

Brexit: ‘The End of the Beginning’

On December 31, the United Kingdom’s departure from the European Single Market and Customs Union becomes official.

Why it Matters: American exporters and investors still don’t know what rules will govern the movement of goods, services, data, people, and capital between the UK and the EU, its largest trading partner. It is crucial for the details to be urgently finalized between Brussels and London, literally in the next few days.

“The UK’s departure will create significant disruptions for American investors and exporters, but the magnitude of disruption will be far greater if no deal is in place before January 1. We strongly urge negotiators on both sides to make the tough choices and find the pragmatic solutions to unlock a mutually acceptable agreement as soon as possible,” [said](#) Executive Vice President and Head of International Affairs Myron Brilliant.

Details: A deal that ensures no new tariffs or quotas are applied to goods traded between the UK and the EU is the bare minimum needed to avoid significant economic disruption, which would cripple economies already reeling due to the pandemic. Though significant differences remain, we remain cautiously optimistic that European Commission President Ursula von der Leyen and UK Prime Minister Boris Johnson can strike a deal. We also expect negotiations will continue well past January 1 to finalize future cooperation on services, regulatory issues, data, and even transportation. To paraphrase former British Prime Minister Winston Churchill, we may finally be reaching “the end of the beginning” of the Brexit saga.

Background: The relationship between the UK and EU matters to U.S. companies for many reasons. The EU is our largest trading partner and the UK is our 5th largest. U.S. companies have invested more than \$750 billion in the UK, and British companies have invested \$560 billion here, making us each the other’s largest foreign investors. Those investments are responsible for nearly 3 million jobs in both countries. It is in no one’s interest for two of America’s most important commercial partners to have an acrimonious divorce.

Next Steps: Prime Minister Johnson will travel to Brussels tomorrow in a last-ditch effort to push through these issues. With sufficient compromise on both sides, a trade deal could be agreed, ideally in time for Thursday’s meeting of EU heads of state.

The Chamber’s U.S.-UK Business Council has been at the forefront of efforts to explain the importance of strong UK-EU commercial ties for American exporters and investors, and we will be at the front of the queue in advocating for a strong U.S.-UK agreement when the time is right.

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–Garrett Workman, Senior Director, U.S.-UK Business Council

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