



The truth and consequences of Brexit: could a catastrophe for academia be an opportunity for publishers?

Through a combination of research and reportage, this paper examines the immediate impact the 23 June 2016 pro-Brexit vote in the UK has had on scholarly research, its funding, the reputations of British universities and the scholarly publishing business. It documents industry speculation about what Brexit's long-term impact on the academic community could be. And through interviews with executives at a variety of six small, medium and large publishers of UK scholarly journals, the paper explores publishers' business plans in the wake of the UK's decision to separate from the European Union (EU). While academia nearly uniformly sees Brexit as disastrous for the funding of research in the UK and the ability of British researchers to collaborate with their EU colleagues, publishers see business opportunities in the pound's sharp decline in response to the pro-Brexit vote and on the whole believe that Brexit will have little negative long-term impact on their publishing business. Some are, however, concerned about the quantity and quality of the articles that will be available for publication as well as their potentially diminished impact. There is also uncertainty as to the legal and regulatory ramifications of Brexit on scholarly publishing and the new global competition it may engender. The paper examines how publishers can protect their businesses, increase the value of their content and differentiate their brand in the wake of Brexit's financial, political, regulatory and academic uncertainty.

While some British citizens continue to celebrate the UK's impending split from the European Union (EU) and all it stands for, many 'Remainers' are still cursing former London mayor Boris Johnson and his allies in the 'Leave' campaign for underestimating Brexit's overall impact and the way the rest of the EU – indeed the rest of the world – perceives the UK. Some remain hopeful that the ultimate outcome of EU-UK negotiations will keep at least one British toe on the Continent even as the other foot is firmly planted across the Channel; others that the exit will not come to pass at all.

But Brexiteers and Remainers alike agree on one thing at least: it will take several years for the UK to extract itself from the EU. No country has ever availed itself of Article 50 of the Treaty of Lisbon,¹ the EU guidelines for divorce. Meanwhile, publishers across the UK are scrambling for a crystal ball: what happens to the business of scholarly publishing in this murky post-vote, pre-exit limbo – and beyond?

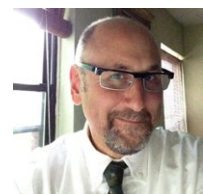
The End of the Affair

One thing has never been in doubt: UK researchers have had an enduring love affair with EU scientists. Between 2005 and 2014 nearly 75% of the UK's internationally authored papers were written with EU partners² – collaboration that is fostered by the EU's open-border policies. EU funding currently comprises approximately 16% of the research budgets of British universities – about £500 million annually.³

'I'd be surprised if many from the research community voted for Brexit', surmises Matt Cianfarani, Director of International Business Development for the Mark Allen Group (MAG). Indeed, according to a poll by *Nature* taken two months before the vote, 83% of UK researchers said they would vote 'remain' – and 77% of researchers from the rest of the EU hoped the UK would remain, too.⁴ (The popular vote in favor of leaving was 52% to 48%.⁵)



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While the UK contributes more money overall to the EU than it receives⁶ – nuclear fuel for the Leave Campaign, which promised those funds would go to Britain’s chronically underfunded National Health Service (NHS) rather than to EU headquarters in Brussels – academia is one arena in which the UK actually receives more from the EU than it contributes. A lot more.⁷

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Under the current EU structure, research funding comes through the Horizon 2020 program – the biggest EU research and innovation program in history, with almost €75 billion in funding available to EU member states, according to a report by the Royal Society,⁸ the UK’s independent scientific academy to which many of the world’s most distinguished scientists belong. The same report cites indicative figures from the UK Office of National Statistics that set the UK’s contribution to EU research and development at €5.4 billion between 2007 and 2013. During the same period, the Royal Society estimates that the UK received €8.8 billion in direct EU funding for research and development activities: a net win of €3.4 billion for Brits.

As of October 2014, the UK ranked first in European Commission funding applications and funding requests to the European Commission, the EU’s executive body.⁹ Funding, collaboration and scholarship go hand in hand in hand, and a failed UK-EU marriage means this funding will have to come from elsewhere if British scholars and researchers are to continue to benefit from cross-border collaboration with EU colleagues.

Pride and/or Prejudice

This fact was lost on no one, and the immediate fallout in academia has been swift and harsh: an anonymized *Guardian* survey of the Russell Group,¹⁰ a consortium of 24 leading UK universities, found cases where British researchers – including some from Oxford, Cambridge and Edinburgh – have been asked to leave EU-funded projects because their collaborators have begun to see them as a financial liability.

‘British researchers ... have been asked to leave EU-funded projects’

‘The biggest challenge to the industry is the potential impact upon research funding and its knock-on effect upon university budgets’, observes Mike Cookson, General Manager of ICE (Institution of Civil Engineers) Publishing. ‘This may be compounded by Brexit-related reductions in education funding.’

Indeed, UK higher education is taking a big hit. The 2016/2017 QS World University Rankings, an annual publication by the British education research company Quacquarelli Symonds (QS), has placed Cambridge University in fourth place (behind US universities MIT, Stanford and Harvard). This is the first time in the rankings’ 12-year history that Cambridge has fallen out of the top three. (The QS ranking assesses university performance across four areas: research, teaching, employability and internationalization.) Other British institutions are sliding, too: of the 48 UK institutions in the top 400, 38 have slipped in the rankings this year, including prestigious schools like the London School of Economics and King’s College London; 58% saw a fall in the number of foreign academics on campus.¹¹

‘UK higher education is taking a big hit’

Ben Sowter, Head of Research at QS, explains, ‘Uncertainty over research funding, immigration rules and the ability to hire and retain the top young talent from around the world seems to be damaging the reputation of the UK’s higher education sector.’¹²

Some scholarly publishers fear Brexit’s impact on cross-border collaboration as well. ‘UK social scientists may face additional barriers in forming EU-wide collaborations and applying for EU funding’, notes Harriet Bell, Emerald Group Publishing’s Marketing Director, adding that ‘concerns around the freedom of academic exchange could disrupt the quality and quantity of research’.

It could also affect journal impact. According to Bell, internationally collaborative research published by Emerald in 2011 has been cited 60% more than research conducted in a single country, a phenomenon confirmed by 'Scientists for EU', a group of UK researchers who campaigned against Brexit. According to them, international scientific papers have about 40% more impact than domestic-only research.¹³ Additionally, papers by British researchers *funded by the EU* whose co-authors include other EU scientists receive higher impact scores and are cited more frequently even than those funded by the EU but authored solely by Brits.¹⁴

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The concern about a growing prejudice against UK researchers is so great that on 13 August, Philip Hammond, Chancellor of the Exchequer, who is responsible for all economic and financial matters in the UK, went on record guaranteeing pre-Brexit funding of Horizon 2020 projects, promising, 'Horizon research funding granted before we leave the EU will be guaranteed by the Treasury after we leave'.¹⁵

This commitment should alleviate some of the uncertainty around scientific research funding – for now. But after the exit, increased competition for funding within the UK, and a harder-to-cross British border, will make any ongoing courtship between Europe and Britain seem less like Elizabeth Bennet and Mr Darcy's and more like Romeo and Juliet's.

The Way We Live Now

Meanwhile, skittishness about a more restrictive border between the UK and the EU is making non-UK nationals in Britain worried (and ambivalent) about staying in the UK¹⁶ or beginning research projects or careers here in the first place,¹⁷ as information on impending visa and immigration policies from the UK government has been ambiguous at best.¹⁸

Might there be a silver lining to Brexit for researchers? Noting that research on controversial topics like genetic modification and some kinds of clinical trials are restricted by EU mandates, Miranda Wilson-Wood, writing for BioMed Central's blog, notes 'Brexit may allow the UK to have more flexibility and freedom in creating our own research policies', but quickly notes that the inverse could also hold true: 'The UK has been a key contributor to positive discussions around stem cell research funding, and without our involvement, EU regulations could change, since countries such as Austria, Germany and Italy have previously been opposed to [it]'.¹⁹

Richard Bevan, Emerald Group Publishing's CEO, also sees some good in separating EU funding from British academics. 'Brexit may provide the opportunity to alter the course of [the UK's] business schools' research agenda away from purely theoretical work, such as on the *mechanics* of globalization, to one that addresses practical and societal needs such as the *consequences* of globalization.'

Lord of the Files

Then there are the legal headaches that pro-Brexit voters have visited upon their government. In two years, EU-specific laws and regulations on e-commerce, cybersecurity, digital privacy and copyright, with which the UK is currently required to comply, will no longer be binding. While many UK legal experts have discussed the complicated implications of Brexit, Liverpool University's Michael Dougan, Professor of European Law and Jean Monnet Chair in EU Law, has perhaps been among the most outspoken.

At a 14 June 2016 briefing at his University, he said, 'There will have to be a comprehensive review of the UK legal system because for 40 years UK law has evolved in combination with, and under the influence of, EU law and the two are virtually impossible to disentangle'.²⁰ He also warned that the full implications of Brexit, while currently unknowable, will nonetheless be far reaching. Throw publishing-specific topics like open access initiatives and mandates into the legal mix and the plot of *Brexit and the Scholarly Publishers* thickens.

219 With the UK and EU being so closely intertwined, it is no wonder that 38% of UK publishers surveyed by the Publishers Association (PA), a trade organization comprised of 117 UK-based book and journal publishers, said that, post-Brexit, a strong government commitment to the existing copyright framework is their primary concern.²¹ The poll included responses from 48 of the Association's member publishers.

In May 2015, the European Commission published a communication on a digital single market strategy for Europe that covers everything from e-commerce to copyright.²² Front and centre among the Commission's concerns were value-added tax (VAT) burdens, online access to digital goods and services, digital-fueled economic growth, and increased digital innovation: all very good reasons for the UK to have remained in the EU in the first place, and all directly relevant to the business of UK publishing.

According to a recent Association of Learned and Professional Society Publishers member briefing on the EU VAT consultation, the economic benefits British publishers stand to lose post-Brexit are worrisome. For example, VAT for non-EU members is currently based on the customer's location, and the rate applied to printed publications runs as high as 25%. But 26 out of 28 EU members reduce that rate for printed books – to between 0% and 12% – for other EU members.²³ Presumably, online publishers will not be spared either: UK e-books will be taxed at the standard VAT rates, which range from 17% to 27% across the EU.

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The governing directives set forth by the EU will need to be replaced by new Prime Minister Theresa May's government with directives that position businesses for success in a post-Brexit digital world. Common business sense dictates that the UK keeps pace with any changes the EU makes, if only to protect its business interests on the Continent. But will it, given many Brexiteers' widely held resentment of EU dictates?

The Heart of the Matter

For publishing, as for any business, all roads lead to the bottom line. Researchers' papers make up the journals that publishers publish, and as such constitute their revenues. By 2014, projects funded by the EU's main instrument for funding research in Europe from 2007 to 2013 (the 7th Framework Programme for Research and Technological Development, or FP7) had produced over 43,000 articles, nearly half of which had been published in high-impact peer-reviewed journals.²⁴ That is a whole lot of journal content – much of it authored or co-authored by British scientists and academics.

So what will happen to British researchers' content output after their EU funding disappears? Less funding may mean less collaboration. Less collaboration could lead to fewer projects, fewer projects to fewer articles – and fewer articles to reduced revenues and impact.

But Bevan, Emerald's CEO, is not worried: 'It is possible that UK and EU research projects, and therefore research papers, temporarily reduce in volume due to the delays caused by the uncertainty within research funding. However, the UK is a leader in international research and the sector is critical to the UK economy, and therefore will be well supported by any color of government going forward.'

'Less funding may mean less collaboration. Less collaboration could lead to fewer projects, fewer projects to fewer articles'

Other publishers agree. Timothy Wright, CEO of Edinburgh University Press, anticipates few repercussions for his publishing program: 'I don't think the impact on us as an SME [small and medium-sized enterprise] focused on humanities and social sciences will be that significant'.

But others are less optimistic. 'A significant reduction in European research funding for British institutions and researchers will ultimately lead to a loss of jobs for UK researchers, and therefore less research output from the UK', observes another British publishing executive, who preferred not to be identified. 'Consequently, there's a huge concern about the impact this will have on the quality of our journals.'

Great Expectations?

When the flow of euros for research dries up, the British government has promised to make up the difference – for now. And because the British government will no longer be paying its EU ‘dues’, it will ostensibly have more money to dole out to academia. But other domestic sectors – starting with the NHS and moving on down a long list – will have their hands out for the same funds. Meanwhile, competition among researchers for university and government funding will only increase.

But if Brexit is seen universally as a disaster for British academics, researchers and universities, the publishers who rely on their content seem more anxious about increases in the cost of doing business and depressed spending than about academia’s loss of grant money from Brussels or reduced content volumes.

An immediate effect of the pro-Brexit vote was a drastic devaluation of the British pound. Sterling hit a 31-year low against the dollar,²⁵ and the day after the vote the pound was down 11% against the yen and nearly 6% against the euro, whose value had also plummeted.²⁶ (Despite a 6 October precipitous one-day plunge of nearly 6% – whose catalyst remains unclear – the post-Brexit freefall seems to have leveled off somewhat. In mid-October, the pound was trading at approximately 16% less against the US dollar than it did the day before the Brexit vote.)²⁷

‘It became 15% more expensive to do business in US dollars – overnight’, points out Matthew Whitaker, the Head of Publishing at the Royal College of Surgeons, ‘and since many UK publishing organizations pay royalties, as well as software license and maintenance fees, in US dollars, these costs have suddenly increased’.

Understandably, in the PA survey cited previously, slightly more than one third of respondents said that a higher cost of doing business (such as higher import costs or higher costs in selling to the EU) will be the greatest challenge to their business following Brexit.

That said, where some publishers see adversity, others see possibility. While there has been much hand-wringing about economic fallout, nearly half of all publishers see Brexit as an opportunity to make money on exports, according to the PA survey.

MAG’s Cianfarani is one of them. ‘We were already focusing much of our growth strategy in the US, Asia, Australia and the Middle East, so Brexit reinforces our focus on these markets. A weaker pound is already helping with overseas sales.’

‘The main opportunity is the improved competitiveness of UK publishers arising from the weakened Sterling exchange rates’, concurs Cookson of ICE. Edinburgh University Press’s Wright agrees: ‘The weakness of the pound for an export business like ours is certainly a positive.’ Emerald’s Bevan is more circumspect, noting that the pound’s weakness ‘will be tempered by the increased costs of overseas operations and the supply chain, including production costs’.

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As They Like It

‘While content delivery seems unlikely to be affected *specifically* by Brexit’, observes Cookson, ‘marketing messages may have to be fine-tuned to accommodate challenges stemming from any reductions in library budgets’. Emerald’s Bell notes that Brexit’s potential to ‘have a real impact on the quality, dissemination and visibility of research gives publishers more impetus to stimulate research partnerships, showcase that research and ensure global discoverability’.

In addition, where in the past it has been difficult for countries outside the European Union to compete with the UK in the EU market, Brexit will level that playing field. UK publishers are likely to face increased competition from other English-speaking content providers in Canada, the US and Australia.

‘UK publishers are likely to face increased competition from other English-speaking content providers’

A world of new competitors – and scarcer content – makes successful marketing more important for UK publishers than ever before, and in a fight for academic eyeballs, discoverability and site stickiness will become critical to protecting revenues. Leveraging multiple content types improves SEO, making websites that augment journal content with news, blogs and editorial grey matter better able to attract new visitors, keep them longer and make them want to come back – and subscribe.

'discoverability and site stickiness will become critical to protecting revenues'

And 'big data' is not just for the Fortune 500. Publishers can use analytics to track who users are and how they behave on a website and then use that information to optimize websites and fuel behavioral marketing strategies by leveraging new products comprised of repurposed and repackaged content. Indeed, any type of digital brand differentiation can measurably increase both a journal's readership and its impact.

The UK had never been the most enthusiastic member of the EU²⁸ – hanging onto the pound when the rest of Europe adopted the euro and chafing at being told what to do by 'foreigners' in Brussels. Months after the vote – after the recriminations, resignations, backstabbing, and drama worthy of a Jacobean revenge play – it still seems that no one in government has a definitive plan. Prime Minister Theresa May seems as indecisive (and secretive) as the Brexitly-ambivalent Tories in Parliament,²⁹ the most important of whom, former Prime Minister David Cameron, jumped ship, resigning as a Member of Parliament on 12 September 2016.³⁰

In the face of financial, regulatory, political and legal unpredictability, the American President Franklin D Roosevelt might have said, 'The only thing that's uncertain is uncertainty itself'. And uncertainty can make the status quo the most appealing course of action: according to the PA, 73% of all publishers said they would make 'no change' to their business investment plans in the wake of Brexit.³¹

'Brexit is all about opportunity'

'The biggest challenge is the uncertainty, which makes accurate planning very difficult', MAG's Cianfarani admits, 'but really Brexit is all about opportunity'.

Abbreviations and Acronyms

A list of the abbreviations and acronyms used in this and other *Insights* articles can be accessed here – click on the URL below and then select the 'Abbreviations and Acronyms' link at the top of the page it directs you to: <http://www.uksg.org/publications#aa>

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