

## Automakers, workers could lose if UK leaves EU

By Greg Gardner (excerpt)  
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Despite record U.S. car sales, Thursday's vote in Britain about leaving the European Union could throw sand into several automakers' gears, potentially costing tens of thousands of jobs and millions in lost profits, according to analysts and industry leaders.

But it could make many voters feel more independently British. Known as "Brexit," a digital age abbreviation of British exit, the vote has driven emotions to volatile heights in recent weeks. It has also triggered jitters across financial markets as investors try to handicap the referendum's outcome.

"Brexit is about nationalism, protecting the sovereignty of a country, but what it adversely impacts is economics," said David Kudla, CEO of Mainstay Capital Management in Grand Blanc. "It limits how people can move, and it limits how products can move."

Automakers from Jaguar Land Rover to General Motors, Ford and Toyota are urging British voters to consider the following consequences of a pro-Brexit vote:

- About 80% of the 1.5 million vehicles assembled in Britain last year were exported. About 58% of them were exported to other European countries.
- If the United Kingdom exits the European Union, those other countries could impose tariffs of as much as 10% on those vehicles. Exported auto parts could face tariffs of about 2.7%.
- Jaguar Land Rover, Britain's largest carmaker, estimates its annual profit could drop by 1 billion pounds (\$1.47 billion) if the "Leave the EU" supporters prevail.
- The pound sterling, now trading at about \$1.47, would drop sharply, perhaps to as low as \$1.15, according to some estimates.

- Europe's fledgling economic recovery could suffer a relapse if the U.K.'s more robust auto rebound fizzles out.

"The U.K. is the fourth largest global market for GM and the largest European market," General Motors said in a statement. "We employ over 4,500 people directly and 11,000 indirectly in our retailer network and supply chain there. Not to be part of the EU would be undesirable for our business and the sector as a whole."...

...The pro-exit supporters argue that Britain should be able to negotiate flexible trade agreements with France and Germany that avoid or minimize tariffs on U.K.-built cars because French and German models are so popular with British drivers.

But that will take time, and, in a global industry, impatient companies could quickly shift production from the U.K. for lower-cost places such as eastern Europe. A substantial number of the 800,000 auto-related jobs could disappear.

"The fear is what the EU does in response," said Mainstay's Kudla. "The nationalist fervor that has brought about this vote has threatened those bridges that a unified market needs to thrive."