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**MEDIA STATEMENT - IMMEDIATE RELEASE**

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**‘BREXIT DELAY - SOUTH AFRICA MAY NEED TO PREPARE CONTINGENCY PLANS TO PROTECT ITS ECONOMIC INTERESTS IF A 'HARD' BREXIT BECOMES LIKELY IN MARCH 2019’, SAYS NWU ECONOMIST RAYMOND PARSONS**'

'The latest U.K. political developments regarding Brexit now need to be closely monitored by SA to protect its economic interests in the event of a 'hard' Brexit on 29 March 2019. There remains a great deal at stake for SA in the eventual outcome of Brexit, as the EU and the U.K. are SA's largest trading partners. The decision by the U.K. Government to delay the Parliamentary vote on the Brexit deal has now pushed the process back into uncharted waters. The real danger now exists that the U.K. may well 'crash out' of the EU without a withdrawal agreement and, if that occurs, it would have serious ripple effects through key parts of the international trading system and supply chains, including SA.

If a worse-case 'no deal' scenario happens, Britain would immediately change from the trade rules of the EU to those of the World Trade Organisation (WTO). Its economy would then also become subject to the EU's common external tariff and customs requirements. Changing to WTO rules is however more than about tariffs, and involves other legal and economic changes which would seriously affect many sectors of the U.K. economy with whom other countries do business. Trade beyond the EU, such as with SA, might also be involved, as many trade deals Britain benefits from were negotiated through the EU and would lapse with a 'no deal' Brexit. It would also require the imposition of a hard border between the Republic of Ireland and the six U.K. counties of Northern Ireland.

Various institutions, including the UK Treasury and the Bank of England, have emphasized the heavy economic cost of a potential Brexit 'no deal' for the U.K. The International Monetary Fund estimates that, in the event of a 'no deal', the U.K. would lose about 5% of its GDP within a few years - the Dutch, Danes and Belgians would lose 1% or more as well. The Irish would probably lose about 5% of their GDP. And although the expected fall in the pound would be helpful to exporters, the resultant inflation and potentially higher interest rates are seen by some analysts as presaging a shrinking U.K. economy with much less market potential in future.

For SA there will eventually be both risks and opportunities in the event of a 'hard' Brexit in March 2019. A fresh audit of the latest EU-U.K. economic developments therefore needs to be made. It is important now that both government and the business sectors in SA most affected by Brexit remain alert to the possibility of a 'no deal' Brexit as one possible outcome and how it might affect key EU-UK-SA economic relations. It may be necessary to evolve contingency plans to ensure that SA's economic interests in the U.K. and the EU are adequately protected and any likely disruption to trade be kept to the minimum.'.

**ENDS**