



The Eurasia Center/EBC Brief

January 2021

Brexit's Impact on Europe



Sarah Thalhammer
The Eurasia Center

www.EurasiaCenter.org

The Eurasian Business Coalition (EBC)

2200 Pennsylvania Ave. NW, Suite 400E

Washington, DC 20037

www.USEBC.org

Four years ago, the United Kingdom held their infamous Brexit Referendum, which by a very small margin led to the United Kingdom leaving the European Union and Prime Minister David Cameron resigning. The weight of the pound sterling against other currencies worldwide weakened. Since then, a tremendous amount of discussion ensued on the potential impact that leaving the European Union would have on the United Kingdom. But how does the United Kingdom's departure impact the Europe Union economically, politically, and socially?

Previously, the United Kingdom maintained the status as one of the leading contributors to the European Union's budget as a member. With its departure from the bloc, the European Union faced a long and tough negotiation process to figure out the Multiannual Financial Framework for the years 2021-2027. Today, the European Union's budget actually remains similar to the last Multiannual Financial Framework, despite the United Kingdom's departure. However, this is most likely due to the COVID-19 pandemic. Compared to the 2014-2020 Multiannual Financial Framework, which provided the European Union the ability to spend €959.51 billion in commitments and €908.40 billion in payments over the course of the 7 years.¹ For the 2021-2027 Multiannual Financial Framework, the EU put together a comprehensive financial package of €1.8 trillion for the coming years to tackle the socio-economic consequences of the COVID-19 pandemic and address the long-term priorities of the bloc. Out of the €1.8 trillion, €750 billion is for the Next Generation EU recovery instrument.² The United Kingdom left a gap in the budget, but the European Union recovered by pushing forward an extraordinary Multiannual Financial Framework. Lastly, the European Union and the United Kingdom shared an important trade relationship over the decades. In 2019 alone, the European Union was the United Kingdom's largest trading partner. UK exports to the EU were £294 billion (43% of all UK exports). UK imports from the EU were £374 billion (52% of all UK imports).³ These numbers show the importance of the United Kingdom and the European Union's trade partnership. In December of 2020, both parties reached a trade agreement that allowed for zero tariffs and zero quotas.⁴ The EU-UK Trade and Cooperation Agreement (TCA) is being applied provisionally, since this deal was put in place just a few weeks ago. This deal is important for both the European Union and the United Kingdom and may potentially reinvigorate their trading relationship.

Socially, the idea of a wholistic European identity or collective identity is now even harder to imagine in Europe. As the United Kingdom leaves and waves of Euroscepticism and populism

¹ "Long-Term EU Budget 2014-2020," June 23, 2020. <https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2014-2020/>.

² "Long-Term EU Budget 2021-2027 and Recovery Package," January 11, 2021. <https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2021-2027/>

³ Ward, Matthew. "Statistics on UK-EU Trade," January 26, 2021. <https://commonslibrary.parliament.uk/research-briefings/cbp-7851/>.

⁴ Prime Minister's Office. "Agreements Reached between the United Kingdom of Great Britain and Northern Ireland and the European Union," December 31, 2020. <https://www.gov.uk/government/publications/agreements-reached-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-the-european-union>.

erupt across Europe, a European identity seems almost out of the picture. Furthermore, socially, Brexit effects the Erasmus+ program that the European Union provides to member states. Erasmus+ is a European Union program aimed at supporting education, training, youth and sport in Europe.⁵ Millions of people throughout the European Union take advantage of the Erasmus+ program and it links them to different universities and training programs across Europe. In 2019 alone, 54,619 people participated in 684 projects across the United Kingdom.⁶ The United Kingdom houses several famous universities that have been home to many Erasmus+ students, including Oxford and Cambridge. Since the United Kingdom does not plan to be a participant in the program, Erasmus+ will lose several important higher education institutions. Moreover, while the United Kingdom is no longer a contributing member to the Multiannual Financial Framework and many European Union programs, they remain an associate member of Horizon Europe. Socially speaking, this is important to both the United Kingdom and the European Union, as it allows the United Kingdom to participate in an important innovative science and research program.

A major political ramification of the United Kingdom's departure is that it set a precedent for any future country to leave the European Union. However, the United Kingdom's exit actually led to a shift in constituents and member states' confidence in the European Union. Furthermore, member states and their constituents trust in the European Union increased after Brexit. After comparing Eurobarometer reports there was a significant increase in respondents stating they tend to trust the bloc. The first report from August of 2015, prior to the referendum, shows that 32% of respondents tend to trust the European Union.⁷ In autumn of 2017, a year after the referendum, 41% of respondents stated that they tend to trust the European Union.⁸ In the latest Eurobarometer report from the summer of 2020, they surveyed the EU27 and 43% of respondents tend to trust the European Union.⁹ Post-Brexit, it seems that trust in the European Union has actually grown. Politically, it is important that citizens of member states trust the European Union, so that it can continue to maintain public support.

⁵“What Is Erasmus+?” Erasmus+ - European Commission, January 14, 2021. https://ec.europa.eu/programmes/erasmus-plus/about_en.

⁶Commission, European. “Erasmus plus in Numbers Factsheet for United Kingdom 2019.” UK Erasmus+ 2019 in numbers. Accessed January 26, 2021. https://ec.europa.eu/assets/eac/factsheets/factsheet-uk-2019_en.html.

⁷“Public Opinion in the European Union.” PublicOpinion - European Commission, 2015. <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2015/surveyKy/2099>

⁸“Public Opinion in the European Union.” PublicOpinion - European Commission, 2017. <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2015/surveyKy/2099><https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2017/surveyKy/2143>.

⁹“Public Opinion in the European Union.” Public Opinion- European Commission, 2020. <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2021/surveyKy/2262>.

The final outcomes of the United Kingdom's departure are yet to be seen, but their exit had significant impacts on the European Union. Economically, the European Union lost a major contributor to its budget and an important trade partner. The two parties have found ways to mitigate the effects of the departure on their economies by agreeing to a massive trade deal. The European Union found a way to create a budget without the United Kingdom's contribution. Socially, the Erasmus program will lose several important higher education institutions that are important and a number of participants from the United Kingdom. The United Kingdom remains a participant in Horizon Europe to help advance science across the globe. Brexit also led to many people across the bloc to trust in the European Union and its institutions more than they did prior to the United Kingdom's exit. Clearly, their departure impacts the European Union and leads to significant changes in how the bloc operates.

Bibliography:

Commission, European. "Erasmus plus in Numbers Factsheet for United Kingdom 2019." UK Erasmus+ 2019 in numbers. Accessed January 26, 2021.

https://ec.europa.eu/assets/eac/factsheets/factsheet-uk-2019_en.html.

"Long-Term EU Budget 2014-2020," June 23, 2020.

<https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2014-2020/>.

"Long-Term EU Budget 2021-2027 and Recovery Package," January 11, 2021.

<https://www.consilium.europa.eu/en/policies/the-eu-budget/long-term-eu-budget-2021-2027/>.

Prime Minister's Office. "Agreements Reached between the United Kingdom of Great Britain and Northern Ireland and the European Union," December 31, 2020.

<https://www.gov.uk/government/publications/agreements-reached-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-the-european-union>.

"Public Opinion in the European Union." Public Opinion- European Commission, 2020.

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2021/surveyKy/2262>.

"Public Opinion in the European Union." PublicOpinion - European Commission, 2015.

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2015/surveyKy/2099>.

"Public Opinion in the European Union." PublicOpinion - European Commission, 2017.

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2015/surveyKy/2099><https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/standard/yearFrom/1974/yearTo/2017/surveyKy/2143>.

Ward, Matthew. "Statistics on UK-EU Trade," January 26, 2021.

<https://commonslibrary.parliament.uk/research-briefings/cbp-7851/>.

"What Is Erasmus+?" Erasmus+ - European Commission, January 14, 2021.

https://ec.europa.eu/programmes/erasmus-plus/about_en.

