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The British Departure from the European Union: The impact
of Brexit on the United Kingdom

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Culture

Board of Examiners

Chairman: AMMIAR Mounira (MAA) May 8, 1945 Guelma University

Supervisor: Dr DEKHAKHENA Abdelkrim (MAA) May 8, 1945 Guelma University

Examiner: LAYADA Radia (MAA) May 8, 1945 Guelma University

Submitted by:

Seif Eddine Dekhakhna

Supervised by:

Dr Abdelkrim Dekhakhena

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Dedication

I would like to dedicate this work to my mother, my father, my two sisters, my brothers,
and my fiancée.

Abstract

A British departure from the European Union will certainly have an impact on the UK in many aspects. Given that the main arguments in favour of leaving the EU focus on economic interdependence, sovereignty and security, and immigration, this paper takes a closer look at what a Brexit would mean in those areas. This work explores the impact of Brexit on the United Kingdom and examines whether the UK would be able to extract a better deal from the EU as it chose to leave the Union. This research focuses on three major impacts of Brexit on the United Kingdom in the future: firstly, the impacts of a British leave from the EU on the UK economy; secondly, immigration after Brexit; and thirdly, the UK's sovereignty after the British departure from the European Union. This paper finds out that the future of UK is uncertain and this uncertainty, which the UK government has said could last for long years, could have an impact on financial markets, investments, and the value of the pound that will affect employment and the wider economy.

ملخص

من المؤكد أن خروج بريطانيا من الاتحاد الأوروبي سيكون له تأثير على المملكة المتحدة في العديد من الجوانب. بالنظر إلى أن الحجج الرئيسية المؤيدة لترك الاتحاد الأوروبي يركز على الترابط الاقتصادي والسيادة والأمن والهجرة، تلقي هذه الورقة نظرة فاحصة على ما قد يعنيه خروج بريطانيا من الاتحاد الأوروبي في تلك المجالات. يستكشف هذا العمل تأثير خروج بريطانيا من الاتحاد الأوروبي على المملكة المتحدة ويفحص ما إذا كانت المملكة المتحدة ستكون قادرة على الحصول على صفقة أفضل من الاتحاد الأوروبي لأنها اختارت مغادرة الاتحاد. يركز هذا البحث على ثلاثة تأثيرات رئيسية لخروج بريطانيا من الاتحاد الأوروبي على المملكة المتحدة في المستقبل: أولاً، آثار مغادرة بريطانيا من الاتحاد الأوروبي على اقتصاد المملكة المتحدة؛ ثانياً، الهجرة بعد خروج بريطانيا من الاتحاد الأوروبي. وثالثاً، سيادة المملكة المتحدة بعد خروج بريطانيا من الاتحاد الأوروبي. تكتشف هذه الورقة أن مستقبل المملكة المتحدة غير مؤكد وأن حالة عدم اليقين هذه، التي قالت حكومة المملكة المتحدة إنها قد تستمر لسنوات طويلة، يمكن أن يكون لها تأثير على الأسواق المالية والاستثمارات وقيمة الجنيه مما سيؤثر على التوظيف وعلى نطاق أوسع الاقتصاد.

List of Abbreviations and Acronyms

CEP	Centre for Economic Performance
CFP	Common Fisheries Policy
CSDP	Common Security and Defence Policy
DNA	Deoxyribonucleic acid
EEA	European Economic Area
EEZ	Exclusive Economic Zone
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IFS	Institute for Fiscal Studies
LSE	London School of Economics
NATO	North Atlantic Treaty Organization
NI	Northern Ireland Protocol
OECD	Organization for Economic Co-operation and Development
RUSI	Royale United Service Institute
SDSR	Strategic Defence and Security Review
UK	United Kingdom
US	United States
WA	Withdrawal Agreement

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Introduction

On Thursday 23 June 2016, a referendum was conducted in the whole Britain (the United Kingdom and Gibraltar). The aim of the referendum was to let British people decide whether the United Kingdom(UK) should stay in the European Union (EU) or to leave it. The referendum question was ‘should the United Kingdom remain a member of the European Union or to leave the European Union’. Then, the referendum result was to leave the EU with 51,9 % and 48,1% to remain as a member of the European Union.¹ The result was accepted by Prime Minister David Cameron as a defeat; he resigned. In March 2017, the British government under Prime Minister Theresa May invoked Article 50 of the Treaty on European Union, officially beginning the negotiations of UK withdrawal from the EU – the Brexit process.

As the formal process of Brexit has already started, there is much uncertainty about Brexit's impacts on Britain's social, political and economic future. The economic and political effects of Brexit will be far-reaching for the UK and the EU and warrant scholarly examination. This paper has for purpose to investigate the implications of Brexit for the UK, placing this assessment in the context of the long-term evolution of UK-EU relations; and to draw some lessons from debates within the literature on comparative politics and political economy. A British departure from the European Union will certainly has an impact on the UK in many aspects. Given that the main arguments in favour of leaving the EU focus on economic interdependence, sovereignty and security, and immigration, this paper takes a closer look at what a Brexit would mean in those areas.

¹ The detailed results were as following ; England : 46,6% to remain and 53,4% to leave, Scotland : 62,0% to remain and 38,0% to leave, Wales : 47,5% to remain to 52,5% to leave, Northern Ireland : 55,8% to remain to 44,2% to leave.

Many questions will shape the public's opinions about the merits of the Brexit deal and the political declaration on the future relationship, one of which is the impact they will have on the economy and politics of the UK. It is therefore very important that politicians and the public understand what is and is not known about how Brexit might affect the UK. This work explores the impact of Brexit on the United Kingdom and examines whether the UK would be able to extract a better deal from the EU as it chose to leave the Union. This research focuses on three major impacts of Brexit on the United Kingdom in the future: firstly, the impacts of a British leave from the EU on the UK economy; secondly, immigration after Brexit; and thirdly, the UK's sovereignty after the British departure from the European Union. This paper finds out that the future of UK is uncertain and this uncertainty, which the UK government has said could last for long years, could have an impact on financial markets, investments, and the value of the pound that will affect employment and the wider economy.

In the aim of answering the research questions, which revolve around: How the United Kingdom will be affected by Brexit, a range of sub-questions tend to appear: what are the areas that will be impacted much more by Brexit? How will be the movement of people after Brexit? Will the British departure affect the UK/EU relations and politics in the future? This research uses three methods; descriptive, comparative, and analytical to investigate how Brexit will influence the United Kingdom. The research relies on reports, government documents and primary sources and articles from websites and newspapers.

This topic is very diverse and multi-dimensional with a wide range of anomalies and implications that are difficult to cover in scope of this paper. Hence, for the purpose of simplicity and in order to address these issues, this dissertation is divided into three

chapters. The first chapter entitled “The impact of Brexit on the UK economy” focuses on the economic impact of British departure from the European Union on the United Kingdom’s economy. At first, it shed light on the UK’s trade after Brexit. Then, the second part examines the impact of Brexit on United Kingdom investment. Chapter two entitled “Immigration and people’s movement” focuses on immigration after Brexit and the situation of people after the exit, and the new rules that will govern their citizenship and movement in both sides. Chapter three entitled “Sovereignty” tackles some issues related to UK’s sovereignty and its relations with the EU member states as well as the other countries of the world. The border issue is the most important issue to the future of UK/EU relationship. Security also is a key element in the future of the United Kingdom after exiting the EU. It discusses the aftermath of Brexit followed by the conclusion.

Withdrawal of the United Kingdom (UK) from the European Union (EU), often shortened to Brexit is a political aim of some political parties, advocacy groups, and individuals in the United Kingdom. In 1975 a referendum was held on the country's membership of the European Economic Community (EEC), a precursor to the EU. The outcome of the vote was that the country continued to be a member of the EEC. More recently the European Union Referendum Act 2015 has been passed to allow for a referendum on the country's membership of the EU, with a vote to be held on 23 June 2016.

In 1975 the United Kingdom held a referendum in which the electorate was asked whether the UK should remain in the EEC. All of the major political parties and mainstream press supported continuing membership of the EEC. However, there were significant splits within the ruling Labour party, the membership of which had voted 2:1

in favour of withdrawal at a one-day party conference on 26 April 1975. Since the cabinet was split between strongly pro-European and strongly anti-European ministers, Harold Wilson suspended the constitutional convention of Cabinet collective responsibility and allowed ministers to publicly campaign on either side. Seven of the twenty-three members of the cabinet opposed EEC membership.

On 5 June 1975, the electorate were asked to vote yes or no on the question: "Do you think the UK should stay in the European Community (Common Market)?" Every administrative county in the UK had a majority of "Yes", except the Shetland Islands and the Outer Hebrides. In line with the outcome of the vote, the United Kingdom remained a member of the EEC. The opposition Labour Party campaigned in the 1983 general election on a commitment to withdraw from the EEC. It was heavily defeated as the Conservative government of Margaret Thatcher was re-elected. The Labour Party subsequently changed its policy.

As a result of the Maastricht Treaty, the EEC became the European Union. Ahead of the adoption of the Maastricht treaty, Labour MP Jeremy Corbyn thought the treaty would not take EU member states in the direction of democratic United States of America, saying that European Central Bank, which is independent of sovereign governments' economic policies, would undermine member countries' democracy. He argued that ECB's first policy priority is to maintain price stability, and ECB is staffed by bankers, adding that the creation of the euro would impose a "bankers' Europe" on EU members. The Referendum Party was formed in 1994 by Sir James Goldsmith to contest the 1997 general election on a platform of providing a referendum on the UK's membership of the EU. It fielded candidates in 547 constituencies at that election and

won 810,860 votes. It failed to win a single parliamentary seat as its vote was spread out, losing its deposit (funded by Goldsmith) in 505 constituencies.

The United Kingdom Independence Party (UKIP), a Eurosceptic political party, was also formed in the early 1990s. It achieved third place in the UK during the 2004 European elections, second place in the 2009 European elections and first place in the 2014 European elections. This last was the first time since 1906 that any party other than the Labour or Conservative parties had taken the largest share of the vote in a UK-wide election. In 2012, British Prime Minister David Cameron rejected calls for a referendum on the UK's EU membership, but suggested the possibility of a future referendum "to ensure the UK's position within an evolving EU has 'the full-hearted support of the British people'".

In January 2013, Cameron announced that a Conservative government would hold an in-out referendum on EU membership before the end of 2017, on a renegotiated package, if elected in 2015. UKIP gained their first elected MP in October 2014, as Douglas Carswell won a by-election after defecting from the Conservatives. Mark Reckless, another defector from the Conservatives, subsequently won another by-election for UKIP in the autumn of 2014. However, UKIP won only a single seat (held by Carswell) in the 2015 general election, although they finished third in the popular vote.

The Conservative Party, led by David Cameron, won the 2015 general election. Soon afterwards the European Union Referendum Act 2015 was introduced into parliament to enable the referendum. Despite being in favour of remaining in a reformed European Union himself, Cameron has announced that Conservative Ministers and MPs may campaign in favour of remaining in the EU or leaving it, according to their

conscience. This decision came after mounting pressure for a free vote for Ministers within the party. Additionally, in an exception to the usual rule of cabinet collective responsibility, Cameron will allow cabinet ministers to publicly campaign for EU withdrawal.

In a speech to the UK House of Commons on 22 February 2016 Prime Minister Cameron set out the legal framework for withdrawal from the European Union in circumstances where there was a referendum majority vote to leave, citing Article 50 of the Lisbon Treaty. Prime Minister Cameron spoke of an intention to trigger the Article 50 process immediately following a leave vote and of the 'two-year time period to negotiate the arrangements for exit'.

Chapter One

The Impact of Brexit on the UK Economy

Leaving the EU means leaving the bloc and its advantages, especially leaving the Single Market. This step will certainly have an impact on the UK economy as many experts and analysts have expected, and this impact would be in the short-term or the long-term. According to the report of the Institute of Government, about the economic impact of Brexit, the departure of the United Kingdom from the European Union represents a ‘Step-change’ in the economic relationship of the UK with the ‘Bloc’. So, the United Kingdom will lose some advantages of the Single Market, which are granted by the rules of the EU, but in that case the UK will certainly look for new economic partners outside the EU.

What will be the long-run economic effects of the United Kingdom’s decision to leave the European Union—informally known as Brexit? Compared with remaining in the European Union, there will inevitably be higher trade costs with the rest of Europe, which accounts for about half of all U.K. trade. This will mean lower trade and foreign investment, and thus lower average U.K. incomes. These trade costs will arise from some combination of tariff and non-tariff barriers, and will be larger if there is a “hard Brexit,” whereby the United Kingdom would leave the Single Market and trade under World Trade Organization rules, rather than a “soft Brexit” option of staying in the Single Market (like Norway). Calculations using a standard multicounty, multiset, computable general equilibrium model show welfare losses of 1.3 to 2.6 percent, but dynamic models that incorporate productivity effects suggest that these could rise to 6.3 to 9.5 percent (Reenen 367). Brexit’s supposed benefits—such as lower immigration, better regulations,

and more trade deals with non-EU countries— would do little or nothing to offset these losses. It seems unlikely that voters were fully aware of the magnitude of these costs at the time of the vote.

Many forecasts were done before the referendum by different institutions: governmental and non-governmental. All of them, expected that saying ‘yes’ to leave the EU would lead to an immediate recession for the UK’s economy. A large number of economic studies have now been produced which attempt to quantify the likely longer-term impact of Brexit on UK economic output. These studies focus on estimating how the level of UK output in around the year 2030 is likely to compare, post-Brexit, to the level of output that would have been produced in that year if the UK had remained a member of the EU (Tetlow and Stojanovic 4). Economists have attempted to predict this difference on the basis of the extensive body of economic evidence that examines the relationship between the strength of trade, investment and migratory links between countries and their economic growth. This demonstrates that stronger links between countries have in the past (and in other parts of the world) been associated with faster economic growth. There is broad agreement among UK-based economists that stronger trade, investment and migratory links boost a country’s economic output (Tetlow and Stojanovic 4).

The Brexit studies that have been published so far use one of two broad approaches to model the long-term economic impact of Brexit. Though there are some differences between the models used, the underlying structure of the models is not what drives most of the difference between the overall results. Instead, most of the variation is driven by differing assumptions how Brexit will impact the economy. Numerous studies have been

published setting out a range of projections for how Brexit is likely to affect UK economic performance in the longer term. The answers range from a prediction that Brexit will boost future economic output by up to 7% through to a prediction that it will reduce it by 18%, compared to what would happen if the UK remained a member of the bloc.² Unfortunately, all of the economic expectations and forecasts were proved wrong, because since June 2016, no recession happened to the UK economy, but there was a slow growth (Emmerson et al. 2-3).

In addition to those short-term forecasts, there is another type of forecasts; the long-term forecasts, which used different methods in comparisons to the short-term forecasts. This long-term expectations tried to answer the question ‘How much larger or smaller will the UK economy be in 2030’. With a large spectrum for analysis, in this chapter, I will focus much more on two main sectors of the UK economy in order to understand the impact of Brexit on the UK’s economy; and which are Trade and Investment (Emmerson et al. 3).

Different assumptions rather than different economic models – drive the varying predictions of each study. The Brexit studies that have been published so far use one of two broad approaches to model the long-term economic impact of Brexit. Most of the variation is driven by differing assumptions how Brexit will impact the economy, in particular the different assumptions made about the following five areas.

1.1 Trade Barriers

Trade barriers can be reduced either by removing tariffs or eliminating non-tariff barriers to trade. Historic evidence on trade in goods and services strongly supports the

² <https://www.instituteforgovernment.org.uk/publications/understanding-economic-impact-brexit>.

notion that barriers to trade reduce trade between countries and thus reduce economic output.

Numerous academic studies find this. All the projections made for the impact of Brexit on the UK economy assume this relationship holds. Indeed, the main way in which economists think Brexit will affect UK economic growth is through its potential impact on barriers to trade. But studies differ in what they assume about exactly what will happen to non-tariff barriers between the UK, the EU and non-EU countries and exactly how these would affect growth.

1.2 Foreign Direct Investment

Foreign Direct Investment contributes directly to national income, providing firms with additional funds to invest in expanding their businesses. It can also help raise productivity by giving companies access to new ideas from abroad. About two fifths (42.6%, as of January 2018) of foreign investment in the UK comes from other EU countries. Theory and empirical evidence suggests that the UK's attractiveness to foreign investors is closely tied to trade – that is, the ability of multinational companies based in the UK to be part of global supply chains and to serve a larger market beyond the UK's shores. Leaving the EU could, therefore, affect the UK's attractiveness to foreign investors.

An important reason for inward FDI to Britain is unfettered access to the EU Single Market, so reduced access will make the United Kingdom a less attractive destination. Studies have usually found that FDI benefits productivity.³ Randolph Bruno and others (2016) estimate a gravity model of FDI between 34 OECD countries and find that Brexit would likely lead to a fall in FDI to the United Kingdom by over a fifth.

³ see Haskel, Pereira, and Slaughter 2007 on U.K. data

Dhingra and others (2016c) calculate that such a fall would reduce GDP by about 3.4 percent (Reenen 375).

A major factor in the Brexit referendum was the desire to reduce immigration. Between 1995 and 2015, the number of EU nationals living in the United Kingdom tripled, mainly after the accession of Poland and other formerly communist countries in 2004. Freedom of movement is a central tenet of the European Union and a quid pro quo of full access to the Single Market. A soft Brexit to a Norway model would also require the continuation of this free movement (Reenen 376).

Indeed, most macroeconomic assessments suggest that immigration, like free trade and FDI, has been a net benefit for the U.K. economy. Hence, reducing immigration after Brexit will do nothing to offset the negative trade and FDI effects of Brexit.

Migration from the EU and elsewhere – after Brexit could also have important effects on long-term economic growth. The studies surveyed have shown that different assumptions about future changes to the rules governing the migration of skilled and unskilled workers can have as significant a direct impact on overall economic growth as trade. Migration affects overall economic output by changing the number of workers, changing the mix of skills available and potentially by affecting levels of innovation within an economy.

1.3 The Effects of Brexit on the UK Trade.

The House of Commons Library produced a briefing paper named ‘Brexit Deal: Economic Analyses’ written by Daniel Harari, in which he states that the EU is considered as the largest trading partner of the United Kingdom. And the UK now is benefiting from the advantages of the EU like the Single Market, which offering facilities to the EU

members by using low trade barriers between them. Taking in consideration that most of the economic forecasts claimed that Brexit will lead to higher trade barriers with the European Union, the UK trade will be affected by these trade barriers.

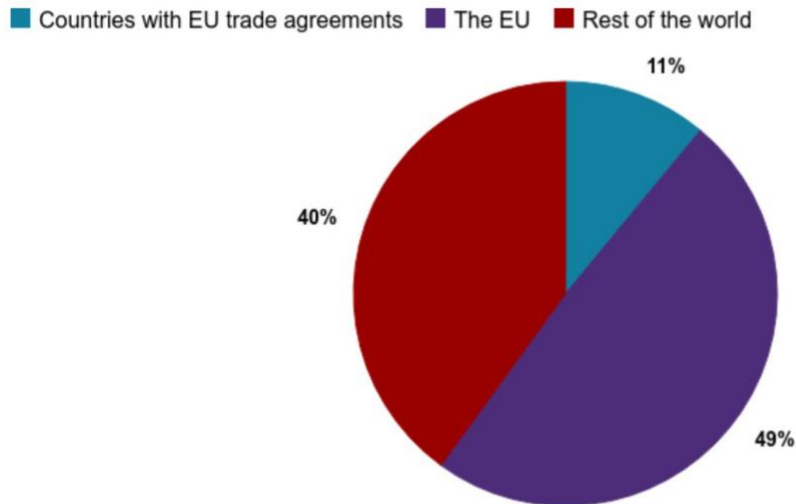
One of the most notable analyses is the Government analysis of the long-term impact of Brexit on the economy, published on 28 November 2018. This analysis is based on five scenarios, which are: No deal, Free Trade Agreement 'FTA', European Economic Area 'EEA', Chequers, and Chequers Minus. The obvious result of this analysis is that the GDP will be lower if there is a higher barrier for the UK-EU trade.

Another important analysis is the Bank of England's short-term economic analysis. On 28 November 2018, the Bank of England published an analysis for the different short-term scenarios related to Brexit, these scenarios are: a deal and no-deal. The analysis shows how these two scenarios will influence the UK's economy in the next five years 'from 2018 to 2023'. The Bank of England has expected that the GDP would be lower by the end of 2023 in the two scenarios. The report states that the sector of trade will face some barriers in a new UK-EU relationship. These barriers can be categorised

into two main categories; tariffs on goods, and non-tariff barriers (Treanor).

Where does the UK trade?

% of total UK trade in 2018



Japan, Singapore and Vietnam are included in the "rest of the world" as their EU trade deals had not come into force in 2018

Source: Department for International Trade

BBC

According to the report “The realities of trade after Brexit” from Baker McKenzie, a hard British departure from the EU would more harmful in the following four sectors, the automotive, technology, healthcare, and consumer goods industries. So, if a hard border will be set between the two sides, the fourth section will be affected.

The OECD paper published in 2016, stressed that the United Kingdom and the European Union have important trade relationship overtime. The EU is considered as the main trade partner of the UK. More specifically, 12 per cent of the UK GDP comes from the exports to EU members, and these exports represent 45 per cent of the total UK exports. Also, this partnership appears in the imports of the UK from the EU.

Unfortunately, this important trade relationship between the two sides would be more costly when Brexit happens, and the reason is the trade barriers and tariffs that will be applied in any trade arrangements with the European Union.

1.4 The Consequences of Brexit on the UK Investment

The best way to understand the impact of Brexit on the field of investment is to analyse the Foreign Direct Investment 'FDI'. The United Kingdom is considered as a big destination of the inward FDI, and an important investor of FDI in other countries.

According to the House of Commons report, the UK had the third highest inward FDI in the world in 2014, after the US and China. The EU members had about the half of this amount of inward FDI in the UK, exactly £496 billion from £1.034 billion; 48 per cent.

So, the FDI is an important element in the UK economy. This is clarified by the Institute for Fiscal Studies 'IFS' as follow: Foreign direct investment directly increases national income and can also have subsequent beneficial impacts on productivity levels.

Investments made in the UK by entities or companies outside of the UK can raise productivity through bringing new ideas and approaches (which may spill over to other firms) or simply being productive themselves and raising the overall average (Dhingra et al. 4).

Going further, the field of investment has a direct influence on the long-term GDP 'Gross Domestic Product' growth, according to the Institute of Government. In addition, the OECD shows that the United Kingdom is considered as the most attractive destination of the FDI in the European Union.

1.5 How Would Brexit Affect the UK's FDI?

According to the OECD, Brexit would make the United Kingdom less attractive destination of FDI. The main reason of this outcome is the UK exit from the Single Market, which means that the amounts of FDI into the United Kingdom will decrease, and the FDI will be lower.

Going deeper, the United Kingdom departure from the European Union will affect the UK's attractiveness to foreign investors, as the report of the Institute of Government shows. The report assumed that there are some main reasons which contribute to the fall of the inward FDI to the UK. These factors are: the loss of free movement of capital, and the exit from the Single Market. So, the UK's membership to the European Union is an advantage for the UK to attract foreign investment. And this is explained clearly by the report of the Treasury as follow: Membership might act as a draw for inward investment to the UK because it allows multinationals based outside the EU to access EU markets without facing tariff and non-tariff barriers. For similar reasons, companies headquartered elsewhere in the EU can bring UK-based operations into their supply chain at a lower cost (Dhingra et al. 5).

To conclude, the report of the CEP about the impact of Brexit on foreign investment 'FDI' would decrease after the United Kingdom move out from the European Union, because of three main reasons:

- Leaving the Single Market: which means that the UK will be less attractive for foreign investors, because in the Single Market those investors are not supposed to pay big costs from tariff and non-tariff barriers when they export to other members of the European Union.
- Multinationals will suffer from many regulations and costs for component parts, and intra-firm stuff transfers would be influenced due to new migration controls.
- The FDI would be affected by the 'uncertainty' for the future UK-EU trade relationships and arrangements.

1.6 The Impact of No-Deal Brexit on the UK Economy

According to the article published by the Guardian on 23 September 2020, a no-deal Brexit would be worse than Covid-19 impact on the UK economy. LSE modelling stated that the economic shock from a no-deal Brexit would be 8% of Gross Domestic Product (GDP), and which similar to Covid-19 impact on GDP according to the recent forecast of the Bank of England.

1.7 The Economic Relationship between UK and EU

According to report of the European Movement International named “The consequences of a British exit from the European Union”, the statistics show that the United Kingdom is the most benefited from the UK-EU trade relationship. 12,6% of UK GDP is related to exports to the European Union, however only 3,1% of GDP of other EU members is related to exports to the United Kingdom. Also, the UK inside the European Union is benefitting from the advantages of the single market.

The UK is also the leading EU destination for Foreign Direct Investment (FDI) because it combines an English speaking and relatively flexible labour market with barrier-free access to the EU Single Market. Market size is a major determinant of the size of FDI flows, and membership of the EU expands the UK market.⁴ The barriers that matter to investors in a competitive modern economy are not tariffs but non-tariff barriers such as divergent national standards and regulations.

The EU Single Market provides a level playing field, replacing 28 sets of regulations with a single rule book and free access to 500 million customers to the companies operating with it. Outside of the EU the UK will most likely lose full access to

⁴ To see European Movement International policies on Brexit https://europeanmovement.eu/wp-content/uploads/2016/05/EMI_16_PolicyPosition_Brexit_17_VIEW_FINAL.pdf

the Single Market, making it a less attractive destination for companies that would like to use it as a base for their investment in the EU market.

1.7.1 Future Scenarios of the EU/UK Economic Relationship

The UK and the EU have now agreed the Political Declaration which sets the framework for the UK's future relationship with the EU. This will be followed by negotiations on the legal text that will set out in detail the UK's future trading arrangements. The Government's policy was set out in the July 2018 White Paper, "The future relationship between the United Kingdom and the European Union".⁵ In line with external studies and analysis previously undertaken by the Government, the work considers four analytical scenarios:

- a. The policy position set out in the July 2018 White Paper, "The future relationship between the United Kingdom and the European Union" ("modelled White Paper");
- b. A hypothetical FTA, with zero tariffs, reflecting average NTB costs such as standard customs arrangements with the EU, regulatory and other costs ("modelled average FTA");
- c. An EEA-type scenario, which reflects the UK being outside of the Customs Union, reflecting the average NTB costs, such as of standard customs arrangements with the EU. Zero tariffs are applied ("modelled EEA-type");⁶ and
- d. A no deal scenario, based on an assessment of average NTB costs between countries trading on non-preferential World Trade Organization (WTO) terms and applying EU Most Favoured Nation (MFN) tariffs ("modelled no deal").

⁵ 'The future relationship between the United Kingdom and the European Union', HM Government, July 2018.

⁶ From the perspective of this modelling approach, the baseline of the UK's current trading arrangements is equivalent to membership of both the EEA and the Customs Union

The analysis of options uses a consistent baseline of an approximation of today's economic arrangements with the EU and the rest of the world.⁷ This 'status quo' ("today's arrangements") comparison is consistent with most external studies and enables a meaningful assessment of the economic impacts of different scenarios to be made relative to a common baseline, as well as to each other. This analytical 'baseline' provides a snapshot of current market access and regulatory arrangements with the EU. It does not consider how UK or EU policy will change in the future including, for example, how EU regulation may evolve. Consistent with previous Government analysis and external studies, the analysis has considered a variety of trading relationships ("scenarios") as an illustration of the sensitivity of results to different policy assumptions. A modelled no deal scenario is considered as an approximation of the UK's relationship with the EU in absence of an agreement. In these conditions, it is assumed that the UK and EU would trade on non-preferential WTO terms with tariffs set at EU applied Most Favoured Nation (MFN) rates.⁸ The Government has analysed how countries trade on non-preferential WTO terms (both with each other, and the EU), and then has used global trade data on these trading relationships to estimate potential UK-EU trade costs.

This is not representative of possible government policy, as it would not meet UK objectives including avoiding a hard border between Northern Ireland and Ireland. Care should be taken in the interpretation of results, as the modelled no deal scenario does not perfectly reflect how the UK and EU might trade on WTO terms. The results could over- or under-state the impact of a no deal scenario in some areas. For example, the UK and

⁷ While not a specific projection of future membership of the EU, this baseline can be interpreted as the status quo comparison as committed to Parliament on 19 November 2018.

⁸ This is a modelling assumption only. The Government would be free to set its own tariff schedule post-EU exit.

EU start from a position of regulatory alignment, meaning that differences in regulation could be smaller than in typical trading relationships on WTO terms.⁹

Conversely, many countries trading on WTO terms also have a range of side agreements for different products or sectors, which may be captured in the analysis and may therefore overstate the benefits of trading on WTO terms should the UK not achieve these. Modelling of the no deal scenario also focuses only on trading relationships, and as such, does not reflect any impacts of changes to wider aspects of the UK-EU relationship, for example cooperation on science and innovation.

A modelled average Free Trade Agreement (FTA)¹⁰ scenario represents a hypothetical FTA, with zero tariffs, based on estimates of average NTBs between relevant FTA partners. These are used as a proxy for how the UK could trade with the EU under this type of arrangement. As such, it does not seek to define or model a bespoke agreement. This scenario is not indicative of government policy, as it would not meet UK objectives including avoiding a hard border between Northern Ireland and Ireland.

A modelled EEA-type agreement scenario represents membership of the Single Market, reflecting that non-EU EEA states are not part of the Customs Union¹¹ and there is free movement of people. For modelling purposes, in this scenario the UK is modelled as striking a deal with the EU with zero tariffs. This includes zero tariffs on agri-food products. This assumption differs from current EEA arrangements, where agri-food is excluded. Therefore, additional sensitivity analysis considers the impact of

⁹ An adjustment is made for this in the analysis. Further details are set out in section 2.3.3 of the Technical Reference Paper.

¹⁰ This scenario assumes a zero tariff agreement and uses estimates of average NTBs. This does not represent government policy and is for modelling simplicity. Historically, agri-food tariffs have been difficult to eliminate in FTAs, so an additional sensitivity with EU-applied MFN tariffs is considered

¹¹ Costs are assumed to arise from a customs border and the administrative requirements to trade under zero tariffs with the EU (rules of origin).

applying EU applied MFN tariffs to agrifood sectors. This scenario is not consistent with government policy as it would mean staying in the Single Market, implementing new EU legislation automatically and in its entirety, and would also mean continued free movement. It would also not meet the Government's commitment to ensure no hard border between Northern Ireland and Ireland. The analysis does not seek to project any changes to future EU regulation and how this might impact the UK.

A modelled White Paper scenario uses trade cost estimates based on policy assumptions set out in the Government's July 2018 White Paper, "The future relationship between the United Kingdom and the European Union".¹² Trade costs are estimated based on assumptions set out in the White Paper. Details of the relevant economic factors within this policy for each sector group of the economy are set out in section 3, with further information provided in section 2 of the Technical Reference Paper.

Sensitivity analysis illustrates the potential impact of different levels of trade costs, including checks at or behind the border and other regulatory costs. Ahead of detailed negotiations on the legal text, the analytical approach presents a range of possible outcomes of the Political Declaration. The analysis applies a sensitivity to illustrate the potential impact of higher NTBs, including checks at or behind the border and other regulatory costs. This illustrative sensitivity -point reflects the midpoint in the difference of NTBs to trade between the modelled White Paper at one end, and the modelled average FTA scenario at the other and does not represent an expected outcome.

To conclude, none of these existing models would carry much appeal for the UK. If the UK were to negotiate a unique agreement, it would probably take more than two

¹² 'The future relationship between the United Kingdom and the European Union', HM Government, July 2018.

years to do so.¹³ One Eurosceptic think-tank concludes that their most favourable alternative relationship model “would be the hardest option to negotiate, and it may actually be easier to achieve a model along these lines by renegotiating from inside the EU.”¹⁴

It appears that the United Kingdom is moving toward the most economically damaging form of a hard Brexit. This seems mainly driven by the desire to impose stronger border controls against EU citizens, something that is difficult to reconcile with membership in the Single Market. Despite the evidence to the contrary, there remains a prevalent belief—stoked by populist politicians—that EU immigration has had huge negative effects on workers. It is highly unlikely that all or any of these models will be acceptable from a political viewpoint. Introducing unprecedented levels of competition in manufacturing and other industries by opening up to China, India, etc. is a politically sensitive topic and would not be popular with working class populations. Furthermore, given that anti-immigration sentiments are helping to drive a Brexit sentiment, the government would probably not introduce a more liberal policy on immigration.

¹³ Both the official UK government report on “Alternatives to membership: possible models for the United Kingdom outside the European Union” and Open Europe’s comprehensive study judge any existing model as less desirable than the current status quo. Both also predict an extended period of negotiation of up to ten years.

¹⁴ See <http://openeurope.org.uk/intelligence/britain-and-the-eu/whatif-there-were-a-brexif/>

Chapter Two

Immigration and People's Situation

Leaving the European Union means that the United Kingdom will be no more attached to the previous EU rules concerning immigration. So, this means that the UK will take back control of the process and the rules of immigration. And this is what actually the ex-Prime Minister Theresa May said before ; “Two years ago the British public voted to leave the European Union and take back control of our borders... For the first time in decades, it will be this country that controls and chooses who we want to come here.” Prime Minister, Theresa May, October 2018

Immigration was a hot topic throughout the Brexit debate. The prominent slogan of ‘taking back control’ aimed particularly at taking back control of immigration to the United Kingdom. Many readers will remember the ‘breaking point’ poster used by UKIP before the referendum with a picture of migrants and asylum seekers trotting across the Western Balkans. That poster seemed to capture (and foster) a certain perception that associated the EU with chaos and open borders – both for EU citizens and third country nationals. In her Lancaster speech of January 2017, Prime Minister Theresa May was adamant that control of immigration was a central objective of the on-going Brexit negotiations: “The message from the public before and during the referendum campaign was clear: Brexit must mean control of the number of people who come to Britain from Europe. And that is what we will deliver”. Theresa May, 17 January 2017.

2.1 Immigration before Brexit

According to the report of the Institute For Government named ‘Managing migration after Brexit’, EU citizens have the right to live and work in any country of the

European Union and this is granted by the European treaties, and the same thing for the members of the European Economic Area (EEA) and which are Iceland, Lichtenstein, Norway, and Switzerland. This advantage is defined as “Free movement”; which means the freedom of movement of persons. David Goodhart in its report named Immigration after Brexit has stated that there is about 3 million - plus EU citizens resident in the United Kingdom and 900,000 UK citizens in the European Union.

The United Kingdom’s immigration history is closely related to its ex-colonies. Former colonials were encouraged to come to the country mainly at the times of labour shortage, as they provided cheap low-skilled manpower. They received preferential treatment, their entry to the country was not restricted at any point; moreover, they were often granted citizenship straight away at the time of entry. Also other policies concerning the stay of ex-colonial migrants were highly liberal until the 1960s. However, when the immigrants started to settle down, labour demand declined and the number of immigrants did not, they became inconvenient for the country, or rather for the government.

Since 1939, in less than half a century, Britain has shifted from being de facto an all-white society to a multi-racial country with important Asian and black communities. The British government has made many legal steps to deal with new inhabitants as well as other potential immigrants, however, in accordance with present-day standards; some of those steps were politically incorrect and unacceptable. Most notably the 1960s and early 1970s entailed the crucial changes of the British immigration policies, starting with the significant 1962 Commonwealth Immigrants Act, and ending with the Immigration Act in 1971.

2.1.1 UK immigration Policy

In the last decade, EU migrants represented a key element of the United Kingdom economy, which means that the UK economy had benefited from 'Free movement' very well. The effect of migration was demonstrated mainly in the UK labour market, and which has relied on migration and specifically migrant in many industries. Furthermore, statistics shows that EU migrants represent a very important element of the United Kingdom economy. According to the report of the Institute for Government 'Managing migration after Brexit', one in three workers in food production, 15% of construction workers and 15% in the scientific research are migrants from the European Union. And for every 100 seasonal agricultural workers in the UK, 99% are citizens of the EU. So, the UK economy has clearly relied on workers coming from the European Union.

2.1.2 Historical Outline of Immigration in Britain

Britain has always been a highly inviting country for foreigners, as it has passed for a place of security and opportunity. That is why people have been coming here for thousands of years. Some of them left after a short while to return home or move on. Others settled and made their homes in Britain. They are called immigrants with immigration defined as the movement of people into one place from another. While human migration has existed throughout human history, immigration implies long-term permanent or forced indefinite residence (and often eventually citizenship) by the immigrants: tourists and short-term visitors are not considered immigrants. However, seasonal labour migration (typically for periods of less than a year) is often treated as a form of immigration. ("Immigration")

It is necessary to remember that the early movement of foreigners to the British Isles cannot be considered immigration of the present-day meaning. The migrants were more of invaders, whose presence was initially often violently resisted. They did not come to settle down and assimilate, more to the contrary; they took over the reign and usually markedly influenced or even damaged the original culture.

After the colonization of other countries, the British Empire covered most of the world with the peak of covering over a third of the world's population. During this time as well as the following independence to most colonies in the twentieth century, the vast majority of immigrants entering Britain were from either current or former colonies. Therefore the restrictive legislation on immigration in the 1960s and early 1970s applied only to them. Until 1962, when the first Commonwealth Immigrants Act was passed, all Commonwealth citizens could enjoy an unrestricted entry to and stay in the United Kingdom, as they were holders of British passports.

Over the centuries immigrants have influenced every aspect of Britons' everyday life starting with clothes, food, music, to language, religion and law. If it had not been for foreigners coming to Britain over the centuries, the country would have been surely very different.

2.1.3 From the 1990s to early 2000s

With the eligibility for British citizenship now sharply defined, and Britain's place in Europe entailing the free movement of European citizens, the focus of immigration policy moved to address the law surrounding refugees and asylum seekers. This was seen as increasingly urgent when immigration patterns following the end of the Cold War began to change. Before the early 1980s, Britain had received only a few hundred

individual asylum applications each year – normally Cold War dissidents – with most refugees entering as part of larger sponsored programmes.

The 1990s saw a significant rise in the number of individual asylum applications made in the UK. Alongside increased numbers of people fleeing war, instability and natural disasters, the tightening of general immigration law also saw individuals attempting to take advantage of asylum legislation in order to enter the UK labour market. Consequently, this period was characterised by the hardening of distinctions between ‘refugee’, ‘asylum seeker’ and ‘economic migrant’, categories which entailed different rights to remain, to access welfare and to work.

At the same time, more general changes to Britain’s welfare policies resulted in the scaling back of state-funded social benefits for all, which in turn affected the benefits accessible to refugees and asylum seekers. New Labour’s 1998 Home Office white paper ‘Fairer, faster and firmer - a modern approach to immigration and asylum’, demonstrated that the new government would be continuing the policies brought in by its Conservative predecessor. Britain, as a signatory of the 1990 Dublin Convention, also became drawn into wider EU asylum policy in this period.

Murder of the black teenager Stephen Lawrence in 1993 and the inquiry into the police handling it, led to lively discussion on racism among governmental agents, in particular the police. Stephen Lawrence was stabbed to death by a gang of white youths while waiting at a bus stop in South London on 22 April 1993. Three people accused of the murder were brought to court but the evidence was found inadmissible, therefore they went free. Despite some eye-witnesses, including Stephen’s friend Duwayne Brooks, the police failed to find enough evidence to convict the three men, well-known members of

the South London racist gang, of murder, maybe also because of the fact that they at first concentrated on investigating Stephen Lawrence, his background and impeccableness (“I Just Want to Be Free”). Though in 2007 new evidence was found (“Media Briefing”), the end of the case is still far away, bringing up the question whether not only the murder was racially-motivated but also the investigation of the case.

In the 1999 report of William Macpherson into the death of Stephen Lawrence, he promoted a police approach which would not ignore racial differences, but which would in fact emphasise them: “Colour-blind policing must be outlawed. The police must deliver a service which recognizes the different experiences, perceptions and needs of a diverse society” (McKinstry). With the fall of the Iron Curtain, a new movement of people from eastern to Western Europe began. In addition, thousands of people sought asylum in Britain fleeing the ethnic conflict in the Balkans.

Throughout the 1990s a new type of migrants to Britain arose much concern and those were asylum seekers, meaning people seeking to be recognized as refugees. According to the Convention relating to the Status of Refugees adopted by the United Nations in 1951, the term refugee applies to any person who owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of their nationality, and is unable to, or owing to such fear, is unwilling to avail him/herself of the protection of that country.

The UK’s obligations under the 1951 Convention were incorporated into British law by the Immigration and Asylum Appeals Act 1993. It ensured that refused asylum seekers had the right to appeal, but at the same time the Act set strict time limits within

which the Immigration Appellate Authorities had to determine appeals. The Act also included the power to fingerprint all asylum applicants to avoid multiple applications. Asylum and Immigration Act 1996 besides other provisions created a new offence of employing anyone unless they had permission to live and work in the United Kingdom. The offence was punishable by a fine. Another act, Immigration and Asylum Act 1999, removed entitlement to benefits from all asylum seekers and established the National Asylum Support Service to this purpose.

2.1.4 Mid-2000s to the Present

Technological developments saw the introduction of biometric identification in immigration law and the 2008 Immigration Rules introduced a points-based system of immigration eligibility to the UK that covered all categories of immigrant. Small additions were made to immigration policy after 2008, with the most significant changes still to come pending the results of Brexit negotiations. With post-Brexit immigration questions looming, it is uncertain whether this system will need to be reevaluated as EU/EEA nationals become subject to greater immigration restrictions (Girvan).

In the first decade of the twenty-first century, three important acts have been passed. Nationality, Asylum and Immigration Act 2002 put emphasis on the control and removal of unsuccessful applicants for asylum. Those who succeeded were expected to attend citizenship ceremonies which included an oath to the Queen and a pledge of loyalty to the UK. People who applied for naturalisation were required to have sufficient knowledge of language as well as society. Asylum and Immigration Act 2004 introduced substantial changes to the asylum appeals process and extended the list of behaviours that could damage an applicant's application.

Immigration, Asylum and Nationality Act 2006 created a 5-tier points based system for awarding entry visas, tackled illegal working through penalties scheme for employers, and enabled sharing data between the Immigration Service, police and the customs, as a part of the e-Borders programme intended for denying asylum to terrorists and those who posed a serious risk to security. Entry of new countries to the EU allowed many Eastern Europeans to work in the UK.

Upon the enlargement of the European Union in 2004, the United Kingdom was one of only three countries to give unrestricted permission of residence and work to all new EU citizens. However, the growth in number of immigrants was higher than expected, therefore it became a ‘major new issue’ in 2006 (Verkaik). Trevor Phillips, the head of the Commission for Racial Equality said: there are some features of this migration which make it, from the point of view of the average citizen, very different to the post-Empire wave ... These people come to work, and to earn ... most of these who come from the EU accession countries are young, often highly educated and, crucially, single and child-free ... it is socially significant—an influx of young men and women will change any community (Verkaik).

Although Phillips admitted that majority of these migrants were expected to return home after a few years, he saw the problem in the fact that the new immigrants established their own places of worship, shops and media outlets. “There’s nothing wrong with these preferences,” he said “but it does present the possibility that the range of areas in which we share experiences as a whole nation is shrinking daily” (Verkaik). Britain still faces this problem of EU immigration although it has already made some moves to

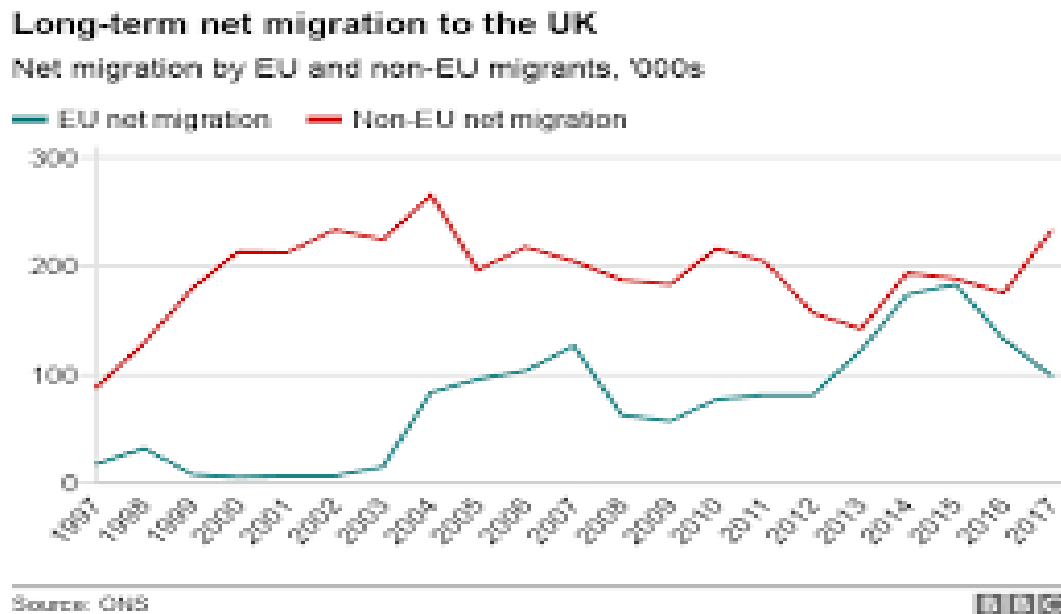
limit it by restricting migration from the countries that entered the European Union in 2006, Bulgaria and Romania.

According to the 2007 research in which the integration of migrants in the 25 EU states, as well as Norway, Switzerland and Canada were studied, Britain is one of the most welcoming countries for immigrants these days. The United Kingdom was ranked rather highly as regards policies allowing immigrants long-term residence and taking on nationality, on the other hand, it was near the bottom of the rank concerning the right to vote and take part in democracy (“Britain Ranks Highly”). Although Britain passes for a highly welcoming country these days, the immigration policy might again turn to more restrictive one, as demographic trends speak about huge population increase, which could have reached 70 million by 2031 (Cangiano).

Of course, immigration is most likely the first thing to be reconsidered at this point. Andrew Green, chairman of Migrationwatch, called for immediate action to limit the number of people settling in the United Kingdom: “This huge population increase—equivalent to twice the population of greater London by mid-century—is 90 per cent due to immigration” (Cangiano). In addition, the Government recently admitted that the number of overseas nationals working in Britain is 300,000 bigger than they had believed (Morris).

David Cameron, leader of the Conservative Party, has already promised to cut the levels of migration because of an unsustainable pressure on the country’s public services and infrastructure (Cangiano). “Immigration brings many benefits to our country,” he said, rejecting calls to close doors to new migrants. “Instead, we should bring down the level of net immigration to a more sustainable level,” he went on, and suggested that this

could best be reached by cutting of economic immigration from non-EU countries (“Cameron Pledges”). However, he avoided providing any more details on the manner and numbers, which was later criticised by the immigration minister Liam Byrne: “Talk of a cap on numbers, when you can’t, or won’t, name a number is nothing but a smokescreen for his lack of new, credible thinking ... We are introducing a new Australian style points-based system of immigration to ensure only those who benefit Britain can come here” (“Cameron Pledges”). According to The Independent, Cameron’s speech calling for a cap on immigration numbers has been given a warm reception (“The Stench of Hypocrisy”). Not only has immigration been at the top of political agenda again, but it again turns out to be regarded as a serious problem that Britain needs to get rid of, instead of accepting it as a benefit.



2.2 Managing Migration after Brexit

Under European treaties, European citizens have the right to live and work in any EU country. The same access is granted to members of the European Economic Area (EEA) – Iceland, Lichtenstein and Norway – and Switzerland. This principle, known as

the ‘freedom of movement of persons’ or ‘free movement’, has been a key component of the UK’s migration policy since it joined the-then European Economic Community in 1973. But the UK Government has always had full control of non-EU migration, and non-EU migration has, according to government statistics, always been greater than EU migration. It wasn’t until around 15 years ago that large numbers of EU citizens began to make the most of their freedom to move to the UK (Owen et al.).

This freedom came under intense scrutiny during the Brexit referendum. Many false claims were made about immigration in the run-up to the vote and the idea of free movement proved divisive. Some felt that giving other EU citizens such a level of freedom was no longer acceptable, while others saw it as a benefit to the UK economy and to British citizens that should not be given up. Bringing an end to this free movement is a central plank of the Government’s Brexit strategy. It is a ‘red line’ for the Prime Minister Theresa May and both main political parties pledged in their respective 2017 election manifestos to bring it to an end, although Labour’s position is becoming increasingly ambiguous (Owen et al.).

The task now is to replace free movement with something else. The UK can use what will be its new-found control over EU immigration to build and change its immigration system in the way it chooses, without constraints set out in EU law. But the challenge goes beyond just designing and implementing a new policy. It also goes beyond just regulating EU immigration. It requires the whole UK Government to take a new approach to immigration.

High-profile failures and a lack of trust in the Government’s ability to manage migration mean that the structures and processes that make up the UK immigration

system need to be reviewed. In taking back control of EU immigration, the Government cannot avoid responsibility for the problems within the current set-up. This report sets out how the Government should respond to the challenge.

The UK is ‘taking back control’ of its immigration policy. The Government’s vision for life outside the EU has changed and evolved over the past two years. The Prime Minister Theresa May has made concessions, softened her position and – some in the Conservative Party have argued – broken promises on supposed ‘red lines’. But one thing has remained consistent: the Government’s pledge to bring an end to the ‘free movement of persons’ from the EU. Until recently, it has been unclear what this commitment means in practice. The Government avoided talking about what would replace current policy, delaying publication of its much-trailed immigration white paper for over 18 months (Owen et al. 5).

But in December 2018, the Government set out its vision for immigration after Brexit (“The UK’s Future”). EU citizens will no longer benefit from automatic preference; instead, they will have the same access as those looking to move to the UK from some of its closest allies, such as Australia and Canada. There will be very restricted access for lower-paid migrants, and it will be comparatively easier for higher-skilled non-EU migrants to enter the UK. For the first time in decades, EU immigration will be treated in broadly the same way as non-EU immigration – an area in which the UK has always had control.

2.3 Challenges Of Post-Brexit Immigration Policy

The British departure from the European Union will certainly have an impact on the immigration policy of both UK and EU. The United Kingdom will take back control of

its borders and it will restrict rules that organize the operation of migration of EU citizens toward its territory. These rules will organize the coming flows of EU workers, students, and visitors who have previously the right to move freely in the European Union under “Free movement”.

In the Withdrawal Agreement on 19 March 2018, one of the most important issues was tackled, which is the position of the UK nationals in the European Union and the EU citizens in the United Kingdom after Brexit. Also, the draft Withdrawal Agreement clarified the situation of EU citizens during the Transition Period which would end on 31 December 2020.

Jonathan Thomas outlines four key lessons from recent history to illuminate the potential consequences of the government’s proposed immigration system. He concludes that the ending of freedom of movement represents the start of a significant new challenge for the UK in managing not only immigration, but also the public’s concerns over it. With the ending of freedom of movement to the UK, the government’s White Paper proposals for the post-Brexit immigration system look to take back control – and to the future. But looking backward can be instructive. Taking a historical approach to the potential consequences of ending freedom of movement can help to illuminate the challenges, and indeed risks, of the UK’s plotted course.

The UK has its own history with ending freedom of movement, with the case of Commonwealth citizens in the 1960s. And examples abound of countries that, as the UK is now proposing, have tried to manage immigration through temporary stay regimes. Most instructive of all though may be the United States’ experience in seeking to regulate immigration from Mexico. Across a 70-year period US immigration policy has ranged

from allowing relatively free, but temporary, movement for work, to total prohibition of such, accompanied throughout by a fluctuating enforcement approach. Across these examples, the consequences were often unexpected, sometimes counterintuitive, but all instructive as to how immigration policies can have a profound and lasting impact on a nation. From these experiences one can identify four key lessons for UK policymakers.

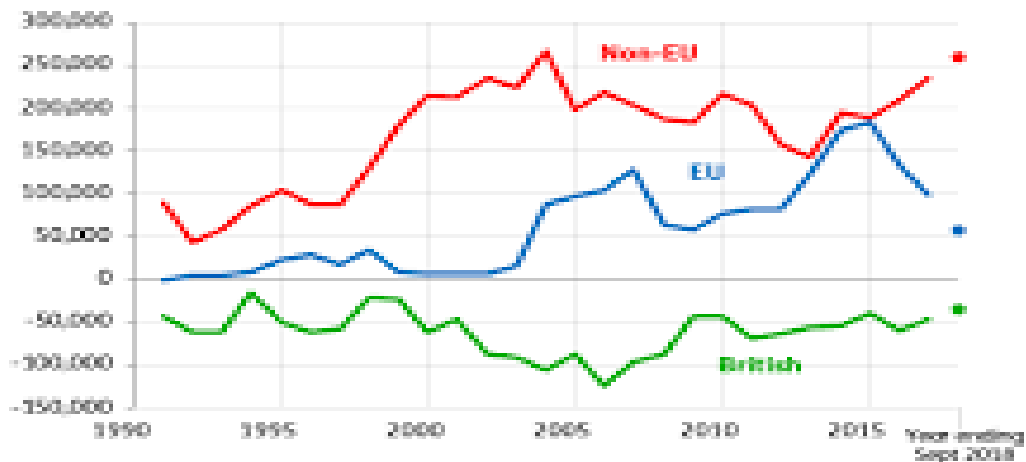
First is that greater immigration restrictions on well-established existing immigration flows can lead to an increased permanent lawful immigrant population, even if immigration flows themselves reduce. For those immigrants already in-country, increased immigration restrictions combined with a one-time offer to stay to those already here can convert some of what would have been circular migration into permanent stay. And for those immigrants not yet here, the UK's current proposals pair greater restrictions on EU immigrants with easing of restrictions on non-EU immigrants, who compared with EU citizens, have tended towards greater permanence once in the UK. So, while new flows from the EU will be curtailed, placing immigration restrictions on an existing labour immigration route, which many used on a circulatory basis, may cause migrants to switch into other routes into the UK which may actually favour more permanent settlement.

Second is that greater immigration restrictions applied to well-established existing immigration flows can lead to increased irregular migrant (overseas citizens who enter, stay and/or work without lawful permission) entry. The UK will remain open to visitors, tourists, workers and students from the EU. EU migrants will not be irregular as such on entry, but may become so through overstaying. This cannot therefore be effectively controlled at the border. The White Paper proposes temporary immigration routes to help business adjust to living without EU lower-skilled labour without resorting to irregular

workers. But history suggests that temporary routes, unless rigorously enforced, themselves incentivise irregularity.

Migration by nationality

Long-term international net migration in the UK by nationality, calendar years 1991 to 2017*, and year ending September 2018



*Figures from 2001-2011 no longer accurate due to revisions, but no alternative available

Source: ONS Long-Term International Migration 2019, table 2.01a and Migration Statistics Quarterly Report, February 2019, Table 1.

Third is that greater immigration restrictions applied to well-established existing immigration flows can lead to increased irregular immigrant stay, and therefore an increased irregular immigrant population. Immigration enforcement dynamics pose a particular challenge for the UK, seeking to restrict a long-established migration flow in circumstances where it will not meaningfully be able to control that flow on initial entry at the border, and reliant instead on in-country controls. The ‘hostile environment’ approach has significant limitations on the extent to which migrants no longer permitted to be in the UK can be practically controlled, in the sense of identified and tracked. The UK’s increasingly effective border control regime might actually compound the problem, incentivising migrants who become irregular to stay put, knowing their chances of re-entry, should they depart for a period, are increasingly slim.

The size of the irregular migrant population in the UK will also be more directly impacted by the consequences of Brexit. In the laissez-faire form applied in the UK, EU freedom of movement allowed a fluid immigration status, with few questions asked. No more. The one-off Settlement Scheme for those EU citizens already in the UK will instead set in stone their immigration status. And for those who for whatever reason are not able to access settled status, the status of being irregular in the UK will become more impactful to the migrant, more visible to society; greater immigration control may therefore paradoxically give the impression of the opposite.

Finally, an increasingly visible irregular immigrant population, accompanied by increased immigration enforcement, can give rise to greater public concern over immigration even where immigrant flows are reducing. Look at the US. Largely due to EU freedom of movement, the UK has had the luxury of not having to seriously grapple with irregular immigration. This is now coming to an end. Given UK public attitudes towards irregular migration, any spike in concern over this will likely be a deeply uncomfortable experience for politicians and the public alike. Media interest in irregular migration that has largely lain dormant during the EU immigration debate may well be reawakened. This will focus attention on the practical challenges in the UK of achieving realistic and scalable in-country immigration controls.

2.3.1 The Position of EU Citizens in UK after Brexit

The main reason behind the Brexit vote is the freedom of movement of persons in the European Union. So, the British departure from the EU will set an end to free movement. According to the report of the Parliamentary Assembly titled “The Implications of Brexit for Migration”, EU citizens will need to submit an application to get “settled status” in

order to obtain the right of residence, and this was covered by the Withdrawal Agreement (WA).

Another report was done by the Institute For Government “ Implementing Brexit : Immigration”, stated that the UK government should clarify clearly the rights and status of EU nationals leaving in the United Kingdom, ensure that they have permanent residence, and also to demonstrate their situation and if it could be changed in the future.

- **EU Citizenship and Free Movement of Persons**

As regards the rights linked to EU citizenship and the right to free movement in particular, Brexit raised at least two core challenges.

- **Securing Citizens’ Rights**

The first challenge was how to secure the legal situation of EU-27 citizens residing in the UK and of UK citizens living in the EU-27 before and after Brexit. This aspect was the top priority in the first phase of the negotiation process. According to the Council’s negotiation directives, “[s]afeguarding the status and rights of the EU-27 citizens and their families in the [UK] and of the citizens of the [UK] and their families in the EU-27 Member States is the first priority for the negotiations because of the number of people directly affected and of the seriousness of the consequences of the withdrawal for them” (Directives for the Negotiation”).

The actual number of citizens affected varies considerably, depending on the method of calculation. The most common set of numbers – often quoted in the media and reflected also by the work of the institutions – suggests that apparently 1.2 mio UK citizens live in the EU-27; while up to 3.2 mio EU-27 citizens in turn reside in the UK.¹⁵ These numbers are essentially based on calculations by the UK (ONS) and the United

¹⁵ See, amongst others, European Commission, document TF50 (2019) 59, p 14.

Nations. But, as pointed out in the literature, in particular the UN statistics do not sufficiently distinguish between country of birth and nationality which is why the numbers could also be lower, with around 700.000 UK nationals living abroad in the EU-27 and 2.9 mio EU-27 nationals living in the UK. But also these numbers are quite significant and demonstrate the importance to come to terms (Carrera, Guild and Luk).

In legal terms, the challenge is how to secure rights acquired and derived from EU citizenship before the end of the transition period. This starts with the definition of the personal scope of application. In this respect, the EU wanted to follow as closely as possible the existing *acquis*. According to the Council's negotiation directives, the personal scope should be equated with that of the directive 2004/38 on free movement, covering both economically active persons and economically inactive citizens, i.e., workers and self-employed, as well as students or pensioners ("Negotiation Directives"). Furthermore, the EU aimed at including family members who accompany or join mobile EU citizens as well as individuals covered by the Regulation 883/2004 on the coordination of social security systems irrespective of their place of residence. In this respect, the EU was successful in the negotiations, as demonstrated by Article 10 and Article 30 of the draft agreement which widely correspond to the EU's negotiating goals.

2.3.2 The position of UK Nationals in the EU

According to the study of the European Parliament named "Brexit and migration", the United Kingdom is considered as a third sending country of residents to the EU after Romania and Poland in 2015. Numbers of the UK residents in the members of the European Union claim that the largest amount of UK nationals are leaving in Spain (293,000), France (153,000), Ireland (107,000), and Germany (96,000). UK nationals

leaving in the European Union have a different specification which differ from one country of the bloc to another, in other words, each group of UK residents in one of the EU members has its own characteristics.

More specifically, in Ireland, Germany, and the Netherlands UK citizens are much more high skilled workers, in the contrary UK citizens in Spain are so-called a life style migrants ; which means that they are not seeking work and they are low skilled workers. Furthermore, there is another category of UK nationals who leave in the European Union which is the category of students. And here is some numbers of the UK students in the EU in last previous years; 52,7 % of the whole UK students abroad were situated in one the European Union countries.

So, UK nationals leaving in the European Union will enjoy the right of free movement until 1 January 2021, according to same study of the European Parliament. Then, when they are no longer EU citizens, UK nationals will only have the right to work, reside, and study in the member country where they are leaving, and will not have the freedom of movement after that.

EU was also quite successful regarding the scope of rights that shall be guaranteed to UK nationals who live in the EU-27 or EU-27 nationals who reside in the UK before the end of the transition period and keep doing so afterwards. Also in this respect, the EU managed to achieve a close approximation to the existing acquis (, “Negotiation Directives” b). The same applies for frontier workers and family members.

Technically such an approximation is far from being trivial, however. Part II of the draft agreement – related to citizens’ rights -bears witness as to the complexity of the issue. A core provision is Article 13 § 1, according to which EU citizens and UK

nationals who lived in the host State before the end of the transition period and keep living there afterwards shall have the right to reside in the host State under the limitations and conditions as set out in Articles 21, 45 or 49 TFEU and in the relevant provisions of Directive 2004/38. Article 13 § 2 and 3 grants rights of residence to family members (EU citizens, UK or third country nationals), while Article 13 § 4 bars the host State to impose any limitations or conditions for obtaining, retaining or losing residence rights of these groups of persons, other than those provided for in the agreement. The provision also stipulates that there “shall be no discretion in applying the limitations and conditions” other than in favour of the person concerned. Such specifications were considered to be necessary, given that EU law ceases to apply in the UK once the withdrawal takes effect.

Even more important, Article 39 of the draft agreement makes clear that the individuals concerned shall enjoy the rights provided for in Part II “for their lifetime, unless they cease to meet the conditions set out” there. Hence, the draft agreement would provide for continuity and legal certainty far beyond the transition period as long as the respective legal status would have been gained before the end of that period and the conditions would still be met.

The migration regime which is intended to substitute the current *acquis* for rights and legal status acquired until the end of the transition period is spelled out in detail in Articles 14 to 29 of the draft agreement. These stipulations pay attention to specific transitional problems, like the calculation of periods, relevant i.e. for the right to permanent residence, or status changes, for example between student, worker, self-employed person and economically inactive person.

The status quo is not only widely perpetuated with regard to residence rights, but also with regard to equal treatment and access to social security. § 23 of the draft agreement replicates Article 24 of Directive 2004/38, including the exceptions according to which Member States can refuse to grant social assistance.

Finally, Articles 30 et seq. contains a specific regime on the coordination of social security systems, essentially substituting regulation 883/2004. To conclude, the EU has managed to widely perpetuate the current *acquis* on the free movement of persons for EU citizens, UK nationals and their relatives who reside in the host State before the end of the transition period and keep doing so after its expiry. However, this achievement depends on entering into force of the agreement – an instance which may never happen when taking into consideration that ratification has been rejected three times already in the House of Commons.

The ending of EU freedom of movement thus heralds a challenging new era for the UK in managing immigration and the public's reaction to it. And the White Paper only sets out the baseline; the policy which the UK will adopt in isolation, but with the possibility that trade deals may result in less controlled access to the UK for certain countries' citizens.

The government needs to design its policy inputs accordingly, but also think about how to best manage the outputs. It should inject a dose of honest realism, coming clean about the complexities and unintended consequences of immigration policy, about the control that it does have, but also the practical limits to that control. It must also be honest about the trade-offs: it may not be realistic to have the degree of control over

immigration that many people in the UK say they want, while at the same time keeping other aspects of society as those same people say they would like them.

The analysis of the law of immigration after Brexit is situated in a volatile context which makes it difficult to give any substantial assessment at the moment. As far as immigration of third country nationals is concerned, there lies a certain irony in the fact that Brexit will likely produce results that openly run counter to the Brexiteers' promise of taking back control. When it comes to the delicate question of the British/Irish Border, much will depend on the reasonableness of political actors, given that the legal dimension does not pose a major challenge. Finally, in the field of intra-European migration, it currently seems unlikely that the future relationship between the EU and the UK will be based on the continuity of the internal market and the free movement of persons once the transition period is over. It is here that Brexit could lead to a major rupture with the status quo in the future.

Chapter Three

UK's Political Sovereignty

On 1 January 2021, the United Kingdom will take back control of its sovereignty; which means a full control of its borders due to the end of the transition period with the European Union (EU). Furthermore, the United Kingdom will be no more related to any of the EU treaties.

This chapter focuses on the future prospects of the United Kingdom after exiting the European Union. It sheds light on many issues of sovereignty such as the issue of borders and especially the land borders, UK's security policies after Brexit, the United Kingdom defence policy after the British departure from the European Union.

3.1 The Issue of Borders

Speaking about borders refers to the 310-mile border between Northern Ireland and the Republic of Ireland, which represents the only land border between the UK and the EU. Previously, a plan was proposed by the ex-prime minister Theresa May called the Irish Backstop to organize the borders. Unfortunately, the Irish Backstop plan was replaced by a new plan called “the Northern Ireland (NI)”, by the new Prime Minister Boris Johnson in October 2019.

On 1 January 2021, the NI protocol will be applied by Northern Ireland. In which border checks will be unnecessary to be applied by Northern Ireland, and it will continue to follow some EU rules. Also, this arrangement means that certain goods coming from England, Wales, and Scotland to Northern Ireland will be checked to confirm that they fit the European Union standards.

3.1.1. The Land Border

The land border here is referring to the land borders between the United Kingdom and Northern Ireland. The UK and EU have already find a solution for this sensitive problem which has a historical background between Northern Ireland and UK, and it represented an issue of conflicts through history between the two sides. Fortunately, the government of Boris Johnson has omitted the “Backstop” plan which was proposed by Theresa May and replace it with the Northern Ireland (NI) plan. The new protocol supports the independent trade policy. So, Brexit will have an impact on many areas according to the report “ Brexit and the border corridor” (Magennis et al.).

3.2. UK Security and Defence Policy after Brexit

A British departure from the European Union in the future will not have a great impact on security and defence policy. The United Kingdom will stay as a part of the European Union’s Common Security and Defence Policy (CSDP), and exactly the military plans and operations in which the UK is involved in with EU members. So, Brexit will have a minimum impact on the security and defence of the United Kingdom in the short-term. But, a notable influence of the British exit from the EU will appear in the long-term.

3.2.1. UK Security after Brexit

Leaving the European Union means that the United Kingdom may lose some of the advantages related to security; such as the 2004 European Arrest Warrant, the European criminal records information system, the 2005 EU Counter-Terrorism Strategy, the Schengen Information System II, and the Prum Decisions relating to fingerprints and DNA databases.

Deputy Director General of the Royal United Service Institute (RUSI), Malcom Chambers stated that a British departure from the European Union would have an impact on the Gross Domestic Product (GDP) by reducing it, because the government will be to set a new Strategic Defence and Security Review (SDSR), and which means that the UK government will need an additional spending.

Critical agencies are claiming that the United Kingdom (UK) will be affected after Brexit, they argue that UK safety will be reduced after a no-deal Brexit. More specifically, the UK will lose a big amount of shared EU information. The United Kingdom will be threatened at the level of public safety if the EU databases will no longer available to UK authorities. Also, other security threats will appear and some important security rules will be difficult after Brexit, such as extradition through European borders. In addition, the exchange of DNA data, fingerprints, and vehicle registrations would be put at risk. As a result, the United Kingdom authorities will face big difficulties to discover organised crime and terrorism. So, the internal security of UK will be much more affected by Brexit rather than the external security.

3.2.2 UK Defence after Brexit

The United Kingdom is considered as an important element of the EU defence. British defence has contributed to develop many European Union defence initiatives. UK defence may face a range of challenges in the future after Britain exit the European Union. Some of these challenges are; the use of UK armed forces, the decisions-making about materials and the making of strategic planning. This will lead the UK to use its defence capacities far from EU missions.

The impact of Brexit on UK defence would be occurred on three levels; short-term, medium term, and long-term impacts:

- Short-term impacts: the United Kingdom would continue in the way as it is before Brexit in the level of defence policy in short-term period following the British departure. It should continue to follow CSDP rules and to participate in its missions and operations. The same thing for military operations, UK should continue to follow the same rules Of membership until the end of 2020.
- Medium-term impacts: in the case of a no-deal or a hard exit, the United Kingdom defence industry will be of course highly affected because of the lack of access to EU single market.
- Long-term impacts: concerning the UK's membership to NATO, it will not be affected according to the attitude of the government which confirms that. Defence policy with other European countries will be done the member states not the European Union.

3.3. Fisheries Policy

Fisheries in the European Union are ruled under the Common Fisheries Policy (CFP). By which the European Union make sure that the fishing operation is environmentally, economically, and socially suitable, and also to promote fair competition between fishers. In which, a number of policy areas is covered:

- Fisheries management: by taking in consideration how fish can be taken, and controlling the stocks if they are healthy to consume, and also it includes technical regulations such as the gear of fishing and the amounts of fish in one fishing operation.

- **Funding:** fishers and fishing communities are given funds from the CFP in order to support the suitable fishing and to give help to coastal communities to prosper their economies.
- **Market organization:** by setting a range of regulation like marketing standards, consumer information rules and competition rules.
- **Import tariffs:** tariff reductions for a specific fish and fish products from outside the EU are imported by CFP, in the purpose of encouraging supply in some cases where EU supply cannot realise the demand of fish processors.

3.3.1 Fisheries after Brexit

According to the report of the House Of Commons Library named “Brexit: Impact across Policy Areas”, Brexit will have a range of effects for fisheries system. Here are some big issues related to fisheries after Brexit:

- Control over a greater area of sea.
- A new UK fisheries policy and management system.

3.3.2 Control over a Greater Area of Sea

The fishing situation in the European Union permits EU members to access fishing grounds from 12-200 miles from the coast. In the opposite, the Exclusive Economic Zone (EEZ) permits fishing up to 200 nautical miles from the coast. And the United Kingdom is a member of the EEZ since 1973. As a result, UK will take back control concerning fisheries in the Exclusive Economic Zone (EEZ) after the British departure from the EU.

3.3.3 A New UK Fisheries Policy and Management System

George Eustace stated that the UK government will try to set a range of measures concerning fisheries after Brexit. Fishing within a sustainable limits using a quota system could be one the very important measures. Also, the United Kingdom will take an attitude from some EU fisheries managements which may be inappropriate to UK circumstances. Finally, the UK is supposed to create a new domestic system for fisheries, after negotiating it with EU members.

Conclusion

Brexit was really happened, and the United Kingdom left the European Union at 11 p.m. on 31 January 2020. Now, the two sides, UK and EU are passing through a transition period. This transition period will end on 31 December 2020. And during this period, the United Kingdom will continue under the EU rules, and it will stay in the Single Market. Upon looking at and assessing a variety of reports and analyses, it is clear that a British exit from the EU will carry with it large economic and political costs. It will also reduce the UK's standing in the world and its ability to influence the international events that affect it the most. It is also evident that none of the alternative relations with the EU presents itself as more advantageous compared to EU membership.

After the transition period, the UK/EU relationship will be changed and would be impacted by Brexit. Brexit will have an impact on the United Kingdom in many areas. Firstly, the UK economy will certainly be affected by Brexit. Secondly, immigration will also be impacted by the British departure from the European Union. And thirdly, UK's sovereignty will be changed in many aspects.

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