

## **Lawyers shouldn't fear Brexit**

By Tony Williams

27<sup>th</sup> November 2017

Despite talk of the end of globalisation, foreign direct investment continues to grow — and the amount of legal work grows with it, writes Tony Williams

With the election of President Trump and the Brexit vote, one might assume that the era of globalisation, promoted by the lowering of trade barriers and the free flow of capital, is ending.

But recent research demonstrates that the issues are more nuanced than the political rhetoric suggests.

Clearly Trump's decision to withdraw from the Trans-Pacific Partnership and his move to renegotiate the North American Free Trade Agreement are potentially negative steps.

However, a thorough review of the data makes it clear that global flows of goods, services and investment are continuing to grow, albeit more slowly than in the past. The volume of world trade in merchandise export volumes has only fallen twice this century, by a tiny fraction in 2001 and by about 12 per cent in 2009 after the global financial crisis.

Perhaps more relevantly to law firms, the value of foreign direct investment has continued to grow steadily to nearly \$1,700 billion (about £1,300 billion) in 2016 with that investment split between \$1,030 billion to developed countries and \$646 billion into developing countries.

These movements in trade and investment matter to law firms because they advise on the underlying transactions and the disputes that emanate from them. Any reduction in activity adversely affects the legal sector.

Firms need to understand the sectors generating these flows and the location of the importer and exporter of such goods, services and capital to focus their investment in offices, sectors, "best-friend" relationships and client development initiatives.

In the context of the Brexit discussions, experience has shown that negotiating free trade deals with countries of strategic economic importance tends to be tortuous and time consuming.

Negotiating with the UK may be easier than with the EU, but every country has its own sensitivities. And in relation to trading with the US the issues of chlorinated chicken and genetically modified crops have already arisen.

The concept of free trade is relatively easy. The devil is in the detail of acceptable industry standards, from food safety to medicines to car parts. Without a level of agreement as to what is or is not acceptable and how compliance will be monitored or enforced, trade can grind to a halt.

The research data clearly shows that barriers to free trade and investment continue to be lowered, although there are occasional protectionist tendencies involving certain countries or sectors.

Brexit has the potential to disrupt investment in and trade with the UK, but once any transition is complete, the UK has the opportunity to be a leading proponent for free trade and capital movement. If that is the case both the UK and its lawyers will be winners.



*Tony Williams is the founder of Jomati Consultants in London, which has just published the research paper [A Retreat from Globalisation? The Potential Risks and Rewards for the Legal Sector](#)*

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