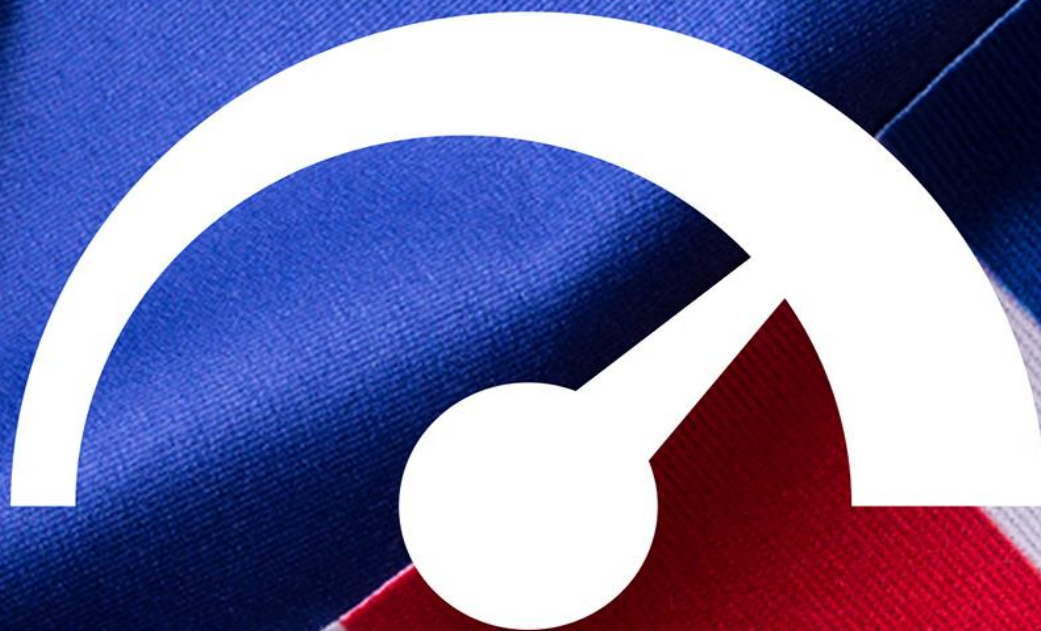


BREXITOMETER

JUNE 2018



FOR CREATIVE BUSINESSES

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

BREXITOMETER

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

With less than a year to go to the end of the Article 50 deadline, there is more clarity on the timelines but little certainty on the scope of the transition deal and the final EU-UK trade deal.

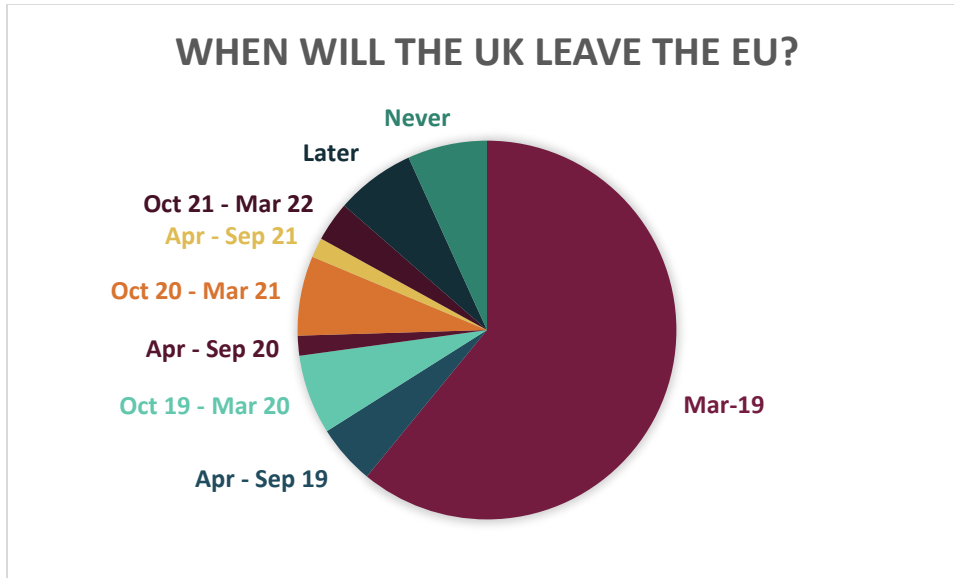
Most of our experts are predicting that the UK will leave the EU in March 2019 and that there will be a transition period lasting almost three years.

However, the scope of the deals could be anything from no deal to the equivalent of EEA membership, retaining freedom of movement of goods, services, capital and people. The balance of the predictions suggest about three quarters of the current freedom of movement will be retained during the transition period, reducing to about half in the final EU-UK trade deal.

This points to a slightly harder Brexit for creative businesses. Indeed, many creative businesses are planning to lose the EU membership benefits and are moving creative, editorial and distribution functions accordingly. When there is so much uncertainty, the safest option for creative businesses is to plan for the worst outcome.

Timescales

The likelihood of the UK leaving the EU in March 2019 is increasing. Now, 61% of experts are predicting the March 2019 leave date. That has been steadily increasing over time, from 44% in February 2017, to 51% in October 2017, rising further to 55% in February 2018 and now up to 61%.



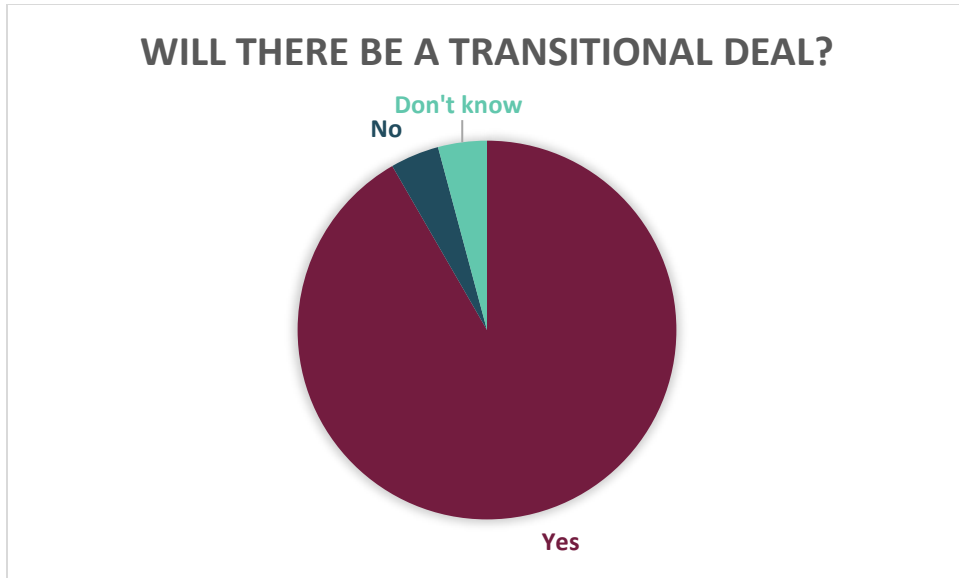
While the March 2019 date is still not guaranteed, the other scenarios are now getting less likely. The second most likely scenario, that the UK will leave ‘later than 2022 or never’, has fallen from 24% to 14%. It remains a possibility, but now a less likely one as it would require an extension of the Article 50 timeline. Some experts predict that the UK Parliament will pass amendments on customs union and that there will be a People’s Vote on the deal, which could cause a delay.

Transitional Deal

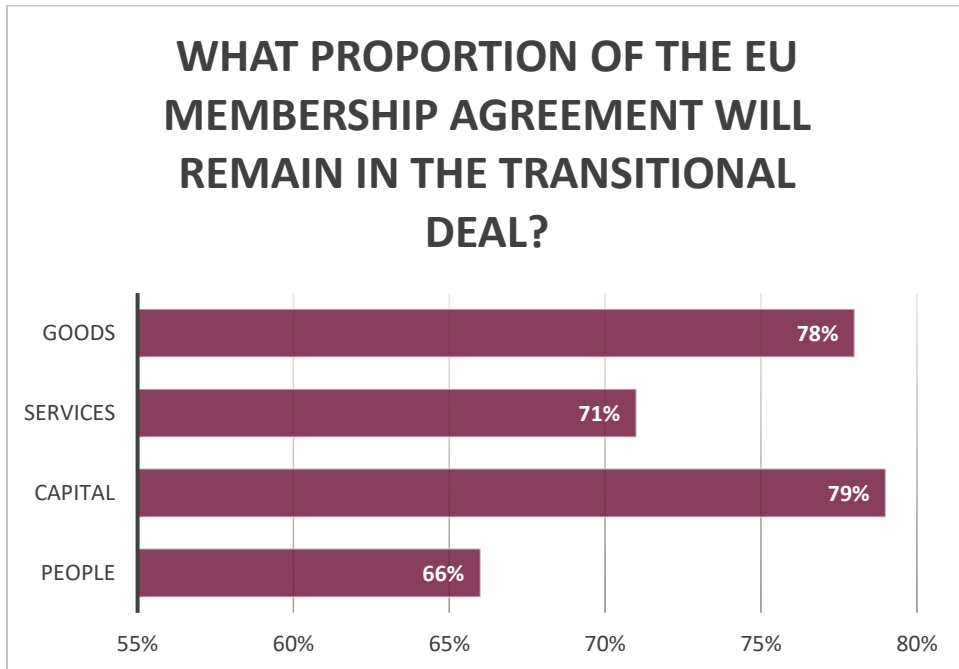
One of the few near certainties is that there will be a transitional deal between the EU and the UK.

92% of experts now predict a transitional deal. Whilst a year ago, there was serious talk of a ‘no deal’ Brexit, the assumption now on both sides is that there will be a transitional deal and the scope has been outlined in agreed political statements.

The length of the transitional period is expected by experts to be 2.8 years, about a year longer than has been agreed between the EU and the UK.



However, the nature of the transitional deal is less certain. The expectation is that about three quarters of goods, services and capital will remain subject to free movement in the transition period. For people, that drops to two thirds of the current freedoms. Here are the predictions for what proportion of the EU membership agreement will remain in the transitional deal.



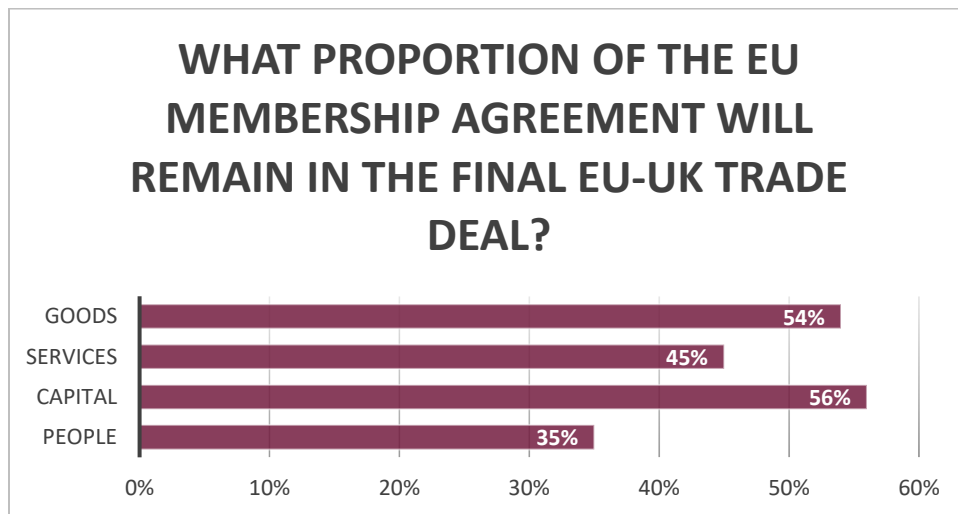
Interestingly, capital is now expected to retain more freedoms than goods in the transitional period.

Uncertainty remains the watchword. There is considerable variance in the predictions from experts, with a standard deviation (the amount by which responses vary) of up to 31%. Some are predicting 100% free movement in the transition period, that the transition period ‘is likely to replicate being in the Union, without technically being a member’.

Others, though, predict 0% of freedoms remaining even in the transition period – ‘the likelihood of crashing out is increasing’ and ‘a transitional period is only going to happen if the parties reach agreement. Agreement seems less likely now than earlier.’

EU-UK Trade Deal

Under the current EU membership agreement, there is a high level of free movement of goods. The question is how much of that free movement will remain in the final EU-UK trade deal.



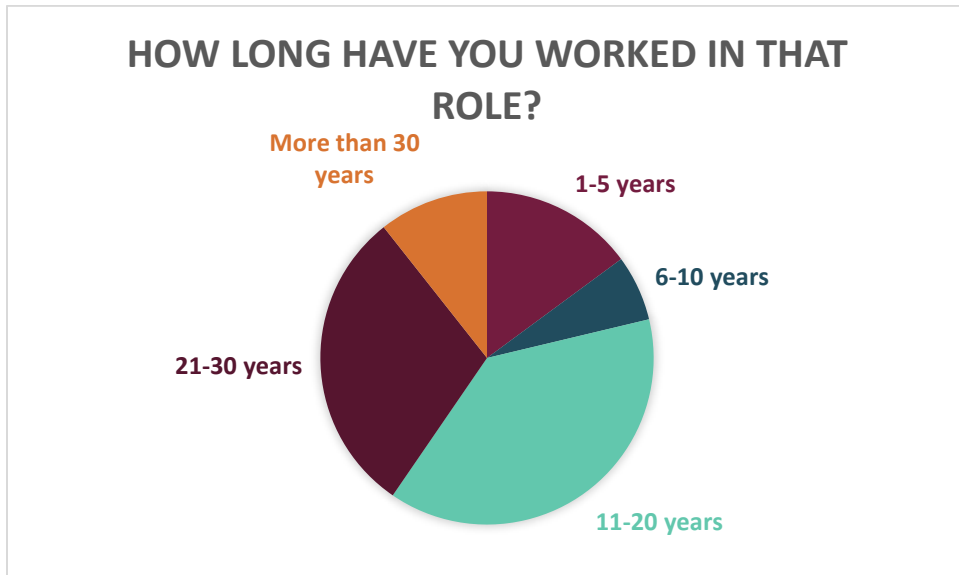
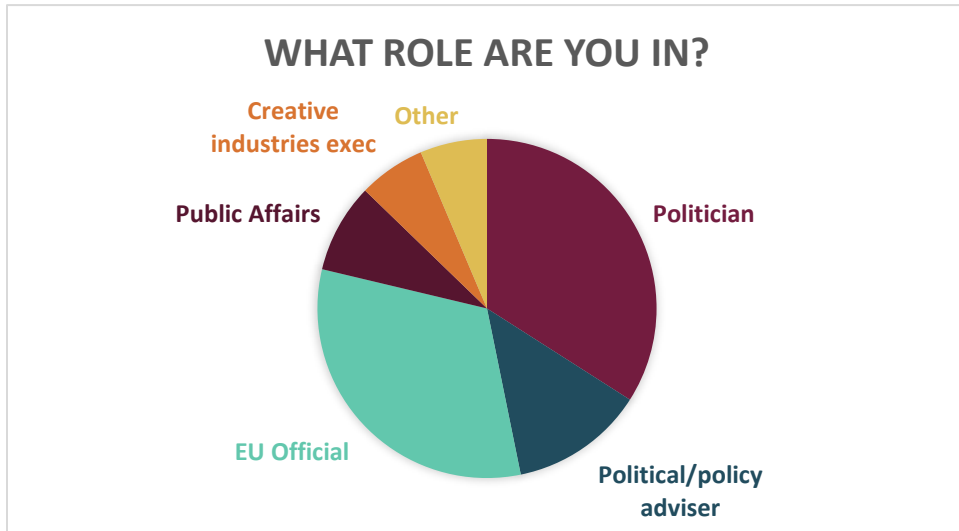
Experts are now predicting a slightly harder Brexit in the final EU-UK deal for goods, services and people. The % of goods subject to free movement is now predicted to be 54%, down from 64%. Services is down to 45%, from 50%. Free movement of people is down to 35%, from 41%.

However, they are expecting relatively more free movement of capital, up slightly from 53% to 56%, possibly because of talk of a special deal for financial services. They are also expecting capital to move more freely than goods.

Again, there is considerable variance in the predictions, with the standard deviation between 25% and 30%. Some are expecting the final deal to be equivalent to membership of the EEA, that is with full freedom of movement. A few are predicting no deal, so no freedom of movement. Some experts point out that the four freedoms are linked within the single market so any reduction in freedom of movement of people is likely to be matched by equivalent reduction in freedom of movement of goods, services and capital.

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.



This survey was carried out during May 2018 using an online poll.

C8 Associates

June 2018

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.