THE DETRIMENTS OF BREXIT

How leaving the EU is damaging the United Kingdom

Image credit: Rupert Myers [@RupertMyers](https://twitter.com/RupertMyers)

Not HM Government

YORKSHIRE Bylines

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The Detriments of Brexit: How leaving the EU is damaging the UK

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Issue 1

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Foreword by the prime minister

(the one we would like to see)

On 31 January 2020 the UK left the EU. I think we all now recognise it has in fact been a colossal mistake.

Attempting to uncouple ourselves from the rules, regulations and institutions of Brussels was an act of national hubris for which we are paying a terrible price in the damage to our economy, to the safety and security of our great country and to the livelihoods of millions of our citizens. I can only offer my deepest apologies for the role that I played in bringing it about.

Perhaps the greatest tragedy is the potential breakup of the United Kingdom, a union which has served us well for more than three centuries. It appears the Scottish National Party has been boosted by Brexit and are now more determined than ever to separate Scotland from us, which I deeply regret. The Northern Ireland protocol continues to be a source of friction with our largest trading partner as well creating instability in Northern Ireland. I fully acknowledging my part in both.

That fatal night five years ago marked not the start of a new and exciting chapter for our country, our economy and our people as I imagined and hoped, but a gradual decline in our exports, our living standards and our place in the world. It was nothing like as simple or easy as I thought it would be. We have been unable to seize the opportunities that I thought we would. Instead, what we are seeing is perhaps the most rapid decline in the fortunes of any modern western nation since records began.

It was not the bright future that Lord Hannan set out in his 2016 video, but one of setback after setback as vital investment in manufacturing industry continues to fall and the City of London's leading role in the world's financial markets is eroded. Our farmers and fishers have been hard hit by the trade barriers erected in the trade and cooperation agreement hurriedly signed at the end of 2020 and by the loss of access to skilled and unskilled workers.

I can only once more offer my humble apologies.

The Rt Hon Boris Johnson MP

Introduction

It is becoming increasingly clear that there are no real benefits to Brexit, only detriments. Talk of controlling our democracy, borders and waters, controlling our own money and helping us to level up across the country – as the UK government once did – has either proved illusory or come at hugely disproportionate cost. The freedom to regulate in a more proportionate and agile way that works for our great British businesses has also turned out to have no advantages and is in fact burdening many of our best companies with totally unnecessary costs.

Claims that it would benefit people by putting money back in their pockets, improve their rights and choices as consumers and give them access to better healthcare, as some people claimed in 2016, gave false hope to millions. With rising inflation, soaring energy costs, falling living standards and NHS waiting lists now at record levels, many will see those claims as more than a little overblown.

Suggestions that Brexit would deliver the ability to shape a better environment and enable a Britain that was truly global once again were unrealistic aims from the outset. In an interconnected world nations need the cooperation and goodwill of others to deal with global challenges. New trade deals and strategic partnerships signed since 2020 were never likely to replace trade lost with our nearest and largest overseas market and have only succeeded in undermining our farmers and increasing our reliance on imported food.

Many of the benefits and the future opportunities as originally set out have proven not only wildly optimistic but in addition, many were either misleading or totally false. In this document we look at how the hard Brexit the government pursued has irreparably damaged the United Kingdom; how our preparations were completely inadequate and how we failed to understand even the most basic consequences of the decision wrongly urged upon the British people in June 2016.

At *Yorkshire Bylines* we are volunteers, but we have managed to compile the Davis Downside Dossier[1] recording the numerous downsides that Brexit has delivered.

The downsides, all carefully catalogued, are the source for this list of the detriments of Brexit. They represent the actual lived experiences of millions of our fellow citizens, in sharp contrast to the often nebulous and illusory 'Benefits of Brexit' in the government report[2] published in January. This is our response to it.

We are not the government, and we give no guarantee that the information contained here is 100 percent accurate. But it is based on the many actual consequences as experienced since the 2016 referendum, therefore it is probably closer to the truth than the government's publication.

1 The Davis Downside Dossier | Yorkshire Bylines

2 The Benefits of Brexit: How the UK is taking advantage of leaving the EU | gov.uk

What the UK got wrong

Sad to say, in the withdrawal negotiations the government got virtually all of the big decisions wrong.

The public voted to take back control as they were urged to do and the UK government attempted to delivered it. Its declared objective was to restore the UK's status as a sovereign, independent country but we now see it has left us more dependent and with far less control even than we enjoyed as a member of the EU. How did it happen?

- **We failed to plan.** From the outset there was no consensus on what Brexit meant. Vote Leave deliberately didn't prepare a plan, in order to win the widest possible support for Brexit, from free traders who wanted to eliminate all tariffs to farmers and fishers who simply wanted to escape the Common Agricultural and Fisheries policies. They did not want to be exposed to cheaper competition from abroad producing food to a lower standard. This failure was a serious error of judgement and simply succeeded in pushing the problems of reaching a consensus into the future and only after an irrevocable decision had been made by the British people.

- **We triggered Article 50 before the cabinet had reached a clear position.** In hindsight the government of Theresa May should have taken longer, and achieved a consensus among cabinet members before starting the two-year period allowed for the withdrawal negotiation to take place. The EU managed to achieve this unity of purpose among 27 member states and in the end, they secured all of their objectives and we did not.

- **The UK's negotiating objectives were hopelessly unrealistic.** The strength of the UK bargaining position was significantly overestimated. There was a belief that because Britain was one of the EU's most important export markets, we could retain the same level of access to their single market that we had enjoyed as members. This has clearly proven not to be the case, but rather than be open about the negative impacts of leaving the single market we ploughed on regardless.

- **Threatening to leave without a deal was a bad tactic.** Attempts to pressurise the EU27 by threatening to exit the trading bloc without any kind of trading arrangements in place was a serious mistake. When we needed goodwill there was none and EU negotiators did not believe it in any case. We gained no advantage whatsoever.

- **The Northern Ireland protocol.** Of all the mistakes made before the referendum, failing to appreciate the serious issues raised for Northern Ireland by Britain's exit from the European Union was perhaps the greatest. Advocates of Brexit rejected many explicit warnings of the potential difficulties from previous UK prime ministers and those directly involved in the peace negotiations that led to the 1998 Belfast Good Friday Agreement (GFA).

- **Leading politicians simply did not understand the difficulties.** Even after the 2016 vote and with the benefit of the expertise provided by UK civil servants, ministers and advisers seemed blind to the myriad problems and refused to engage with the details or accept that painful trade-offs would be needed.

● **The Lancaster House speech.** The speech by Theresa May in January 2017 set out the key priorities in the Brexit negotiations, ruling out both membership of the single market and the customs union. These were crucial decisions that had hugely negative implications for this country's future prosperity but were made without cabinet discussion or wider acknowledgement of what this would mean for Britain's exporters or for the integrity of the United Kingdom. May's speech also gave priority to controlling migration after Brexit. In retrospect they were serious errors of judgement.

Britain – a divided country

Whichever way you voted in 2016 it is hard to deny that Brexit has divided Britain in an extraordinary and unprecedented way. Six years after the referendum there are few signs of a reconciliation between those who vote to leave the European Union and those preferring to stay. The legacy of the divisive referendum campaign will be with us for decades to come.

- **Leave/remain has replaced right and left in UK politics.** Research[3] for a report on Brexit and public opinion by UK in a Changing Europe, shows that Brexit has replaced traditional party allegiances of left and right in the hearts and minds of voters, embedding and reinforcing existing divisions in society and creating new ones.

- **Claims that remain voters are now reconciled to Brexit are wrong.** Professor Sir John Curtice, Britain's leading psephologist, says[4] voters continue to be evenly divided on whether they wish to be inside or outside the EU, while support for Brexit has actually eased somewhat during the last 12 months – thanks to a movement among both those who voted remain and a slightly greater one for those who backed leave in 2016.

- **There are growing indications that voters are changing their mind.** The pollsters YouGov have a series of polls asking, 'in hindsight', if the UK was right or wrong to leave the EU. These showed a widening gap to five points (46 percent wrong, 41 percent right) between July and September last year, while since October it has stood at ten points (49 percent wrong, 39 percent right). Professor Curtice says this is as large a consistent lead for 'wrong' that YouGov has registered since the poll started in August 2016.

- **At the moment there is majority support for being in the EU.** Pollsters regularly ask voters which way they would vote if there was another referendum. During most of 2020 these were largely finding a majority opposed to Brexit. After Britain's exit the balance of opinion swung in favour of being outside the EU but has moved back again during the second half of 2021. A recent[5] (February 2022) 'poll of polls' registered 'In EU' 52 percent and 'Out EU' 48 percent. A reverse of the 2016 result.

- **Most voters want to see another referendum at some point.** Polling[6] from last December points to a majority (39 percent) who want to see a new referendum either now or in the next five years. A third (32 percent) did not believe there should ever be one. In total 55 percent would like to see a vote at some time in the next 20 years.

- **Most voters are dissatisfied with the first year of Brexit.** A survey[7] by pollsters Opinium at the end of 2021 suggests more than six out of ten believe Brexit has either

3 How Leave versus Remain replaced Conservative v Labour affiliations | The Conversation

4 Public Reactions to The First Year of Full Brexit | What UK Thinks: EU

5 Post-Brexit Poll of Polls | What UK Thinks: EU

6 When do you think, if at all, there should next be a referendum on whether or not the UK should re-join or stay out of the European Union? | What UK Thinks: EU

7 One year on, most voters say Brexit has gone badly | The Guardian

gone badly or worse than they expected. Overall, just 14 percent of all voters said Brexit had gone better than expected. The survey also found that 42 percent of people who voted leave in 2016 had a negative view of how Brexit had turned out so far.

Perhaps the greatest and most damaging Brexit division is between young and old.

If you are under the age of 64, you are far more likely to have voted to remain in the European Union. Recent polling shows that only in the over 65 age group is there now a majority to stay out of the EU.

Younger people, the ever-growing cohort of tomorrow's voters, are in favour of Britain being a member of the EU by at least two to one.

The disunited kingdom

The United Kingdom has not been as disunited for at least a hundred years when the Anglo-Irish Treaty was signed, creating the Irish Free State, separating 26 of Ireland's 32 counties from Great Britain and leading to what we now know as the Republic of Ireland.

Scotland's SNP and Green parties are drawing up plans[8] for a second referendum on Scottish independence, which the polls[9] suggest they could win. There is a belief that time is running out for the UK as we know it.

Professor Roger Awan-Scully, an academic in the Wales Governance Centre at Cardiff University has pointed to the devolution settlements granted to Scotland and Wales under the Blair administration as the beginning of UK politics becoming dangerously fragmented.

Image credit: TheFutureIsUnwritten

General elections have ceased to be 'general' but have developed into four separate and distinct campaigns, representing a "hollowing out of British democracy".

Professor Awan-Scully said: "Voters across the UK continue to use general elections to elect representatives to a single House of Commons. But they do so in what increasingly are four separate elections; with separate leaders and separate manifestos producing four sets of simultaneous choices. The shared debates and the shared sets of choices that tie a political community together and help to give it a sense of being a coherent and united nation are increasingly absent."

Brexit and the rise of what to many has the appearance of English nationalism in the modern Conservative Party, have undoubtedly added to a profound and deeply felt sense of grievance with Westminster, helping to drive a wedge between the peoples of the United Kingdom. Scotland and Northern Ireland voted to remain in the EU while England and Wales (narrowly) voted to leave. These arguments continue to divide with the SNP returning 47 out of 59 seats in Scotland while the Northern Ireland protocol is still not fully implemented and unionists increasingly unhappy with a settlement that they believe encourages Irish unification in the long run. There is still no power sharing executive in place at Stormont.

Elsewhere, arguments over regional funding and what the trade and cooperation agreement (TCA) means for different regions will continue to play out, perhaps for decades to come.

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8 SNP and Greens to draw up joint independence plans for 2023 referendum | The Herald

9 Opinion polling on Scottish independence | Wikipedia

Britain's diminished role in the world

As an EU member state, the UK was able to retain and even amplify its influence on the world stage, alongside France (the other European nuclear power) and Germany. This was mainly achieved through the EU common security and defence policy[10] (CSDP) which Britain chose to withdraw from during the Brexit negotiations.

The CSDP is the EU's framework policy in the field of defence and crisis management, including defence cooperation and coordination between member states. Britain has previously been at the forefront of calls to increase defence and security cooperation, originally to combat terrorism in Ireland and later globally. It was frequently at the centre of the development of European defence initiatives and capabilities.

Designed to resolve conflicts and foster international understanding based on diplomacy and respect for international rules, the CSDP seeks to:

- **Preserve peace**
- **Strengthen international security**
- **Promote international cooperation**
- **Develop and consolidate democracy, the rule of law and respect for human rights and fundamental freedoms.**

The EU maintains partnerships with the world's key players, including emerging powers and regional groups. It seeks to ensure that these relationships are based on mutual interests and benefits.

Leaving the EU in 2020 immediately weakened UK influence both regionally and globally.

Before the referendum it was argued that our exit from the EU would not affect Britain's military power or position. A former head of the British army, General Sir Mike Jackson, said that the impact from departing the EU, "is more of a policing and judicial matter rather than a military matter" and he added that the UK's military dimension is actually provided by Nato.

Ukraine

Events in Ukraine have marked a dramatic shift in European thinking. The bloody invasion of a peaceful neighbouring country by Russia has shocked the western world and shown the risk of a serious escalation into a new European war. The potential confrontation with a nuclear power has rendered Nato virtually helpless.

It has reinforced the vital importance of the EU's role in providing a coordinated Europe-wide response, not just diplomatically and in applying financial and economic sanctions but militarily as well, and below the ultimate umbrella of Nato.

10 Foreign and security policy – EUR-Lex | europa.eu

European leaders, meeting in Versailles 10–11 March 2022 resolved[11] to take more responsibility for Europe's security, reducing dependence on others and developing a new growth and investment model for 2030. No British representatives were present.

Versailles March 2022: Image Credit. President Macron, Twitter

In particular, the EU will be addressing three key dimensions:

- **Bolstering defence capabilities**
- **Reducing energy dependencies**
- **Building a more robust economic base.**

Far-reaching decisions, about the future of Europe, which will undoubtedly have an impact on Britain, will now be taken by EU member states who may or may not choose to consult the UK.

While it is unlikely the UK's voice will be ignored, outside the formal decision-making structures we will be unable to veto developments that are not in Britain's national interest.

British and French attitudes to European defence integration initiatives have always been extremely cautious, designed to limit any diminution of their roles as global military and nuclear powers and European permanent member of the UN Security Council. But by leaving the EU, Britain has undoubtedly weakened itself in international organisations and consequently its views are of less interest and consequence within and outside the EU.

German chancellor Olaf Scholz recently announced a sudden reversal of policy, pledging a €100bn defence spending fund and committing to permanently exceed Nato's annual spending target. Several key projects such as the future combat air system, developed in cooperation with France and Spain, as well as the unmanned Eurodrone produced in combination with the four EU largest member states, are now considered high priorities.

11 20220311-versailles-declaration-en.pdf | europa.eu

Moves to increase future cohesion within the EU on defence-related matters inevitably mean the UK's traditional role as an intermediary between America and continental Europe will quickly disappear.

Many leading academics and international commentators have suggested Brexit was a key, long-standing policy objective of Vladimir Putin. Nikolay Petrov, a professor of political science at the National Research University's higher school of economics in Moscow claimed in 2016 that "Geopolitically and strategically, the Kremlin thinks it will benefit".

Petrov wrote[12] in the *Washington Post*: "Europe is now weakening as Russia, its allies and its multilateral organizations are consolidating, even adding new members. Putin, of course, did not cause the Brexit vote, but he and his foreign policy objectives stand to gain enormously from it."

However, the newfound unity and solidarity of the western response, especially among EU member states from the former Soviet Union, has surprised Putin.

In the recent diplomatic activity seeking a resolution of the Ukraine conflict, while Britain initially played a leading role, being the first European nation to send weapons to Kyiv, many have noted that France has since proved a more significant player. It was to President Emmanuel Macron, holding the rotating EU presidency, and Chancellor Scholz that the US has looked to in its efforts to deal with the crisis. Britain is essentially being marginalised.[13]

And since 2017, in a sign seen by many as an indication of Britain's diminished global role, for the first time since the International Court of Justice (ICJ) was set up in 1946, there has been no British judge on the bench of 15 members.[14] The ICJ is the United Nation's principal court. It sits in The Hague, in the Netherlands, with members being elected by the UN assembly.

The court's role is to settle, in accordance with international law, legal disputes submitted to it by UN members and to give advisory opinions on legal questions referred to it by UN agencies.

While the UK, through Brexit, sought to recover the sovereignty it believed to be lost, Ukraine, Georgia and Moldova have all formally applied to join the European Union, recognising that individual sovereignty is greatly multiplied in an alliance.

Whatever the eventual outcome of the Ukrainian crisis, it is clear that previous assumptions about European security have been too complacent and will need to be reassessed. Europeans can no longer take their security for granted in a dangerous world. And Britain's future role in that security remains uncertain.

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12 How Brexit is a win for Putin | The Washington Post

13 Ukraine crisis underlines Brexit Britain's marginalisation | Middle East Eye

14 ICJ To Have No UK Judge For The First Time In Its History | Huffington Post

The UK economy

Richard Hughes, chair of the statutorily independent Office for Budget Responsibility, said in October 2021 that leaving the EU would reduce the UK's potential gross domestic product (GDP), the total wealth produced each year, by about 4 percent in the long term.[15] The UK economy in 2021 had a GDP of £2,195m (£195m, according to the Office for National Statistics – ONS).

Many experts state this is already lower than it otherwise would have been had Britain not voted to leave the EU.

- **A 4 percent reduction would mean a loss of £88bn in GDP.** Tax levels are expected to reach 40 percent of GDP by 2025/26 (Institute for Fiscal Studies)[16] the highest for 70 years. The loss of GDP would reduce tax revenues by about £35.2bn per year. This is roughly the total amount raised by council tax in the UK last year.

- **Falling tax revenues means higher tax rates or lower spending.** To raise £35bn would require VAT to increase to about 26 percent for example. To save £35bn would need savage cuts to departmental spending. The figure is more than the UK government spends on transport and slightly less than it spends on defence.

- **A third of businesses fear their company will close before the end of 2022**. A survey by One World Express suggests 73 percent of businesses have seen no benefit from the UK's departure from the EU and a third believer their company will struggle to survive this year with Brexit cited as a real obstacle. More than half (54 percent) of UK business owners found 2021 to be a more challenging year than 2020.

- **Economists believe the UK's pandemic recovery will trail others.** A survey of almost 100 economists[17] by the *Financial Times* suggests the UK will trail other developed countries in its economic recovery from the pandemic in 2022, held back by political uncertainty and the lingering effects of Brexit.

- **UK business is being sold off.** The 20 percent fall in sterling following the Brexit vote has made British companies an attractive proposition for US takeovers. According to the ONS[18], the first six months of 2021 saw US companies acquiring UK firms worth £34bn, said to represent one of the biggest sell-offs in UK corporate history.

- **Increased corporate takeovers.** Global law firm Mayer Brown[19] reports that, "the number of UK businesses acquired by US private equity houses has jumped 75 percent this year [2021]". The relatively depressed valuations of UK companies versus European peers has made them particularly good value for US-based private equity funds. With slower economic growth and broader Brexit uncertainty in the UK, sterling

15 Impact of Brexit on economy 'worse than Covid' | BBC News

16 Tax and Spend | Institute for Fiscal Studies

17 Political uncertainty and Brexit will slow UK recovery in 2022, economists predict | Financial Times

18 Brexit: The American takeover of Britain now at full pace | TruePublica

19 US buyouts of British Businesses jumps 75 percent in past year | Mayer Brown

has fallen sharply against both the dollar and the Euro, which has made deals more attractive for overseas buyers.

- **Seven in ten UK exporters say Brexit has been bad for business.** A majority of the 1,000 companies polled by the British Chambers of Commerce said the TCA had put Britain at a competitive disadvantage.[20] Seven in ten UK firms said it been bad for business and held back growth, with a majority reporting it has pushed up costs and increased paperwork.

- **Brexit has only added costs and delays.** A recent report from the public accounts committee (PAC), has said it "was clear" that leaving the EU was having an impact on UK trade volumes and warned things could worsen this year as new import controls come in. PAC chair Meg Hillier[21] said, "the only detectable impact so far is increased costs, paperwork and border delays". The PAC also said it was concerned about what will happen when passenger traffic across the UK border returns to normal levels as the pandemic subsides.

- **UK exports.** Despite world trade volumes in goods and services rising strongly last year, by 9.3 percent according to the International Monetary Fund, the UK's export performance failed to keep up. After falling very sharply in 2020, UK exports dropped again in 2021, by just over 1 percent percent.[22]

Nothing that has happened to the UK economy since the 2016 referendum should come as a surprise. HM Treasury in April 2016 published an analysis: the long-term economic impact of EU membership and the alternatives.[23] This forecast that if Britain negotiated a bilateral trade agreement with the EU, as it subsequently did, the UK economy would be smaller than it would otherwise have been by between 4.6 percent and 7.8 percent after 15 years.

This means even if the economy grew it would grow less than if Britain had remained a member of the EU. Choices made by the government during the negotiations were made in full cognisance that the outcome would see household incomes fall by a median £4,300.

UK GDP is not expected to return to pre-pandemic levels until the end of the first quarter of 2022, well behind other leading economies. Growth this year is forecast by the Bank of England to slow to 3.75 percent, below that of most G7 countries, and then fall to just 1.25 percent in 2023 and 1 percent in 2024 as the impact of Brexit begins to be felt.[24]

20 Brexit: 71 percent of UK exporters say government's Brexit deal is bad for business | The Independent

21 Warning over border delays when new checks kick in | BBC News

22 Private sector lags behind in our unbalanced recovery | The Sunday Times

23 HM Treasury analysis: the long-term economic impact of EU membership and the alternatives | gov.uk

24 The Times view on the UK economy: Growing Problems | The Times

Trade

While is has been difficult to disentangle the impact of Brexit from that of the pandemic on the UK's external trade, the statistics indicate that trade has reduced and Brexit was a significant factor. This is clear from the latest figures published by the ONS which show exports to the EU fell by £20b[25] in 2021, a fall of 12 percent compared with 2018 while exports to the rest of the world excluding the EU also fell, but by £10bn, 6 percent.

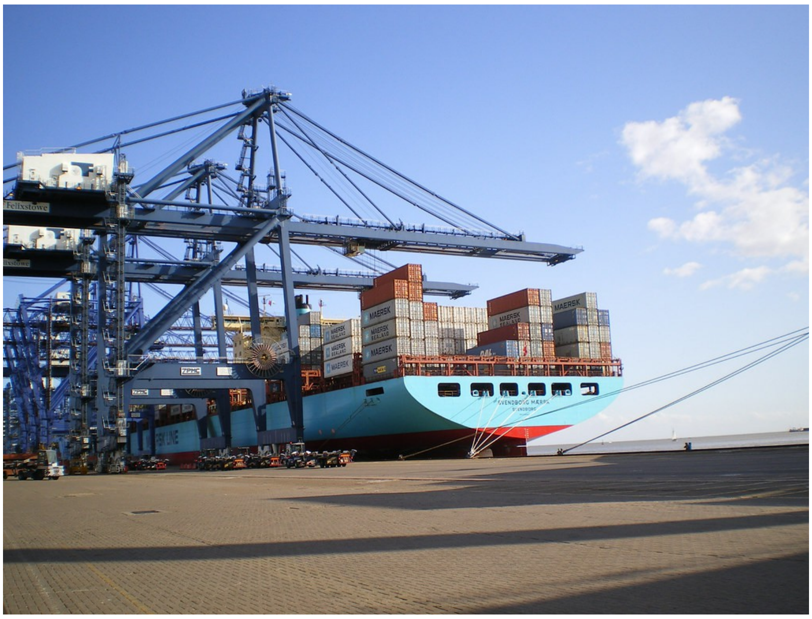

Image credit: Department for Transport (DfT)

- **Brexit has introduced huge obstacles to trade.** The British Chambers of Commerce (BCC) say 60 percent of UK exporters it surveyed in November 2021 reported difficulties in trading with the EU, an increase from 49 percent in January 2021. William Bain[26] of the BCC, said, “the way the trade agreement is being interpreted in 27 different EU countries is a major headache for UK business, especially smaller firms without the cash reserves to set up new EU based arrangements”.

- **British business has been burdened with extra costs.** Jim Harra, chief executive of HM Revenue & Customs (HMRC), told MPs in January 2021 that British businesses[27] were likely to spend £7.5bn a year handling customs declarations.

- **Almost a third of British companies have suffered a decline in trade.** A survey conducted for the *Financial Times*[28] and carried out by the Institute of Directors, showed almost a third of British business saw a reduction or loss of business since Brexit rules took effect. The survey also found that 17 percent of UK companies that previously traded with the EU have stopped – either temporarily or permanently.

25 UK exports to EU fell by £20bn last year, new ONS data shows | The Guardian

26 UK exporters: Brexit problems worsen | The Herald

27 Annual £7.5bn cost of EU trade as bad for business as no-deal Brexit | The Times

28 Six months in and UK businesses are still battling with Brexit | Financial Times

● **Our trade surplus with Ireland has now become a deficit.** A collapse in British exports to Ireland since Brexit has handed Dublin a trade surplus with London. The Irish government says red tape explains a €2bn plunge in the value of goods sales – 47.6 percent in the first quarter of 2021, compared with the start of 2020. According to ONS figures, the UK has previously recorded an overall trade surplus with Ireland every year since 1999.

● **Exports of food and drink have been hard hit.** Exports of food and drink to the EU have suffered a "disastrous" decline in the first half of 2021 because of Brexit trade barriers, with sales of beef and cheese hit hardest the Food and Drink Federation[29] says. Producers lost £2bn in sales, a fall in revenue that cannot be compensated for by the increased sales to non-EU countries.

● **Brexit has damaged the UK's small and medium exporters.** More than one in ten small and medium-sized exporters (SMEs) have lost trade with the EU since Brexit, a survey by the Institute of Directors shows. A quarter of SMEs that trade with the EU are now considering moving some of their European operations outside Britain, while 16 percent said they had already decided to move some or all into the single market due to Brexit.

● **Businesses are moving to the EU.** International courier service provider DHL is to establish a new airline in Austria with 18 Boeing 757 freighters transferred from DHL's UK division. UK carriers have had to restructure operations since Brexit because they no longer have the intra-EU freedoms granted to EU airlines. The new airline, DHL Air Austria, based in Vienna, will employ 176 pilots and 50 ground staff to handle scheduling, training and flight planning.

● **Britain's loss is Belgium's gain.** Brexit has resulted in two regions of Belgium receiving a boost in inward investment. Flanders welcomed €2.4bn and 2,755 new jobs, as 81 companies relocated since the UK withdrew from the EU. Wallonia received almost €358m in investments, 539 new jobs and around 20 companies.[30]

● **Britain's loss is Estonia's gain.** According to the *New York Times*[31], Estonia has experienced an influx of British technology businesses, contributing to a big jump in tax revenues and reinforcing the country's reputation as a hub of innovation. Over 4,000 British firms helped to swell Estonian tax revenues by 60 percent compared to 2020, according to comments by prime minister, Kaja Kallas.

● **Global trade.** A member of the Bank of England monetary policy committee has produced a chart[32] showing that Britain's trade flows (imports plus exports as a share of GDP) have fallen by "far more than in any other G7 country" since 2009. Michael Saunders said Britain has become "less globalised with the effects of the pandemic exacerbated by Brexit".

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29 Brexit: food and drink exports to EU suffer 'disastrous' decline | The Guardian

30 Brexit led to €359 million in investments in Wallonia, less than in Flanders | Brussels Times

31 Brexit Brain Drain Delivers Financial Boon to Estonia | The New York Times

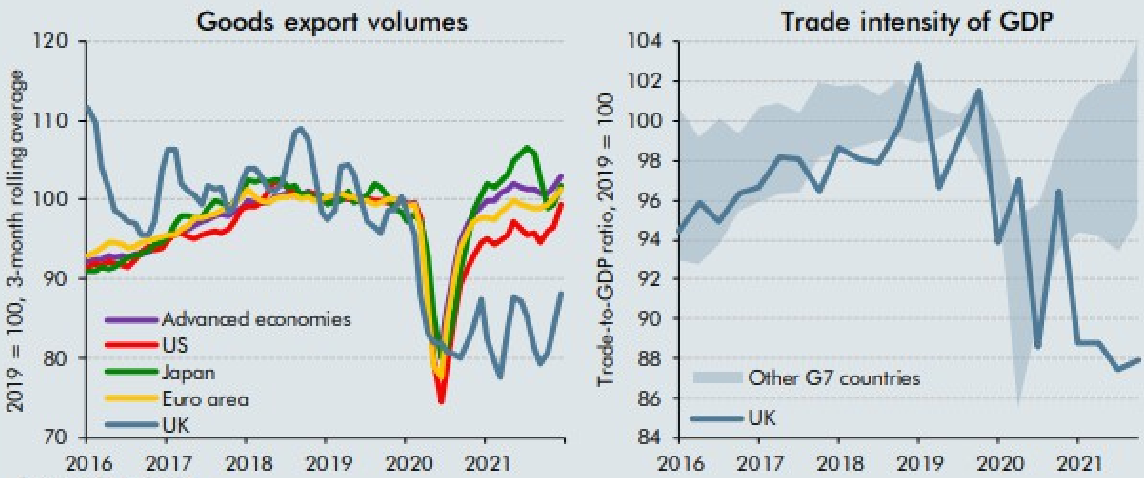
32 The outlook for inflation and monetary policy - speech by Michael Saunders | Bank of England

The Centre for European Reform (CER) has been running a 'cost of Brexit' model[33] using a doppelgänger economy which tracks the behaviour of a notional UK remaining in the EU. This doppelgänger, is made up of countries selected from a larger group of 22 advanced economies by an algorithm. The algorithm finds the countries that, when combined, create a doppelgänger UK that has the smallest possible deviation from the real UK data until December 2019, before the pandemic struck.

Using this method, CER's model found that UK goods trade is between 11 and 16 percent lower as a result of Britain's exit from the single market and customs union in January 2021. Using the data for October 2021, the model puts the cost at 15.7 percent, or £12.6bn.

This seems to be reinforced by the latest OBR economic and fiscal outlook for March 2022[34] which found by the fourth quarter of 2021 total advanced economy trade volumes had rebounded to 3 percent above their pre-pandemic levels while UK exports remain around 12 percent below (Chart I, left panel, below). The OBR says, "UK therefore appears to have become a less trade intensive economy, with trade as a share of GDP falling 12 percent since 2019, two and a half times more than in any other G7 country (Chart I, right panel)".

Chart I: UK and advanced economy trade



Source: CPB, OECD

While additional trade with other counties could offset some of the decline in trade with the EU, none of the agreements concluded to date are of a sufficient scale to have a material impact on our forecast. The Government's own estimate of the economic impact of the free-trade agreement with Australia, the first to be concluded with a country that does not have a similar arrangement with the EU,[e] is that it would raise total UK exports by 0.4 per cent, imports by 0.4 per cent and the level of GDP by only 0.1 per cent over 15 years.[f]

There is clearly something which has uniquely impacted the UK economy and it is hard to see what, other than Brexit, might have caused it.

33 The cost of Brexit: October 2021 | Centre for European Reform

34 Economic and fiscal outlook - March 2022 | Office for Budgetary Responsibility

The City of London

London's financial sector contributed £75.6bn to public finances in tax, in the year to March 2020, about 10 percent of the total revenues received by the government. The TCA signed at the end of 2020 contains no provision for cross-border trade in financial or other services with the EU. While the City of London remains Europe's top financial sector, is has lost key business and bankers to rival hubs in Amsterdam, Dublin, Paris and Frankfurt.

Image credit: Mariano Mantel

● **The London stock exchange has become smaller.** The number of listed companies has dropped by 40 percent since 2007. The entire FTSE 100 index is now worth approximately the same as the single US company Microsoft. Flotations in the first nine months of 2021 were half of those in Hong Kong, two fifths of Shanghai's and an eighth of New York's, with Brexit partly to blame according to *The Times.*

● **London has seen bank staff and assets moved to the EU.** The New Financial think tank reported in April 2021 that more than 400 financial firms in Britain have shifted activities, staff and a combined one trillion pounds[35] in assets to hubs in the EU due to Brexit. They believe even this may be an underestimate and "expect the numbers to increase over time: we are only at the end of the beginning of Brexit".

● **Amsterdam has been boosted by Brexit.** Amsterdam[36] ended 2021 as Europe's top share trading venue, retaining the lead it gained over London earlier in the year despite efforts by the British financial centre to make its equity markets more attractive after Brexit. Figures from Cboe Global Markets show that average daily trading in Amsterdam last month totalled 8.97bn euros ($10.15bn), ahead of London's 8.32bn euros

● **Dublin has been boosted by Brexit.** Irish banks[37] have increased their balance sheets and seen their banking sector move up the international and EU rankings. A

35 City of London Brexit hit worse than expected, says study | EURACTIV

36 Amsterdam retains share-trading supremacy over London a year after Brexit | yahoo.com

37 Brexit boosts Ireland's international banking sector | Irish Times

2021 report, 'Supporting Ireland's Success – The Contribution of International Banking', published by Banking & Payments Federation Ireland and its affiliate the Federation of International Banks in Ireland found Brexit was a key driver of change in the sector here, with the expansion of the banks in the aftermath of the vote to leave the EU adding €200bn to their balance sheets between 2015 and July 2021.

● **Many European financial services firms no longer want UK authorisation.** Only half of EU financial firms that were given a temporary license to operate in the UK immediately after Brexit have applied for full authorisation. The City watchdog, the FCA, set up a temporary license regime in the months before Brexit, in order to give EU-based firms the opportunity to continue trading in the City but only 39 out of 72 firms that were expected to apply actually did so.[38]

● **EU banks may soon have a competitive advantage.** EU's banks are getting a helping hand because of the bloc's decision to break with some of the final parts of Basel III, the globally agreed capital rules, allowing them to use less capital when making loans to corporates without a credit rating, reducing their lending costs.[39] One senior executive at a large UK bank said, "There's a risk … that BNP can lend to a load of higher quality UK corporates at cheaper rates than UK banks ... Open markets only work if everybody is playing by global rules".

● **Ryanair delist from the London stock exchange.** Ryanair have confirmed they intend to delist due to high costs and the low number of trades being made and will just be listed on the Euronext Dublin exchange as of 18 December 2020. The company said "The migration away from the [London stock exchange] is consistent with a general trend for trading in shares of EU corporates post-Brexit" .

● **UK loses clearing activities to Milan.** The pan-European exchange Euronext has confirmed[40] it will clear all trades on its newly acquired Italian platform by 2024, helping the EU cut reliance on the London stock exchange for core financial activities after Brexit. CEO Stephane Boujnah said the group, which operates seven stock markets across Europe, would build on its acquisition of the Milan exchange in 2021.

● **London stock market lags behind.** The UK stock market has underperformed other leading equity markets for six years, according to *The Times*, reflecting persistently weak corporate earnings growth. UK stocks trade on a multiple of just 14 times expected 2022 earnings, compared to an average multiple of 16 times for eurozone stocks and 21 for US stocks. Euro Stoxx index of leading European shares was up 22.5 percent, driven by a 29.2 percent rise in France's CAC 40 index and a 23 percent rise in the FTSE MIB index of Italian shares. The FTSE 100 ended up 14.3 percent.

● **Initial public offerings.** Fifteen years ago, a fifth of all companies globally that went public via a placing, chose London. Now London's share of initial public offerings (IPOs) on a global basis has fallen[41] to 4 percent. The reasons are varied, but the main factors include Brexit-induced political and currency risk.

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38 Little appetite among EU finance firms to stay in London as FCA applications disappoint | CityA.M.

39 UK faces unintended consequences of post-Brexit financial regulation | Financial Times

40 Euronext to ditch London Stock Exchange for clearing by 2024 | yahoo.com

41 London listings . . . the downwards trend | The Irish News

- **Bank payments.** British banks face IBAN payment issues across EU as GB payments begin to be refused. IBAN is an EU system for identifying bank accounts across national borders. Many users report discrimination being a major problem as a number of companies across Europe begin to refuse Euro account bank details "if they contained the country code 'GB'" according to CityA.M.

- **Paris boosted by Brexit.** The city has become one of the hottest job markets in Europe for finance professionals.[42] France's biggest investment banks are offering increased pay and flexible work arrangements to retain top performers. And junior bankers in France are no longer paid less than their UK counterparts. JPMorgan Chase, Goldman Sachs and Morgan Stanley, have all beefed up operations in Paris post-Brexit.

- **London has lost a lot of its lucrative derivative trade.** The City of London lost £2.3tn ($3.3tn) of its lucrative derivatives trading[43] business in March 2021 alone, with Wall Street trading platforms gaining the most from Brexit. According to *Bloomberg*, US swap-execution facilities took market share in trades in euros, pounds and dollars at London's expense.

- **US clearing houses gain an advantage.** Brussels will allow US clearing houses to operate throughout the EU in what could be a blow to the City of London's largest clearing agencies. The move to allow American competitors to operate in the EU will be seen as a move by Brussels to clear the way to locking out the UK's clearing houses in the future.[44]

- **Clearing.** Brussels has extended its temporary permit allowing European banks and fund managers to use UK clearing houses until June 2025. But, Mairead McGuinness, EU commissioner for financial services has said the commission would shortly begin consultations on a strategy to reduce in the medium term EU over-reliance on UK clearing houses which handle €83 trillion of open Euro derivatives contracts in a market that is not in the EU's direct oversight.

- **Investment funds.** London's smaller investment managers, who have not set up subsidiaries in the EU are struggling to negotiate new post-Brexit trading arrangements in order to continue serving European clients. Smaller funds have been hit disproportionately hard by the omission of financial services from the Brexit trade talks because they have been less able to prepare contingency plans.

- **Share trading.** The three biggest venues in London that handle European shares saw almost all of this business (about $5bn daily) shift into the EU on the first trading day after Brexit.[45] Chief executive of Aquis Exchange Plc told *Bloomberg* that 99.6 percent of its European stock trading moved to Paris, described as a "spectacular own goal" for Britain post-Brexit.

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42 Brexit Latest: Paris Beats London for Jobs in Banking and Finance | Bloomberg

43 New York Wins From Brexit's $3.3 Trillion Hit to U.K. Swap Trade | Bloomberg

44 EU opens up to US clearing houses in blow to City of London | CityA.M

45 Brexit Pushes Most Europe Share Trading Off Top U.K. Venues | Bloomberg

UK financial firms lost access to the single market under the EU's passporting regime on 1 January 2021 and must now rely on Brussels granting regulatory equivalence to Britain's financial services sector, something it has so far failed to do.

There has been only a temporary equivalence granted for derivatives clearing which the EU commission believes to be in its interests. The long-term strategy is for the EU to increase the strength and stability of its own financial market which may result in London being squeezed out between USA and the EU.

Levelling up

The government sets great store in the levelling-up agenda and has recently published[46] a 332-page paper with a 17-page executive summary. The paper concedes that in the UK not everyone shares equally in the country's success:

"Levelling up is a mission to challenge, and change, that unfairness. Levelling up means giving everyone the opportunity to flourish. It means people everywhere living longer and more fulfilling lives, and benefiting from sustained rises in living standards and well-being."

In 16 bullet points it lists the progress made since 2019 in "spreading opportunity around the country" – 12 of which involve public money totalling a little over £180bn. Critics have raised concerns however that no new money is being allocated to what looks on paper like an ambitious programme.[47]

Erica Roscoe, senior research fellow with the IPPR North think tank said, "But the missing piece of the jigsaw puzzle right now, is how government is going to set about achieving and funding those targets".

A director of the Northern Powerhouse Partnership, Henri Murison, warned some parts of the north would be "significant losers", adding: "The hard case is there will be less money for research and development in the north of England post-Brexit than there was under Theresa May before we left the EU. That is a fact. The Shared Prosperity Fund [designed to replace EU funding] leaves the region with less money coming in than before."

And Tracy Brabin, the Labour mayor of West Yorkshire, said there was a lot of ambition, "But unless you actually have the money and the resources, you are going to be struggling".

The levelling up paper is a tacit admission that opportunity cannot be spread without public spending and much more will be needed in the future. Yet Brexit as negotiated will clearly result in lower growth and the Bank of England's latest forecast seems to confirm that.

The government's Brexit deal and levelling up policies are currently working in opposition to each other. One requires additional spending while the other slows the economic growth that would be expected to fund the spending.

A future government may be forced to choose between the two.

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46 Levelling Up the United Kingdom | GOV.UK

47 'No new money, no new powers': Long-awaited levelling-up plans leave north underwhelmed | msn.com

Farming

It is thought that approximately 53 percent of farmers voted for to leave the EU in 2016, with a main reason being to free themselves from the Common Agricultural Policy. But there are indications that some have become disillusioned with the outcome and with the deal the UK government and the EU reached in 2020, which have seen labour shortages having a significant impact on their businesses.

Minette Batters, president of the National Farmers' Union (NFU), has been highly critical of the trade deals being negotiated with Australia and New Zealand.[48]

Image credit: "Harvest time"by blavandmaster

- **The trade deal signed with Australia will damage UK agriculture.** British agriculture, forestry and fishing is expected to suffer[49] a £94m fall in sales, the government's own impact assessment (IA) shows. There is also an expected £225m hit to the semi-processed food sector, which includes tinned products, as part of a "reallocation of resources within the economy". The IA makes clear the "potential for the deal to result in lower output for some agricultural sectors [in the UK] as a result".

- **Labour shortages in meat processing forces cull of healthy pigs.** Thousands of healthy pigs are being killed every week to make space on farms, amounting to the largest culling of healthy pigs in the history of British farming. The cull is due to a combination of changing immigration rules related to Brexit and many workers choosing to go home during the pandemic and not returning, leaving the sector 15–20 percent down on the staff it needs.

- **The UK risks falling behind the EU in food safety.** An EU ban came into force at the end of January on the routine administration of antibiotics to groups of healthy animals. European farmers will only be permitted to use antibiotics as a preventive

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48 Minette Batters: 'feared farmers would be used as a pawn in trade deals | The Guardian

49 Australia trade deal to cause £94m hit to UK farming, forestry and fishing, study reveals | I news

measure in exceptional cases when there is a high risk of infectious disease, and then only with individual animals. The UK government has yet to act.

● **Tenant farmers being forced out of business.** The cross-party environment, food and rural affairs committee[50] has warned the “blind optimism” shown by government ministers in plans for the future of England’s farms could result in many small and tenant farmers being forced out of business. The end result of encouraging farmers to free up land for environmental purposes – such as woodland – is likely to be that England ends up importing more of its food, often from countries with worse environmental standards than Britain.

● **Brexit has restricted UK farmer's access to their main export market.** Farmers’ Union of Wales president Glyn Roberts says Brexit has restricted access[51] to their main farming export market and the UK government has also cut Welsh rural funding.

● **Some farms could lose subsidies.** Farmers in Cumbria have been warned that over the next three years, 50 percent of farms could see their **profit wiped out**. While most may break even, many will be running at a loss once the subsidies are cut as the basic payment scheme is phased out between 2021 and 2028, meaning farmers could lose between 50–70 percent of their subsidy by 2024.

● **A shortfall in workers has caused UK farmers to cut production.** British farmers are being forced to slash production[52] because of a massive shortfall in workers that caused an “unprecedented” amount of food to be thrown into landfill in 2021.

● **Labour shortages could mean a permanently smaller farming sector.** A report by the House of Commons environment, food and rural affairs committee in April warned[53] that labour shortages “due principally to Brexit” could see the UK food sector facing “permanent shrinkage” unless the government addresses the shortages. This, they concluded, would lead to wage rises, price increases, reduced competitiveness and, ultimately, food production being exported abroad and increased imports.

● **Trade in seed potatoes is at risk.** Potato farmers continue to face a post-Brexit struggle. As a 'third country', producers in the UK now require separate technical listings to export to the EU. Richard Thomson MP for Gordon said Europe[54] was the industry’s “largest and most lucrative market” but that Brexit and the UK government’s determination not to agree continued alignment on food standards, “is putting this trade at grave peril”.

● **The government was forced to extend the seasonal worker scheme.** In December, the government was forced to extend the seasonal farm work visa scheme until 2024, following farmers’ complaints about post-Brexit labour shortages. The industry has previously warned of the impact of Brexit on food security and previously accused the government of failing to listen to its concerns.

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50 Ministers’ ‘blind optimism’ puts future of farms at risk, report warns | The Independent

51 Impact of hard Brexit just starting to be felt, says farming chief | Western Telegraph

52 Farmers to slash food production after worker shortage causes ‘unprecedented’ waste | The Independent

53 Labour shortages in the food and farming sector | parliament.uk

54 Seed potato farmers continue to face Brexit struggle | Grampian Online

- **Brexit is destroying British agriculture.** Neil Parish, Conservative chair of the Commons environment committee, has warned Brexit is "destroying" British agriculture, and he condemned immigration minister Kevin Foster for ignoring a recommendation to make it easier to bring in EU butchers and other workers – leading to a huge shortage. Parish warned that planting of vegetables was down 25 percent and poultry production by 12.5 percent, since Brexit.[55]

- **Beef.** Farmers have been warned that Canada is pushing for hormone-treated beef to be made available across the UK once Britain joins the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).[56] According to the NFU, the deal would "severely undermine British farmers" and lower the quality of meat sold across the UK.

- **Sugar.** The government recently extended for another three years the 260,000-tonne tariff-free import quota for raw cane sugar produced in ways that would be illegal in the UK. NFU Sugar has warned the extension, coupled with the complete liberalisation of sugar in the UK-Australia trade deal, could lead to the permanent decline[57] of the UK sugar beet industry. Sugar imports from Brazil alone have increased 217 percent year-on-year – a clear example of a country taking advantage of this quota to increase its sales to the UK.

The new agriculture bill replaces the old EU subsidy system of 'direct payments', rewarding farmers for the total amount of land farmed, with a system of paying public money for 'public good' – better air and water quality, higher animal welfare standards, improved access to the countryside or measures to reduce flooding and so on.

Direct payments will be phased out over a transition period, starting in 2021 running until the end of 2027. Various pilot schemes will test how the systems work in practice.

Defra has published an updated plan, 'The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024'[58]. This sets out plans for a range of schemes, including initiatives to increase biodiversity, restore landscapes, promote animal welfare and increase productivity through investment in new equipment and technology. Central to the new regime is the environmental land management scheme (ELMS).

Defra plans to offer farmers in England who wish to exit the industry the option of applying in 2022 for a lump sum payment from April until the end of September.

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55 Senior Tory MP warns Brexit 'destroying' British agriculture and condemns government failure | The Independent

56 Hormone-treated beef to flood UK food chain under CPTPP deal, British farmers warn | CityA.M.

57 Sugar cane quota extension could lead to decline of UK sugar beet | NFU Online

58 Agricultural Transition Plan 2021 to 2024 | GOV.UK

Fishing

Fishers in the UK were among those most keen to leave the EU and the Common Fisheries Policy (some 92 percent are believed to have voted leave), but research by the University of York[59] shows any benefits from Brexit are falling far short of the government promises. Claims that Brexit would result in hundreds of thousands of tonnes of extra catch for UK fishers have proven to be false.

The report calculates that the increase will only reach 107,000t per year, or 12.4 percent by value for all species, by 2025.

Image credit: Dave_S.

- **The UK fishing industry is set to lose £65m per year.** The TCA reached with the EU was initially claimed as a £148m boost for the UK fishing fleet over the next five years. A new report[60] by a former Defra official suggests this is wrong and will instead cost the industry more than £300m. Britain's fishing fleet is on track to lose nearly £65m a year as a result.

- **Norway has stopped issuing licenses for UK fishers.** Talks with Norway aimed at reaching a post-Brexit fishing agreement collapsed in April 2021. Norway[61] has announced that licences for British vessels will not be issued until a new deal is agreed. Fiskebåt, a fishing industry trade association, claimed the UK was trying to "send the bill for Brexit to Norway and Norwegian fishermen".

- **Whitby fishing crews will be worse off after Brexit.** Defra secretary George Eustice, Michael Gove and Boris Johnson have been accused of "betraying" fishers by the chair of Locker Trawlers in Whitby. Mr Locker told the *Yorkshire Post* that fishers in Whitby will be "worse off in January [2021] than what we were when we started as a full member of the EU".

59 Brexit 'failing to deliver promises on fishing' | Fishing News

60 Brexit balance sheet for fishing shows hefty losses instead of net gain | The Press and Journal

61 Norway shuts out UK and stops issuing fishing licences for British fishermen | Express

● **UK's biggest trawler cannot put to sea.** The owners of *The Kirkella* have described a new government deal with Norway to win back fishing rights following Brexit as “too little, too late” and say they are “absolutely devastated for the crew” as the new quotas offered just one week’s work. *The Kirkella* has been laid up at its base in Hull since December 2020.[62]

● **Shellfishing faces the heaviest blow.** The EU has told the UK shellfish industry that thousands of tonnes of oyster, mussel, clam, cockle and scallop exports are banned from the bloc indefinitely. British fishers are warning this will be a fatal blow to their businesses.

● **Fishing companies struggle to survive.** One Scottish business owner has told how a year of the “nightmare” of Brexit has left his firm struggling to survive. Loch Fyne Seafarms lost 60 percent of their market after crippling costs forced him to stop selling premium shellfish to Europe. Staff numbers have been reduced from 22 to 13. “Our worst fears over Brexit have become just a nightmare. It was even worse than what we could ever imagine it to be”, MD Jamie McMillan said.

● **Many Brexit supporters have become disillusioned.** June Mummery, who campaigned with the pro-Brexit group Fishing for Leave, said that Boris Johnson has “betrayed the fishing industry and coastal communities”. The former Brexit Party MEP said, “I thought we would take back control. We would rebuild our coastal communities”, but does not see any positives going into 2022.

● **Rotterdam replaces Immingham for Icelandic fish suppliers.** Delays due to new Brexit rules mean that Icelandic exporters are moving seafood to Europe through Rotterdam instead of Immingham[63], in North East Lincolnshire. Until December, Icelandic fish has been regularly shipped to Immingham, loaded onto trucks and driven to France and beyond. This is now going straight to the EU market in Europe via Rotterdam.

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62 Brexit fishing deal: Kirkella owners 'devastated' by UK-Norway pact | BBC News

63 Icelandic seafood exporters to bypass Immingham for Rotterdam | Salmon Business

Food exports

Analysis by *The Grocer*, a trade journal for Britain's fast moving consumer goods sector, of the latest government ONS statistics shows the UK's food and drink exports fell by 2.9 percent last year compared to 2020 levels, with imports dropping by 5.8 percent over the period. This the first full year of post-Brexit rules covering our new trading relationship with the EU.

The biggest driver of this fall has been in sales to the EU which saw exports almost halved in the first three months of 2021, compared with the same period in 2020.[64]

Compared to 2018 the UK's total global food and drink exports were down 6.4 percent, with imports seeing a 2.1 percent decline.

- **Meat products.** Exporters of food products of animal origin to the EU are now required to pay for an export health certificate[65] (EHC) for each consignment costing around £200. This also applies to 'exports' to Northern Ireland.

- **Chilled meat products.** Government guidance on Brexit, updated on 28 December 2020, states that UK producers of "chilled meat preparations", are "prohibited" from exporting their goods to Europe as of 1 January 2021. This includes chilled raw sausages, chilled mince, ungraded eggs, and some unpasteurised milk.[66]

- **Costs of paperwork for meat products.** The British Meat Processors Association (BMPA) say their members are already paying out an additional £60m[67] a year to fill out the EHCs needed to ship all animal products to the EU. Businesses have also taken on new IT systems to fill the paperwork, port charges and customs agents' fees. The BMPA is warning that this will mean rising costs for imports from the bloc when similar checks will be required on imports starting in July 2022.

- **Cheese.** A British cheesemaker has described the post-Brexit EU trade deal as the "biggest disaster that any government has ever negotiated in the history of trade negotiations". Simon Spurrell, the co-founder of the Cheshire Cheese Company, said personal advice from a government minister to pursue non-EU markets to compensate for his losses had proved to be "an expensive joke". The company has lost its entire wholesale and retail business in the bloc over the past year.[68]

- **Whisky.** Some of Scotland's most important exports have seen costly reductions in sales to other countries, research has revealed. Analysis conducted by the Food and Drink Federation showed that Scotland's whisky and salmon exports were down by 11 percent and 6.4 percent respectively since 2019.

64 UK food and drink exports to the EU almost halve in first quarter | BBC News
65 Food export health certificates and importing food | LBHF
66 British Sausage-Makers Banned From Exporting To The EU After Brexit | Euro Weekly News
67 Brits warned of food price hikes as exporters absorb £60M Brexit costs | POLITICO
68 Brexit: 'the biggest disaster any government has ever negotiated' | The Guardian

- **Food exports are falling.** The Food and Drink Exporters Association has reported[69] exports down 4.1 percent in the nine months to the end of September – a loss of £2.7bn – driven largely by a fall in EU exports of 13.9 percent compared to 2020 and 23.7 percent compared to 2019. Exports to Ireland, Germany, Italy and Spain were particularly badly hit, continuing the trend seen over the last four years. Exports to Ireland, the UK's biggest overseas market, fell 21.2 percent compared to 2020 and 25.1 percent compared to 2019 – a loss of nearly £0.75bn in sales.

Food and farming are vital parts of the UK economy, together adding about £120bn and supporting 4.3 million jobs according to the Food and Drink Federation.

In 2021, the UK government decided against fully implementing rules governing the import of food and intermediate products used in its manufacture. As of 1 January this year, new regulations started to be applied. EU exporters are now required to comply with UK customs rules.

Import regulations will be further tightened in July when full certification will be required along with physical checks being imposed. Checks on dairy products will be delayed until September.

69 trade-snapshot-q3-2021.pdf | Food & Drink Exporters Association

Scientific and cultural exchanges

Brexit has significant implications for scientific research, university funding and cultural exchange visits in the UK. Horizon 2020 was the EU's flagship research and innovation programme 2014–20 offering almost €80bn of funding to promote "excellent science, industrial leadership and tackling of societal challenges."

The UK at €6.9bn was the second-largest contributor to Horizon 2020 and has also been a major beneficiary, receiving 14 percent of the total funds allocated. In 2015/16, EU research grants and contracts accounted for 11 percent of the 24 Russell Group universities total funding.

This has been put at risk by Brexit.

Image credit: Dean Calma / IAEA

- **Students from eastern Europe leave UK universities.** According to reports on visas from the Home Office, the number of EU students[70] from Poland and Romania fell below 700 in the year 2021 up to October. UCAS statistics show that there were only around 1,100 undergraduate students from the two countries enrolled in UK universities In 2021, compared with almost 6,000 in 2020. In 2019 there were more than 8,500 undergraduate and postgraduate students from Poland and Romania according to the HE Statistics Agency.

- **Exclusion from the Galileo programme will cost jobs.** Professor Sir Martin Sweeting founder and executive chair of Surrey Satellite Technology Ltd (SSTL), a corporate spin-off from the University of Surrey, has told a select committee that Britain's withdrawal from the EU means UK suppliers will not be allowed to bid for future upgrades. Satellites 27-28 were launched last year, the first using Galileo's own control centre, following an upgrade from an industrial consortium led by GMV in Spain.

- **Horizon.** Sir Bill Cash, chair of the European scrutiny committee, has said UK scientists are being "frozen out" of the £80bn EU research programme Horizon Europe

70 New UK student visa fees too expensive for eastern Europeans | Study International

because of the ongoing dispute over the Northern Ireland protocol. Britain's associate membership of Horizon has still not been ratified by the EU.

● **Horizon funding lost.** UK scientists have missed out on £1.5bn in Horizon 2020 funds since the country voted to leave the EU in 2016. Campaigners say that the figures reveal the extent to which Brexit uncertainty damaged collaborations between UK researchers and their colleagues across Europe.

● **Students numbers.** UCAS data published in August last year found the number of EU students who were placed on 2021/22 courses has plunged 56 percent compared with the previous session. A post-Brexit collapse in EU student recruitment could threaten courses at world-famous institutions such as the Royal Conservatoire of Scotland, it was claimed.[71]

● **UK students going to EU member states.** Students due to start a university year in Spain, which has overtaken France as the top destination for UK students wanting a year abroad, face visa delays[72], with some unsure whether they will be able to take up their places this year. Brexit means they now need visas. Some have waited more than a month for a visa appointment.

● **School trips threatened.** School skiing trips that rely on British personnel to staff their EU winter camps could be wiped out[73] by Brexit after it emerged they are facing the same obstacles to travel as the music and theatre sectors.

● **University applications.** Applications for undergraduate courses starting in 2021/22, from EU member states, the UK's number one overseas student market, plummeted by 40 percent with Brexit and not Covid-19 being to blame according to *University World News.*[74]

● **The UK risks becoming less attractive to EU scientists.** Between 2015 and 2018, the number of scientists coming to the UK through the EU's Marie Sklodowska Curie fellowships has fallen by 35 percent. The Royal Society suggests this is a sign that the UK is becoming a less attractive destination for top international talent. In June 2020, the chair of the Royal Society called for a commitment to Horizon Europe or risk increasing the likelihood of an "exodus of scientific talent".

● **EU scientists face bureaucratic hurdles.** EU scientists moving to the UK from 1 January 2021 will have to comply with new immigration requirements; with most likely to use the new 'skilled worker' route which requires a job offer, certain language abilities and a minimum salary. The new 'points-based' system gives additional weight to applicants with PhD in a STEM subject relevant to the job they're applying for, which could help scientists, engineers and academics.

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71 Post-Brexit collapse in EU student recruitment threatens world-famous institutions | The London Economic

72 Visa delays hit UK students heading to Spain to study | BBC News

73 UK school skiing trips to EU could be wiped out by Brexit visa rules | The Guardian

74 Startling fall in EU applications to study in the UK | University World News

Horizon Europe association status, agreed as part of the TCA will include an annual operational contribution from the UK and a participation fee, estimated to be in the region of £2bn per year over the lifetime of the programme.

The UK's participation has still not been approved by the European Union and considerable uncertainty surrounds the UK's scientific research links and university funding in future years.

Northern Ireland

Perhaps the most vexed issue of Brexit was the Northern Ireland protocol, negotiated as part of the withdrawal agreement. This is still not fully implemented and continues to be the subject of protracted ongoing negotiations between the UK and EU.

For the six counties of Ulster, Brexit is sadly still unfinished business.

Britain and Ireland's membership of the EU single market and customs union allowed the physical border between the north and south of Ireland to be removed and for the four freedoms of people, goods, capital and services to be exercised. This gave the appearance of Ireland as a single nation while remaining part of the United Kingdom an ambiguity which suited both sides. Brexit has disturbed the delicate balance.

There are fears that the 1998 Belfast Good Friday Agreement, which was responsible for bringing peace to a divided community, will be undermined.

- **The Northern Ireland protocol created a border in the Irish Sea.** Although initially denied by ministers including the prime minister himself, it was clear from October 2019 that EU official controls would take place at sea and airports creating a border between Northern Ireland and GB.

- **The Stormont executive has collapsed.** The resignation in February of Democratic Unionist Party (DUP) DUP first minister Paul Girvan in protest at the Northern Ireland protocol triggered the collapse of the Northern Ireland executive with serious implications for the province. The DUP say unless the government makes changes to the protocol, the party cannot continue to operate within the current structures.

- **There is a risk of sectarian tension over the Northern Ireland protocol.** The British and Irish governments jointly published the findings of an independent reporting commission, formed five years ago as part of wider efforts to sustain the power-sharing administration. The report[75] says paramilitary gangs pose "a clear and present danger" to commit violence fed by post-Brexit tensions.

- **The DUP is extremely unhappy with the deal they supported.** News that the UK government has dropped its demands for removal of the role of the European Court of Justice from the protocol has been condemned by Lord Dodds, the former deputy leader of the DUP. He issued a veiled threat of "action" unless the UK retains the option of using the Article 16 process set out in the protocol.

- **Shipping goods from GB to NI has become more difficult.** Marks & Spencer is to start buying more food from EU states due to border disruption in Northern Ireland. The company plans to source more goods from companies on the continent as well as from Ireland and Northern Ireland, after struggling to get English goods[76] across the Irish Sea.

75 Northern Ireland violence spurred by Brexit 'a clear and present danger,' say experts | POLITICO

76 M&S to buy more food from EU to counter 'obscene' N Ireland border disruption | Telegraph

- **Cross-border trade.** According to Ireland's Central Statistics Office, UK exports to Ireland fell by 13 percent in 2021 while those from Northern Ireland have surged by 65 percent.[77] And while exports from Ireland to Great Britain grew by 17 percent, imports fell by 13 percent, from €17.7bn to €15.4bn. This is being attributed to the protocol which allows goods to move across the Irish border without the customs checks, which are now required out on shipments from Great Britain at Northern Irish ports instead.

77 Cross-border Irish trade has surged as British exports plummet | New Statesman

Regional funding

In October last year, the government said[78] that the shared prosperity fund "will at a minimum match the size of EU Funds in all nations, each year". The government has also said it will match current EU funding levels in Cornwall.

However, various studies seem to indicate this may not be true with some regions set to lose considerable sums compared to what they expected to receive from various EU structural and investment funds.

Image credit: Leeds Town Hall - geograph.org.uk by RichTea

- **Red wall areas lose up to £1bn.** So-called 'red wall' and other poorer areas of England will lose up to £1bn of development cash[79] this year because of Brexit, despite promises to match EU grants. Just £220m is being made available across the whole of the UK for 2021/22 and no money had been handed out at all halfway through 2021.

- **Stormont will lose out.** According to Northern Ireland finance minister Conor Murphy, the power-sharing executive is more than £100m short as a direct result of Brexit.[80] Only around a fifth of the £70m expected to replace European Union structural funds is being received and cash allocated by the executive to the Department for the Economy to maintain European social fund and regional development fund programmes will not prove possible again.

- **The north set to lose £300m.** An analysis[81] from the Northern Powerhouse Partnership, PACE at Teesside University, and the Joseph Rowntree Foundation shows the north is "set to lose out on £300m" as regional economic funding drops after Brexit.

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78 Budget and Spending Review – October 2021: What you need to know | GOV.UK

79 Red Wall' and other poorer areas lose £1bn of development cash after Brexit | The Independent

80 £100m hole in Stormont finances 'due to Brexit' | Belfast Telegraph

81 North 'set to lose out on £300m' as regional economic funding drops after Brexit | Yorkshire Post

The European regional development fund, European social fund and local growth fund saw an annual £2.1bn spent in England, their post-Brexit replacements of the shared prosperity fund and levelling up fund will be worth just over £1.4bn.

- **Cornwall could lose £97m.** Cornwall may only get a maximum[82] of £3m from the government to directly replace the £100m it could have been eligible for if the UK had remained in the EU, it has been claimed. Prior to Brexit, Cornwall had qualified for funding from the EU due to it being recognised as one of the poorest regions in Europe.

- **Poorer areas see funding for levelling up slashed.** Almost £2bn has been slashed from promised development spending[83] in poorer areas of the UK, despite Boris Johnson's vow to "level up" the country. The government had pledged to match lost EU funding – to "tackle inequality and deprivation" – which would have required at least £4.5bn over the next three years but the budget has revealed just £2.6bn has been allocated.

- **Wales hardest hit.** Wales is being hardest hit by the post-Brexit loss of EU structural funds, latest figures have shown. The £373m lost by Wales is more than double that of Scotland (£125m) and most of the English regions that have previously received European Union support.[84]

As an EU member state, the UK had access to five main funds to support economic development across all EU countries:

- **European regional development fund**
- **European social fund**
- **Cohesion fund**
- **European agricultural fund for rural development**
- **European maritime and fisheries fund.**

82 Cornwall to get just £3m replacement funding after leaving EU | Falmouth Packet

83 Almost £2bn slashed from 'levelling up' funding in poor areas, despite Boris Johnson's pledge | The Independent

84 Wales being worst hit by post Brexit losses of EU funding, research shows | Nation Cymru

New UK regulatory standards

The new UKCA (UK conformity assessed) marking system came into force on 1 January this year covering most goods which previously required the CE mark. However, to allow businesses time to adjust to the new requirements, CE marking is being retained alongside the new system until 1 January 2023 in most cases.

The plans have not been met with universal approval.

The EU did not agree to mutual recognition of conformity assessment with the UK government, so both UK and EU manufacturers of goods produced to a particular standard will need to submit products to two separate certifying bodies, adding significant expense to the cost of bringing goods to market.

- **UK businesses prefer CE markings.** A survey of 1,000 businesses by the British Chambers of Commerce shows just 8 percent of UK exporters want to drop the European CE marking system, according to the *Financial Times*. Some 59 percent of British Chambers of Commerce members that rely on the quality assurance marks to place products on the market said that they favoured a return to recognising the CE mark and “are not persuaded by the case for ditching CE marking in Great Britain”.

- **Chemical manufacturers fear UK standards will be lower.** Environmental groups are warning that the government’s proposed post-Brexit chemicals regime to replace the EU REACH system puts UK safety standards at risk, according to the *Financial Times*. The groups say that the UK will rely in part on voluntary submissions from industry which could allow dangerous chemicals to “fall through the cracks”, creating a “major weakening” of the UK’s safety regime compared to EU membership, risking the UK being a “dumping ground” for hazardous substances.

- **Chemical industry leaders appeal to the government.** Some 25 business heads have written a letter to the government expressing concerns about plans for a new £1bn system of chemicals regulation, warning it would “hit UK industry hard across a range of manufacturing sectors”.

- **Drones.** The future of the UK drone industry, a prime opportunity for growth, and many other UK-based manufacturing exporters, will be severely threatened once the UK’s eligibility for the EU’s CE accreditation regime expires in December 2022. Robert Garbett, CEO of Drone Major Group Limited, has warned[85] of the need to speed up post-Brexit accreditation and establish a clear pathway to United Kingdom Certified Assessed (UKCA) accreditation ahead of the fast-approaching deadline.

- **Construction.** The construction industry is also warning of post-Brexit disruption due to a lack of approved bodies able to certify that products meet the new UKCA safety standard which came into force in January 2021.

85 UK drone industry is one of many industries facing ‘cliff edge threat’ | Retail Technology Review

- **Car manufacturers.** In 2018, the business, energy and industrial strategy committee[86] was told by representatives of the UK car industry there was no case for a separate set of UK standards because the UK market is not big enough to warrant the additional costs. Neither did it make sense for the UK to require vehicles manufactured in the EU to go through additional approval in the UK.

- **Manufactured goods.** Components for cars and fridges could fall into a legal limbo[87] as Brexit red tape holds up supply chains due to a lack of capacity for testing certain goods ahead of the UKCA compliance deadline. Manufacturing is at risk from serious disruption because the government has failed to provide a suitable replacement for the EU's CE safety standards system.

- **No easy wins for financial deregulation.** An article in *The Telegraph*[88] suggests the idea that EU red tape can easily be dispensed with is "simplistic to the point of sophistry". Most important financial regulations are drawn up at a global level and often "gold plated" by UK watchdogs. Two examples are cited: the Solvency II rules for the insurance industry and Basel III, the international regulatory framework designed to avoid another crash. The EU interpretation now gives EU banks an advantage.

- **Imperial measures.** In February 2022, the government announced[89] a review of the use of imperial units for markings so that UK businesses have more choice over the measures they use. Described as important step in taking back control of our national rules, an assessment of the economic impact on businesses will be carried out in due course. The move to metric units predated the UK's membership of the EU.

There has also been criticism of the UK government about the lack of capacity among UK certifying bodies to allow all the products and components which at present carry only the CE mark to be approved for use in the UK.

A spokesperson for products specification body the NBS for example, said in May 2021 that he thought the time needed to switch to the UKCA marking had not been thought through, "You have to question whether any analysis was done on the volume of testing required and the capability and capacity of testing organisations to do that".

Different rules apply to goods intended for the Northern Ireland market which will need to carry a UKNI mark in addition to the CE mark. But goods with both the CE and UKNI marking cannot be placed on the market in the EU.

Goods marked UKCA cannot be placed on the market in Northern Ireland.

The minister for Brexit Opportunities has recently suggested[90] the UK could unilaterally recognise the regulations of other countries for goods imported into the UK market. The proposal from the Institute of Economic Affairs said the UK should keep the EU's

86 The impact of Brexit on the automotive sector – BEIS Committee | parliament.uk)

87 Brexit red tape hits UK manufacturing of goods from cars to fridges | The Independent

88 Dear Jacob: good luck searching for Brexit opportunities in the City | Telegraph

89 Written questions and answers - Written questions, answers and statements | UK Parliament

90 Brexit minister favours adopting other countries' rules | The Institute of Export and International Trade

CE standards and that this policy "should be adopted for all international trade where the rules of the exporting country meet the UK's standards".

It not clear who should make the assessment or how it would differ from the work of existing certifying bodies.

Red tape

Red tape adds time and cost to trade, reducing efficiency and productivity. The launch of the European single market in 1993 was hailed as the greatest bonfire of red-tape in history, allowing free and fair trade to take place among the 12 member that ratified the Maastricht Treaty.

At the beginning of talks in 1988 to create the single market, Margaret Thatcher said:

"Just think for a moment what a prospect that is. A single market without barriers – visible or invisible – giving you direct and unhindered access to the purchasing power of over 300 million of the world's wealthiest and most prosperous people."

Since then, a further 16 European nations have joined.

- **Costly paperwork for van drivers.** Drivers of light vans wishing to enter the EU, EEA or Switzerland after May 2022 will need to have a 'goods vehicle operator licence'. The licence[91] will cost van drivers up to £1,100, a significant burden for solo operators. Drivers will also have to pay £257 in an application fee and a further £401 for the licence. Another £401 "continuation fee" will be payable every five years to retain the licence, according to gov.uk.

- **Millions of extra customs declarations are now required.** A report by the National Audit Office[92] says Britain's international traders completed a total of 48 million customs declarations between January and August 2021, compared to 44 million for the whole of 2020. Traders will need to complete additional declarations as full import controls are phased in between October 2021 and July 2022. Certifying officers have also signed off 140,000 EHCs for the movement of goods from the UK to the EU.

- **Increased duty.** UK businesses and consumers have paid 42 percent more in customs duties[93] on goods since Brexit came into force on 1 January of this year up to 31 July. The jump to £2.2bn is a new record coming mainly as a result of goods imported from the EU failing to meet rules of origin. The figures were obtained by accountancy firm UHY Hacker Young.

- **House plants.** House plants such as aspidistra, yucca and cactus have become more expensive because of Brexit red tape, as garden centres warn new rules have made it more difficult to import stock according to the Horticultural Trades Association and reported by the *Daily Telegraph.*[94]

- **Lawnmowers.** Lawnmower makers Allets, say they have had "more paperwork in the last five months than they did in the previous five years, as far as exports are concerned" and the company has had to recruit additional staff to look after the "hell" of post-Brexit red tape.

91 Van drivers in UK will need new operating licences to enter EU from May | The Guardian
92 The UK border: Post UK–EU transition period | National Audit Office
93 Exclusive: UK customs duties shoot up by 42 percent to record £2.2bn since Brexit | CityA.M.
94 Brexit red tape pushes up cost of house plants - including cacti | Telegraph

● **Classic cars.** A report by insurance company Hagerty reveals the extra bureaucracy and paperwork[95] due to Brexit is expected to hinder business. They highlight the Access/Temporary Access Carnet, a passport for goods that guarantees items will return from the EU which involves a 40 percent returnable bond, means a car worth £1m will need an upfront payment of £400,000.

● **Horse racing.** Brexit has left British breeders and trainers mired in paperwork. The number of British trained runners in races in the EU fell by 67 percent[96] in the first two months of 2021, compared to a 23 percent reduction in races across the rest of the world. The British Horseracing Authority has called for red tape to be cut.

● **Pigeons.** Pigeon fanciers say new Brexit rules for long-distance European races could "kill" their sport. Under EU rules, UK birds must be detained for three weeks before they can be released in France for trans-Channel races, leading to fears that they would be unfit to race after being cooped up for so long.[97]

● **Antiques.** Dealers fear cross-border trade in antiques[98] will be "decimated" by paperwork after Brexit. HMRC said: "There is no general relief from import charges for second hand goods, meaning customs declarations will be required and import taxes will be due unless any specific relief applies."

● **No mutual recognition of conformity assessments.** There is no mutual recognition of conformity assessments in the TCA. British authorities are unable to certify goods made in the UK meet EU standards adding costs to domestic manufacturers and suppliers.

● **Red tape is getting worse.** The British Chambers of Commerce say 60 percent of UK exporters it surveyed in November 2021 reported difficulties in trading[99] with the EU, an increase from 49 percent in January 2021. William Bain, of the British Chambers of Commerce, said, "the way the trade agreement is being interpreted in 27 different EU countries is a major headache for UK business, especially smaller firms without the cash reserves to set up new EU based arrangements".

● **Touring musicians.** British musicians wishing to tour Europe now need to list every instrument and piece of equipment individually and have them cleared by customs with no possibility to add further items without additional extra customs clearance. Also, because of restriction on cabotage British trucks cannot be loaded or unloaded in more than two locations within the EU.

● **Pallets.** All wood packaging materials including pallets must now be heat-treated[100] and marked according to the ISPM15 international standard. Any business that does not comply could face shipments being rejected and, in some cases, fines.

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95 Brexit report outlines classic car price hike April 2021 | Motor Sport Magazine

96 Brexit: Horse racing hit by rules over exports | BBC News

97 North East pigeon racers fear Brexit quarantine impact | BBC News

98 Small-time dealers fear Brexit could decimate antiques trade in UK | The Guardian

99 UK exporters: Brexit problems worsen | The Herald

100 Exporters warned over post-Brexit wood packaging rules | Farmers Weekly

- **Import charges.** A survey of 2,000 people conducted by consumer champion Which? found that UK consumers buying products from retailers based in the EU are being hit by unexpected delivery fees of up to £300. More than 40 percent of those who ordered products online in the first six weeks of 2021 experienced issues with their purchases.

- **Wine.** A shake-up of alcohol duties has sparked fury among the UK's wine trade, who warn it will force up prices for consumers, sow confusion in shops and create "unworkable" levels of new red tape. The Wine and Spirit Trade Association said there were fears that some of the UK's 1,000 independent wine merchants could fold under the burden of extra bureaucracy and expense.[101]

- **Price rises.** Tax and advisory firm Blick Rothenberg, believes delays in implementing the full impact of the post-Brexit customs laws – known as rules of origin – have "softened the impact" of the UK's exit from the European Union, and that "things will get worse" when they are finally brought in from January 2022. The longer and more costly process would lead to higher costs for the consumer.

Between 2010 and 2015, the UK government undertook a number of red-tape initiatives[102] to further reduce the burden of bureaucracy on UK businesses. Further initiatives followed up to June 2021 when the Taskforce on Innovation, Growth and Regulatory Reform reported to the prime minister.

The minister for Brexit opportunities then appealed to readers of *The Sun* newspaper in February 2022 to advise what EU rules might be scrapped. So far, despite all the many reviews, none have been.

However, since December 2020 when the UK left the EU, the single market and customs union, there has been a gradual return to the pre-1993 levels of bureaucracy involved in European trade. The full impact will not be felt until all the necessary import controls are applied later this year.

101 Wine trade says Sunak tax plan will force up prices and create 'unworkable' red tape | The Independent

102 Understanding Regulation

Freedom of movement

Ending the freedom of movement of people – one of the four freedoms set out in Article 3 of the original Treaty of Rome – was seen by the UK government as the objective regarded as the most important by leave voters in 2016. Immigration levels had become a significant political issue for the Conservative Party following pledges made by David Cameron to reduce the numbers coming annually to this country to the "tens of thousands".

Controlling immigration has however come at a cost. Not only did UK citizens lose the automatic right to look for work, to live or retire in other EU member states, but businesses lost access to a pool of skilled and unskilled labour as we can see.

Image credit: Images_of_Money

- **HGV drivers.** The government scheme to bring 4,700 HGV drivers over on a temporary three-month visa has attracted approximately 200[103] drivers in total and is now closed to new applicants, according to Home Office migration minister Kevin Foster. Appearing before the House of Commons environment, food and rural affairs committee, Foster told MPs that "around 200 visas" had been issued.

- **Haulier complains of worst driver shortage for 50 years.** A leading haulage group based in Wales has pleaded for help over the worst driver shortage the company has seen in its 50-year history and blames Brexit. "The driver situation is in crisis, it's a problem that has been smoking for a number of years and now we are on fire", said Ian Owen, managing director of Owens Group.

- **Butchers.** UK meat producers are sending carcasses to the EU for butchering before

103 "Half-baked" plan to bring in 4,700 HGV drivers from Europe sees take-up stall, minister reveals | Motor Transport

re-importing them as they continue to combat a labour shortage.[104] The BMPA says producers are sending beef to the Republic of Ireland amid local shortages of butchers while pork producers are set to begin sending pigs to the Netherlands for butchering and packing.

- **Scottish vegetables.** A third of Scotland's largest brassica crop worth more than £1m has been left to rot in the field because Brexit ended access for seasonal pickers.[105] Costs will rise next year and production will shrink as a result, farmers predict. And Scotland's iconic food producers are facing "catastrophic failure" to protect their status in UK government trade deals.

- **Cruise ship workers.** Cruise ship workers are said to be leaving the industry in droves due to crippling post-Brexit visa rules, a veteran of the industry has claimed. Jean Williams tells *The Mirror*[106] her life is being "destroyed" and the livelihoods of many of her friends "sacrificed" thanks to new employment rules which mean many cruise firms are refusing to hire British workers.

- **Shortage of vets.** The UK is facing a critical shortage of vets, set to intensify as new EU export rules apply, industry insiders have warned. The number of EU vets arriving in Britain – which has traditionally plugged the shortfall in UK-trained vets – has dropped dramatically compounded by a surge in pet ownership in the past 18 months and Brexit rules demanding more vets to sign export health certificates.

- **Food industry warning.** The food and drink industry recently[107] demanding urgent action from the government to address a severe shortages of vets to process UK export health certificates after Brexit. Industry groups have warned that a sharp decline in EU vets registering to work in the UK since Brexit, coupled with an immense increase in paperwork for exporters, was creating an "unsustainable" staffing squeeze.

- **Exodus of EU workers.** A recruitment agency in Leicester warns[108] of a big shortfall in EU workers coming to the UK. Ed Vigars operations director at Encore Personnel, said, "EU workers have left and aren't returning ... we've never seen anything like this in 20 years". Warnings include suggestions that 60 percent of vegetable packers have said they're leaving or have already left.

- **Skiing holidays threatened.** Brexit threatens not only thousands of resort jobs, but the future of British ski holidays[109] according to *The Telegraph*. UK travel companies who once employed thousands of UK staff are no longer accepting applications from British citizens, unless they have a dual passport or a right to reside in an EU country.

- **Building workers.** A serious shortage of building labour is threatening construction work.[110] Since the referendum there has been an exodus of skilled EU workers from the

104 Staff shortages see UK meat carcasses sent to EU for butchering | BBC News

105 Brexit leads to 'Catastrophic failure' warning for Scotland as crops left to rot | The National

106 Cruise ship family's lives 'ruined by Brexit' as rules mean they need dozens of visas | Mirror Online

107 UK food exporters demand 'urgent' action over post-Brexit vet shortages | Financial Times

108 Brexit exodus – 'EU workers have left and aren't returning' | Business Live

109 Brexit threatens not only thousands of resort jobs, but the future of British ski holidays | Telegraph

110 Brexit realities are hitting home | Building

UK, felt most keenly in London and the problem could get worse during the summer, when many remaining EU employees intend to take extended holidays back home.

- **Hauliers.** Haulage firms claim new rules[111] that only allow drivers to spend up to 90 days in the Schengen zone during any 180-day period, mean drivers are restricted to around 50 percent of their previous time in Europe. EU drivers work under the same rules but can be in and out of the UK in two days while a journey to Italy could take eight days, resulting in fewer allowable trips.

The new points-based immigration rules for EU workers that came into force in 2021 are complex and are changing again in 2022. Three new 'routes' are being introduced[112] this spring: the global business mobility route, the scale-up route and the new high potential individual route.

The will join the array of existing 'routes' for skilled workers, global talent, graduates, intra-company transfers, intra-company graduate trainees, start-up and innovators, health and care workers, creative and sporting and seasonal workers, each with their own web of rules.

All have been welcomed by potential employers but the truth is employing workers from abroad is now takes much longer and is far more costly and bureaucratic.

111 British lorrydrivers 'at a disadvantage' over restrictions on how long they can spend in Europe | Yorkshire Post

112 What's happening in immigration law in 2022 | Lewis Silkin

The environment

Environmental issues are usually trans-national if not global. Brexit has led to fears that the government could try to water down the EU's high environmental standards.

There are clearly doubts about the government's green credentials when the cost and scale of the challenges we face are set against the funds likely to be available and the record of many Conservative MPs on clean energy, for example.

The government is coming under pressure from some high-profile climate change deniers backed by well-funded right wing think tanks to see fracking for natural gas restarted in the UK as energy costs soar.

Image credit: acidpix

- **Shipping goods long distances by increases greenhouse gases.** A shift in trade links away from the EU to more distant partners like Australia, China and the US could almost double Britain's greenhouse gas emissions[113] from shipping, according to a new analysis by Friends of the Earth released on the eve of the UN COP26 gathering in Glasgow last year.

- **Britain's inland waters are being polluted.** The government has given polluters the green light to dump untreated sewage[114] into Britain's rivers and coastal waters as Brexit and covid disrupt normal water treatment. The Environment Agency said last September companies struggling to get hold of the required chemicals would be allowed to "discharge effluent without meeting the conditions" of their permits, which normally require water to be treated by a multi-step process.

113 Brexit shift in trade away from EU 'could double UK carbon emissions from shipping' | The Independent

114 Government says polluters can dump risky sewage into rivers as Brexit disrupts water treatment | The Independent

- **The government is reviewing environmental impact assessments.** In July 2020, the Defra secretary announced a review of the environmental impact assessments instead of committing itself to high standards in law for trade deals, or non-regression from EU rules.

The EU provided a forum for developing environmental policy making, bringing member states together to find practical, long-term, continent wide solutions to the most pressing issues.

Many environmental policies go unnoticed or were regarded as irksome and a bureaucratic interference in our national life. More efficient vacuum cleaners, washing machines and low wattage LED lighting are clear examples of small regulatory changes which help reduce our consumption and with it our reliance on fossil fuels.

Smoothing the transition to a low-carbon economy does require a well-thought-out industrial strategy, including energy and transport infrastructures. These are all things the EU is generally good at.

Services

The EU single market is seen as one of Margaret Thatcher's greatest achievements but is not yet complete, particularly in the provision of cross-border services. These range from architectural and legal services to entertainers and the creative arts. Over 80 percent of the British economy is made up of such services as opposed to the production of physical goods; higher than the EU average of 70 percent.

The TCA deals only with goods and contains no provision for service-based industries which, in effect, left the EU without a deal.

The work of UK exporters of services has been made much more difficult.

- **Professional qualifications.** There is no mutual recognition of professional qualifications[115] in the TCA, which means professionals with UK qualifications no longer have the automatic right to practice or work across the EU27.

- **Intellectual property.** The Chartered Institute of Trade Mark Attorneys, in written evidence to a House of Lords committee[116] last year, estimated that the financial impact of UK attorneys losing the right to represent clients at the European Union Intellectual Property Office is likely to be between £789m and £1.7bn per year. UK practitioners no longer have a right of representation at the EU Intellectual Property Office which is limited to those within the EEA although EEA practitioners will continue to have a right to represent their clients at the UK IPO.

- **Litigating in EU courts.** UK businesses now have to pay 'security bonds' of £50,000 or more to courts in the European Union in order to litigate there, legal experts[117] have said. The bonds could make it more difficult and costly for UK businesses to defend their intellectual property in European countries, according to law firm Mathys & Squire.

- **English teachers.** It is easier post-Brexit for Irish people to get a job[118] teaching English in the EU according to TEFL (teaching English as a foreign language). They say European demand for teachers from the Republic of Ireland has "increased dramatically" amid the fallout from the UK's departure from the EU.

- **Entertainers.** British opera singer Dame Sarah Connolly has warned that Britain will lose its placing among the world's leading musical nations if younger performers and instrumentalists are not easily able to work abroad again: "Without some kind of situation where British musicians can spend a significant amount of time in Europe, establishing their careers, I am very concerned that [we will lose] what we have at the moment".

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115 Never-ending story: Deal unveils next Brexit arguments | Politics.co.uk

116 CITMA Lords EU Inquiry response - 2020-06-26 - FINAL | parliament.uk

117 UK firms now having to pay £50,000+ 'security bond' to litigate in EU post-Brexit | CityA.M.

118 'Easier' for Irish to get job teaching English in 'dream foreign location' | Carlow Nationalist

● **Film industry.** The producer behind HBO's *Game of Thrones* has blamed Brexit as the reason a new German science-fiction drama is not being filmed in Northern Ireland. Frank Doelger said, "All of the rules and regulations about equipment going back and forth, transport from Northern Ireland, became something much more complicated".

● **The Lugano convention.** The EU has barred Britain[119] from joining a European accord for recognising civil court rulings, a move that could bump up costs for individuals and small companies seeking legal redress abroad. Britain's membership of the accord, known as the Lugano Convention, ended in December last year and an application to rejoin had been rejected.

● **Film and TV programming.** The EU are to launch a proposal to reduce the "disproportionate" amount of British programming on European television, threatening the near £500m of annual UK television and video-on-demand sales into the EU market, according to *The Guardian*[120].

Image credit: alterna2

● **Broadcasters.** Some 250 broadcasting licences migrated[121] from the UK to the EU due to Brexit. Half of the channels available in Europe outside their country of origin fell under the jurisdiction of the United Kingdom in 2018, declining to 10 percent at the end of 2020. Over a quarter of international channels in Europe are now licensed in the Netherlands, with a fifth licensed in Luxembourg.

● **Musicians.** Research by the Incorporated Society of Musicians found that 94 percent of respondents had been negatively affected by the UK's post-Brexit trade deal with the EU. The first 100 days were a "disaster" for the British music industry and the government has made almost no progress in addressing problems raised by visas, customs and other controls the *Financial Times* reported.

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119 EU bars Britain from cross-border pact on civil courts | Reuters

120 EU prepares to cut amount of British TV and film shown post-Brexit | The Guardian

121 250 channels left the United Kingdom | informi*tv*

- **Services exports.** Researchers at Aston University have calculated that Brexit shrank UK services exports[122] by more than £110bn between 2016 and 2019. They claim exports fell by a cumulative £113bn compared to if the UK had not voted to quit the EU in June 2016.

- **Sky streaming services.** We are no longer entitled to livestream Sky TV outside the UK using Sky Go, Sky Kids, Sky Sports, Sky Sports Mobile TV and Sky Sports Box Office apps. This also applies to other streaming services like Netflix.

Core EU principles governing the single market for services are the freedom to establish a company in another EU country and the freedom to provide or receive services in an EU country other than the one where the company or consumer is established.

The EU established rules to facilitate the 'mutual recognition' of professional qualifications between EU countries.

After Brexit, the UK automatically became a third country and UK suppliers of both goods and service lost this important right to mutual recognition – the right to have their good or service recognised as being acceptable in any EU member state.

This puts British businesses and creative arts at a serious disadvantage.

122 Brexit shrank UK services exports by £110bn, academics find | Irish Times

Investment

Britain has traditionally received a disproportionate amount of foreign investment in Europe as an EU member state. With the English language and a world-renowned legal system, the United Kingdom has been a gateway to the EU single market for many global businesses.

Brexit has changed that.

- **Computer chips.** The boss of electronic chipmaker Intel says[123] they are no longer considering building a factory in the UK because of Brexit. CEO Pat Gelsinger told the BBC that before the UK left the EU, the country “would have been a site that we would have considered” but “Post-Brexit … we’re looking at EU countries and getting support from the EU”.

- **Japanese investment.** Netherlands was the top destination for Japanese direct foreign investment into financial services in the years 2017–2020 with nearly US$12bn compared to net disinvestment in UK of just over US$4bn while jobs in UK Japanese financial services companies grew 9 percent over same period.

- **Investment is being cut.** The British Chambers of Commerce surveyed almost 5,500 firms, revealing that they have reduced investment plans in order to remain solvent. The organisation said sales growth had stalled as firms struggled with the “mounting headwinds” of inflation, a scarcity of skilled workers, and problems sourcing products from overseas as Brexit begins to bite.

- **Foreign direct investment (FDI) has fallen dramatically.** According to data from fDi Markets, a *Financial Times*-owned company tracking foreign investments, in the five years to March 2021, the number of FDI projects into the UK was up only 12 percent compared with the previous five years, well below the 33 percent expansion seen across EU countries.

- **Inward investment by EU firms into the UK has fallen**. An academic report[124] in the journal *Science Direct* shows that by March 2019 the number of EU27 investment projects in the UK since the referendum has declined by around 9 percent, while outward investment transactions from the UK into the EU27 rose by 17 percent, illustrating that being a smaller economy than the EU leaves the UK more exposed to the costs of economic disintegration.

- **Japanese firms have left the UK.** The number of Japanese firms based in the UK fell 12 percent between 2014 and 2019, from 1,084 to 951 in contrast to a growing number of Japanese firms situating in the EU27. Between 2014 and 2019 the number of firms in the Netherlands grew by 67 percent, according to research by Rudling Consulting.[125] There were also increases in Germany, France and Italy of 11, 7 and 53 percent respectively.

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123 Intel not considering UK chip factory after Brexit | BBC News

124 Voting with their money: Brexit and outward investment by UK firms | ScienceDirect

125 Brexit triggers exodus of Japanese firms from UK to EU | POLITICO

- **Investment fell immediately after the referendum.** Figures from the ONS in the *Financial Times* revealed that business investment in the UK "fell off a cliff" in mid-2016 immediately after the Brexit vote and has failed to recover since. It was down 10 percent on the second quarter of 2016, while over the same period, business investment grew by 8 percent in the eurozone and by nearly 20 percent in the US.

- **Business investment continues to fall.** According to the latest ONS figures[126], business investment in the UK between 2020 and 2021, business investment fell by 0.7 percent, but was 12.0 percent lower than 2019 pre-coronavirus pandemic annual levels.

Recent figures show foreign direct investment projects in most of the UK's key source markets declined in 2020/21. Projects from the US dropped by 15.8 percent, India by 17.5 percent and Germany by 19.1 percent. However, most of this period has also been affected by the pandemic.

Before the referendum, the Bank of England expected business investment to rise by 13 percent in the two year period after 2016. The *Financial Times*[127] has produced figures showing how the UK economy was performing with business investment just 2 percent higher than at the time of the Brexit vote and 0.2 percent lower than 2018.

Image credit: Ribbon cutting by Nestlé

126 Business investment in the UK | Office for National Statistics

127 The UK economy since the Brexit vote — in 6 charts | Financial Times

Travel and expats

Brexit ended the automatic right of UK citizens to travel, study, live and work in any of 26 EU member states across Europe. For many people in this country it was a price worth paying, but for others, travellers, people seeking work and those already living in an EU state or contemplating doing so, it means more obstacles, extra costs and time consuming bureaucracy.

- **Passports.** UK travellers to Europe could be refused entry[128] if their passport is more than ten years old from the date of issue, even if there are 12 months left on the passport. The new rule has meant that many disappointed travellers have either had to miss out on a holiday, or pay hundreds of pounds for a fast track passport.

- **Expats.** British expats are said to be leaving[129] Spain "in droves" as more stringent immigration rules apply after Brexit. UK citizens can now only visit Spain without a visa for up to three months for tourism and business purposes.

- **Travelling to the EU with a pet.** The cost of an animal health certificate issued by an official veterinarian, required in order to take your pet to an EU member state, is £180 takes ten days to obtain and is valid for four months.

- **Dogs.** To visit the EU, dogs need to be microchipped and vaccinated against rabies, with a health certificate issued by a vet ten days before the visit. They must also go though a designated 'travellers point of entry'.

- **ETIAS system to cost UK travellers €7.** From the end of 2022 UK travellers to EU member states will have to get authorisation and pay €7 to enter the EU's Schengen Zone. The fee will cover multiple visits over a three-year period. The EU has announced that its European Travel Information and Authorisation System (ETIAS) is on track.

- **British homeowners in France.** UK citizens who sell a French property must now use a fiscal representative for capital gains formalities on sales over €150,000 – the same as for all non-EU residents. These stricter post-Brexit rules are set to cost one couple, unable to provide all the correct documentation, an extra tax bill of €150,000.

- **UK visitors to France.** UK visitors to France and Spain may be asked to show proof of their accommodation – potentially including an official certificate, obtained in advance, if they are staying with friends or family. Non-EU nationals who do not need a visa should submit an *attestation d'accueil* (accommodation certificate).

- **Retirees.** Dreams of retiring to Europe have been dashed for many according to the *Daily Telegraph.*[130] Bureaucratic 'complications', have forced retirees to reconsider plans, amid worries about losing state pension rights and access to healthcare. Britons who relocate to the EU after living previously in Australia, Canada or New Zealand could have their state pensions dramatically reduced.

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128 Holidaymakers forced to pay hundreds or cancel holidays over new post-Brexit passport rule - Chronicle Live
129 Brexit fury: British expats were given just days to leave Spain after new rules | Express
130 Why the expat retirement dream could be gone forever | Telegraph

● **Business travellers.** UK business people who intend to carry out paid work in the EU will now need to comply with a host of complex national rules[131] including an 'economic needs test' in some cases. The new arrangements have been described as "fiendishly complicated" by Catherine Barnard, professor of EU and labour law at the University of Cambridge.

● **Driving licenses.** Holders of UK driving licence living in the EU may need to exchange their UK driving licence for one issued by that country.[132] This often involves a fee. Most member states only recognise foreign licences for up to six months. The deadline for doing so depends on the country. In Spain for example, the process costs €28.30 and takes one and a half months.

● **Driving tests.** From 1 January 2021, EU countries have had no obligation to offer a local licence to UK licence holders, meaning individuals may have to take another driving test.

131 British business travellers face a bewildering return to the EU | Financial Times

132 What Brexit means for individuals | The Institute for Government

Immigration

Immigration was a significant factor in the 2016 referendum. Public concern about the government's inability to bring down the number of migrants arriving in the UK for work or other reasons was one of the major issues in the campaign.

In response, the government introduced a new points-based immigration system on 1 January 2021. The result has been a huge increase in non-EU immigration.[133]

This has not been universally welcomed. Alp Mehmet, chair of Migration Watch UK, said in February 2022 that Home Office figures for 2021 were shocking and showed that the "points based system was woefully inadequate and designed to fail".[134]

Although travel remained well below pre-pandemic levels, Mehmet said, "Visa grants for immigration for work, study, and family, as well as irregular migration and asylum had mostly returned to – or exceeded – pre-2020 levels".

The implementation of a points-based immigration system has opened up half of all jobs in the UK to foreign workers, by lowering salary and skill thresholds for migrants.

Employers no longer need to prove that a British worker could not be recruited to fill a vacancy before recruiting from abroad. The number of professions qualifying for skilled visas has also been significantly expanded to include jobs such as chef, bricklayer, electrician, welder, health and social care worker. The government also removed caps on most visa routes.

- **Work visas.** There were 239,987 work-related visas granted, 25 percent higher than in 2019, the last full year before the pandemic. Less than 10 percent were EU migrants, who had to obtain a visa from January 2021.
- **Student visas. T**he number of foreign students also increased last year, hitting a record high of 416,000, up by more than a half compared with 2019 with EU students, who now have to obtain a student visa, accounting for just 5 percent of the total.
- **Skilled workers**. Skilled work, which accounts for 61 percent of work-related visas granted, saw the largest increase in visa numbers, up 45,866 or 57 percent. High value, skilled worker, temporary worker and other work visas and exemptions routes all increased compared to the previous year. These increases will in part reflect recovery from the impact of the Covid-19 pandemic, but skilled work and temporary work visas are now higher than the numbers in the year ending September 2019.
- **Illegal immigrants.** The Home Office has been unable to persuade any European state to sign up to Priti Patel's scheme[135] for deporting migrants who enter the UK illegally to safe countries such as "France and other EU countries".
- **Refugees.** Refugees arriving on UK shores can no longer be returned to the EU country of entry and the UK has no means of establishing the relevant country, having

133 Huge rise in non-EU migrants to Britain | The Times

134 Migration Watch UK comment on today's immigration figures | Migration Watch UK

135 EU countries snub Priti Patel's plans to return asylum seekers | The Guardian

lost access to the Eurodac registration data base. The number of refugees crossing the channel has risen since Brexit[136] although the evidence for Brexit being a primary factor is only anecdotal.

- **Rwanda.** Government plans to send asylum seekers arriving in the UK 4,500 to the central African country of Rwanda[137] have been criticised as “unworkable and unethical” by the opposition. The UN’s refugee agency is expected to conclude the plans, which are likely to be very expensive with an initial outlay of £120m, infringe international legislation.

- **Deportations.** Only 2,830 people[138] were deported from the UK in the 12 months to September 2021, 61 percent lower than levels recorded before the pandemic hit. All but 98 of these were foreign offenders. The number of foreign criminals deported in the year to September was half the number removed in the year to December 2019, before the pandemic began, continuing a steady fall in deportations in the past five years.

- **Ukrainian refugees.** Had the UK been in the EU, refugees fleeing Ukraine could have entered the UK for 90 days and then sought a visa. Instead, many refugees have been forced to remain in Eastern Europe, sometimes for weeks without being able to join family or sponsors in the UK while the government put together a 'bespoke' visa scheme.

It is apparent that the new immigration system may not succeed in reducing the overall number of immigrants but will simply substitute rising non-EU immigration for falling numbers of EU immigrants.

The new immigration scheme has also resulted in industries finding difficulty in recruiting staff to help expand, grow our economy and provide the services we all rely on.

Simon Wolfson, the chief executive of the high street retailer Next and a leading pro-Brexit business voice, has called on the government to “reverse the self-defeating barriers it has placed on overseas workers supporting our economy”.[139]

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136 Brexit has made it easier for small boats to reach UK, refugees say | The Guardian

137 UK to send asylum seekers to Rwanda for processing | The Guardian

138 90 percent of migrants who crossed Channel were male, Home Office reveals | The Times

139 Next says prices to rise by 8 percent in autumn amid ‘chronic’ staff shortages | The Guardian

Consumer rights

EU membership has conferred many consumer rights on UK citizens, some of which are now being eroded or lost as a result of Brexit.

- **Roaming charges.** Some of the UK's biggest mobile phone networks have announced roaming charges for Britons travelling to the EU. Customers[140] of O2 have been told they will be billed £3.50 for every gigabyte (GB) of data used above a new limit of 25GB, from August 2021. Roaming charges were scrapped by the EU in 2017.

- **Credit cards.** Visa is to raise its 'interchange fees' – a levy charged on every debit or credit card payment using its network – for cross-border transactions between the UK and EU. Brussels capped interchange fees for all transactions inside the EU in 2015, the UK's departure means the limit no longer applies to payments between Britain and the bloc.

- **Consumer safety.** The UK has lost access to EU RAPEX rapid alert system (also known as Safety Gate) a notification system used by Trading Standards to share information about unsafe products found on the marketplace meaning more dangerous goods and toys could now enter the UK internal market.[141]

- **Air passenger compensation.** The department of transport is consulting on a plan to overhaul passengers rights after delayed flights within the UK. Currently, someone on an internal flight from Edinburgh to London is entitled to £220 once their flight has been delayed three hours, unless there are extraordinary circumstances such as bad weather. New rules could see compensation reduced to as little as 25 percent of the ticket price.[142]

140 Roaming charges to return for travellers to EU in Brexit blow, leading operator announces | The Independent

141 Dangerous products could swamp UK after Brexit, warns Which? | The Guardian

142 UK flight compensation plan will slash average payouts | The Guardian

Energy security

Although Vote Leave promised lower energy bills after Brexit, in practice this has not been possible and gas prices have soared as a result of global events out of the government's control. Leaving the EU single market at the end of 2020 did not necessarily mean Britain would leave the internal energy market but the government has chosen to do so.

This has left us more vulnerable to price shocks.

In 2018 the Lords EU energy and environment sub-committee heard that the UK has become increasingly reliant on energy imports. Around 40 percent of the UK's gas supply now comes from Norwegian and other European pipelines while around 5–6 percent of electricity comes from France, Holland and Ireland.

- **European inter connectors.** The French energy regulator CRE has rejected[143] an investment request for a 1,400MW undersea electrical inter connector cable citing doubts related to Brexit uncertainties. The project was granted the European Project of Common Interest (PCI) status in 2017 under the EU's TEN-E Regulations governing PCI projects. Ssince the end of the Brexit transition period on 31 December 2020, the TEN-E Regulation no longer applies in the UK. Therefore, both the energy regulators considered that it was no longer possible to take coordinated decisions on the request.

- **Energy costs.** Having left the EU internal energy market and the day-ahead market coupling arrangements, imported power via the continental inter connectors is now by explicit auction and is likely to result in higher electricity prices for UK consumers in future according to research by energy consultants EnAppSys.[144]

The Ukraine crisis is forcing the EU to reduce its dependence on Russian gas supplies and reassess its energy sources which may in the long-term impact the cost of energy in this country as well as the security of supply.

The decision in 2017 to close Centrica's Rough storage facility in the North Sea, which provided 70 percent of the country's gas storage capacity, has left the UK with just 9.3 terawatt-hours compared to 167.0 for Italy, 151.1 for Germany and 116.9 for France.

Last September, analysts at HSBC warned "The UK's situation is more precarious than its European neighbours because of its very limited storage capacity".

The Rough facility was closed after the government refused to subsidise costly repairs.

143 CRE rejects GridLink's 1.4 GW investment request | 4C Offshore News

144 New post-Brexit market arrangements trigger hike in power prices | EnAppSys