

EconWorld2016@London

Economic Costs of Briexit From The EU: Costs Involved For The EU and UK

Murat Pütün¹

¹Çukurova University, Turkey

ABSTRACT

UK decided to join EEC after a referendum in early 1970s notwithstanding widely-held doubts and reservations about deep-rooted wider European integration. Integration in Europe had not recessed. Maastricht process had intensified UK opposition towards federal Europe, and managed to obtain an opt-out clause to stay outside the EMU. Conservative leadership lately announced the launching of a referendum on the fate of UK's future membership in the EU. Under a possible Briexit scenario, the spread of cost is to be shared multilaterally between UK and the EU member countries and; between UK and non-EU member countries which have linked to the EU with trade agreements. Visible costs are likely to emerge in the sectors of trade, investment, labour movement and financial sectors. On the other hand, policy coordination theme presents another challenge of division between policy makers of UK and the EU and member countries. This study examines a possible UK exit from the EU within descriptive, yet through analytical and critical perspective. While the proponents of Briexit largely capitalised on benefits, this study affirms that the potential costs are significant and expected to outweigh benefits.

KEYWORDS Briexit; European Union; Customs Union; FDI; Cost- Benefit Analysis; Trade Agreements; Economic Policy Coordination; Referendum

JEL D61, F13, O52