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**MEDIA STATEMENT - IMMEDIATE RELEASE**

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**'EXTENDING THE BREXIT DEADLINE TO 31 OCTOBER 2019 AND AVOIDING A 'NO DEAL' BREXIT OUTCOME THIS WEEK PROVIDES A USEFUL BREATHING SPACE FOR SOUTH AFRICA TO MAINTAIN CONTINUITY AND PREDICTABILITY IN ITS IMPORTANT TRADE RELATIONS WITH THE UNITED KINGDOM AND EUROPEAN UNION', SAYS NWU BUSINESS SCHOOL ECONOMIST PROF RAYMOND PARSONS**

'The inevitable decision by the European Union (EU) and the United Kingdom (UK) to now agree a flexible extension of the deadline for the Brexit outcome beyond April 12 to October 31 is good news for South Africa (SA). It has been clear for some time that the UK's intended departure from the EU has important trade implications for a country like SA, depending on when and how Brexit occurred - and with its potential for economic disruption and uncertainty. The EU as a bloc is SA's largest trading partner, with the UK as SA's second-biggest trading partner in the EU, giving SA a key stake in the prospects for a smooth and orderly Brexit.

An abrupt 'no deal' Brexit outcome on April 12 would generally have had negative economic consequences, not least because of its ripple effects on the world trading system as a whole. The UK would then overnight have exited the EU and immediately fallen under the World Trade Organization's (WTO) generalized tariff rules, creating much uncertainty and confusion. Britain was also intending to unilaterally impose emergency overall tariffs, a proportion of which would have meant collateral damage to some sectors of the SA economy, such as the automotive industry.

While though there is still yet no certainty as to what the final outcome may be by October 31 or even sooner, the UK at least now has a valuable extra period in which to politically decide on its controversial future relationship with the EU. SA must use the time to reaffirm, adjust or renegotiate where necessary its existing trade arrangements or agreements with the UK and the EU to ensure continuity and predictability in its existing trade relations with them.

The Department of Trade and Industry, business associations, and SA businesses with links to the UK economy will need to continue to monitor further Brexit developments as they unfold in the months ahead.'

**ENDS**