

Thousands of jobs on the line if the UK leaves the EU without a deal

Severe economic disruption predicted in Scotland if UK exits Brexit transition period without a deal this year, new Social Market Foundation report reveals. Edinburgh would be 'most severely affected' with around 70,000 jobs at risk.

New local impact analysis shows that Falkirk, West Lothian and the City of Edinburgh are among the most severely impacted areas in Scotland by a double economic hit from Brexit and coronavirus if the UK exits the Brexit transition period without a deal in place at the end of the year.

The Social Market Foundation report, entitled 'Assessing the economic implications of coronavirus and Brexit', has been released today ahead of the final round of UK-EU negotiations and before UK and EU leaders meet to discuss the progress of talks. It focuses on the impact of ending the Brexit transition period on 31st December 2020 in light of the current public health crisis.

The Social Market Foundation (SMF) report (which you can read below) was commissioned by cross-party group Best for Britain. It examines, in the context of 'U-shaped' recovery from a coronavirus induced recession, the economic impact of both a

new Free Trade Agreement and leaving the European Union without a trade deal. It seeks to provide an understanding of which sectors, regions and local areas in the UK will be most exposed to both supply-side shocks. Its main findings include:

- If the UK leaves the EU without a deal in place on 31st December 2020, the manufacturing, banking, finance and insurance sectors in Scotland would be severely exposed to a double economic hit from Brexit and coronavirus.
- In Scotland, three local areas (NUTS3) have over 25% of jobs in sectors with the highest risk of exposure to the double economic hit of Brexit and coronavirus, based on the gross value added of sectors locally. Over a quarter of jobs are in Falkirk, West Lothian and the City of Edinburgh are in banking, finance and manufacturing, the sectors deemed most severely exposed to a double economic hit
- Analysis of local area impact based on employment shows that of the 66 local areas in the most severe category of impact if the UK leaves the EU without a trade deal, 3 are in Scotland.
- More than one in three (35%) local areas (NUTS3) in Scotland are placed in Category 4 or 5 for their exposure to a double economic hit, based on the gross value added of sectors locally.
- The City of Edinburgh would be the most severely affected local area if the UK leaves without a deal at the end of the year, with almost 70,000 jobs in the sectors most exposed by the double economic blow of Brexit and coronavirus.
- If the UK exits the transition period without a trade deal in place, it is likely that the Government would need to bring about a stimulus package to support specific industries and parts of the country. Given the large increase in government expenditure as a result of coronavirus it is hard to see how the UK could afford

another stimulus package in early 2021 without adding to already unprecedented borrowing and potentially testing the patience of gilt buyers.

Best for Britain will host a webinar on Monday 1 June 2020 to discuss the SMF report and what it means for Brexit policy.

Best for Britain CEO Naomi Smith said: "This report, which maps the impact of both shocks, definitively rebuts any speculation that the impact of leaving the transition period could be masked by the coronavirus recession.

"The data is clear: when you scratch beneath the surface, so many key sectors and local areas in Scotland will be exposed to a dangerous double whammy of economic hits.

"With public debt spiralling, the Government is boxing itself into a fiscal corner unless it extends the transition period and secures a trade deal at the end of the ongoing negotiations."

SMF Director James Kirkup said: "The evidence shows that both ending our close trading relationship with the EU and the measures taken to combat the coronavirus will have negative impacts on the UK economy as a whole.

"In some cases and some places, that double impact will be severe. At base, this report demonstrates the simple fact that leaving a developed free-trade agreement with our nearest and largest trading partners at the same time as facing a pandemic will expose many local areas of the UK to a painful double economic impact."



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