

BRITAIN STRONGER IN EUROPE

HOW THE EU BENEFITS BUSINESS

UK businesses benefit from Europe through the trade, investment and funding they get as a part of the EU. Full access to the Single Market is vital for UK exporters since they have access to the single market, the world's largest free trade area, and a seat at the table when rules are written means the UK's voice is heard.

Benefits of being inside the EU

The EU is the UK's largest customer – buying almost half of what we sell to the rest of the world. In 2014 alone, we sold [£229bn](#) worth of goods and services to EU countries.

There are [200,000 businesses](#) that engage in goods trade alone with the EU. [75% of UK businesses](#) that trade goods internationally do so with the European Union.

Independent analysis shows that 3.1-4m jobs are linked to trade with the EU – around one in ten British jobs. The EU is also the largest source of investment for the UK, accounting for [48% of the stock of Foreign Direct Investment](#) in the UK.

Over the past decade we have benefitted from investment of [£24bn](#) a year on average, which is over £66m per day.

Access to larger markets allows UK businesses to increase productivity growth, with exporting firms accounting for 60% of UK productivity growth.

The UK also benefits from free trade agreements with over 50 countries thanks to our membership of the EU, accounting for [60% of the UK's trade](#), which would all need to be renegotiated if we leave the EU creating further uncertainty for UK businesses.

Thanks partly to pressure from the UK, the EU is extending the Single Market to new fields, such as digital, and pursuing major new trade deals with further countries around the world, including the US.

The next stage of development of the Single Market, with a focus on bringing down the remaining barriers to trade in services, energy and digital, alongside completing major ongoing trade deals will increase [UK GDP by a further 4% - equivalent to £2,800 for every household in the UK](#).

Funding for businesses could also be at risk in case of Brexit. The Bank of England has warned that Brexit could lead to a rise in interest rates, which would hurt funding for small firms. Businesses, particularly small businesses, benefit from investment from the EU. For instance, businesses will share in the £8.7bn the UK will receive under EU structural funds.

How the EU single market benefits British business

The following unique features of the EU single market benefit British business.

- **Zero tariffs.** There are zero tariffs on all goods trade between countries who are full members of the EU's single market. There is no free trade agreement between the EU and a third party country which has this arrangement.
- **Full access to service markets.** As a full member of the EU's single market we have full access to the EU's service markets. This is vital for our economy, 75% of which is comprised of services.

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- **Influence over regulations.** As a full member of the EU's single market we have equal influence in setting vital economic regulations our businesses must adhere to, meaning our Ministers can defend and promote our domestic industrial interests. This would be lost if we left, handing power to our continental competitors.
- **A bloc of 500 million consumers.** As a free trade area of 500 million, the single market is the world's largest free trade zone.
- **Opening up global markets.** As a full member of the EU's single market, the UK has access the over 50 countries' markets, from South Korea to Mexico, because they have access to free trade deals struck with the EU. We would lose this if we left.

Businesses are clear remaining in the EU is best for British business

Federation of Small Businesses: "The European Single Market is good for business. The Federation of Small Businesses (FSB) welcomes the European Commission's push to make the market a more flexible and fairer place to operate." [link](#)

Confederation of British Industry: "Access to a \$16.6 trillion a year Single Market of 500m people is the key benefit. UK firms' access to the Single Market goes beyond a standard free-trade agreement. The EU has eliminated tariff barriers and customs procedures within its borders, and has taken strides towards removing non-tariff barriers - such as different product regulations - by enforcing EU-wide competition law and coordinating product regulations." [link](#)

Dave Hodgetts, UK Managing Director, Honda: "I think you can see very clearly that the reliance on the overall European economy for British manufacturers is actually very high. We have very strong markets in Europe, and globally as well, but we are more dependent on the European region for the exporting of our products. Anything that weakens our ability to trade with the region would be detrimental to UK manufacturing." [link](#)

Toshiyuki Shiga, Chief Operating Officer, Nissan: "The UK is part of the European Union, [that] is very important ... From the foreign investor point of view I hope that the UK will remain as an EU member." [link](#)

Ivan Menezes, Chief Executive, Diageo: "We're very clear that Britain in the EU is a good thing ... It's good for our business, it's good for the Scotch whisky industry. Free trade agreements tend to be a negotiation and you've got more clout doing it as the EU than you would as a single country." [link](#)

Gavin Patterson, CEO, BT Group: "I am concerned [about Brexit] because I think it would be a mistake for the UK to leave the EU. If I look at our business, the EU is fundamental ... If we came out of the EU, that would make us less competitive ... For us, it makes sense for us to stay in, it's about making sure we've got the right opportunities to grow the business, it's about jobs for people in the UK, it's about attracting investment to the UK." [link](#)

Small and large business surveys also show how business supports remaining in the EU

[A CBI survey](#) in 2013 showed that 86% of companies with 5,000+ employees believe that it would be in the best interest of their business for the UK to stay in the EU.

[The Financial Times](#) – Institute of Chartered Secretaries and Administrators (ICSA) Boardroom Bellwether survey from December 2015 found that:

- 70% of FTSE-350 companies believe Brexit would damage their business, an increase from 63% in the summer.
- Only 2% believe leaving the EU would be positive for their business.

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[A survey for Grant Thornton](#) published in January 2016 showed that 87% of senior UK mid-sized business leaders support the UK remaining a member of the EU. Only 7% of respondents said they support Britain leaving.

[A Goldman Sachs/Aston University survey](#) of 10,000 small businesses published in February 2016 showed that 75% of small businesses want to remain in the EU, compared to 6% who want to leave.

[An RSA survey of SME](#) exporters published in February 2016 showed that 82% see European markets as important to their future growth.