

## **UK Trade Policy Observatory, The Managing Partners' Forum and City-REDI – Written evidence (PBS0025)**

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### **UK Trade Policy Observatory**

The UKTPO is a partnership between the University of Sussex and Chatham House that initiates, comments on and analyses trade policy proposals for the UK and trains British policy-makers, negotiators and other interested parties through tailored training packages. The UKTPO is committed to engaging with a wide variety of stakeholders to ensure that the UK's international trading environment is reconstructed in a manner that benefits all in Britain and is fair to Britain, the EU and the world.

### **City-REDI**

Based within the Business School at the University of Birmingham but including researchers from a range of disciplines, [City-REDI](#) focuses on developing an academic understanding of major city regions across the globe. Its local focus is Birmingham and the West Midlands. City-REDI delivers policy, strategy and research which supports economic growth and prosperity by undertaking work that explores the complex and inter-related way in which people and systems work across urban areas.

### **The Managing Partners' Forum**

The [Managing Partners' Forum](#) brings together professional firm leaders to share ideas on strategic leadership and management excellence. The Forum's goal is to support the growth, productivity and prosperity of the UK's largest business sector. This involves connecting and creating value in the professional services community, and also acting as an independent voice of professional services to Government, and providing direct access to policymakers.

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***This evidence deals with Questions 1, 2, 3, 6, 10 and 12 of the Committee's Call for Evidence.***

***Executive Summary***

- The Professional and Business Services (PBS) sector continues to provide high value, good quality jobs and adds £190bn to the economy, making a vital contribution to the UK economy in terms of jobs, international trade, and the overall competitiveness of the UK manufacturing sector. The contribution of PBS firms to international trade in services is most likely underestimated.
- The UK is a major exporter of PBS, which provides 32 percent (£66bn) of the UK's services exports. It is seen as one of the most important growth sectors in the UK over the next fifteen years.
- An important consideration is the contribution of PBS sectors to the competitiveness of UK manufacturing exports. This refers to the fact that manufacturing products contain a sizable share of services as embodied inputs, ranging from software and research to branding and marketing services.
- The effect of the UK leaving the EU is likely to be very different in the UK regions and sectors. Our results based on the 'no-deal scenario' suggest that in the UK as a whole, more than 2.5 million jobs are exposed to the trade effects of Brexit and annually almost £140 billion pounds of UK economic activity is directly at risk.
- Business services are not just an important part of manufacturing exports value chains, they themselves play an important role in global value chains.
- The level of qualifications in the sector is high. For those parts of professional and business services for which qualifications are important, e.g. statutory auditors, the mutual recognition of such qualifications in other jurisdictions can be a crucial condition for integrating services markets internationally. The significance of arrangements on MR is also evident from the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada.
- The UK's PBS sector would benefit from the closest possible relationship with the EU in future. The absence of a UK-EU agreement covering services would have an adverse and potentially severe impact on UK-EU trade in a range of regulation-intensive PBS services.
- Some sub-sectors, such as accountancy, may have growth opportunities as a result of Brexit. These disparities within the sector presents a policy challenge in terms of how best to support the growth of PBS firms.

**Q1: How important are the different UK professional and business services sectors to the UK's economy and trade in services? Please include data where possible.**

The Professional and Business Services (PBS) sector covers a range of diverse knowledge intensive industries and support functions (e.g. call centres and other business support services), which provide specialized support to businesses and the public sector. Covered sectors include legal services, audit, accountancy, advertising and market research, management consultancy, architectural and engineering activities and recruitment activities. It should be noted that this varies from local sector definitions which are broader, including those used locally by the strategic bodies covering the case study areas ([Riley et al., 2020](#)).

The different professional and business services sectors make a vital contribution to the UK economy in terms of jobs, international trade, and the overall competitiveness of the UK manufacturing sector. The contribution of PBS firms to international trade in services is most likely underestimated, possibly significantly so. This is because the business models of the PBS sector do not neatly correspond to the crude sector classification according to which trade in services is collected as part of Balance of Payments statistics. In addition, international PBS activities may not be captured well within the existing framework, especially so when trade in PBS services consists not only of 'cross-border trade in services' in the sense of GATS Mode 1, but also encompasses—or is facilitated by—commercial presence abroad (Mode 3) and/or the temporary movement of service professionals as natural persons (Mode 4).

The PBS sector continues to provide high value, good quality jobs and adds £190bn to the economy. It makes up 11% of productivity; 13% of employment with 2/3 of jobs outside the PBS sector: creating further demand and growth outside London; 27% of UK service exports; 25% of all businesses, making £34bn in investment and exceeding growth in the rest of the economy by 3 percentage points and growth in jobs by 2 percentage points. Current data on the sector potentially underestimates the local impact, due to the fluid project ecology of the services offered, where skilled individuals can now work and live anywhere and provide services locally, nationally and internationally due to technology ([Riley et al., 2020](#)).

The UK is a major exporter of PBS, providing 32 percent (£66bn) of the UK's services exports (ONS, 2019). It is strongly competitive, being within the top three exporters of these services in the Organisation for Economic Cooperation and Development (OECD) in 2015 (with the US and France) (OECD, 2015). The PBS industry provides B2B services for other parts of the economy. The sector deals with 25% of businesses (635,000), with a turnover of £399bn, and has business investment growing from £18.5bn to £34bn in 2016. Growth in the sector has been above average: since 2000, growth in the workforce has exceeded total job growth by almost 2 percentage points (ONS workforce job series, 2017), and average annual GVA growth in PBS exceeded that across the UK economy by almost 3 percentage points. The result of this is that the sector's share of the economy has grown considerably. The growth has not been steady, however. The sector contracted sharply following the financial crisis, more so than average: GVA in the PBS sector fell by 9%, against a fall of 4% across the entire UK. On the other hand, PBS also recovered more quickly, with GVA and

the number of jobs returning to their pre-crisis peaks by 2012, and displaying far above average growth since then ([Riley et al., 2020](#)).

The PBS sector plays an essential role in helping companies to raise finance, supports global business, and provides a range of investment opportunities for institutions and individuals (TheCityUK, 2016). Consequently, it is seen as one of the most important growth sectors in the UK over the next fifteen years. PBS firms also contain high-quality, high-skilled and well-paid jobs, all of which are forecast to increase significantly in the coming years and are more resilient to shocks.

According to the ONS Pink Book 2019 (as of October 2019, the latest data available), the UK exported £95.6 billion of "Other business services" in 2018, the single biggest item amongst the 12 principal categories of services trade. As such it constitutes about one-third (32.1%) of total UK services exports in 2018. Within this category of "other business services", about one half of the value of exports originates from "professional and management consulting services" (£41.4 billion), whereas the other half comes from "Technical, trade-related, and other business services" (£44.6 billion). Both include examples of services that typically involve highly skilled professionals and are also intensively regulated, such legal, accounting and auditing services, which account for slightly over 10% of other business services, whilst architectural, engineering and scientific services account for another 10%. Overall, therefore, the different PBS sectors make a substantial contribution to UK services exports, which is probably not fully reflected by balance of payments statistics.

In 2018, 36.4% of UK's total exports of "other business services" went to the EU (Pink Book 2019). Within this category, the EU accounted for 65.4% of UK's exports of trade-related services, 57.2% of UK's advertising and market research exports and 42% of UK's exports of legal, accounting, management consulting and public relations (ONS UK trade in services: service type by partner country, non-seasonally adjusted).<sup>1</sup>

UK firms of different sizes engage with PBS industries differently. According to experimental ONS data, on average across 2016-2018 large firms (those with 250 or more employees) accounted for 69% of UK's exports in the legal and accounting industry, 77% of exports from the scientific research and development industry and 62% of exports in the architecture and engineering industry. In contrast, SMEs accounted for 87% of exports in the employment services industry, 60% of exports in the advertising and marketing industry and 59% of exports related to the management consultancy industry.<sup>2</sup>

An important consideration is the indirect form of exporting services, i.e. the contribution of PBS sectors to the competitiveness of UK manufacturing exports. This refers to the fact that manufacturing products contain a sizable share of services as embodied inputs, ranging from software and research to branding

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<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/datasets/uktradeinservices servicetype bypartnercountrynonseasonallyadjusted>

<sup>2</sup> Shares excludes any trade values that are not classified by business size. Across SIC industries 69-82 (which fall under "other business services") 27.8% of UK's total exports are undefined by business size. Source: <https://www.ons.gov.uk/releases/ukestimatesofservicetradebyenterprisecharacteristics>

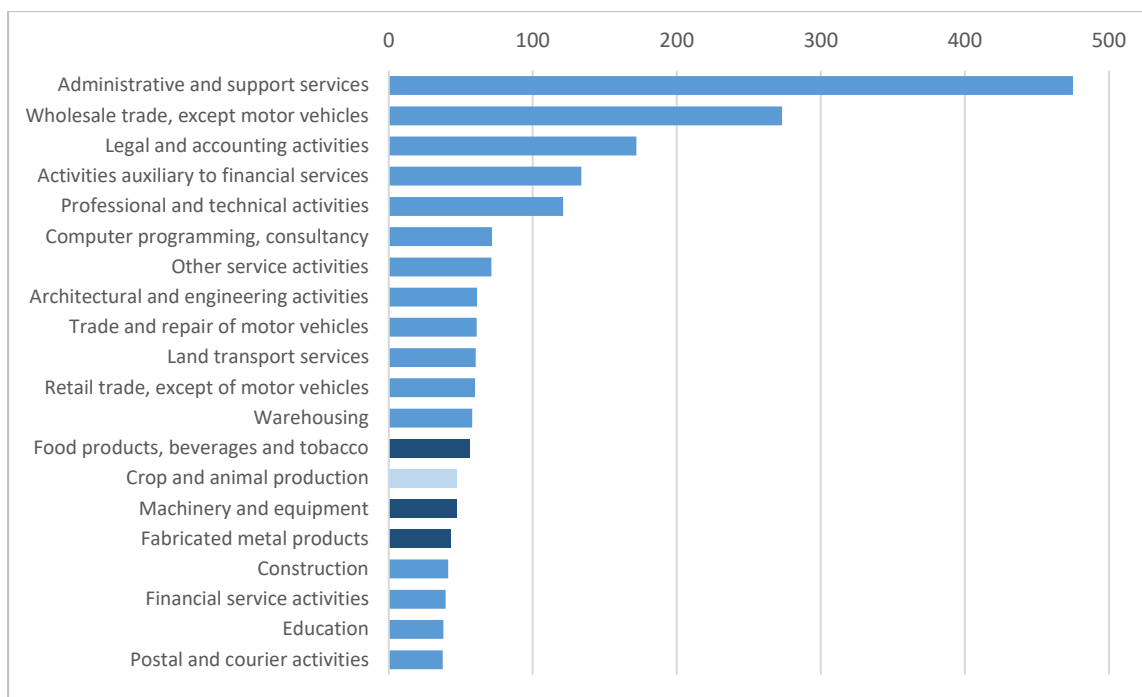
and marketing services. The domestic services share of the value added in manufacturing products is estimated to be in excess of 20%, or over £70 billion in 2017 (Borchert and Tamberi, [UKTPO Briefing Paper 22](#), based upon data from the OECD Trade in Value Added Database). Not all of these are PBS services, but there can be little doubt that inputs of professional and business services are important for the export success of UK manufacturing products.

***Q2. What are the UK's different professional and business services sectors' key priorities for the future UK-EU relationship? What are the key priorities of smaller professional and business services providers and providers from the UK's regions and devolved nations in particular?***

A number of sub-regions have undertaken an analysis of the strength of professional and business service sectors and why companies should locate in their area including the City of London, Birmingham and Leeds, for example. The City of London report (2018) is set out by policy themes. These include: achieving the best regulatory framework in the UK and with the EU, retaining and growing inward investment in financial and professional services; strengthening international market access; supporting UK innovation; and promoting inclusion and growth. The West Midlands Tech Deep Dive report into the region's technology and digital sector and the Business and Professional Services deep dive (Riley et al, 2018) are set out against the Treasury's productivity drivers and examine barriers and opportunities for growth and public intervention within the region. Generally, there has been a focus on financial firms more than the wider PBS firms in the documents reviewed.

The effect of Brexit is likely to be very different in the UK regions and sectors. Our results based on the 'no-deal scenario' suggest that in the UK as a whole, more than 2.5 million jobs are exposed to the trade effects of Brexit and annually almost £140 billion pounds of UK economic activity is directly at risk because of Brexit. Many important manufacturing and primary sectors are highly exposed to Brexit, but so are many services. These services are not only exported directly to EU countries, but also sell intensively within domestic supply chains to UK manufacturing exporting to the EU ([Los et al., 2017](#)).

The figure below reports the numbers of jobs exposed to Brexit in the 20 industries for which these numbers are largest. In administrative and support services activities, almost 0.5 million jobs are at risk. In wholesale trade, this number amounts to almost 275,000 workers, and in legal and accounting services another 172,000 jobs are at risk ([Los et al., 2017](#)).



Top 20 industries; Numbers for 2014, in thousands, including self-employed. Primary industries in light blue, manufacturing industries in dark blue. Source: Authors' computations based on WIOD (Timmer et al. 2016) Source: [Los et al., 2017](#)

For as many as 15 out of 54 industries, more than 20% (up to 36%) of value added is at risk. For some of these industries, such as the fisheries, chemicals manufacturing and motor vehicles manufacturing, these findings are as expected. Alarm should also be sounded, however, regarding some services industries. The most prominent examples are professional, scientific and technical activities, activities auxiliary to financial services and wholesale trade. These services are not only exported directly to EU countries but also sell intensively to UK manufacturing firms exporting to the EU. Many of these services are far more exposed than financial services, the focus of much media debate ([Los et al., 2017](#)).

The table below shows the potential effect of a no-deal Brexit on the different type of service industries (table adapted from [Los et al., 2017](#)). In aggregate, about 8.5% of UK GDP – in 2014 almost £140 billion per annum - is at risk due to Brexit. The contributions of industries to this figure depend not only on their exposure levels, but also on their relative size in terms of value-added. Administrative and support services (including renting and leasing services) contribute most, followed by wholesale trade and legal and accounting services. Again, supply chain effects play a major role.

<b>Service Industry</b>	<b>Share of value added at risk</b>	<b>Share in GDP</b>	<b>Contribution to GDP at risk</b>
Repair and installation of machinery etc.	14%	0.37%	0.05%
Electricity, gas, steam and airco supply	7%	1.50%	0.11%
Water collection, treatment and supply	3%	0.33%	0.01%
Sewerage; waste collection and disposal	15%	0.71%	0.11%
Construction	2%	6.22%	0.13%
Wholesale/retail trade and repair of vehicles	11%	1.94%	0.21%
Wholesale trade, except of motor vehicles	24%	3.21%	0.76%
Retail trade, except of motor vehicles	2%	5.58%	0.11%
Land transport and transport via pipelines	9%	1.86%	0.17%
Water transport	5%	0.41%	0.02%
Air transport	8%	0.49%	0.04%
Warehousing and activities for transportation	16%	1.14%	0.19%
Postal and courier	14%	0.64%	0.09%
Accommodation and food	2%	2.91%	0.05%
Publishing activities	11%	0.66%	0.07%
Motion picture, video and television production	9%	0.87%	0.08%
Telecommunications	13%	1.73%	0.23%
Computer programming, consultancy	10%	2.91%	0.30%
Financial services	8%	4.38%	0.33%
Insurance, reinsurance and pension funding	4%	2.52%	0.10%
Activities auxiliary to financial services	31%	1.27%	0.39%
Real estate activities	1%	11.23%	0.08%
Legal, accounting and consultancy	14%	3.61%	0.51%
Architectural and engineering	11%	1.77%	0.20%
Scientific research and development	9%	0.57%	0.05%
Advertising and market research	16%	0.65%	0.10%
Professional/scientific/technical services	36%	0.84%	0.30%
Administrative and support	19%	4.75%	0.91%
Public administration and defence	1%	5.15%	0.05%
Education	1%	6.18%	0.09%
Human health and social work	0%	6.77%	0.02%
Other services	4%	3.91%	0.17%

Source: adapted from [Los et al., 2017](#)

The regional exposure to the potential negative trade-related consequences of a no-deal Brexit on service industries is very heterogeneous, as depicted in the table below (extracted from [Chen et al., 2018](#); [Ortega-Argiles et al., 2018](#)). Regions that are more specialised in services, tend to be more resilient to Brexit than the ones specialised in agriculture or manufacturing products. In the usual hard-Brexit scenario, most services have lower combined tariff and non-tariff barriers than industry or agriculture. This causes a smaller sales price effect of Brexit for regions that have more services. Moreover, since services use

relatively less industrial and agricultural products in their production processes, they also have lower production cost increases. The larger cities tend also to have larger internal trade within the region, which also makes them less susceptible to Brexit ([Thissen et al., 2019](#)).



Table UK Regional Shares of Local GDP Exposed to Brexit

		<b>Service s</b>	<b>Aggregat e Economy</b>
<b>code</b>	<b>region</b>	<b>DVAiX_ s</b>	<b>DVAiX_ s</b>
<b>UKC1</b>	Tees_Valley_and_Durham	8.2%	11.9%
<b>UKC2</b>	Northumberland_Tyne_and_Wear	8.4%	12.2%
<b>UKD1</b>	Cumbria	9.3%	16.3%
<b>UKD2</b>	Cheshire	9.9%	14.5%
<b>UKD3</b>	Greater_Manchester	8.3%	11.3%
<b>UKD4</b>	Lancashire	8.9%	15.0%
<b>UKD5</b>	Merseyside	7.6%	10.4%
<b>UKE1</b>	East_Riding_and_North_Lincolnshire	9.2%	15.8%
<b>UKE2</b>	North_Yorkshire	8.7%	13.4%
<b>UKE3</b>	South_Yorkshire	8.1%	11.8%
<b>UKE4</b>	West_Yorkshire	8.9%	12.1%
<b>UKF1</b>	Derbyshire_and_Nottinghamshire	8.0%	11.4%
<b>UKF2</b>	Leicestershire_Rutland_and_Northants	10.0%	15.4%
<b>UKF3</b>	Lincolnshire	8.4%	13.1%
<b>UKG1</b>	Herefordshire_Worcestershire_and_Warks	9.2%	14.3%
<b>UKG2</b>	Shropshire_and_Staffordshire	9.0%	13.9%
<b>UKG3</b>	West_Midlands	8.9%	12.2%
<b>UKH1</b>	East_Anglia	8.5%	11.9%
<b>UKH2</b>	Bedfordshire_Hertfordshire	8.3%	11.3%
<b>UKH3</b>	Essex	8.6%	12.1%
<b>UKI1</b>	Inner_London	9.2%	10.3%
<b>UKI2</b>	Outer_London	7.9%	10.2%
<b>UKJ1</b>	Berkshire_Bucks_and_Oxfordshire	8.9%	12.5%
<b>UKJ2</b>	Surrey_East_and_West_Sussex	8.5%	11.8%
<b>UKJ3</b>	Hampshire_and_Isle_of_Wight	9.9%	14.7%
<b>UKJ4</b>	Kent	9.0%	14.3%
<b>UKK1</b>	Gloucestershire_Wiltshire_and_North_Somers	10.7%	15.6%
<b>UKK2</b>	Dorset_and_Somerset	8.5%	13.3%
<b>UKK3</b>	Cornwall_and_Isles_of_Scilly	8.8%	12.7%
<b>UKK4</b>	Devon	8.4%	13.0%
<b>UKL1</b>	West_Wales_and_The_Valleys	7.7%	11.7%
<b>UKL2</b>	East_Wales	8.0%	11.7%
<b>UKM</b>	North_Eastern_Scotland	6.2%	9.8%
<b>UKM</b>	Eastern_Scotland	8.0%	11.5%
<b>UKM</b>	South_Western_Scotland	9.7%	12.5%
<b>UKM</b>	Highlands_and_Islands	5.8%	10.2%
<b>UKNO</b>	Northern_Ireland	8.0%	11.7%

Source: extraction from Table A.1. in [Chen et al., 2018](#)

**Q3. What preparations (if any) have UK professional and business services providers made, or planned to make, ahead of the end of the transition period?**

There are currently many different types of Brexit-response activities and actions taking place in the different parts of the UK. These activities and actions are almost entirely organized at the local, city or city-regional or devolved administration level with no involvement from the central government whatsoever. [Billing et al., 2019](#), provides a non-exhaustive overview of the various types of Brexit-response activities and actions taking place within the UK subnational institutional set-up, broken down according to the region, the tiers of governance, the types of stakeholders and the types of initiatives including some examples of initiatives developed by the services industries. Business services are not just an important part of manufacturing exports value chains, they themselves play an important role in global value chains because value added from UK-originating services is further processed in the destination country and then re-exported to yet another (third) country. Such chained transactions are known as “GVC forward linkages” and UK exports from business services exhibit particularly high forward linkages, reflecting the fact that they are intermediate inputs in their respective export destination (Borchert and Magntorn Garrett, 2020).

**Q6: How important are arrangements on the mutual recognition of professional qualifications to professional and business services providers in the UK and EU? How could a future UK-EU agreement best allow for this?**

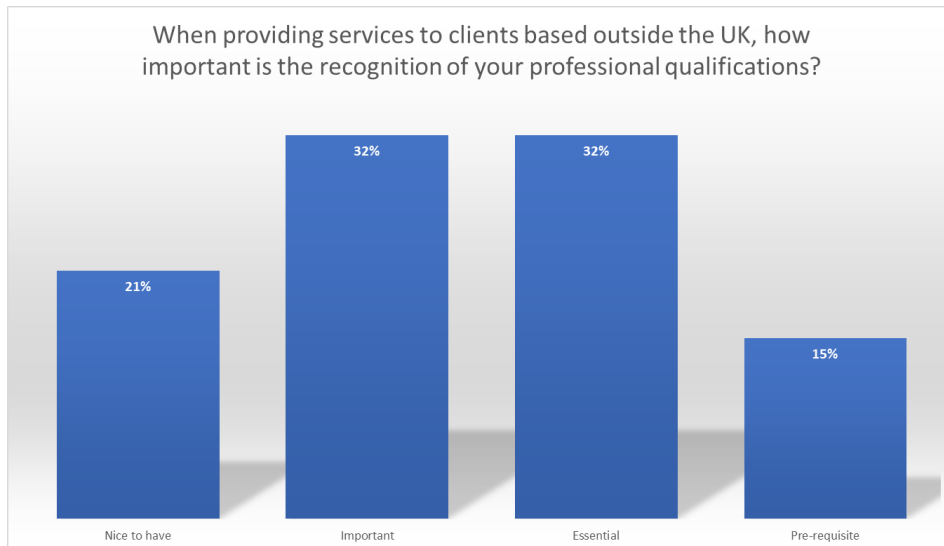
As PBS firms provide knowledge and skills-based services to clients and often require specific qualifications to enter, the level of qualifications in the sector is high. The 2015 UKCES Employer Skills Survey revealed that over half of surveyed business services firms reported that at least half of their staff held a Level 4 qualification or above against a UK average of 35%.<sup>3</sup> Academic qualifications are seen as a highly important factor by employers in business services, with 61% of employers perceiving this as a factor of critical or significant importance in hiring candidates against 46% across all industries. Outside of degrees, apprenticeships offer a route into PBS roles. In 2015/16, 47% (12,680) of all Higher Apprenticeship starts were in PBS roles, notably Human Resource Management and Business Administration. Since 2016, individuals can become qualified as a solicitor through apprenticeships, an alternative to the typical graduate route into the legal services industry ([Riley et al., 2020](#)).

For those parts of professional and business services for which qualifications are important, e.g. statutory auditors, the mutual recognition of such qualifications in other jurisdictions can be a crucial condition for integrating services markets internationally. The EU Services Directive was instrumental in opening up markets for PBS services across the EU, partly through an ‘automated route’ for some professions and at least through a well-defined process for expedited

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<sup>3</sup> Source: UKCES 2016 Employer Perspectives Survey; UKCES 2015 Employer Skills Survey; Department for Education

recognition in other professions. In a testimony to the importance of such pieces of legislation, a poll amongst senior executives and managing partners of UK professional services firms, nearly 80% of respondents indicated that the recognition of their qualifications was either “important” (32%), “essential” (32%) or even a “pre-requisite” (15%) when providing services to clients outside of the UK.



In the same poll, executives also indicated that among international arrangements, the Services directives, and presumably more detailed sector-specific legislation along the same lines, were regarded as the most helpful for their business. This is closely followed by regulatory cooperation with regard to the enforcement of any rights that such international agreements facilitate (multiple responses were possible).

These responses suggest that the PBS sector sees itself as highly dependent on the architecture of the EU Single Market and that it would benefit from the closest possible relationship with the EU in future.



Recognition of the significance of MR might also be detected in the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada. Overall the arrangements provided for by CETA in terms of market access and national treatment are a very far cry from what PBS firms enjoy within the EU Single Market for services. Yet one area in which CETA does make material advances compared to multilateral conditions under the GATS, is in

<b>Description</b>	<b>Market Access</b>	<b>National Treatment</b>	<b>MFN treatment</b>
Research and development services	68	68	100
Market research, management and consulting and related services	100	100	100
Legal, accounting, auditing and book-keeping services	57	52	99
Taxation services	83	82	100
Architectural, engineering and other technical services	84	85	97
Agricultural, mining and manufacturing services	88	89	97
Other business services	72	72	98
<p>N.B. Scores range from 0 to 100 where 0 indicates unbound restrictions and 100 shows full commitment. The scoring is based on the presence of reservations against liberalisation recorded in the Annexes to CETA for each of the 675 CPC services sub-categories and every Member State, weighted together by member GDP. See Magntorn and Winters (2018)</p>			

Business services (Magntorn and Winters, [UKTPO Briefing Paper 18](#), 2018, Figure 1). Specifically, the degree of liberalization in CETA for a range of PBS activities is high by any FTA standard – see Table below:

#### The Liberalisation of EU imports of Professional Services in CETA

On a scale from 0 to 100, where 100 indicates a full commitment and therefore the highest degree of openness, “legal, accounting and auditing services score 57 on market access and 52 on national treatment, “architectural, engineering and other technical services score 84 (85), and “other business services” achieve 72 (72) (Magntorn and Winters, [UKTPO Briefing Paper 18](#), 2018). The ambitious degree of liberalization in business services, for which the CETA agreement has rightly been praised, is supported in principle by defining a relatively detailed framework for achieving the mutual recognition of qualifications for these kinds of highly regulated PBS activities. It is important to note, however, that while negotiations in a few sectors are underway, to date no single item of actual mutual recognition has materialised.

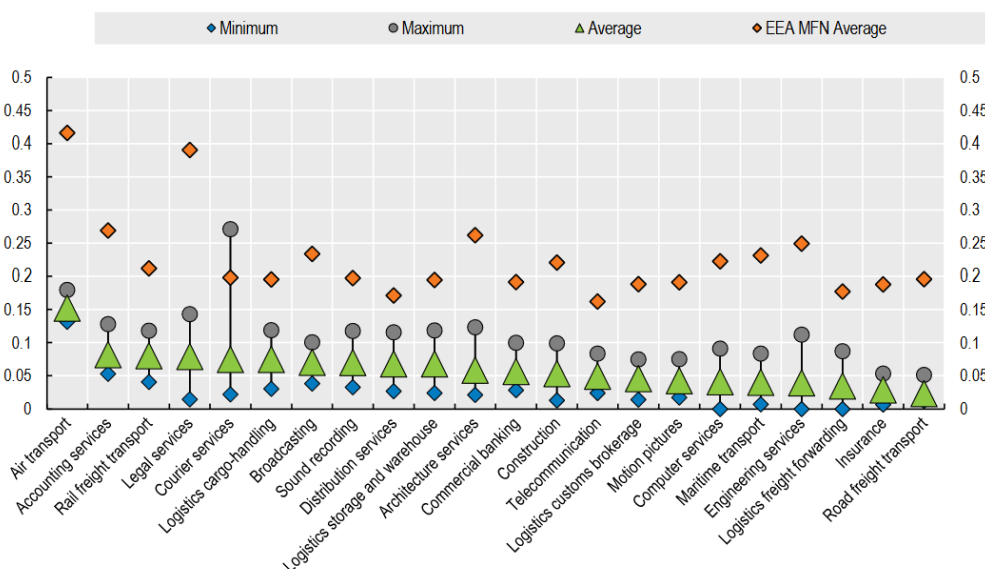
Another aspect that is relevant for the importance of mutual recognition arrangements is that provisions in FTAs that provide for recognition of qualifications, licences or prudential measures are generally exempt from the scope of most favoured nation (MFN) clauses in such FTAs (see Evidence submitted to this enquiry by Julia Magntorn Garrett on Q9). The existence of

MFN clauses has stark implications for the incentives of prospective UK FTA partner countries to make concessions. The exclusion of MR arrangement from MFN clauses that may exist implies that exiting trade agreements, in that particular regard, do not constrain the pursuit of future MR agreements by the UK with either the EU and/or any third countries.

**Q10: To what extent could UK-EU trade in professional and business services continue in the absence of a UK-EU agreement covering services? How effective would the WTO General Agreement on Trade in Services be in supporting such trade, and what arrangements (if any) could be put in place to go beyond the WTO framework?**

Professional and business services encompass a range of activities that differ widely in their regulation intensity. Some activities such as “market research, management and consulting and related services” are largely unregulated and one might expect, therefore, that the exit from the Single Market for services without a UK-EU agreement covering services would have less of an adverse impact compared with other sectors. This is not to say, however, that even in these sectors there will be no effects; for instance, changing conditions in areas such as copyrights and protection of intellectual property or the governance of cross-border data flows can have a significant impact on international business operations to EU-27 markets.

Yet the main concern lies with PBS activities that are highly regulated, for good prudential reasons. The OECD has conducted extensive work with the aim of quantifying the policy restrictiveness in services sectors for services and service providers from within the EU (called the “intra-EEA STRI” – STRI is the Services Trade Restrictiveness Index) as distinct from the restrictiveness that applies towards services and service providers from outside the EU (called “MFN STRI”). The OECD analysis shows that the size of this gap in market access conditions between the restrictiveness from within the EU compared to the restrictiveness for third country providers is particularly pronounced in an array of PBS sectors, as can be seen in the Figure below e.g. for legal services, architectural services, or engineering services. Hence, the absence of a UK-EU agreement covering services would have an adverse and potentially severe impact on UK-EU trade in a range of regulation-intensive PBS services.



Note: The STRI indices take values between zero and one, one being the most restrictive. The intra-EEA STRI quantifies barriers to services trade within the Single Market of the EEA. By contrast, the STRI database records measures on a Most Favoured Nations basis, where preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).  
 Source: Intra-EEA STRI database (<http://oe.cd/stri-db>).

Source: OECD (2020), "OECD Services Trade Restrictiveness Index: Policy trends up to 2020", Figure 12. Available at <http://www.oecd.org/trade/topics/services-trade/documents/oecd-stri-policy-trends-up-to-2020.pdf>.

**Q12. What opportunities (if any) could the UK's withdrawal from the EU offer to the UK's professional and business services providers?**

Conversely, among the firms interviewed in the legal and accountancy sub-sectors, Brexit was not seen as one of the major challenges for them as companies. In fact, it was viewed as a growth opportunity, since they expect their clients to seek advice from them on how best to deal with Brexit. Those that provide international services are already international businesses; those that are not could benefit from providing post-Brexit services (Riley et al., 2018). This contrast highlights the idiosyncratic nature of individual services and the challenge this presents from a policy perspective in terms of how best to support the growth of PBS firms that can be so different in their outlook.

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