

Will the UK Say “Cheerio” to the EU?

On June 23, citizens of the United Kingdom will vote on whether to remain in or leave the European Union. MCAA wondered what a potential “Brexit” might mean for our members doing business in Europe.

“Whichever way the vote goes, I don’t see it having a major impact on the process control markets in the region, and even less on the North American markets,” said Alex Chausovsky, Senior Analyst with ITR Economics. “If Britain does decide to leave the EU, it could have a limited negative impact on exports of process control equipment from EU member states, as Britain does have a cost advantage in manufacturing. Beyond that, the impact would be negligible.”

Along with any financial implications associated with a British exit, there is also the issue of its possible effects on the certification process for process controls equipment. “While it is impossible to predict the outcome and impact of a historical vote such as the one being proposed in BREXIT, there are a number of facts we can discern which should provide confidence to manufacturers that their certified products will continue to be acceptable in Europe,” said Dana Parmenter, Vice President of Industrial for the CSA Group.

“The first and most important item to consider is that a vote to leave the EU would just be the very first step. The manner of the exit then has to be negotiated with the EU. It is expected such a process would take 2 to 5 years and possibly longer. It is not simply a case of ‘in or out’; because of the way the EU is constituted, each legal treaty or arrangement would need to be re-confirmed, re-negotiated or subjected to an agreed withdrawal. The expectation is that the UK’s exit negotiations would yield a free trade agreement with the EU. This would be inclusive of the adoption of EU certification/regulation in UK. ”

Parmenter also stated that, “Were a positive BREXIT vote to force a total exclusion of UK certification bodies, which is extremely unlikely, the agency you elect for these services may offer additional protection. CSA has various laboratories in the EU and through a process of data recognition of our UK laboratories and transfer of certificates/accreditation to another CSA entity in Europe we have provided an avenue of last resort and the insurance needed to mitigate risk regardless of the BREXIT outcome.” Other test labs likely have similar options.