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Commonwealth and Brexit: economic and social approach

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INTRODUCTION: Background information on the UK and the Commonwealth

With a population of over 66 million people, the United Kingdom of Great Britain and Northern Ireland (UK) is the fifth-largest economy in the world, with a Gross Domestic Product (GDP) of $2.6 trillion (World Bank, 2021). It became the first nation to undergo industrialisation, establishing itself as the dominant global power from the 19th to the early 20th centuries. This era of uncontested worldwide dominance, "Pax Britannica" witnessed the UK’s unparalleled influence. Once encompassing nearly, a quarter of the Earth’s land and population and considered the largest empire ever, the British Empire persists today through its remaining 14 British Overseas Territories. The impact of British rule can still be observed in the language, culture, legal systems, and political structures of numerous former colonies, demonstrating the enduring presence of British influence in the Anglophonic world. Therefore, the historical legacy and trajectory of the country, based on colonialism and its commercial ties, make the current UK economic situation one of the sources of its global power. With a vast population and high GDP, the UK’s present economic strength enables it to remain among the world’s leading economies. However, the UK’s economic trajectory takes on a new dimension due to Brexit. The nation’s historical history and linkages grow more vital as it redefines its trading agreements, notably those with Commonwealth Countries. In this context, the present study focuses on the interrelationship between the UK and the trade flows with some members of the Commonwealth of Nations after Brexit occurred.

The UK government’s post-Brexit foreign strategy motto is “Global Britain”. It was cited by Theresa May at the Conservative Party Conference in 2016 during her first significant address as prime minister. It was meant to convey that the country would not turn inward following Brexit but instead have a global perspective extending beyond Europe. Four elements constrain Global Britain’s future in the international scenario. First, UK decision-makers and the educated public must fight against the illusions of the “imperial hangover” (Posen, 2021). This is an issue for the US, France, and all other big economies; nevertheless, the UK will need to make more remarkable changes. There is no evidence of a revived economic Commonwealth, a unique relationship with the US or India, or even a free trade pact. Second, bringing skilled labour and capital to the UK must come first if Global Britain is to function economically in the modern day. Despite the reduction of openness on these dimensions, the prospects on these fronts have not been as severely affected as on the trade front. We have not observed the widespread anti-immigration trend that may have developed after Brexit, nor have we observed the financial deregulation race that Brexit would have heralded. Due to past sad occurrences, we have also noticed a tendency to move away from capital inflows that are money laundering schemes. The UK can build on this and take the lead in this area. Third is gravity's importance so that the industrial infrastructure does not drift off. After Brexit, the UK left the European Economic Area (EEA) and European Free Trade

Association (EFTA). However, they are excellent options to return to improve their importance in the commercial atmosphere. There is no alternative to this, and the effects of globalisation highlight it much more than before. Finally, the UK's role as a middleman between the US and the EU in developing international economic rules is the one area where it has consistently lived true to its economic goals and self-image. Although it did occasionally happen, it was mainly a force intellectually between American and European economic policy tendencies, not a mediator in the strict sense of settling disagreements by mediation. (PIIE 2020, Posen 2021).

Considering the main question this project aims at addressing and stepping from these first considerations, this project is structured as follows. Section one, where the study objectives, methodological framework, and case study selection are presented to explain the theoretical process and the reasoning behind the case study selection. Section two focuses on the literature review of Brexit and the Commonwealth, the relationship between these two actors, followed by a comprehensive analysis of the global impact of Brexit on the global economy, illustrating some trading superpowers and assessing the impact on both the UK and world economies. Section three emphasises the analysis of the UK's exit from the European Market, explaining the changes in imports, supply chains, and the impact on consumer pricing. In addition, a specific section on UK services and financial services post-Brexit is provided to provide the background to explain the empirical review. The following section provides a comparative analysis between the selected countries, highlights their resemblances and differences, and the objective the United Kingdom sought to emulate when negotiating with them. Section four summarises what has been discussed in the previous section and the conclusions and responses to the previously stated hypothesis.

RESEARCH OBJECTIVES

Objectives of the study

The project's completion is based on comprehensively analysing trade relations between the UK and some members of the Commonwealth of Nations after Brexit occurred. The project seeks to understand how Brexit has eventually affected the commercial flows between them, primarily from an economic perspective. More specifically, this study aims to evaluate the pre-Brexit trade patterns to provide a baseline understanding of the existing trade relationships and dynamics. Sequential analysis following the implementation of Brexit on trade flows will be done to assess its impact. The study investigates the post-Brexit trade patterns and evaluates any changes in the volume, composition and direction of trade between the UK and the members of the Commonwealth of Nations. This analysis will identify the sectors or industries most affected by Brexit and the potential reasons behind these changes.

The literature review provides insights into the motivations and factors that led to the UK's decision to leave the EU. Understanding the nature of the conflict to sign the previous trade agreements is essential because it enables us to see the situation that led to pursuing different trade relationships. Therefore, to assess the specific case study of Commonwealth countries, a thorough analysis of the previous agreement between the EU and the UK will determine how the relationship has changed. The study mainly concentrates on the effect of prices and supply chains, with particular reference to services, given their impact on the British economy. The analysis aims to identify the potential gaps or shortcomings in the previous EU-UK trade agreement that the UK might seek to address in the bilateral trade agreements with Commonwealth countries. The study is done on the premise that understanding what is lacking in the deal is what the government will seek to find in the trade agreements pursued bilaterally. Therefore, the analysis will provide insights into the EU-UK relationship and introduce the topics discussed in the case study. Consequently, the study aims to help answer the following hypothesis:

H1: If a given country has a previous trade agreement with the European Union, the United Kingdom wants to emulate it and apply the same conditions to its bilateral trade deal.

Methodological Framework and case study selection

The case selection includes Canada, Australia, India, and South Africa. This is justified because of their importance as UK's trading partners. In addition, the EU is known to have followed Third Generation FTAs, going beyond traditional tariff reductions and including provisions in a broader range of issues such as intellectual property rights, services or investment. The study will enable us to see if the UK has wanted to widen the number of countries it has trade agreements or if the purpose is to deepen commercial ties. As of 2019, these nations account for 69% of all commerce between the UK and the Commonwealth, according to the House of Lords of the UK parliament. In addition, they all belong to different continents, which can help also conclude from a global perspective and not from a regionalised one. Finally, they all constitute democratic polities with long-standing institutional stability. Therefore, a comparative analysis will be done based on the following relationship, establishing an independent variable (commercial agreement with the EU / UK) and a dependent variable (output of the commercial agreement). It is plotted in the following table:

Countries studied	Commercial agreement with the EU	Commercial agreement with the UK
Canada	Yes	Yes
South Africa	Yes	Yes
Australia	No	Yes
India	No	No

Own elaboration

The study employs a mixed-methods approach, combining quantitative analysis with qualitative assessments. To assess and extrapolate trade trends, and given the complexity and broadness of all the goods involved, Computable General Equilibrium (CGE) models are used to capture the interdependencies and feedback effects between various agents of the economy. In addition, the Cultural, Administrative, Geographical and Economic distance (CAGE) framework provides us with the knowledge that the UK should have all the possible interest to follow comprehensive trade links with the countries that share a common language, coloniser's links, as two countries sharing the same coloniser or one country that colonised another, and Head of the State (King Charles III). It increases by 42% and 188% trade, respectively (Rimac, 2023). Also, with the help of the Gravity Model, which values physical distance to evaluate the best trading benefits for economic partners, it will be seen which factor helps boost trade the most. An emphasis on the financial services sector in the trade deals, given that the City of London wants to stand out on the global scene due to its economic competitiveness and is one of the significant engines of the British economy, it is analysed whether this sector is contemplated in the trade as mentioned above agreements.

LITERATURE REVIEW

A Summary of Brexit and the Commonwealth's Place

On June 23, 2016, the UK held the referendum, with a majority of 51,9% choosing to leave the EU. The turnout rate was 72,2%, making it one of the highest participation rates in UK history (BBC, 2016). The result shocked people both at home and abroad. People and places with poor economic fundamentals primarily drove the distribution of Leave support. However, the Leave vote consisted of a diverse group of protest voters rather than a cohesive social or demographic group. The illusion of a renewed economic and commercial global strength led a particular group of Leave votes to think of a modern British empire, fostering driven by the austerity measures and spending cuts on social assistance that bought about protest groups from marginalised votes. The existence of the Commonwealth of Nations backed up this illusion.

The Commonwealth of Nations is a multilateral organisation of 54 independent and sovereign states, primarily former British Empire dominions. It was created in 1949 through the London Declaration, establishing it as a voluntary alliance of independent nations bound by shared principles and objectives and recognising the equality and independence of its members. It was the first step to transforming the British Empire into a voluntary cooperation system. Later, in 1991, the Harare Declaration outlined the fundamental ideals and goals of the Commonwealth, such as democracy, respect for human rights, the application of the law, and sustainable economic and social development. The group's adherence to these guiding principles was formalised in 2009 in the Charter of the Commonwealth, establishing a forward-thinking, dynamic, and pertinent institution for the twenty-first century. The UK is uniquely positioned within the organisation, maintaining close economic, cultural, and diplomatic ties with member countries, reflecting on the historical and cultural connections forged during British colonialism. Even though the UK does not hold formal political or administrative control over other member nations, the British monarch, Charles III (coronated in the making of this final project), serves as the symbolic head of the Commonwealth. The role is separate from the British constitutional monarchy, but it highlights the unifying figure of the organisation. Also, the UK hosts the Commonwealth Secretariat in London, which serves as a central hub for coordinating and implementing all the required activities.

Unlike the EU and NATO, it is not a military or economic superpower. A "Commonwealth Free Trade Area" was included in UKIP's 2010 platform, and it was seen as a sign of the party's antiquatedness, even though British supporters like Liam Fox or Boris Johnson praised the club as an alternative to the EU market (James, 2017). The Foreign Secretary and others have long fantasised about a revitalised "Anglosphere" that surpasses Brussels, as Nick Pearce and Michael Kenny detail in their new book Shadows of Empire. Leaver emphasises the Commonwealth's extensive geographic reach, which includes 15% of the world's reaches, a third of the world's population, and a fifth of its land area. Its economic marginality of it to the UK is not as well-known among Brexit supporters. The Commonwealth only comprises 9.5% of British exports, which has been declining compared to the EU's 48% share. Trade matters more geographically than historically. Global corporations with headquarters in Britain see the country as a "gateway" to the profitable single market of the EU (James, 2017).

Brexit Britain's Impact on a worldwide economy

Before Brexit took effect, it was clear that the UK's exit from the EU would violate the rule that states that economies trade and invest mainly with those physically and historically nearest to them, as the Gravity Model and CAGE framework point out. Brexit would affect foreign trade investment, financial flows, information networks, and immigration, in addition to influencing global commerce. Studies have demonstrated that post-Brexit economic outcomes have mostly followed projections made by orthodox economists.

As Posen (2022) emphasises, the UK economy suffered a dramatic drop in trade openness after Brexit compared to other developed nations, including the United States (US), Canada, Australia, Japan, Germany, France, Italy, and Spain. Additionally, compared to the other advanced countries, by looking at statistics on trade, immigration, foreign direct investment inflows, and financial capital (see Figure 1, in Appendix), the authors conclude that Brexit was not simply a minor change but may have resulted in a complete change in the direction of the UK economy (see Figures 2 and 3, in Appendix) (Posen, 2022).

Spider diagrams compare the UK's exposure to its neighbours and other European and Liberal Pacific nations regarding commerce, immigration, and foreign direct investment (see

Figure 4 in the Appendix). The graphs suggest that the UK was far more open a decade ago and that openness has significantly decreased after Brexit. Regarding inward FDI, immigration, and commerce, the UK is now the lowest or second-lowest in Europe. It can also be highlighted the difficulties Brexit has caused for the UK economy and the necessity for a "Global Britain" strategy that respects gravity. Trade and investment's dynamic impacts are crucial for the trend growth rate and productivity growth. Competition, innovation, and variety all suffer when trade openness is reduced. Corporate investment collapse in the UK has negatively influenced productivity growth after Brexit. The UK should concentrate on adjusting to the new environment rather than significantly expanding its triangle of openness. The UK should consider adopting a friend-shoring policy and exercising strategic autonomy to combat the effects of globalisation and the growth of China and the US. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which the UK may potentially want to join, is insufficient (Posen, 2021). The UK must consider the environment when deciding when is feasible and beneficial.

ANALYSIS

Brexit's Repercussions on UK-EU Trade

Future UK-EU ties were controlled by the Trade and Cooperation Agreement (TCA), which went into force on January 1st, 2021. The TCA eliminated tariffs and trade restrictions between the UK and the EU, but the UK was no longer a part of the EU's Single Market and Customs Union. Due to the re-establishment of a regulatory and customs border between the UK and EU, the TCA's implementation resulted in increased trade costs. Previous studies showed that trade growth exposed to Brexit uncertainty was lower before and after the referendum. By comparing UK trade with the EU to trade with the rest of the world after the referendum, insight is offered into the trade impacts of Brexit (Freeman et al., 2022). The analysis spans the unclear time before the TCA's adoption and the first full year of trade under the TCA, which shows the actual effects of higher trade costs (see Figure 5 in the Appendix).

Before adopting the TCA, the analysis revealed no discernible drop in the UK's trade with the EU compared to the rest of the globe. However, relative to the rest of the world, the UK's imports from the EU decreased significantly and sustained 25% due to the TCA. There was a substantial and prolonged reduction in trade ties between UK exporters and EU importers. This suggests that many UK businesses ceased exporting to the EU, along with a more minor and transitory decline in the proportional UK exports.

The study employed a difference-in-differences event-study technique to separate the Brexit effect from other variables driving commerce. A comparison was made between the trade of the UK and EU and the United States and the EU. The investigation also looked into commerce for over 1200 items at the product level. The results showed that while UK exports to the EU were primarily steady, Brexit significantly affected UK purchases from the EU. After the TCA was implemented, the number of export partnerships and export "varieties" with the EU fell by almost 30% (see Figure 6 in the Appendix). Small exporters were most impacted, which resulted in a withdrawal from little EU markets. The study also showed differences amongst products, with higher EU trade barriers leading to more considerable export losses for particular items. There are restrictions to take into account, however. The research only considers the first trading year under the TCA; its long-term implications have not yet been determined. The study does not examine supply-chain links or indirect impacts; instead, it concentrates on the exchange of products. These issues will be covered promptly, looking at how Brexit would affect service trade.

Imports, supply chains, and the Impact on consumer pricing after the Brexit Referendum

With its biggest trading partner, the UK's withdrawal from the EU led to higher trade obstacles. The UK's Single Market and Customs Union membership ended when the TCA took effect in January 2021. Despite the absence of tariffs and quotas on the trade of products, regulatory and customs framework changes have escalated trade frictions between the UK and the EU.

According to research, Brexit resulted in a 25% decrease in imports from the EU (Ayele et al., 2021; Freeman et al., 2022), severely impacting UK businesses and employees because a substantial amount of global commerce consists of intermediary goods produced from other items. Wages and training in affected industries have changed due to changes in intermediate imports brought on by the devaluation of the pound sterling. Additionally, importing goods helps to increase product diversity and bring down customer costs.

According to research (Bakker et al., 2022), UK imports from the EU have decreased in absolute terms compared to imports from non-EU nations after the Brexit vote and the TCA's implementation. The effects of Brexit on trade flows vary depending on the industry of the goods. Even before the TCA, specific industries saw slower growth or a drop in imports from the EU, pointing to anticipatory changes by businesses. Trade volume for some goods, such as fats and oils, fell noticeably with the EU compared to non-EU nations. When compared to non-EU countries, several items in trade between the UK and the EU showed no discernible difference (Bakker et al., 2022).

In other circumstances, Brexit has also caused imports from the EU to move to non-EU nations. In industries including agriculture, fish-related products, medicines, and the automobile industry, there is evidence of stockpiling of imported intermediate items before introducing the TCA. Increased expenses for importers and exporters due to border obstacles like paperwork and customs inspections have the potential to be passed on to consumers at higher pricing (see Figure 7 in Appendix). Focusing specifically on the food sector finds that price increases for food goods with higher EU import percentages were more significant than for those with lower EU import shares. Prices for items with greater exposure increased significantly around the time the TCA was implemented. However, the total effect of Brexit on pricing cannot be seen when all items are considered. Therefore, Brexit has adversely affected consumer pricing, supply networks, and trade flows in the short run. The long-term effects of Brexit are yet unknown and require more research outside the purview of the present study.

The effects of trade agreements on prices

The commercial relationship between the UK and its biggest trading partner has changed significantly due to the UK's withdrawal from the European Union and subsequent admission into the TCA. Many have questioned if the UK's exit from the EU's Single Market might be linked to the recent price rises. The cost of doing business in the UK for EU enterprises has grown despite the absence of tariffs on imports from the EU. This is because of non-tariff barriers and regulatory requirements. Analysing how changes in market access resulting from a preferential trade agreement impact the market dominance and pricing of exporting enterprises is crucial.

Economists have examined the economic effects of Preferential Trade Agreements (PTA) developed over the past 40 years to better understand the position in the UK today (Limao, 2016). The trade and welfare consequences of these accords have been estimated using a variety of approaches, including structural gravity models and computable general equilibrium (CGE) models. (Limao 2016) The results demonstrate that PTAs may significantly boost trade and, depending on the circumstance, have various effects on the UK's GDP. However, these models frequently ignore how PTAs affect business rivalry. A PTA can weaken the position of established exporters by encouraging new competitors to enter the market, which lowers consumer costs. PTAs have a more significant pro-competitive effect than CGE models predict. There is research on how to trade liberalisations affect local businesses' ability to compete (Konings & Vandenbussche, 2005; Amiti Konings, 2007; Pierce, 2011; Edmond et al., 2015; De Loecker et al., 2016). However, there is little information on how exporting firms' pricing and markups alter due to PTAs.

Recent empirical research has examined the pro-competitive benefits of trade, emphasising overseas exporting enterprises and changes in market competitiveness under PTAs (Crowley et al., 2022). Researchers have discovered that PTAs have pro-competitive impacts on the pricing and markups of foreign manufacturers by combining data from PTAs and customs transactions. A PTA that lowers tariffs by 10% results in an increase in exporting businesses and a decrease in the markups that exporters charge. For highly differentiating products, the effect is much more robust.

To account for the effect of PTAs on price-cost markups, a new multi-country trade model has been created based on these empirical findings (Crowley et al., 2022). This model takes into account variables like market structure and international business competitiveness. The findings demonstrate that tariff liberalisations under PTAs result in a considerable loss of market power for individual enterprises due to aggressive entrance into markets. The decline in price-cost markups is mainly caused by modifications in the market structure brought about by the entry of new companies. Analysis of how a PTA affects a nation's market share finds that tariff liberalisation can cause changes in how markets are split across countries. New enterprises from the agreements' origins tend to lessen the market power of existing firms from the same origin, which lowers price-cost markups. Meanwhile, the nation could acquire market dominance and let exporting companies increase price-cost markups.

An experiment uses a globe with five symmetric countries to show the quantitative model (Crowley et al., 2022). The research demonstrates how tariff liberalisations impact market structure, within-origin market shares, and price-cost markups under a PTA. The findings show that the conclusion of a PTA might result in alterations in market shares and a reduction in markups for exporting companies (see Figures 8 and 9 in Appendix). Considering the effects on Britain, the analysed PTAs have typically lowered trade tariffs and non-tariff trade barriers. However, the UK-EU Trade and Cooperation Agreement has added new borders, which might harm competition and raise prices. The early data point to a reduction in export activity between the UK and the EU and a drop in exports from the EU to the UK, raising concerns about growing market power (Fernandes & Winters, 2021).

Trade in UK Services and Brexit

For two key reasons, the UK's services industry cannot be disregarded when estimating the costs of Brexit. First, services essential to the UK's economy are produced and exported significantly. Services comprise 80% of all enterprises, jobs, gross domestic product, and value-added in the UK (Douch et al., 2020). Financial, professional, and commercial services and other business services provide a sizeable trade surplus for the UK, the primary market for the UK's services exports to the EU. All areas of the UK rely heavily on service exports, more than half of which are produced by small enterprises. (Hall et al., 2020) (see Figure 10 in the Appendix)

Due to Brexit, the UK left the extensive trade deal with the EU, which included goods and services. Contrary to trade in commodities, commerce in services is subject to non-tariff obstacles, including qualifications, permits, and formal recognition that, in some extreme cases, can entirely shut down trade. Despite the UK's dominance in the services sector, the government's goals for the industry in the trade talks between the EU and the UK that followed the referendum did not consider this strength.

Since the 2016 referendum, the UK economy has suffered from the uncertainty surrounding trade discussions, which has also decreased business sectors of products and caused commerce to be diverted from EU markets. There is, however, little proof of how it affects the services industry. Up until 2016, the UK's growth in the services trade was comparable to that of other significant exporters, according to an analysis of OECD-WTO statistics on the UK's services trade. However, after 2016, the UK began to lag, notably in contrast to Ireland, which considerably increased service exports. This disparity can be explained by the services relocated from the UK to Ireland due to the Brexit referendum. Recent research utilising a synthetic difference-in-differences estimator revealed that between 2016 and 2019, Brexit significantly hurt the UK's services trade. During this time, the UK saw an annual deficit in services export of £18.5 billion compared to where it stayed in the EU (Douch & Edwards, 2021; Du & Shepotylo, 2021a). Exports of services fell across all industries, with "Transport", "travel", "insurance", and "telecom" services seeing the most significant drops. The "business services" and "Intellectual Property Services", as well as the "Financial" and "Cultural" sectors, did not see a material drop, nevertheless.

Ireland has increased its exports in the services sector as a result of Brexit. Total services exports increased annually by £24 billion compared to a counterfactual situation in which Brexit did not happen (Douch & Edwards, 2021; Du & Shepotylo, 2021a). In particular service industries, other nations, including the Netherlands, Spain, and Germany, also saw development (see Figure 11 in the Appendix). Brexit's economic disintegration has resulted in the construction of new trade barriers in services between important nations and regions. The Trade and Cooperation Agreement between the UK and the EU's limited coverage of services trade has exacerbated market access and trading conditions for UK services in the EU. The future of the UK-EU services trade relationship, including digital data flows and banking sector equivalence, is uncertain (see Figure 12 in the Appendix).

The need for stable and transparent regulatory frameworks, regulatory liberalisation efforts, and continued trade discussions and negotiations with the EU and other rapidly expanding markets are a few of the policy ramifications of Brexit on the services sector. However, opening up new and better markets is tough, and liberalising the services trade is difficult. The UK should focus on preserving goodwill, reestablishing confidence, and sustaining open communication with trading partners. Understanding the effects of Brexit on the services sector requires reliable data and careful research. Still, it will take time to fully gauge the full impact of the new UK-EU trading relationship.

Financial services post Brexit

Before Brexit, the EU accounted for a sizeable share of the UK's imports and exports of financial services, resulting in a trade surplus. Passporting agreements, which permitted UK businesses to provide services in the EU without extra regulatory approvals, promoted this commerce. Concerning Brexit, the UK's financial industry was divided, with some advocating EU membership and others seeing advantages in home regulatory authority. As a result, the TCA between the UK and the EU has few propositions on the trade of financial services.

Trade in financial services between the UK and the EU has become more difficult after Brexit because of rising non-tariff obstacles. The UK was forced to rely on equivalence judgements made independently by each party after losing its passporting privileges into the EU. Equivalence can be revoked with 30 days' notice and does not apply to all financial services. Due to worries about the potential regulatory divergence between the UK and the EU, the EU has adopted a stricter stance when awarding equivalence. The UK, in contrast, indicated a more lax approach to granting equivalence to financial services headquartered in the EEA. The UK wants to liberalise the inward services trade considerably. Due to Brexit, some financial services industry has moved from London to European locations, including Frankfurt, Amsterdam, Luxembourg, Paris, and Dublin. In contrast to the sector's total size, there have been very few employment and bank asset relocations.

Recent data indicate that UK financial services trade has shifted from the EU to foreign markets. Financial services exports outside the EU have grown (Hall et al., 2020), but exports within the EU decreased due to lower shipments to France, Ireland, Germany, and the Netherlands (see Figure 13 in the Appendix). The possibilities for future UK-EU financial service collaboration still need to be determined. Other equivalence judgements have been put on hold while the EU concentrates on strengthening its capabilities in the financial markets. Conversely, the UK seeks to prioritise regulatory independence and forge deeper ties with other financial hubs worldwide. The UK government is concentrating on industries like FinTech and sustainable finance to keep its status as an important financial centre. It has released guidelines and roadmaps to help these industries and aims to establish global financial standards by cooperating with global regulatory frameworks. The UK is exploring regulatory cooperation agreements with nations like Singapore and Switzerland to promote bilateral financial services trade. Financial services are included in the Comprehensive Economic Partnership Agreement between the UK and Japan. They sought to emulate it with the countries already having a trade agreement (Canada and Australia) and the forthcoming negotiations (South Africa and India).

Overall, obstacles in trading with the EU, transfer of specific business to other cities, realignment of trade to non-EU markets, and a change in the UK's regulatory approach towards regulatory flexibility and international collaboration are all effects of Brexit on the financial services industry in the UK. Therefore, given the importance of the sector inside one of the giant motors in the British economy, an analysis of the dispositions discussed in each trade deal will be done to assess the broadness or deepening of the issue. The empirical review and comparative study will provide evidence for the analysis.

EMPIRICAL REVIEW AND COMPARATIVE STUDY

Canada

To maintain continuity in Canada's commerce with the UK following its departure from the EU Single Market, the Canada-UK Commerce Continuity Agreement (Canada-UK TCA) copies the significant advantages of the Canada-EU Comprehensive Economic Trade Agreement (CETA). Since it came into force on April 1st, 2021, the Canada-UK TCA upheld CETA's high standards for consumers, workers, and the environment while granting Canadian firms, exporters, and investors privileged access to the UK market and vice versa. The agreement has clauses on trade in goods, including provisions linked to preferential tariffs, tariff quotas, sanitary and phytosanitary measures, and rules of origin. In addition, government procurement, intellectual property and trade in services and investment are also covered.

The UK-Canada trade agreement, as specified in Annex 2A, establishes preferential tariff rates for bilateral trade in products between the two countries. While preferential rates are in effect, non-preferential rates may occasionally be lower due to adjustments made to the UK's Most Favoured Nation tariff schedule. The agreement also includes customized tariff rate quotas for the UK. Regarding cheese, the trade agreement does not specify an export tariff rate or percentage for this product. However, until December 31st, 2023, UK cheese exports to Canada are still permitted under the EU reserve of Canada's World Trade Organization (WTO) cheese quota. This indicates that the UK can continue exporting cheese to Canada under the existing arrangements until the specified date.

To qualify for preferential treatment, the exported product must either be entirely obtained or adequately processed. The product-specific rules (PSRs) play a crucial role in determining whether a product is deemed appropriately processed. These PSRs utilize the Harmonized System (HS) terminology as of 2012, and the corresponding HS code should be applied to determine eligibility for preferential treatment. The criteria for claiming preference have mostly remained the same, and exporters must support their claims with an origin declaration that describes the originating product in sufficient detail. The origin declaration must be included on an invoice or other business document, excluding a bill of landing. It is permissible to use materials or processes from the European Union (EU) in exports to Canada, as long as the labor or processing performed in the UK goes beyond basic tasks mentioned in the trade agreement and satisfies other relevant requirements. Merely packaging or labeling a product from the EU as UK-origin and exporting it to Canada is not allowed. These limitations also apply to goods transiting through non-EU countries. If a consignment is divided in a third country, the items will fall under that country's customs jurisdiction.

The agreement also addresses bilateral trade in services and investment, with preferential conditions in place between the UK and Canada. This provides legal confidence for investors and service providers in both countries. High-skilled professionals from UK enterprises are permitted to temporarily relocate to Canada under the agreement's terms to provide services. Furthermore, the deal includes measures to encourage investment between the two countries, ensuring policies are maintained to reduce obstacles to UK investment in Canada and treat established investments and investors fairly. Notably, the clauses governing the settlement of investment disputes between investors and states, particularly those involving financial services, will not come into effect at the same time as the rest of the agreement. Article V of the trade agreement stipulates that a comprehensive collaborative examination of these provisions will be conducted.

The agreement also safeguards geographical designations (GIs) for food, beverage, and agricultural products. Geographical indications protect specific product names associated with a particular geographical origin. In this case, the agreement protects several UK GIs, including "transborder GIs" of Northern Ireland and the Republic of Ireland Territory, such as Irish Bourbon, Ireland Cream, and Scottish Bourbon.

In many ways, the TCA between Canada and the UK is similar to CETA. Similar requirements relating to product trade are included in it, including rules of origin, sanitary and phytosanitary measures, preferential tariffs, and tariff quotas. This guarantees that businesses, exporters, and investors from Canada will continue to have special access to the UK market and vice versa. Other significant topics covered by the Canada-UK TCA include government procurement, intellectual property, trade in services, and investment, all surrounded by CETA. Given the importance of the service sector in the economy, the UK needs to ensure these clauses. As stated previously, given the limited inclusion of services in the UK-EU trade policy, the scope with Canada can be broadened. The total UK trade with Canada as of 2022 was 25 221 million pounds, making it one of its more essential trading partners (Official statistics UK government, 2022).

South Africa

The Southern Africa Customs Union and Mozambique (SACUM) trade bloc agreement was published in November 2019 and updated in December 2021. It serves as a free trade agreement for developing countries, with South Africa being a member of the bloc. The specified tariff rates outlined in the agreement remain effective for bilateral product trade between the UK, SACU members, and Mozambique. However, non-preferential applicable rates may occasionally be lower due to adjustments made to the UK's Most Favoured Nation tariff schedule. The agreement also includes customized tariff rate quotas for the UK. To qualify for preferential treatment, the exported product must be entirely obtained or properly processed, complying with the pertinent Product-Specific Rules (PSRs). The PSRs for this agreement use the 2012 Harmonized System (HS) terminology, and the appropriate HS code must be applied for categorization. To request preferential treatment, a certificate of origin must be completed, unless an origin statement can be provided. For trading partners with reciprocal free trade agreements with the EU, such as the SACU member states and Mozambique, the UK continues to issue movement certificates in the EUR1 format. The movement certificates are similar to those used previously, but the place of origin has been changed from the European Community to the United Kingdom. It is also possible to obtain updated EU EUR1 certificates of origin from regular suppliers, such as the Chamber of Commerce, indicating the UK as the country of origin. Existing EUR1 forms issued before January 1, 2021, remain valid.

Materials or processes from the EU can be used in exports to SACUM nations, provided that the work or processing done in the UK goes beyond the minimal operations specified in the agreement and all other relevant requirements are met. Simply packaging or labeling a product from the EU as a UK product for export to SACUM nations is not allowed. The Rules of Origin Protocol allows for the use of additional nations and territories listed in Article 4 for raw materials and processing, but again, it must be ensured that the work or process in the UK exceeds the basic tasks mentioned in the agreement and satisfies other pertinent requirements. The same regulations apply to goods traveling through the EU or other third countries. Consignments can be split between the EU and other third countries when exporting products to SACUM, as long as the items have not been placed on the market.

The SACUM-UK agreement includes agricultural protection measures that allow the countries involved, including South Africa, to apply higher import duties on specific items if the import volume exceeds a predetermined threshold. These trigger thresholds have been resized due to the UK's departure from the EU. Trade remedies are in place to provide domestic businesses with protection against unfair practices related to subsidized, dumped, or unexpected increases in imports. Safeguard mechanisms from the EU-SADC agreement, such as the one implemented by SACU for frozen, bone-in poultry exports to the EU, may also be used under the SACUM-UK agreement. However, any safeguard measures taken against the UK cannot be extended in duration or intensity beyond what would have been the case if the EU-SADC agreement were still in effect.

Sanitary and phytosanitary requirements ensure food safety and prevent the spread of pests and diseases among animals and plants. Geographic indications (GIs) protect the geographical designations of food, beverages, and agricultural products. Existing GIs in the UK and South Africa are safeguarded by this agreement, while other SACUM nations do not have GI coverage. The agreement protects products such as Irish and Scotch Whiskey, Irish Cream, and Blue Stilton.

As of 2022, the SACUM trade bloc, including South Africa, made 11 668 million pounds. Therefore, it is a substantially less important commercial partner than Canada. In addition, the general clauses in which the agreement is set are taken from the previous agreement with the European Union. It includes provisions for preferential tariff rates and customised tariff rate quotas for bilateral trade. Both agreements require products to be entirely obtained or properly processed to qualify for preferential treatment, comply with PSRs, and use the exact Harmonised System for categorisation. However, there is no specific clause related to services trade and investment, which is most important for the UK given the sector's weight. It is a trade deal solely based on the previous EU is a trade deal, given that most clauses are applied with the mechanisms that the EU applies. Therefore, it has a different broadness than the Canadian one, and there are no specific clauses on financial services.

Australia

The agreement was ratified in December 2021 and will come into effect on 30th May 2023 and aims to remove tariffs based on each party’s tariff schedule. According to the deal, Australia will remove tariffs from all exports of UK products, with the majority of these exports becoming duty-free right away. The overarching objective is to ease trade by lowering tariff barriers, even if a small number of levies on UK exports of cheese and steel will progressively be liberalised over five years. A bilateral safeguard mechanism is also a part of the agreement, allowing for temporary import limits to shield industries from severe harm from rising imports. Both governments guarantee a fair and impartial approach to trade remedies by reaffirming rights and obligations under the World Trade Organisation (WTO). Rules of origin provisions provide standards to identify the country of origin of commodities, ensuring that they satisfy the requirements to be eligible for reduced tariffs. These regulations are created to be compatible with contemporary manufacturing procedures, reducing administrative burdens on enterprises. Additionally, the agreement strongly emphasises open customs practices to provide UK exporters stability and lower trading expenses. Both nations encourage easier trade flows and improve corporate access by simplifying customs procedures.

Sanitary and phytosanitary measures are covered by provisions in the agreement to protect the health of people, animals, and plants. This promotes commerce while ensuring food safety laws and associated requirements are followed. The deal fosters the exchange of agricultural products between the UK and Australia by finding a balance between trade facilitation and health protection. The agreement addresses technical laws, standards, and conformity evaluations to avoid needless trade barriers and discriminatory practices. Both nations increase commerce in these sectors by fostering collaboration in businesses, including cosmetics, medical technology, and pharmaceuticals. Technical standards and regulations being in line lowers entry barriers for firms and promotes more interoperability.

The agreement has separate chapters on cross-border trade in services and financial services, recognising the importance of the services industry. British companies may access the markets and be treated fairly, guaranteeing long-term predictability and transparency for service providers doing business in Australia. The agreement encourages regulatory collaboration and allows UK businesses to offer high-value financial services in Australia by ensuring transparency in the financial services industry. The agreement also emphasises treating and preserving intellectual property rights while promoting ingenuity, creativity, and fair enforcement. In sectors that rely heavily on intellectual property, this encourages a favourable climate for research, development and trade. Furthermore, public procurement rules provide equal and open possibilities for vendors in both nations. Government procurement possibilities of over £10 billion per year are available to UK enterprises in Australia, fostering trade and economic expansion.

The agreement encourages free and open competition and forbids anticompetitive contracts and activities, ensuring that all enterprises operate on an even playing field. In addition, chapters devoted to the environment and the workplace proclaim promises to combat climate change, uphold good labour standards, and promote gender equality. This all-encompassing strategy ensures that commerce is carried out sustainably and responsibly, considering its environmental and societal effects. Measures for efficient and prompt dispute resolution methods are incorporated to guarantee the agreement's smooth functioning. Through these channels, trade disputes between the UK and Australia can be settled fairly and follow the principles of the deal. In contrast to previous accords with Canada and South Africa, the UK’s trade deal with Australia stands out as a more profound and comprehensive arrangement. The geographical distance between the UK and Australia, the insertion of new service sector provisions, the integration of non-trade interests, and other considerations all play a role in this disparity. First, the size of their trade agreement is influenced by the physical distance between the UK and Australia. Despite their geographical isolation, the two nations are committed to building a solid and complex commercial partnership, as seen by their agreement covering various economic sectors. This demonstrates an understanding of the possibility of trade prospects beyond conventional market access considerations. Second, the service sector is given special attention in the UK-Australia trade agreement. The agreement intends to ease the trade between the two nations to recognise the importance of services in contemporary economies. It has provisions for service providers’ access to the market, regulatory collaboration, and standardisation. The agreement aims to promote deeper integration and cooperation in this significant area of the economy by addressing the complexity and nuanced aspects of the service industry.

The depth of the UK-Australia agreement is further increased by including non-trade interests. These non-trade interests include a range of topics, including labour laws, human rights, and environmental safeguards. Both nations are committed to advancing shared values and tackling more significant social concerns by including these components in the trade agreement. This more substantial viewpoint emphasises how trade agreements are changing and now cover a variety of social, environmental, and governance problems in addition to just economic ones. Contrarily, even while the UK has vital trade agreements with Canada and South Africa that cover various trade-related topics, they could not be as comprehensive as the one with Australia. The extent and depth of these agreements vary depending on the countries' closeness, respective economies, and interests.

India

Given that there is no signed agreement, the analysis will be done based on the negotiations that have already taken place. As the first step in negotiating a comprehensive FTA, the United Kingdom and India established expanded trade cooperation in May 2021. India is a significant trading partner for the UK, with £23.3 billion in exports in 2019 and an estimated £34 billion in commerce between the two countries in 2024 (Official statistics UK government, 2022). By 2030, the enhanced trade relationship seeks to increase this dramatically. The UK-India FTA discussions are presently in their eighth round. The UK government sees India as an “important partner” and believes that a trade agreement with India offers a chance “to deepen economic and strategic ties”. India is predicted to have the third-largest economy in the world by the year 2050, and a trade deal might benefit both UK and Indian companies by lowering trade costs and stimulating the economies of both nations’ most advantageous sectors. The UK government’s aim of “tilting towards the Indo-Pacific and championing free trade” is supported by this trade deal. Therefore, it is not only a trade deal but also has geopolitical implications, given that India is one of the essential partners in the Commonwealth of Nations and one of the countries that the EU does not have a trade deal with.

Regarding the effect on various industries, the UK’s transport and electrical equipment and automobile manufacturing industries, as well as several agricultural and food industries and the textile industry, may experience the most significant boosts in economic activity. India would profit from a trade agreement since it is the third-largest exporter of services to the UK, and the FTA might perhaps increase access to the UK market for service firms in India. The main advantages of the trade agreements with India from the UK’s perspective are providing additional opportunities for UK services and investment, support for innovation and trade in the digital age, more employment for UK workers, and possibilities for companies throughout the UK, with emphasis to small and medium-sized organisations. Some believe the anticipated economic advantages might surpass those from the trade deals with Australia, New Zealand, and Japan. However, a more comprehensive trade policy that demonstrates how trade ties in with the UK government's foreign, defence, environmental, and domestic goals has been called for in response to concerns that the negotiating objectives of the UK government may be too generic and high level in character. According to the Indian government, the FTA might help to promote transactions in health care, defence, technology, and other vital sectors and strengthen the "Make in India" campaign (Indian government, 2014). India will also look for ways to provide its workforce with more mobility.

As trade in "services" is a crucial component of the FTA, one of the main challenges for UK negotiators was persuading India to agree to remove restrictions in the Indian legal services sector that prevented UK lawyers from practising international and foreign law. The Bar Council of India published new guidelines in March 2023 that loosen some requirements. The new regulations permit foreign attorneys and law firms to practice foreign law, transactional and corporate work, M&A, joint ventures, and intellectual property matters, take part in offshore international arbitration proceedings in India, provide advice on global legal issues in non-litigious cases in India, and other related topics, all by the reciprocity principle.

The UK government released its joint statement on the seventh round of negotiations for the UK-India FTA on March 6, 2023. Throughout 43 individual meetings, technical talks covering 11 different policy areas and corresponding draft treaty texts were held. Currently, agreements have been reached on 13 of the 26 policy areas concerning issues, including commodities, services, investments, and intellectual property rights. During the current eighth round of negotiations, India and the UK will strive to debate and agree on the framework for exchanging offers for goods and services. According to recent sources, there are several issues where the UK and India have yet to reach a consensus, including those involving import levies on goods like cars and Scotch whiskey and conversations around visa accommodations for business travellers.

DISCUSSION OF THE CASES AND LIMITATIONS

Based on the review of the different FTAs considered above, we can summarise the following characteristics of the trade deals based on the criteria specified above, between solely physical trade and services and investment, to see the differences between them.

Agreement	Canada-UK TCA	SACUM-UK EPA	UK-Australia Agreement	UK-India FTA (Ongoing Negotiations)
Tariff Rates	Preferential tariffs based on CETA	Specified tariff rates	Tariffs removed, duty-free exports	No signed agreement
Tariff Quotas	Customised for the UK	Customised for the UK	Customised for the UK	N/A
Rules of Origin	Comply with PSR	Comply with PSR	Standards to identify the country of origin	N/A
Services Trade	Provisions included	No specific clause	Extensive chapters on services	Upcoming clauses on services
Investment	Provisions included	No specific clause	Emphasises high-value financial services	Great focus on financial services
Geographical Indications	GIs protected	GIs protected	GIs protected	N/A
Depth of Agreement	Comprehensive	Partial	Comprehensive	Ongoing negotiations
Non-Trade interests	Not mentioned	Safeguard mechanisms	Environmental and social safeguards	Ongoing negotiations

Own ellaboration

As it can be seen, Australia is the country that goes a step further by enabling duty-free exports, facilitating extensive free trade between the two countries. It is the only agreement signed by the UK before the European Union, with more liberalised tariff rates and following different methods than the previous rules of origin. Services trade is extensively covered in the Australian trade pact, but no mention in the South African one. In addition, this is the only trade deal that is not comprehensive and shared with other countries, so the United Kingdom has preferred to preserve the previous trade deal with the EU rather than the historical and economic ties it might have with the country as part of the Commonwealth. It emphasises the importance of the previous trade deals before cultural proximity. Financial services are also crucial, given that they are one of the provisions mostly looked at in the agreements. The Indian trade deal might showcase the geopolitical implications that the trade deal might have, given its importance in the Indo-Pacific region and that the EU has not arrived at a trade deal yet. Therefore, not only the tariffs and the precedence of goods are looked at, but also how much of the EU's precedence is willing to accept for accepting the trade-off.

Given the recency of the events, only the short-term consequences have been evaluated and a small proportion of countries with negotiations analysed. Even if the geographical broadness and the importance of the countries analysed, we cannot extrapolate the results to all the eligible countries. However, it gives an excellent approach to analyse the possible impacts the trade deal might have.

CONCLUSIONS

The data presented is an overview of a study focusing on the UK's interaction with trade flows with several Commonwealth of Nations members following Brexit. The four chosen countries are based on covering a vast geographical distance, their economic importance in the Commonwealth of Nations, and the differences in their trade pacts. A mixed-methods approach is used, integrating quantitative analysis with qualitative evaluations. It uses Computable General Equilibrium (CGE) models, the Cultural, Administrative, Geographical, and Economic Distance (CAGE) framework, and the Gravity Model to evaluate trade patterns and variables impacting trade connections.

The study's goals include assessing changes in trade volume and composition, identifying the industries most impacted, and researching the impact of Brexit on trade patterns between the UK and Commonwealth nations. The UK allegedly tries to imitate earlier trade accords with the European Union (EU) in its bilateral trade agreements. The finance sector is vital and analysed thoroughly, while quantitative barriers are also considered. Analysing the previous trade deal before the implementation of Brexit enables us to see the shortcomings, consequences and economic lack that may be looked at in its bilateral trade relationships. The four case studies analysed show differences in the trade terms. Canada maintains continuity with the CETA agreements, providing privileged access to the UK market and vice versa. It covers trade in goods, government procurement, intellectual property, trade in services, and investment. Specific provisions are also provided, like tariff rates, rules of origin and trade-in services in investment. The Southern African pact does not have a specific provision on service, while the Australian is the one that gives the most emphasis to services. The one negotiated with India plans to emulate the Australian one. Therefore, the hypothesis raised at the beginning of the study is true since, to the extent that the United Kingdom has been able to, it has tried to emulate the preferential treatment achieved by the EU. In case there is no precedence of trade agreement, as with the Australian and Indian case, it can be seen that the UK wants to broaden the scope to enhance its competitiveness in the sector. At the same time, it prefers to widen its preferential trade deals. This suggests that the turmoil caused by its primary trade companion, the EU, wants to be replaced with more countries, especially those with already economic and historical ties. Given the recency of the events, the impacts of the agreed trade agreements still have to be seen. However, everything indicates that territorial gravity influences more than the colonial roots.

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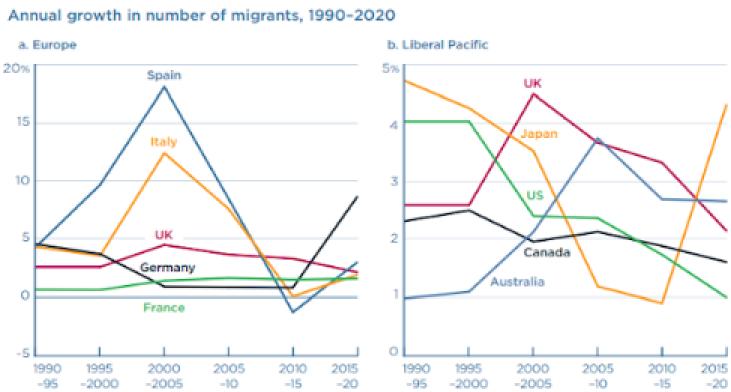
APPENDICES

Figure 1: Since Brexit, UK trade openness has decreased more rapidly than other advanced economies.

<u>Note</u>: Liberal Pacific englobes advanced and large economies in the Pacific region

<u>Source</u>: Organisation for Economic Cooperation and Development (OECD), Quarterly National Accounts Database.

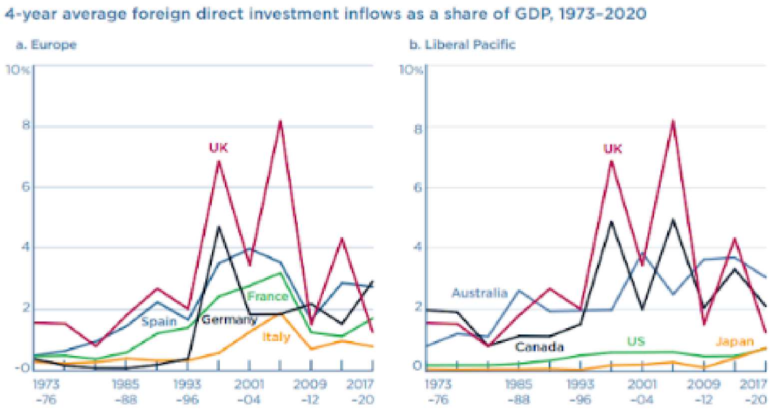
Figure 2: The growth of the UK's immigrant population lags behind that of other advanced economies.



<u>Note</u>: Data ranges from July 1st to June 30th of the specified year. Liberal Pacific englobes advanced and large economies in the Pacific region.

<u>Sources</u>: United Nations Department of Economic and Social Affairs, Population Division (2020), International Migrant Stock 2020.

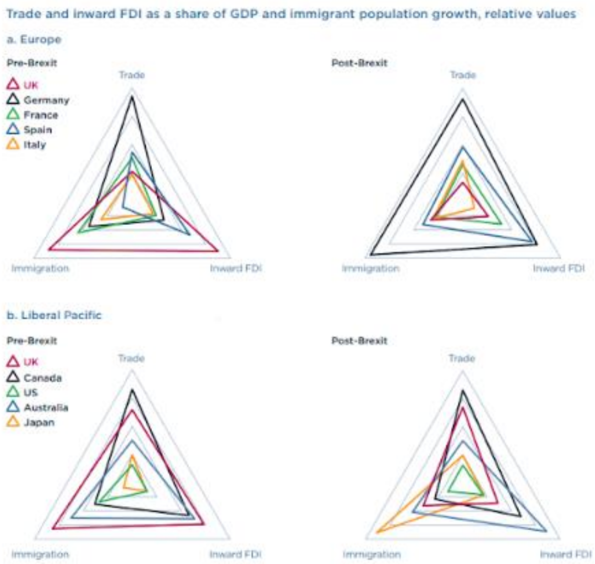
Figure 3: Foreign direct investment has fallen since the Brexit referendum



<u>Note</u>: Liberal Pacific englobes advanced and large economies in the Pacific region.

<u>Sources</u>: World Bank, World Development Indicators database.

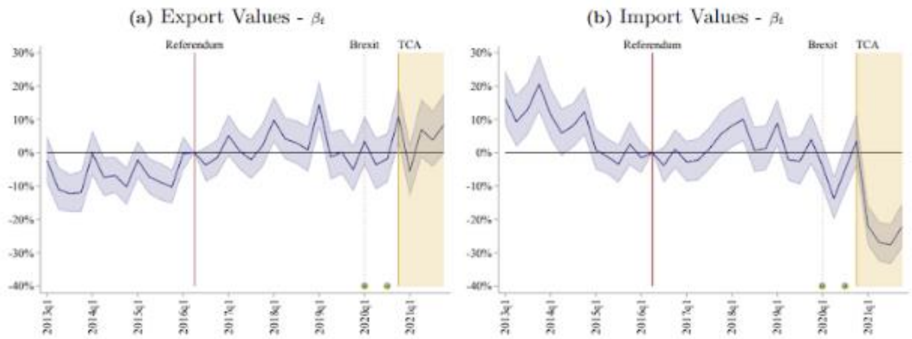
Figure 4: Before Brexit, the United Kingdom was much more welcoming of FDI and open to trade and immigration.



<u>Note</u>: Immigrant population growth and trade as a percentage of GDP, relative values. The values indicate the sample's relative position of each nation. As a percentage of GDP, pre-Brexit trade is Q1 2016; internal FDI is a 4-year typical internal unfamiliar direct venture as a portion of Gross domestic product, 2013-2016; Migration is the average six-year increase in immigrants from 2010 to 2015. As a percentage of GDP, post-Brexit trade is Q4 2021 trade; internal FDI is 4-year regular internal unfamiliar direct speculation as a portion of Gross domestic product, 2017-2020; immigration is the average 6-year increase of immigrants from 2015 to 2020.

<u>Sources</u>: World Bank; United Nations Department of Economic and Social Affairs; World Development Indicators; Organization for Economic Cooperation and Development (OECD).

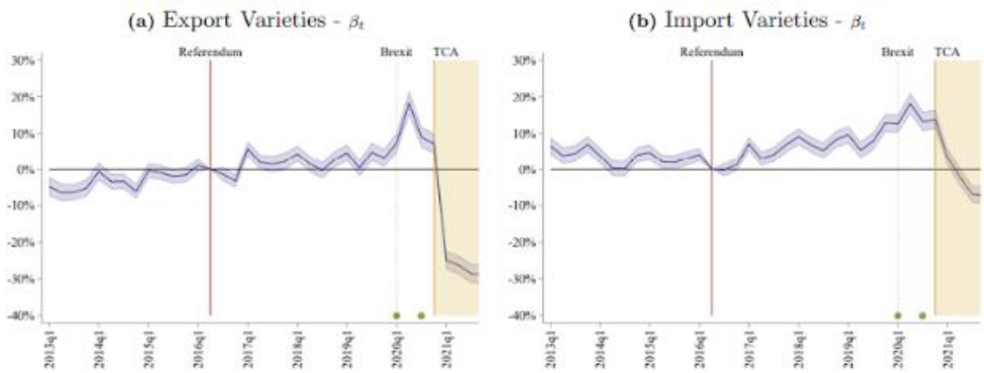
Figure 5: UK trade with EU compared to the rest of the world



Notes: The estimated percentage changes in the UK's exports and imports to the EU and the rest of the world concerning the second quarter of 2016 are shown in Panels (a) and (b). The standard errors are used to create 95% confidence intervals.

Source: Freeman, R, K Manova, and T Prayer (2022), "The impact of Brexit on the UK–EU trade", in T Sampson (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London.

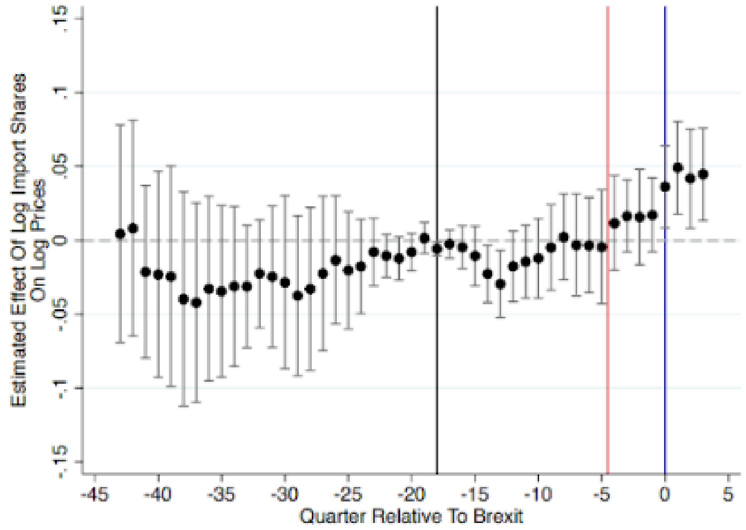
Figure 6: Number of UK trade relationships with the EU compared to the rest of the globe



Notes: Compared to 2016 Q2, Panels (a) and (b) show projected percentage changes in the number of trade links between the UK and the EU against the rest of the world. An exchange of products with a partner nation throughout a quarter is a trade relationship (or variety). The standard errors are used to create 95% confidence intervals.

Source: Freeman et al. (2022).

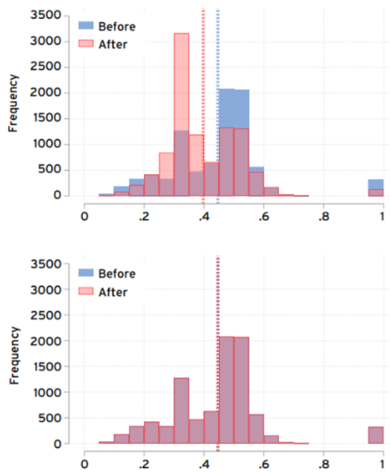
Figure 7: Brexit's long-term impact on Food price estimates from an event study



<u>Notes:</u> Estimates of the link between EU import exposure and food prices over time regarding Brexit are shown in the figure. Vertical lines represent events associated with Brexit: the black lines denote the month leading up to the EU referendum, the red line, the general election of 2019, and the blue line, the start of the TCA. Vertical bars denote 95% confidence intervals, while black dots reflect estimates of the exposure measure.

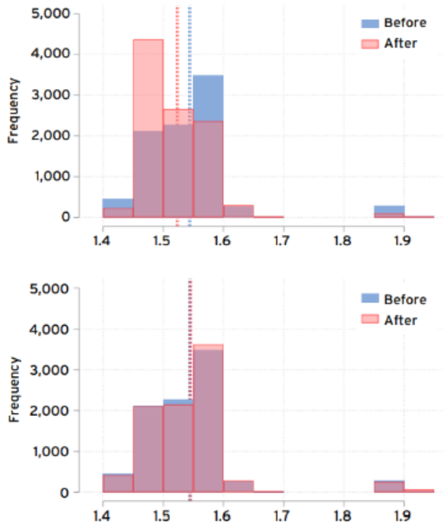
<u>Source:</u> Bakker, J, N Datta, and J De Lyon, "Post-Brexit imports, supply chains, and the effect on consumer prices", in L Opitz, and D Yang (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London.

Figure 8: Distribution of companies' within-origin market shares for more than 4000 products



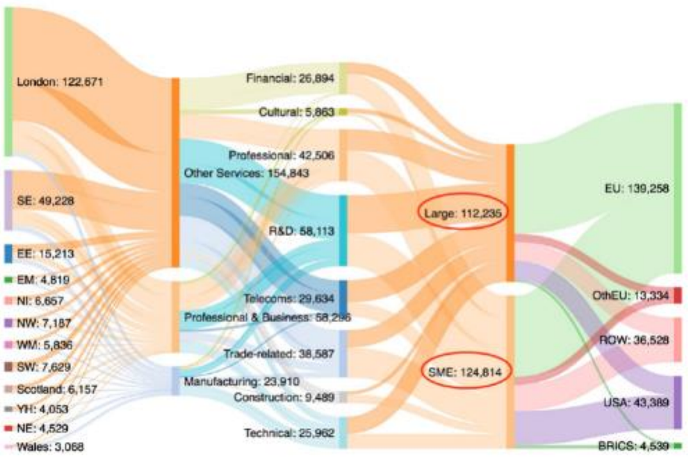
<u>Source:</u> Crowley, M, L Han and T Prayer (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London.

Figure 9: Price-cost markups of Nation 1 companies selling in Nation 2



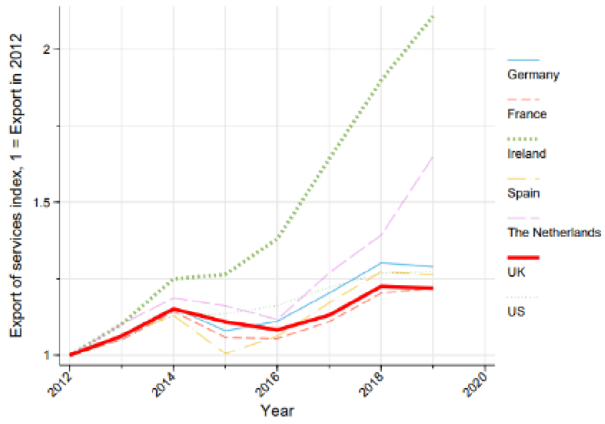
<u>Source:</u> *Crowley, M, L Han and T Prayer (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London.*

Figure 10: UK Services exports: 2011-17 (£ million) Regions, sectors, exporter size, and trading partners



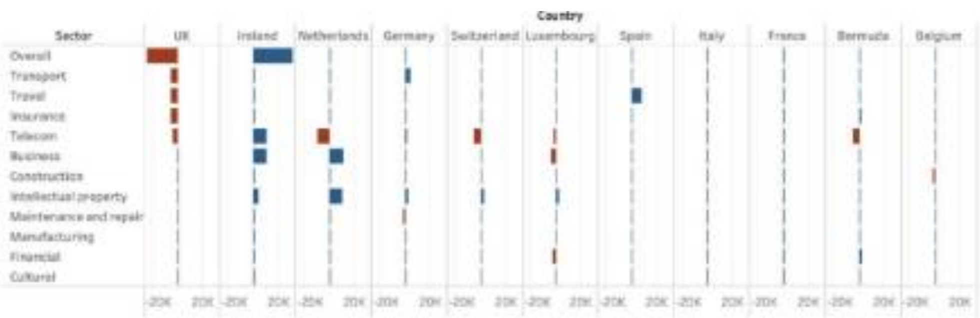
<u>Notes:</u> Professional, R&D, financial, telecommunications, construction, cultural, and trade-related services are among the eight different types of services that businesses trade; the EU, USA, other European countries, BRICS, and the rest of the world are the five destinations for services trade; manufacturing, professional and business services, and other service industries are the dataset's three broad industry categories; and services firms are located in the regions in the UK classification. The totals for imports and exports are expressed in millions of pounds. Over the years 2011 to 2017, the ITIS recorded an overall export value of £237. Businesses with less than 250 workers are referred to as SMEs.
<u>Source:</u> Du, J and (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London. Author compilation based on Office of National Statistics, International Trade in Services (ITIS), 2011-2017

Figure 11: Comparison of UK services exports internationally



Source: *OECD Balanced Trade in Services dataset 2019.*

Figure 12: Brexit effect on services exports, by EU countries and sectors, in US dollars.

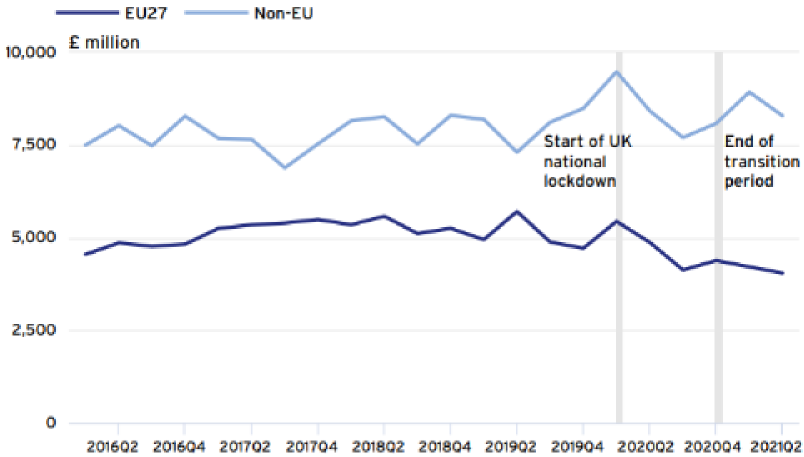


Sector	UK	Ireland	Netherlands	Germany	Switzerland	Luxembourg	Spain	Italy	France	Bermuda	Belgium
Overall	-23,677	30,762	0	0	0	0	0	0	0	0	0
Transport	-5,380	0	0	4,163	0	0	1,351	0	0	0	0
Travel	-4,862	0	0	0	0	0	7,881	0	0	0	0
Insurance	-4,800	1,185	0	1,349	680	0	0	0	0	1,578	0
Telecom	-3,276	10,360	-9,013	1,865	-4,744	-2,026	0	0	0	-4,497	0
Business	0	10,895	11,340	0	0	-4,017	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	-1,300
Intellectual property	0	4,318	10,788	2,681	2,540	2,184	0	0	0	0	0
Maintenance and repair	0	0	0	-987	0	0	0	0	0	0	0
Manufacturing	0	0	0	1,026	0	0	0	1,055	0	0	0
Financial	584	0	0	0	0	-2,152	0	0	0	2,790	0
Cultural	587	480	645	717	299	-670	0	0	246	0	0

Notes: *This condensed table provides the sectoral SDID estimates for each reported nation. At a p-value of 0.05, the calculated coefficients listed in the table are statistically significant. Zeros represent those that are not statistically significant but do not necessarily indicate no effect.*

Source: *Du, J and (eds), The Economics of Brexit: What Have We Learned?, CEPR Press, London*.

Figure 13: Exports of other financial services, as well as explicitly charged services, to the EU and non-EU (Q12016 - Q2021)



Source: *ONS (2021)*