Brexit: Safeguarding the UK's powerhouse sectors

Post-Brexit, the most important sectors of the UK economy will require more than just a free trade agreement with the EU to maintain their level of activity. Failure to support these sectors will lead to a loss in aggregate output and national wealth – even under the most optimistic scenarios.

<table>
<thead>
<tr>
<th>Distribution, Transport, Hotels &amp; Restaurants</th>
<th>Production (inc manufacturing, mining, power, water and waste)</th>
<th>Financial &amp; Professional/Support Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% UK corporate tax liabilities</td>
<td>14% UK corporate tax liabilities</td>
<td>37% UK corporate tax liabilities</td>
</tr>
<tr>
<td>26% UK workforce</td>
<td>9% UK workforce</td>
<td>21% UK workforce</td>
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<tr>
<td>9.0 million workers</td>
<td>3.1 million workers</td>
<td>7.3 million workers</td>
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UK corporate tax liabilities and workforce percentages rounded to nearest whole number.
Distribution, Transport, Hotels & Restaurants

- Share of trade with EU: 21%
- Annual net exports to Rest of World: £24bn
- Reliance on EU immigration: HIGH

Production (inc manufacturing, mining, power, water and waste)

- Share of trade with EU: 52%
- Annual net exports to Rest of World: £65bn
- Reliance on EU immigration: HIGH

Financial & Professional/Support Services

- Share of trade with EU: 38%
- Annual net exports to Rest of World: £94bn
- Reliance on EU immigration: LOW

Biggest Brexit risks

- Immigration controls
- Supply chain disruption
- Rising import prices
- Impact of added tariffs and customs checks on production lead times and profit margins
- Reduced investment
- Relocation of people and revenues leading to loss of fiscal revenues
- Services are usually excluded from free trade arrangements

What’s needed?

- Secure supply chains by signing FTAs with the widest range of trading partners
- Open immigration policy to attract external workforce
- Negotiating comprehensive FTAs to maintain access to export market, availability of talent and secure value chains
- Strategically assess how whole value chains can adapt to post-Brexit access to resources and market production possibilities
- Negotiate continued access to the single market for financial services
- Reassert London’s role as global financial centre by diversifying partners and products
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