

# MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

## The Impact of Brexit on Global Trade

This summary is based on [this article](#) from The Conversation

### **Theme:**

Brexit has had major impacts on the macroeconomic structure of the world

### **Area of Focus:**

Leaving the EU has made the UK less appealing to EU trading partners, but that may encourage growth into new markets in Asia

### **Key Findings:**

- UK imports and exports fell in 2021, compared to 2019. Whilst this is partly the impact of the pandemic, the decline was more severe with EU countries, which suggest the EU Exit has also impacted trade.
- European countries and cities may benefit from the UK's exit, such as Ireland and Amsterdam. However, most financial traders have so far remained in London.
- Since investors now have to handle additional paperwork and spend additional time and money to get exposure in both the UK and the EU, they may choose an alternative, like Singapore.
- UK and EU service growth fell from 2016-2019, where as Asia has seen significant growth in sectors such as travel, financial, IT and creative services. This includes growth in Singapore around finance, business, insurance and pension provision, as well as China in numerous areas.
- This shows the industrial transformation taking place in Asia as it shifts from manufacturing to services. But may also be a move of the services centers from west to east.
- The UK and the EU need to find arrangements to maintain their collective strength to preserve their hold on the service industries.



### **Midlands Engine Impact:**

- The Midlands has a significant service industry across financial, IT and other services. Losing this industry would create severe economic effects in the region.
- The Midlands has extensive manufacturing capabilities which could contribute to the UK's export recovery. New markets could also be explored for our manufactured products.
- With the global economic balance shifting, the Midlands has the possibility to once again become the workshop of the world, capitalising on our historic and current manufacturing capabilities.
- Regional businesses may receive investment from across the globe as investment opportunities diversify.

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