

Clear win gives Johnson the thumbs up for Brexit

British Prime Minister Boris Johnson must be feeling very smug this morning. His gamble paid off. His win in yesterday's snap general election gives him a clear mandate to push ahead with his Brexit deal.



Image source: Getty/Gallo

The election outcome is no 'silver bullet' for the Brexit issue. Brexit is a process, not an event," says Professor Raymond Parsons, North West University Business School economist.

Johnson can go ahead now with pushing legislation through Parliament in time to leave the EU formally on January 31 and to initiate the first phase of Brexit. The country will then move into transition, during which its EU membership will nevertheless in effect continue in terms of the negotiated withdrawal agreement. After January 31 next year the UK and EU will then start negotiating their future economic and political relations within the framework of an orderly Brexit.

"If there is a failure to reach a free trade agreement by then, and unless an extension is agreed, the real risk remains of the UK leaving the EU with no trade deal in place, with all the supply-chain disruption and trade barriers that implies," Parsons says.

Win revives UK economy

In the UK, the post-election glow will boost the economy. "The pound has enjoyed its biggest surge in a decade on the hopes that a solid Conservative majority can finally end the Brexit deadlock.

"Many traders were caught off guard by the size of the majority and this may push the pound even higher than previous predictions. We could see bullish traders now take it to \$1.38 or maybe even as high as \$1.40," says Nigel Green, chief executive and founder of deVere Group.

"Billions of pounds in business investment that has been on the sidelines due to the parliamentary paralysis is now ready to be unleashed.

"It now looks more likely that Boris Johnson will indeed be able to 'get Brexit done'," he says.

How does this effect SA?

"SA has already fortunately recently concluded an agreement through the Southern African Customs Union (SACU) with

the UK to ensure continuity and predictability in UK-South Africa (SA) trade relations in the post-Brexit period. It nonetheless remains essential for SA to continue to monitor and nurture these important trade relations between SA and the UK during the Brexit transition and to timeously assess any new developments that may arise,” Parsons says.

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