

Economic Impact of Brexit on Women

The economic impact of Brexit is likely to be damaging to women. This is because Brexit is likely to have a detrimental impact on GDP. There will be specific impacts on women as workers, as users of public services and as consumers due to women's and men's different economic positions, roles in fulfilling caring responsibilities and power.

There is extremely strong evidence that the overall impact of Brexit upon UK GDP will be negative and that a no-deal 'Hard Brexit' would be the most damaging.

- The majority of economists predict a negative impact with estimates of lower GDP by 2030 compared to the situation had we remained in the EU:
 - UK Treasury prior to referendum: GDP 3.8-7.5% lower by 2030¹
 - LSE Centre for Economic performance: GDP 6.3-9.5% lower by 2030²
 - PWC: GDP 3-5.5% lower by 2020 and 1.2 and 3.5% lower by 2030³
 - NIESR GDP 1.5-7.8% lower by 2030⁴
- The scenarios resulting in the smallest loss to GDP are those which are closest to the current situation under EU membership, while 'no deal' scenarios are predicted to be the most damaging.
- In addition to negotiating a trade deal with the EU, the UK will have to re-negotiate trade deals with the 65 countries that currently have trade deals with the EU. These new deals may result in less favourable terms than those currently enjoyed by the UK as a member of the EU.
- A poor trade deal with the EU increase the need for the UK to make trade deals with other countries. The UK would be in a weaker position to resist pressure for trade deals that would erode consumer, environmental and health and safety protections or give foreign service suppliers the right to challenge regulations designed to protect the quality of public services, on the basis that these constitute a barrier to trade.

Trade agreements can have significantly different impacts on women and men, and within them on different groups of women and men, because of differences in economic position, caring responsibilities and power.⁵

Impact on women as workers

- In the short term, uncertainty about the final trade deal with the EU has meant many companies have been unwilling to invest, leading to concerns about possible job losses.⁶
- In the longer term there are likely to be winners and losers. Increased barriers to trade will hit sectors that rely heavily on exports to the EU and the industries that supply them. The TUC estimates that about one in ten jobs in the English regions and Scotland and one in

¹ HM Treasury (2016) *The long-term economic impact of EU membership and the alternatives* (<http://bit.ly/2z9lq6Z>)

² LSE Centre for Economic Performance (2016) *The UK Treasury analysis of 'The long-term economic impact of EU membership and the alternatives': CEP Commentary* (<http://bit.ly/2AVpVjX>)

³ PwC (2016) *Leaving the EU: Implications for the UK economy* (<https://pwc.to/2j1EoCM>)

⁴ National Institute of Economic and Social Research (2016) *The Economic Impact of Leaving the EU* (<http://bit.ly/2mBFYAn>)

⁵ See for example *The Feminist Economics of Trade* (van Steveren et al, 2007)

⁶ TUC (2016) *Taking the temperature of the post-Brexit economy* (<http://bit.ly/2zOl1qY>)

twenty jobs in Wales and Northern Ireland are linked to EU exports.⁷ Sectors such as textiles and clothing, which have a majority female workforce, are heavily dependent on trade with the EU. If the economy goes into recession, job losses for both women and men will result, not only in these sectors but across the board.

- Meanwhile if the price of imports from the EU increases, then this may create new opportunities in the UK for entrepreneurs and generate new forms of employment. Those with the most resources (wealth, transferable labour market skills, mobility) are more likely to be able to respond/adapt to and benefit from such opportunities. Men as a group tend to have more of these resources than women. Therefore, gendered employment effects of new trading arrangements are likely, in which women gain less than men.
- Much of the legislation protecting equality and workplace rights that women benefit from originated in, or was strengthened through, the EU. Although this is being incorporated into UK law through the European Union (Withdrawal) Bill, it is vulnerable to change by a future government. Currently EU law allows countries to go further in increasing protections to some extent (but not reducing them) whereas under UK laws, these protections could be reduced as well as increased.

Impact on women as users of public services

- Analysis by the IFS, forecasts that the projected budget deficit in 2019-20 as a result of the economic impacts of Brexit will be an additional £20-40 billion.⁸ If this leads to reduced public spending this will have a disproportionate negative impact on women as the primary users of public services, as workers in the public sector and as the main providers of unpaid care.
- New trade deals could include provisions that would give overseas companies the power to sue the UK government if it took action that would damage the profitability of these companies such as increasing the national minimum wage or bringing services that have been privatised back 'in house'.

Impact on women as consumers

- EU consumer law sets the framework for consumer rights in the UK.⁹ Once the UK leaves the EU there will be nothing to prevent a future government from reducing those rights. Consumer rights could be particularly impacted by trade deals with non-EU countries. The US for example allows for the chlorination of chicken or hormones in beef and would be likely to want to ensure access to UK markets for these products. Wealthier households will be able to choose 'higher-quality' products. Poorer households (in which women predominate) will have fewer options to avoid lower-quality products.
- USDAW has calculated that the combination of increased tariffs under WTO rules and a fall in the value of the pound could cost average households in the UK £580 per year,¹⁰ the effects of which will be felt most severely by the poorest households. Poorest households would be hardest hit by rising food prices: the poorest tenths of households spend 23% of their spending on food, compared to the richest tenth who spend 10%.¹¹
- A report from the LSE puts the total decline in household income after Brexit at between £850-£6400 per year.¹² Women are the main managers of family poverty and the shock-

⁷ Ibid. p.16

⁸ Institute for Fiscal Studies (2016) *Brexit and the UK's Public Finances* (<http://bit.ly/2APugV2>)

⁹ Citizens Advice (2016) *Brexit and consumer rights: What will life be like for consumers after Brexit?* (<http://bit.ly/2zLRXk9>)

¹⁰ USDAW (2016) *The Impact of Brexit on Consumers* (<http://bit.ly/2AOABQT>)

¹¹ Institute for Fiscal Studies (2017) *How might Brexit affect food prices?* (<http://bit.ly/2AVULCv>)

¹² LSE Centre for Economic Performance (2016) *The consequences of Brexit for UK trade and living standards* (<http://bit.ly/2hyR7wo>)

absorbers of poverty, and in attempting to shield their families from poverty's worst effects women tend to bear the brunt of the effects.¹³

During negotiations the UK Government should:

- Ensure that current legal rights and protections for people in the UK cannot be changed without appropriate parliamentary scrutiny and involvement of citizens and civil society;
- Ensure that equality impact assessments of different possible trade agreements with the EU and non-EU countries are carried out and used to inform decisions on which trade deals to pursue. These assessments should include careful modelling of the gender impact in every sector of the economy including goods and services, public services and consumer impacts;
- Ensure that mitigating action is taken to address all adverse impacts;
- Use sex-disaggregated statistics as standard and analyse distributional effects across a variety of groups, workers and households;
- Ensure that gender experts (including gender-aware economists) are appointed to work on technical teams;
- Encourage more regular training for government officials and negotiators on gender and trade, and the systematic use of relevant analytical frameworks and tools;
- Consult widely with women's organisations and similar civil society organisations.

Future commitments for a vision of a post-Brexit UK

- Build a balanced economy that delivers quality jobs and long-term economic sustainability.
- Respect and promote equality, human rights and workers' rights.
- Deliver high-quality public services for all.
- Maintain a social security system that treats people with dignity and meets their needs.
- Ensure support for, and meaningful engagement with, civil society.

UK Women's Budget Group, November 2017.

This is a summary of a forthcoming Women's Budget Group briefing on the gender impact of Brexit. It draws on work by Helen Mott (independent consultant), Marzia Fontana (development economist), Mary-Ann Stephenson (WBG Co-Director) and Jerome de Henau (Senior Lecturer in Economics at the Open University)

WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See www.wbg.org.uk

Contact: Mary-Ann Stephenson (WBG Co-Director):

maryann.stephenson@wbg.org.uk

¹³ Women's Budget Group (2005) *Women's and children's poverty: making the links* (<http://bit.ly/2zIUJa5>)