BRITISH CHAMBERS OF COMMERCE

EU REFERENDUM BRIEFINGS

PRICES AND CURRENCY

Membership of the EU affects the prices businesses pay, and can charge, for goods and services traded across borders. This happens through several channels; the impact of regulation; common customs requirements; zero tariffs within the Single Market but common duties imposed on trade outwith it; the impact of competition. These influences are not static but constantly evolving. As the UK is not a member of the Eurozone the value of Sterling is also important. In focus groups held across the UK over Q4 2015 – Q1 2016, businesspeople wanted more clarity on how either referendum outcome would impact prices through these channels in the future.

Vote Leave

The UK is one of the world's most open economies with the combined value of exports and imports equal to 60% of GDP. The prices that businesses pay for inputs and the revenue received for their outputs are central to the performance of British firms and the wider economy.

BRITAIN STRONGER IN EUROPE

*The official Leave campaign says:

"There is no evidence that the course of this referendum is having a substantial effect on the currency or is driving movements in the foreign exchange markets.

It is unlikely that there will be any substantial effect on the currency from leaving the EU. The UK will retain its powers over monetary policy, keep sterling, and take back control of the regulation of financial stability.

Outside the EU, we will be able to strike free trade agreements with emerging economies, such as Brazil, India and China. This is likely to reduce prices for consumers.

EU membership increases the costs of consumer goods. The EU's Common Agricultural Policy artificially inflates food prices and consumer prices for other goods imported from outside the EU are raised as a result of the common external tariff and nontariff barriers to trade imposed by the EU."

*The official Remain campaign says:

"A vote to remain in the EU will help to maintain a stable currency and low prices. The absence of import duties on goods from the EU combined with increased competition from being part of a market of 500 million drives down prices for consumers. This is supported by a wide range of independent, expert evidence.

As fluctuations in the currency market have shown, the uncertainty around a British exit from the EU could have an impact on sterling and inward investment, potentially lasting for years as a new deal is negotiated. Furthermore, potential import duties could increase costs for businesses and consumers while longer-term regulatory divergence would increase costs further."

For more information on the official Remain and Leave campaign positions on this and other issues please visit:

Vote Leave: **www.voteleavetakecontrol.org**

Britain Stronger In Europe: **www.strongerin.co.uk**

British Chambers of Commerce

*The British Chambers of Commerce (BCC) is strictly neutral in the EU referendum debate. The BCC solicited material for this briefing from both official campaigns and the responses are reproduced here verbatim.