

# Positive approach is key to making most of leaving EU

More questions than answers as we wait for talks to begin



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I RECENTLY attended the keynote seminar – hosted by Scotland Policy Conferences – entitled Brexit and economic policy priorities for Scotland – investment, growth and international trade.

The title of the seminar was full of hope, but by the end of the event it was difficult not to feel a little downbeat. “Uncertainty” was the word of the day and it became clear that even those with a direct line to the impending negotiations with Brussels have little idea of what will actually transpire.

All that can be said with any certainty is that Brexit is happening and the future for the UK and Scotland, both economically and socially, is going to be fundamentally different. Change is often a good thing and there are many who will argue that in the long run Brexit may be a positive process for the UK and Scotland; but the reality is that it might take another generation before we can truly assess that outcome. In the meantime, and certainly for the immediate future, there are going to be some difficult challenges.

The immediate and most obvious challenge is the process of negotiating the UK's exit from the European Union. While there is some optimism that the terms of the UK's physical departure from the EU can be agreed within the two-year limit, the UK Government must also begin negotiating arrangements for our trade sectors with the EU. To replace the existing framework,



**FLAG CARRIER:** A man keen to stay in the EU during a demonstration at Holyrood. Picture: Gordon Terris

built up over the course of the past 40 years, in the next two years is undoubtedly impossible.

The general consensus at the seminar seemed to be that the best we can hope for in the two-year window is a basic overarching framework with “road-markers” in place, with a comprehensive trade framework across all sectors potentially taking a decade to create. In the intervening time we face potential technical and political barriers to trade which will undoubtedly have an impact.

Underpinning all of this is the political reality that the Brussels administration simply cannot afford to reach a deal which is seen to leave the UK in a better position than it was as a member of the EU.

Complicating matters further is the fundamental disconnect between the objectives of the Scottish Government and those of

the UK Government. At the conference, it was stressed that in the spirit of compromise, the Scottish Government's preferred option is to exit the EU as part of the UK but with a different set of negotiated terms applying to certain aspects of Scottish trade and politics. However, the likelihood of genuine compromise has dwindled in the days since the seminar, with the First Minister's announcement that the Scottish Government is seeking a second independence referendum

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between autumn 2018 and spring 2019.

Until the negotiations are concluded, or at least until they reach a more advanced stage, there are innumerable challenges for businesses, relating to uncertainty in areas such as the status of EU nationals working or studying in Scotland; inward investment into Scotland, particularly from investors in the Middle East, China and North America; and barriers to export including tariffs and technical requirements such as labelling and product specification.

There was much discussion during the seminar of the need to foster new relationships and develop existing relationships to the fullest extent possible over the coming two years in response to these challenges. Key individuals within Scottish business are being encouraged to build professional

relationships with counterparts in markets both abroad and across the UK; universities to build close relationships with foreign students; and businesses to provide reassurance to foreign workers, so that as clarity about the post-Brexit reality begins to emerge, we are as well placed as possible to exploit any opportunities that arise.

It is also a time for renewed collaboration among business sectors in Scotland. Under the EU, many business sectors have been placed into silos of regulation, with each sector having a separate regime of rules and legislation.

Brexit presents potential opportunities for business sectors to collaborate to discover and exploit synergies, increase cross-sector trade, and develop holistic trade frameworks which are of benefit to Scottish and UK businesses.

Finally, there is an opportunity for the leaders of business, politics and education in Scotland to consider what type of economy we genuinely want Scotland to become. Will we rely heavily on inward investment from foreign organisations, or can we begin to generate domestic wealth which can be used to increase our global influence? Will we focus on developing a service-based economy, or can we exploit our world-class educational establishments to create a pool of home-grown talent with the technical skills to develop new technologies and manufacture new products, allowing us to build on our existing exporting successes in sectors such as food and drink but also opening up new export markets for our products?

Only time will tell what lies ahead for Scotland, but in the meantime, a positive approach and affirmative action from businesses will ensure we are best placed to deal with the outcome of Brexit, whatever that may be.

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