**Impacts of Brexit**

**No one really knows how the Brexit process will work and has never been used.**

Brexit, (contraction of the words “Britain and Exit” to get “Brexit”) refers to the referendum held on June 23, 2016, whereby British citizens voted to exit the European Union. This referendum was held to decide whether the UK should leave the European Union or rather remain. Motion to leave won by 52% to 48%. The referendum turnout was 71.8%, with more than 30 million people voting. Prime Minister David Cameron, who had supported the remaining of United kingdom in the European Union, consequently resigned on July 13. Then Theresa May, leader of the Conservative Party, became Prime Minister. She plans to trigger Article 50 to start the timer of Brexit talks on two years by March 2017. After the “phased process of implementation”, the UK will really exit the EU by March 2019. In order to leave the EU, the UK has to invoke an agreement called Article 50 of the Lisbon Treaty which grants both sides two years to agree the terms of the split. Once Article 50 has been triggered, the UK will have two years to negotiate her withdrawal. However, no one really knows how the Brexit process will work because Article 50 was only created in late 2009 and has never been used.

Due to the new Prime Minister Mrs. May has ever said: “we will seek a new and equal partnership between and independent, self-governing Global Britain and our friends and allies in the EU.” So, we can predict that the impacts of Brexit would be not only on the European balance of power, but also on the global financial and strategic arrangement.

**Positive and Negative for European Continent**

From the positive view for European Continent, uncertainty about the exit arrangements of the UK may well divert some companies from their investment project on English territory for the benefit of the remaining European Union countries. On the one hand, Amsterdam would be one of the first beneficiaries of this type of transfer in bank assurance. On the other hand, if new customs duties were imposed on "made in UK" products, British industry would be penalized and could need to be relocated. Furthermore, the bank is one of the sectors most exposed to the Brexit, due to the role played by the United Kingdom in world finance. The HSBC Bank, which fears the abolition of the "financial passport" of English Banks to exercise in Europe, is considering transferring its headquarters from London to Paris. Some institutions, deprived of the European passport, which allowed them access to the continental market, also could indeed leave London to settle on the continent.

From the negative view, the devaluation of the British currency may appear as a plank of salvation for the British economy. A 20% drop in the Pound Sterling immediately restores competitiveness to British exports to the detriment of businesses in the Old Continent. The battle on export markets will therefore be tougher for European companies. According to, it is obvious that if the Pound were to be devalued heavily, it would be bad news for continental European companies whose prices would become less competitive overnight. But a devaluation would cause inflation in England which the government does not want. For Europe, if British growth slows down, it will be as much less demand for European companies. This can only weaken the growth of the Eurozone. The real risk is the threat of tax dumping. If the UK becomes a tax haven with a 10% corporate tax rate, then, many European companies could relocate off the Channel. Such dumping could happen if Brussels removes the financial passport from the English banks. It will all depend on the upcoming negotiations. The coming period will create uncertainty and companies will hesitate to invest because they need visibility.

**Against and merge of NATO**

Due to the climate of uncertainty created by the Brexit, the countries of the NATO have found themselves to display a united front against Russia. The Heads of State and Government have clearly denounced the aggressive actions of Russia, citing the illegal annexation of the Crimea, the forcible violation of borders, the destabilizing action of the East Ukraine, large-scale exercises and provocative military activities close to NATO borders, military concept and Russian nuclear speeches, not to mention its repeated violations of airspace.

Other situations perhaps that we may imagine. The Post-Brexit makes many partnerships and alliances that will likely emerge. While the United States will be keen to maintain strong ties with the United Kingdom, they will need to strengthen their relations with other member countries of the European Union. Over time, a second special relationship could develop if the United States turned to the Franco-German axis and considered it a key interlocutor in the context of their transatlantic relations. Germany has already begun to assume its leading role in the transatlantic economic and trade relations, its position of dominant economic power and decision-maker in the EU. Similarly, a Franco-American rapprochement has taken place since France re-joined NATO in 2009. More recently, France has become a privileged ally of the United States in the field of military cooperation, which will be crucial for the future of transatlantic relations in security and defense.

**Other impacts we can image**

One should also consider the several impacts as following. First of all, some European Capitals are likely to compete for the capture of the City's financial flows. British European officials, who have long mastered the workings of the Community, will not hesitate to weaken the EU in order to redeem themselves from their fellow citizens who perceive them as profiteers who have helped selling the sovereignty of the Kingdom. This consequence will increase risk of divisions within the EU. Secondly, the Brexit will inevitably be instrumentalized by populist parties and sovereign alliances in Europe who attempt to impose referendums on whether or not to remain within the EU. This will divide the EU a little more and weaken the overall resilience of the European continent. Thirdly, Brexit sparked mixed reactions in Washington. On the one hand, this event suggests an even closer rapprochement of the United Kingdom towards the United States, as well as a stronger seizure of NATO in Europe. On the other hand, Americans lose their Trojan horse within the EU to promote their economic and geopolitical interests. They understand that the negotiation of the Free Trade Agreement between Europe and the United States will be more difficult. They realize especially that Germany will come out strengthened by the Brexit. Furthermore, to compensate for potential capacity losses, the United Kingdom might be tempted to further strengthen its cooperation with the United States, even if it questions its geopolitical and societal development. The British are also likely to seek closer ties with their three other partners in Canada, Australia, and New Zealand.

**Impacts of European balance of power**

As for France, the main military power of the European Union, she will find herself managing a complex and delicate face-to-face with Germany. The exit of the United Kingdom from the EU will put France in a delicate position face-to-face Germany. Germany is economically strong and she knows it. France will no longer be able to count on the United Kingdom to balance this complex relationship, unless it also sets foot outside the EU by moving closer to London on defense affairs, which could encourage Germany to play his own area unreservedly. Those who are pleased today with the announced Brexit could be tomorrow the first to denounce the Germany's geopolitical and military ambitions.

Plus, if United Kingdom really leave European Union, France will become the only permanent members of the Security Council of the UN in EU. Moreover, France will be the only nuclear military power in the European Union. Thereby, these consequences will strengthen the power of France and change the European balance of power. Up to this day, although the Brexit did not even begin to concretize, it does already give rise to reactions in Washington, worries and speculations a little everywhere.