



RESEARCH PAPER

UK-EU Political and Economic Relations: An Exploratory Study

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ABSTRACT

This study observes the economic and political effects of the EU and the UK. The phrase "brexit" refers to the process by which Great Britain left the European Union. Brexit is a significant political shift in the existing European political system. It affects both the UK's and the EU's political and economic future. Since its start, the UK has benefited from its participation in the EU. With the UK's vote and the EU drafting an exit agreement, the UK is scheduled to depart the union on March 29, 2019. It resolved its meanings and dimensions. Since many Britons believe that Brexit is bad for the UK, there are views opposing a fresh referendum on the matter. Researchers have examined and settled the economic and political implications of "UK and EU relations" in this descriptive study. Contextualizing helps the EU play a significant role in diplomacy, improve peace and prosperity, uphold fundamental rights, and adhere to international standards. In order to support economic progress, security stability, and the freedom of human rights, the European Union also implements policies to combat hunger and preserve domestic resources.

KEYWORDS Diplomacy, Economic, Human Right, Political, Social

Introduction

After joining the United Kingdom in 1973, the European Union had to uphold the long-term ties. Following a referendum in 2016, it became the first member state to remove from the EU. On October 17, 2019, the UK signed a sendoff deal that governs its exit from the EU. Since January 1, 2021, the EU-UK Trade Cooperation Agreement (TCA) has governed dealings between the EU and the UK. The EU and UK share membership in the G7 and G20.

Therefore, international trade root one of the most important part to finding in the economic growth level, related to size, measure the GDP rate, and also finding out the geographical distance between them. While EU also influence the wide range of area under the UK, include the trade system, agriculture, Environmental, financial service, employment and immigration have been also effected.

By seeing things in perspective, the EU can better promote peace and prosperity, democratic values, fundamental rights, and the rule of law on a global scale. In order to combat hunger and preserve national resources, the European Union also implements policies that support human rights, good governance, and collaboration in economic growth and security.

Literature Review

We examine the factors that influence migration to the UK as well as the short- and long-term impacts of restrictions on free movement during Brexit. We then use relationships from the current observed literature to generate acceptable, empirically based estimations of the projected impacts on income and growth. We conclude that Brexit-induced migration cuts are likely to have a little beneficial effect on unskilled service sector earnings but a considerable negative impact on the UK GDP per capita (and GDP). (Giuseppe Forte & Jonathan Portes, 2017).

The official process of Brexit is completed, but there is still much insecurity about how it will impact Britain's public, civil, and financial future. This study examines the economic consequences. The results of the negotiations have a major effect on the economic impact. There are many topics that need to be managed, including settlement, trade in goods and services, agriculture, fisheries, and financial regulations, in addition to the issue over divorce taxes. We go over a number of potential new trade regime scenarios that could have various impacts on the UK economy. In examining the interconnected economic interests of both parties as well as their shared security, defense, environmental, and global alarms, this article looks at a variety of strategic decisions and urges collaboration and common sense. Should the UK think about establishing new trade treaties with non-EU countries, this section examines the potential advantages and disadvantages. (Chang, Winston W, 2017)

Determining the impacts of Brexit on companies, citizens, and the state requires dealing with the vast and complex network of laws and relationships that have grown over eras of EU membership and integration. The practice is mainly difficult for scholars because Brexit has been a "moving target." What is evident, however, is how deeply Brexit has changed the UK, with impacts for its politics, polity, and policies. The UK appears to be reaching a turning point. In the face of the Westminster model's seeming support, relations with the devolved managements will need to be checked. The UK's role in the world is still changing, and it is still struggling to manage its new directing autonomy and difference from the EU. (Cleo Davies, 2023).

In the end, the United Kingdom decided to leave the European Union. The effects of Brexit on global trade are severe and detrimental. Although it is unclear exactly what kinds of agreements it aims to get into or with whom, the UK hopes to enter into new, significant trade accords after Brexit. We present Brexit's generous and varied trade effects on the UK, the EU, and other major countries around the world. Now, after weighing all the risks, the UK has no choice but to stick with the current agreement with the EU. By the way, a trade pact with the EU is the only option to compensate for the trade losses caused by Brexit. (Harry Garretsen, 2012).

On June 23, 2016, the UK and the EU faced the very severe challenge of Brexit. The UK's request to invoke Article 50 of the Lisbon Treaty is being considered by the EU for the first time following the British decision to withdraw from one of the world's most distinct international organizations in the June 23, 2016 survey. While the EU continues through the process of a significant member state's peaceful withdrawal, which is famous for its major political and military role in the globe, Brexit marks the start in new ages for the UK. While some global relations and European studies experts believe that Brexit would have more effects on the UK than the EU, the fact is that both of its main players will face many significances. Since the risks are so great, the UK may dissolve as a result. In addition, there is a very about rise in euroskepticism among EU countries, with a focus on the rise of euroskeptic voices among the EU's strongest members. Thus, describing the

primary belongings of Brexit for the UK and EU is the main goal of this study. (Rashica Viona, 2019).

These studies emphasize the growing gaps in fiscal act across UK areas and industries (Froud, Sukhdev, and Williams), the rise in low-quality jobs (Warhurst), and underlying socioeconomic divisions that contributed to the Brexit vote (O'Reilly). The Brexit vote's political dynamics were temporarily impacted by the split among locals and multiculturalists (Grey), polarized composition of the UK's industry elites (Morgan), and the innovative but puzzled activities of wealthy individuals that may have had unanticipated consequences (Wood and Wright). According to Boyer, Brexit is a reflection of Europe's history of broken economic policy, which promoted competition over cohesion, neglecting and ultimately harming it. Brexit is unlikely to offer a long-term social and political solution to the broader conflicts between democracy and globalization, which also impact all European nations (Rona-Tas). In the end, the Brexit vote highlights socioeconomic differences that occur not only in Britain but also throughout Europe, combining regional and class inequity (Le Galès 2017).

The way are labor markets being impacted by new migration laws in light of the doubt around the UK and EU's post-Brexit immigration system? According to previous research, the specifics of migration laws play a important role when choosing whether or not limits on cross-border movement negatively impact workers and the overall state of the labor market. To better understand the long-term effects of migration barriers, this study considers a two-country model with costly internal migration and labor market friction. Model estimates for shifted impacts on labor market outcomes for workers based on their migration history underline the need of knowing these effects. Increasing limits on immigration are linked to increased poverty, lower salaries, and welfare loss overall under model beliefs, according to a Brexit correction exercise. This is mostly due to a decrease in job balance. Better outcomes for workers are the result of lower migration costs decreasing visa rates is a key way to maintain mutually beneficial migration. (Kristina Sargent, 2023).

Brexit's impact on UK commerce as enforced by the European Union and United Kingdom commerce and Cooperation Agreement is examined in this item. This theory uses the synthetic difference-in-differences (SDID) approach with COMTRADE data from 2019 to 2022 to create an inverse UK that was unaffected by the alteration in its trading relations with the EU. We show that the very big and statistically major effect of the TCA on UK exports has continued during the observed period. This underlines the necessity of carefully analyzing the UK's Post-Brexit trade policy and current export difficulties that UK companies faced since the Trade Cooperation Agreement (TCA) went into law. According to our further inquiry, the TCA has affected the UK's give-and-take capacity in terms of the types of items it can export to the EU to significantly decline, which raises certain grave long-term worries about how productive the nation is and shipping in the future. (Jun Du, 2023).

This study calculates how Brexit will affect the UK-EU goods trade. Research that uses product-level trade flows between the EU and every other country in the world as a reference group finds significant losses in trade from the UK to the EU along with significant but smaller declines in trade from the EU to the UK. However, we get very different results when we use UK information and UK worldwide trade as a starting point for calculating the scale of the Brexit impact on trade. We find two major causes for this gap. First, the growth of the UK's exports outside was very low. We argue that these are unsuitable as another in the lack of Brexit. Second, Brexit also caused gaps in trade flow measurements, especially for data on EU imports. To articulate these issues, we

utilize UK-reported trade data with the EU and EU trade data with the rest of the world as the applicable foundation for taxation. As a result, it is valued that Brexit hurt trade by around 20% in both ways. (Janez Kren, 2024).

This study looks at how the 2016 Brexit survey and the December 2020 trade and Cooperation Agreement (TCA) between the UK and the EU affected commerce in goods between the two countries until December 2021. Based on a range of econometric approaches and up until the conclusion of the first year of the TCA's introduction, we find no proof that the 2016 vote had any impact on total UK-EU trade when compared to comparative trade flows. However, results show the TCA decreased UK-EU commerce, but differentially for imports and exports. Resulting a rapid fall of around 41% in January 2021, UK exports to the EU soon regained in the months that came. On the other side, this pattern of recovery, UK imports from the EU lost throughout 2021, with a total loss ranging from -24% to -28% during the first year of adoption. It appears that the two flows' different product mixes are what cause the imbalances between imports and exports. Rather, we find indication that the greater worth of the EU market for UK firms linked with the status of the UK shop for EU companies is an acceptable account for these unequal effects. (Nicolò Tamperi & Michael Gasiorek, 2023).

Using an event research technique, this article examines how job flows between Spain and the UK have been shaped by the UK's exit from the EU's single market and taxes union. In gap to the pre-Brexit era, we find that Spanish exports and imports to the UK clear-cut by 24% and 27%, individually. The chance that Spanish importers and exporters would establish business ties with the UK declined, but the chance of ending one rose. Trade flows declined much for products that were subject to harsh rules of origin, hygienic and phytosanitary regulations, and whose technical demands had not been standardized before to collapse. After collapse, exports from large companies declined more sharply than those from small ones. (Francisco Requena , 2024) .

Brexit will have varying effects on the market share of companies in the UK and Europe depending on the industry and region. We use very long interregional trade numbers on goods and facilities for the EU to isolated the effects of various post-Brexit UK-EU trade outcomes from region-sector understanding (flexibility) of firms' competitive positions to non-tariff barriers. In general, there is a lot of confusion, so it is difficult to expect these implications. This allows us to achieve, without the use of cases, the financial topography of organizations' competitive possibilities and risks as a result of Brexit, as well as the level of insecurity about these values. Because the UK depends on the EU through worldwide value chains, our inquiry finds that the opposing global economic risks of UK areas are much greater than those of the rest of the EU. Brexit will likely improve interregional poverty in the UK due to its effect on businesses' upright. Interregional gaps outside of Europe, however, may actually decrease based on the structure of the UK-EU trade agreements following Brexit. Furthermore, it seems that the shape of post-Brexit activities is the main political focus, which is incorrect because top UK areas are not very sensitive to the details of the deal. So, Brexit's impact on economic topography is unlikely to affect UK domestic politics. (Trond Husby, 2019).

Changes in migration and movement across Europe had been likely as one of the many impacts of Brexit. These factors have been observed in a number of studies, mostly from a variety of views, goals, economic impacts, conditions, and shifts in migration from Dynamic and Eastern European nations. In the article, we suggest applying an merged data-driven method to analyze migration and cross-border mobility. In order to provide an enhanced understanding of the deviations following Brexit, both at the EU and area levels, we look into official Documents figures in addition to non-traditional data.

Mainly, we use data from Crisis Base and studies to examine highly skilled migration, and we use data from Twitter and Air Passenger to look at monthly trends. Evaluated the deeper patterns unique to certain data or locations, yet the fundamental trends stay consistent across datasets, with an overall decline in migration to the UK just after the acceptance of the vote. (Stefano Maria Lacus, 2024). The two primary subjects of my discussion of migration trends to the UK are the significant drop in net immigration from the EU following the Brexit referendum and the more recent, significant flight of foreign-born people during the COVID-19 pandemic. This article concentrates on the new post-Brexit system and examines research that aims to calculate its effects on GDP and the future migration flows. (Jonathan Portes, Jan 2022).

This study reveals a significant gap in expressions of migration, growth rate, social impact, climate change, environmental degradation, domestic and regional violence, global trade and cooperation system, geopolitical impact, import and export technological demands, and geographic areas, the article presented an informative long-term analysis of UK and EU relations and its political and economic impact on both countries.

Theoretical Framework

One of the most significant challenges that faced the Northern Ireland protocol, it has been a source of conflict. However, Windsor framework, suggested in 2023, aims to address some of these issues and improve relations. The state of dealings between the EU and the UK will break down the complexity of the UK for you. After the UK's retreat from the EU on January 31, 2020, efforts have been on to create a new partnership between the two organizations. Trade, economic cooperation, security, and fisheries are all governed by the UK-EU.

Key Development Areas of Cooperation:

European Union and the United Kingdom have several areas of cooperation such as Energy, trade, Climate change and Foreign Policy to maintain equality also market access for the companies and investors of the country.

Immigration: The UK and EU are working on a new migration agreement, focusing on skilled workers and students. People and investors, skill experts to move the country for gaining knowledge.

Security Cooperation: Both parties have committed to working together on security issues, such as counter-terrorism and cyber-security to protect the country.

Fisheries: The agreement establishes quotas and access rules for European Union and United Kingdom fishing containers. The UK and EU agreement set, on (TAC) which are the maximum quantities of the fish that can be caught from the specific stocks.

Trade and Economic Cooperation: The United Kingdom and European Union have recognized a free skill tie, which allows for tariff-free trade in things move from the country for the benefits also increased the economical level, and Education.

Political Challenges and Impacts

Sovereignty: UK alarms over EU influence on domestic policies. Various states face the challenges to maintaining their authorities and control over territory and governance.

Security Cooperation: Security cooperation comprises all activities assumed by member state, political and safety mutual aid is aimed at achieving peace, security, growth and sharing intelligence and cooperating on counter-terrorism and also enhance the equality in the countries.

Political Impact on UK (United Kingdom)

Political impact of UK's legitimate settlements its policy and party system, as well as change in policy to create a good relations and work on Trade and Cooperation Agreement policy choice of UK Government. Constitutional implications of UK's removed the EU, including the engaged EU law, change the private international law or criminal law of justice, and security or issues of regulatory autonomy.

Autonomy: Influenced control over the domestic policies, states face the issues to maintaining balance of power, peace and control over authorities and control over the territory and governance.

British Political Traditional (BPT): The analysis focuses on the change to constitutional and British Political Traditional, this policy if these have adjustment the effect on the polices and policy in the three dimensions of political system of UK such as legislature-executive relations, party system and center periphery relations

Immigration

EU nationals must have free mobility in order to enter or stay in the UK. Immigrants seek new employment or educational prospects as well as the chance to start a new life with family have traditionally sought refuge in the UK. One of the primary issues of the British public, and the primary reason why the majority of them favor exiting the EU, has been and continues to be immigration in the context of labor market reform in the EU. Rising immigration from EU member states, mostly from eastern and southern Europe, was one of the British government's top concerns. The need for migrant workers will increase in the British labor market because these positions are low-paying and don't require a lot of education. Although the British government does not anticipate limiting the free movement of people, it does intend to alter EU regulations that concern immigrants' access to social help.

Political Impact on EU

The EU's membership and range extended in the 1970-1980s. New members included the United Kingdom (UK), Denmark, Ireland, Greece, Portugal, and Spain. The EU recognized the European Political Cooperation (EPC) in the early 1970s to manage foreign policy. The EPC was later retitled the Mutual Foreign and Security Policy by the Maastricht Pact. Peace, stability, and prosperity have been offered by the EU for more than fifty years. It helps these same benefits including democracy, important freedoms, and the rule of law worldwide; it plays a significant role in diplomacy as well.

Universal Influence: Because of its status as the world's largest trading alliance, greatest supplier of industrial goods and services, and largest import market, the EU has a huge globally impact. The EU is based on the principle of free trade among its members. The EU's primary goals are to support and expand its principles and interests, support sphere peace and security, and ensure sustainable global development. Promoting free and fair trade, the end of poverty, the defense of human rights, and intercultural harmony and respect.

Unity: the EU has promote the peace, stability, and prosperity in the economic growth rate, trade barriers, allowing goods, equality in the world and capita to move freely according to market demands.

Economical Challenges and Impacts

The Industrial Revolution, which created in the late 18th century, changed the UK from an agricultural economy to an industrial one. This managed to shifts in population distribution, employment, and income levels.

Monetary facilities: Access to EU Financial markets for UK firms. Financial markets includes any area or structure that delivers customers and traders, to enhanced the financial instruments, to create bonds, justices, the various international exchanges and technological tools.

Monitoring divergence: Differences in regulations and standards between the EU and UK. ' GDP and quality of life are taken into account in "The Great Divergence," which reveals the gap in income between wealthy and developing nations.

Economical Impact on EU:

The European crisis was caused by a variety of factors, including excessive shortage costs by several European country governments, Tax providing ways by banks, and causing loss of sureness in European businesses and economies, which led to a drop in capital inflows from foreign investors, loss of UK's economic contribution nearly 15% of EU GDP.

Trade distraction: Trade, troubles can have a important impact on the European Union's (EU) economy, including growth rate low, environmental disruptions.

Financial growth: Trade limitations can lead to lower economic growth, higher costs for buyers, and lower pay and income. Trade troubles can stress supply chains, which can lead to manufacture issues and higher prices.

Inflation: Higher delivery costs can contribute to inflation, mainly in the euro area, which is more showing to troubles in international cooperation, such as the EU's cooperation with China on climate change.

Cohesion: Trade disruptions can damage cohesion within the EU, as EU countries have different trade structures and depend on different markets. The UK's new migration policy has determined labor supply in some sectors, but has also benefited other industries, such as health and social work.

Economical Impact on UK: The UK's economy depends heavily on trade; imports and exports account for about half of the nation's GDP. Here are some ways that trade has changed the UK economy, which is a key global trading power.

Investment: Investments move the capital store; changes in the wealth store change opportunities for creation and the aim of the economy, which moves the supply of short- and long-term capital to the left or right.

Pakistan also second most important trading partner of EU, main important exporter of Pakistan are textiles and clothing , machinery and transporter and chemicals.

Africa and EU also have different stages of developments with the European GDP rate .

Vietnam: EU has a Partnership and Cooperation Agreement that covers many areas, with civil society, trade, and maintainable development. The EU-Vietnam Free Trade Agreement includes a tool for domestic society involvement in the application of the agreement.

Trade: Trade has long-lasting part of the UK's economy, with the whole value of imports and exports office for almost half of the countries GDP. The UK is a main international trading power, and now are some of the ways trade has impacted the UK's economy:

Evolution forecast: The International Monetary Fund (IMF) predictions that the UK will grow by 1.1% in 2024, It would place the UK in the center of the best countries in the world. Growth in the early part of 2024 was managed by services, which includes sectors such as hospitality, arts and entertainment.

Inflation: Employment will be increasing as businesses hire more people while real GDP is growing quickly. The rate of inflation is the change in prices for things and facilities over time. Processes of growth rates and prices include customer price inflation, creator price increase and the House Price Table.

On April 16, 1948, the Organization for European Economic Cooperation (OEEC) was recognized. It was founded to develop and device a European Recovery Program (ERP) for Western European nations, as well as to distribute help from the Marshall develop.

Conclusion

The EU would lose its primacy in politics, the economy, the military, and finance. As a result of Great Britain's desire to revoke its EU membership, the European Union itself would have a major political and economic interest to reach a helpful contract with it. This is largely because of the increased non-tariff barriers on UK-EU trade system, making its more difficult for businesses to operate efficiently. Both exports and imports are predicted to be around 15% lower than if the UK had continued in the EU. The future of EU-UK relations remains uncertain. There are current debates about the UK relationship with the EU, including potential change to the trade and Cooperation Agreement (TCA). EU and UK impact on various factors, such as trade agreements, migration policies, and foreign policy, and involving relationship between the both parties. Britain is actually connected to continental Europe through the undersea channel Tunnel which provide places both the Eurotunnel transport and Eurostar services. While preserving passport and immigration control systems on both tunnels, these services were set up to move cars and passengers through the tunnel round-the-clock between England and central Europe. Many migrants and refugees who want to enter the UK take this method.

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