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Unpacking Brexit



Professor Frank Peck of the University of Cumbria's Centre for Regional Economic Development writes for in-Cumbria on the big issues of the day and the economic data behind them. This month, unpacking Brexit: evidence from Regional Trade Data

The debate on BREXIT has now gathered considerable momentum, spurred on by the decision taken to seek Parliamentary approval for triggering Article 50. Discussions are, however, still at quite a high level of aggregation. Will it be a "hard" or a "soft" exit? In reality, it is unlikely to be a simple choice between two extremes. The debate will inevitably deepen as policymakers look more closely at the detail.

Brexit poses questions that have not previously been asked with such urgency. What are, for instance, the patterns of regional trade across the UK with regard to flows of goods and services from other EU states and countries beyond? Which regions and localities would be most affected by leaving the single market with consequences for import and export costs? The short answer to this is that we do not know the full picture. The data is partial and much of it still classed as experimental.

HM Revenue and Customs, however, publish quarterly Regional Trade Statistics for goods and materials that at least give an indication of the regional dimension of international trade links affecting manufacturing. The most recent issue (published on December 6, 2016) relates to the third quarter of 2016. Overall, this data shows that in the year to September 2016, the overall value of UK exports of goods increased by 0.2 per cent compared to the same period last year. This seems consistent with trends in other indicators that suggest "business as usual", at least for now.

The report on the second quarter of 2016, however, gives more detail at a regional scale. This shows that the USA is the leading export market for goods from seven of the English regions and in the top four for all regions in the year ending June 2016. Germany is also a significant export market especially in the South West region. There is no data for Cumbria,

TOP FOUR EXPORT PARTNERS FOR GOODS (BY VALUE) FOR THE ENGLISH REGIONS YEAR ENDING JUNE 2016

| Region | 1 | 2 | 3 | 4 |
|------------------------|-------------|-------------|----------------|----------------|
| North East | Netherlands | USA | Spain | Germany |
| North West | USA | Germany | Saudi Arabia | Netherlands |
| Yorkshire & Humberside | USA | Netherlands | Germany | France |
| East Midlands | USA | Germany | Singapore | Irish Republic |
| West Midlands | USA | China | Germany | France |
| East of England | USA | Germany | Irish Republic | France |
| London | USA | Germany | France | Hong Kong |
| South East | USA | Germany | France | Irish Republic |
| South West | Germany | France | USA | Irish Republic |

NOTE: 2016 DATA IN PROVISIONAL. SOURCE: HMSO REGIONAL TRADE

but the North West region in which the county is situated relies in particular on exports to the USA, Germany, Saudi Arabia and the Netherlands.

As regards imports, the prominence of the USA and Germany is reversed with five English regions listing Germany as the most significant source of goods by value. In the North West region, the four leading import partners are, in rank order, China, Germany, Belgium and the Netherlands.

Mapping these patterns is complex enough – understanding these flows presents even more challenges. These trade links criss-cross international and regional borders and many of these flows are intra-corporate involving multi-site companies that operate in global supply chains. There will also be complex interactions between sectors within and between regions. This data source does give some indication of sectoral breakdown. The top five commodity categories by value for export from the North West, for instance, are "chemicals", "machinery and transport equipment", "miscellaneous manufactured goods", "manufactured materials" and "food & live animals". But comprehensive and reliable data on flows between these sectors at a regional level is not available.

This brief examination of just one critical issue – the pattern of trade

– suggests that understanding the likely impact of BREXIT decision-making on regional economies and local communities is likely to place significant new demands on the provision of comprehensive and accurate information across a range of research themes.

University Flood Research Group

Was your business affected by the December 2015 floods?

A group of researchers at the University of Cumbria has launched an online survey which aims to collect information about the business response to the flooding events.

We hope that the survey will allow businesses to voice the issues that they face(d). The views and experiences of all survey participants will be combined, and help inform the continued debate about how best to manage the response to future flood events.

The survey can be accessed online at <http://tinyurl.com/floodscumbria> and all responses will be treated confidentially. If you would like to find out more information please contact Darrell Smith, at darrell.smith@cumbria.ac.uk.