

13 August 2019  
Our ref: FOI180719#1

Dear

Re: Freedom of Information Request.

We received your request for information under the Freedom of Information Act on 18 July 2019.

You requested the following:

1. I make FOI request for the spreadsheet model & ASSUMPTIONS for OBR's fraudulent forecast for No Deal please.
2. Why are you not factoring the £39bn saving for No Deal which actually represents 2% of GDP.
3. Why are you assuming EU would breach WTO rules on trade access?
4. Why are you ignoring UK Government No Deal Tariff policy?
5. How much involvement has HM Treasury been involved in this fraudulent forecast please?

Dealing with these in turn:

1. The OBR has not produced a forecast for the economic impact of 'no deal', fraudulent or otherwise. The article you provided refers to a stress test we published in our 2019 *Fiscal risks report (FRR)*. This is based on a macroeconomic scenario from the IMF – specifically, scenario A of Scenario Box 1.1 in Chapter 1 of its April 2019 [World Economic Outlook](#). We described the key assumptions that the IMF made, and the additional ones that we needed to make in order to run our fiscal [ready reckoners](#), in Chapter 10 of the [FRR](#). We emphasised that this scenario is not necessarily what is most likely to happen.
2. We have revised down our estimate of the financial settlement to £33 billion – based on a later exit date of 31 October 2019 (see paragraph 5.137 on page 165 of the FRR for more details). However, as in our post-referendum forecasts, the stress test assumes that any savings from EU contributions are recycled into domestic spending, for example on the Government's commitments to maintain farm support and industrial and science programmes after EU withdrawal. The financial settlement costs are subsumed within this assumption, so the scenario is not sensitive to different assumptions about when and how much would be paid under the terms of any alternative financial settlement. We have

therefore not made any assumptions about whether the amount or terms would be renegotiated.

3. We did not assume that the EU would breach WTO rules on trade access. We assumed that it would adhere to the WTO's most favoured nation principle, where the EU must not extend to the UK more favourable trade terms than it does to any other country with which it does not have a trade deal.
4. The stress test does take into account the Government's temporary no-deal tariff policy. This is explained in Box 10.1 on page 270 of the *FRR*.
5. HM Treasury had no input into the production of the stress test.

I hope this is helpful. If you have any other queries about this letter, please send them to our enquiries inbox at [obr.enquiries@obr.uk](mailto:obr.enquiries@obr.uk).

Yours sincerely

Freedom of Information Unit  
**Office for Budget Responsibility**

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If you are not happy with this reply, you may request a review by writing to OBR Enquiries, Office for Budget Responsibility, 14T, 102 Petty France, London SW1H 9AJ or by email to [obr.enquiries@obr.uk](mailto:obr.enquiries@obr.uk).

Any review request must be made within 2 months of the date of this letter.

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the OBR. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.