

**NEW
REPORT**

NO DEAL BREXIT

NOVEMBER 2017

ResearchFARM

BREXIT

EU



INSIDE:

Key questions +
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NO DEAL BREXIT

IMPACT ASSESSMENT ON RETAIL SECTOR

RETAIL ARMAGEDDON, A DISASTER OF EPIC PROPORTIONS TO COME

INTRODUCTION: NO DEAL BREXIT

Last week Sir Ivan Rogers pointed out to the Commons Treasury committee that when the UK becomes a “third country” to the EU, it will have “no more rights than Yemen or Venezuela”.

And as of now, allowing for ratification, the UK has only a year left for negotiations.

But the consequences of a “no deal” would be so “dire”, “chaotic” and “bloody” as to be unthinkable. Without a deal the UK would simply drop into “a legal void”.

This means a lot of economic activity would simply stop on midnight March 31st 2019.

As the government is unwilling to publish the impact assessments of a “no deal Brexit” on the 50 plus sectors, we have tried to quantify the impact of no deal on retail.

We conclude that UK retail would be heading for a decimation, clearly this is a nightmare scenario that needs to be avoided at all costs. For what it’s worth we do not think it will come to this. That said, the risk that developments lead to an accidental no deal outcome none wants cannot be dismissed either.

Secondly, we also believe that should the UK fall off the cliff, the situation would become so dire, that within days the UK government would try to return to the negotiation table.

Then again, even in the best possible outcome, there will be significant disruption, as 40 years of integration get unravelled. Many of the developments sketched out in our worst case scenario will come to pass - but in a less brutal force and fashion.



KEY QUESTIONS ANSWERED

- How much retail spend will be lost? How many businesses would fold? How many stores will shutter? How many jobs will be lost?
- What will be the impact of net immigration reversing, as the addressable market shrinks?
- Will inflation annualise out or will the Pound keep devaluing? Which sectors will be affected the most by inflation? How bad will it get?
- What will the impact of tariffs be? Which sectors stand to lose the most?
- What will happen at Dover on Brexit day? When will we see operation stack? How much is this going to impact volume across the entire UK?
- Will food get into the country? How bad will OSA and out of stocks get? What will be the impact on ranges in stores? What is the effect on volume?
- What customs procedures will retailers/importers have to carry out in 2019?
- Will driver's licences be valid on Brexit day? What about insurance?
- Will modal change offer a solution, moving products by airplane rather than trucks for example?
- How can retailers/export businesses with cross border operations be REACH and CE compliant in 2019?
- How will shopper behaviour change in times of dramatic ruptures of the social fabric?
- Will retailers need fiscal representation in the EU in future?

METHODOLOGY

ResearchFarm are retail research & analysis experts with an in-house analyst team covering all major retail sectors. We pride ourselves on strong relationships with leading retailers and our proprietary in-house data. The company is well known for its culture of high quality analysis and independent opinion backed up by robust data.

We use company accounts, retailer contacts, consumer research, trade associations, government statistics and historical data to arrive at our market sizes. The forecasts take into account consumer trends and demographics, the performance of the economy and the housing market, research from the treasury and the Bank of England, the European parliament and others.



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Recommendations: modal change, use AMZN?, source from UK, focus on UK

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