Exploring the Economic Impact of Brexit on Women

March 2018
EXECUTIVE SUMMARY

WBG believes that there is strong evidence that the overall impact of Brexit on UK GDP will be negative and that a no deal ‘Hard Brexit’ would be the most damaging. This would have serious implications for women as workers, consumers and (if the Government response was to cut public spending) as users of public services.

**Impact on GDP**

- Uncertainty about what form Brexit will take makes it impossible to accurately predict either the overall economic impact or the gendered implications in the UK. However, the majority of economists predict a negative impact on GDP with estimates of a fall, compared to the situation had we remained in the EU, ranging from of 1.5% to 9.5%.
- The least damaging scenarios are those which are closest to the current situation under EU membership (i.e. retain membership of the Single Market and Customs Union), 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.

**Impact on women as workers**

- If the economy shrinks this is likely to lead to job losses, particularly in sectors that are heavily dependent on trade with the EU. These include sectors such as clothing and textiles which have a majority female workforce.
- 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.

**Impact on women as users of public services**

- The projected downturn in GDP is likely to result in further cuts to government spending which will have disproportionate impact on women, especially the most vulnerable and disadvantaged.
- A poor trade deal with the EU would put the UK in a weaker position to resist pressure from countries which are likely to require greater access for their companies to tender to deliver public services in the UK as the price of a trade deal.
- Trade deals with non-EU countries 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 Living 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 and will be vulnerable to change by a future government once the UK leaves the EU.
- 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, again a poor trade deal with the EU would mean the UK was in a weaker position to resist such pressures.
- 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, the effects of which will be felt most severely by the poorest households.

The process of Brexit is diverting political attention and increasing levels of public resources away from urgent social issues such as the crisis in social care, housing and economic inequality all of which disproportionately affect women.
Introduction

It is well established that trade agreements can have significantly different impacts on different groups of women and men because of differences in economic position, caring responsibilities and power. However, there has been little work to date on the potential gender impacts of the UK’s post Brexit trade deals.

With continued uncertainty about what trade agreement the UK will reach with the EU, and therefore what trade agreements with the rest of the world will be possible and/or necessary, it is difficult to predict with certainty what these gendered impacts might be. However, since the early 2000s, a number of analytical frameworks have been developed to assess the gendered impacts of trade agreements. One commonly used framework focusses on the implications of trade agreements for employment, for consumption and for the provision of public services. This briefing uses this framework to set out some of the main gender issues arising from Brexit.

Impact of Brexit on UK GDP

The clear majority of attempts to model the economic impact of Brexit have concluded that there will be a long-term negative impact on UK GDP with GDP being smaller compared with what would have happened had the UK remained in the EU. Estimates vary significantly depending on assumptions about future trading relationships with the EU. The least damaging scenarios are those which are closest to the current situation under EU membership, while ‘no deal’ scenarios are predicted to be the most damaging:

- Prior to the referendum the UK Treasury projected a range of possible impacts of Brexit by 2030 from a fall in GDP of 3.8% if the UK joined the European Economic Area to 7.5% under a ‘no deal’ option compared to what GDP would have been if the UK remained in the EU.
- The LSE Centre for Economic performance argued that these estimates were conservative and estimated a GDP loss of 6.3% to 9.5% by 2030.
- Price Waterhouse Coopers estimated that GDP by 2020 would be 3% lower if a free trade agreement is reached and 5.5% lower if no deal was reached by 2020 and 1.2 and 3.5% lower by 2030.
- The National Institute of Economic and Social research analysis predicted that GDP would be between 1.5% and 7.8% lower by 2030 than it would have been if the UK stayed in the EU.
- In January 2018 Buzzfeed reported leaked findings of a UK Government study of the economic impact of Brexit by 2033. This predicted GDP would be 2% lower if the UK

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6 PWC (2016) Leaving the EU: Implications for the UK economy (https://pwc.to/2l1EoCM)
7 National Institute of Economic and Social Research (2016) The Economic Impact of Leaving the EU (http://bit.ly/2mBFYAn)
remained in the Single Market, 5% lower under a comprehensive free trade agreement and 8% lower under a ‘no deal’ scenario.⁸

WBG believes that there is extremely strong evidence that the overall impact of Brexit upon the UK economy will be negative and that a no-deal ‘Hard Brexit’ would be the most damaging. This would have serious implications for women as workers, consumers and (if the Government response was to cut public spending) as users of public services (see below).

### Possible models for Brexit

#### Staying in the Single Market – ‘the Norway model’

The UK could become a member of the European Economic Area and remain in the Single Market (like Iceland, Norway and Liechtenstein). This would mean the UK would continue to avoid tariffs, quotas or taxes on trade with the EU. As it would be required to abide by EU regulations, the UK would not face additional non-tariff barriers.¹⁰ The UK would have to accept the free movement of goods, services, capital and workers, make payments to the EU budget and accept the jurisdiction of the European Court of Justice (ECJ). The UK would be bound to follow EU rules, but would have no say in the way these rules are created. Before the referendum, several prominent Leave campaigners argued that the UK could stay in the Single Market once it left the EU.¹¹ However, the Government has already ruled out staying in the Single Market.

#### Customs Union only – ‘the Turkey model’

The UK could join the customs union, meaning that there would be no tariffs or quotas on most goods traded with the EU (excluding services or agricultural goods). However, if UK consumer, environmental and other regulatory standards started to diverge from the EU, UK manufacturers would face non-tariff barriers. The UK would have to accept common tariffs set by the EU on goods from outside the customs union, which would reduce its ability to negotiate separate trade deals with non-EU countries. Trade in services would face significant barriers. Services account for £120 billion in UK exports – around half of which go to the EU.¹² This has a significant potential gender impact because of the large numbers of women working in the service sector.

#### A free trade deal – ‘the Canada model’

The UK could negotiate a free trade deal similar to that which the EU has agreed with Canada (the Comprehensive Economic and Trade Agreement, CETA). This took seven years to finalise. It removes most tariffs on goods and liberalises trade in some services. Even under a Free Trade Agreement, there will be ‘non-tariff’ costs involved in ensuring UK goods for export to the EU continue to meet EU standards. The UK would also face costs as a result of ‘rules of origin’. For example, if the UK made trade deals which accepted imports of goods from a third country that did not meet EU standards, the EU would want to ensure that these goods were not imported into the EU via the UK

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⁸ Buzzfeed (2018, 29 January) ‘This Leaked Government Brexit Analysis Says the UK Will Be Worse Off In Every Scenario’ (http://bzfd.it/2HPRbUv)

⁹ Tariffs are taxes on imports and exports.

¹⁰ Non-tariff barriers refer to all barriers to trade that are not taxes on imports or exports such as quotas, rules about product standards, packaging, health and sanitary requirements and rules of origin.

¹¹ Huffington Post (2016, 17 November) ‘Open Britain Exposes All the Times Brexieters Promised We Wouldn’t Leave the Single Market’ (http://bit.ly/2otFI4T)

and the mechanisms to do this would involve additional costs. The impact of these technical requirements and administrative costs have been modelled at around +5% of the value of traded goods which will have impact on markets and on the public purse.

No deal – ‘World Trade Organisation (WTO) rules’

If the UK is unable to negotiate a deal with the EU, it would probably revert to trading on terms set by the WTO (although the UK’s membership of the WTO is through the EU so the UK would need to negotiate membership). A withdrawal from the Single Market with no preferential access for services such as transport and financial services is predicted to result in very high losses, for example a decline of 18-25%, representing £8.8-10.1 billion, in UK financial services exports alone. In addition, there would be an average tariff of 5.3%, but tariffs of up to 10% on some goods. Of the 19 sectors that would face tariffs of over 5% several including textiles and clothing and food employ large numbers of women.

These different models for Brexit will have different impacts which may be more or less damaging to the economy. 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 (see below).

Trade deals with non-EU Countries

The EU has trade agreements with 65 countries. The UK’s ability to negotiate new agreements with other countries (including these 65) will depend on what trade agreement it reaches with the EU. If the UK joins the customs union, then it will need to impose the same tariffs as the rest of the EU on these countries.

Leave campaigners have argued that leaving the EU will free up the UK to negotiate better trade details with other countries. However, the UK will be in a weaker negotiating position as a single country than it was as part of the EU because it represents a smaller market. This means that the UK may not be able to secure the same terms as it had as a member of the EU. A poor trade deal with the EU would put the UK in a weaker position to resist pressure from countries which may require a reduction in environmental or consumer standards, or greater access for their companies to tender to deliver public services in the UK, as the price of a trade deal.

Based on trade deals elsewhere, and the now abandoned deal between the US and the EU (TTIP), trade deals with non-EU countries 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 Living Wage or bringing services that have been privatised back ‘in house’. There were already concerns over these provisions within TTIP, however outside the EU the UK would be in a weaker position to resist similar, or more far-reaching provisions.

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13 See Financial Times (2016, 18 December) ‘Post-Brexit trade may hinge on non-tariff barriers’ [http://on.ft.com/2CoQJxc]
14 Ibid.
Cinderella status of gender mainstreaming

Negotiating trade deals is highly complex and time-consuming. The UK is starting from a position of disadvantage because it lacks experienced trade negotiators (since our trade negotiations have been carried out through the EU). Ensuring during negotiation that trade agreements and policies reflect gender equality objectives and do not undermine the realization of women’s economic rights is known to be a highly complex process requiring specialist knowledge. This process is not universally embedded even in the practice of experienced trade negotiators.\textsuperscript{19} The UK will need to build from scratch the skills required to undertake impact assessments of potential trade deals and to conduct trade negotiations informed by complex technical analyses.

The UK’s historic and current ‘gender-blindness’\textsuperscript{20} in approaches to the economy, resulting in failures to integrate and value the different contributions of women and men to the economy and their different needs makes it unlikely that this will happen. The UK Government’s failings in this regard have been documented extensively, for example in the Shadow CEDAW report of 2013.\textsuperscript{21} Despite women and girls being over 50% of the UK population, their rights and needs remain marginalised and conditional in the business of government, with Westminster failing to meet many of the standards for the Inter Parliamentary Union’s evidence-based framework for gender-sensitive parliaments.\textsuperscript{22} Gender impact assessments and gender-responsive budgeting and planning are not mainstreamed and the gendered impacts of Brexit were largely absent from pre-referendum discussions.

What will Brexit mean for women as workers?

Employment opportunities and threats

In the short term, predictions that increased uncertainty as a result of Brexit would lead to slower growth and a squeeze on wages\textsuperscript{23} appear to have been borne out. In March 2018 the Office for Budget Responsibility projected that GDP would grow by only 1.4% annually over the next five years in part as a result of Brexit.\textsuperscript{24} Low wage growth and increased inflation led to a real-terms fall in average full-time wages of 0.4% in 2017.\textsuperscript{25}

In the longer term there are likely to be winners and losers. Increased barriers to trade will hit sectors that rely heavily on export to the EU and the industries that supply them as well as those sectors that rely on the EU for their inputs (raw materials or products that they need to operate).

The three sectors most reliant on exports to the EU for revenues are mining and quarrying, 43% of whose revenues come from EU exports, manufacturing (21%) and financial services (10%). The sectors most dependent on the EU for inputs, and therefore likely to see increased costs, are

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\textsuperscript{23} TUC (2016) Taking the temperature of the post-Brexit economy: Britain’s economic prospects after leaving the EU (http://bit.ly/2zOl1qY)
\end{flushright}
manufacturing (20% of non-staff costs), health (mainly the NHS) and social care (18%) and accommodation and food (15%). These sectors are likely to see increased costs.

The gender impact of contractions in these sectors will vary. Mining and quarrying is a male-dominated sector (84% of workers are men). Many manufacturing jobs are male dominated such as motor vehicles (80% men), but other such as textiles, leather and related goods employ a majority of women (55%). Financial services employ 56% men and 44% women. Health and social care are heavily female-dominated sectors (77% of workers in the health sector and 80% in social care are women). These sectors have already been impacted by loss of EU staff, a trend which may increase post Brexit (see below). Increased cost of inputs may put further pressure on budgets, leading to further job losses.

Impact will vary across different parts of the country. While 49% of UK exports go to the EU, some regions and nations rely more heavily on exports to the EU than others. 61% of exports from the north of England and Wales, for example go to the EU compared to 43% from London and the West Midlands. The TUC estimates that about one in ten jobs in the English regions and Scotland and one in 20 jobs in Wales and Northern Ireland are linked to EU exports.

Meanwhile if the price of imports from the EU increases, 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 or adapt to and benefit from such opportunities. Men as a group tend to have more of these resources than women. For example, women tend to have lower total wealth in the form of savings and investments than men. Therefore, gendered employment effects of new trading arrangements are likely, in which women gain less than men do.

For example, after the introduction of NAFTA (the North American Free Trade Agreement), some of the most disadvantaged workers – many of whom were women – were unable to find new opportunities for work. This means that the Government should be planning for the needs of different groups of workers who will be affected by Brexit taking into account that their access to the resources and skills required to participate in the labour markets on decent terms is heavily influenced by their gender and their position in society.

The available evidence illustrates that liberalisation of trade does not automatically provide increased employment opportunities for women, as this is highly dependent on the sectors that may expand or contract in any given country.

**Skilled or specialist workforce**

There is currently a recruitment crisis in the NHS and in healthcare provision more widely in the UK, which employs over 2 million people, of whom 77% are women. 62,000 of these workers are

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26 House of Commons Library (2017) Importance of trade with the EU for UK industries (http://bit.ly/2FANEJa)
28 House of Commons Library (2017) Importance of trade with the EU for UK industries (http://bit.ly/2FANEJa)
29 TUC (2016) Taking the temperature of the post-Brexit economy: Britain’s economic prospects after leaving the EU (http://bit.ly/2zOl1qY)
33 Ibid.
34 Health Education England (2017): Facing the facts, shaping the future (http://bit.ly/2t0K2gQ)
women from the European Economic Area\textsuperscript{36} within which free movement of workers is allowed. One in ten doctors in the UK is a graduate from an EEA country.\textsuperscript{37} Once the UK leaves the EU it is uncertain whether these people will be able to continue to live and work in the UK. A recent article in The Lancet identified a high possibility that Brexit will make the UK less attractive to healthcare workers from the EU for many reasons, including recognition of professional qualifications.\textsuperscript{38} In the context of a pre-existing staffing deficit and continued underinvestment in training, this has implications for the effectiveness of the NHS as well as for EU women whose talents will be lost to the UK. While this may lead to increased employment opportunities for UK women these may be short-lived if the projected negative impact of Brexit on the economy leads to reduced spending on public services. If the EU staff working in the NHS leave and are not replaced this will increase the pressure on remaining staff.

**Low-paid work with limited progression**

A UK market sector with the lowest import/export outputs at 0% is residential care services and social work services. This low-paid sector currently employs 1.37 million women, who make up 80% of the workforce\textsuperscript{39} and demographic projections indicate that the sector is likely to continue expanding.\textsuperscript{40} EU nationals (currently almost 5% of the workforce) may leave the sector in significant numbers during and after Brexit. Analysis for the Work Foundation suggests that people working in such ‘low-skilled’ service sectors (predominantly women), especially those with temporary or casual employment status (predominantly women) are most at risk post-Brexit of gradually eroding employment standards, for example employment protection and minimum wage regulations.\textsuperscript{41} Any short-term increase overall in the demand for UK women’s labour in such sectors may have short-term positive effects for the material status of those women but risks being detrimental to the long-term strategic goal of reducing women’s economic disadvantage and widening women’s options.

**Employment rights and protections for women**

There is considerable concern that employment rights and protections for women are at risk after Brexit, creating a more hostile and less supportive working environment for many, both women and men. Much of the legislation protecting women’s employment rights in the UK has its origins in the European Union or was strengthened by judgements made in the European Court of Justice.\textsuperscript{42,43} The UK Government has committed to convert current EU legislation into domestic law in the first instance, through the European Union (Withdrawal) Bill. As it stands, this legislation grants Ministers wide-ranging powers to amend, repeal, or modify the effect of retained EU law and other domestic law, including primary legislation and the EU (Withdrawal) Bill itself. While the stated purpose of the powers is to enable Ministers to make technical changes to the law to ensure the UK has a functioning statute book post-exit day, and not to make substantive policy changes,\textsuperscript{44} the Bill as drafted will allow Ministers to make such substantive changes, including to the Equality Acts 2006 and 2010 and to employment law.

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\textsuperscript{36} The European Economic Area consists of all EU countries plus Iceland, Liechtenstein and Norway.


\textsuperscript{38} Ibid.


\textsuperscript{40} Skills for Care (2017) The state of the adult social care sector and workforce in England (\text{http://bit.ly/2otpn0g})


\textsuperscript{43} TUC (2016) UK employment rights and the EU (\text{http://bit.ly/2BVGve2})

\textsuperscript{44} ‘Legislating for the United Kingdom’s withdrawal from the European Union’ (white paper), March 2017, 3.17
These powers, as well as the lack of a ‘backstop’ in EU law, mean that there is a real risk that the hard-won labour market rights of women, such as rights to unpaid parental leave, equal treatment and paid annual leave rights for part-time workers, could be rolled back under future plans for a ‘competitive’, highly deregulated, and ‘flexible’ labour market post-Brexit. A specific example of predicted change is given in a legal briefing for the TUC, indicating Government’s likely intention to repeal the Agency Workers Regulations - which will disproportionately affect women. Such concerns appear well founded. In October 2017, the Prime Minister appointed a new Brexit Minister, Martin Callanan, who made a speech to the European Parliament in 2012 in which he named the Agency Workers Directive as well as the Pregnant Workers Directive as “barriers to actually employing people” which “we could scrap”.

This scenario is particularly likely under a reversion to WTO rules. This might encourage a ‘race to the bottom’ where competing for foreign direct investment (FDI) of the kind that is dependent on cheap labour could incentivise a roll-back on workers’ rights. Indeed, in the UK, workers in sectors that already have high FDI are more likely to report greater economic insecurity.

The second threat is to ongoing developments in legislation for women’s rights. The UK does not have comparably influential institutions to those working in the EU to further gender equality, and at home, grassroots gender equality movements have been weakened by austerity. Inside the EU, the UK government has had a history of blocking progressive legislation (e.g. a proposal under the Pregnant Workers Directive for 20 weeks paid maternity and 2 weeks paid paternity leave) which does not bode well for progressive legislation once outside the EU. At the same time, the rights of workers within the EU may continue to be enhanced under new EU directives in the future.

There is no guarantee that UK workers would benefit from these enhanced rights unless the UK remains within the Single Market and is therefore bound by EU rules.

WBG is a member of the #FaceHerFuture Coalition, co-ordinated by the Fawcett Society, which is campaigning on the impact of Brexit upon the rights of women and girls in legislation - further information can be found at www.faceherfuture.co.uk/.

Freedom of movement

Currently there are around 1.2 million British citizens residing in the remaining EU member states and more than 3 million EU citizens currently living in the UK. There is a lack of detail to date on how the Government will protect the rights of these citizens.

In the UK, those EU citizens who can show five years continuous legal residence in the UK before the cut-off date of 29 March 2017 will be granted ‘settled status’ (leave to remain). Those in the UK before the cut-off date but without five years continuous residence can apply for temporary status.

References:

45 TUC (2016) UK employment rights and the EU (http://bit.ly/2BVGv0z)
53 TUC (2016) UK employment rights and the EU (http://bit.ly/2BVGv0z)
until they have been in the UK long enough to apply for ‘settled status’. However, in order to have been legally resident in the UK an EU citizen who is not a worker or a student must have comprehensive sickness insurance cover. This requirement is particularly likely to impact on women because their disproportionate responsibility for unpaid caring and other reproductive labour may mean periods out of paid employment or self-employment. A number of EU citizens who have applied for permanent residency have been told that they do not qualify because they had not taken out health insurance.56 As a result, many families are living in strained and uncertain circumstances. It is not clear what rights EU citizens who move to the UK after the cut-off date will have.57

Women workers in global context

The UK was a key partner in the development of the United Nations’ Sustainable Development Goals which have a target date of 2030 and which have a strong focus on the empowerment of women and girls.58 Goal 5 is to ‘Achieve gender equality and empower all women and girls’ and a number of targets relevant to economic policy are set out for member states.

Globally, the gender pay gap is 23% and women carry out three times as much unpaid household and care work as men, which can make women less adaptable or resilient to changing patterns of economic incentives. Research in Asia shows that in some countries, trade and investment liberalisation has been associated with widening gender pay gaps, as women’s cheap labour has been used to cut costs to maintain export competitiveness.59 Using women as a source of cheap labour under poor working conditions provides a competitive advantage to producers but it is highly questionable whether it benefits women or gender equality in the longer term.60 It is the responsibility of UK Government to insist that any trade deals ensure the equality and economic wellbeing of women in trading partner nations as well as in the UK.

What will Brexit mean for women as consumers?

Effect of a weak negotiating position

EU consumer law sets the framework for consumer rights in the UK.61 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. If the UK becomes more reliant on trade with countries outside the EU as a result of a poor deal with the EU, it may result in the rolling back of consumer rights and the erosion of consumer protections including, potentially, health and safety protections as well as food standards.62

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60 UNCTAD (2014) Virtual Institute’s Training Material on Gender and Trade (http://bit.ly/2CsEUu)
62 Ibid.
63 The Independent (2017, 31 July) ‘Brexit: Food Standards Agency should be able to say no to chlorinated chicken’ (https://ind.pn/2CN1PaN)
Food

In the pre-Brexit period UK food production is suffering from a lack of manual labour to harvest food and this situation is forecast to worsen after Brexit. Post Brexit, different trading models would have different implications for food costs.

Around 30% of the value of food purchased in the UK is imported, 70% of gross food imports are from the EU. In the case of a no deal ‘hard Brexit’, under WTO rules the UK would have to apply the same tariffs to food from the EU as from the rest of the world. This, combined with a falling value of the pound, has potential to have a substantial impact on the prices households pay for food. The poorest households would be hardest hit by rising food prices: 23% of the poorest tenth of households’ expenditure is on food, compared to the richest tenth who spend 10%.

This will disproportionately affect women, who are more likely than men to be poor and who tend to have main responsibility for the purchase and preparation of food for their children and families, and for the management of budgets of poor households. Rising costs of food will add a further burden to the risks (see below) of cuts to welfare and public services affecting women disproportionately. Some in the Conservative Party have supported the call by Economists for Free Trade for the UK to lift all tariff barriers, including for food. This would reduce food costs, but have a severe impact on UK agriculture (as well as large parts of the UK economy vulnerable to imported goods).

Average household costs

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, the effects of which will be felt most severely by the poorest households. A report from the LSE puts the decline in household income after Brexit at between £850 and £6,400 per year. Women are the main managers of family poverty and the shock-absorbers of poverty, and in attempting to shield their families from poverty’s worst effects women tend to bear the brunt of the effects.

What will Brexit mean for women as users of public services?

Funding of public services

Despite the rhetoric of some from the ‘Leave’ camp during the referendum campaign, that Brexit would result in windfalls of spare money to spend on public services such as the NHS, the reality will be different. The UK’s net contribution to the EU is around £8bn a year, around 0.4% of GDP. This saving to the public purse would be wiped out if leaving the EU causes even a small fall in GDP. Analysis by the IFS forecasts that the projected budget deficit in 2019-20 as a result of the economic

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64 Financial Times (2017, 3 November) ‘Migrant labour shortage leaves fruit rotting on UK farms’ (http://on.ft.com/2otIgAm)
68 Jacob Rees-Mogg MP’s speech at the launch of Economists for Free Trade’s Budget for Brexit report Tuesday 14th November 2017 (http://bit.ly/2FBbsMT)
72 The amount paid to the EU minus the amount returned through different EU funding mechanisms.
impacts of Brexit will be an additional £20-40 billion.\(^73\) By 2030, assuming tax and spending remain constant as a proportion of GDP, the IFS projects public spending will be between £7 and £48 billion lower than otherwise. If the Government decides to cut public spending in response to a fall in GDP, in the way that Governments since 2010 have done in response to the 2008 economic crisis, this will have clear implications for widening inequality between women and men.

As WBG and others have repeatedly shown, public services and associated social infrastructure are relied upon more by women than by men.\(^74\) Reductions in public spending have a disproportionate negative impact on women as the primary users of public services, the majority of workers in the public sector and the main providers of unpaid work when public services are cut.

While there is considerable variation among black and minority ethnic (BME) women in the UK, they are, on average, even more likely than white women to occupy a socio-economic position that makes them vulnerable to cuts in benefits and public services and less likely to benefit from tax changes. Since austerity measures were introduced in 2010, research by WBG and the Runnymede Trust has shown that among the poorest 20% of households, black and Asian households have seen their living standards fall by 11.6% and 11.2%, while the living standards of white households in this group fell by 8.9%. In cash terms this represents a cut of £5,090 for black households, £6,526 for Asian households and £3,316 for white households.\(^75\)

Austerity measures have reduced local authority funding at the same time as they have moved away from grant giving to commissioning of services and this has had a profound impact on organisations that support women.\(^76\) The lifting of ring-fenced funding and introduction of competitive tendering procedures have had a disproportionate effect on women’s voluntary and community organisations, particularly those supporting BME women, which tend to be small, while larger, generic providers are being favoured despite their inability to cater to the most vulnerable women with services that should be holistic, flexible and gender-sensitive.\(^77\) Local authority spending on the infrastructure that enables men and women to go to work has also suffered as a result of government cutbacks – which are likely to increase as GDP falls after Brexit at the same time as EU sources of funding for infrastructure projects will be curtailed.

The UK government’s failure to prioritise gender equality in its actions since the crisis of 2008, notably the focus upon austerity, has resulted in policy that has increased the economic insecurity and inequality of women, with the most vulnerable women being the hardest hit. Further stresses upon public spending, if Government reacts in a similar way, will deepen women’s inequality.

**Entitlement to quality public services**

A report for the EU\(^78\) identified a high risk that the liberalisation and privatisation of services (such as social care or healthcare services) may lead to ‘the replacement of state-based entitlements with market-based individualised entitlements for those who can afford them, and poverty and overwork

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for those who cannot’. A number of services traditionally provided by the public sector are now increasingly subject to competition from foreign companies and globally recent trade agreements have restricted governments’ ability to regulate in the public interest including making provisions for businesses to take legal action against governments if expected profits are at risk of being undermined.

Concerns about the impact of the services and investment chapter in the EU Canada trade agreement (CETA), led to a widespread campaign by trade unions and trade justice campaigners across the EU. In response the EU and Canada announced that they had agreed a new Investment Court System to increase transparency and preserve the rights of Government to regulate in the public interest. The EU has also argued that CETA includes exemptions for public services from the services chapter. However, critics nevertheless argue that the investment provisions remain unduly favourable to multinational companies and in particular that the investment chapter does not include an exemption for public services.

David Davis’s enthusiasm for CETA as a model for future trade deals raises concerns about the public service and investment provisions that these might contain. A weakened negotiating hand for the UK as a result of Brexit may result in new trade agreements under which a foreign service supplier could challenge regulations designed to protect the quality of public services, on the basis that they may constitute a trade barrier.

Meanwhile the quality of public services, particularly the NHS, is additionally under threat from the potential loss of EU workers who may decide, or be forced to, leave the UK post Brexit. Furthermore, the NHS is set to lose money through the loss of capital financing from the European Investment Bank, the rising cost of recruitment, and higher costs of pharmaceuticals and other medical products as a result of Brexit.

**Violence against women and girls (VAWG)**

Legislation on VAWG has outcomes for women in the economy, as users of public services as well as from the perspective of women’s access to justice more widely, and for the realisation of women’s human rights. Many of the advances made in respect of VAWG originated in the EU, for example the Victims’ Rights Directive and the European Protection Order. While some progressive legislation has originated in the UK such as the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 there are concerns that Brexit may signal a departure for the UK from the progressive standards being promoted across the EU.

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It is relatedly of concern that many research projects of influence in the UK concerned with VAWG have been funded through the European Union (e.g. the DAPHNE Programme) and there is as yet no indication of whether, or how, such funding streams may be replaced. Similarly, EU Social Funds support large numbers of voluntary organisations providing support to women and there is no clear information about what will replace them.

**Services for women facing multiple disadvantage**

Women facing multiple disadvantage have significantly different experiences to men, as for them homelessness, substance misuse and contact with the criminal justice system are more likely to come alongside experiences of abuse, violence, trauma, and poor mental health. As work by Agenda has shown, the provision of services for such women is patchy, with only 19 out of 173 unitary or upper tier local authorities in England and Wales providing services that address all of the above issues, and with services rarely designed in a holistic way.\(^{90}\)

Women facing multiple disadvantage are amongst the most invisible in our society and in the Brexit debate, but Agenda finds that services that support them often rely on EU funding streams such as the European Social Fund. For example, the Lancashire Women’s Centres, which provide high quality, integrated health and social care services to women and their families, are set to lose an estimated 14% of their funding if such funding streams are not replaced.\(^{91}\) If these organisations were to lose vital funding, many vulnerable women could lose out on life-changing services.

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**What should UK Government be doing?**

Drawing upon the recent EU study on gender equality in trade agreements\(^ {92}\) we make the following recommendations:

**What questions should be being asked?**

A number of issues arise for investigation and discussion by stakeholders in the Brexit process, including parliamentarians and negotiators. These questions should guide careful modelling of the potential gendered impact of different models of Brexit to inform policy development and the development of suitable mitigating strategies to be implemented by Government.

What are the sectors (goods and services) most likely to expand in the UK?
- What is the gender composition and distribution of the workforce in these sectors?
- How will expansion affect gender equality as a result?

What are the sectors (goods and services) most likely to contract in the UK?
- What is the gender composition and distribution of the workforce in these sectors?
- How will contraction affect gender equality as a result?

What is likely to happen to women’s employment, skills and pay in the countries the UK will choose to trade with?

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\(^{91}\) Fawcett Society (2017), ‘#FaceHerFuture European Union (Withdrawal) Bill House of Commons committee stage briefing’

How will fiscal contraction impact upon public services, their gendered uptake and gendered patterns in the labour market?

- What safeguards can be written in for the provision of quality public services?
- What is the gender composition and distribution of the labour force and consumer profile in affected services?
- How can small and specialist service providers and those supporting women at the margins or outside of the labour force be protected?

What impact will different trade agreements have on household expenditure on essential items such as food?

What impact will different trade agreements have on women’s rights as consumers?

**During negotiations**

- 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 adverse impacts.
- Use sex-disaggregated statistics as standard and analyse for 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.
Written by

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UK Women’s Budget Group, March 2018

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

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The Fawcett Society

The Fawcett Society is the UK’s leading membership charity campaigning for gender equality and women’s rights. Our vision is a society in which women and girls in all their diversity are equal and truly free to fulfil their potential; creating a stronger, happier, better future for us all.

We publish compelling research to educate, inform and lead the debate; we bring together politicians, academics, grassroots activists and wider civil society to develop innovative, practical solutions; we work with employers and in schools and we campaign with women and men to make change happen.

#FaceHerFuture

The non-partisan, Brexit-neutral #FaceHerFuture campaign brings together over 20 women’s, girls’, and equalities organisations, recognising the referendum outcome as a call to action to defend the rights of women and girls and an opportunity to set a positive agenda for progress.

Find out more at: www.fawcettsociety.org.uk/faceherfuture
In collaboration with

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Equality. It’s about time.

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