

Surviving Brexit? US Companies Should Prepare to Avoid Massive Disruption

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Ahead of the March 29 date when the United Kingdom (UK) is set to leave the European Union (EU), U.S. companies are filled with worry about the worst-case scenario. [Brexit](#), short for “British Exit,” reflects the UK’s decision to leave the EU, a political and economic union of 28 countries which trade with each other and allow citizens to move freely between the countries. After British Prime Minister Theresa May’s [exit agreement defeat](#) in January, not too many remain hopeful of a smooth transition period.

What does all this mean for U.S. companies? In a “no-deal” scenario, the UK would sever all ties with the EU with [immediate effect](#), providing no guarantees to citizens’ for rights of residence and significantly disrupting businesses through lengthy tailbacks of lorries, new checks on cargo, and overall instability. Travel might also be affected, making what used to be an easy trip for salespeople, technical personnel, and executives and drawn out process of clearing customs and less assurance of easy movement.

What’s more, Brexit has already impacted the flow of the U.S. economy. The day after the Brexit vote in 2016, the [Dow fell 610.32 points](#), reflecting investors’ growing lack of confidence in the market. When the euro and pound fell, both increased the value of the dollar, which has the opposite effect of making [American shares](#) more expensive for foreign investors. The weakened pound also makes U.S. exports to the U.K. more expensive, and as America’s fourth-largest export market, it affects the U.S. farming and manufacturing sectors. A no-deal Brexit will not only affect U.S. stocks, but [bond yields](#) might also take a hit, forcing investors and other entities into government bonds for more safety. This means an effect on investment and retirement accounts for regular Americans.

There’s no use in ruminating over what the U.S. could have done to preliminarily prepare. What matters now is getting on the front-end of what could prove a bumpy ride. U.S. companies using the U.K. as a gateway to free trade with the other 27 EU nations might start considering creative and innovative solutions for a new gateway. On the up-side, Brexit as a symbol of anti-globalization could mean that the UK is taking a step down from the financial main stage. With the uncertainty flowing through the U.K. about the ability to keep its international clients, U.S. preparation could mean significant gains and a chance to reclaim its place as stable global finance giant.

