

Brexit: All you need to know about the UK leaving the EU

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What does Brexit mean?

It is a word that has become used as a shorthand way of saying the UK leaving the EU - merging the words Britain and exit to get Brexit, in a same way as a possible Greek exit from the euro was dubbed Grexit in the past.

Why is Britain leaving the European Union?

A referendum - a vote in which everyone (or nearly everyone) of voting age can take part - was held on Thursday 23 June, to decide whether the UK should leave or remain in the European Union. Leave won by 52% to 48%. The referendum turnout was 71.8%, with more than 30 million people voting.

Find the result in your area

What was the breakdown across the UK?

England voted strongly for Brexit, by 53.4% to 46.6%, as did Wales, with Leave getting 52.5% of the vote and Remain 47.5%. Scotland and Northern Ireland both backed staying in the EU. Scotland backed Remain by 62% to 38%, while 55.8% in Northern Ireland voted Remain and 44.2% Leave. See the results in more detail.

What is the European Union?

The European Union - often known as the EU - is an economic and political partnership involving 28 European countries (click here if you want to see the full list). It began after World War Two to foster economic co-operation, with the idea that countries which trade together are more likely to avoid going to war with each other.

It has since grown to become a "single market" allowing goods and people to move around, basically as if the member states were one country.

It has its own currency, the euro, which is used by 19 of the member countries, its own parliament and it now sets rules in a wide range of areas - including on the environment, transport, consumer rights and even things such as mobile phone charges.

What happens now?

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Theresa May supported the campaign for Britain to stay in the EU but since becoming prime minister - after her fellow Remain campaigner David Cameron stepped down - she has said she will respect the will of the people and said: "Brexit means Brexit and we're going to make a success of it."

For the UK to leave the EU it has to invoke an agreement called Article 50 of the Lisbon Treaty which gives the two sides two years to agree the terms of the split. Mrs May has said she will not kick off this process before the end of 2016. This means that we will not begin to get a clear idea of what kind of deal the UK will seek from the EU, on trade and immigration, until next year.

Who is going to negotiate Britain's exit from the EU?

Theresa May has set up a new government department, to be headed by veteran Conservative MP and Leave campaigner David Davis, to take responsibility for Brexit. Former defence secretary, Liam Fox, who also campaigned to leave the EU, has been given the job of international trade minister and Boris Johnson, who led the Leave campaign, is foreign secretary.

These men - dubbed the Three Brexiteers - will play a central role in negotiations with the EU and seek out new international agreements, although it will be Mrs May, as prime minister, who will have the final say. The government did not do any emergency planning for Brexit ahead of the referendum - and it is now rushing to hire a team of skilled negotiators to manage the complex business of negotiating withdrawal and ensuring Britain gets the best possible deal.

What happens to EU citizens living in the UK?

The government has declined to give a firm guarantee about the status of EU nationals currently living in the UK, saying this is not possible without a reciprocal pledge from other EU members about the millions of British nationals living on the continent.

EU nationals with a right to permanent residence, which is granted after they have lived in the UK for five years, will be able to stay, the chief civil servant at the Home Office has said. The rights of other EU nationals would be subject to negotiations on Brexit and the "will of Parliament," he added.

What happens to UK citizens working in the EU?

A lot depends on the kind of deal the UK agrees with the EU. If it remains within the single market, it would almost certainly retain free movement rights, allowing UK citizens to work in the EU and vice versa. If the government opted to impose work permit restrictions, then other countries could reciprocate, meaning Britons would have to apply for visas to work.

What about EU nationals who want to work in the UK?

Again, it depends on whether the UK government decides to introduce a work permit system of the kind that currently applies to non-EU citizens, limiting entry to skilled workers in professions where there are shortages.

Citizens' Advice has reminded people their rights have not changed yet and asked anyone to contact them if they think they have been discriminated against following the Leave vote.

Brexit Secretary David Davis has suggested EU migrants who come to the UK as Brexit nears may not be given the right to stay. He has said there might have to be a cut-off point if there was a "surge" in new arrivals.

What about all the economic warnings about Brexit? Were they wrong?

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There was a dramatic fall in the value of the pound against the dollar and in share prices in the immediate aftermath of the Brexit vote. Britain also lost its top AAA credit rating, meaning the cost of government borrowing will be higher.

But a month after the vote share prices in the UK had recovered, with the FTSE 100 trading higher than before the referendum. The broader FTSE 250 index, which includes more British-based businesses, remains about 1.5% lower than before the Brexit vote.

Retail sales figures for July were up on the same period last year, defying predictions of a post-Brexit slump. And UK industrial output grew at the fastest rate for 17 years in the April-to-June quarter, up 2.1% compared with the first quarter of the year. The Office for National Statistics said "very few" respondents had been affected by the uncertainty from the referendum vote.

However, the Bank of England has announced additional measures to stimulate the UK economy amid uncertainty over Brexit and worries about productivity and economic growth, cutting interest rates from 0.5% to 0.25% - a record low and the first cut since 2009. Another key plank of its stimulus policy - buying up UK government bonds - has run into trouble after the Bank failed to find enough sellers of long-dated government debt.

The rate cut followed figures showing the UK economy contracting at its fastest rate since the financial crisis. The Markit/CIPS purchasing managers' index - a closely-watched economic barometer - showed activity in the UK's dominant services sector saw its sharpest fall in seven years, from 52.3 in June to 47.4 in July, suggesting a downturn is on its way.

What has been the effect on the value of the pound?

Sterling has lost more than 10% of its value against the dollar since Brexit. With the pound worth about \$1.30, this is down to the lowest levels since 1985.

It has also fallen in value against the euro. For much of 2015 the pound would buy you between €1.35-1.45. This year sterling has weakened against the euro, and has dropped following the Brexit vote to about €1.16.

Some major firms such as Easyjet and John Lewis have pointed out that the slump in sterling has increased their costs.

Who wanted the UK to leave the EU?

The UK Independence Party, which received nearly four million votes - 13% of those cast - in May's general election, has campaigned for many years for Britain's exit from the EU. They were joined in their call during the referendum campaign by about half the Conservative Party's MPs, including Boris Johnson and five members of the then Cabinet. A handful of Labour MPs and Northern Ireland party the DUP were also in favour of leaving.

What were their reasons for wanting the UK to leave?

They said Britain was being held back by the EU, which they said imposed too many rules on business and charged billions of pounds a year in membership fees for little in return. They also wanted Britain to take back full control of its borders and reduce the number of people coming here to live and/or work.

One of the main principles of EU membership is "free movement", which means you don't need to get a visa to go and live in another EU country. The Leave campaign also objected to the idea of

"ever closer union" between EU member states and what they see as moves towards the creation of a "United States of Europe".

Who wanted the UK to stay in the EU?

Then Prime Minister David Cameron was the leading voice in the Remain campaign, after reaching an agreement with other European Union leaders that would have changed the terms of Britain's membership had the country voted to stay in.

He said the deal would give Britain "special" status and help sort out some of the things British people said they didn't like about the EU, like high levels of immigration - but critics said the deal would make little difference.

Sixteen members of Mr Cameron's Cabinet, including the woman who would replace him as PM, Theresa May, also backed staying in. The Conservative Party was split on the issue and officially remained neutral in the campaign. The Labour Party, Scottish National Party, Plaid Cymru, the Green Party and the Liberal Democrats were all in favour of staying in.

US president Barack Obama also wanted Britain to remain in the EU, as did other EU nations such as France and Germany.

What were their reasons for wanting the UK to stay?

Those campaigning for Britain to stay in the EU said it gets a big boost from membership - it makes selling things to other EU countries easier and, they argued, the flow of immigrants, most of whom are young and keen to work, fuels economic growth and helps pay for public services.

They also said Britain's status in the world would be damaged by leaving and that we are more secure as part of the 28 nation club, rather than going it alone.

What about businesses?

Big business - with a few exceptions - tended to be in favour of Britain staying in the EU because it makes it easier for them to move money, people and products around the world.

Given the crucial role of London as a financial centre, there's interest in how many jobs may be lost to other hubs in the EU. Four of the biggest US banks have committed to helping maintain the City's position. But HSBC will move up to 1,000 jobs to Paris, the BBC understands.

Some UK exporters say they've had increased orders or enquiries because of the fall in the value of the pound. Pest control firm Rentokil Initial says it could make £15m extra this year thanks to a weaker currency.

Others are less optimistic. Hilary Jones, a director at UK cosmetics firm Lush said the company was "terrified" about the economic impact. She added that while the firm's Dorset factory would continue to produce goods for the UK market, products for the European market may be made at its new plant in Germany.

Reference:

Wheeler, B. & Hunt, A. Brexit: All you need to know about the UK leaving the EU. In *BBC News*. Retrieved from <http://www.bbc.com/news/uk-politics-32810887>.