THE ECONOMIC CONSEQUENCES OF BREXIT ON UNITED KINGDOM IN THE POST-BREXIT ERA*

Abstract

The study examined the economic consequences of Brexit on United Kingdom in the post-Brexit era. However, the withdrawal of the UK from the European Union presents challenges and opportunities for the UK. The study was aimed at examining the economic consequences of Brexit on United Kingdom in a post-Brexit era. The theoretical framework adopted for the study was the theory of inter-governmentalism. The theory assumed that states or governments are the central actors in international politics and they are rational actors. The study found that the decision of the United Kingdom to leave the European Union (EU) has had some significant economic consequences for the UK. These consequences have been felt in various aspects of the economy including trade and investment, migration and general economic growth etc. The study recommends the need for UK government to strengthen economic relations with other non-EU member states to help mitigate the impact of her withdrawal from EU. This is important owing to the fact that no nation is an island. Strengthening economic relations with other countries will help attract more economic opportunities to the country.

Keyword: Economic Consequences, Brexit, United Kingdom, Post-Brexit Era

1. Introduction

The decision of the United Kingdom (UK) to leave the European Union (EU), commonly known as Brexit, has been one of the most significant political and economic events in contemporary European history. Following the official exit in January 2020, the UK entered a new phase of economic relations with the EU and its member states, which has brought about both opportunities and challenges. The post-Brexit period has been marked by shifts in trade, labour mobility, financial services, regulatory standards, and geopolitical dynamics, which have had varied impacts on the UK. The withdrawal of UK from EU has had some impact on the UK. These impacts are in the area of economic, migration and political relations. On economic, the Economist Intelligence Unit (EIU) of the Economist Magazine[1] published a report that concluded that the decision by the UK to leave the EU have profound economic consequences for both the UK and the EU. The UK recorded 0% growth in exports and 19% growth in imports during 2019–2022. Between 2019 and 2022, the UK GDP growth was lower than the Organization for Economic Cooperation and Development (OECD), G7, or EU27 average. The UK also fell short in most gross domestic product (GDP) components compared to its peers, with low growth in consumption and investment, very low growth in exports, and the lowest growth in imports among all OECD countries[2]. According to Moufida and Naim[3], UK's 44% of exports and 60% of total UK trade is covered by EU membership. With the Brexit referendum, the UK dropped from the top to the bottom of the league table in terms of economic growth among the G7 group of major advanced economies.

One of the main challenges arising from Brexit is the introduction of trade barriers, customs checks, and regulatory divergences that have disrupted the flow of goods and services between the UK and the EU. While the UK and the EU reached the Trade and Cooperation Agreement (TCA), which sought to minimize barriers, the increased costs and administrative burdens have still posed significant challenges to businesses, particularly those operating in sectors like manufacturing, agriculture, and services (e.g., digital services, finance, and healthcare)[4]. The UK has sought to establish bilateral trade agreements with countries around the world, including several EU member states, in the hope of compensating for the loss of EU membership. While the TCA provides a framework for UK-EU trade, it lacks the depth of integration once enjoyed under EU membership, especially in areas like financial services, data protection, and research collaboration. The end of freedom of movement between the UK and the EU has had profound effects on labor markets in both regions. The UK, particularly in sectors like agriculture, hospitality, healthcare, and technology, relied heavily on migrant workers from the EU. Post-Brexit immigration policies have created new barriers to the flow of workers, leading to labor shortages.

The UK withdrawal from EU has affected UK citizen's movement. Porte and Forte[5] noted that UK citizens lost the automatic right to live, work, and study in EU countries without restrictions. This led to challenges for those who previously relied on this freedom, such as expatriates, workers, and students. UK nationals now face more bureaucratic hurdles, such as visa requirements and residency permit, to live or work in EU countries. Similarly, EU nationals face stricter immigration controls when moving to the UK. Also, sectors such as healthcare, agriculture, and hospitality, which heavily relied on EU workers, have faced labour shortages. This has contributed to staffing crises and increased pressure on these industries[6]. With regards to

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[1] Economists for Brexit (2016), *The Economy After Brexit*. https://issuu.com/efbk/docs/economists-_for

[2] Economists for Brexit (2016), *The Economy After Brexit*. https://issuu.com/efbk/docs/economists-_for

[3] Moufida, B. & Naim, B (2020). Post Brexit Era and its Implication on UK's Economy and Politics. *Journal of Political Science and Law.* Issue 24. Pp.1-45

[4] Bown, C. P., & McCulloch, R. (2021). The Impact of Post-Brexit Trade Deals on the UK

[5] Portes, J. & Forte, G. et al (2022), The Impact of Migration on Productivity and Native-born Workers Training, IZA Discussion Paper No, 11833, September, & Between the Lines; Immigration to the UK between the Referendum and Brexit, DCU Brexit Institute Working Paper 12-2022, Bridge Network, Dublin, December. & Immigration after Brexit, National Institute Economic Review, November, 238, R13-R21, (2022), 'The Economic Effects of Immigration to UK', VoxEU.org, June, https//voxeu.org/article/economic-impacts-immigration-uk

[6] Portes, J. & Forte, G. et al (2022), The Impact of Migration on Productivity and Native-born Workers Training, IZA Discussion Paper No, 11833, September, & Between the Lines; Immigration to the UK between the Referendum and Brexit, DCU Brexit Institute Working Paper

trade disruption, Dhingra et al[7] noted that UK withdrawal from EU has led to increased trade barriers between the EU and the UK, which was previously one of the EU's largest trading partners. According to them Tariffs, customs checks, and regulatory differences have increased costs for businesses, disrupted supply chains, and caused delays in the flow of goods[8]. Some sectors, like the automotive and agriculture industries have been particularly hard hit. UK withdrawal from EU has seen EU countries lost direct access to UK financial markets, which has led to the relocation of some financial services to cities like Frankfurt, Paris, and Amsterdam. However, the fragmentation of financial markets has led to inefficiencies and increased costs.

The long-term economic consequences of Brexit remain a subject of intense debate and analysis, especially in relation to how the UK's departure has altered its economic interactions with EU countries. Moreover, the Brexit process has not only impacted trade and investment but also labour mobility, with notable shifts in migration patterns, skill shortages, and the changing dynamics of the workforce in the UK and its EU counterparts. Whereas UK's membership of European Union has been very helpful as it gives the UK, the opportunity to deploy their scarce resources to other areas of national importance, and relies on EU trade facility to shore-up their weaknesses, the continued Post Brexit economic relations with EU and its attendant consequences on the economy of UK is a problem this study wants to unravel. Why is it that after Brexit, the UK economic relations are still tied to EU? This study seeks to investigate the Economic consequences of Brexit on United Kingdom in the Post-Brexit era.

2. Theoretical Framework

This study is influenced by a theory of regional integration known as Inter-governmentalism. Inter-governmentalism justifies the role and national interests of nation-states in shaping the integration process, Theories of regional integration basically seek to explain the process of evolution and developments of regional international organizations. This theory emerged as a critique to the neo-functionalist and federalist theories of regional integration. The theory was developed by Stanley Hoffmann in mid-1960s and other scholars such as Frank Schimmelfenning, Thomas Riise, Antje Weiner, Tanja Borzel and Andrew Moravcsik who have tremendously contributed in the evolution of the theory. Inter-governmentalism shares on the basic assumption with the rationalist institutionalist of international relations. To begin with, Schimmelfenning[9] suggests that Inter-governmentalists assumes that states or governments are the central actors in international politics and they are rational actors. Second, international interdependence creates demand, and international institutions help to supply international cooperation.

The theory assumes that European convergence is spreading through the actions and interests of national states[10]. The most influential exponent of this theory is Moravcsik in his book titled 'The Choice for Europe'. Moravcsik[11] contends that the EU is designed as an intergovernmental regime that governs the interdependence of the economy through the common political talks[12]. It believes that relinquishing the critical roles of the independent states on core national issues to other institutional structures are inherently impossible. Arguing along this line, Hoffman[13] contends that, a rational defense of national interests and the preservation of the state sovereignty, along with cooperation among governments, can be seen as a key to common issues among different countries. From here, one can see that the key assumption of the theory of inter-governmentalism is the preservation of 'national interests and state sovereignty'. The realist inter-governmentalists take these as sacrosanct in international relations.

The core assumption of the theory rests on the fact that states tend to believe that governments, not transnational entities, have full control over the convergence, and transnational institutions are created which national entities may benefit. The core issue is that the sovereignty of the nation-state should not be compromised to transnational institutions, though it may exist but not superior to the core interests of states. At the national level, there should be a coalition and support among the domestic groups for policy and increased power, and it must be entered internationally with other actors. International treaties are also the result of intergovernmental conferences in which representatives of national states negotiate in the legal frameworks that the EU institutions operate on the basis of their interests. From the realist inter-governmentalists, assumes that states could cooperate

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[7]Dhingra, S, H Huang, G Ottaviano J Pessoa, T Sampson & Van, R.J. (2022), 'The Costs and Benefits of Leaving the EU: Trade Effects,' *Economic Policy*, 32(92): 651–705.

[8]Dhingra, S, H Huang, G Ottaviano J Pessoa, T Sampson & Van, R.J. (2022), 'The Costs and Benefits of Leaving the EU: Trade Effects,' *Economic Policy*, 32(92): 651–705.

[9]Schimmelfenning, F. (2018). Regional Integration Theory. *Oxford Research Encyclopedia of Politics.* Oxford University Press.http://politics.oxfordre.com/view/10.1093/acrefore/9780190228637.001.000

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[13]Hoffmann, S. (1998). Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe. Daedalus, (online), Vol. 95, No. 3, pp. 862-915. Available.https://www.jstor.org/stable/20027004?seq=1#metadata_info_tab contents (Retrieved 2 December. 2021).

on certain key areas as low politics while states could not cooperate on high politics which they term the core national interests. According to Hoffman[14] cited in Schimmelfenning,[15] stated that:

> Low politics and high politics expect states to be willing to integrate in low-politics areas but to resist pooling and delegation in high-politics areas. Low-politics areas do not reduce the autonomy of the state in a major way, either because they do not affect core state powers or because states have limited autonomy to begin with (as in the case of liberal states in the market economy. By contrast, high politics encompasses the core powers of the state in the areas of internal and external security as well as monetary and fiscal policies. According to the traditional inter-governmentalist logic, then, small states have a higher demand for regional integration than large states, and all states are more willing to integrate low-politics issues.

From the above, the core areas such as surrendering state sovereignty to supranational authority to legislate on certain areas the state see as core aspect of national security is dismissed by the realist inter-governmentalists. It is pointed from the above that integration could be easily accepted by the powerful states in so far that it does not infringe on autonomy of the states power. To be sure, governments negotiate first, on the creation or development of integration. Secondly, on key policy arrangements and, thirdly, on the institutional design of regional integration. These negotiations are only analytically distinct: they go on in parallel, are linked, and need to be concluded together successfully to produce integration. First, regional integration requires mutually beneficial arrangements for all participating states. For regional integration to produce mutual benefits state policies need to be mutually interdependent and state preferences need to be congruent or compatible. Without mutual policy externalities, governments do not see value in regional integration; without compatible policy preferences such as in the area of environmental protection or health standards, governments are unable to agree on a common policy. The UK engagement with the EU rests on these core specifications and triggered its exit clause when there is incompatibility between its preferences and that of the EU[16]. The United Kingdom is reluctant to commit to the Europeanization or leaning towards the United States of Europe where state loses their sovereignty to supranational entity. From the perspective of United Kingdom, it sees the EU more as an intergovernmental organization than as a transnational entity. It is the tendency to protects its national interests-national security, identity, economy and reduce the inflow of migrants into the United Kingdom that drives the Brexit hence the renegotiation of the relationship between United Kingdom and European Union. It is the analytical strength of this theory to underscore the evolution of the European Union, its operation and the process of convergence one can situate its usefulness for the study.

3. Concept of Brexit

The politics surrounding Brexit has to be placed in historical perspective. The United Kingdom of Great Britain and Northern Ireland, more popularly known as Britain, has always been skeptical on UK's relationship with its continental neighbors. From a cursory look, United Kingdom problems with Europe hinge on the extent to which national sovereignty of nation-states will fare under the influence of European Union institutions, as its political and economic dominance declined from its former heydays of the British Empire[17]. This ambivalent feeling has been one key issue that made the United Kingdom joining the European Union in its embryonic stage a bit difficult. The United Kingdom has an identity, values and institutions they priced more than anything else. The pride UK has in their institutions over the influence of any other institution to have preeminence over theirs is a source of threat the UK does not wish to compromise. From the time UK joined the EU, it has supported the union, as seen from the effort of Margaret Thatcher to complete the single market and Tony Blair's work on European security except in some areas in which United Kingdom where reluctant to compromise such as UK laws dominance in United Kingdom,[18]. Being one of the industrial hubs of Europe in early times, it declined joining the European Steel and Coal Company in 1952. The UK decision to join European Economic Community in 1961 was opposed by then France president, Charlse De Gaulle[19], but was admitted in 1973 into the membership of the European Union.

The year 2016- 2019 was the most turbulent times for British politics. This is because of the general election that followed in 2017 which Theresa May thought will furnish her with an overall majority in the parliament so that she could get an approval for the negotiation of Brexit withdrawal. It turned out to be a difficult one since the Conservatives had to rely on the support of the Democratic Unionist Party in Northern Ireland for their continued tenure in office.[20] However, in 1975, Prime Minister Wilson decided to conduct an in-out referendum on the UK's future with the EU. This brought divisions among the cabinet ministers in United Kingdom as of that time. In that referendum, Britons voted 67% against 33% to stay in the EEC in 1975, with most of the 68 administrative counties, regions, and Northern Island indicating their intention to retain their EU membership.

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[14]Hoffmann, S. (1996). Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe. Daedalus, (online), Vol. 95, No. 3, pp. 862-915. Available.https://www.jstor.org/stable/20027004?seq=1#metadata_info_tab contents (Retrieved 2 December. 2021).

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According to EU2019[21] pointed out that in 1975, Margaret Thatcher pressed harder to reduce the UK financial commitment to EU budget. It was reported by Pruit[22] it was higher due to the point that UK had fewer farmers which constitute a huge fraction of the EU subsidy. However, Margaret Thatcher negotiated the reduction of Britain's contribution to the total budget from 20% to 12%. With the signing of Maastricht Treaty in 1993 engineered economic integration widening the realm of common foreign policy, citizenship rights, and a single currency. From the enfoldment of events, the UK opted out of four policy areas: Schengen acquis; using the euro as a common currency; the charter of fundamental rights; and the area of freedom, security, and justice. Park et al.[23] pointed that in the wake of the euro financial crisis in 2009, the UK vetoed the move to review the Lisbon Treaty to deal with the euro crisis in order to protect its financial sector. The fact that nation-states are driven by national interests in their conduct of external relations are not an issue of dispute. The core issue of dispute is inability of nation-states to meet their national interests in the conduct of international politics. Not meeting these noble ideals, national interests may lead to conflict at the international level or may be sorted out by negotiation with other actors in the system. The core drivers of Brexit are rooted on the perceived threat to what the British people perceive as an erosion of their national interests. Brexit is the process of United Kingdom exiting from the European Union. It is a process that entails negotiations between the Government of United Kingdom and the EU governing bodies. The agreement to negotiate between UK and EU was triggered by activation of article 50 of the Lisbon Treaty of European Union Act. This Act allows for the exit of any member state from the Union.

On 23 June 2016, the United Kingdom (UK) held an historic referendum on whether to exit from European Union membership or remain as a member. The Prime Minister of UK, David Cameron had secured a settlement with the EU for Britain's exit from EU. The deal aimed to reduce immigration into the United Kingdom, increase in protecting non-euro zone economies and British Government to opt-out from European Union[24]. Those who favour UK leaving becomes the Brexit wing while those favouring UK staying are the 'Bremain'. In the referendum held on 23 June 2016, the majority of the UK electorate (51.9% vs. 48.1%) voted to leave the European Union. Consequently, Both Scotland and Northern Ireland voted to remain in the EU, while England and Wales chose otherwise. Prime Minister, David Cameron resigned as soon as he had announced the referendum results. Walker 2019[25] pointed that:

> Theresa May succeeded David Cameron, formally signing and lodging Article 50 of the Treaty of EU, which triggers the UK's separation process from the EU, on 29 March 2017, starting the two-year process for Britain's exit from the EU, hence the coined term 'Brexit' of departure on 13 November 2018. The agreement contains the highly contested backstop issue of the Irish border, which avoids having a hard border between Ireland and Northern Ireland after Brexit. The British Parliament rejected the draft agreement three times, and then PM May requested a second extension until 30 June 2019.

The politics in the UK parliament was much tensed that both parties could not agree on the details of the deal to take effect on October 2019. However, Theresa May resigned and was replaced by Boris Johnson. The Boris Johnson requested a third extension until 31 January 2020, and the EU approved it. The point is that the debate from the two camps is reinforced by what they perceived to be the consequences of the Brexit or Bremain. John and Lan[26] pointed that:

> The polarization in the UK about Brexit is apparent in two ways. First of all, voters have become rather more likely to state that leaving the EU will either be beneficial or damaging, and less likely to feel that it would not make much difference either way. This is certainly the case when they have been asked whether Britain's economy would be better off or worse off as a result of leaving the EU, and whether such a step would result in Britain having more or less influence in the world.

Scholars and analysts that cut across diverse background have tried to explain the driving force for United Kingdom leaving European Union from the perspective of defending the sovereignty of Great Britain as one theoretical explanation of Brexit. However, a deeper examination of events, it trickles down to forces that are political, economic or cultural, centres around the defence of national interest as stipulated by intergovernmentalism. Defense of sovereignty seems the most common argument among intellectual-minded people on the British right, expressed by Conservative politicians such as former London Mayor and Prime Minister of United Kingdom, Boris Johnson and Michael Cove. As the Economist[27], suggests, core aim of the Brexit is to take charge of United Kingdom laws, its borders and her money. The implication of this model of Brexit entails that UK goods would be subjected to a tariff of 10% and some critical areas such as agriculture will be shut out from the trade deals that benefits member countries. Politically, the United Kingdom will not be under the influence of European Court of Justice. On the economic front, the treatment of UK goods coming into the European Union will be considered differently compared to

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when United Kingdom is under the EEA and the single market. As pointed by Amir, Ghislaine, and Abygel[28] had stated thus: 'Leaving the customs union implies that UK's goods and services will be submitted to bureaucratic checks while passing ports and airports. But it is documented that countries such as Australia and the US will prefer trading with EU as a whole than the UK'.

As pointed by one of the famous think-tank KPMG[29], Lawless and Morgenroth[30] showed that it will have effects on products especially those in export intensive sectors such as foods, drinks, vehicles and electronics. These studies went further to pinpoint that the banking, insurance and private equity will be the worst hit. To be sure, the deal EU had with UK is partly hard Brexit with a political declaration and Trade and Cooperation Agreement with ambitious outlook for future relations in certain key areas where both parties shared a common problem in the security and calls for closer cooperation in the fight against global problems such as money laundering and democratic consolidations. On the other hand, the UK Government made public statement insisting that it will protect infant industries in Africa in the post Brexit era. In what follows, Theresa May stated that London would increase her outward foreign direct investment to Africa and increase aid for trade partnership. It becomes unclear since the Brexit deals have not been able to be concluded on the March 2019 deadline with extension dates not sealing the agreements for settlement and how the events surrounding Brexit will be relating to Africa considering the interest of other players such as China in the continent.

4. The Economic Consequences of Brexit on United Kingdom in the Post-Brexit era

Brexit is the most significant trade disintegration event that has occurred in recent times. On 1 January 2021, the United Kingdom (UK) withdrew from the European Union (EU)'s single market and customs union, and a new trade agreement between the UK and the EU came into effect: the Trade and Cooperation Agreement (TCA). The TCA introduced no tariffs or quotas in the EU–UK trade if the products originated in any of these partners. However, the withdrawal of the UK from the EU's single market and customs union generated new trade costs between these partners. Since customs must clear all transactions between EU countries and the UK, there are new costs related to (i) procedures for recording trade transactions in customs; (ii) certification of rules of origin (RoO); (iii) compliance with the partner's sanitary and phytosanitary measures; (iv) inspections on animals, plants, and food products; (v) compliance with the partners' technical standards; (vi) higher transport costs due to the time spent waiting in customs for cargo and documents to be checked; and (vii) payment of the value-added tax (VAT) at customs for imported products.

The decision of the United Kingdom to leave the European Union (EU) has had some significant economic consequences for the UK. These consequences have been felt in various aspects of the economy including trade and investment, migration and general economic growth. The Centre for Economic Policy Research (CEPR), published a summary of the evidence on the economic impacts of Brexit on the UK economy in post Brexit era. From the report, two-thirds Britton think post Brexit has damaged the economy, while even among Leave voters only one in five think the impact has been positive[31]. The vast majority of economists agreed (and many would add a resounding 'we told you so'). This aspect of the work intends to look at three key dimensions – trade, migration and investment – and then examine recent evidence on the overall macroeconomic impacts.

With regards to trade, the UK economy has suffered considerably in post Brexit era. For instance, data released by the Office for Budget Responsibility noted that the UK's 'trade intensity' (trade as a proportion of GDP) has fallen significantly, and considerably more than other advanced economies (OBR, 2023)[32]. The report further noted that post Brexit has had a large and continuing negative impact on UK exports goods, with particularly large impacts on smaller firms. Confirming this with more qualitative evidence, Bailey et al[33] find that the 'imposition of a new non-tariff barriers through Brexit has proved particularly challenging to smaller firms in manufacturing supply chains'. Data released by the Office for National Statistics trade suggested that three years after the transition period, UK real GDP is some 2-3 per cent lower due to Brexit, compared to a scenario where the United Kingdom retained EU membership. The UK was the second largest EU economy when it voted to leave in 2016 contributing about 16% to EU GDP[34]. This corresponds to a per capita income loss of approximately £850[35]. The report further estimates that the negative impact in post Brexit era gradually escalates, reaching some 5-6 per cent of GDP or about £2,300 per capita by 2035. The reduction in real incomes resulting from the fall in the UK terms of trade associated with changes in trading relations with the European Union and the fall in productivity are the largest contributors to the estimated reduction in real GDP, with each accounting for over 2.5 percentage points[36].

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[28] Amir, A. Ghislaine, A. and Abygel C (2019). The Impact of Brexit on the Future of the European Union. Online article. Accessed on 8 May 2019.

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[31] UK in a Changing Europe, (2023), Online; https;/ukandeu.ac.uk/brexit-withness-achive/ben-clift/.

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[36] United Kingdom Office of National Statistics, (2023), Quality in official statistics, Office for National Statistics, https;//www.ons.gov.uk/methodology/methodologytopicsandstatisticalconcepts/qualityinofficialstatistics

The UK economy fares better during the pre-EC membership (1961-1972). The UK economy did better when she was still a member of the EU. Post Brexit era has seen the UK economy drop compare to when she was still a member of the EU. The drop can be attributed to her withdrawal from EU which has affected her economic relations with other EU members states. The EU is the UK's largest trading partner. In 2020 it accounted for 46% of UK's total trade[37]. As reported by UNCTAD, between 2019 and 2022, the UK GDP growth was lower than the OECD, G7, or EU27 average. The UK also fell short in most GDP components compared to its peers, with low growth in consumption and investment, very low growth in exports, and the lowest growth in imports among all OECD countries. The only component that showed above-average growth was government consumption[38]. The report further stated that due to the TCA, the UK has experienced a significant contraction of trading capacity in terms of the varieties of goods exported to the EU. It suggested that as many as 42.3% of the product varieties previously exported to the EU have disappeared during the 15 months following January 2021[39]. It concluded that this decline has unfolded in three ways: (1) some exporters have ceased to export to the EU, (2) continuing exporters have streamlined their product lines, focusing on their core products, and (3) fewer new exporters are entering the EU market. This decline has been accompanied by an increased concentration of export values to fewer products and by larger exporters. Many of the negatively affected exporters are small, resource-constrained firms who exported single products or a limited range of products, and they exported less intensively relative to the overall sales[40]. Du and Shepotylo[41] summarized the negative impact of post Brexit on UK economy especially in the area of trade when they asserted that the exporting capabilities of the UK have been greatly damaged by Brexit, which has imposed new barriers to trading with the EU. Exports have also been affected by the overall slowdown of the UK economy, which is due to uncertainty and its tarnished attractiveness as an investment destination.

With regards to migration, the post Brexit era has consequences for migration in UK. As noted by the European Commission, one of the major outcomes of Brexit has been the implementation of a new immigration system. From the beginning of January 2021, free movement came to an end and EU citizens coming to live or work in the UK have to apply for a visa. As of 1 January 2021, EU citizens who wish to move to the UK will be subject to the same rules as citizens from the rest of the world, with the exception of Irish citizens who can continue to move to the UK without restrictions under separate arrangements. EU citizens already living in the UK must apply to the EU Settlement Scheme if they want to continue to live in the UK. Migrants newly arriving in the UK from January 2021 need to have permission, such as a work, family or study visa. They face broadly the same rules regardless of their country of origin. In practice, this means that the rules have become considerably more restrictive for EU citizens who previously had free movement rights. However, the rules have become somewhat less restrictive for non-EU citizens, at least those moving for work. Until the end of 2020, non-EU citizens coming to work in the UK on an ordinary work visa would usually need a salary of at least £30,000 in a graduate job; the new rules allow a wider range of middle-skilled occupations to qualify, with the minimum salary required set at £25,600 as standard and lower still in some cases. Family migration rules remain the same for non-EU citizens, requiring a minimum income of £18,600 and payment of fees including the NHS surcharge at £624 per person, per year. These requirements have been applied to EU citizens too, although there are different, less restrictive rules for people moving to join EU citizens who hold pre-settled or settled status under the EU Settlement Scheme.

Post Brexit has negative impact on migration of EU citizens to UK. For instance, data released by Home Office, revealed that immigration in UK has decrease as a result of the new policies, and this is plausible given the extent of the restrictions on EU citizens. On average between 2004 and 2019, EU migrants made up around half of the estimated increase in the total migrant population living in the UK[42]. The report further noted that the new work visa system has reduced long-term EU immigration by 80,000 to 90,000 per year[43]. Meanwhile, annual inflows of long-term non-EU migrants have increase by around 30,000. The Home Office report concluded that the total number of migrants who arrive to work in long-term in the UK would decrease by roughly 350,000 over a 10-year period[44]. Migration from the EU to UK fell sharply too. For instance, why migration from EU countries was higher in the periods; 2017 and 2018, it nosedives in 2021, 2022 and 2023. Data from the Home Office revealed the trends in migration in the above stated periods. Report by Eurostat highlight the direct impact of post Brexit on EU countries indicating how post Brexit has restricted labour supply – net immigration from the EU, which peaked at over 200,000 a year at the time of the referendum, is now negative with less than 80,000[45]. That in turn has had some negative impacts both on specific sectors and the flexibility of the UK labour market as a whole[46]. The main impact is seen in the area of higher prices and reduced output in the affected sectors, rather than sharply higher wages. Indeed, it is notable that recent wage growth has actually been stronger in sectors such as finances and health etc owing to reduced migration flows[47]. The Home Office[48] summarizes the impact of Brexit on UK to EU countries to include: (i) *Visa Requirements:* British citizens now face different visa requirements

[37]World Investment Report (2021). UNCTAD. Geneva
[38]World Investment Report (2023). Global Value Chains. UNCTAD. Geneva
[39]World Investment Report (2023). Global Value Chains. UNCTAD. Geneva
[40]World Investment Report (2023). Global Value Chains. UNCTAD. Geneva
[41]Du, E.M., Shepotylo, I.A. & Archic, S. (2022). *Brexit: Overview, Trade, and Northern Ireland.* Congressional Researc Service. Retrieved 17 November, 2024.
[42]Ministry of Foreign Affairs (2023). *The UK's approach to the Northern Ireland Protocol*. GOV.UK.
[43]Ministry of Foreign Affairs (2023). *The UK's approach to the Northern Ireland Protocol*. GOV.UK.
[44]Ministry of Foreign Affairs (2023). *The UK's approach to the Northern Ireland Protocol*. GOV.UK.
[45]Eurostat (2023). *Statistics Explained – International trade statistics - background*. European Commission
[46]Eurostat (2023). *Statistics Explained – International trade statistics - background*. European Commission
[47]Bank of England, (2023). *Statistics – Exchange Rates. Bank of England*. https://www.bankofengland.co.uk/statistics/exchange-rates (Accessed on 23, March, 2024).
[48]Ministry of Foreign Affairs (2023). *The UK's approach to the Northern Ireland Protocol*. GOV.UK.

when moving to EU countries. They are subject to the immigration rules of each individual EU country, which can vary widely. In some countries, British citizens may need to apply for work visas or residency permits, which could be more challenging and time-consuming than before; (ii) *Right to Stay:* British citizens who were living in an EU country before the end of the Brexit transition period (31 December 2020) are generally allowed to stay, but they may need to apply for residency status under the country's new rules. Those who arrived after the transition period face stricter requirements; (iii) *Access to Services:* British citizens' access to healthcare, social security benefits and other public services in EU countries are affected. The rules vary depending on the country and the specific agreements in place. With regards to investment, data released by the Bank of England revealed that post Brexit has impacted on UK economy especially in the area of investment. According to the report, the relatively low level of business investment in the UK pre-dated Brexit, but both aggregate data and survey evidence strongly suggest that Brexit is at least in part responsible for the poor performance since 2021. For instance, investment accounted for 10% between 2016-2019, while post Brexit era saw a decline; 6% between 2021-2023. That has translated to a reduction in productivity, and hence output[49]. Business investment in the UK also experienced uncertainty following the Brexit vote. Many businesses delayed or scaled back investment plans due to concerns about the future trading relationship between the UK and the EU. Different sectors of the economy have been affected in varying ways by Brexit. For example, industries heavily reliant on EU markets, such as automotive and aerospace, have faced challenges due to increased trade barriers. In contrast, sectors less dependent on EU trade, such as technology and pharmaceuticals, have seen more stable investment trends[50].

5. Conclusion and Recommendations

Based on the findings, the study conclude that Brexit has significantly affected every aspect of the United Kingdom and EU member States; economically, socially and politically etc leading to changes in the nature of interactions. Economically, the impact of Brexit has been significant for both the UK and the EU. The UK has faced disruptions in trade and investment, while the EU has lost one of its largest members and a key contributor to its budget. However, both have shown resilience and adapted to the new realities. On trade relations, the UK and the EU have negotiated a new trade agreement (TCA), which governs their future trade relations. While this has helped to reduce uncertainty, trade between the two has become more complicated, particularly with the introduction of customs checks and regulatory barriers. Socio-culturally, the impact of Brexit has had socio-cultural implications, particularly in terms of migration and identity. The status of EU citizens in the UK and UK citizens in the EU has been a key issue, and both sides have taken steps to protect their rights. The withdrawal of UK from the EU has impact on the UK and EU member States. Prior to Brexit, UK was one of the major pillars of the EU in terms of financial contribution and commitment to EU protocol, all that has change now with her exit from the EU. The UK in post Brexit era has redefined her relationship with EU member States in all ramifications. New laws have been put in place in terms of migration, trade and other relations. EU citizens no longer enjoy the privileges they used to enjoy when UK was a member of the EU. Post Brexit has come with some challenges for the UK as other EU member States have to redefine their laws in their interactions with Briton. The privileges Briton used to enjoy as a member of EU have all disappear. Based on the findings of the study, the following recommendations are made: There is need for UK government to strengthen economic relations with other non-EU member states to help mitigate the impact of her withdrawal from EU. This is important owing to the fact that no nation is an island. Strengthening economic relations with other countries will help attract more economic opportunities to the country. In light of the trade barriers introduced by Brexit, the UK should prioritize forming new trade agreements with key global partners outside of the EU, such as the United States, India, and key Commonwealth countries. The UK should prioritize its engagement in major international forums like the G7, G20, and the United Nations. By taking a leading role in global governance, the UK can influence key global issues such as climate change, security, and economic development. Diplomatic influence can also be bolstered by pursuing active roles in specialized bodies like the World Trade Organization (WTO) and the World Health Organization (WHO).

[49]Bank of England, (2023). *Statistics – Exchange Rates. Bank of England*. https://www.bankofengland.co.uk/statistics/exchange-rates (Accessed on 23, March, 2024).

[50]Bank of England, (2023). *Statistics – Exchange Rates. Bank of England*. https://www.bankofengland.co.uk/statistics/exchange-rates (Accessed on 23, March, 2024).