
Brexit in Short

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This article will explain very briefly what Brexit stands for, where it came from and where it is moving to in accordance with every relevant information you need to know.

WHAT, WHY, WHEN, WHO & HOW ?

Brexit stands for "British exit" and refers to the U.K.'s decision in a referendum that took place on June 23, 2016 to leave the European Union[1]. On that day, 51.89% of the votes were in favor of leaving the EU, leading to a complex process of exit. According to the EU's official website, "The European Union is a unique economic and political union between 27 EU countries that together cover much of the continent." [2]. Another important concept to keep in mind is the European Single Market, that aims at the four freedoms – better known as the free movement of goods, capital, services and labor. Having described important concepts, let's look at the 'why' of the need to leave. In 1973 the U.K. joined the European Economic Community but was accompanied by euroskepticism from the beginning. When the euro was launched in 1999, the U.K. did not adopt the single currency. The real 'trigger' for Brexit came in 2004, when EU added eight eastern European countries. This caused a wave of immigration, and roughly doubled the foreign-born residents in 13 years. The British economy grew twice at the pace of the euro zone, attracting migrants. This was seen as a 'threat' for the British citizens and thus the free movement of labor has been the trigger to organize the June 23th 2016 referendum [3].

The U.K. allowed people to vote that fulfilled the following conditions to vote [4] :

- Being registered to vote;
- Being 18 or over on the day of the referendum;
- Being a British, Irish or Commonwealth citizen;

- Being resident at an address in the UK or Gibraltar;
- Not being legally excluded from voting.

These people were asked the following question: "Should the United Kingdom remain a member of the European Union or leave the European Union ?" [5], with the possible responses :

- "Remain a member of the European Union"
- "Leave the European Union"

KEY PLAYERS AND CAMPAIGNS

An interesting article on Investopedia.com explains The Key Players in Brexit ([Investopedia](#)), but let's look at three very important players: David Cameron, Theresa May and Boris Johnson.

The Brexit campaigns were "Vote Leave" or "Stronger In" and had different arguments. Eurosceptics were attracted by the Leave campaign, as the campaign argued that leaving the EU would bring back control. On the other hand, the In campaign spread the message that "Britain is stronger, safer and better off in Europe than we would be out on our own." [6]

The referendum was initially called by former Prime Minister David Cameron. He campaigned for the U.K. to remain in the EU. In the foreword of a report he concluded: "My recommendation is clear: I believe every family, household, business, community and nation within our United Kingdom will be stronger, safer and better off by remaining inside this reformed European Union." [7]. Cameron announced his resignation the day after the 'Brexit win' of 52 and was replaced by Theresa May.

May's deal envisaged a steady state to be discussed, but the big thing here was the 'transition'. The transition period would let the U.K. in custom union

and obligated to respect a number of additional rules. This was accepted by the EU, but eventually was rejected three times in the U.K. Parliament and leading to her resignation on the 7th of June 2019. [8]

Boris Johnson, a former Mayor of London and foreign minister, was elected as prime minister on the 23th of July 2019. He had been a protagonist of what is known as the “deal or no deal”. His deal also envisaged a steady state, but with somewhat less alignment with respect to the EU than the earlier agreement. Following his successful proposition, the U.K. was expected to leave the EU on the 31st of October 2019. Nevertheless, the Parliament forced an extension to the deadline and delayed a vote on the new deal. On the 31st of January 2020, Brexit finally took place and the U.K. officially left the EU.

CONSEQUENCES & FUTURE OUTLOOK

Like any other ‘issue’, Brexit has pros cons. Firstly, the U.K. would no longer contribute to the EU budget, resulting in an immediate cost saving. On the contrary, the question arises whether this cost saving outweighs the financial advantages of an EU membership. Secondly, Brexiteers argue that the U.K. can establish its own trade agreements to compensate for the disadvantages of the loss of benefits of free trade with its neighbors. Thirdly, in case the City of London is no longer seen as a gateway to the EU for US banks, the U.K.’s status would be diminished. Moreover, U.K.-based financial firms would lose “passporting rights” to work freely across the continent. Next, sovereignty is seen as a win for the Brexiteers and was even admitted by the most ardent Remainers, as EU membership involves giving up some control over domestic affairs. Brexiteers argue that Britain should regain control of its borders, while Remainers argue that they have benefited of the pace of immigration. This argument has been enhanced by Former work and pensions secretary Iain Duncan Smith, who said that an open border does not allow the U.K. to check and control people. Furthermore, Remainers warn that an estimated three million jobs would be lost if Britain voted to leave [9].

At this very moment, the U.K. finds itself in a transition period with a lot of negotiations about the future relationship with the EU. The transition requires the UK to remain in both the EU customs union and the European Single Market and thus

most things will actually stay the same until the transition period ends. According to [bbc.com](https://www.bbc.com) [10], this includes:

- Travelling to and from the EU;
- Freedom of movement;
- UK-EU trade, which will continue without any extra charges or checks being introduced.

Several “Models” exist as potential post-Brexit options for the UK, especially to negotiate the trade with the EU. If you are interested in digging deeper into these models, you can check out this link : [BBC News](https://www.bbc.com/news) [11]. The U.K has to negotiate its entire trade relationship with the EU, as it is its biggest trading partner. If they cannot come to an agreement, the U.K. will be subject to both a host rule change and tariffs. This scenario is known as the “no-deal” Brexit, that has been talked about earlier. Note that a no-deal Brexit would heavily damage the U.K. economy and must be avoided at all costs !

Lastly, an important takeaway is that the British economy has already suffered from Brexit. The biggest disadvantage is the damage to the U.K.’s economic growth. On the other hand, it would eliminate Britain’s tariff-free trade status with other EU members. This implies a raise in costs of exports and thus in prices of exported goods as well as in imported goods, leading to higher inflation and thus a lower standard of living for U.K. residents. In addition it would hurt a lot of young British workers, as for example Germany is projected to have a labor shortage of three million skilled workers by 2030. As a result, those jobs will not be readily available after Brexit anymore [12].

ETHICS

To conclude this short recap of the whole Brexit situation, something about ethics must be mentioned. Some people argue that the question had been framed in a way that people would tend to vote ‘leave’ and a lot of questions arise when looking at the ‘fairness’ of the “Vote Leave” campaign. An interesting Netflix documentary that digs deeper into the subject is ‘The Great Hack’ [13].

IMPORTANT TOPIC TO KEEP IN MIND DURING THE NEGOTIATIONS

Fishing is extremely important at this very moment! ‘Leavers’ see fishing as a symbol of sovereignty that will finally be regained once Brexit takes place. The main idea that the U.K. wants to spread during the negotiations right now is that “British fishing grounds are first and foremost for British boats”. The EU of course wants access for its boats and want a “fair deal” on fisheries. This is a pre-condition for a free trade agreement [14]. Whether the fair deal will take place or not is something that will be unfold in the coming weeks.

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