr - Sep 20				2.3%	2	
5	Oct 20 - Mar 21				5.8%	5	
6	Apr - Sep 21				3.5%	3	
7	Oct 21 - Mar 22				2.3%	2	
8	Later				9.3%	8	
9	Never				15.1%	13	
Analysis	Mean:	3.58	Std. Deviation:	3.25	Satisfaction Rate:	32.27	
	Variance:	10.59	Std. Error:	0.35			
						answered	86

Experts point to clear UK Government statements, backed by draft legislation, to confirm the March 2019 leaving date. Some comment that the transitional deal could mean that, although the UK leaves on that date, very little will change in practice.

Those predicting the ‘later than 2022 or never’ scenario cite internal inconsistencies in the Brexit proposition (such as the Irish border), the weakness of the UK Government and the growing evidence of negative impacts of Brexit.

Transitional Deal

In October 2017, there was almost ‘perfect confusion’ over the scope of the transitional deal, with experts predicting everything from no deal to the equivalent of full EU membership.

There is now considerably more clarity from expert opinion.

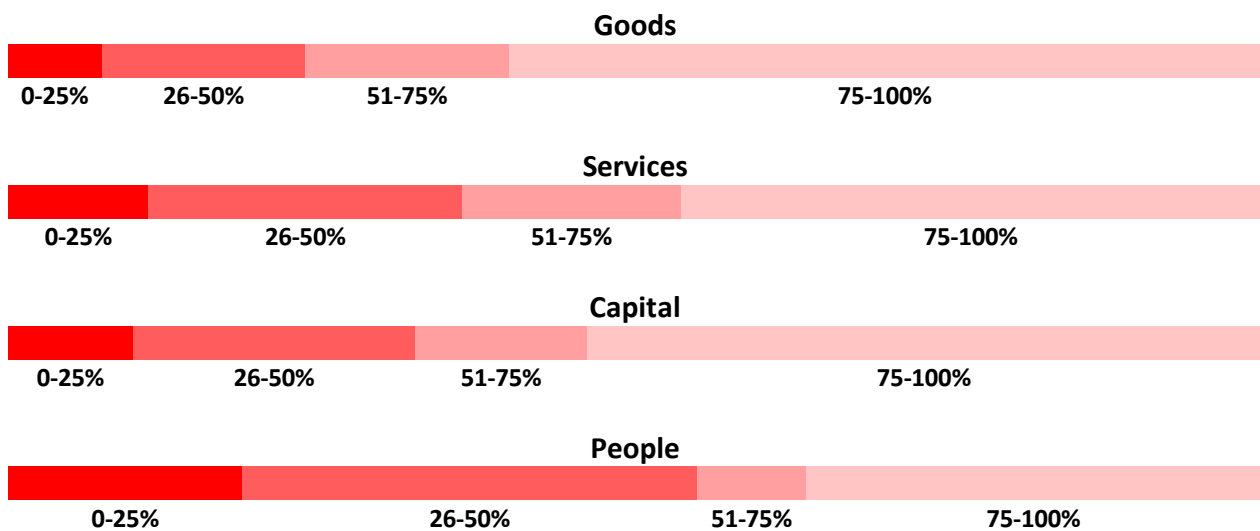
2. In your opinion, what proportion of the EU membership agreement will remain in a Transitional Deal – from no free movement (0%) to the current free movement (100%)?

Item	Average	Min	Max	Std. Deviation	Total Responses
Goods	76.74	0.00	100.00	26.28	80
Services	67.68	0.00	100.00	28.94	80
Capital	71.69	0.00	100.00	28.79	80
People	57.61	0.00	100.00	33.78	80
				answered	80
				skipped	8

Experts expect that free movement will mostly be retained during the transitional period, with averages of 77% (goods), 68% (services), 72% (capital) and 58% (people). A significant number (25-35%) of experts predict 100% free movement will be retained, effectively continuing the arrangements under EU membership.

Here is how the results fell on the scale from 0% (no deal) to 100% (effectively continuation of EU membership during transition) in each of the four freedoms – free movement of goods, services, capital and people.

Transitional Deal - % of free movement of goods, services, capital and people



Experts point to the EU’s link between the four freedoms and the desire to keep financial services trading across borders. The greater clarity now is in sharp contrast to October 2017 when one expert summed up prevailing opinion saying, ‘everything seems so up in the air right now’.

EU-UK Trade Deal

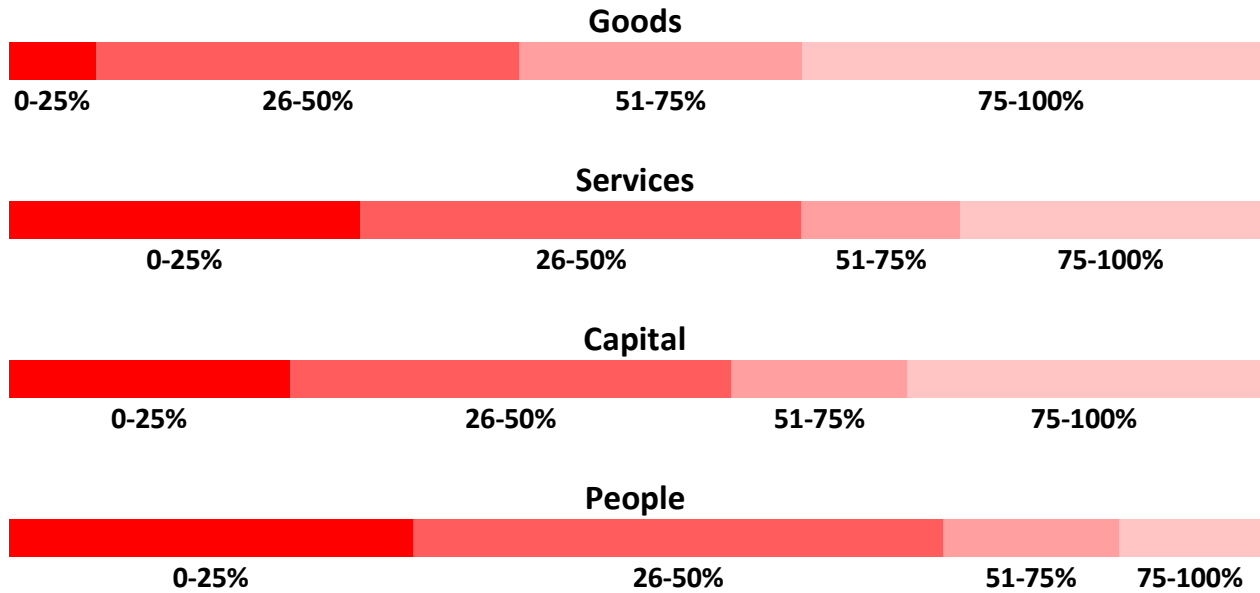
In October 2017, experts were only expecting 38% of the current freedoms to remain in the final EU-UK trade deal. That has increased significantly now, to 64% (goods), 50% (services), 53% (capital), 41% (people).

3. In your opinion, what proportion of the EU membership agreement will remain in the final EU-UK Trade Deal - from no free movement (0%) to the current free movement (100%)?					
Item	Average	Min	Max	Std. Deviation	Total Responses
Goods	64.24	0.00	100.00	25.58	71
Services	50.00	0.00	100.00	30.43	71
Capital	53.49	0.00	100.00	27.66	71
People	40.90	0.00	100.00	29.39	71
				Answered	71
				Skipped	17

Experts are expecting that, in the final trade deal between the EU and the UK, free movement will be about half of what it is now under EU membership. Unsurprisingly, experts expect that free movement of people will be most affected, with goods least affected.

Here is the spread of expert opinion on the level of free movement of goods, services, capital and people in the final EU-UK Trade Deal.

EU-UK Trade Deal - % of free movement of goods, services, capital and people










A number of experts observed that a deal on goods would be easier, but for people there is likely to be free movement for tourists but with third country visa provisions applying for work and settling in the other country.

This suggests a slightly softer Brexit for services such as creative businesses, although businesses would still expect to lose at least half of the current free movement provisions in relation to services. Free movement of people is likely to be even more restricted.






Expert Opinion

In all our reports on Brexit and the creative industries, C8 canvassed opinion from politicians across the political spectrum, EU officials, UK civil servants and experts from public affairs and the creative industries. Most have 11 or more years' experience.

4. What role(s) are you in?

						Response Percent	Response Total	
1	Politician					31.34%	21	
2	Political/policy adviser					8.96%	6	
3	Government official					1.49%	1	
4	EU Official					26.87%	18	
5	Public Affairs					13.43%	9	
6	Creative industries exec					2.99%	2	
7	Other (please specify):					17.91%	12	
Analysis	Mean:	3.72	Std. Deviation:	2.22	Satisfaction Rate:	44.78	answered	67
	Variance:	4.91	Std. Error:	0.27			skipped	21

5. How long have you worked in that role(s)?

						Response Percent	Response Total	
1	1-5 years					30.30%	20	
2	6-10 years					15.15%	10	
3	11-20 years					34.85%	23	
4	21-30 years					15.15%	10	
5	More than 30 years					4.55%	3	
Analysis	Mean:	2.48	Std. Deviation:	1.2	Satisfaction Rate:	37.12	answered	66
	Variance:	1.43	Std. Error:	0.15			skipped	22

Conclusion

There is a growing certainty that the UK will leave the EU in March 2019 and there is a little more clarity on the transitional deal and the final trade deal. While expert opinion is now suggesting that the transitional deal will retain most of the current EU membership provisions, businesses will be looking closely at the different scenarios, especially those which involve moving posts to a location in another country.

Similarly, while experts are now pointing towards a slightly softer Brexit in the final trade deal, there is still uncertainty for individual businesses making business plans and investments.

C8 Associates

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www.c8associates.com

C8 Associates is a consultancy dedicated to taking creative and digital businesses to the next level. C8 is working with clients on Brexit plans, managing risk, exploiting opportunities and validating Brexit plans.

For more detailed results from this expert opinion survey, please contact Dominic McGonigal directly at dominic.mcgonigal@c8associates.com.