

Defying Gravity: The UK Business Model after Brexit

The UK economy will be affected by its separation from the single market

Annual change	Average 2000-07	Post-2021 economic potential, annual average		
		Extensive FTA	Limited FTA	No FTA
Real GDP	2.9%	1.9%	1.3%	0.8%
Real private consumption	3.3%	3.0%	2.0%	1.2%
Real business investment	1.6%	1.5%	1.0%	0.3%
Real total exports	5.1%	2.5%	1.5%	0.5%
Nominal GDP	5.2%	4.2%	3.5%	2.5%

NB: FTA = Free Trade Agreement

Sources: ONS, Euler Hermes, Allianz

One **key determinant** of future economic growth in the UK is its degree of access to the **European Union's Single Market**.

- In our [baseline scenario](#), the EU and UK negotiate a **limited Free Trade Agreement**, and GDP growth averages around 1.3%, less than half the pre-crisis average.
- **Without a trade deal**, the UK's growth potential would be less than 1% (0.8%).

NB: These estimates are done all things equal and do not take into account a substantial overhaul of the UK growth drivers.