



AS THE WORLD TURNS

We are all concerned about Brexit at the moment but what does it mean to you, your business, and your supply chain.

On Thursday June 23rd 51.9% of the voters in a special election voted to have Great Britain leave the European Union. Both Scotland and Northern Ireland however backed staying in the EU with 62% and 55.8% respectively voting to remain.



The European Union is an economic and political partnership of 28 European countries formed to promote economic cooperation. Those in favor of leaving the European Union believed that Great Britain was being held back by the European Union. They claimed the European Union imposed too many rules on business and assessed billions of pounds a year in the form of membership fees. Many felt that selling goods and services to the European Union should have been easier. Today their fate in a new world order remains to be defined.

While it was a surprise to many that the vote went the way it did, we have to be realistic and not panic. It will be 2-3 months before a new government is in place that will replace former Prime Minister David Cameron who said he will resign based on the Brexit vote. Once the new British government is installed, they have two years of negotiations which will take place to define multiple trade agreements and other interactions with its former partners in the European Union.

What should you be doing while the dust settles? That depends on your current business involvement with Great Britain. Do you sell goods and services to customers in Great Britain? Generally speaking you may see a downturn in business as the weaker Pound makes your goods more expensive. Alternatively for those companies who have transportation contracts denominated in Pounds you will find that on a US dollar equivalent, those services will become less expensive. You should expect to experience a reduction in the costs of goods sourced from Great Britain. Your business may also see the impact of a slowing of the British economy due to all of the uncertainty that will exist in the near term.

Begin to develop an early action game plan. You will want to identify if any changes should be made within your supply chain. Do a quick assessment to determine links between your business and Great Britain. Speak with your carriers to determine what, if any, changes are anticipated. Keep in mind that both Scotland and Northern Ireland may want to break off from Great Britain and stay in the European Union.

Don't be surprised in this year. To learn more about how Data2Logistics can guide you through these surprising times please contact Harold B. Friedman, Senior Vice President Global Corporate Development at: harold.friedman@data2logistics.com or +1 609.577.3756.