

The Economics of Brexit

a view from the South

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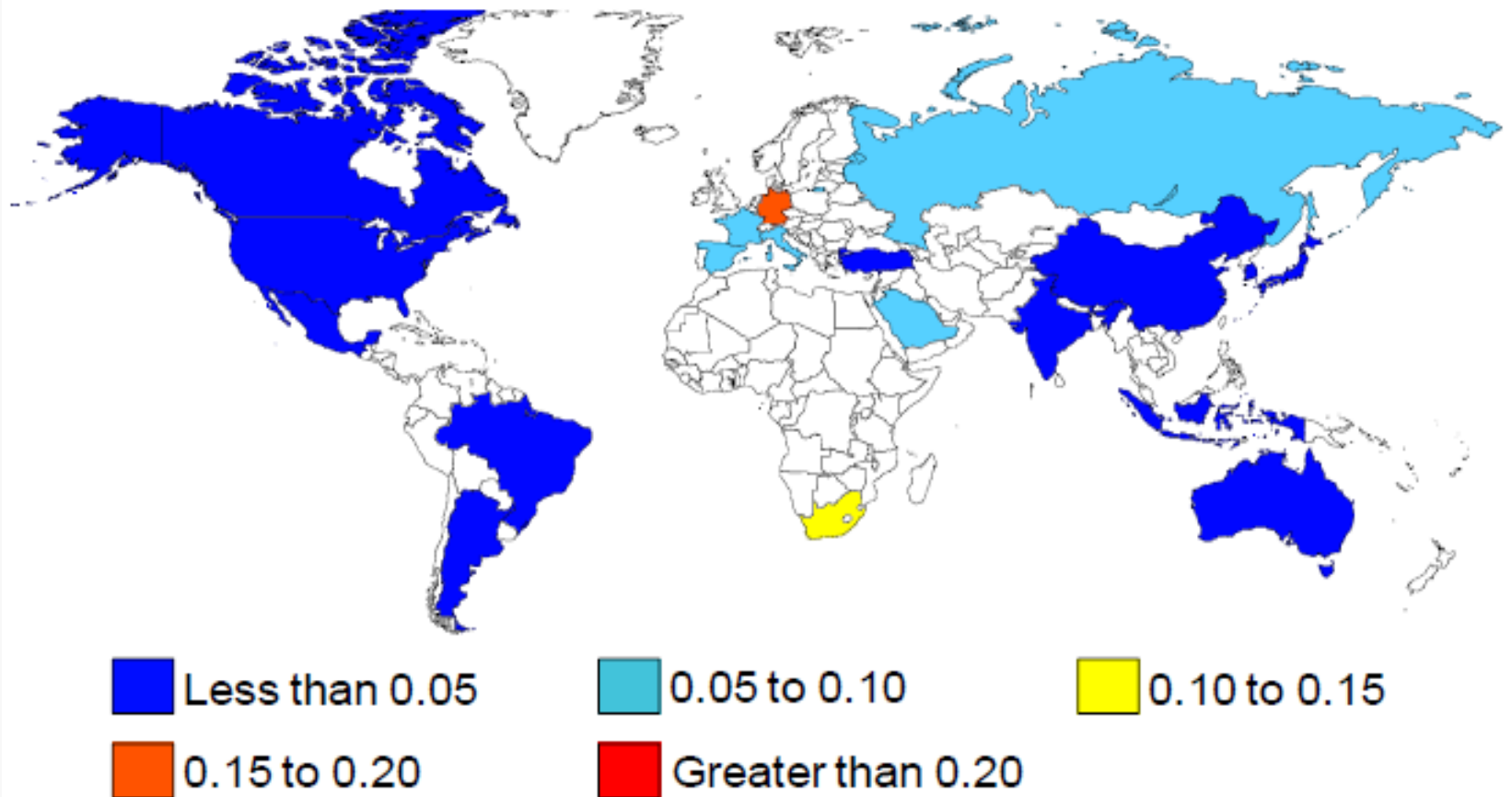
Organisation	Scenario	Estimate (% GDP)	Range	Impacts modelled
CEP (Dhingra et al. 2016)	Dynamic EEA/FTA	-7.9	(-6.3 to -9.5)	Budget, trade, productivity
	Static EEA	-1.3	N/A	Trade only
	Static WTO	-2.6	N/A	Trade only
HM Treasury	EEA	-3.8	(-3.4 to -4.3)	Budget, trade, FDI, productivity
	FTA	-6.2	(-4.6 to -7.8)	
	WTO	-7.5	(-5.4 to -9.5)	
OECD	WTO/ FTA	-5.1	(-2.7 to -7.7)	Budget, trade, FDI, productivity, migration, regulation
NIESR	EEA	-1.8	(-1.5 to -2.1)	Budget, trade, FDI
	FTA	-2.1	(-1.9 to -2.3)	
	WTO	-3.2	(-2.7 to -3.7)	
	WTO+	-7.8	N/A	Adds productivity
PwC/CBI	FTA	-1.2	N/A	Budget, trade, FDI, regulation
	WTO	-3.5		
Oxford Economics	FTA ²	-2.0	(-0.1 to -3.9)	Budget, trade, FDI, migration, regulation
Open Europe	FTA	-0.8 to +0.6	(-2.2 to 1.6)	Budget, trade, migration, regulation
Economists for Brexit	WTO	+4.0	N/A	Budget, trade ^b

Source: Emmerson et al. (2016)

Brexit Effect on South(ern) Africa

- The Usual List
 - Trade Linkages
 - Financial Linkages
 - World Growth
- The Long Term List
 - EU Break-up?
 - End of Globalization?

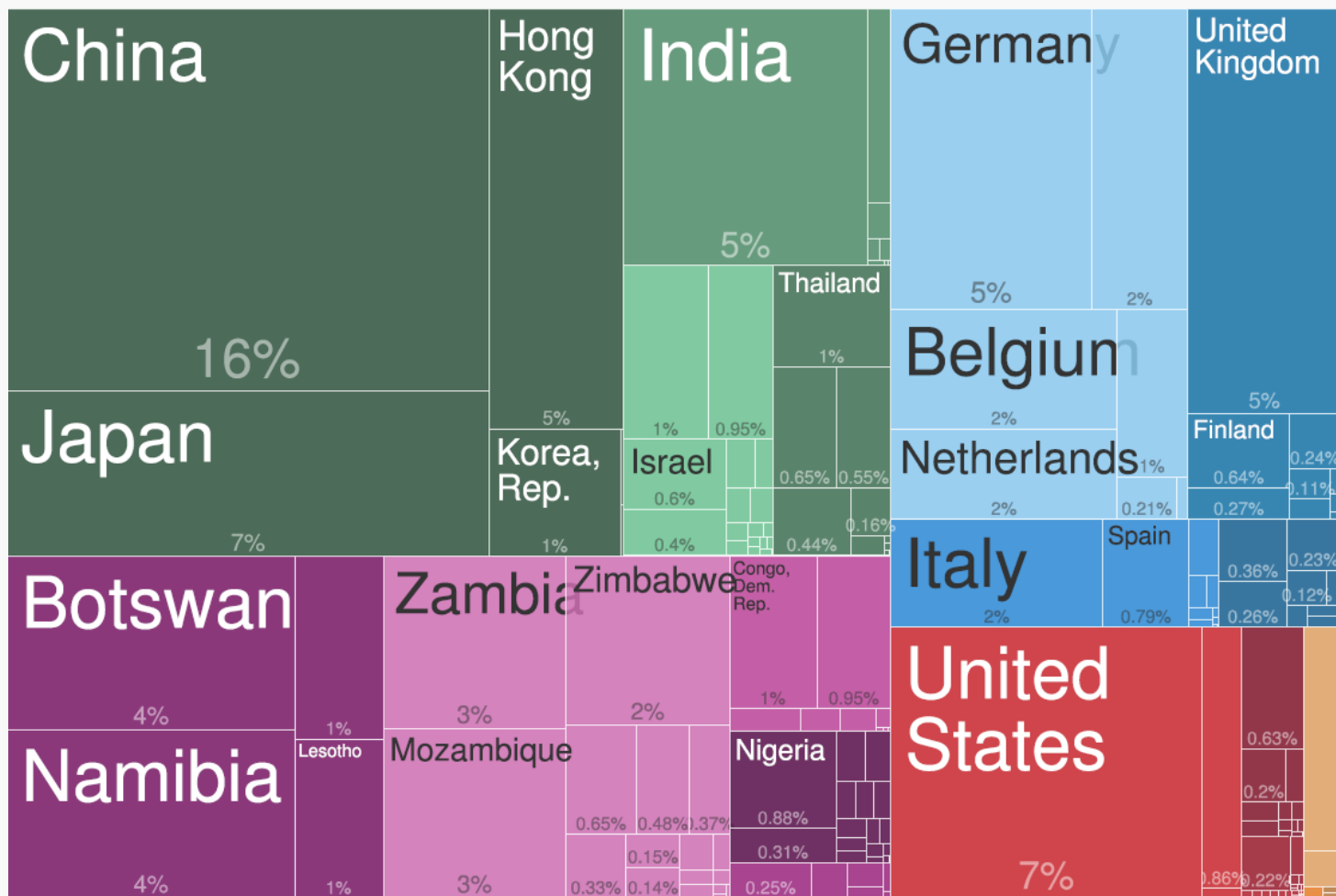
Figure 1. Average Peak Impulse Response (Relative to United Kingdom)



Source: IMF Spillover Report (2011)

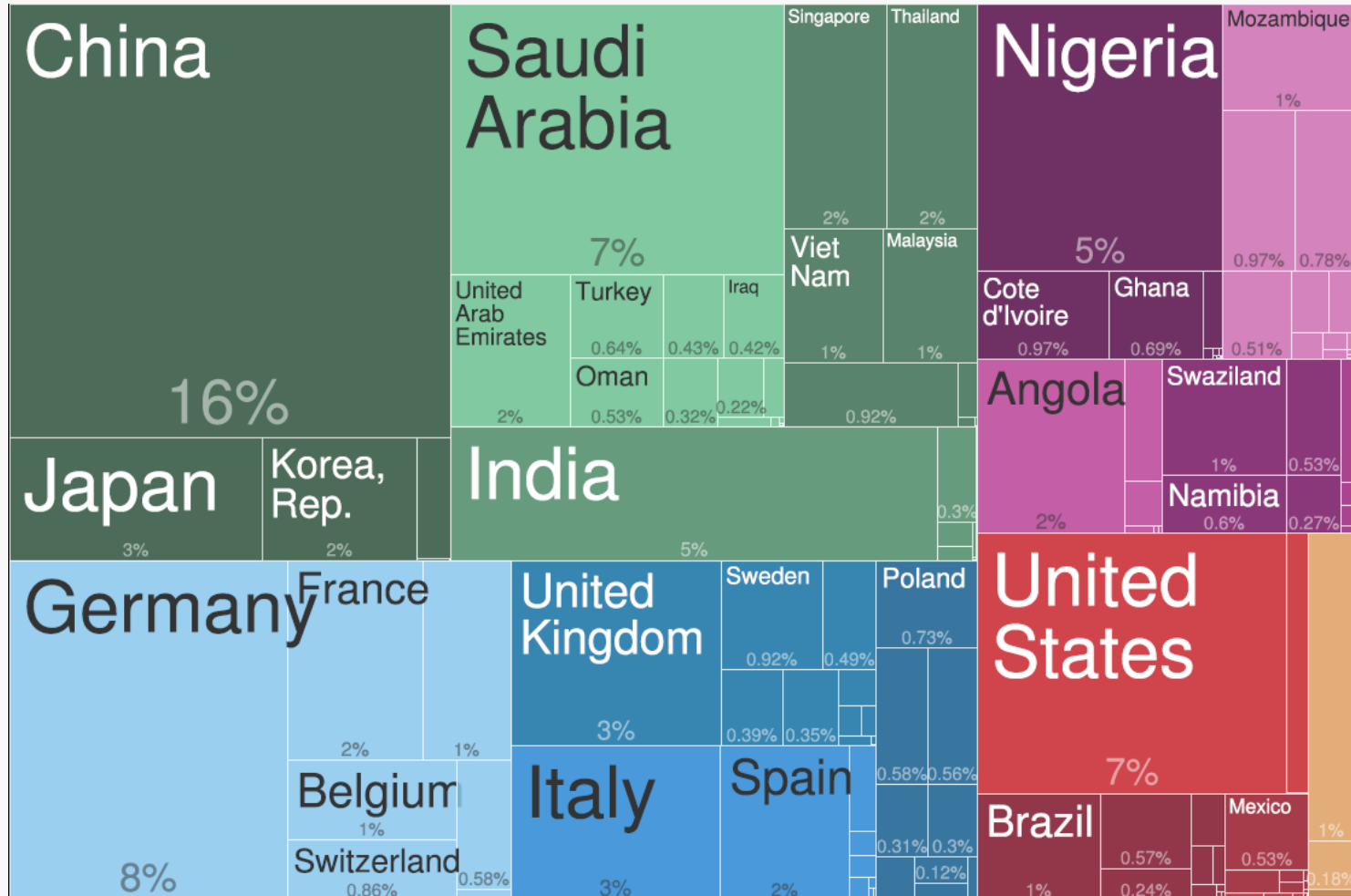
South African Exports 2014

(Atlas of Economic Complexity)

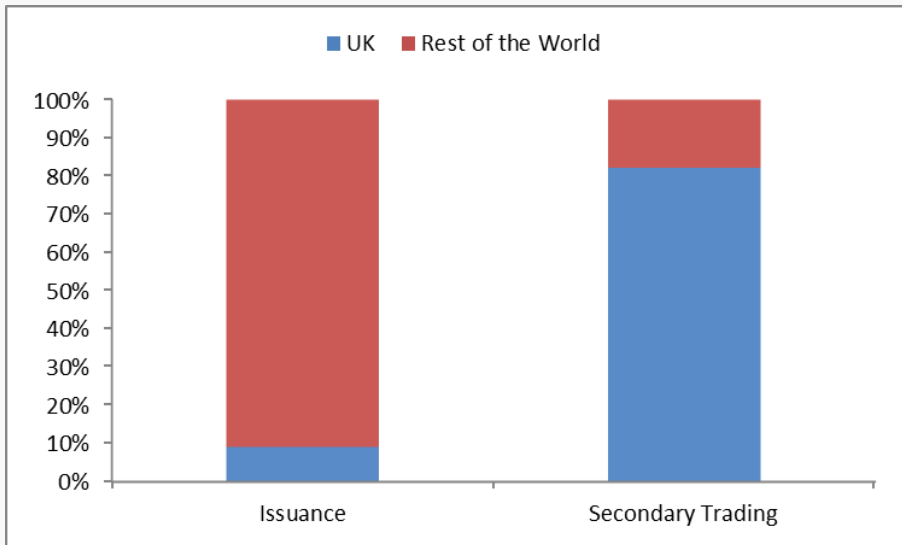
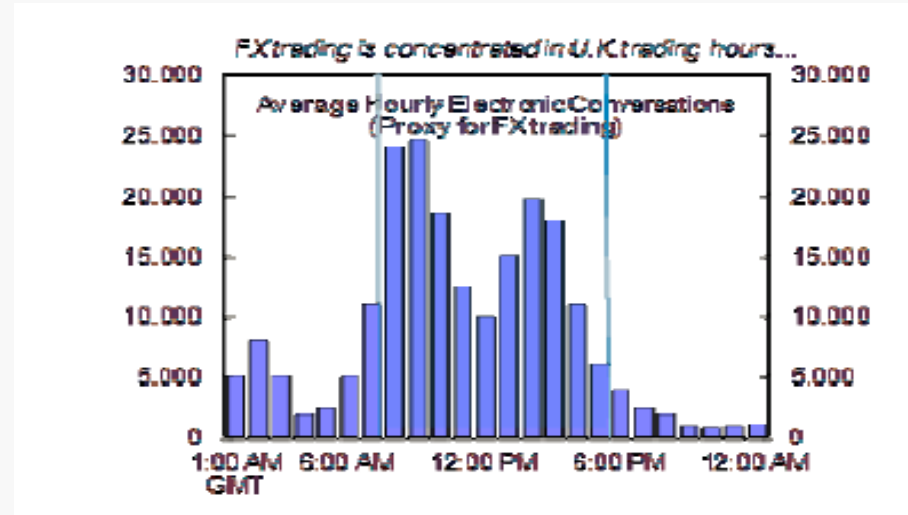
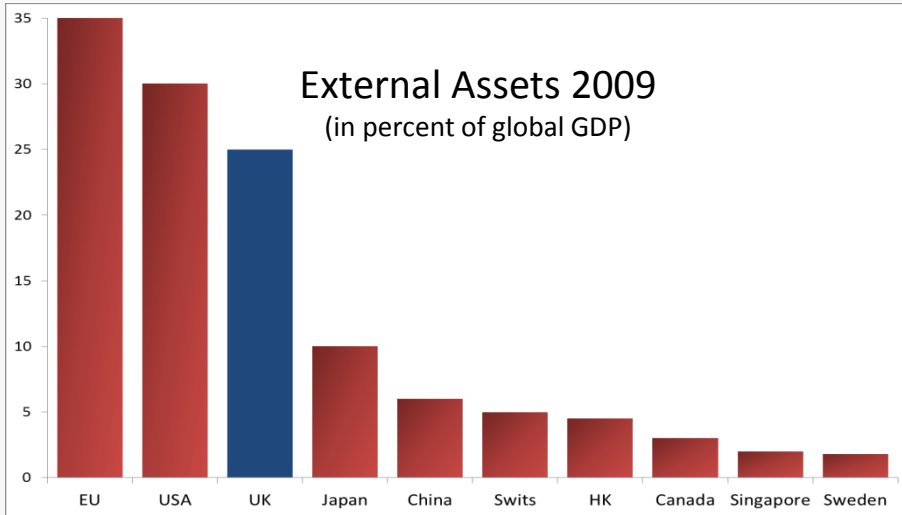


South African Imports 2014

(Atlas of Economic Complexity)



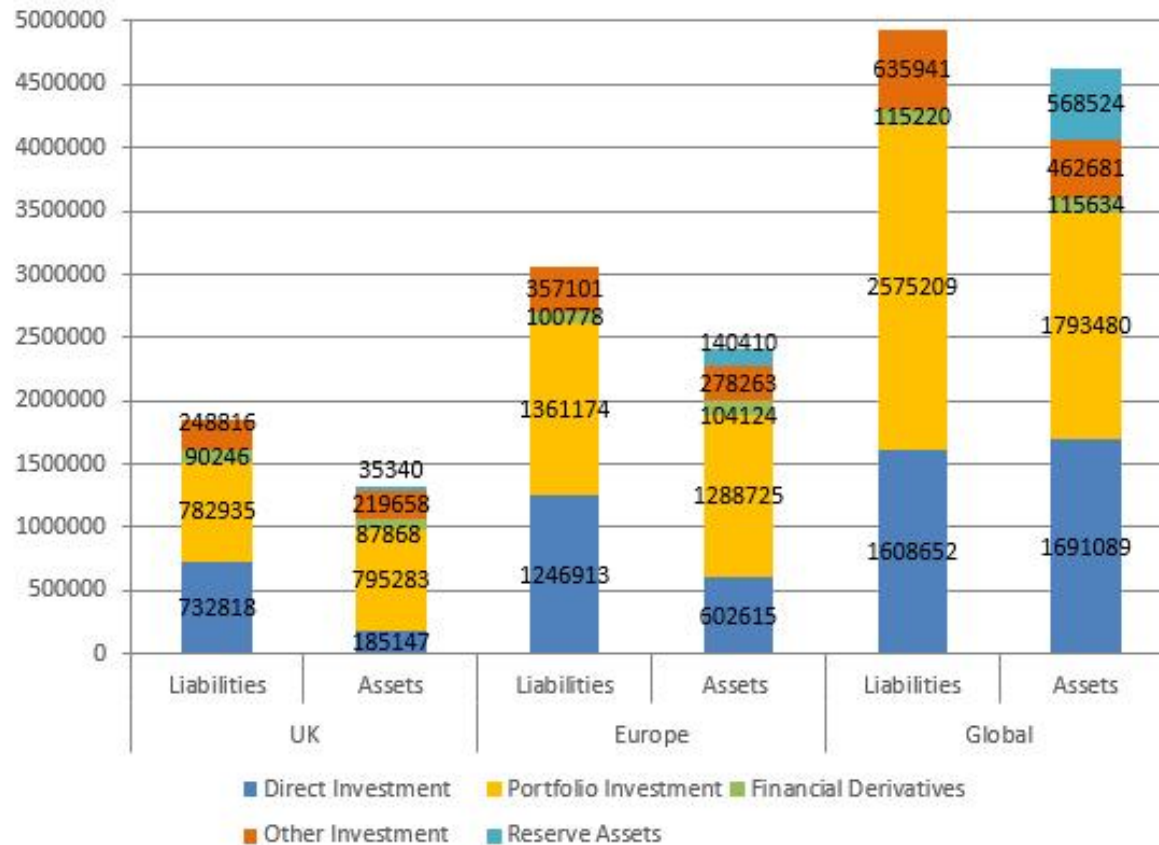
Mainly Financial Linkages



Source: IMF Spillover Report (2011)

Mainly Financial Linkages

South African Foreign Liabilities and Assets by Country, Region and Globally, ZAR millions (2014)



Source: Parshotam, Prinsloo and Sidiropoulos (2016)

That's it?

Nothing to worry about than

Well.....Not Really

The Context

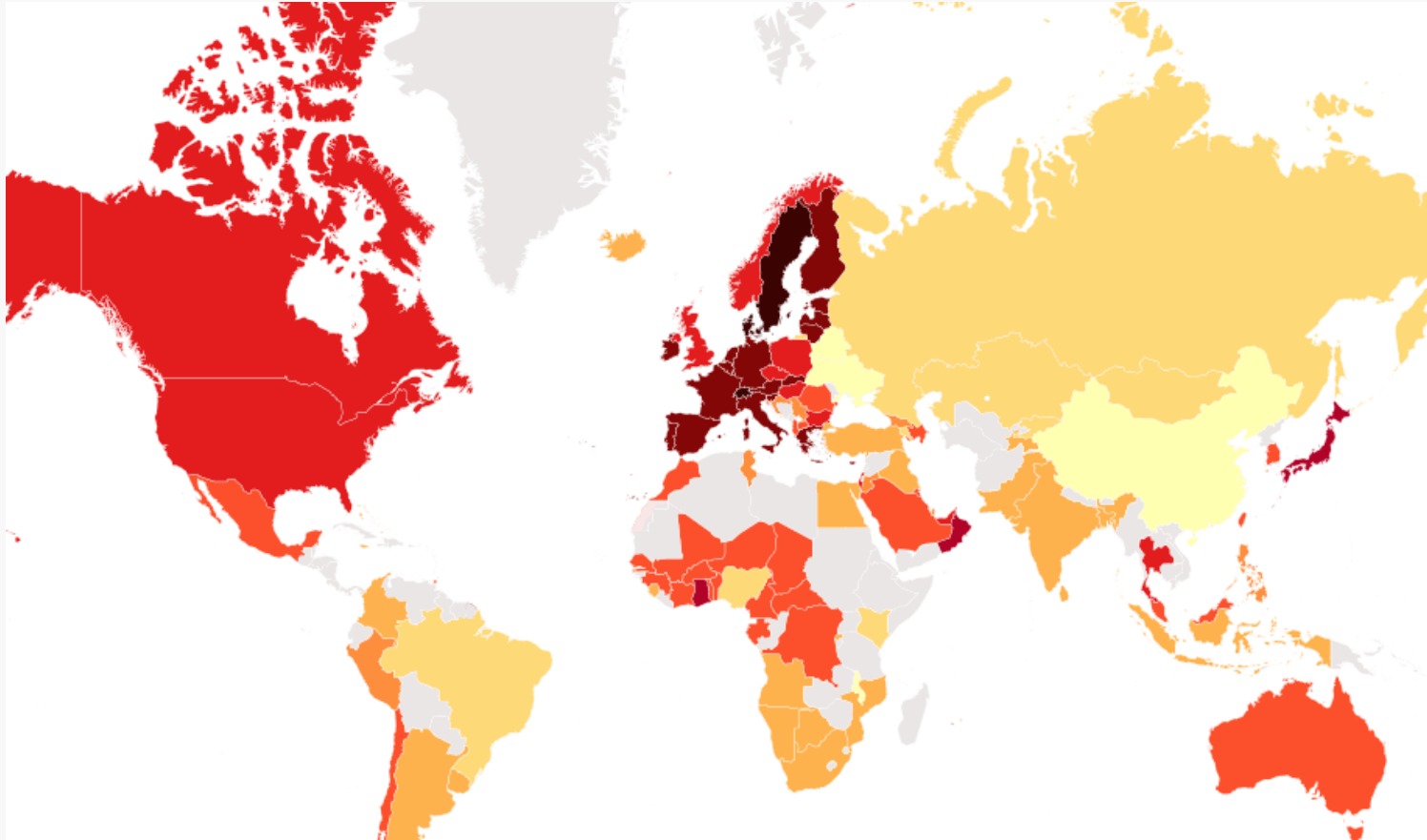
Low Growth for Too Long



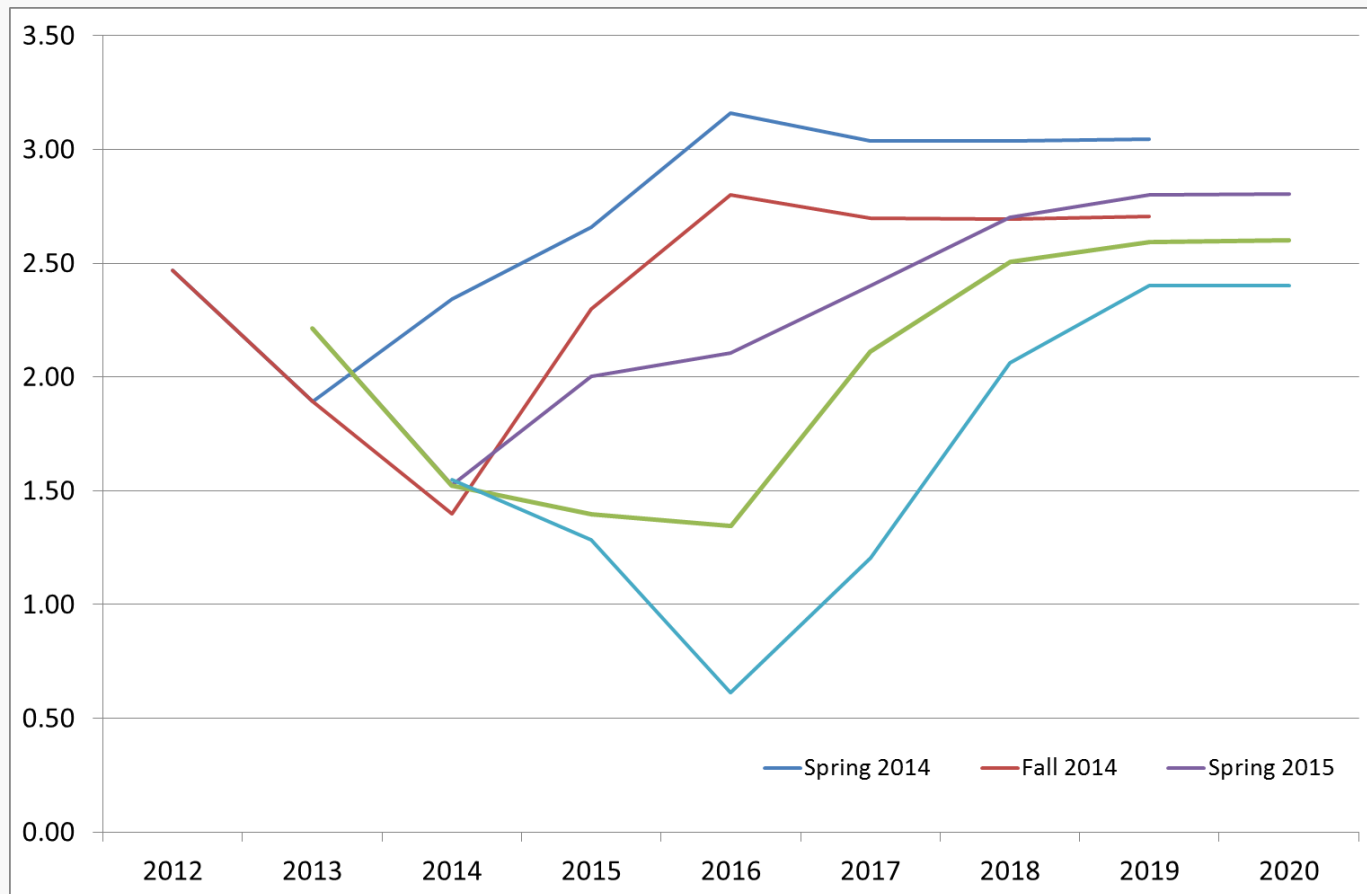
Source: Author's calculations on IMF-WEO Data

The Context

Secular Stagnation?



South Africa



Source: Author's calculations on IMF-WEO Data



Knight's paradox

"The existence of a problem of knowledge depends on the future to be different from the past, while the possibility of the solution of the problem depends on the future being like the past"