

How Will the EU Referendum Affect Business Growth?

Submitted by: The UK200Group

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With the EU referendum on June 23 drawing closer, the UK200Group (<http://www.uk200group.co.uk/>) – the UK's leading membership association of quality-assured independent chartered accountancy and law firms – has asked the official Remain and Leave campaigns how the UK's business growth would be affected by the outcome of the vote.

The question is included in a report (http://www.uk200group.co.uk/web/FILES/EU_Questions_answers_v5.pdf) detailing the top 30 EU Referendum questions asked by SMEs and the respective answers of the official Remain and Leave campaigns. It is as follows:

Our surveys show that the number one issue for SMEs is growth – it has been the same issue for four years. Business confidence amongst company directors drives M&A activity – whether it be the confidence of growth or the ability to raise finance. What impact will the decision to leave or stay have on the growth prospects of SMEs? How would it affect investment going forward?

The Remain campaign said, “If we leave the EU, our home market will shrink from 500 million to 65 million consumers and we won't have a say over the rules of doing business across Europe, leaving all the power in the hands of our European competitors. The uncertainty while any new deal is negotiated will hit our economy hard – costing jobs, driving up prices and making it harder to fund our public services.

“The Organisation for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), Price Waterhouse Coopers (PwC), Institute for Fiscal Studies (IFS), the Treasury and the London School of Economics (LSE) have all confirmed the UK would be worse off under Brexit – confirming the economic consensus that families' economic security is at risk if we leave.

“Treasury analysis has shown that leaving the single market would leave the UK worse off by £4,300 for every household. Over 3 million jobs are linked to our trade with the European Union.”

The Leave campaign said, “After we Vote Leave, the UK would improve upon the trade agreements that the EU has negotiated, which have generally proved of limited benefit to British companies. The rate of the UK's export growth to third-party countries with which the EU has a trade agreement has fallen in the case of two out of every three free trade agreements that the Commission has negotiated.

“Outside the EU, we will be able to strike free trade agreements with emerging economies, such as Brazil, India and China. This is likely to reduce prices for consumers and be good for jobs, growth and investment. If we vote to remain, the UK will be unable to make trade deals with the rest of the world as the Eurozone economy stagnates. This means that the UK may well remain unable to trade on favourable terms with major emerging economies in the years ahead, while remaining tied to the failing Eurozone.

“Investment into the UK from the EU will continue after we Vote Leave. Surveys of international investors show that they want the UK to have looser links with the EU. The pro-euro campaign made all sorts of claims that investment would collapse unless we joined the euro. It didn't happen then and it

won't happen if we Vote Leave.”

Speaking at the launch of the report, Co-Founder and Head of Corporate Development at Seven Investment Management and renowned market commentator Justin Urquhart Stewart said, “There is one word that runs any economy - and that is confidence.

“We need confidence so that - consumers buy "stuff", confidence so that companies invest in capacity and innovation and we need confidence so that overseas investors keep buying our debt to finance our deficit.

“Any wobble in confidence will easily unnerve that confidence, and that could frighten consumers, companies and investors into holding back. Such nerves could increase the cost and potentially lose much of the potential financial benefit that many have hoped for.

“Whatever your views, the effect of this vote is fundamental to the successful functioning of the UK economy.

“Our politicians are playing with fire - and whatever the outcome some of them will suffer the consequences. They may be fired with enthusiasm, but we will end up firing many of them - and with even more enthusiasm.

“We at 7IM have a great weight of responsibility to our investing clients, and regard this as possibly the most important issue we have had to address for them.”

The UK200Group compiled the questions in order to address a lack of clarity about how remaining or leaving the EU would affect the small business community. The questions put to Britain Stronger in Europe (<http://www.strongerin.co.uk/>) and Vote Leave (<http://www.voteleavetakecontrol.org/>) were all sourced from the association's members and their clients.

The UK200Group, which was established in 1986, represents a group of trusted, quality-assured business advisers – accountants and lawyers – who have over 150,000 SME clients in total. As such, the UK200Group acts as the voice for 1,500 charities, over 10% of all registered academies, more than 3,700 farms, 800 healthcare businesses and over 500 property and construction professionals.

The full 30-question report can be found here:

http://www.uk200group.co.uk/web/FILES/EU_Questions_answers_v5.pdf . A video of the media briefing can be found here: <https://www.youtube.com/watch?v=K-fHaWkALac> .

Useful links:

The UK200Group: <http://www.uk200group.co.uk/>

Campaign for Clarity 30 Questions and Answers report:

http://www.uk200group.co.uk/web/FILES/EU_Questions_answers_v5.pdf

Media briefing video: <https://www.youtube.com/watch?v=K-fHaWkALac>

Britain Stronger in Europe: <http://www.strongerin.co.uk/>

Vote Leave: <http://www.voteleavetakecontrol.org/>

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On May 11, the UK200Group hosted a debate at which 30 questions from SME owners were given to leading politicians, who discussed the implications of a Remain or Leave vote. The questions were then given to the official Remain and Leave campaigns, and the report was put together between 12 and 24 May.

About the UK200Group:

The UK200Group was formed in 1986, and is the UK's leading association of independent chartered accountants and law firms, with connections around the world.

The association brings together around 150 member offices in the UK with more than 500 partners who serve roughly 150,000 business clients. Its international links in nearly 70 countries give its members access to expertise across the globe.