

## The EU and the UK – in or out?

For some 40 years, the UK has been a member of the European Union (and its predecessors). Over that time, a significant proportion of the laws applying across Europe have either been aligned or written at the EU level.

From a legal perspective, EU driven laws are woven into much of the fabric of the laws that apply in each member state. The idea that the UK can simply “walk away” from the EU is therefore a gross simplification and the ramifications of a “Brexit” vote for the UK to leave the EU are not to be taken lightly.

Across Broadlaw, our lawyers are following the discussions and debates to determine what the outcome of a vote for the UK to leave the EU would mean for our clients across Europe and the rest of the world.

The biggest problem for businesses at the moment is that if the UK votes to leave the EU, no one knows what will happen next. The only certainty is that the UK will need to agree new trade treaties, not only with the EU, but also with all the other countries which are party to treaties entered into by the EU, treaties which the UK currently enjoys the benefit of.

There is however no certainty as to the content of those treaties. The “Leave” campaign in the UK argues that the UK is important enough in the world to be able to secure all the benefits which it currently has the benefit of, given the levels of imports and exports

between the UK and EU, and that the UK represents the world’s eighth largest economy by GDP. On the other hand, the “Remain” campaigners argue out that the UK represents less than one per cent of the world’s population and less than three per cent of global GDP. To date, no global politician has expressed any interest in entering into a quick treaty with the UK, with most indicating it would take a period of years, the terms could not be assumed and it would not be a priority for them. This position has been echoed in recent days by various EU leaders.

But it is wrong to think of the question as purely one of economics. The question as to what “deal” the UK may get with the EU and other countries is as much a political one as economic.

### **So with all this uncertainty, where does that leave those who are trading in international markets?**

There will likely be a lot of market volatility, which will probably flow through to the FX and interest rate markets. Beyond that, until the UK gives formal notice of its intention to involve Article 50 of the Lisbon Treaty and leave the EU, it is business as usual. Once the UK gives that notice, the UK will exit

the EU two years later (unless all 27 remaining members plus the UK agree to an extension).

That will leave only two years for businesses to assess their own positions and what they may need to do to protect and preserve their existing activities.

From the immediate questions around the likes of trade terms and customs duties to issues of regulatory standards and behaviours, businesses would need to navigate a minefield of potentially conflicting requirements between whatever requirements the UK adopts and the requirements of the EU and other jurisdictions.

With more than 1,000 lawyers based in 30 cities across Europe, Asia, the Middle East and Africa, the Broadlaw Group’s Brexit experts can help you assess the potential consequences for your business and develop your strategy and thinking so that you are well-placed to protect your commercial interests should the UK vote to exit the EU.

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