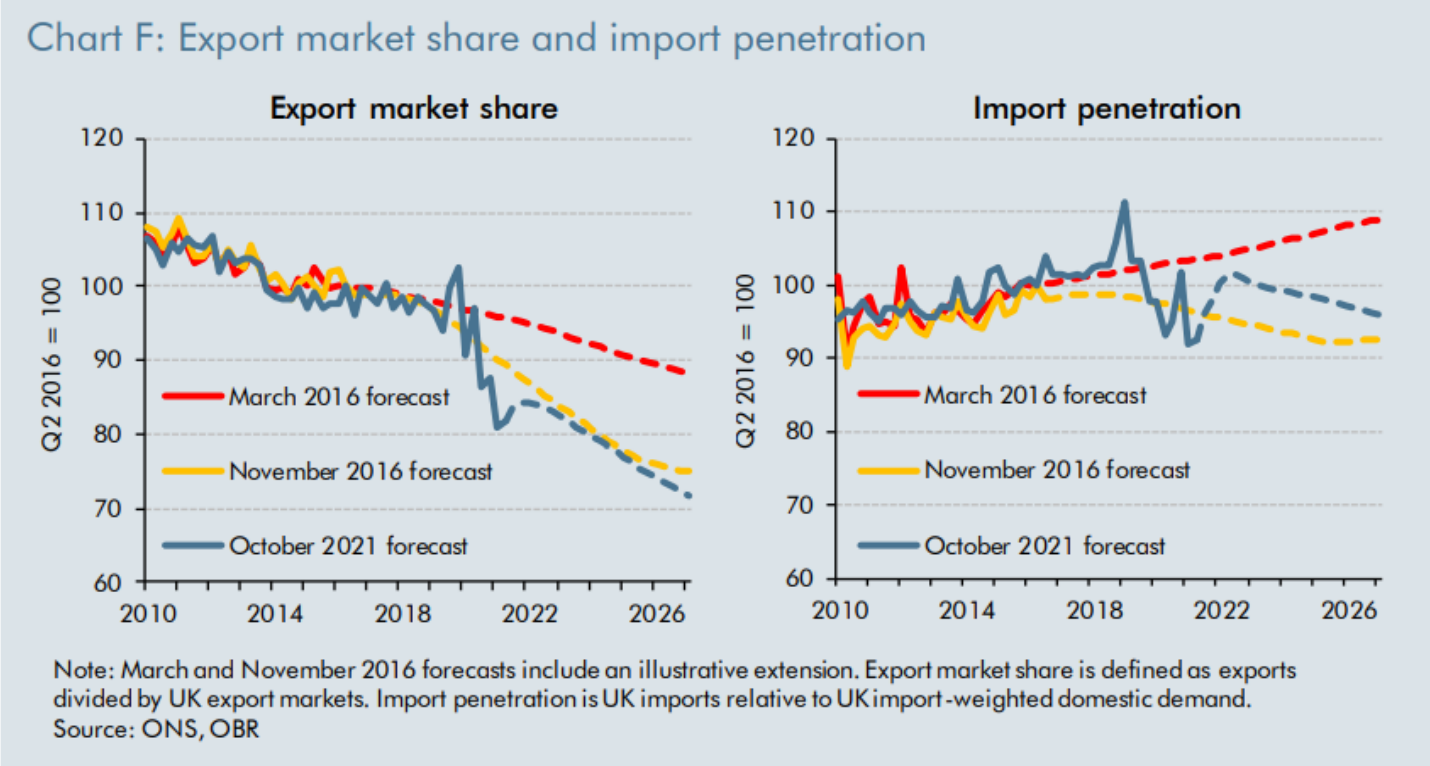
Twitter Thread by Anton Spisak

Anton Spisak
@AntonSpisak

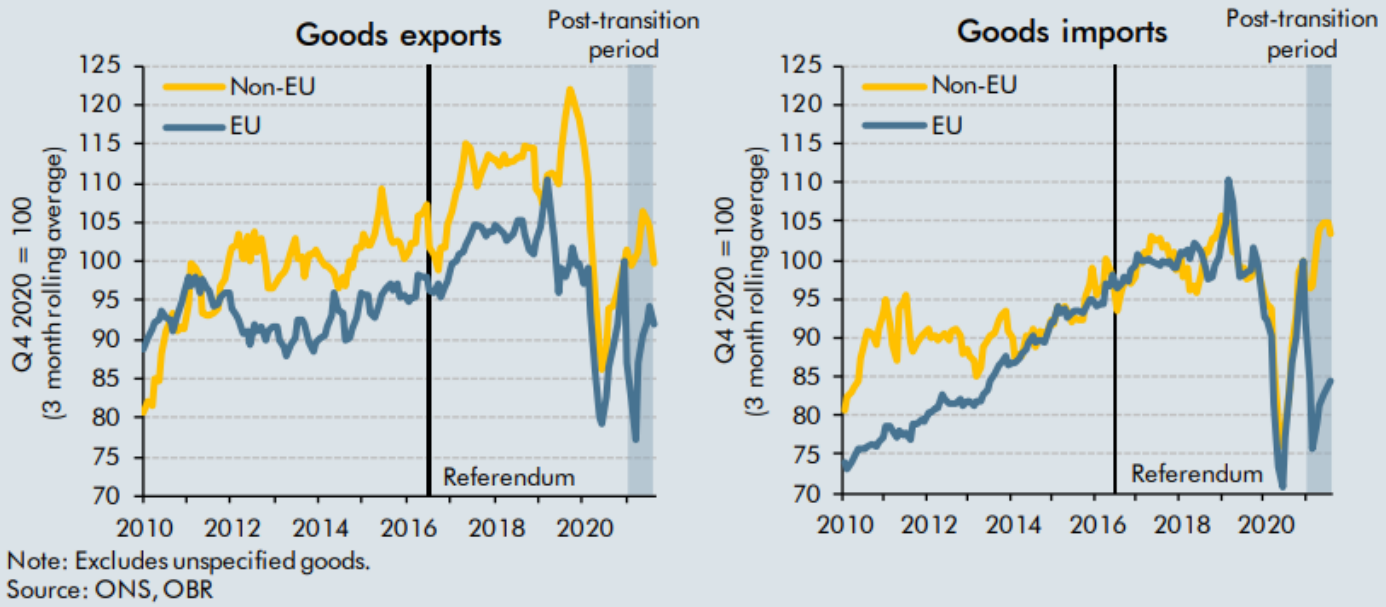
Amid all the talk by the Chancellor about the Brexit dividends, one could forget that the OBR has updated its assessment of the economic impacts of Brexit:

1) Import and export intensity reduced by Brexit, consistent with the OBR's 2016 assumption of a 15% reduction in each



2) Trade volumes down, estimated 15% lower than had we stayed in the EU

Chart E: EU and non-EU goods trade



Note: Excludes unspecified goods.
Source: ONS, OBR

(The OBR cites the analysis that @JohnSpringford has done isolating the effects of Brexit)

> Of course, some of the recent disruption to trade was associated with the onset of the pandemic in early 2020, the more stringent testing of lorry drivers initiated in response to the spread of the Alpha variant at the turn of the year, and the emergence of supply bottlenecks as the global recovery gathered pace. The Centre for European Reform has attempted to isolate the impact of Brexit using a 'doppelganger UK' (constructed as a weighted average of other countries' gross goods trade flows) as a counterfactual for what would have happened had the UK remained in the EU. That analysis concluded that, since the transition period ended, leaving the single market and customs union had reduced UK goods trade by 15.8 per cent as of August 2021.[b]

3) The OBR notes (rightly) that, because the UK-EU TCA is yet to be fully implemented, trade barriers will "rise further" and "probably take several years to come through"

4) Most importantly, the OBR claims that Brexit will lead to a 4% reduction in long-run potential productivity.

In other words, Brexit will have made the UK poorer by 4% in the long run.

> Since our first post-EU referendum *EFO* in November 2016, our forecasts have assumed that total UK imports and exports will eventually both be 15 per cent lower than had we stayed in the EU. This reduction in trade intensity drives the 4 per cent reduction in long-run potential productivity we assume will eventually result from our departure from the EU.

All of which is consistent with most of the pre-referendum (and post-referendum) estimates of the impacts of Brexit. Coincidentally, by the same experts that, as a senior member of the current government once said, people had enough of.