



# THE BREXIT JOURNEY

With blow by blow details of all things Brexit now dominating the UK news agenda it's easy to lose sight of the bigger picture. Alliance Trust Savings' James McCafferty takes a step back with this quick reminder of the journey we're on to leaving the EU. From its start to expected finish.

## 7 May 2015

Conservative party leader David Cameron wins the majority in the UK general election with a manifesto that includes the commitment to hold a referendum on EU membership.

## 23 June 2016

That referendum sees the UK vote to leave, by 51.9% against 48.1%. Cameron immediately announces he is stepping down, and is replaced on 13 July 2016 by Theresa May.

Sterling plunges to a 31-year low on currency markets<sup>1</sup> in the immediate aftermath of the result being announced. On Friday 24 June the FTSE falls 7% in early trading but recovers to end the day 3.15% lower<sup>2</sup>, with the Bank of England having reassured investors that it would take any measures necessary to prevent a fresh crisis.

The main ratings agencies downgrade either the UK's credit rating or its outlook within days of the referendum, while the International Monetary Fund (IMF) is among other financial organisations also downgrading forecasts for the UK economy.

## 29 March 2017

Prime Minister Theresa May triggers Article 50 of the Treaty on European Union, starting the clock on the process of the UK leaving the EU.

Article 50 came into force on 1 December 2009 under the Treaty of Lisbon, giving member states a way to leave the EU at their own instigation for the first time.

## 26 June 2017

The first phase of formal negotiations on withdrawal between the UK and the EU begin.

## 8 December 2017

UK and EU negotiators announce they have reached agreement in principle on "protecting the rights of Union citizens in the UK and UK citizens in the Union; the framework for addressing the unique circumstances in Northern Ireland; and the financial settlement"<sup>3</sup>.

## 13 December 2017

The government is forced to guarantee parliament a "meaningful vote" on the final Brexit deal, after a number of Conservative MPs support opposition calls for a final say.

## 15 December 2017

At a summit meeting, the EU agrees to move on to the second phase of negotiations.

## 19 March 2018

Negotiations take another step forward, with agreement reached on issues including a post-Brexit transitional period and the status of EU citizens in the UK during that period. There is no consensus on the Northern Ireland border issue, however. With the pound strengthening on news of an agreement on transition terms, the FTSE closes down 1.7%<sup>4</sup>.



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James is Platform Proposition Manager at Alliance Trust Savings and has responsibility for the ongoing development of the platform and products. He has over 15 years industry experience gained in the Intermediary Business at Cornelian Asset Managers and in previous roles with F&C and Standard Life.

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#### December 2018

The draft withdrawal deal is ratified by the EU Council on 25 November and must now go forward to the UK Parliament for approval.

#### January to March 2019

If the deal is approved, the government will then put forward the EU (Withdrawal Agreement) Bill, writing into law some of the key details of the withdrawal and transition. If it isn't approved a no-deal 'cliff-edge' Brexit could begin to look like a real possibility.

#### 29 March 2019

Brexit day. The UK ends its membership of the European Union at 11pm and, if a deal has been approved it enters a transition period that will – based on what's been agreed with the EU at the time of writing – last until 31 December 2020 when a new economic and political relationship between the UK and the EU will, if successfully negotiated by then, begin.

#### 7 July 2018

The UK Government cabinet agrees on a new plan for EU withdrawal (the 'Chequers plan'), based on a common rulebook with the EU for all goods. Two days later, Brexit Secretary and UK chief negotiator David Davis resigns in protest, but there is little impact on currency or investment markets<sup>5</sup>.

#### 17 September 2018

The IMF warns that a disruptive ('no deal') exit from the EU would have "dire consequences" for the UK economy, which would "rapidly start to contract"<sup>6</sup>.

#### 20 September 2018

The EU declares key aspects of the Chequers plan unworkable, with concerns over the proposals for the Northern Irish border and a view that it would undermine the principles of the single market<sup>7</sup>. The pound subsequently sees its biggest fall in 2018, with the FTSE jumping as a result<sup>8</sup>.

#### 14 November 2018

After a tense few days of speculation, the Cabinet approves a draft Brexit deal agreed between the UK and EU negotiating teams.

<sup>1</sup> Guardian – Pound slumps to 31-year low following Brexit vote – 24 June 2016.

<sup>2</sup> BBC – Stock markets tumble after leave vote – 24 June 2016.

<sup>3</sup> gov.uk, Joint report on progress during phase 1 of negotiations under Article 50 TEU on the UK's orderly withdrawal from the EU, 8 December 2017.

<sup>4</sup> Proactive Investors – FTSE 100 closes nearly 1.7% lower as Brexit deal strengthens sterling – 19 March 2018.

<sup>5</sup> BBC – Brexit Secretary David Davis resigns – 8 July 2018.

<sup>6</sup> Guardian – IMF chief highlights recession risk of no-deal Brexit – 17 September 2018.

<sup>7</sup> Guardian – Salzburg humiliation leaves May idling at the Brexit crossroads – 20 September 2018.

<sup>8</sup> Guardian – Pounds fall on renewed fears of a no-deal Brexit – as it happened – 21 September 2018.