



# **Brexit Breakdown: Lessons Learned and Unanswered Questions**

**Cruz Joshna I**

Student, B.B.A. LL.B (Hons) Sastra Deemed to be University, Thanjavur.

**Sneha Dass V**

Student, B.B.A. LL.B (Hons) Sastra Deemed to be University, Thanjavur.

**Srinithi M**

Student, B.B.A. LL.B (Hons) Sastra Deemed to be University, Thanjavur.

## **Abstract: The Impact of Brexit on the United Kingdom and the European Union**

### **Brexit's effects on the European Union and the United Kingdom:**

Brexit, or the United Kingdom's (UK) decision to leave the European Union (EU), has had a profound impact and is a complex and varied event. This research paper looks at the historical background of the Brexit referendum, analyses its social, political, and economic ramifications, and speculates about possible outcomes. The study explores the effects on the economy of modified trade agreements, changes in exchange rates, and adjustments to GDP. It also looks into the political developments in the UK, such as changes in leadership and changing ties with the EU. The study examines the social implications of immigration policy, which had a big influence on the EU following Britain's leave. A legal analysis is conducted using an examination of the withdrawal agreement and the ensuing legal adjustments. This research aims to shed light on the lessons learned from the Brexit process and any potential ramifications for other countries considering major geopolitical upheavals as the UK navigates this historic transition.

### **KEYWORDS:**

Brexit, European Union, United Kingdom, GDP.

### **INTRODUCTION:**

Brexit, which stands for "Britain" and "exit," is an acronym for the United Kingdom's (UK) departure from the European Union (EU).

Any Member State's exit procedure is governed by Article 50 of the EU Treaty. This regulation states that any EU member state may choose to leave the EU by its own constitutional law. The EU will engage with this State over the terms of its exit and its future ties with the EU after notifying it of this decision.

The United Kingdom's departure procedure started with the June 23, 2016, referendum, and March 29, 2017, notice to the European Council.

Despite the fact that the UK left the European Union on February 1, 2020, the Withdrawal Agreement, governed the country's peaceful exit from the EU while preserving the application of until December 31, 2020, of the *acquis communautaire* in their relationship. The "Trade and Cooperation Agreement" will govern relations between the UK and the EU as of January 1, 2021, although it will represent a significant shift for people, businesses, and government agencies in both the EU and the UK.

## UK AND THE EU:

The United Kingdom (UK) is a former member of the EU that left the EU on 31 January 2020. Following the June 2016 UK referendum on EU membership and subsequent negotiations on the UK's withdrawal from the EU (Brexit), relations with the EU and the UK. This is largely governed by four treaties:

- EU-UK withdrawal agreement
  - trade and cooperation agreement
  - Agreement on data protection between the EU and the UK
  - Agreement between the EU and Great Britain on cooperation in the safe and peaceful use of nuclear energy
- These agreements, signed and ratified by both the EU and the UK, cover a wide range of policy areas and aim to ensure fair competition and continued cooperation in areas of mutual interest, protecting the rights of citizens. Presidents Michel and von der Leyen signed the Withdrawal Agreement on 24 January 2020 After the June 2016 UK referendum on EU membership, the EU and the UK negotiated the UK's withdrawal from the EU (Brexit). Brexit negotiations began in June 2017 and ended with the entry into force of the EU-UK Withdrawal Agreement on 31 January 2020 at midnight CET. The EU and the UK have agreed and signed the Withdrawal Agreement. It sets the conditions for the orderly withdrawal of the United Kingdom from the EU in accordance with Article 50 of the Treaty on European Union. The agreement covers, among other things, the protection of the rights of citizens and the economic solution between the EU and the United Kingdom, and ensures. that a hard border between Ireland and Northern Ireland is avoided by a separate protocol.

## FACTORS LEADING TO THE DECISION TO LEAVE:

Several factors contributed to the decision of the United Kingdom to leave the European Union in the Brexit referendum. Here are key factors that played a significant role:

- **Sovereignty and Control:** One of the central arguments in favor of Brexit was the desire for the UK to regain control over its laws, borders, and regulations. Proponents of leaving the EU argued that membership limited the UK's ability to make independent decisions on these matters.
- **Immigration Concerns:** Immigration emerged as a prominent issue during the Brexit campaign. Concerns over the free movement of people within the EU and the perceived impact on jobs, wages, and public services fueled anti-immigration sentiments. Proponents of Brexit argued for a more restrictive immigration policy.
- **Economic Independence:** Some supporters of Brexit believed that the UK would be economically better off outside the EU. They argued that leaving the EU would allow the UK to establish its trade agreements, pursue its economic policies, and be free from EU regulations that were seen as burdensome.
- **National Identity and Control:** There was a strong emphasis on national identity and pride, with some individuals feeling that EU membership compromised the UK's ability to shape its own destiny. The desire to assert a distinct British identity and governance played a role in the decision to leave.
- **EU Regulations and Bureaucracy:** Critics of the EU, including many pro-Brexit campaigners, argued that the EU's regulatory framework was overly bureaucratic and restrictive. Leaving the EU was seen as an opportunity to reduce regulatory burdens on businesses and streamline decision-making processes.
- **Euroscepticism:** The UK has a history of Euroscepticism, with a significant portion of the population and certain political figures expressing skepticism about the direction and integration of the European Union. The referendum provided an opportunity for those with long-standing doubts about EU membership to voice their concerns.
- **Unequal Economic Impact:** Some regions of the UK felt left behind economically, and there was a perception that the benefits of EU membership were not evenly distributed. The idea that leaving the EU could enable a fairer distribution of resources and opportunities gained traction.

- **Global Trade Opportunities:** Brexit supporters argued that leaving the EU would allow the UK to negotiate its trade deals independently, fostering stronger economic ties with countries outside the EU. They believed that the ability to strike bilateral agreements would be advantageous for the UK's global trade position.

## KEY EVENTS OF THE BREXIT REFERENDUM:

- **January 23, 2013:** Prime Minister David Cameron promises a referendum on EU membership if the Conservative Party wins the next general election.
- **May 7, 2015:** The Conservative Party, led by David Cameron, wins the general election with a majority in the House of Commons.
- **February 20, 2016:** Cameron announces that a deal has been reached with EU leaders after renegotiating the UK's relationship with the EU. He sets June 23, 2016, as the date for the referendum.
- **April 15, 2016:** The official campaign period begins, with designated campaign groups for both the "Leave" and "Remain" sides.
- **June 16, 2016:** Jo Cox, a Member of Parliament (MP) and supporter of the "Remain" campaign, is murdered in her constituency. The murder temporarily suspends campaigning and prompts national reflection.
- **June 23, 2016:** The United Kingdom holds the EU membership referendum. Voters choose between "Remain" and "Leave." The result is 51.9% in favor of leaving the EU and 48.1% in favor of remaining. The voter turnout is 72.2%.
- **June 24, 2016:** Prime Minister David Cameron announces his resignation, stating that new leadership is needed to navigate the process of leaving the EU.
- **July 13, 2016:** Theresa May becomes the new leader of the Conservative Party and subsequently the Prime Minister after her rival withdraws from the leadership contest.
- **March 29, 2017:** The UK formally triggers Article 50, beginning the formal process of leaving the EU. This initiates a two-year negotiation period.
- **June 8, 2017:** Theresa May calls a snap general election to strengthen her position in Brexit negotiations. The Conservative Party loses its majority, leading to a hung parliament.
- **July 24, 2019:** Boris Johnson becomes the leader of the Conservative Party after winning the party leadership election.
- **September 24, 2019:** The UK Supreme Court rules that Prime Minister Boris Johnson's suspension of Parliament was unlawful.
- **January 31, 2020:** The UK officially leaves the EU, entering a transition period.
- **December 24, 2020:** The UK and the EU announce that they have reached a trade deal, avoiding a no-deal Brexit scenario.
- **December 31, 2020:** The transition period ends, and the UK fully exits the EU's single market and customs union.

**Supply Chain Complexity:** Increased complexity in supply chains has affected the timely delivery of medicines and healthcare products.

## Small and Medium-sized Enterprises (SMEs):

- **Increased Administrative Burden:** SMEs, in particular, have faced challenges adapting to new customs procedures and regulations, leading to increased administrative burdens.
- **Access to Markets:** Some SMEs, especially those with a heavy reliance on EU markets, have found it challenging to adapt to the new trading environment.

The impact of Brexit on businesses and industries is complex and ongoing. While some challenges are immediate, others may unfold over the long term as businesses adjust to the new economic and regulatory landscape. The ability to adapt to these changes and seize new opportunities will play a crucial role in shaping the future for businesses in the UK and the EU.

## TRADE AGREEMENTS:

Brexit brought about significant changes in trade agreements for the United Kingdom. The UK's departure from the European Union (EU) meant the end of its participation in the EU's single market and customs union. Here are key aspects of the changes in trade agreements following Brexit:



• **Transition Period:**

○ The transition period, which lasted until December 31, 2020, allowed the UK and the EU to negotiate their future relationship, including trade agreements.

• **Trade and Cooperation Agreement:**

○ On December 24, 2020, the UK and the EU announced they had reached a Trade and Cooperation Agreement (TCA) that governs their relationship post-Brexit.

○ The TCA covers various aspects, including trade in goods and services, fisheries, law enforcement and judicial cooperation, and other areas.

• **Goods Trade:**

○ The TCA ensures tariff-free and quota-free trade for goods between the UK and the EU, provided that products meet the agreed rules of origin.

○ However, new customs and regulatory checks were introduced, leading to increased administrative burdens and potential disruptions to supply chains.

• **Services Trade:**

○ The TCA provides a framework for trade-in services but does not provide the same level of access as before. Barriers to service trade, particularly in the financial services sector, increased due to the loss of passporting rights.

• **Non-tariff Barriers:**

○ Non-tariff barriers, such as customs declarations and regulatory checks, have increased, affecting the flow of goods between the UK and the EU.

○ Rules of origin requirements mean that businesses must prove that a certain percentage of a product's components originate in the UK or the EU to qualify for preferential tariffs.

• **Northern Ireland Protocol:**

○ The Northern Ireland Protocol was implemented to avoid a hard border between Northern Ireland (part of the UK) and the Republic of Ireland (an EU member). This protocol involves checks on goods moving between Northern Ireland and the rest of the UK.

• **Trade Agreements with Third Countries:**

○ The UK has sought to establish its trade relationships with countries outside the EU. It has signed several bilateral trade agreements with countries such as Japan, Canada, and others.

○ The ability to negotiate independent trade agreements was one of the key arguments in favor of Brexit.

• **Impact on Supply Chains:**

○ Changes in trade agreements have led to adjustments in supply chains, with some businesses revising their logistics and production strategies to navigate the new trading environment.

• **Transition Period Challenges:**

○ Businesses faced challenges during the transition period, adjusting to new customs procedures, regulatory requirements, and changes in the VAT treatment of goods.

It's important to note that the trade relationship between the UK and the EU is subject to ongoing adjustments, negotiations, and potential changes. The impact of Brexit on trade agreements has been a dynamic process, and businesses continue to adapt to the evolving trade landscape.

## GDP AND ECONOMIC GROWTH:

Brexit has had both immediate and long-term effects on the United Kingdom's Gross Domestic Product (GDP) and economic growth. While it's essential to acknowledge that economic conditions are influenced by various factors, including global trends and domestic policies, the changes resulting from Brexit have played a significant role. Here are some of the key effects on GDP and economic growth:

- **Immediate Economic Impact:**

- Following the announcement of the Brexit referendum results in June 2016, the UK experienced immediate economic uncertainty. The value of the British pound fell sharply against major currencies, and financial markets experienced volatility.

- **Slowdown in Economic Growth:**

- The uncertainty surrounding Brexit and the subsequent negotiations contributed to a slowdown in economic growth. Businesses held back on investments, and consumers were cautious, impacting overall economic activity.

- **Trade Disruptions:**

- Changes in trade agreements and the introduction of new customs procedures resulted in disruptions to trade, affecting both imports and exports. This had a direct impact on the production and income of businesses involved in international trade.

- **Investment Decisions:**

- Businesses, particularly those with cross-border operations, delayed or reconsidered investment decisions due to uncertainty about the future trade relationship between the UK and the EU. This affected capital expenditure and overall economic growth.

- **Impact on Financial Services:**

- The financial services sector, a significant contributor to the UK economy, faced challenges due to the loss of passporting rights and changes in regulatory frameworks. Some financial institutions relocated certain operations to maintain access to EU markets.

- **Long-Term Growth Prospects:**

- Economists and analysts have debated the long-term growth prospects of the UK post-Brexit. While some argue that the ability to set independent trade policies could lead to new opportunities, others express concerns about the potential negative impact of trade barriers.

- **Regional Disparities:**

- Brexit has highlighted regional disparities within the UK. Some regions, particularly those heavily reliant on certain industries like manufacturing and agriculture, have faced more significant challenges than others.

- **COVID-19 Pandemic Impact:**

- The economic effects of Brexit coincided with the global COVID-19 pandemic, further complicating the assessment of its isolated impact. The pandemic introduced additional challenges, including lockdowns, supply chain disruptions, and shifts in consumer behavior.

- **Adjustment Period:**

- As the UK entered a transition period and negotiated its future relationship with the EU, businesses, and industries underwent an adjustment period, adapting to new trading conditions and regulatory frameworks.

- **Potential Opportunities:**

- Proponents of Brexit argue that the UK's ability to negotiate independent trade agreements and regulatory frameworks could open up new economic opportunities, potentially contributing to long-term economic growth.

## ANALYSIS OF THE WITHDRAWAL AGREEMENT:

The Withdrawal Agreement of Brexit is a complex document that outlines the terms of the United Kingdom's departure from the European Union. The agreement was negotiated between the UK and the EU and came into effect on January 31, 2020, marking the official departure of the UK from the EU. Here is an analysis of key aspects of the Withdrawal Agreement:

- **Citizens' Rights:**

➤ The agreement guarantees the rights of EU citizens residing in the UK and UK citizens residing in the EU before the end of the transition period. This includes the right to live, work, and access social benefits.

- **Transition Period:**

➤ The transition period, which lasted until December 31, 2020, allowed the UK and the EU to negotiate their future relationship. During this period, the UK continued to follow EU rules and regulations.

- **Financial Settlement:**

➤ The agreement includes provisions for the UK to fulfill its financial obligations to the EU, covering outstanding commitments, pensions, and other financial aspects. The financial settlement was a contentious issue during negotiations.

- **Irish Border and the Northern Ireland Protocol:**

➤ The Northern Ireland Protocol aims to avoid a hard border between Northern Ireland and the Republic of Ireland. It establishes a special status for Northern Ireland, aligning it with some EU rules to prevent the need for border checks.

- **Customs Arrangements:**

➤ The agreement outlines customs arrangements, ensuring that goods can move between the UK and the EU without tariffs or quotas. However, new customs procedures and regulatory checks apply.

- **Transition to New Relationship:**

➤ The Withdrawal Agreement sets the stage for negotiating the future relationship between the UK and the EU, including trade, security, and other areas. This negotiation process occurred during the transition period.

- **Dispute Resolution Mechanism:**

➤ The agreement includes a mechanism for resolving disputes between the UK and the EU. If issues arise in the interpretation or application of the agreement, a Joint Committee and an arbitration panel can address them.

- **Security and Law Enforcement Cooperation:**

➤ The agreement outlines provisions for ongoing cooperation on security and law enforcement, emphasizing the importance of maintaining close ties in these areas.

- **Future Relationship Negotiations:**

➤ While the Withdrawal Agreement addressed the terms of the UK's departure, it did not provide details on the future relationship. Negotiations on the future relationship, including a trade agreement, took place separately.

- **Parliamentary Approval:**

➤ The agreement underwent scrutiny and approval processes in both the UK and the EU parliaments. In the UK, the agreement received parliamentary approval, marking a crucial step in the Brexit process.

- **Impact on Businesses:**

➤ The Withdrawal Agreement set the groundwork for changes in the relationship between the UK and the EU, impacting businesses in terms of trade, regulations, and cross-border operations.

In summary, the Withdrawal Agreement was a crucial milestone in the Brexit process, addressing immediate concerns related to citizens' rights, financial obligations, and the Irish border. It paved the way for negotiations on the future relationship between the UK and the EU, setting the stage for the ongoing evolution of their

interactions. The agreement's provisions aimed to provide clarity and stability during a period of significant change.

## **REFLECTIONS ON BREXIT PROCESS:**

### **• Democratic Exercise:**

• The decision to leave the EU was the result of a democratic referendum. It highlighted the importance of engaging the public in major decisions that shape the trajectory of a nation. However, the deeply divisive nature of the issue also underscored the challenges of managing differing opinions within a society.

### **• Complex Negotiations:**

• The negotiations between the UK and the EU were intricate and often contentious. Balancing the interests of both parties while addressing complex issues such as trade, the Irish border, and citizens' rights required extensive deliberations and compromises.

### **• Economic Impact:**

• The economic impact of Brexit, particularly the changes in trade agreements and regulations, has been significant. The process exposed the interconnectedness of modern economies and the complexities involved in disentangling long-established economic relationships.

### **• National Identity and Sovereignty:**

• Brexit was driven, in part, by a desire to reclaim national sovereignty and assert a distinct British identity. The process raised questions about the balance between national autonomy and the benefits of international cooperation.

### **• Regional Disparities:**

• The regional disparities within the UK became more pronounced during the Brexit process. Some regions, particularly those heavily reliant on certain industries, faced unique challenges, highlighting the need for inclusive economic development policies.

### **• Impact on Institutions:**

• Brexit prompted reflections on the resilience of institutions, both within the UK and the EU. It tested the adaptability of political and administrative structures in navigating unprecedented challenges.

### **• Global Relations:**

• The process prompted considerations of the UK's role in the global arena. As the country sought to establish independent trade relationships outside the EU, it raised questions about the UK's place in the evolving landscape of global geopolitics.

### **• Lessons Learned:**

• The Brexit process offers lessons for policymakers, leaders, and citizens around the world. It underscores the importance of effective communication, long-term planning, and a comprehensive understanding of the implications of major decisions.

### **• Ongoing Challenges:**

• While the UK formally left the EU, the challenges and adjustments continue. Ongoing negotiations, particularly on the future relationship, highlight that the Brexit process is a dynamic and evolving phenomenon.



## • **Emotions and Identity:**

- The process evoked strong emotions and tapped into questions of identity. Understanding and navigating these sentiments will be essential for fostering unity and cohesion in the aftermath of such a transformative event.

The reflections on the Brexit process encompass a range of perspectives and experiences. As the UK and the EU move forward, ongoing assessments and adaptability will be crucial for managing the consequences and shaping the future relationship between these entities and their place in the global community.

## **WHAT OTHER COUNTRIES CAN LEARN FROM THE UK'S EXPERIENCE:**

The UK's experience with Brexit offers several lessons for other countries contemplating significant geopolitical shifts or considering major policy changes. Here are some key takeaways that other nations might consider:

### ○ **Comprehensive Impact Assessment:**

- Before embarking on major changes, countries should conduct comprehensive impact assessments. Understanding the potential economic, social, and political consequences can help in crafting informed policies and mitigating risks.

### ○ **Public Engagement and Communication:**

- Engaging the public in major decisions is crucial. Clear communication, transparency, and education on the potential impacts of policy changes can contribute to a more informed and cohesive public discourse.

### ○ **Addressing Regional Disparities:**

- Acknowledge and address regional disparities to prevent economic and social imbalances. Policies that promote inclusive economic development and address regional concerns can help build broad-based support for major changes.

### ○ **Consideration of Unintended Consequences:**

- Anticipate and plan for unintended consequences. Major policy changes can have ripple effects, and policymakers should be prepared to adapt and address unexpected challenges that may arise.

### ○ **Navigating Complex Negotiations:**

- If negotiations are a part of the process, it's important to approach them with a nuanced understanding of the issues at stake. Negotiating with international partners requires skill, patience, and a clear understanding of the desired outcomes.

### ○ **Balancing Sovereignty and International Cooperation:**

- Striking a balance between asserting national sovereignty and engaging in international cooperation is a delicate task. Countries should carefully consider the implications of decisions that may affect their relationships with neighboring nations and global partners.

### ○ **Preparing for Transition Periods:**

- If a transition period is part of the plan, ensure that it allows sufficient time for businesses, citizens, and institutions to adapt. Clarity on the timelines and expectations during transition periods is crucial for a smooth adjustment.



### ○ **Learning from Negotiating Dynamics:**

- Observe and learn from the negotiating dynamics. The Brexit negotiations showcased the complexities of disentangling from a longstanding union, providing insights into the challenges and opportunities that may arise.

### ○ **Global Trade Strategies:**

- For countries considering changes in trade relationships, a thoughtful and strategic approach is essential. Diversifying trade partners and ensuring that new agreements align with national interests can contribute to a resilient and dynamic economy.

### ○ **Adaptive Governance:**

- The ability of governance structures to adapt to change is vital. Countries should evaluate the flexibility of their institutions, legal frameworks, and administrative processes to handle the complexities of major policy shifts.

### ○ **Building Unity Post-Decision:**

- Recognize the need for unity post-decision. After major decisions, efforts to heal divisions and build a sense of common purpose are essential for fostering stability and continuity.

### ○ **Long-Term Planning:**

- Undertake long-term planning that considers the evolving global landscape. Policy decisions should be guided by a vision for the future and an understanding of how global dynamics may change over time.

The UK's experience with Brexit serves as a case study for the intricacies and challenges associated with major geopolitical and policy shifts. While each country's circumstances are unique, there are valuable lessons to be drawn from the UK's journey as other nations navigate their paths.

## **CONCLUSION:**

As the UK navigates its future outside the EU, ongoing negotiations, trade agreements, and diplomatic relations will continue to shape the post-Brexit landscape. The research paper aimed to provide a comprehensive understanding of the Brexit process, offering insights into the challenges faced, the lessons learned, and the potential implications for other nations considering major geopolitical shifts.

In the dynamic and evolving context of Brexit, ongoing reflection, adaptive governance, and a collaborative approach will be crucial for addressing both the immediate and long-term consequences. The significance of Brexit extends beyond its economic and political dimensions; it encompasses societal values, regional dynamics, and the broader discourse on the role of nations in a globalized world. As scholars, policymakers, and citizens continue to analyze and interpret the implications of Brexit, the research paper serves as a contribution to the ongoing dialogue surrounding one of the most consequential geopolitical events of recent times. The lessons drawn from the UK's experience with Brexit will likely resonate in discussions on democratic decision-making, international relations, and the future trajectory of nations in an interconnected world.

The research paper delved into various aspects of the Brexit phenomenon, examining the factors that led to the decision to leave, the key events surrounding the referendum, the intricacies of the withdrawal agreement, and the subsequent impact on businesses, industries, and the overall economy. The reflections on the significance of Brexit underscored its implications for national sovereignty, identity, and the broader global dynamics of globalization and nationalism. In conclusion, the long-term effects and implications of Brexit are likely to unfold over many years. The success or failure of the new relationship between the UK and the EU will depend on various factors, including the effectiveness of the trade deal, ongoing negotiations, and the ability of both

parties to adapt to the new political and economic landscape. It's important to consider the perspectives of various stakeholders and to stay informed about the latest developments to form a comprehensive understanding of the situation.

