

# Potential impact of Brexit on Norwich

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# All cities are set to be negatively affected

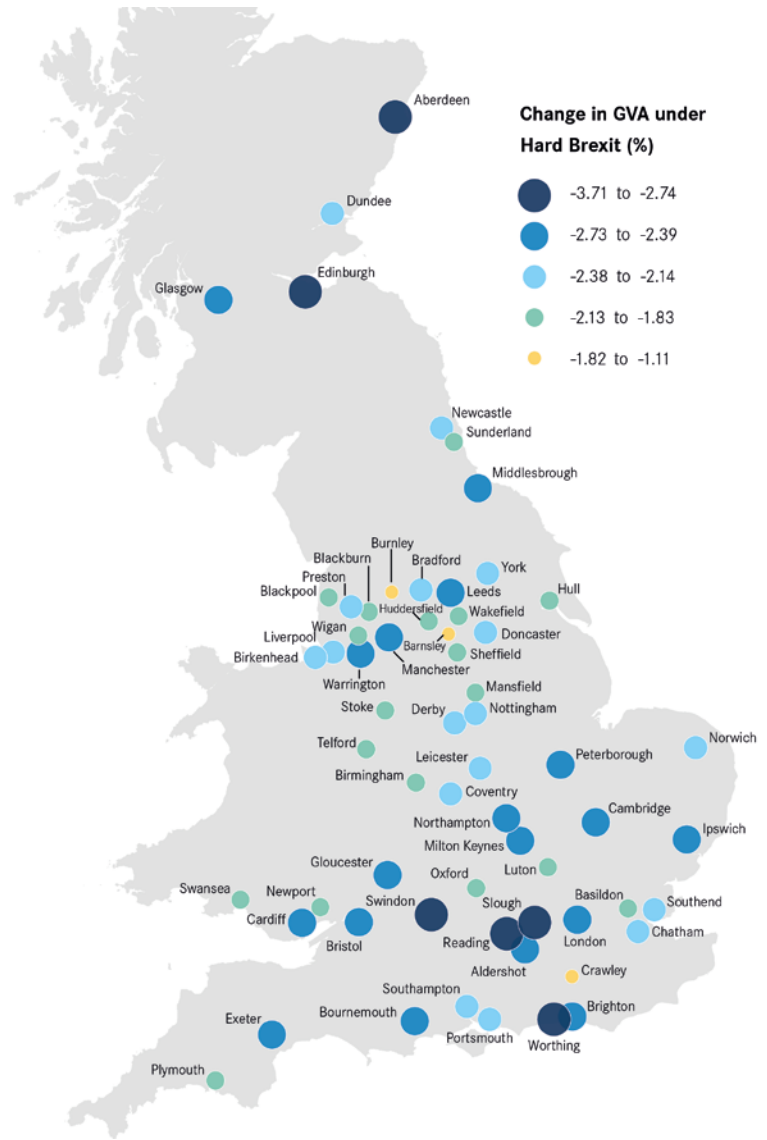
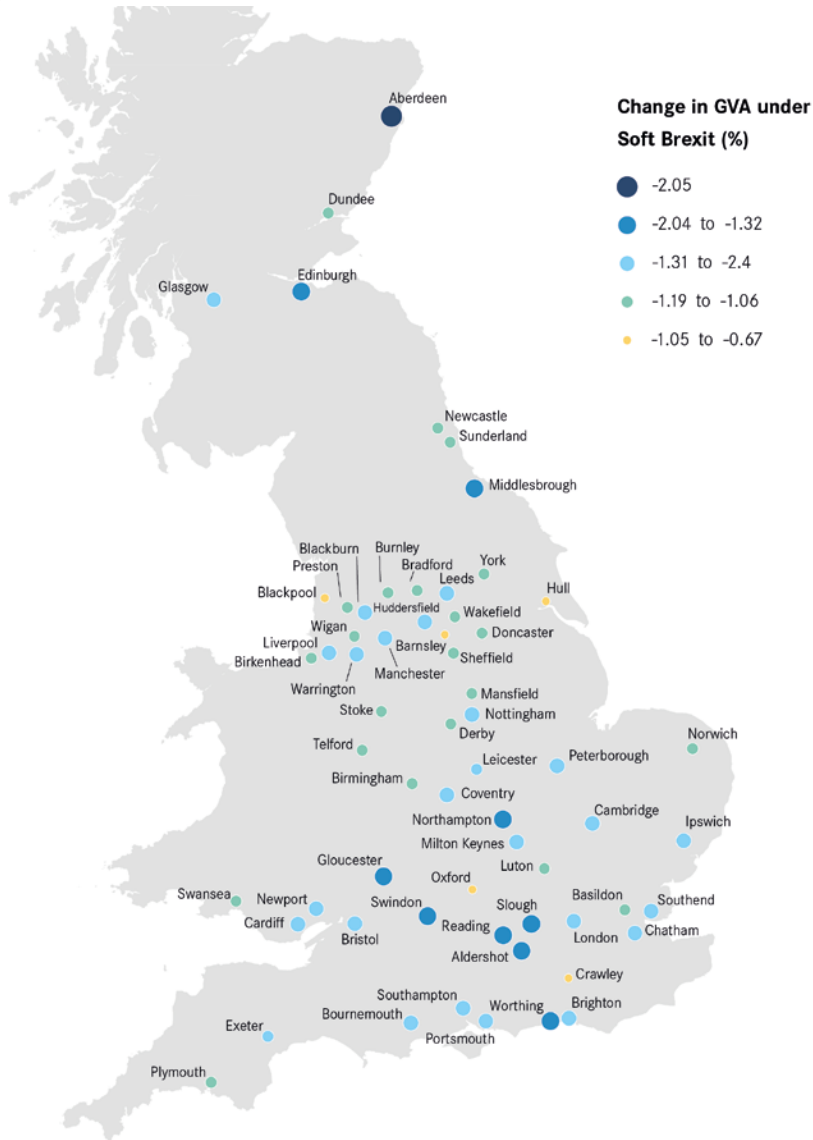
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**'Soft Brexit'** – a scenario where the UK joins a free trade area with the EU, such as the European Free Trade Association (EFTA) (-1.1%)

**'Hard Brexit'** – a scenario where the UK and the EU do not immediately form a free trade area and the default situation is to trade under World Trade Organisation (WTO) rules (-2.1%)

**Two scenarios  
compared  
across cities**

# But some are likely to be hit harder than others





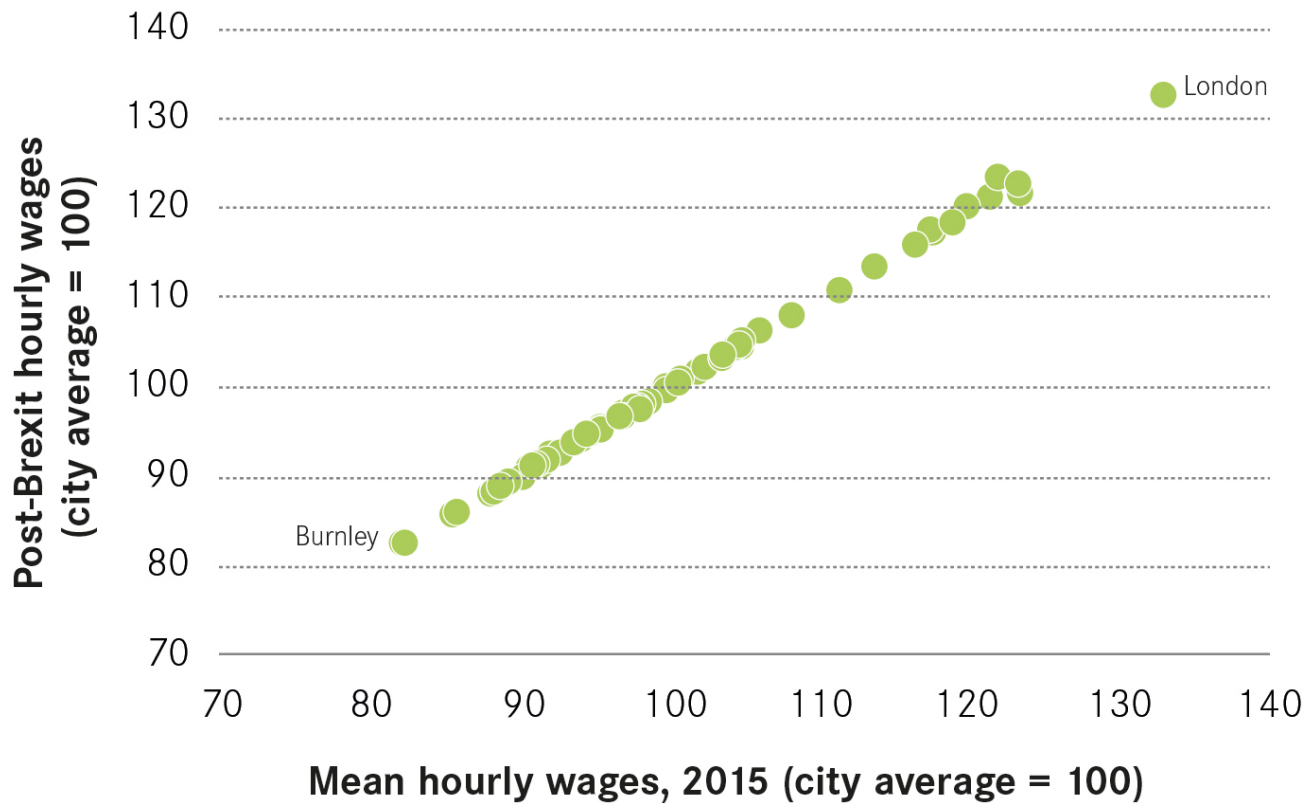
# Local economies with large KIBS sectors predicted to be hit hardest

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**Correlation between KIBS employment and GVA shocks**

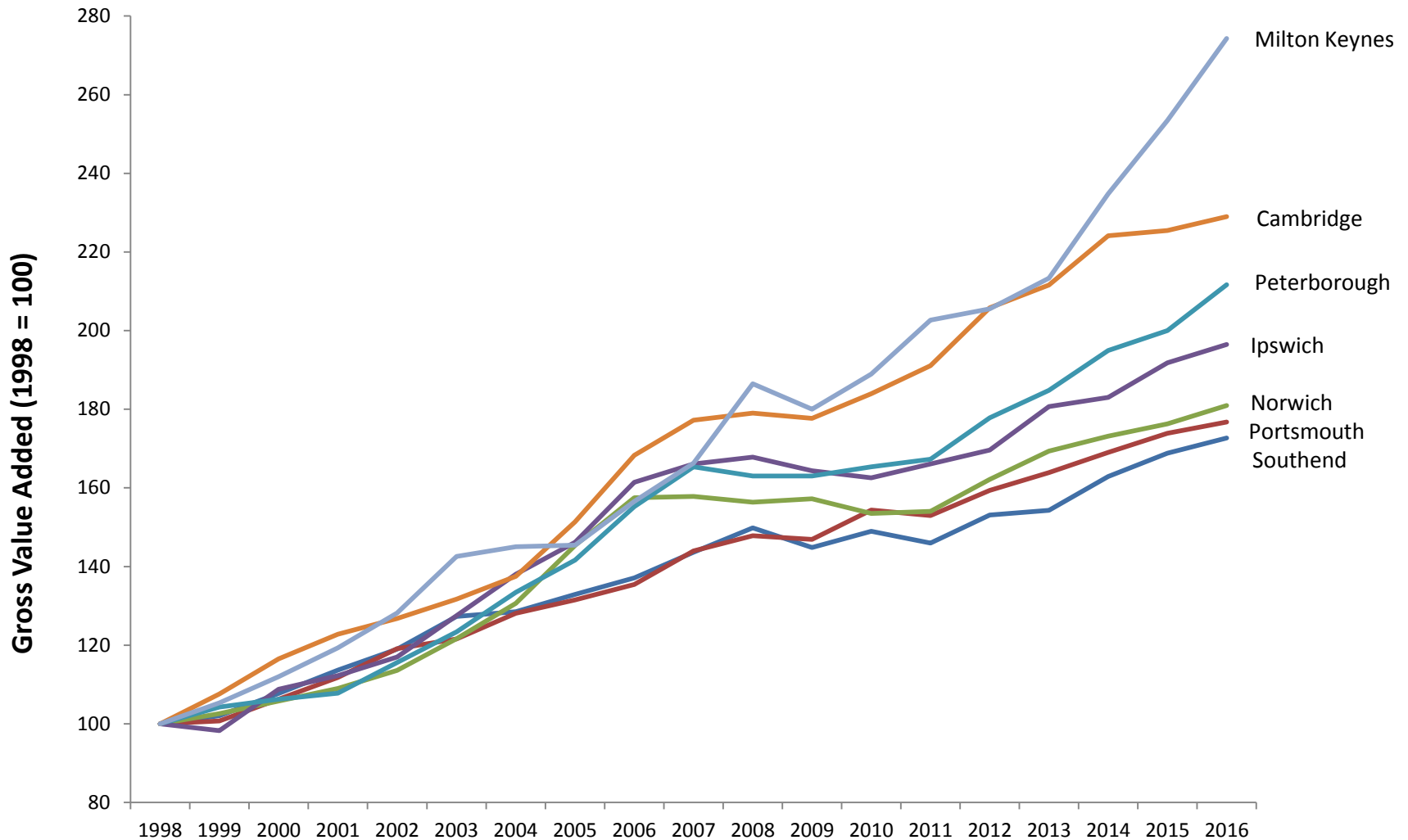
# Initial shocks do very little to change existing disparities

## Post-Brexit wages vs 2015 wages



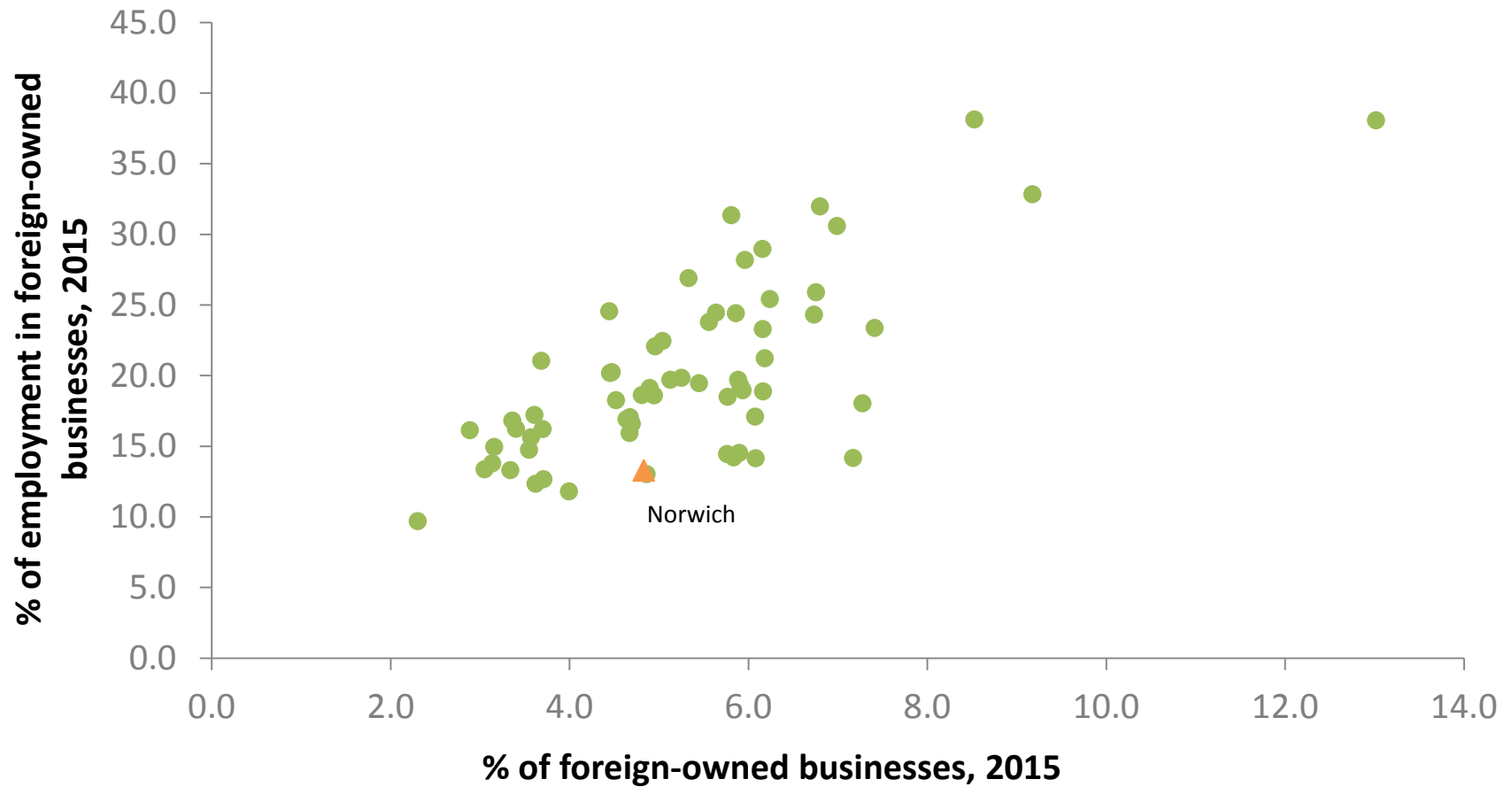
# ...but may find it easier to adapt over the longer term

## GVA, 1998-2016



# Also need to consider the implications for FDI

Foreign-owned businesses and employment in FO businesses



# ...and migration







# Summary and policy implications

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- Further work needed to better understand potential impacts and the longer run impacts as the economy adjusts
- Find ways to **monitor the impacts** of Brexit as they play out and **improve intelligence**
- Government should do all it can to minimise the coming economic shocks by securing the **best possible trade deal with the EU**
- And create a **migration system works for all** parts of the UK
- Critical that Government uses the **Industrial Strategy** to give cities the investment, powers and responsibilities they need

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Additional slides





# Approach

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- Economic impacts of UK leaving the EU relative to if the UK had stayed in the EU (and benefited from further integration in the EU market)
- Uses the most comprehensive data on trade flows and trade barriers available
- Weighted using local employment shares to predict changes to GVA
- Gives estimates of the 'medium-run' impact on GVA as it is assumed that it would take 10 years for the non-tariff barriers within the EU to converge to a new level post-Brexit



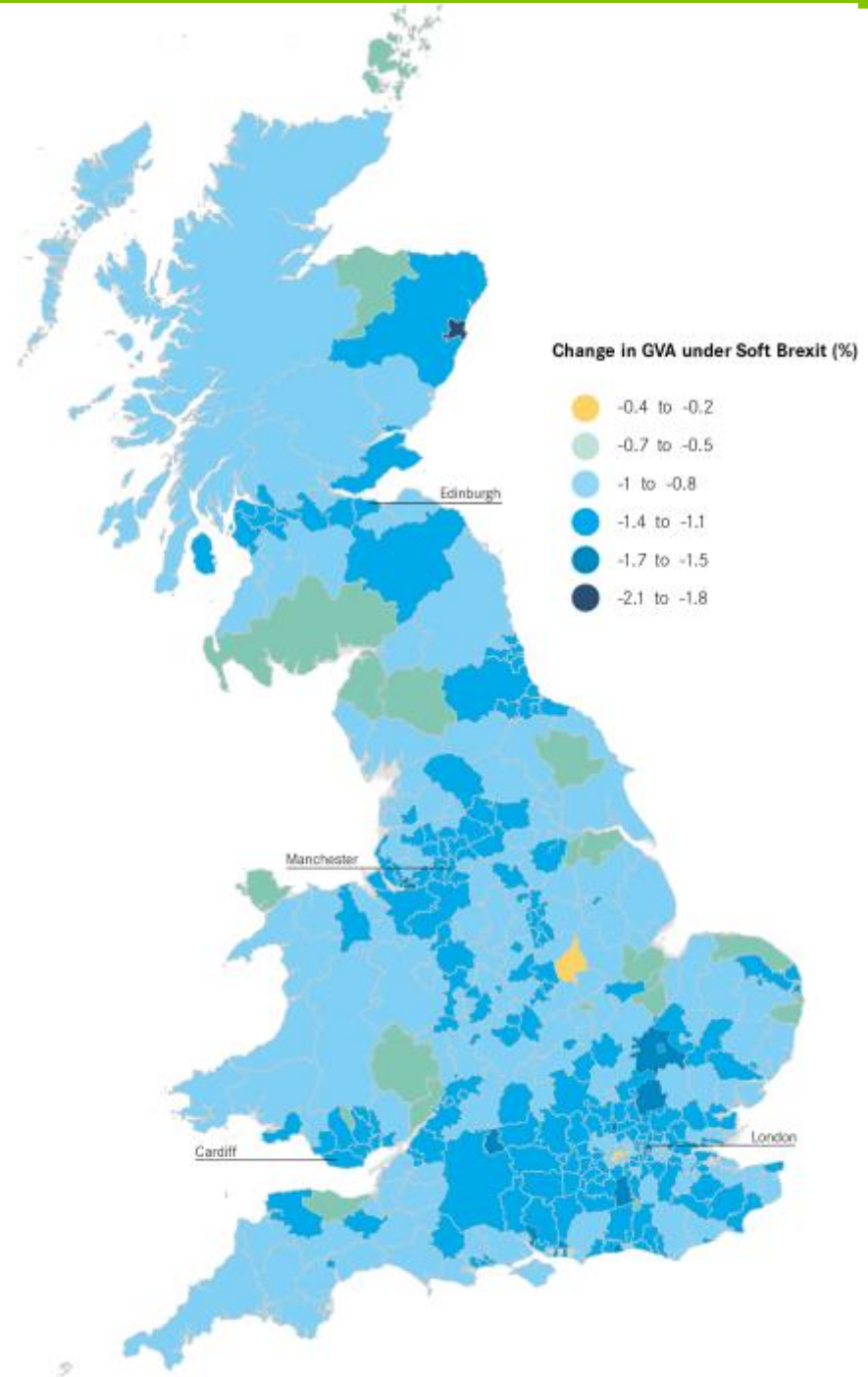
# Sectoral impacts

	<b>Soft Brexit</b>	<b>Hard Brexit</b>
Chemicals and Chemical Products	-9%	-15%
Mining and Quarrying	-7%	-12%
Electrical and Optical Equipment	-9%	-6%
Financial Intermediation	-3%	-6%
Textiles and Textile Products; Leather, Leather and Footwear	-7%	-5%
Renting of M&Eq and Other Business Activities	-2%	-4%
Post and Telecommunications	-2%	-4%
construction	-1%	-3%
Real Estate Activities	-1%	-3%
Other Supporting and Auxiliary Transport Activities; Activities of Travel Agencies	-1%	-2%
Health and SocialWork	-1%	-2%
Retail Trade, Except of Motor Vehicles & Motorcycles; Repair of Household Goods	-1%	-2%
Public Admin, Defence, Social Security and othe public service	-1%	-2%
Education	-1%	-2%
Electricity, Gas and Water Supply	-1%	-2%
Retail Sale of Fuel; Wholesale Trade, Commission Trade, including Motor Vehicles & Motorcycles	-1%	-2%
Inland Transport	-1%	-1%
Transport Equipment	0%	-1%
Coke, Refined Petroleum and Nuclear Fuel	0%	-1%
Rubber and Plastics	0%	-1%
Hotels and Restaurants	0%	0%
Machinery, Nec	0%	0%
Other Non-Metallic Mineral	0%	0%
Manufacturing, Nec; Recycling	1%	3%
Food, Beverages and Tobacco	1%	3%
Agriculture, Hunting, Forestry and Fishing	3%	4%
Basic Metals and Fabricated Metal	1%	5%
Pulp, Paper, Paper , Printing and Publishing	4%	6%
Water Transport	5%	9%
Air Transport	5%	10%
Wood and Products of Wood and Cork	10%	16%



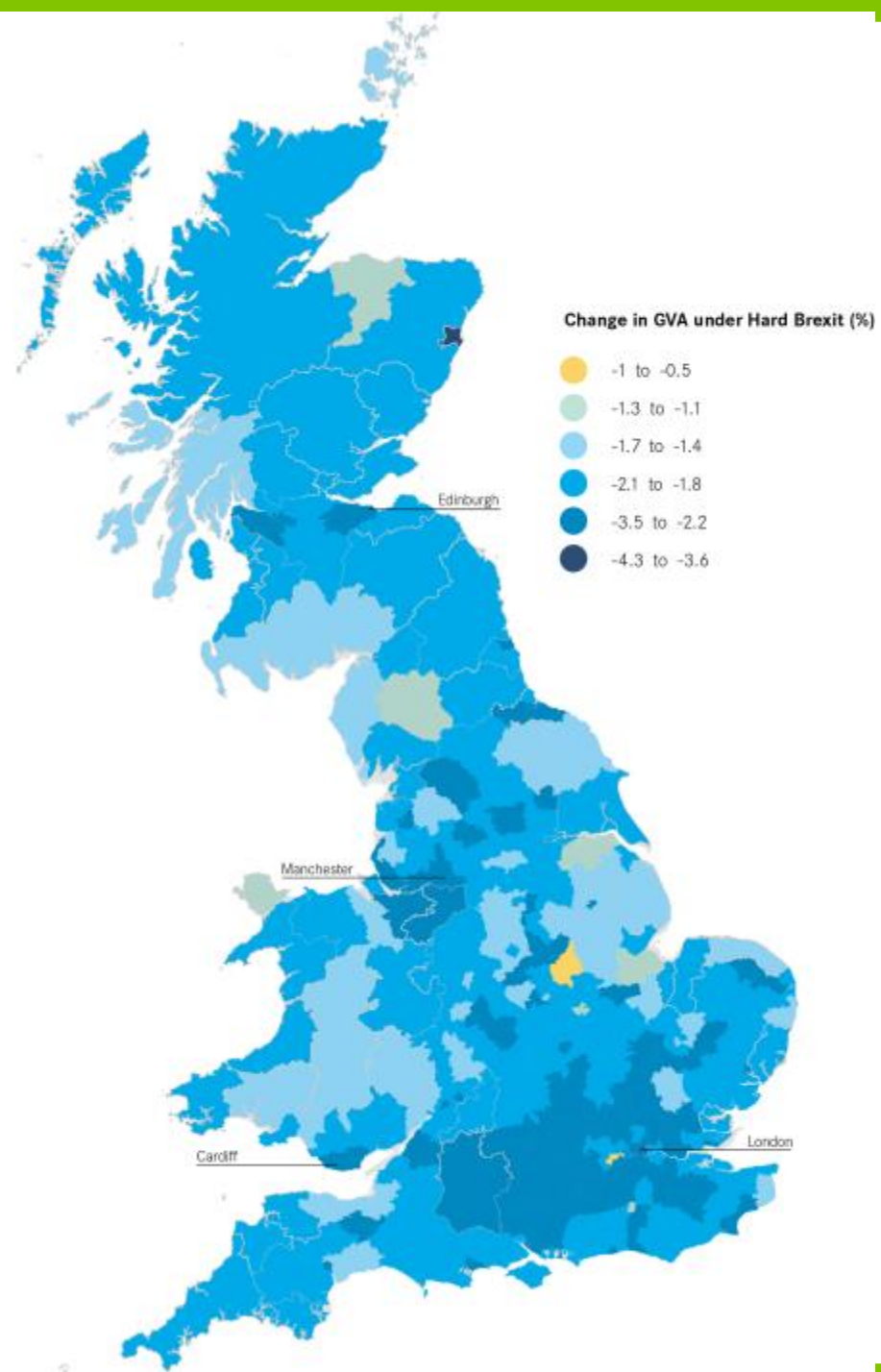
# The geography of 'soft Brexit'

**GVA shocks by local authority**



# The geography of 'hard Brexit'

GVA shocks by local authority





Internal migration  
may help to plug  
the gap in  
London...

