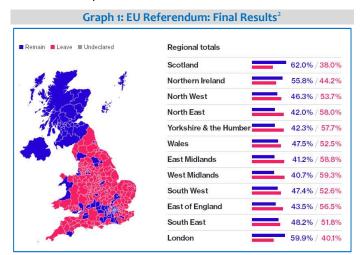
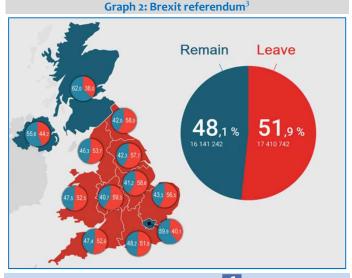
## **Brexit**

#### June 24, 2016, until 16:00

#### **RESULTS OF BREXIT**

The British Prime Minister David Cameron will resign in the fall because of Brexit. According to him, decision of the voters should be respected and it would be wrong, if he tries to steer the country in a completely different direction than until now. Cameron said no specific date at the press conference, however the October party conference should choose a new prime minister.1





BOHUSLAV SOBOTKA, PRIME MINISTER 1

Despite the feelings of disappointment that many of us feel over the outcome of the British referendum, it is necessary to see that this is not the end of the world, and certainly not the end of the European Union. Britain just goes in a different path than the European integration is. It is a serious and irreversible decision. The British will have lesser influence on what is happening in Europe and their country will be generally weaker and less important. They will again have to struggle to keep Scotland in the coming years. We should agree with the British quickly and rationally the exit from the EU. It is necessary to minimize the negative consequences for the citizens of the EU and the Czech Republic. The European Union must change quickly. Not because, the Britain exited from it, but because the European project needs a much stronger public support. Europe must be more capable, more flexible, less bureaucratic and more responsive to the diversity that 27 Member States naturally represents. The EU represents to us, the Czech Republic, the best conceivable guarantee of stability, peace and prosperity, but it must go through changes that will give it more vitality and confidence of citizens.

#### LUBOMÍR ZAORÁLEK, MINISTER OF FOREIGN AFFAIRS



Disappointed with the outcome of the UK's EU referendum, however I respect it. We must start thinking how to restore the legitimacy of the EU project.

#### LUBOMÍR ZAORÁLEK, MINISTER OF FOREIGN AFFAIRS, MFA

We respect the result of the referendum held on 23 June 2016, in which the citizens of the United Kingdom decided to leave the EU.

The EU goes on even after this decision of the British citizens. The Czech Republic is interested in its effective functioning. Therefore I wish that we would be able to take a lesson from the result of the British referendum. Its outcome is an example of what can happen when there is a lack of explanation of European policy actions.

The EU should better react to its citizens' everyday needs. Future EU integration must therefore take place only in those areas where it can convince citizens and show them

I will meet with all my European counterparts in Luxembourg today and we will discuss the consequences and further necessary steps in connection with the UK referendum result.

# Andrej Babiš, Minister of Finance



British citizens have decided. It is necessary to respect their decision. Also, do not act rashly at the same time, we see what treaties the Britain will negotiate. The EU leaves a big Eurosceptic voice, which does not mean that the problems criticized by the British disappeared. Do not disappeared. We should not allow the core EU countries to urged member states to a deeper integration and to an acceptance of unfavorable conditions now. The European Union, however, has been slapped, and will have to react vigorously to it and to reform visibly, or else there is a risk getting another [slap].

<sup>&</sup>lt;sup>1</sup>iDnes, June 24, 2016: Cameron will resign by October; http://zpravy.idnes.cz/david $cameron\text{-}reakce\text{-}brexit\text{-}df3\text{-}/zahranicni\text{.}aspx?c\text{=}A160624\_091333\_zahranicni\_mlb\#utm$ \_\_source=feedly&utm\_medium=feed&utm\_campaign=zpravodaj&utm\_content=main

Bloomberg, June 24, 2016: EU Referendum: Final Brehttps://www.bloomberg.com/graphics/2016-brexit-referendum/

<sup>&</sup>lt;sup>3</sup> Aktualne.cz, June 24, 2016: http://zpravy.aktualne.cz/zahranici/jak-hlasovala-britanieo-vystoupeni-z-evropske-unie-zeme-se/r~84ac6d8439d411e68247002590ofea04/

<sup>&</sup>lt;sup>4</sup> E15, June 24, 2016: Brexit won; http://zpravy.e15.cz/zahranicni/politika/brexit-zvitezilpro-odchod-z-eu-hlasovalo-52-procent-britskych-volicu-

<sup>1304213#</sup>utm\_source=hp&utm\_medium=selfpromo&utm\_campaign=e15rss

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# JAN MLÁDEK, MINISTER OF TRADE AND INDUSTRY 5.6



British people spoke, it should be respected! Time came for Velvet Divorce! One big treaty should be replaced by hundreds small ones.

According to him, the position of the Czech Republic in the promotion of key priorities for EU internal market will probably weaken and there is a risk of introducing protectionism in the EU.

The United Kingdom Czech is one of the most important partners in many key areas within the European Union. It is important partner for us also because of his extraordinary position outside the euro area.

Common commercial policy will be in the interest of Czech exporters continue to work. It will be necessary to set a new balance between liberal and more protectionist Member States, because Britain was a traditional ally of the Czech Republic and other countries, such as Sweden, Finland, the Netherlands or Germany, whose priority is to open up world markets.

According to him, it is in the interest of the Czech Republic to keep the United Kingdom closest to the EU, not only from an economic perspective. The question is how the founding states will cope with the situation, and how the Eurozone reacts. It will probably again delay the adoption of a common currency by the Czech Republic. Britain have negotiated opt-outs, so it is not so close connection. But it means that the EU will now discuss other issues than the enlargement of the euro area.

## MICHAELA MARKSOVÁ, MINISTER OF LABOUR AND SOCIAL **A**FFAIRS<sup>7</sup>

According to Minister Marksová, Brexit is regarded as a very negative thing. Referendum results will threat mainly the British people, but it will not be easy nor for Czechs working in Britain. According to the MLSA, there are about 37,000 people, but Minister Marksová admits that it is the minimum value.

# MOJMÍR HAMPL, VICE-GOVERNOR OF THE CZECH NATIONAL

We on the continent have no choice, but accept with humility the decision of British voters. But it is also necessary to say that the outcome of the British referendum sends a serious message to all other members of the European Union. The United Kingdom and the rest of Europe and their institutions can deal with any short-term market shocks. But much more serious are long-term impacts of Brexit.

# CONFEDERATION OF INDUSTRY



Brexit is bad news for the Czech and the European business, which clearly supported the remaining of the United Kingdom in the family of EU countries.

# VLADIMÍR DLOUHÝ, CI, PRESIDENT



Brexit is bad news for the whole Europe. The result in any case must not be "more of the Union", but "the Union differently"...

I am not happy with the outcome of the British referendum, as well as with the Brexit itself. However, it is probably logical outcome of moods and trends in Europe in recent years that had no response at the 'EU elites'. Britain will probably experience a political earthquake and, for example, the voices of the Scotland will be more intense on separation from the United Kingdom. What will be the impact to the Czech Republic? I am not resorting to catastrophic scenarios in this case, despite the fact that the importance of the United Kingdom to the Czech foreign trade has risen considerably in recent years. It will certainly have a negative impact to some exporters, but I do not think that this should be reflected in the standard of living of ordinary Czech citizen.

What I see as rather negative impact for us is that in the pan-European discussions we are losing the ally in opinion that can counteract healthily the influence of the continental European powers such as Germany and France. One thing must be heard – result of Brexit in no case can be "more of the EU", i.e. "tightening" (as I have already registered in some statements today), but rather "the other EU" that must go through substantial catharsis and reform...

#### RADEK ŠPICAR, CI, VICE-PRESIDENT<sup>9</sup>

The Czech Republic, as well as the rest of Europe, will now deal with the consequences of the UK exit. The long-term future of Czech-British trade will depend on a form of a new relationship between the European Union and Britain. If it is a divorce where both partners will try to blackmail and rob each other, it can have serious consequences. It is necessary to keep a cool head now and negotiate with the British reasonable conditions that will not force their goods, investments and services from Europe. According to Article 50 of the EU Treaty, there is time period of two years for it, although some British Conservatives expect negotiations of about five years. The role of Germany and France will strengthen in Europe, and one of the scenarios may be closer integration around the euro area. Czech Republic's interest in this situation, when everything in Europe will change, is to be as closely as possible to the hard core, which among other things means also the consideration of the euro adoption.

## KAREL HAVLÍČEK, PRESIDENT OF THE ASSOCIATION OF SMALL AND MEDIUM ENTERPRISES<sup>10</sup>

"We do not expect major disruptions. However, at this time an economic model for further cooperation must be negotiated, which will be very difficult. On the basis of the relative positions of the EU and the UK after these agreements, it will be possible to estimate the further development. When the situation calms, actions will be rational and economic relations will not change. He recalled that Britain one of the three most important

Blesk. online: https://www.blesk.cz/clanek/zpravy-June. 24: Brexit svet/402798/brexit-online-dalsi-zeme-chteji-referenda-preskupi-se-evropa.html

ČTK, June 24, 2016: Mládek and Confederation of Industry point out to negative impacts of Brexit; vhttp://www.ceskenoviny.cz/zpravy/mladek-i-svaz-prumysluupozornuji-na-negativni-dopady-brexitu/1365116

<sup>&</sup>lt;sup>7</sup> Frekvence 1, Junje 24, 2016: Minister Marksvová, Brexit wil threat 37,000 Czechs at http://www.frekvence1.cz/radio/zaznamy-poradu/ministryne-prace-asocialnich-veci-michaela-marksova-brexit-ohrozi-nejmene-37-tisic-cechu-22754

Brexit online; https://www.blesk.cz/clanek/zpravysvet/402798/brexit-online-dalsi-zeme-chteji-referenda-preskupi-se-evropa.html

<sup>&</sup>lt;sup>9</sup> iHned.cz, June 24, 2016: http://byznys.ihned.cz/c1-65345710-horska-draha-skoncilatrhy-s-pokracujicim-scitanim-britskych-hlasu-zamirily-prudce-

 $dolu?utm\_source=mediafed\&utm\_medium=rss\&utm\_campaign=mediafed$ 

<sup>&</sup>quot;Finace.cz, July 24, 2016: http://www.finance.cz/zpravy/finance/469511-havlicek-pobrexitu-zavladnou-emoce-pak-se-situace-uklidni/

business destinations is for Czech entrepreneurs. The volume of our exports already has surpassed the 3<sup>rd</sup> Poland in the first four months of 2016, thanks to CZK 130 billion positive balance of trade. Britain is also an important contributor to the so-called net exports, and thus positively affects GDP. It is extremely important for small and medium businesses in the accessories for the automotive industry, mechanical engineering, electrical appliances, toys, sporting goods, etc.

#### **EXIT FROM THE UEROPEAN UNION**

- Article 50 of the Lisbon Treaty addressed withdrawal from the European Union. A Member State, which decides to withdraw, shall notify the European Council of its intention. The EU with regard to its guidelines (EC) will negotiate and conclude an agreement on a withdrawal with this State, taking into account a framework of its future relationship with the Union.
- British Prime Minister David Cameron can start the process according to Article 50 at the summit in Brussels, which will be held June 28 and 29.
- An entrusted bureau, probably the European Commission, will conduct negotiations on the withdrawal of the United Kingdom from the. After the European Parliament approves the agreement on the withdrawal of the country from the EU, it is subsequently ratified by EU states.
- Opinion on a future form of relations between the British Isle and the "rest" of the EU during further negotiations, including such fundamental things as future access to the single market. The British are not part of the Schengen area and the Eurozone, therefore it will not be necessary to negotiate them.
- According to Article 50, both sides should have two years for negotiating dozens of contracts, in which the United Kingdom included as a member of the EU. According to European Council President Donald Tusk, however, seven years at least will be needed to meet all the requirements. The extension, however, needs the consent of all member states.
- It is also necessary to resolve questions about negotiations of the United Kingdom in ministerial councils or EU Summits during a transition period, about the British Presidency in 2017, or the British MEPs and the EU staff.
- Article 50 of the EU Treaty also contains a reminder that if the country attempts again to enter after leaving, it is covered by the same conditions as every other European state that requests EU membership.

IMPACT TO THE MARKETS					
Valid for 23 Jun 2016 # 122 <sup>12</sup>					
Country	Currency	Amount	Code	Rate	
EMU	euro	1	EUR	27.060	
Japan	yen	100	JPY	22.481	
United	pound	1	GBP	35.335	
Kingdom					

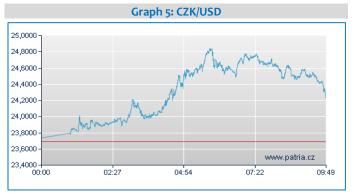
<sup>&</sup>quot; E15, June 24, 2016: Brexit won; http://zpravy.e15.cz/zahranicni/politika/brexit-zvitezil-pro-odchod-z-eu-hlasovalo-52-procent-britskych-volicu-

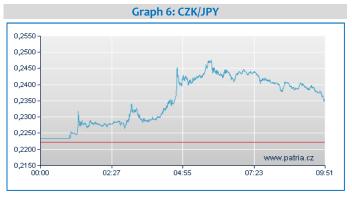
**USA** dollar 1 USD 23.761

FOREX online, 24.6.2016 <sup>13</sup>					
Currency	Purchase	Sale	Change		
CZK/JPY	0,2378	0,2380	7,07%		
CZK/USD	24,4100	24,4600	2,48%		
CZK/EUR	27,0840	27,1000	0,09%		
CZK/GBP	33,4922	33,5549	-5,75%		









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<sup>&</sup>lt;sup>12</sup> CNB, June 24, 2016: Foreign exchange Market:

The data for current working day are available after 14:30; http://www.cnb.cz/en/financial\_markets/foreign\_exchange\_market/exchange\_rate\_fi

<sup>&</sup>lt;sup>13</sup> Patria.cz, June 24, 2016: https://www.patria.cz/kurzy/CZK/EUR/graf.html

