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G7 warns of Brexit ‘shock’ to global economy

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SENDAL, Japan: A British vote to quit the European Union would inflict a “shock” on the global economy, G7 ministers said Saturday, presenting a united front against the prospect of a “Brexit.”

Among the most vocal was German Finance Minister Wolfgang Schaeuble, who strongly cautioned against opting to leave the 28-member EU in next month’s referendum.

“We were all of the opinion that it would be the wrong decision for the UK,” Schaeuble said at the conclusion of two days of talks in northern Japan among Group of Seven finance ministers and central bank chiefs. “But it’s a decision to be taken by the British voters. We’re concerned that it could have negative consequences for the European and the world economy.”

The club of rich nations also issued a statement that warned a Brexit would only worsen the outlook for an unstable world.

“Uncertainties to the global outlook have increased, while geopolitical conflicts, terrorism, refugee flows, and the shock of a potential UK exit from the European Union also complicate the global economic environment,” they said.

As the June 23 referendum on Britain’s future draws closer, finance minister George Osborne said his meetings with G7 counterparts underscored the gravity of the in-out decision.

If voters opt to leave, Britain would find it “extremely difficult” to conclude trade deals with European Union countries, he told the BBC.

“If Britain left the EU, and wanted access to the single market... then we would need to pay into the EU budget and we’d have to accept free movement of people but we’d have no say over those policies at all,” he said.

“We would have a two-year period to negotiate our exit with 27 other countries, we’d then have to negotiate new arrangements...and at the same time conclude over 50 trade deals with countries that aren’t even in Europe.”

‘Remain’ camp leading
During that extremely difficult process, businesses would have “no certainty” about the future and so would not take on new workers or invest, he said. “It hits people’s incomes, it hits the value of houses, it hits businesses and jobs. People are beginning to understand that.”

With just over a month to the vote, the “Remain” camp is on 55 percent and the “Leave” campaign on 45 percent, according to the What UK Thinks website’s average of the last six opinion polls.

On a visit to London last month, US President Barack Obama said Britain being in the EU magnified its global influence, and outside the bloc it would go to the “back of the queue” when it came to signing trade deals.

International Monetary Fund Managing Director Christine Lagarde has also lent her voice to the “Remain” campaign, warning that quitting the EU would be “pretty bad to very, very bad” for the British economy.

The Treasury in London on Friday released data showing that by 2018, house prices in Britain would fall by at least 10 percent and up to 18 percent due to the “profound economic shock” that would result from a departure. **AFP**

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