

The consequences of Brexit

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Abstract:

In this paper clearly explained about British Exit or which is commonly referred as Brexit, the Verdict and the effect of Brexit on Londoners after the Britians exit from the European Union. The Effects of Brexit on the world economy and its Impact on Indian Economy has been clearly explained. The Brexit vote will have mixed results for India. The United Kingdom, home to some 1.4 million Indians, is India's 12th-largest trading partner. In fact, it is one of only seven countries with which India has an export surplus, which totals \$3.7 billion. A falling sterling, therefore, could hurt that surplus. India's commerce ministry, moreover, announced that the Brexit would force India to reassess the Broad-based Trade and Investment Agreement, a free trade agreement New Delhi launched in 2007 with the European Union.

Key words: Exit, Brexit, consequences

Introduction

The people of Britain voted for a British exit, or Brexit, from the EU in a historic referendum on Thursday June 23 2016. The outcome has prompted jubilant celebrations among Eurosceptics around Europe and sent shockwaves through the global economy. After the result, the pound fell to its lowest level since 1985 and David Cameron resigned as Prime Minister of this country with immediate effect He said: "I will do everything I can as Prime Minister to steady the ship over the coming weeks and months. But I do not think it would be right for me to try to be the captain that steers our country to its next destination."

The Conservative 1922 Committee believes that his successor should take up office by September 2 2016, at which point the UK would embark on its two-year political divorce from the EU. The next step is for Britain to tell the EU that it wants to go by using Article 50 of the EU rulebook for the first time in history.

But there is now a short moment for reflection before Mr Cameron's successor triggers this legal mechanism, which gives the UK two years to leave the bloc.

Eurosceptic MP Boris Johnson – who has now ruled himself out of the Tory leadership contest – hailed Brexit as a "glorious opportunity" for Britain to find its voice in the world again. Brexiteer Michael Gove had removed his support for his ally Mr Johnson and decided to stand against the favourite, Home Secretary Theresa May, and other contenders. The Brexit vote has sparked calls for a second Scottish independence referendum because of majority of Scots voted to remain in the EU.

The Brexit Referendum Verdict

The Brexit Referendum verdict has brought up lot of imbalance and debate in the United Kingdom. It has continued to spread Turmoil in the United Kingdom's Political and economic Landscape on day two after the vote. While the Long term economic consequences of the break with

the European Union remains unclear, Its Political fallout is more immediate.

In a Threat to the geographical Intergrity of the Unite Kingdom, Nicola Strugeon, the first Minister of Scotland, which voted to remain with the EU, announced after cabinet meeting that her government to begin work on legislation for the option of a second Independence

referendum. In the Northern Ireland which also voted by a majority to remain, similar rumblings are being heard. Following the vote, Martin McGuinness, the Sinn Fein leader, said there was a "Democratic imperative" to allow people to vote on reunification with Ireland, a demand that could intensify, particularly if Scotland gets its second referendum.

United Kingdom European Union membership referendum, 2016		
Choice	Votes	%
Leave	17,410,742	51.89
Remain	16,141,241	48.11
Valid votes	33,551,983	99.92
Invalid or blank votes	25,359	0.08
Total votes	33,577,342	100.00
Registered voters and turnout	46,500,001	72.21
Source: Electoral Commission		

Londoners Annoyed

Surprisingly the majority section opts for second recall or second referendum on Brexit. The majority section i.e. more than 13,50000 people expressed their antagonistic approach against Brexit through website poll. They required strength for conducting the second referendum will be 3,50000 so it was cleared out that the majority of Londoners for against Brexit. Therefore the Britan Companies at large combined together to fight against the Brexit. They believed that article 50 shall defeat the provisions of the European communities' act 1972. According to MISCAN DE REYO, the discussion on Brexit must be took place after it was passed in London Parliament. In addition to the all the remaining 27 countries in EU must also have to be accepted within two years.

A Proposition, far-fetched but indicative of the angry mood of Londoners[a petition to Mayor sadiq khan has already attracted a million signatures],even called for London to declare independence from the U.K. Brussels, meanwhile is pressing hard for the U.K to quickly initiate Atricle 50 of the Lisbon Treaty that triggers the process of disengaging from the EU.Statements issued by four foriegn ministers of the six founding countries of the EU, following an emergency meeting in Berlin indicated the urgency with which the countries wish to insulate the EU and their own economies from the Brexit upheaval.

The effect of Brexit on the World:

Over the coming weeks, the frenzy of the financial markets will dominate the world's attention. But what lies beyond

the horizon in a post-Brexit world? Stratfor highlights the areas of the world that will be most affected by the latest phase of the European Union's fragmentation.

Europe's Unraveling

The United Kingdom will be locked in political turmoil. Prime Minister David Cameron has announced that he will resign by October, leaving his Conservative Party to appoint a successor to formally initiate negotiations on the United Kingdom's exit from the European Union. Naturally, the British economy will take a hit as the pound and stock markets fluctuate, as capital flees and as companies relocate to continental Europe. Renewed talk of secession in Scotland will create yet another source of political uncertainty. If the United Kingdom loses access to the European common market, its main trade partners in the European Union — Ireland, the Netherlands and Belgium — will suffer. Consequently, they will work to expedite a free trade agreement between Brussels and London. The stability of the ruling Tories needs to be monitored closely. Should the party fail to agree on a replacement for Cameron, early elections could be triggered, and by then the mood on Brexit could shift depending on the severity of economic pain.

Oil Recovery will be Cut Short

Should the Brexit trigger a recession in Europe, demand for oil in the world's second-largest oil market will fall even more. The decline would reverberate in the world's fastest-growing oil markets, India and China, because lower British demand would mean slackened demand for oil overall, prolonging the global oil price recovery. If prices were to fall much below \$ 30 per barrel, Saudi Arabia and

other Gulf Cooperation Council members would reconsider production cuts or freezes. If prices remain comfortably above \$ 40 per barrel, on the other hand, they could continue with their current strategy, maintaining market share and waiting out a price correction. Weaker oil prices will ultimately impair revenue, hitting oil exporters' currencies even harder and forcing them to draw on reserves, maintain austerity and issue more debt than expected. A much more complicated issue is the future energy relationship between the European Union and the United Kingdom, which is still an integral part of the EU energy market. Deciding whether the United Kingdom will stay in the European Energy Community, which harmonizes Brussels' energy policies with those of neighboring countries, such as Ukraine, will be a key area of negotiation going forward. Remaining would afford Britain the advantage of continued access to the common European energy market. The move could be a tough political sell for British citizens, however, since it would again surrender certain energy policymaking powers to Brussels — something that Brexit supporters would oppose.

Effect of Brexit on India:

The Brexit vote will have mixed results for India. The United Kingdom, home to some 1.4 million Indians, is India's 12th-largest trading partner. In fact, it is one of only seven countries with which India has an export surplus, which totals \$3.7 billion. A falling sterling, therefore, could hurt that surplus. India's commerce ministry, moreover, announced that the Brexit would force India to reassess the Broad-based Trade and Investment Agreement, a free trade agreement New Delhi launched in 2007

with the European Union. (The agreement has not yet been implemented). This will probably create the space for India to negotiate a separate trade agreement with London.

India is the United Kingdom's third-largest source of foreign direct investment, with approximately 800 Indian firms employing 110,000 people. These include the faltering Tata Steel, England's largest steelmaker, and Tata Motors, which owns England's largest carmaker, Jaguar Land Rover. One of the reasons India set up bases in the United Kingdom was to ensure access to the European Union; if the United Kingdom is no longer part of that union, then its companies may have to rethink their business strategies.

Moreover, a sixth of India's information technology service exports, valued at nearly \$19 billion, are destined for the United Kingdom. More stringent visa requirements in a more nationalistic Britain may stem the flow of Indian IT professionals. But a financial crunch in London may also compel the United Kingdom to outsource more of its IT needs, which would actually benefit India.

The coming months will bring more market volatility worldwide as the significance of Britain's decision to leave the European Union sinks in. But the long-term effects will take years to assess — the United Kingdom will likely not exit the European Union until after a long process of negotiation and untangling. The question remains, however, whether London will be able to get its own economic house in order and whether its example will be an inspiration — or a warning — to other EU member states.

Conclusion

Measuring the possible impacts of a Brexit on the economic development in Europe is extremely difficult because nobody knows how the relations between the UK and the EU would be organized after a Brexit. Due to the Brexit the stock markets shall effect very badly and also the gold prices hikes like anything and also silver prices go up. Naturally the pound rate of London will definitely comes down against US dollar. In directly US economy will fluctuate because, their investments in EU countries. Finally the conclusion can be given as that a Brexit would have damaging effects on the economic development in the entire EU. Apart from these economic disadvantages, a Brexit would also cause severe political damage and would weaken Europe geopolitically. Therefore, we are deeply convinced that a Brexit should be avoided because it would create no winners, only losers.

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