

On Diverging Paths?
*The future of cooperation between the EU and the United Kingdom
after Brexit*

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The United Kingdom's withdrawal from the European Union has not only led to a political crisis and the weakening of the European Union's political and normative power, but it will also have significant long-term domestic and foreign policy consequences for both sides. The aim of this study is to analyse and evaluate these challenges.

Post-Brexit Cooperation: Alone or together?

The leadership both in London and Brussels stated that close cooperation between the two parties would remain crucial following Brexit. Nevertheless, the past four months suggest the opposite: instead of a joint response to the pandemic, we have seen a vaccine war break out, plummeting trade between the two, and different support and stimulus measures being implemented.

In terms of post-pandemic recovery, the United Kingdom and the EU are on significantly different paths: the former's inoculation effort is at a much more advanced stage with 48 per cent¹ of the British population already having received their first vaccines by early April 2021, while this proportion in the European Union was only 13.2 per cent² at that time.

Moreover, British rescue packages have proved to be more ambitious than in most EU member states. In the UK, stimulus and support packages were adopted soon after the onset of the pandemic, while the EU's Recovery Fund still has to be ratified by all member states before being implemented. The ratification process will not be concluded before the second half of 2021, meaning that recovery in the EU will be slow and could be delayed by years if one or more member states see legal challenges mounted against the Recovery Fund domestically, as we have seen in Germany.

Trade relations have also deteriorated between the EU and the UK: from December 2020 to January 2021, UK exports to the EU fell by almost 41 per cent³. A rebound in British trade will depend on future restrictions related to COVID-19 and on the government's ability to strike trade deals with third countries that could potentially offset the losses from the decline in trade with the EU. So far, the UK government applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade area including 11 countries, such as Singapore, Malaysia, Vietnam, Australia, New Zealand, Canada and Japan. In addition to the CPTPP, the UK has been negotiating several trade agreements in recent years: they signed a comprehensive bilateral free trade agreement with Canada and Japan, and are in negotiations with the United States, Australia, Cameroon, and Turkey. In the short term, however, small and medium-sized enterprises remain the most negatively affected by Brexit – exacerbated by the pandemic – as their trade activities with EU member states are subject to a stricter system of controls and rules of origin regulations.

¹ <https://www.nytimes.com/interactive/2021/world/covid-vaccinations-tracker.html>

² <https://vaccinetracker.ecdc.europa.eu/public/extensions/COVID-19/vaccine-tracker.html#uptake-tab>

³ <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/january2021>

With the globalisation of trade, ensuring the security and diversification of supply chains are increasingly difficult. Western countries often rely on sole suppliers for essential products like rare earth materials, chemicals and semiconductors, which pose considerable threats to national security, as important sectors ranging from high-tech to the military industry are reliant on these supplies. One of the key motivations for the UK's new trade strategy, as articulated in the recently published Integrated Review of Security, Defence, Development and Foreign Policy⁴, is to strengthen supply chains by diversifying trade and preventing the economy from becoming overly dependent on certain suppliers and supply chains. The EU's 2020 Strategic Foresight Report⁵ also highlights the need to secure supply chains and promote free market competition in order to ensure the EU's strategic autonomy.

Cooperation in other areas will also be limited: Johnson's government announced the "Green Industrial Revolution" last November and it is likely that the UK's climate actions will be more ambitious than those of the EU as Johnson's government no longer has to negotiate with carbon-dependent Central and Eastern European states. With Brexit, the UK has also left the EU's Emission Trading System (EU ETS), and will set up its own emissions trading scheme, causing considerable confusion in the business sector – at least in the short term.

The current setback in multilateral cooperation is unlikely to change in the next one or two years, but the harmonization of policies on climate change, supply chains, trade and foreign relations could yield significant results that will inevitably compel the two parties to cooperate.

The European Union after Brexit

Brexit does not only shape the future of the United Kingdom but that of the European Union, too: the redistribution of seats in the European Parliament has changed the balance of power and increased the influence of conservative and right-wing political groups, including the European People's Party (EPP) and the Eurosceptic Identity and Democracy (I&D). The biggest loser of Brexit in the EP was Renew Europe (RE) as 17 British MEPs had to leave the group.

In addition, with the departure of the UK, the political influence of France and Germany on EU decision-making will also increase. However, the extent to which the two largest EU member states – Germany and France – will be able to influence European decision-making from 2021 will also depend on the outcome of the German federal election in September 2021 and the French presidential election in April 2022.

EU integration processes might slow down in some areas not only because of the increased influence of right-wing groups but also because the UK has been a supporter of integration processes in several areas, such as the Single Market. However, the United Kingdom also slowed down integration in several areas, such as the common foreign and security policy, and justice and

⁴ HM Government:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age_the_Integrated_Review_of_Security_Defence_Development_and_Foreign_Policy.pdf

⁵ https://ec.europa.eu/info/sites/info/files/strategic_foresight_report_2020_1_0.pdf

home affairs. Therefore, deeper EU integration is expected in areas such as defence cooperation or fiscal policy, where the British were strong opponents of the further deepening of ties – as we have already seen during the pandemic with the unprecedented adoption of the EU Recovery Fund. Following a gradual economic recovery from the pandemic, tensions between the more conservative northern and the pro-integration southern member states is expected to become more pronounced again.

Diverging Foreign Policies

The foreign, security and defence policies of the United Kingdom and the European Union will most likely diverge significantly after Brexit. The United Kingdom has been an important ally to eastern member states such as Poland, the Baltic and Nordic countries in bringing the Russian threat to the forefront of EU foreign policy and diplomacy. However, this may change after Brexit, and the security perceptions of southern member states may become more dominant in EU foreign policy, potentially leading to a foreign and security policy shift towards Africa and the Middle East. At the same time, the United Kingdom's focus will shift to emerging countries in the Indo-Pacific region.

Due to changes in global strategic stability, geopolitical considerations are becoming increasingly important for both the UK and the EU. This is reflected in the UK's Integrated Review as well as in the EU's Strategic Foresight Report. The Integrated Review anticipates the biggest changes in British foreign and security policy since the late 1990s with the UK fostering ever closer cooperation with Five Eyes partners and focusing more on the Asia-Pacific region. The EU's 2020 Strategic Foresight report indicates that changes to the United States' and the United Kingdom's foreign policies do not go unnoticed, and geopolitical resilience and strategic autonomy are increasingly becoming a priority for the EU, too.

Regarding China, both the EU and the UK are taking a double-track approach: they aim to maintain good business relations with China, while Beijing's gross human rights violations and threat to Western national securities remain major obstacles to cooperation. Recently, the UK has banned Huawei from their 5G network⁶ and proposed a new bill⁷ that would allow ministers to ban foreign direct investments from companies and industries crucial to national security. At the same time, the EU and China finalized an investment agreement⁸ that – if ratified – will provide EU companies with broader access to Chinese markets. The timing and the lack of consultation with the EU's transatlantic allies indicates a weakening partnership, and the lack of a joint China strategy will inevitably decrease the bargaining power of both London and Brussels vis-à-vis China if remain unchanged. Besides, the EU's normative power stems from its commitment to and promotion of democratic values; abandoning these values for business considerations will most likely harm the EU's global stance in the long term.

⁶ <https://www.gov.uk/government/news/huawei-to-be-removed-from-uk-5g-networks-by-2027>

⁷ <https://www.ft.com/content/68594eed-a082-464a-a125-2288587db693>

⁸ <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2233>

While it was a dominant narrative that Brexit will facilitate a friendly and close relationship between the United Kingdom and the European Union, recent events and trends highlight the challenges to cooperation in an increasingly competitive world. Both sides have faced systemic challenges including supply chain disruption, domestic political pressures, and a pandemic, yet cooperation between the two was stalled because of Brexit. Nevertheless, due to the United Kingdom and the European Union's geographical proximity, common alliance systems and values as well as the common challenges they face will require them to strengthen cooperation and multilateralism in order to effectively address the above challenges.