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## The Impact of Brexit on EU Policies

Editors

Ferdi De Ville and Gabriel Siles-Brügge

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The Impact of Brexit on EU Policies

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*Academic Editors*

Ferdi De Ville (Ghent University, Belgium)  
Gabriel Siles-Brügge (University of Warwick, UK)

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Editorial

## The Impact of Brexit on EU Policies

Ferdi De Ville <sup>1,\*</sup> and Gabriel Siles-Brügge <sup>2</sup>

<sup>1</sup> Centre for EU Studies, Ghent University, 9000 Ghent, Belgium; E-Mail: ferdi.deville@ugent.be

<sup>2</sup> Department of Politics and International Studies, University of Warwick, Coventry, CV4 8UW, UK;  
E-Mail: g.siles-brugge@warwick.ac.uk

\* Corresponding author

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### Abstract

While the result of the UK's referendum on membership of the EU has been the subject of considerable scholarly interest, relatively little has been written on the impact of Brexit on the EU. Where academics have addressed the issue, they have tended to either see Brexit through the lens of European '(dis)integration' theory or focused on its 'static' effects, assessing the impact of removing the UK from the EU's policymaking machinery based on its past behaviour. This editorial sets out the overarching rationale of this thematic issue and introduces some key analytical elements drawn on by the individual contributions. Given that Brexit has so far not set in train major EU disintegration, the focus is on the detailed impact of the UK's exit across specific policy areas and on problematising the notion that it necessarily implies a more socially progressive turn in EU policies. Our starting point is the fundamental uncertainty surrounding the future EU–UK relationship, and the process of arriving there. This points to the importance of focusing on the 'dynamic' impacts of Brexit, namely adjustment in the behaviour of EU actors, including in anticipation of Brexit, and the discursive struggle in the EU over how to frame Brexit. Policy change may also occur as a result of small, 'iterative' changes even where actors do not actively adjust their behaviour but simply interact in new ways in the UK's absence. Several of the issue's contributions also reflect on the UK's role as a 'pivotal outlier'. The editorial concludes by reflecting on how we analyse the unfolding Brexit process and on what broader insights this thematic issue might offer the study of EU politics.

### Keywords

anticipatory adjustment; Brexit; dynamic effects; European Union; framing; iterative effects; pivotal outlier; social Europe; United Kingdom; uncertainty

### Issue

This editorial is part of the issue "The Impact of Brexit on EU Policies", edited by Ferdi De Ville (Ghent University, Belgium) and Gabriel Siles-Brügge (University of Warwick, UK).

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### 1. Introduction

The vote for Brexit in the UK's referendum on EU membership, held on 23 June 2016, has generated considerable academic interest (for a review of books on the topic, see Oliver, 2019). Most of these scholarly contributions have focused on either explaining the referendum outcome (e.g., Curtice, 2017; Thompson, 2017) or on assessing the consequences of withdrawal for the UK (e.g., Diamond, Nedergaard, & Rosamond, 2018; Seabrooke & Wigan, 2017). Far less ink has been spilled on the implications of Brexit for the EU.

Where some scholars have begun to reflect on the impact of Brexit on the EU, they have tended to do so in one of two ways. One group has done so through the lens of (grand) integration theory. Some have taken Brexit to be one of the 'disintegrative dynamics' (such as the refugee and Eurozone crises) threatening the sustainability of the European integration project (e.g., Jones, 2018; Rosamond, 2016); others have taken a less stark view, focusing on Brexit as an instance of 'differentiated (dis)integration' across Member States and policy areas (e.g., Henökl, 2018; Leruth, Gänzle, & Trondal, 2017). The second group of scholars, adopting a more fine-grained

approach focused on studying particular policy impacts, has tended to home in on the ‘static’ effects of Brexit, in other words, what the EU and its policies would look like if the UK was simply ‘tak[en] out of the EU “equation”’ on the basis of its historical behaviour (Jensen & Snaith 2018, p. 255). This chimes with an often-heard expectation amongst commentators that Brexit will enable the EU to pursue more socially-minded supranational policies, as ‘the UK would [have] block[ed] and veto[ed] any future moves in that direction’ (Luyendijk, 2016).

In the absence of significant post-referendum disintegration (see Börzel, 2018, p. 482), this thematic issue aims to offer more systematic analysis of the likely effects of the UK’s withdrawal in specific EU policy areas. It covers mostly ‘regulatory’ (such as the Single Market) and ‘external’ policy areas (such as the EU’s trade and foreign policies)—with one contribution focusing on the ‘redistributive’ Common Agricultural Policy (CAP). In addition, this thematic issue seeks to problematise the idea that the UK’s withdrawal will necessarily result in more ‘progressive’ or ‘socially-minded’ EU policies (e.g., Copeland, 2019).

Although we seek to move beyond the more specific *problématique* of the European integration literature, our starting point is Ben Rosamond’s (2016, p. 865) assertion that it is best ‘to think about disintegration as an indeterminate process rather than an identifiable outcome’. Speaking specifically about ‘Brexit-induced disintegration’, he writes that ‘the best guess must be that [it] will be messy, drawn out and unpredictable’ and mediated by the EU’s existing ‘multi-institutional game’ (Rosamond, 2016, p. 868). We argue that in order to assess Brexit’s impact on EU policies it is inadequate to simply ‘take the UK out of the equation’, assuming that the behaviour of other actors will remain unchanged (static effects).

How the UK’s departure will affect the Union depends on several currently or inherently indeterminate conditions—and will be mediated by the EU’s institutional structure. Firstly, there is the uncertainty about the future EU–UK relationship. Secondly, and partly as a result, actors will actively anticipate and respond to Brexit. We might call these ‘dynamic’ effects (for more on the distinction between static and dynamic effects, see De Ville & Siles-Brügge, 2019). This includes a discursive struggle in the EU over how to interpret Brexit and respond appropriately. Even where actors do not directly alter their behaviour in response to Brexit, the ‘iterative’ impact of actions taken in the UK’s absence may cumulate and lead to potentially unexpected consequences. The speed and scale of change may also vary across different policy areas—or be conceptualised differently depending on the theoretical lens adopted. Finally, the UK’s past role in EU policies has been more nuanced and complex than suggested by the common label of being a liberal, but ‘awkward partner’ (George, 1998).

In the remainder of this editorial, we provide a little more detail on the relevance of each of these elements,

illustrating this with arguments from the individual contributions. The final section then offers some concluding thoughts on how to analyse the unfolding effects of Brexit and reflects on the thematic issue’s wider contribution to the study of EU politics.

## 2. Uncertainty about the Future Relationship

A central reason why it is difficult to assess the impact of Brexit on EU policies is the uncertainty surrounding the future relationship between the UK and the Union. The sequenced nature of the Brexit negotiations—with the negotiated Withdrawal Agreement only covering divorce issues and featuring a ‘backstop’ to prevent a hard border in Ireland—has meant that ‘the future relationship will be negotiated only after the withdrawal agreement is agreed’ (Gostyńska-Jakubowska & Lowe, 2018). The Withdrawal Agreement, backstop notwithstanding, and non-binding ‘political declaration’ do leave open what kind of ‘future economic partnership’ will develop between the UK and EU. If long-term ‘No Deal’ and ‘No Brexit’ scenarios are avoided, this future relationship, in and beyond economic terms, may vary between the UK remaining closely aligned to EU policies (a ‘soft Brexit’) or the UK having some preferential economic arrangement as under the EU’s free trade agreements with countries like Canada or South Korea (a ‘hard Brexit’) with associated cooperation in other areas (see Figure 1 in De Ville & Siles-Brügge, 2019).

The eventual outcome in this respect, and the tortuous and uncertain path leading there, will have significant effects across EU policy areas. Michelle Egan (2019) contends that a harder Brexit may lead companies to relocate to the EU27—although the propensity to, and nature of the, move would vary between different sectors—and prompt the EU to adopt ‘judicial, market, and institutional safeguards’ to protect the integrity of the Single Market. Ferdi De Ville and Gabriel Siles-Brügge (2019), in turn, argue that a soft Brexit might, counterintuitively, have a larger effect on the EU’s trade policy than a hard Brexit. Fewer firms would relocate, including UK-based businesses in the influential financial and business services sectors, but they would lose direct representation in Brussels.

## 3. Adjustment by EU Actors

The uncertainty surrounding the future relationship points to the way in which the effects of Brexit on EU policies will depend on adjustments in the behaviour of both societal and institutional actors. It should not be taken for granted that these will simply stick to their pre-Brexit preferences or strategies, including during any adjustment process. In the agricultural policy field, for example, farmers in the EU27 could respond to a potential loss of market share in the UK by lobbying for more support through the CAP (see Roederer-Rynning & Matthews, 2019). Institutional actors may also change their pref-

erences or strategies after Brexit. Before the UK's withdrawal, Member States in the Council may have engaged in political horse-trading with the UK, or they may have relied on the UK to block proposals without the need to explicitly state their own opposition. Brexit may therefore lead to shifts in positions, changes in the intensity with which positions are defended or to new alliances. In the European Parliament (EP), for example, member parties of the erstwhile Alliance of Conservatives and Reformists group (ECR) may realign in the absence of the UK Conservative Party.

EU actors, moreover, have already begun to adjust their preferences or strategies to Brexit since the referendum result. There has been evidence of firms already relocating from the UK to the EU27, which may result in changes to the preferences of Member States in different policy areas (as discussed above). Moreover, the UK has effectively become a lame-duck Member State, as 'no-one will wish to listen seriously to its concerns as they will inevitably be tainted by the thought that they are linked to its future role outside the EU' (Shackleton, 2016, p. 822). Since the referendum we have also seen the establishment of an informal group of northern, liberal-minded Member States in the so-called 'Hanseatic League'. We can also observe 'anticipatory adjustment' in the actions of other institutional actors such as the European Commission, which has strengthened its calls for the European Development Fund to be folded into the EU budget (Price, 2019). Even if Brexit does not occur, it will already have had an impact on EU policies, with the UK's lame-duck status likely to persist through any extensions of Article 50. That said, it is difficult to fully disentangle the specific effects of Brexit from all other developments since June 2016. Michael Smith (2019) argues that the effects of Brexit on the EU's 'international roles' will be less pronounced than other contemporaneous developments, including shifting geopolitical configurations and the rise of populism.

#### 4. Framing Brexit

The uncertainty surrounding the Brexit process underscores the importance of ideational dynamics. As has been highlighted in the constructivist International Political Economy literature, in times of 'radical uncertainty'—where actors cannot simply 'read' their interests from material structures—ideas are crucial in enabling authors to effectively navigate social life (Blyth, 2002, 2003). In this respect, interpreting the Brexit vote has become key not only within the UK political system (Oliver, 2017, p. 134), but also within the EU27, where a discursive battle got underway shortly after the EU referendum. Some, such as former French Economy Minister, and now French President, Emmanuel Macron (cited in *Agence Europe*, 2016a) have interpreted Brexit as 'the expression of a need for protection', arguing that it warrants a more social Europe. This is now seen as more achievable without the UK at the table. A second group, who refer to

themselves as 'euro-realists', and which includes parties in the ECR in the EP and at times also European Council President Donald Tusk (see Barigazzi, 2016), sees Brexit as a rejection of the federal ambitions of the European project. They call on the Union to return to its traditional focus on establishing a 'Common/Single Market', while shying away from integration in other areas (e.g., Sulik, 2017). Meanwhile, there are those like German Chancellor Angela Merkel (cited in *Agence Europe*, 2016b) who do not advocate for a radical change to EU policies but see a need for the Union to better explain to 'citizens the concrete advantages of the EU in their everyday lives'. These discourses about and prompted by Brexit will affect the direction and scale of change in different policy domains. Some pro-liberalisation actors, for example, can already be seen using Brexit to justify the EU's continued liberal trade policy orientation (De Ville & Siles-Brügge, 2019). Moreover, there is some evidence to suggest that Brexit is heightening the pressure on EU actors to justify development cooperation in increasingly self-interested terms (Price, 2019).

#### 5. The Speed and Scale of Policy Change

While we might reflect on how Brexit has led to policy changes as a result of the conscious/deliberate adjustment of actor behaviour, the absence of the UK may also lead to smaller, 'iterative' changes within the existing institutional structures, where actors do not necessarily actively or consciously adjust their behaviour (Dupont & Moore, 2019; we would like to acknowledge these authors for clarifying this term). For example, the absence of the UK in the Council or of British Members of the EP may mean that over time less prominence is given to certain proposals that they have (or would have) championed, such as in the area of climate change governance (Dupont & Moore, 2019). The dynamics of change we might observe here are those highlighted by the historical institutionalist literature, which has emphasised the dynamics of path dependence and incremental change—even where these processes might be 'punctuated' (e.g., Bulmer, 2009). In this vein, Paul Copeland (2019) highlights path dependence as constraining the development of a post-Brexit European social dimension.

More generally, the contributions to this thematic issue discuss Brexit-induced policy change and continuity of different magnitudes. One could see some of the articles indirectly speaking to Peter Hall's (1993) well-known typology of 'orders' of policy change, showing how this might occur at the level of: concrete policy 'settings'; the 'instruments' of policy; and/or in terms of overarching 'policy paradigms'. For example, Christilla Roederer-Rynning & Alan Matthews (2019) discuss not just the influence of the UK's liberal environmental narrative on the CAP, but also the impact of Brexit on the choice of policy instruments (different modalities of agricultural subsidy) as well as on policy settings (subsidy levels). Two contributions, however, have also sought to explic-

itly problematise such institutionalist understandings of policy change and continuity by adopting critical feminist and materialist political economy perspectives. Toni Hastrup, Katharine Wright and Roberta Guerrina (2019) and Sophia Price (2019) emphasise the importance of deeper structures and dynamics associated with, respectively, gendered inequalities and capitalist expansion.

Such reflections on the nature of policy change and continuity also point in the direction of the temporal and spatial/institutional scale of Brexit's impact on the EU. The articles in this thematic issue focus on both the more immediate—such as Brexit's impact on current EU budget negotiations (see Price, 2019; Roederer-Rynning & Matthews, 2019)—but also the longer term—for example, the impact on the EU's 'role' in global politics (Smith, 2019). They also examine policy change operating at different levels. This includes both within the EU's multi-level system of governance—for example, at the national or supranational level—but also in terms of the EU's projection as an international actor, including within the global political economy (on the latter, see Price, 2019; see also Rosamond, 2016).

## 6. The UK as a Pivotal Outlier

It is overly simplistic to depict the UK *tout court* as a liberal and 'awkward partner' (George, 1998), whose departure might imply a more socially progressive and supranational orientation in EU policies. The positions that the UK has taken across or even within (see Egan, 2019) policy domains over time are much more variegated than such a description suggests. We therefore propose to describe the UK's position across a number of policy areas as that of a 'pivotal outlier' (Smith, 2019; we owe thanks to the author for coining this term), across two dimensions: time and in terms of its specific combination of policy positions.

On the temporal dimension, the UK has, since accession, gone from playing a central role in shaping particular policy domains to assuming a lesser or more 'outlying' position in subsequent policy development, for example, when it comes to the CAP and the European social dimension (see, respectively, Roederer-Rynning & Matthews, 2019; Copeland, 2019). On the latter dimension, the UK has assumed an 'outlying' combination of positions on issues, even if it has been particularly associated with market-based policy mechanisms that some have referred to as 'neoliberal' (e.g., Copeland, 2019). This has meant that it has played a pivotal role in several different coalitions of Member States. Claire Dupont and Brendan Moore (2019), for example, show how the UK has pushed for the market-based Emissions Trading System while still being a strong advocate of international climate change negotiations. The UK has equally been a key actor in promoting gender equality through its foreign and security policy unlike the EU (Hastrup et al., 2019). Similarly, there has been a tension between the UK possessing ample diplomatic and other capabili-

ties, which have enhanced the EU's external action, and its (un)willingness to support collective EU foreign and defence policy (Smith, 2019).

## 7. Conclusion

While this thematic issue underlines the impossibility of making definitive predictions about the impact of Brexit on EU policies, we believe that it also illustrates how informed reflection on its possible effects is feasible. To date, the most immediate obstacle when it comes to examining the impacts of Brexit is continued uncertainty about the outcome of EU–UK negotiations—both concerning UK withdrawal from the EU and the future economic partnership. However, this does not preclude academic discussion altogether. Rather, uncertainty can mean engaging in caveated, conditional/scenario-dependent analysis or focusing on the impacts so far of the vote for Brexit. Instead of just being a constraint on the study of Brexit's impact, uncertainty is approached here as an important factor to analyse in and of itself. It has already begun to influence the behaviour of relevant actors before Brexit has even occurred (and, dare we say it, even if it does not occur), and will continue doing so during the process of negotiating the UK's withdrawal and future relationship with the EU. The prominence of uncertainty leads us to cast this thematic issue as an invitation to engage in further debate and inquiry as events unfold. Equally, it is our hope that the articles' original perspectives will contribute to the wider literature on the politics of different EU policy areas and to our understanding of the UK's role in the EU. More generally, assessing the role of a departing Member State can also shed new light on the impact that individual Member States can have on EU policies, for example, as champions of certain frames and narratives or as leaders of particular coalitions.

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## Conflict of Interests

The authors declare no conflicts of interests.

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### About the Authors



**Ferdi De Ville** is Associate Professor in European Politics at Ghent University. His research focuses on the political economy of European integration, and of EU trade policy in particular. He is the co-author (with Gabriel Siles-Brügge) of *TTIP: The Truth about the Transatlantic Trade and Investment Partnership* (2016, Polity) and (with Mattias Vermeiren) of *Rising Powers and Economic Crisis in the Euro Area* (2016, Palgrave). He tweets under @FerdideVille.



**Gabriel Siles-Brügge** is Associate Professor in Public Policy at the University of Warwick. His current research focuses on the municipal-level contestation of trade and investment agreements, the role of emotion in trade and investment policy and the political economy of Brexit. He is the author of *Constructing European Union Trade Policy* (2014, Palgrave Macmillan) and co-author (with Ferdi De Ville) of *TTIP: The Truth about Transatlantic Trade and Investment Partnership* (2016, Polity). He is a Scientific Advisor on trade and investment policy to the European Public Health Alliance and was a Parliamentary Academic Fellow with the UK House of Commons International Trade Committee from 2017–19. He tweets under @GabrielSilesB.

Article

## The Impact of Brexit on EU Trade Policy

Ferdi De Ville <sup>1,\*</sup> and Gabriel Siles-Brügge <sup>2</sup>

<sup>1</sup> Centre for EU Studies, Ghent University, 9000 Ghent, Belgium; E-Mail: ferdi.deville@ugent.be

<sup>2</sup> Department of Politics and International Studies, University of Warwick, Coventry, CV4 8UW, UK;  
E-Mail: g.siles-brugge@warwick.ac.uk

\* Corresponding author

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### Abstract

There has been increased interest in trade policy following the UK's EU membership referendum. However, relatively little scholarly analysis has been produced on how Brexit will affect EU trade policy. Instead, the received wisdom has been that Brexit will shift the EU's trade policy position in a less liberal direction. This is based on a 'static' analysis where the UK variable is simply removed from the figurative 'function' determining EU trade policy. We argue that this neglects the potential role of more 'dynamic' effects. First, the negotiations to determine the nature of the EU–UK future economic partnership are likely to involve a lengthy process with a still uncertain, and possibly evolving, destination. The outcome and process of arriving there will influence how economic operators and policymakers adapt their preferences and behaviour, including through possible relocation and the formation of new alliances. This will shape EU trade policy in potentially counterintuitive ways. Second, the absence of clear material structures from which actors can 'read' their interests highlights the importance of considering the role of ideas and political framing. How the vote for and consequences of Brexit are interpreted will likely shape what is considered an appropriate policy response. Examining EU trade policy since the Brexit vote, the article finds that rather than push the EU in a more illiberal direction, the referendum result has been used to reinforce the European Commission's external liberalisation agenda. The Commission's discursive response to Brexit and Donald Trump has been to portray the EU as a champion of free trade in an era of global populism.

### Keywords

Brexit; discourse; dynamic effects; European Union; trade policy; United Kingdom; uncertainty

### Issue

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### 1. Introduction

Trade policy has been a central focus of academic and policy debates concerning the consequences of Brexit. However, existing analyses have primarily concentrated on the shape of the future EU–UK trade and economic relationship and the challenges facing the UK as an independent trade policy actor (e.g., Hestermeyer & Ortino, 2016; Trommer, 2017). Where there has been a consideration of the impact of Brexit on EU trade policy, the conventional wisdom has been that the loss of a pro-liberalisation Member State will push the EU in a more

'protectionist' direction. For example, a recent Chatham House research paper on transatlantic trade relations invokes 'internal fissures within the EU' between pro-liberalisation and more defensive Member States. It argues that the 'loss of a significant pro-free-trade voice within the bloc...also has consequences for the EU's ability to speak with one voice in [ongoing] negotiations with the US' (Schneider-Petsinger, 2019, pp. 18–19).

Such assessments assume that EU trade policy can simply be analysed as an 'equation' from which the UK variable can be removed (Jensen & Snaith, 2018, p. 255). They have taken the UK's historical record as a liberal

Member State and concluded that Brexit will shift EU trade policy in a more protectionist direction. We see this as being a ‘static’ analysis in two senses, drawing on understandings of the term in economic analysis (this supplements the discussion in De Ville & Siles-Brügge, 2019). Firstly, static can refer to the underlying assumption that the preferences and behaviour of relevant actors in response to Brexit remain unchanged. Secondly, and analogous to comparative static analysis, existing accounts have compared pre- and expected post-Brexit equilibria without examining the adjustment path itself. In our view this remains an incomplete view of the effects of Brexit, even if one were to change the parameters of static analysis by, for example, adjusting the degree to which the UK was a liberal presence within the EU. In arguing for a more dynamic account, we consider not only general adjustments in the behaviour of relevant actors but also specifically those resulting from the political process of negotiating the UK’s exit. We also argue that these actors’ preferences and strategies are significantly influenced by the way in which the causes and consequences of the Brexit vote are discursively constructed.

This all follows from the emphasis we place in the next section on seeing the negotiation of EU–UK trade arrangements as a process with an indeterminate and uncertain end point. After critically discussing in Section 3 how a static analysis might assess the impact of Brexit on the EU’s trade policymaking institutions, market power and configuration of societal interests, Section 4 considers how this needs to be overlaid with an appreciation of how institutional and societal actors are likely to adjust their behaviour in response to different Brexit outcomes and their negotiation. Contrary to expectations, a harder Brexit may in fact *not* strengthen the relative position of protectionist interests in the EU given that pro-liberalisation UK-based businesses will be more probable to relocate to the EU27. Even under a soft Brexit, which is more likely to lead to a shift in the interest constellation in EU trade policy as UK-based firms are less likely to relocate but cease being represented by the EU27, continued high levels of interdependence between EU27 and UK firms might mean pro-liberalisation interests retain influence over EU trade policy. The absence of clear material structures from which actors can unproblematically ‘read’ their material interests also puts a premium on the role of ideas in shaping responses to Brexit (Blyth, 2003; De Ville & Siles-Brügge, 2019). Section 5 therefore considers the discursive battle over the interpretation of the referendum result that has taken place since the referendum. It finds that Brexit has counterintuitively reinforced the EU’s liberal trade policy orientation over this period. Section 6 concludes.

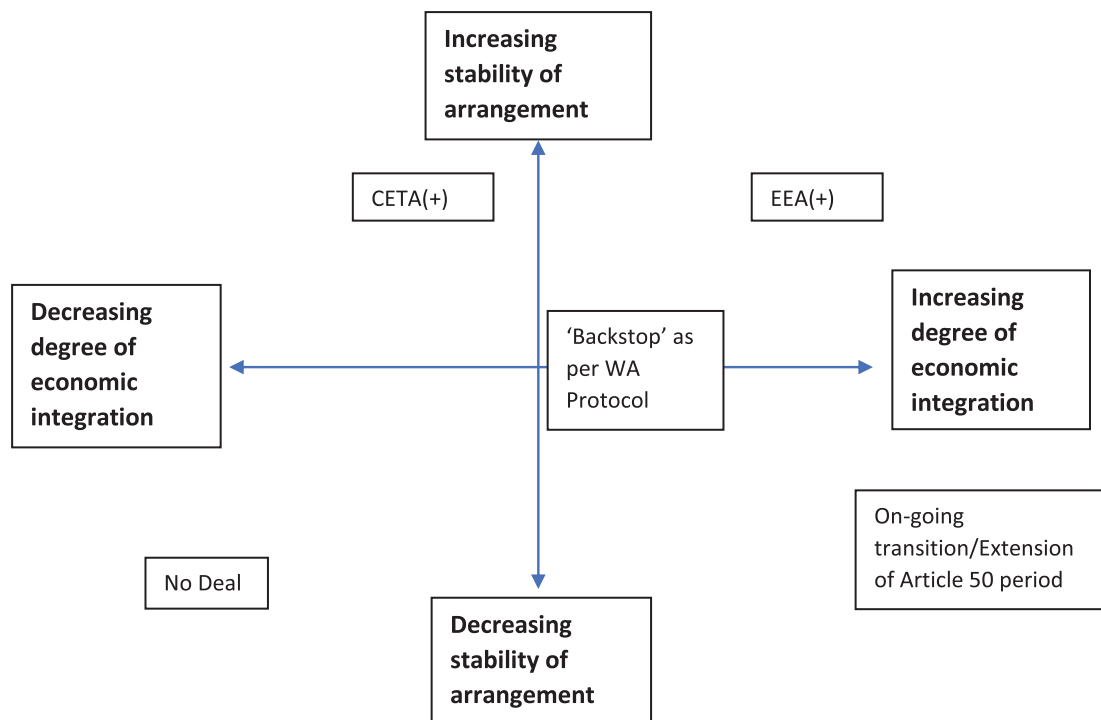
## 2. Uncertainty over the Future Economic Partnership

As noted in the editorial for this thematic issue, the shape of the post-Brexit UK–EU economic arrangement is yet to be determined. Not only are several potential outcomes

still in play but there is also a potentially lengthy and unstable *process* of arriving there. This might entail a transition and activation of the Irish ‘backstop’ as well as a further extension of Article 50. Two extensions have already been granted at the time of writing (July 2019), with the latest lasting until the end of October 2019. While these ‘temporary’ outcomes may themselves also become more permanent than intended (see Henig, 2018), they are still likely to be politically unstable given divisions within the UK and EU on the future state of relations. These are most clearly evidenced by UK cabinet battles over whether to align with the EU regulatory and customs regime and Member State disagreements over granting the UK an Article 50 extension.

As a result, the future economic partnership needs to be thought of *not only* in terms of the degree of economic integration it implies between the EU27 and the UK, but also in respect of its stability. The latter is understood here simply in terms of the expected longevity of the agreement and its degree of institutionalisation, in other words: whether it is described as temporary or permanent and whether it features a legally-binding agreement or not. There may be other domestic and international factors affecting the stability of various agreements, but we do not consider these here for reasons of space and parsimony.

Figure 1 maps several of the mooted options for a future EU–UK relationship in terms of these two dimensions. The bottom left quadrant inhabited by ‘No Deal’ gives us the least stability. It is not intended to be permanent and it would entail no agreement between the EU and UK, *pace* talk of a ‘managed No Deal’. It also gives us the least economic alignment, with trade taking place on the ‘most-favoured-nation’ terms available to the entirety of the World Trade Organization (WTO) membership. In contrast, the top-right quadrant inhabited by the European Economic Area (EEA)(+) option would be the most stable and economically integrated arrangement. It would involve either just membership of the EEA—short-hand for the Single Market—or membership supplemented with a full customs union (EEA+). In between these two options lies the ‘backstop’ option in the EU–UK WA, which would entail a customs union between GB and the EU with some ‘level playing field’ provisions on ‘flanking policies’ covering state aid, the environment and labour rights. The backstop would provide a medium degree of economic integration, but only for goods. Despite its formally open-ended nature it is described as being merely an insurance policy or, at the very most, a temporary measure until it can be ‘superseded’ by a ‘subsequent agreement’ (Article 2 of the Protocol on Ireland/Northern Ireland). The Comprehensive Economic and Trade Agreement (CETA)(+) option, in turn, would involve a Free Trade Agreement (FTA) such as the one between the EU and Canada—or with supplemental liberalisation provisions (CETA[+]) would be available for GB only, see Figure 1 notes). This implies a comparatively lower degree of inte-



**Figure 1.** The level of economic integration and stability of the EU–Great Britain economic relationship. Notes: The various arrangements are considered for Great Britain only. The EU27 have so far insisted that to preserve an open border in Northern Ireland, different arrangements may have to apply to this part of the UK, as operationalised in the ‘backstop’ included in the Withdrawal Agreement (WA). Source: authors’ elaboration.

gration, but on a more stable footing. Finally, the ‘transition period’ would be the most economically integrated of the options but is only intended to be temporary; the WA stipulates an end date of December 2020, with a possible extension of one or two years. Alternatively, Brexit could at the time of writing also entail a further, supposedly temporary extension of the Article 50 process lasting anything from a few months to several years.

Figure 1 forces us to consider not just an end state of EU–UK talks on a Future Economic Partnership but also the process of arriving there. It factors in the instability of potentially enduring arrangements intended for the ‘interim’ or as ‘insurance’, namely the transition and the backstop. The few static analyses of Brexit’s impact on EU trade policy that we consider next have, however, largely focused on simply subtracting the UK variable from the EU ‘equation’ (Jensen & Snaith, 2018, p. 255), without considering how actors might dynamically adjust their behaviour, especially given such uncertainty. We return to this issue in Section 4.

### 3. The Static Effects of Brexit on EU Trade Policy

#### 3.1. Institutional Factors

Focusing on static effects, several scholars have re-stated the conventional wisdom that Brexit could push the EU in a less liberal direction due to a shift in the balance of power between different institutional actors within

its trade policy machinery (Jacobs, 2018, pp. 109–110; Jensen & Snaith, 2018, p. 262; Larsen, 2018, p. 225). The loss of a traditionally liberal Member State, and its votes in the Council, is seen as ‘mov[ing] the centre of gravity towards the more protectionist countries in the EU’ (Larsen, 2018, p. 225). Such views would be consistent with seeing the so-called ‘protectionist Southern bloc’ of France, Italy and Spain gaining in prominence (see Zimmermann, in press).

Existing research based on recorded votes in the area of trade defence has shown that the UK has been amongst the Member States most frequently opposed to anti-dumping duties (Evenett & Vermulst, 2005, pp. 711–712; Nielsen & Svendsen, 2012, pp. 203–204). The UK has not had the most liberal voting record, as Scandinavian countries and the Netherlands have opposed anti-dumping measures even more consistently. But the departing Member State has been the key opponent of anti-dumping duties when assessed based on its relative weight. Representing 12.9 per cent of the current EU population, the UK’s vote is much more significant than the share of Scandinavian and Dutch votes combined (7.55 per cent of the EU population; data from Council of the EU, 2019).

As Hubert Zimmermann (in press) notes, and the importance of relative vote shares begins to suggest, simply focusing on ‘binary depiction[s]’ of ‘free traders vs. protectionists...neglects the complex process by which trade decisions are reached in the European Union’. Adopting

a rational choice institutionalist approach focused on decision-making practices suggests that UK departure is thus less likely to have a major impact. Zimmermann (in press) broadly shares Alasdair Young's (2017b, p. 6) conclusion that Brexit's impact on the balance within the Council 'is unlikely to be very consequential'. This is even more relevant in areas other than trade defence, where formal voting in the Council is less common (see Woolcock, 2015, p. 401). In particular, and as Young (2017b, p. 6) highlights, decisions on trade negotiations are conducted 'on the basis of consensus (and for mixed agreements in the shadow of ratification by all member states)' (see also De Bièvre, 2018, p. 79).

Turning to inter-institutional battles, Henrik Larsen (2018, p. 225) has argued that Brexit may potentially facilitate the liberal Commission's role in trade policy by removing a sovereignty-conscious Member State from the Council. That said, the UK's position on the most recent EU trade policy competence battle over investor protection suggests that its role in constraining liberal, supranational trade and investment policies may be overstated. The UK was in the camp of Member States that supported the continued inclusion of Investor-State Dispute Settlement during the EU–US Transatlantic Trade and Investment Partnership (TTIP) negotiations (Oliver & Spiegel, 2014).

Less discussed has been the role of the European Parliament (EP). The Parliament has been an increasingly 'assertive' actor within EU trade policymaking since the Treaty of Lisbon and, especially, the TTIP negotiations (Roederer-Rynning, 2017). Zimmermann draws a counterintuitive conclusion. Despite the loss of generally pro-liberalisation Labour and Conservative MEPs, with Labour playing a key role thanks to the king making position of the Group of Socialists & Democrats, the significant presence of UKIP in recent years has meant that the UK's MEPs expressed a more critical view of trade liberalisation than the EP as a whole (Zimmermann, in press; see also Frantescu, 2015). Analysing 13 votes between 2015–2017, Zimmermann has found that in 10 cases the votes of the UK delegation were considerably more 'skeptical' of trade liberalisation than the Parliament as a whole. This was on key issues such as the TTIP negotiations, the approval of CETA, the opening of negotiations with Australia and New Zealand and talks at the WTO. On the other hand, of the UK's 73 seats in the EP, only 27 will be redistributed amongst other Member States if and when Brexit occurs. This includes a gain of 5 for France and Spain each, 3 for Italy and only 6 in total for the 'Northern European coalition' countries (Netherlands, Sweden, Denmark and Finland; EP, 2018). This redistribution of seats has led VoteWatch Europe (2018, emphasis omitted) to conclude, on the basis of nationally-based voting patterns on trade which mirror those of Member States in the Council, that 'protectionist forces are likely to gain more influence in the new European Parliament'. In sum, given that these factors point in opposing directions and that there is a compar-

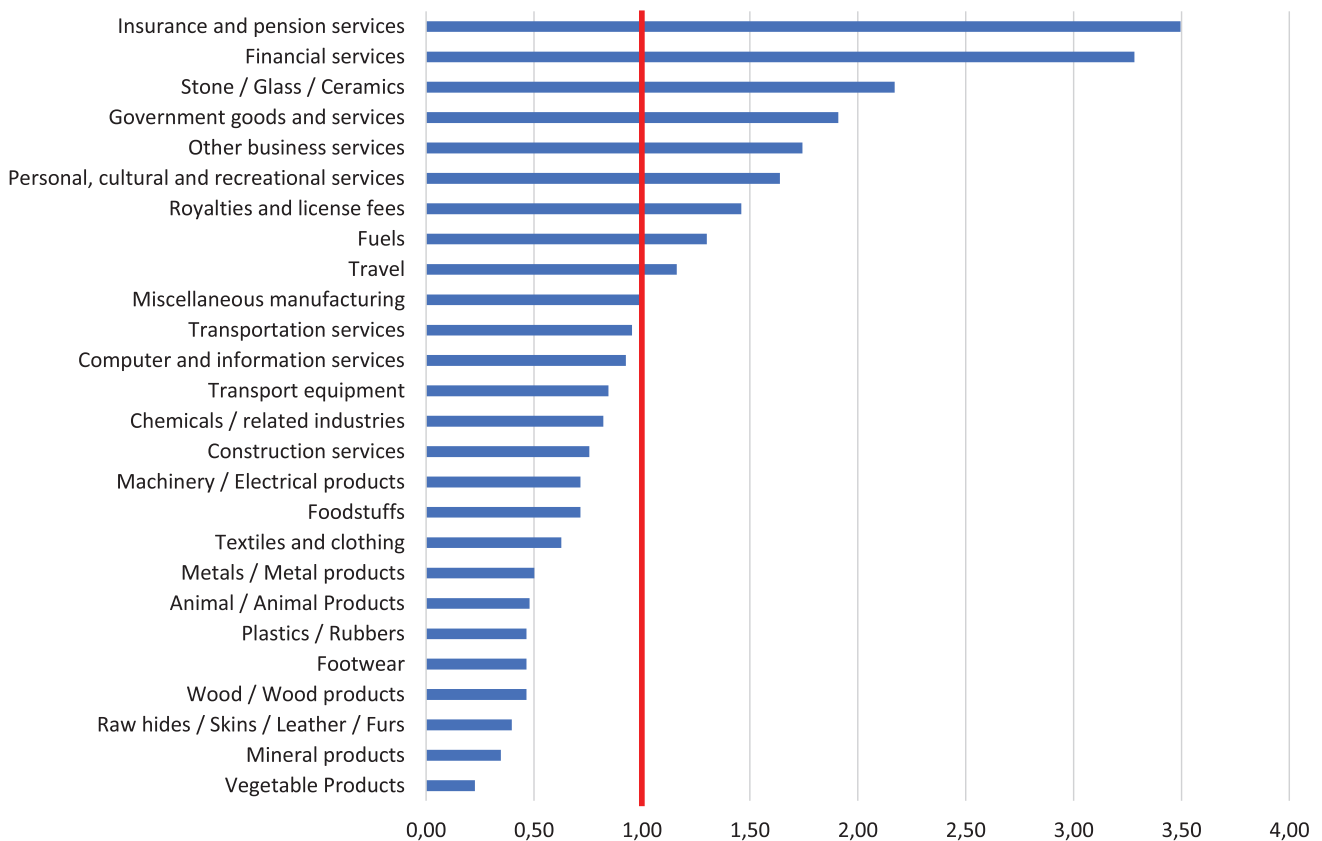
atively small number of MEPs involved, the expectation might be that there is likely to be little change post-Brexit in the EP.

### *3.2. Market Size and the Domestic Configuration of Interests*

While static analyses have thus emphasised a possible, albeit limited, anti-liberalisation shift in the institutional balance of power as a result of Brexit, several authors have suggested that it will have a significant impact on the EU's market size and consequent negotiating leverage (Jensen & Snaith, 2018, p. 262; Khorana & García, 2018, pp. 9–10; Young, 2017a, p. 112, 2017b, p. 6). The UK represents 16 per cent of the Gross Domestic Product of the Union. As a result, some have argued that the EU will become less prone to make the more onerous concessions likely to be asked of it in order to secure trade agreements (Young, 2017a, p. 112). Others have suggested that the EU could become more commercially minded and less likely to leverage market access to achieve other foreign policy objectives (Khorana & García, 2018, p. 10).

What of the UK as a component of the EU's trade and what this says about the post-Brexit configuration of interests in the EU? Figure 2 shows the revealed comparative advantage in goods and services of the UK relative to the EU, using data from 2017. This is calculated by dividing the share of total exports of a certain goods or services category for the UK by the share of total exports for that same category for the EU28. It illustrates the relative specialisation of the UK's goods and services exports compared to the EU as a whole, with a value above 1 indicating that the UK is relatively more specialised in a particular sector. Our analysis, which is in line with an earlier UK Government study based on data for 2010 (Department for Business, Innovation & Skills, 2012), demonstrates that the UK is predominantly specialised in services exports, notably insurance, pension and (other) financial services. The UK exports relatively few primary products—such as agricultural goods or minerals—or lower-skill manufactured products—such as textiles and clothing or metal products.

This overall pattern of specialisation is also reflected in the overall negative balance for trade in manufactures (Perraton & Spreafico, 2019). Although some manufacturing, such as motor vehicles, has benefitted from substantial inward investment, this has often been focused on assembly in transnational supply chains—with low domestically manufactured content (Berry, 2016, pp. 38–39; Froud, Johal, Law, Leaver, & Williams, 2011, pp. 30–31). This economic structure has been actively promoted by successive UK Governments through an 'Anglo-liberal' growth model (see Hay, 2011). Scott Lavery, Lucia Quaglia and Charlie Dannreuther (2019, p. 253) have highlighted how the 'UK economy is underpinned by a distinctive "national business model", organised around a dominant financial sector, flexible



**Figure 2.** UK revealed comparative advantage relative to the EU28 (2017). Sources: authors’ calculations based on data from UN Comtrade for international trade in goods (using WITS software) and the Organisation for Economic Co-operation and Development for international trade in services.

labour market, service-led growth and openness to international capital flows’.

While such analyses might underplay the interplay between goods and services in the UK’s (and other countries’) exports often highlighted in economic and policy debates (e.g., Cernat & Kutlina-Dimitrova, 2014; International Trade Committee, 2019), they still point to the comparatively prominent role that promoting (financial) services and certain types of inward investment have played in shaping government decision-making. UK services interests have also been well-represented in the EU’s trade policy by both the UK Government and the European Commission (Lietaert, 2009; Van Loon, 2018). With Brexit, a static analysis based on subtracting the UK from the EU might therefore suggest that the EU will be less interested in pursuing external services liberalisation than it has been to date. Instead, it would become more driven by the interests of its industrial and agricultural sectors, whose interests will be more likely to vary depending on the trade partner concerned (on the UK’s role as a driver of liberalisation in agricultural trade, see Roederer-Rynning & Matthews, 2019). That said, one persistent area of UK defensiveness in services and investment negotiations in recent years has been the issue of General Agreement on Trade in Services ‘mode 4’ services liberalisation, the natural movement of persons to deliver a service, given its association with immi-

gration policy. This was one of the key stumbling blocks in FTA negotiations with India (see Siles-Brügge, 2013, pp. 608–609). These tensions in the British position in respect of trade in services are further grist to the mill that as a Member State the UK has acted as a ‘pivotal outlier’ in shaping EU policy positions (De Ville & Siles-Brügge, 2019; Smith, 2019).

#### 4. Towards a More Dynamic View of Brexit’s Effects on EU Trade Policy

The only ‘known known’ about Brexit, assuming it does occur, is the fact that the UK will lose formal representation in the EU Institutions. Even if there is an extension to the Article 50 period the UK and its representatives in the Council and EP will have lost much of their leverage in internal negotiations, in what De Ville and Siles-Brügge (2019) call ‘anticipatory adjustment’. Static analysis might therefore seem appropriate to studying the impact that Brexit has on the institutions of EU trade policy. As noted above, these explanations suggest limited change in a potentially more protectionist direction. Even here, however, Brexit may be a source of dynamic trade policy impacts. For one, the UK may benefit from new institutional mechanisms that afford it indirect influence in EU trade policy. This could go from formalised consultation mechanisms if it was part of a customs



union (Lowe, 2018a) to influence on the EU's domestic regulations via formalised regulatory cooperation processes (see De Ville & Siles-Brügge, 2016). Existing precedents suggest that the latter is much more likely than the former. Secondly, Brexit can lead to the reconfiguration of voting coalitions in the EU Institutions. Notably, following the EU referendum, the 'New Hanseatic League' has emerged as a Member State coalition composed of the fiscally-conservative and pro-liberalisation Netherlands, Ireland, Nordic and Baltic states. It aims to counter-balance the strengthened and less economically liberal Franco-German axis (see Khan, 2018).

More generally, and as the discussion in Section 2 highlighted, assessing Brexit's impact is not simply a question of subtracting the UK's market size and economic interests from that of the EU's. Rather, we must consider how the negotiation of a future economic arrangement could unfold and the impact this process has on the behaviour of relevant actors, including firms.

#### 4.1. *The Dynamics of Relocation*

The behaviour of economic operators is likely to have an important impact by reshaping the EU's domestic configuration of interests. Taking a dynamic approach to the question of the (re)configuration of EU interests leads us to focus on how the Brexit process shapes the degree to which UK-based firms offshore their production/service-delivery to the EU27. This is because the UK would face considerable difficulties pursuing an even more low-tax/low-regulation business model as a means of retaining/attracting investment (Seabrooke & Wigan, 2017). While more alignment (the right-most quadrants of Figure 1) would on its own imply less movement of UK-based firms and investment to the EU, this is not the only factor at play. *Ceteris paribus*, a less stable arrangement (the bottom quadrants of Figure 1) would imply more offshoring from the UK to the EU given increased uncertainty over the future arrangement.

There is already evidence of referendum-induced uncertainty leading to this kind of anticipatory adjustment in the investment decisions of firms. For one, there has been evidence of reduced investment in the UK. One 2018 study using the fDi Markets database, which focuses on greenfield Foreign Direct Investment (FDI), estimated that the number of FDI projects in the UK declined by 16–20 per cent with respect to what might have been expected without the vote for Brexit. The authors also found that inward FDI flows declined the most in services (by 25 per cent), potentially pointing to the sunk nature of investments in manufacturing (Serwicka & Tamberi, 2018, pp. 1, 9). In addition, there is also evidence of such reduced investment being a sign of the offshoring of economic activities from the UK to the EU27. Counting both mergers and acquisitions and greenfield activity, a 2019 study estimated that the Brexit vote had led not only to an 11 per cent decline in UK inward investment flows from the EU27, but also to an increase of 12 per cent in

investment by UK firms in the EU27. This increase in investment by UK firms came 'entirely from higher investment by the services sector' (Breinlich, Leromain, Novy, & Sampson, 2019, p. 2). More recent analysis of data from the fDi Markets database by the *Financial Times* has also found evidence of FDI flows not only declining, but also *shifting* from the UK to the EU27. In the three years to the first quarter of 2019 greenfield FDI flows into the EU27 increased by 43 per cent compared to the previous three-year period (Q1 2013–Q1 2016). The UK, in turn, experienced a 30 per cent decline. Of the 474,000 EU27 additional jobs created over this period compared to the previous three years, 53,000 were said to come from UK companies investing in the EU (Romei & Jackson, 2019).

The ultimate impact of any reconfiguration of interests, of course, will vary between sectors and the specifics of the different post-Brexit EU–UK arrangements. Additionally, as Egan (2019) highlights, the degree of integration across the EU's Single Market varies, including between goods and services. Given the UK's political economic model (see above), two groups stand out as being particularly likely to relocate in the event of a hard Brexit and/or prolonged uncertainty. Firstly, there are those firms most reliant on EU 'freedoms' to deliver cross-border services. Cross-border activities feature much more prominently as a mode of supply for UK firms exporting services to the EU27 than to the rest of the world (Lowe, 2018b, pp. 10–11). This includes, but is not limited to, financial services firms making use of 'passporting' arrangements. These are likely to relocate at least some of their activities to the EU27 (Howarth & Quaglia, 2017, p. 161; Zimmermann, in press). One estimate from consultancy EY puts the number of City jobs to move to the EU27 at around 7000 (Morris, 2019). The second group of highly affected business is that of firms in manufacturing supply chains reliant on 'just in time production' such as the automotive, aerospace and pharmaceutical sectors. These are likely to be hit by the end of 'frictionless trade' (see Egan, 2019). Given the sunk nature of investments in manufacturing, this might mean relocation is delayed when compared to services, as the data above suggests, but still more likely to happen in the event of prolonged uncertainty or a harder Brexit. For example, inward investment flows in the UK automotive sector already nearly halved between 2017 and 2018 (Hotten, 2019). Of the permanent options in Figure 1 above, only the EEA+ would potentially preserve frictionless trade for manufacturers. An FTA would entail regulatory and customs checks for compliance with rules of origin requirements and the backstop customs union, at least on its own, would entail not just regulatory checks but also paperwork to certify that goods were eligible for free circulation.

Offshoring from the UK to the EU27 would interact with the only certainty of Brexit, a loss of UK votes in the EU Institutions, or a significant lessening of the influence of British representatives in the case of an Article 50 extension. We might expect an outcome in the

top-right quadrant of Figure 1 such as the EEA+ to imply the least change to the EU's trade policy as the EU's market size would be unaffected. However, it would also lessen the pressure for firms to relocate both because of continued alignment and reduced uncertainty. As a result, it would also be the most likely to change the EU27's internal balance of interests. Given no formal UK involvement in EU trade policymaking, the configuration of firms present in the EU27 and thus represented by the Member States, MEPs and through European/national lobby groups would change with respect to the pre-Brexit situation. The UK's services and global/regional value chain-reliant manufacturing exporters would no longer be directly represented. These interests have contributed to rendering the UK a liberal 'pivotal outlier' in EU trade policy in the past. This might suggest less of a willingness on behalf of the EU to make market access concessions in areas such as agriculture or import-competing manufacturing, given that these interests would gain in relative representation. Meanwhile, the EU27 would still be able to offer access to the UK market given customs and regulatory alignment.

That said, under a softer Brexit, levels of interdependence between EU27 and UK firms would likely remain high. Existing supply chains are more likely to be preserved, contributing to continued high levels of intra-firm trade and investment flows between both parties. The political effects of this might be to encourage alignment in the positions on trade policy adopted by some EU27 and UK economic interests as occurred during the EU-US TTIP negotiations. Here businesses formed transatlantic alliances to lobby in favour of the agreement as a result of the high levels of economic interpenetration across the Atlantic (Young, 2017a, pp. 57–59). This might mitigate some of the anti-liberalisation effects of a reduced presence of pro-liberalisation economic actors in the EU27—albeit likely not all given the UK's outlying role in EU trade policymaking.

Such '21st century trade politics' (Young & Peterson, 2014) is premised on the very economic interdependence driving business relocation in the event of a harder Brexit or prolonged uncertainty (the outcomes in the left and bottom quadrants of Figure 1). As firms plugged into regional and global supply chains—and/or otherwise interdependent with European and global firms—relocate to the Union, the balance of views represented within the EU27 in such a scenario would be less likely to change significantly than in the event of a soft or more certain Brexit.

There remains the question of how any relocated foreign investments or external business actors would be viewed politically in the EU, particularly following concerns in Member States over Chinese investment in debates over investment screening (Meunier, 2014) or US investment in the negotiations concerning investor protection in TTIP (Siles-Brügge, 2017). In the UK, meanwhile, business concerns have been largely side-lined in the internal battles over the future EU-UK arrange-

ments (see, for example, James & Quaglia, 2019). EU trade policy, however, is in a very different state to UK politics, sovereignty-based concerns over inward investment notwithstanding. As Section 5 will illustrate, the European Commission continues to be a predominantly liberal trade policy actor. It remains committed to the sentiment expressed in its most recent trade strategy (*Trade for All* from 2015) that investment and global value chains are key to EU prosperity (European Commission, 2015, p. 9). The Commission also has a history of seeking support from exporters in pushing for trade liberalisation, even helping with the establishment of a European-level services lobby group, the European Services Forum (Lietaert, 2009, pp. 12–17). While it therefore remains to be seen what influence any relocated investors wield within EU trade policymaking, there is a strong chance they will strengthen the hands of those pushing for a liberal trade policy. This is particularly the case if Brexit is successfully framed as an illegitimate, protectionist step—as appears to be occurring (see Section 5). Certain EU Member States have also been very vocally courting the relocation of UK businesses (e.g., in financial services).

In sum, continued interdependence (in the event of a soft Brexit/less uncertainty) and/or relocation (in the event of a hard Brexit/more uncertainty) are likely to mean pro-liberalisation interests continue having an important presence in the EU regardless of the shape of post-Brexit arrangements. The exact pattern of relocation will depend not just on the final outcome but on the ongoing Brexit *process* underpinned by uncertainty, underscoring the importance of focusing on dynamic, rather than static, impacts.

#### 4.2. International Negotiating Dynamics

Figure 1 also provides some guidance as to the dynamic effects that Brexit might have on the EU's international negotiating leverage. For one, the size of the EU's market may well not shrink in the case of outcomes in the right-most quadrants. This would help to maintain the EU's direct 'market power' (Damro, 2012) and the indirect power of the 'Brussels effect' where EU market rules are unilaterally adopted by third parties (Bradford, 2012). However, this may be as a result of inherently unstable arrangements that nevertheless diminish EU negotiating leverage, such as in the cases of an on-going transition, backstop or Article 50 extension. Moreover, EU negotiating capital will have to be expended clarifying the EU27's schedules at the WTO (on the foreign policy consequences of these negotiations, see Smith, 2019). This will not only be the case for arrangements in the left-most quadrants, but also for supposedly temporary outcomes such as the proposed transition/Article 50 extension. It is especially relevant for tariff-rate quotas for sensitive goods such as agricultural and fisheries products, which will need to be reapportioned between the EU27 and the UK post-Brexit. This issue potentially also arises

in the context of the EU's existing FTAs with third parties. The EU may wish to re-open discussions in order to not have to absorb an existing quota entitlement negotiated while the UK was still a member (International Trade Committee, 2018, pp. 19–20). Meanwhile, the greater and more stable the degree of economic alignment between the UK and the EU, the less likely the UK is to emerge as a trade policy competitor vying for market access with the EU, insofar as any independent trade policy competence is constrained. This dynamic is particularly relevant in the area of services and investment liberalisation where there are 'first-mover' advantages (see Manger, 2009).

Having considered one set of dynamic effects that are dependent not only on the future EU–UK arrangement but also on the process of arriving there, we now turn to the discursive impact that Brexit is already having on EU trade policy since the referendum.

### **5. Brexit's Impact on EU Trade Discourse and Practice So Far: Reinforcing the *Status Quo***

EU trade discourse and practice has been characterised as following a broadly liberal trajectory, certainly since the early 1990s (see De Ville & Siles-Brügge, 2018). This liberal core of EU trade policy has been complemented by two other elements. The first has been a stress on the need to protect EU firms and workers against 'unfair trade', in part to maintain domestic support for trade liberalisation (see Bollen, De Ville, & Orbie, 2016). The second has been an ambition to use trade policy as a foreign policy instrument (see Meunier & Nicolaïdis, 2006; Young & Peterson, 2014).

For long, this essentially liberal position was relatively uncontested. This changed with the EU-US TTIP negotiations, which resulted in 'unprecedented debate' on trade policy within the EU (see De Ville & Siles-Brügge, 2016). The contestation of trade policy led the Commission to make some changes to both substance and process, notably with respect to investor protection and transparency (see Gheyle & De Ville, 2017; Siles-Brügge, 2017). In its most recent trade policy strategy *Trade for All* dating from October 2015, the Commission recognised that it had to '[adapt] its approach to trade policy to take all of these lessons [from TTIP] on board' (European Commission, 2015, p. 5). However, notwithstanding the more balanced tone about the objectives of trade policy, the new strategy was hardly revolutionary. In line with the EU's trade policy trajectory since the 1990s, it continued advocating trade liberalisation. This was described as even more important given the rise of 'global value chains', which are mentioned no fewer than fourteen times in the document. In the words of the Commission '[g]lobal value chains mean trade policy can no longer be approached from a narrow mercantilist angle' (European Commission, 2015, p. 10).

Hence, in the run-up to the Brexit referendum the EU's 'broadly liberal' trade policy had been significantly

challenged in the context of the TTIP negotiations—but not been radically altered in response. Advocates of the EU's liberal trade policy orientation succeeded in framing the contestation of TTIP as demonstrating the need for better communication regarding the benefits of FTAs and for limited procedural and substantive changes. Would the UK's referendum outcome destabilise the EU's long-standing trade policy position more fundamentally?

As De Ville and Siles-Brügge (2019) underscore in the editorial for this thematic issue, a discursive struggle on how to interpret Brexit has not only quickly kicked off in the UK but also in the remaining EU27. In March 2017, the European Commission weighed in on this debate through its *White Paper on the Future of Europe* in which it outlined five possible scenarios for the EU27 (European Commission, 2017a). This was followed by five thematic reflection papers. The *Reflection Paper on Harnessing Globalisation* is primarily concerned with the future of EU trade policy (European Commission, 2017b). Rather than framing Brexit as a development requiring a fundamental rethink of trade policy—for example, by gearing it much more towards protecting the 'losers of globalisation'—it is very much in line with the EU's pre-referendum *Trade for All* strategy.

The paper starts by emphasising that while globalisation brings challenges 'it is a positive force for change' (European Commission, 2017b, p. 7). While it subsequently argues that the EU should do more to ensure that trade is not only free but also fair, this should not be read as a change of policy direction. Rather, it is fully in line with the EU's long-held position that trade liberalisation needs to be accompanied with efforts to ensure that European firms and workers can compete on a level-playing field, in order to maintain sufficient domestic support for liberalisation. In its final section, the paper places the responsibility for ensuring a fairer distribution of the benefits of trade squarely in the hands of Member State governments, while reminding them of the need to make Europe more competitive. Strikingly, in contrast with the *White Paper* and the other reflection papers, *Harnessing Globalisation* does not present alternative scenarios for the future conduct of EU trade policy for stakeholders and decision-makers to choose between. The European Commission does not appear to view Brexit as a reason to fundamentally question, let alone alter, its trade strategy. On the contrary, the paper outlines a strong defence of the EU's traditionally liberal trade policy against the 'temptations of isolationism' (European Commission, 2017b, p. 12), making a clear reference to Brexit and to the 'America First' trade policy of the then recently-inaugurated US President Donald Trump.

The impact of Brexit on the trade discourse and practice of the EU is difficult to disentangle from the coterminous influence of Trump. That said, the two are often taken together by European trade policymakers as mutually reinforcing signs of a populist and isolationist trend that the EU should resist. They have also been

jointly framed as illustrating the need for the Union to become an even more passionate global leader regarding 'free trade'. On the occasion of the 2017 State of the EU, EU Trade Commissioner Malmström has said that '[t]he world needs leaders in trade. The EU continues to champion free and fair trade, at the forefront of a group of like-minded countries' (European Commission, 2017c). In a speech at Humboldt University the following year, she stated that, in response to Brexit and Trump, '[w]e made clear where we stand—progressive, open global traders. Responsible traders. Since flying that flag, countries have [sic] are lining up with us, and our trade agenda has never been busier' (Malmström, 2018). In sum, Brexit and Trump have not been interpreted by the Commission as a call to rethink the liberal orientation of EU trade policy.

Underscoring these discursive moves, we have also seen a continuation and strengthening of the EU's liberal trade policy in practice. The Brexit vote has not prevented the conclusion of several trade agreements that were already in the pipeline, such as with Canada, Japan, Vietnam and Singapore. The framing of the referendum result and the election of Trump have put opponents of EU trade agreements in an uncomfortable position, making it more difficult for them to legitimately contest EU trade policies. Since Brexit, observers have reframed political conflict along a 'new political divide' between 'open' and 'closed' positions, thereby putting critics of trade agreements—including progressives—in the same camp as cultural nationalists such as Trump or some UK leavers (see Siles-Brügge, 2017; *The Economist*, 2016). Besides concluding trade agreements that had been long in the making, negotiations on new trade agreements—or to 'modernise' existing trade agreements—have also been (re-)launched since the referendum with partners such as Indonesia, Australia, New Zealand and Chile. Moreover, at the time of writing 'agreements in principle' have been reached on the modernisation of the EU–Mexico trade agreement and on a new FTA with Mercosur. Talks on these were only (re-)launched shortly before the referendum in May 2016 (European Commission, 2019a, 2019b). Finally, the Commission has even proposed (and the Council subsequently approved) re-opening limited trade talks with the US to stave off a trade war, despite a commitment made by several key EU actors including the French Government and Malmström to only negotiate trade agreements with parties to the Paris Climate Change Agreement (Beattie, 2019; Darby, 2018; European Commission, 2019c).

To conclude, in the period since Brexit, we have not seen a protectionist shift in the EU's trade discourse or policies, but rather a strengthening of its traditional liberal orientation. The European Commission has legitimised further liberalisation efforts by arguing that, now more than ever, the EU needs to be a defender of free trade that rejects the temptations of protectionism.

## 6. Conclusion

In this article, we have discussed the potential impacts of Brexit on EU trade policy. The conventional wisdom has been that the UK's withdrawal will push the EU in a less liberal policy direction. We have argued that this expectation is based on an unduly static analysis of the consequences of Brexit. We cannot simply subtract UK representation from the EU when considering the impact of Brexit on this policy area as there are several dynamic factors that might affect EU trade policy going forward. First, there is the uncertainty about the future EU–UK relationship. This affects how both institutional and societal actors respond strategically to Brexit, for example by relocating their economic activities or reconsidering their alliances or positions within EU institutions. Second, there is the matter of how Brexit is diagnosed, and how this legitimates different EU trade policy responses. Even if Brexit does not ultimately occur, the dynamic effects of uncertainty will still have had an impact.

Brexit may shape EU trade policy in counterintuitive ways. For example, a soft Brexit outcome, where the UK remains *de facto* in the Single Market and Customs Union while losing influence over EU decision-making, could change EU trade policy more than a hard Brexit. In the case of the former, EU leverage in trade negotiations would remain unchanged, while we might expect little relocation by UK firms which would no longer be represented by the EU in trade policy. Consequently, the EU's position could become somewhat less liberal. There might be less of a willingness to sacrifice defensive interests—such as agriculture—in order to secure offensive gains in business or financial services, with the EU retaining a similar amount of market power to defend this position. That said, this effect might be mitigated by high levels of interdependence between EU27 and UK firms. This might lead them to adopt similar positions on trade policy. A hard Brexit, meanwhile, is less likely to lead to changes in the EU's trade policy position, as firms dependent on regional and global economic integration are more likely to relocate to the EU. Cross-border service suppliers and manufacturing in transnational supply chains would retain representation in EU trade policy. All in all, whether because of continued interdependence or relocation, key pro-liberalisation interests will continue influencing EU trade policy post-Brexit. This is contrary to the expectation that Brexit will necessarily push the EU in a more protectionist direction.

Studying the response of EU trade policy since the referendum shows us that so far, no radical change has materialised. The EU has continued its traditional position of progressive liberalisation in discourse and practice. Rather than interpreting Brexit as a sign that EU trade policy needs a fundamental rethink, the European Commission has framed it as demonstrating the need to 'hold the line'. The Commission has even used Brexit, and the reinforcing presence of Donald Trump, to portray the EU as the champion of global free trade.



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## Conflict of Interests

The authors declare no conflicts of interests.

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### About the Authors



**Ferdi De Ville** is Associate Professor in European Politics at Ghent University. His research focuses on the political economy of European integration, and of EU trade policy in particular. He is the co-author (with Gabriel Siles-Brügge) of *TTIP: The Truth about the Transatlantic Trade and Investment Partnership* (2016, Polity) and (with Mattias Vermeiren) of *Rising Powers and Economic Crisis in the Euro Area* (2016, Palgrave). He tweets under @FerdideVille.



**Gabriel Siles-Brügge** is Associate Professor in Public Policy at the University of Warwick. His current research focuses on the municipal-level contestation of trade and investment agreements, the role of emotion in trade and investment policy and the political economy of Brexit. He is the author of *Constructing European Union Trade Policy* (2014, Palgrave Macmillan) and co-author (with Ferdi De Ville) of *TTIP: The Truth about Transatlantic Trade and Investment Partnership* (2016, Polity). He is a Scientific Advisor on trade and investment policy to the European Public Health Alliance and was a Parliamentary Academic Fellow with the UK House of Commons International Trade Committee from 2017–19. He tweets under @GabrielSilesB.

Article

## EU Single Market(s) after Brexit

Michelle Egan

School of International Service, American University, Washington, DC 20016, USA; E-Mail: [megan@american.edu](mailto:megan@american.edu)

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### Abstract

This article focuses on the European single market, which has been one of the central issues in terms of the impact of Britain's withdrawal from the EU. As the aim of the single market project is to open the internal borders of the EU to the free movement of goods, services, capital, and labor to create cross-jurisdictional markets, the economic and political effects of Brexit will be widespread, if not yet fully understood, outside the British polity. The article looks at the current state of the single market, then highlights the impact of British withdrawal on economic governance, focusing on different market freedoms, given the degree of trade interdependence and integrated supply chains that have evolved in response to changes in goods and services. One of the lessons from Brexit negotiations is the importance of distinguishing between different single market(s) when assessing the impact of British 'exit' on member states. The concluding section focuses on the political safeguards of market integration to manage the relationship between the UK and EU, to illustrate how judicial, market, and institutional safeguards create options and constraints in mitigating the effects of 'exit'.

### Keywords

Brexit; European Union; market access; market integration; single market; safeguards

### Issue

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### 1. Introduction

The outcome of the 'Brexit' referendum of 23 June 2016 generated shockwaves across Europe. Three years after the Brexit referendum radically different and largely incompatible views have emerged regarding options for the British economy as the 'exit' deadline has been extended. These options have ranged from what news media have dubbed a 'soft' Brexit, in which Britain would retain close ties with the EU, to a 'hard' Brexit, where the country would sever many economic and political connections and relinquish access to the single market (Grant, 2018). While the prevailing debates have centered around the degree to which Britain should (or not) retain access to the single market and customs union, what is increasingly clear is that untangling the economic relationship, given the mass of legislative commitments to foster the free movement of goods, capital, services and labor, will be difficult, due to the embeddedness of European rules in shaping British markets.

This is especially significant as Britain is a key player in the development of the single market, especially prior to the financial crisis, with its neoliberal model of policymaking. Such an approach is under increased scrutiny as Brexit arguably represents a backlash against this political economy model, which has thrown into sharp relief the cost of market integration in the absence of social protection (Hay, 2011). Brexit reflects a response to widening income gaps, stagnant wage growth, concentrated economic growth, low levels of productivity and declining job security (Hopkin, 2017; Innes, 2018). The unintended consequences of deepening market integration with increased labor and capital flows led many voters to perceive the single market as more of a liability in an era of Euroscepticism (Howarth & Quaglia, 2017; Jones, Kelemen, & Meunier, 2016).

While the ultimate effects on the single market are difficult to estimate; not only as the Brexit crisis is far from over, its impact will be felt long after the new economic relationship is in place. Though Britain has

rarely been a ‘pivotal outlier’ on single market issues, pushing for liberalization with significant success, it has long felt that its institutional preferences have diverged from those of other member states, particularly France and Germany, due to their membership in the Eurozone (Dupont & Moore, 2019). Recent debates in comparative political economy have, however, centered around the perception that Brexit will enable the EU to push the single market in a more social direction through changing the balance of regulatory debates in Europe and weakening the liberal market coalition (Howarth & Quaglia, 2017; Luyendijk, 2016). This raises two key questions: 1) What are the potential effects of Brexit on the European single market?; and 2) What safeguards are in place to mitigate the risk exposure of Brexit on the single market, given the prospect of border controls disrupting integrated supply chains and creating new barriers for goods and services?

Most studies have not examined the differential impacts across the single market, treating the effects of Brexit as uniform. In fact, differences across the four freedoms in terms of existing levels of economic integration, as well as different modes of governance, will continue to shape market practices post-Brexit. The single market is not a singular entity, but a plurality of legal obligations that structures the regulatory activities of private economic actors as well as public actors and services in their provision of public goods. Degrees of change and adaptation to Brexit are not ‘static’ or ‘uniform’; rather they are dependent on changing preferences and behaviour within domestic societies in response to different national growth models (De Ville & Siles-Brügge, 2019). Drawing on the literature on the ‘political safeguards’ of federalism to illustrate how the EU is responding dynamically to Brexit, this article highlights how the EU27 are applying different protective mechanisms to mitigate the effects of Brexit. In doing so, the EU is making ‘anticipatory adjustments’ to protect the integrity of the single market.

The article is structured as follows: the first section outlines the current state of the single market, to highlight how this core economic-policy area, is increasingly differentiated, with variation in scope and depth of integration across different market freedoms as well as different institutionalized forms of cooperation. The heterogeneity of market integration results in several ‘internal markets’ rather than a single ‘indivisible’ package of tight rules and commitments (cf. Barnier, 2018; Howarth & Sadeh, 2010). Member states will have varying responses to changes in their operating environment, within the constraints of the single market, barring them from some courses of action or requiring them to take specific action to deal with the fallout from Brexit. The second section looks at the potential effects of disruptions to trade patterns, fragmentation of supply chains, and restrictions in services, as those member states adversely affected by the withdrawal of one of the staunchest proponents of a single integrated market, face challenges to their own

domestic markets. The third section focuses on ‘federal’ safeguards to explain how such intergovernmental safeguards protect the jurisdiction of different constituent units across Europe, limiting the destabilizing effects of British exit from the single market. In anticipating the post-Brexit relationship between the UK and EU, these safeguard measures include a mix of judicial, market, and institutional tools, and are evaluated here as a means of mitigating uncertainty and risk to the European single market. The conclusion considers the conditions under which the single market will prove durable by using those federal safeguards to manage markets and help fortify the union.

## 2. State of the Single Market: Increasingly Differentiated

The single market is considered one of the major achievements of European integration, promoting economic openness and extending the benefits of market access beyond the EU itself. The establishment of an internal market is stipulated by Article 3(3) of the Treaty of EU so the ‘four freedoms’ (goods, capital, services and labor) are constitutionally embedded into the Treaties. Initially, the process of market-making was intended to address economic protectionism by opening capital and labor to competitive market forces to reduce transaction costs and promote efficiency. While these efforts were aimed at removing tariff and customs barriers, this has been superseded by measures to address non-tariff barriers due to differences in regulations that can often be a source of trade friction; particularly if they restrict access to domestic markets. Many were discouraged by lack of progress; after all, the goal of a full economic union had not materialized, resulting in border controls, government subsidies to national industries, diverse industrial standards and regulations, as well as different banking, insurance and company requirements that impeded the circulation of goods and services.

Falling behind Japan and the United States in terms of competitiveness and productivity, the EU launched a single market initiative with a stated deadline of 1992. Built on the surge of neoliberal reforms, advocated by Britain, the resulting single market program to eliminate barriers received limited attention at the time. As the EU took renewed efforts to address persistent unemployment, slow growth and declining competitiveness through liberalizing trade and fostering coordination across a range of sectors and industries, there was often a gap between ambition and realization (Egan, 2015). In this case, a series of difficult measures were addressed to produce significant liberalization to open up highly protected markets, in areas such as airlines, insurance and securities, along with new innovative approaches that foreshadowed the ‘better regulation agenda’.

Thus, market integration efforts also resulted in a range of governance mechanisms, from the top-down approach of harmonization in areas of high risk to more

flexible approaches that encompass minimal harmonization through mutual recognition of rules, in which the EU relies heavily on a judicialized mode of governance, drawing on national courts as well as private litigants to pursue single market objectives (Egan & Guimarães, 2017; Keleman, 2007). This has been supplemented by an increased use of alternative approaches to governance that encourage more voluntary or ‘soft’ forms of co-ordination yielding a problem-oriented analysis of the institutionalized modes of coordination.

Decoupling from the single market may depend on whether the legislation imposes heavier, more prescriptive and burdensome requirements or loose equivalence rules that provide for more national discretion. As the rules governing the single market are not ‘defined in the same way nor is their relationship with other EU policies fixed or clear’, constituent units are permitted considerable margin to determine speed, extent and density of regulations (Weatherill, 2017). Despite legal preference for uniformity of market rules, member states have chosen regulatory opt-outs, higher national standards, and substantive variation in domestic implementation post-1992. Such variation draws attention to the distinctive character of multilevel governance in the single market, and highlights how member state preferences can frame policy objectives. This has allowed Britain to shape ideas central to the single market including the current agenda for the digital single market, regulatory simplification, and opening of public procurement and audiovisual markets (Barnard, 2017; Egan, in press). Voting preferences in both the Council and Parliament also highlight that the British government has been far more content with policy outcomes in internal market issues, relative to many other policy areas (Hix, Hagemann, & Frantescu, 2016). Voting data indicates Germany more consistently opposed legislation on single market issues, with Britain more supportive, and France subsequently opting for consensus if they had initially opposed specific single market issues (Hix et al., 2016). Thus, the single market has produced a range of measures by building active coalitions of member states including Britain, Sweden and the Netherlands that have consistently supported further liberalization (Barnard, 2017; Egan, 2015).

However, the salience of the single market has been sidelined by the Eurozone crisis, as emphasis was placed on crisis management instruments and sovereign debt obligations (Camisão & Guimarães, 2017). The Commission saw the crisis as an opportunity to put the single market at the top of the agenda, as part of a two-tiered response that would promote economic governance and financial market supervision, boosting growth without debt. A major analysis of the single market, *A New Strategy of the Single Market*, undertaken by Mario Monti, acknowledges that there was a sense of complacency about the ‘unfinished’ business of the single market (Monti, 2010). Building on the Monti Report, the Commission published ‘Towards a Single Market Act’ detailing 50 proposals to reform the single market by

the end of 2012, using the crisis as a catalyst for action (Camisão & Guimarães, 2017, p. 229). Part of the problem is that the single market has been promoted through piecemeal reforms. Some of these have opened markets, but others have not due to a strategy of disjointed incrementalism which has featured small, successive and fragmented policy changes in a host of areas, covering a multitude of economic outcomes and objectives (Egan, 2015; Erixson & Georgieva, 2016).

Although the single market has undoubtedly fueled competition, in some areas, it remains an aspiration rather than a reality (Monti, 2010, p. 7). More contentious market regulations meant that member states have limited incentive to engage in single market reform, despite the perceived benefits outlined in the new ‘Costs of Non-Europe’ reports commissioned by the European Parliament (European Parliament, 2017). The remaining barriers to cross-border integration, especially in services, including the energy sector, rail transport, telecoms, consumer insurance markets, banking and professional services, are difficult to eliminate, as services require regulation that differs from goods. While goods are tangible and subject to cross border checks, services are intangible, so that these barriers can impede mobility and the ability to establish commercial presence in another member state. In fact, single markets are dependent on further policy actions in an ever-widening range of fields with a direct impact on economic integration, including taxation, employment, industrial, transport, social policy, education, culture, public health, consumer protection, energy, and environment (Barnard, 2017). Such regulatory expansion has also brought increases in post-legislative litigation challenges to internal market measures with member states seeking annulment of legislative agreements (Armstrong, 2018; Weatherill, 2017). A striking outcome may be that member states are pushing to preserve their sovereignty, not through following the British ‘exit’ path out of the single market, but increasingly through litigating internal market measures at the post-legislative stage.

The growing flexibility in the laws that govern the single market—as well as the contentious nature of deliberations—highlights how the indivisibility and irreversibility that provided powerful lock-in mechanisms was gone long before Brexit. Differentiated integration has grown through a variety of mechanisms: through the proliferation of notification procedures to identify problems in the operation of single market rules; through policies that now operate within or outside the treaty framework, and through territorial differentiation that offers wide scope and institutionalization of non-member alignment with single market rules (Gstöhl, 2015; Howarth & Sadeh, 2010). Nonetheless, in Brexit debates, the notion that the ‘four freedoms, including the freedom of movement, are indivisible and inextricably linked’ due to the ‘indivisibility of the single market’ masks the differential pace of liberalization as well as the ‘concessions on free movement of persons (not goods, services, and capital)’

that the EU conceded during the British renegotiation (Barnard, 2017, p. 203; cf. Barnier, 2018). While differentiation as a means of preserving national sovereignty has become a defining trait, Britain rejected Europe's effort to offer membership in flexible favorable terms. Yet despite the repatriation of competences to regain sovereignty, such regulatory autonomy will be tempered by the extent and specificity of internal market commitments set out in any future agreement. While the single market will remain in principle, indivisible, as member states defend the integrity of the single market, there exist various opt-outs and tailor-made arrangements for the European Economic Area (EEA) and European Free Trade Association states that provide a 'regulatory patchwork' of obligations for access to the internal market (Gstöhl, 2015). The subsequent outcome of Brexit will also establish some form of differentiation outside the scope of formal EU membership.

### 3. Economic Effects of Brexit on European Single Market(s)

The global context in which the single market now operates has fundamentally changed, moving away from economies of scale and mass production towards a knowledge and service economy based on product differentiation and global value chains (Erixson & Georgieva, 2016). The prospect of trade diversion as well as damage to trading relationships has forced member states to evaluate prospects of alternative, competing legal, financial, regulatory and tax arrangements in the post-Brexit environment. Brexit-induced corporate reorganizations have pushed remaining member states to think hard about the differences between a single market in goods and services versus cross-border trade between distinct jurisdictions. In a major survey of businesses involved in supply chain management, 63% of EU businesses expect to move their supply chain out of Britain, while 40% of UK businesses expect that they will replace their EU partners with domestic suppliers as a result of Brexit (Chartered Institute of Procurement and Supply, 2017). Many European businesses indicated that the impending departure of Britain has already negatively impacted trade which has grown at a less dynamic pace than would be expected. The pound's fall against the euro has also worsened the sales outlook for manufacturers in exporting to Britain, given the loss of purchasing power in the UK (Deutscher Industrie- und Handelskammertag, 2018; Egan, in press). There is increased wariness in investing in British startups as it is not clear if they will be classified as European companies, which impacts the tax benefits that member states can receive if they allocate funds to specific regions. New investment from the EU27 to Britain after the referendum is estimated to have declined by around 11%, whereas British investment in the EU27 has seen a 12% increase. Perceptions that there will be an increase in barriers to trade and migration have led many firms to the 'offshoring' produc-

tion and services to Europe (Breinlich, Leromain, Novy, & Sampson, 2019; Harding & Lewis, 2018; Inagaki, Lewis, & Mace, 2019).

In manufacturing, the complex nature of supply chains has led companies to consider alternative transportation of component parts, renegotiation of supply chain contracts, and temporary closure of plants to avoid disruptions created by new tariffs and taxations. Most concerns focus on the disruptions to cash flow and just-in-time methods. The high ratio of gross trade in relation to value-added suggests that much of British trade with Europe is connected to supply chains (Irwin, 2015). Given that many products cross back-and-forth into the EU multiple times during production, products will have to meet rules of origin requirements to determine that the product does not include a significant proportion of non-UK components. Though this may prove a problem for EU exporters as well, EU exporters are less reliant on UK inputs obtaining 1.5% from the UK compared to 9.3% of the UK's inputs which are sourced from the EU (Levell, 2018). The Dutch have estimated after Brexit that the number of import declarations will increase by 752,000 and the number of export declarations by 4.2 million; with costs of customs formalities for imports and exports between the Netherlands and Britain ranging from EUR 387.2 million to EUR 627.4 million per year (Lomas, 2018). Non-tariff barriers also present a risk to specific industries, if they have a time sensitive product that is delayed at the border, potentially not reaching destinations in a condition to permit sale or usage. Sensitive goods such as food, pharmaceuticals and chemicals for example are subject to strict rules so that Europe will not want Britain to become a 'back door' route for third country market access without meeting EU product rules and requirements.

Several key German and British automotive companies have indicated that they would withdraw investment from Britain in the event of a hard Brexit (Lagenbacher, 2017). Not only does Britain represent a fifth of German auto exports, but the employment issue is also significant as German corporate subsidiaries employ 400,000 workers in Britain, while British companies employ 250,000 workers in Germany (Lagenbacher, 2017). Automotive investment in Britain has already collapsed from GBP 1.66 billion in 2016 to just GBP 322 million in first half of 2017 (Grey, 2018). While the Germany auto industry has stressed the integrity of the single market, Japanese auto companies such as Honda, Nissan and Toyota would not continue their operations if there is no profitability in Britain, as car companies avoid rule of origin requirements by using components from all European member states without penalties, regardless of where the component is manufactured or shipped (Harding & Lewis, 2018). Businesses in the run up to the initial Brexit deadlines were stockpiling goods at record levels in order to offset the costs of delays; while overseas customers continue to divest themselves of reliance on British supply chains. Member states are bearing the burden of increased costs of providing more personnel



for customs authorities in the Netherlands, France and Ireland, to track and physically examine goods entering the single market from Britain (Maxwell, 2018).

Across banking, insurance, investment firms, investment funds and financial market infrastructures, companies are considering changes in location and operations as the British domination of European financial markets—particularly where non-bank actors are concerned—will be impacted by their exclusion from the single market (Wright & Bax, 2016). London accounts for more than 50% of the gross value added of the total financial and insurance sector in Britain, resulting in a trade surplus with the EU of GBP 19.8 billion (Rhodes, 2018). Brexit will shrink European capital markets by roughly 25%, so that even with the prospect of regulatory equivalence, only certain financial services, including investment, clearing and hedge funds may be included, while traditional bank activities such as retail deposits and commercial lending will be excluded from single market access (Fuller, in press, p. 2). The prospect has pushed select banks to shift some of their British operations to other major cities including Frankfurt, Paris and Dublin. More than 2.3 million are employed in the financial service industry in Britain. Financial services companies, including banks, insurance, and wealth management firms have moved assets worth USD 1 trillion from Britain; however, private equity and financial technology companies are less likely to relocate (EY, 2019). While British banks had hoped to keep passporting rights to continue selling their products and services after Brexit, the loss of mutual recognition for financial services impacts non-European firms, notably American, Japanese and Swiss banks, that had used Britain as a foothold into the single market (Fuller, 2015; see Table 1). Certain member states see this as an opportunity to put pressure on British firms to shift operations to the EU to build up their capital markets. Yet concerns about financial instability revolve around London clearing houses, as approximately half of all euro transactions into foreign exchange takes place in Britain. While member states do not want British clearing houses to have access to European markets without EU oversight, they have been reluctant to cede further regulatory authority to Brussels. To avoid disruption, there are provisions to temporarily recognize clearing houses after Brexit if no transition is in place, but this is a stop-gap solution to avoid rising trade costs for EU customers until euro denominated clearing takes place in the euro zone, once Britain becomes a non-EU state (Brunsford & Stafford, 2018).

As the British financial system differs substantially from most other EU member states, Brexit changes little for the banking union agenda (Fuller, in press; Schelkle, 2018). The absence of Britain will have limited impact on the final set of rules for banking union. Britain had not engaged with these discussions as the financial ramifications from the Eurozone crisis had pushed British interests ‘further away from other member states’ (Thompson, 2017, p. 440). As capital markets remain frag-

mented, and investment obstacles are still high, the single market had not achieved its stated goal. Prospects for capital market union are likely to be different as Britain was engaged in efforts to improve access to capital within the EU. Capital markets are relatively underdeveloped, hindering European firm’s ability to fund growth to meet their borrowing and investment needs (European Commission, 2015; Fuller, in press). Reflecting an effort to shift towards market-based banking, Britain would benefit significantly from capital markets union due to its deep, liquid, and innovative financial markets (Fuller, in press). While Britain was supported by those member states with similar financial systems, including Ireland, Netherlands, and Luxembourg, as well as those that wanted more access to capital unavailable in their own domestic financial markets, France and Germany were more opposed to the undermining of their bank financing model. Framed as part of the single market project, banking union and capital markets union in Europe are at varying stages of development. While Brexit has taken away one of the leading voices for financial services liberalization, it may mean that Eurozone members will have more power to drive economic and financial policy in the bloc. In fact, the presence of Britain has been important for countries outside the Eurozone, as Denmark and Sweden have relied on the largest non-euro member of the bloc to protect their position on banking union.

In services, such as insurance, business, and pension services, Brexit will result in new restrictions on the ability to offer cross-border services, generating pressure for relocation for those that require the establishment of a commercial presence within the single market as a condition of market access (Lowe, 2018).

Member states impose different rules, whether across pension management, insurance, securities, or accounting services, in part as the single market in services is only partially liberalized (Egan, 2015). As a result, European branches of non-EU companies are not allowed to trade across the EU under host-state rules so locally established branches, subsidiaries or offices of a British owned-and controlled company lose the automatic benefits of rights of establishment, recognition of qualifications and the right to temporary movement of workers into the host country. Many cross-border services will face new restrictions. Britain leaving the single market will also have knock on effects for access to foreign lending, especially for countries such as Malta, Netherlands and Ireland (Lowe, 2018). Losing such a large and influential member may also impact reform as European markets, particularly in the service sector, which is not as open to competition as often depicted (cf. Lowe, 2018). Italy, Spain and Portugal have made some ambitious—and politically costly—changes to their labor markets. Germany and France have undertaken ‘selective’ liberalization in many service sectors and are now championing an industrial policy to create European champions to compete with the United States and China (Egan, 2015). Some member states have



**Table 1.** Single markets.

Market Freedoms	Evaluation of barriers in single market (composite indicator)*	UK position on single market	Effect of 'hard' Brexit on British market	Industry relocation due to market access	Effect of 'hard' Brexit on Single market
Goods	Low	Support	<ul style="list-style-type: none"> <li>• Disruption to supply chains</li> <li>• Loss of cabotage in road and airline sector</li> <li>• Increased customs formalities</li> <li>• Application of Tariffs</li> <li>• Testing of agricultural products (SPS) for market access</li> </ul>	Automotive (high)	<ul style="list-style-type: none"> <li>• Disrupt supply chains</li> <li>• New customs formalities</li> <li>• Less focus on regulatory reform and simplification</li> </ul>
Capital	Medium (taxation and customs barriers)	Support (except tax harmonization and specific post-crisis financial rules)	<ul style="list-style-type: none"> <li>• Movement of financial assets out of UK market</li> <li>• Dependent on recognition and access of clearing houses and trading venues</li> <li>• Shift of euro-transactions to member states</li> </ul>	Financial Services (medium)	<ul style="list-style-type: none"> <li>• Lack of strong capital markets</li> <li>• Less access to liquid, innovative capital markets</li> <li>• Decline in equity markets and pension funds</li> <li>• Less support for capital markets union</li> <li>• Dominance of banking-based model of finance</li> </ul>
Services	High (recognition of professions; Digital single market; Collaborative/gig economy)	Support		Healthcare (high); technology (medium)	<ul style="list-style-type: none"> <li>• Adequacy decision for data flows.</li> <li>• Passporting for financial services</li> <li>• Euro transactions</li> <li>• Rights of establishment</li> </ul>
Labor (FOM)	High (free movement and right to reside)	Restrict labor mobility (post-Brexit)	<ul style="list-style-type: none"> <li>• Loss of labor force for healthcare and consumer services</li> <li>• Labor shortages</li> </ul>	Low skill labor migration curbed	<ul style="list-style-type: none"> <li>• Loss of employer of last resort</li> </ul>

Note: \* Composite of indicators including infringement proceedings, solvit cases, expert survey, reports from Copenhagen Economics, European Parliament Costs of Non-Europe report.

made good use of exceptions, justifying obstacles to free movement in services, even as the British have endorsed legal challenges to remove restrictions, reflecting their focus on competitiveness rather than market protection (Barnard & Butlin, 2018). With the politicization of the single market and the widening regulatory and economic development associated with Eastern enlargement, fears of increased regulatory competition and social dumping in the wealthier member states put them at odds with the British liberalization agenda (Crespy, 2010; Luyendijk, 2016).

Brexit may likely change the balance of regulatory debates in Europe. There are concerns that the ab-

sence of British 'voice' will revive old 'statist' ambitions at the European level. While levels of regulation in product and labor markets have converged towards a British neoliberal approach, Germany and France advocate for a more active industrial policy to promote European champions (French Ministry for the Economy and Finance & German Federal Ministry for Economic Affairs and Energy, 2019). Recent calls for a strategic approach to technology, screening of foreign direct investment, and the surge of bank interventions in response to the financial crisis highlight this strategic re-orientation. Those advocating a 'social Europe' would no longer face opposition from Britain which has staunchly opposed

such regulatory rules for working conditions given its more flexible labor market model (cf. Copeland, 2019). However, Sweden and the Netherlands stand to lose a powerful pro-business ally, as Brexit tilts Europe towards strengthening issues of social, environmental and labor rights. The coalition of liberal market economies is expected to become weaker, while southern member states will be further marginalized, as they depend heavily on access to the British labor market as an employer of last resort.

Despite British commentary about the intrusiveness of European regulations, as well as continual refrains about excessive 'red tape', there are indications that British state capacities would be strengthened post-Brexit (Her Majesty's Government UK, 2018). Rather than a more 'competitive' regime, vying for capital and markets through 'a bonfire of EU regulations', Britain will need to create new institutional and regulatory frameworks for implementing new domestic laws or alignment with specific policy areas of the EU. British political economy will need to revitalize its administrative capacity to deal with the delegation of regulatory responsibilities after decades of state shrinking to address practical questions about how Britain is to be governed after Brexit (Innes, 2018).

Within Europe, Ireland, Cyprus and the Netherlands are the most exposed economies given high volumes of cross-border trade (Bollen, Meijerink, & Rojas-Romagosa, 2016; Egan, in press). For the Netherlands, Belgium, Austria and Ireland, the economic impact will be the most significant as their exports to Britain amount to around 10% of their gross domestic product (GDP). In the Netherlands, estimates indicate that Brexit will result in a drop of 1.2% of GDP over fifteen years with income loss amounting to 1 billion euros by 2030 for the Netherlands (Bollen et al., 2016). Similar reports for Ireland, suggest that there could be a 30% drop in exports with total sales in goods and services falling by 4% of GDP as a result of Brexit (Bergin, Economides, Garcia-Rodriguez, & Murphy, 2019). The effects will vary within member states, as regions and municipalities weigh the impact of Brexit on their trade, agriculture, and fisheries sectors and negative effects on transportation and energy resources (Bollen et al., 2016; European Committee of Regions, 2018). The European Parliament has called for financial support for impacted regions, given the costs of instituting new land and sea borders, while the Committee of the Regions has lobbied for greater flexibility in state aid rules, as a result of possible changes in the destination of foreign direct investment and disruptions in trade patterns (Joulaud, 2019; van Nistelrooij & Joulaud, 2018).

#### 4. Safeguards for the Single Market

Markets are inherently imperfect, so the impacts of Brexit will vary, depending not only on the terms of the withdrawal agreement and the future trading rela-

tionship, but the type of internal market(s) that exist within the EU. While the overall macroeconomic impact of Brexit is difficult to quantify, the provisions for institutional safeguards are designed to maintain the integrity of the single market in the post-Brexit environment. Although different sectors will be subject to economic stress, given the need to absorb the changes wrought by Brexit, the single market has proved to be remarkably durable in the past (Egan, 2015). Despite resistance by many member states to contributing additional resources to make up for the shortfall from British budgetary contributions, the legacy of the credit induced boom and structural imbalances in trade and capital flows created tensions derived from different growth models within the single market (Caporaso, 2018). Increased political contestation surrounds the single market, as certain member states seek to slow down economic liberalization in the face of domestic political resistance. Yet, even without Brexit, the heterogeneity of member state preferences has made collective action difficult in many areas of the single market. Deadlock and prolonged negotiation over issues from posted workers, taxation, patents, company statutes to cross-border takeovers, have stood in the way of a truly open market (Monti, 2010). Europe has shifted towards a more disjointed incrementalism, through a series of discrete reform initiatives, where a 'complex web of regulations, administrative rules, national discretion, and partial freedoms' is at odds with discursive debates that assume adherence to all four freedoms based on a uniform, complete 'single' market (cf. Erixson & Georgieva, 2016).

While EU member states tout the centrality of the four freedoms, their willingness to support the single market is tied to the strength of political safeguards to protect their respective national interests (Glencross, 2008). Member states are keen to avoid an extended period of uncertainty that damages confidence and impacts both domestic and inward investment in the rest of the EU (Irwin, 2015). As Europe confronts intended and unintended effects posed by British 'exit', three types of safeguards drawn from comparative federalism can be identified in terms of how they might sustain credible commitments towards the single market in the face of centrifugal pressures (Keleman, 2007). As Table 1 highlights, this is especially important given the selective and partial nature of the single market, as EU member states will not allow the UK to 'cherry-pick' from the EU acquis, single market or other domains. Since the free movement of goods does not follow precisely the same model as the free movement of persons, and legislative activity varies by sector, the potential impact of Brexit differs across territories and markets. Trade exposure and trade reliance can lead to potentially unexpected 'negative' and 'positive' externalities, leading to efforts at ex ante political control as well as ex post legal control to monitor and safeguard the single market.

Some political safeguards are designed to prevent British companies from gaining a post-Brexit compet-

itive advantage by undercutting regulations and making changes in taxation, state aid, environmental standards and employment rights that would have negative consequences for the competitiveness of the single market (Barker & Bruntsden, 2018). The EU will use its jurisdictional boundaries over markets to continue to shape regulatory practices in neighboring states in such areas as pharmaceuticals, finance, and data privacy (Farrell & Newman, 2019). Much like trade policy negotiations, Europe's internal institutional capacities shape its strategic capabilities and behavior, enhancing its relative bargaining position through 'market power' (Damro, 2012). Such action may coerce Britain into complying with European rules given that global firms may leave specific jurisdictions due to the diverging market structure and adverse restrictions placed on their operations. Jurisdictional expansion increases the attractiveness of the European 'home' market as the 'spill-over' via the EEA, of neighboring Norway, Liechtenstein, and Iceland creates an institutionally differentiated mode of horizontal integration, that is inspired by, but less ambitious than the internal market (Gstöhl, 2015). This is not dissimilar to the Irish backstop, where structural safeguards are in place in the EU–UK withdrawal agreement to ensure that there is no 'hard border' after Brexit as Britain is outside a customs union and internal market. The agreement means that Northern Ireland will remain aligned with elements of the single market to ensure continued cooperation between North and South, avoiding cross-border trade problems, while allowing the UK during an unspecified interim period to remain within the customs territory, if no alternative arrangements are implemented. This differentiated mode of integration serves to provide structural safeguards for the Irish economy through regulatory alignment, if a future trade deal is insufficient to avoid border checks and controls between the UK and EU, and reinforces European influence due to the prospect that Northern Ireland would remain inside the single market and the customs union (Hayward & Phinnemore, 2018). This safeguard is designed to reduce cross-border barriers by remaining within parts of *acquis*, so that customs codes, regulations and value added tax are aligned, with the customs union also addressing the rules of origin issue.

The EU may also deploy existing judicial instruments more aggressively to ensure market stability, as it has a wide range of formal powers to deal with non-compliance with European law and obligations. The European Court of Justice (CJEU) has continued to tighten control over member state compliance, while the Commission has strengthened its enforcement capacities and impose financial penalties on member states that disregard judicial rulings (Keleman, 2007). Judicial safeguards are enhanced by decentralized enforcement in which private parties may bring action if they are harmed by member state 'shirking' their community obligations. This protects the integrity of the single market by providing judicial safeguards that continuously ad-

dress breaches of market freedoms (Egan & Guimarães, 2017). It will not countenance institutional opt-outs that Britain has procured in the past, whether emergency breaks for migrants, financial transactions tax or exclusion from the euro as this undermines the integrity of the single market. In fact, the withdrawal agreement provides for legal safeguards that allow for the continuation of the jurisdiction of the CJEU beyond the transition period, as issues related to European law would be referred to the CJEU which would have the same legal effect in the UK as it would in the member states. Though this is a deeply divisive issue in British politics, 'not much escapes the reach of the law of the EU's internal market' (Weatherill, 2017, p. 142). This discursive struggle over deference to legal authority is a necessary foundation for the EU's political authority and legitimacy, to ensure a uniform legal interpretation across the entire internal market (Glencross, 2008).

This is accompanied by calls for market safeguards in which Europe can extend the compromises inherent in 'embedded liberalism', to compensate those interests that suffer losses from the disruptive effects of Brexit through trade adjustment assistance programs offsetting disruptions in trade patterns (Ruggie, 1982). Demands for Brexit assistance have emerged from municipalities and regions, given the costs of increased border controls and security. In response, Europe has adopted 'no deal' contingency measures to safeguard key single market areas including customs facilitation, financial services, and air transport, through provisions for temporary conferral and access rights to protect their own citizens and markets (Government of Ireland, 2018). So far, the EU has adopted multiple preparedness notices as well as legislative proposals that are temporary in nature, if there is a no deal. Some compensatory trade adjustment assistance is also available for those sectors, such as fishing, that will see the closure of access rights to British waters. In the face of no deal, effective action is uncertain, given that Brexit has proceeded without a reckoning of the spillover effects on market access and border controls. No matter what the final shape of future relations between the EU and the UK will be, the British have bolstered 'single market safeguards' as member states have collectively agreed that the four freedoms are 'indivisible.' Ironically, Brexit is highlighting the statutory obligations of the single market, while also making it more difficult to pursue close regulatory alignment with single market and customs rules. The structural faultlines in Britain's soon to be expired membership rest on a political economy model that increasingly diverges from much of the rest of the EU. The prospect of one of the biggest single market advocates being absent means that the neoliberal, market-driven growth model pursued during decades of growth will likely shift to a more protective one, anchored by French and German concerns about addressing competitiveness through more direct intervention and market concentration that 'protects Europe'.

## 5. Conclusion

At this time of writing, the terms of withdrawal from the single market—if Britain wants a deal—are set from the perspective of the EU. The amount of time spent in negotiations since the referendum highlight how Brexit was always going to be an asymmetrical process that might be termed ‘accession in reverse’. While Britain’s departure has generated widespread analysis about the domestic effects of leaving the single market given the degree of trade interdependence and integrated supply chains in goods and services, less attention has been given to the implications of Brexit for the EU. Yet how member states will be impacted by the departure of the EU’s second-largest economy, the key global financial center, and the largest service economy will vary, depending on specific policy areas, export interdependence, and domestic responses to risk and uncertainty. The variation in regional and national exposure to Brexit across member states, as well as the differentiated forms and instruments of EU governance, including within the single market itself, means that specific challenges and destabilizing effects may be different across market freedoms. While experience with the single market may be direct and tangible for business and consumers, it may also affect devolved administrations that have responsibility for implementing European laws in specific fields, as well as administrative and regulatory agencies. All these actors will have to amend their networks, roles, and responsibilities due to Britain’s changing relationship with the EU. The type of arrangement between the EU and UK will depend on addressing major cross-cutting issues for trade that, if given priority, may alleviate some of the negative effects.

Drawing on the literature on self-reinforcing federalism, the EU has pushed ‘federal safeguards’ to mitigate market effects, demarcating their regulatory authority, by not allowing Britain to ‘cherry pick’ elements of the single market and reiterating the indivisibility of the four market freedoms. As Table 1 illustrates, they have also used juridical safeguards to ensure compliance with any negotiated withdrawal agreement, as well as fiscal safeguards for those adversely affected by British exit. Due to concerns over ‘regulatory dumping’ the EU has adopted contingency plans—as have member states—aimed at safeguarding existing regulatory, institutional and political obligations in relation to the single market. The safeguards have the express purpose of securing the desired benefits of keeping the single market functioning as the difficulty posed by ‘secession’ from a tightly integrated ‘federal’ type system is that it creates incentives for shirking and transgressions by the British state. The institutional design of federalism shows how different safeguards protect both the ability of the single market to continue to achieve the goals for which it was designed and its long-term sustainability.

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## Conflict of Interests

The author declares no conflict of interests.

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## About the Author



**Michelle Egan** is Professor and Jean Monnet Chair, School of International Service, American University. She is CFR Fellow (IAF) 2018–2019 and is a Global Fellow at Wilson Center. She has published several university press books and peer-reviewed articles on the European, US and Canadian single markets, transatlantic relations, EU law, federalism and trade. Her current research is on Canadian trade policy, Brexit and single market, and contestation in liberal trading order.

Article

# Why Brexit Will Do Little to Change the Political Contours of the European Social Dimension

Paul Copeland

School of Politics and International Relations, Queen Mary University of London, London, E1 4NS, UK;  
E-Mail: p.copeland@qmul.ac.uk

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## Abstract

Integration within the European social dimension, understood as the EU's competence in the field of employment and social policy, has been fraught with obstacles. Divisions between the EU's Member States have limited integration and resulted in a complex and piecemeal system of governance that is low down on the EU's list of priorities. The UK is often regarded as a major obstacle limiting the scope of integration in the field and this is not without good reason. Historically, the UK has formed coalitions to block policy negotiations within the European Council and has pushed for minimal neoliberal obligations in the field. The UK's departure from the EU could result in a step-change for the European social dimension. However, as this article will argue, the UK's departure from the EU will do little to alter the current dominance of a neoliberal market-led ideology, as it currently transcends the political agency of the UK.

## Keywords

Brexit; European integration; European social dimension; European Union; neoliberalism; social policy; United Kingdom

## Issue

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## 1. Introduction

The European social dimension, understood as the EU's competence in the field of employment and social policy, represents a patchwork of governance tools from different ideological positions across the EU's political space. Comparing the EU's competence in the European social dimension to that of the Single European Market, it is evident that the EU's direct competence in the field is relatively weak. However, the EU's budgetary rules for Members of the Eurozone in the form of the Stability and Growth Pact place indirect pressures on the spending of EU welfare states, thereby highlighting the complexities posed in isolating and understanding policy areas within the EU as discrete entities. Meanwhile, since the late 1980s the political contours of the European social dimension have shifted. During the late 1980s when the idea of a European social dimension was first proposed, it was guided and influenced by post-war Keynesian so-

cial democracy. While post-war European social democracy accepted the logic of markets and capitalism, it believed that the state had a strong role to play in protecting individuals. This would involve, in part, the regulation of labour markets to prevent a competitive race to the bottom of employment standards, as well as protecting individuals from the peaks and troughs of the economic growth cycle. To varying degrees, post-war Keynesian European states constructed welfare policies that were designed to strike a balance between commodifying and de-commodify individuals. Commodification is to be understood as policies designed to make wages from employment the linchpin of a person's existence, while de-commodification refers to policies which enable individuals or families to uphold socially acceptable living standards independent of the market and its peaks and troughs (Esping-Andersen, 1990). However, this vision of a European social dimension did not last and by the mid-1990s post-war European social democracy

both at the Member State and EU levels slowly shifted to accommodate neoliberalism, which in turn, was to guide the construction of the European social dimension. There remains some disagreement between scholars of the politics of the European social dimension. For example, Caporaso and Tarrow (2009) argue that the jurisprudence of the European Court of Justice (ECJ) and the national courts have progressively restructured the rules concerning the free movement of workers to incorporate social policy concerns. While this nuancing of the treaties and primary legislation is undeniably true, the process of European integration and thereby the European social dimension are *underpinned* by neoliberalism. In a similar logic, some scholars highlight various developments in the field as signalling the EU taking employment and social concerns more seriously (e.g., Zeitlin & Vanhercke, 2017), but again the overall thrust of developments is towards neoliberal solutions to economic and social problems.

This article analyses the UK's political influence within the European social dimension, as well as the likely impact the UK's departure from EU will have on future integration. The analysis is guided by a historical institutionalist analysis of European integration. The core assumption of historical institutionalism is that institutions—comprised of formal and informal arrangements—matter, and of which the European social dimension is an example. While historical institutionalism offers a detailed conceptual toolkit surrounding the purpose, function and existence of institutions, this article focuses on the concept of path-dependency. Path-dependency argues that the policy choices made when an institution is being formed, or policy is being initiated, will have a continuing and largely determinate influence over the policy far into the future (Peters, Pierre, & King, 2005). Once institutional architects make their initial policy and institutional choices, the patterns will persist unless there is some force sufficient to overcome the inertia created during the inception of the programme (Peters et al., 2005, p. 64). Inspired by this conceptual approach, this article argues that the UK has been a 'pivotal outlier' (De Ville & Siles-Brügge, 2019) in the European social dimension, first, by blocking the social democratic vision that emerged during the late 1980s and second, by becoming supportive of a neoliberal vision for the field throughout 1997–2010. Meanwhile, since 2010 neoliberalism has been consolidated within the European social dimension, while the UK has assumed a more outlying position. This suggests that the political contours of the European social dimension will not change once the UK leaves the EU and that the political ideology of neoliberalism transcends the influence of Westminster and has deep roots across the EU. Developments within the European social dimension therefore have strong echoes with other policy areas in two aspects. First, the influence of the UK shifting from having a central role in the EU to one of a more outlying position in policy developments (see Roederer-Rynning & Matthews, 2019, in this

thematic issue); and second, Brexit will not make EU policies less neoliberal (De Ville & Siles-Brügge, 2019; Price, 2019, in this thematic issue).

The second section of this article outlines the nature of the European social dimension, the shifting political contours of the field up until 2010, and the UK's role in their creation. The third section focuses on the likely non-impact the UK's departure from the EU will have on the future of the European social dimension.

## 2. The Political Contours of the European Social Dimension and the UK's Role in Their Creation

### 2.1. *The European Social Dimension in Context*

Before explaining the nature of political contestation around the European social dimension, we first need to understand what it is. EU employment and social policy, commonly referred to as European social dimension, is not a transnational welfare state that supersedes the employment and social policies of the Member States. Rather its purpose is to: regulate and coordinate those policy areas related to the free movement of workers, such as social security; harmonise policy areas which may distort competition, such as health and safety at work; provide for EU level social dialogue; and to provide a framework within which the Member States should reform and modernize their welfare policies in the context of contemporary economic and social challenges. To realise these very specific competences and functions, the EU uses a mixture of governance instruments such as conventional directives and regulations, as well as legally non-binding instruments such as the Open Method of Coordination (OMC; Ter Haar & Copeland, 2010). Broadly speaking, directives and regulations are used in policy areas that coordinate social security and those that aim at preventing a distortion of competition. Gender equality also falls under the latter category, but over the last three decades the EU has broadened its equality remit by including all forms of anti-discrimination. In the areas of pension reform, employment, education and training, healthcare, wages, and poverty and social exclusion, the EU predominantly utilizes the OMC. This governance process sees the EU set benchmarks or targets, such as the Lisbon Strategy target of an EU employment rate of 70 per cent by 2010, and the Member States commit themselves to undertake the necessary reforms to achieve them. While this is a legally non-binding commitment, governments are encouraged to make progress by annual reporting, peer review, and the issuing of County Specific Recommendations from the Council and the Commission in areas of policy weakness.

Similar to other EU policy areas, the European social dimension suffers from an expectations–capability gap. Eurostat data show that EU citizens are supportive of the EU doing more in the field. Meanwhile, Daly (2007, p. 2) describes integration in the field as 'fitful'—that is, periods in which intense amounts of political activ-

ity are then followed by very little integration momentum. Over the last three decades the politics and ideology of the European social dimension has fundamentally shifted. Following the signing of the Single European Act, the concept of a social dimension was touted by then President of France, François Mitterrand, and taken up by the then President of the European Commission, Jacques Delors (Copeland, 2014, pp. 11–12). The idea was to provide a counterweight to neoliberal-driven economic integration and the free-market vision of Europe whereby workers' rights were enshrined in law and social benefits were harmonized and provided on a Europe-wide basis. This vision was inspired by post war Keynesian social democracy and would serve to ensure that members of the then European Economic Community (EEC) would not gain a competitive advantage by liberalising labour law and cutting levels of taxation (and thereby welfare payments). However, from the mid-1990s onwards this vision was slowly replaced by one in which the centre-left accommodated neoliberalism and the balancing of the neoliberal Single European Market with a Keynesian European social dimension failed to take hold. The fundamental purpose of the European social dimension is therefore to restructure and reform the post-war Keynesian social democratic welfare state to ensure that the welfare states of the EU's Members are compatible with the neoliberal logic of the Single European Market. That logic being one in which taxes are cut; the role of the state reduced; state assets privatised; a deregulation of business and finance; a priority given to low inflation rather than low unemployment; the opening up domestic markets to international capital and trade; and an increasingly important role within the economy for migrant workers (Harvey, 2005). In the context of the welfare state this represents a shift in purpose from one in which citizens are protected from the market via policies of de-commodification, to one in which the welfare state supports and extends the reliance of individuals on the market via policies that deepen processes of commodification. In an EU context, this manifests itself in the shift from 'passive benefits', such as unconditional receipt of unemployment benefits, to active labour market policies (ALMPs). ALMPs introduce welfare benefit conditionality whereby the unemployed receive benefits on the condition that they search for work or participate in education and training, even if there are very few jobs available. Meanwhile, the liberalization of labour market regulation and a flexible employment regime serves to encourage employers to hire workers. The rights of ordinary workers are continuously reduced to remove labour market 'rigidities' and make labour behave, in the words of Karl Polanyi (2001), as if it were a true commodity attempting to find its natural price. The EU and its Member States support individuals during this process, but such support is conditional on a process of accepting increased commodification of everyday life. The neoliberal welfare state is therefore one in which individuals weather the peaks and troughs of the economic growth

cycle, while elected governments enable the market, and labour, to function correctly.

## 2.2. *The Role of the UK*

The signing of the Single European Act in 1986 represents a significant turning point in the process of European integration, as it aimed to both deepen and widen the integration of the EEC (Armstrong & Bulmer, 1998; Nugent, 1999). The Act aimed to complete the Internal Market for physical goods with the removal of all barriers and tariffs for trade, introduced some changes to the Brussels decision making processes, such as in introduction of Qualified Majority Voting in the Council for some policy areas, as well as enhanced powers for the European Parliament. The achievement of the Single European Act was to be secured by the deregulation, liberalisation and sometimes re-regulation of the European economy, thereby representing a fundamental ideological shift of the EEC away from post-war Keynesianism towards neoliberalism. Meanwhile, the political momentum surrounding the Act created a 'spill over' effect into policy areas beyond physical goods, such as telecommunications and air transport. However, the emergence and eventual dominance of neoliberalism to guide the process of European integration was by no means a given, as throughout the 1980s and early 1990s there was political contestation surrounding how best to move forward, as demonstrated by the vision put forward by Jacques Delors.

The UK has played a crucial role in forging the political contours of the European social dimension and thwarting a social dimension that counterbalanced the Single European Market. When Prime Minister Margaret Thatcher said in her 1988 Bruges speech 'we have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state' (Thatcher, 1988) she was reacting, not just to what she regarded as creeping EU federalism, but also to the policies of the European Community such as those that aimed to create a European social dimension as a counterweight to the Single European Market. In 1989 the governments of the Member States, with the exception of the UK, adopted the Community Charter of Fundamental Social Rights of Workers, heralded as the European social dimension equivalent of the Single European Act. At the Maastricht Treaty Negotiations, the Community Charter was given full legal recognition, but continued opposition from the UK resulted in the Charter being annexed to the Treaty, thereby permitting integration in the field without the UK. The Social Chapter, as it was known at Maastricht, included policy areas such as the promotion of employment, proper social protection, social dialogue, and the combating of poverty and social exclusion.

The UK's reluctance to integrate in the field clearly put a break on the emergence of a more social democratic-inspired European social dimension (Velluti,



2010, p. 114). The UK thwarted the political momentum and ensured that policy issues remained on the margins of the integration process. Without one of the EU's largest Member States involved in the process of integration, there were concerns that the UK may gain a competitive advantage within the EU should the other 11 Member States agree policy that would impose restrictions and extra costs on labour. However, this did not mean that the UK was exempt from all policy developments in the field. From the late 1980s onwards the EEC/EU agreed a series of directives in the field of health and safety at work, an EU policy competence that falls under the Treaty provisions of the Single European Market and not the European social dimension. The adoption of the Single European Act brought health and safety at work into the Treaty for the first time and policy is agreed by qualified majority voting. Despite the UK signing the Single European Act, it did not take long for opposition to mount in Westminster against the policy competence. One such health and safety directive, the 1993 Working Time Directive (WTD) proved a step too far for the government of John Major (1990–1997). The directive limits the number of working hours an individual can work to 48 per week (averaged over a three-month reference period), as well as provisions for holiday entitlement and rest periods. The original justification for the directive had been that working time was a health and safety issue and that working excessive hours over a prolonged period was detrimental to health. The Major government argued that it was an employee's fundamental right to choose the amount of hours worked and that the WTD would reduce the flexibility of the UK's labour market. The directive therefore included the opt-out clause which permits Member States not to apply the maximum 48-hour limit on the basis of voluntary agreement between employers and employees. Despite the opt-out, the UK government remained disgruntled, prompting it to challenge the legal basis of the WTD in the ECJ. The UK government argued that the directive was not a health and safety directive, which permitted decisions to be taken in the Council by qualified majority voting and thereby overruling a British veto during unanimity voting (Blair & Leopold, 2001). This view was not shared by the ECJ which in 1996 ruled that the WTD was a health and safety issue and that the UK was required to implement it. A reluctant Labour Government implemented the directive in 1998, although it decided to use the opt-out for all sectors of the economy. Despite opting out of the social dimension, the UK therefore still found itself embroiled in negotiations surrounding health and safety legislation.

While the political agency of the UK thwarted efforts to move forward with a Keynesian-inspired European social dimension, it is important to understand how this agency interacted with the institutional context within which it was situated. Scharpf (1999, 2006) has argued that the institutional architecture of the EU combined with the political, economic and institutional heterogeneity of the Member States creates a structural asymmetry

between the policies of liberalisation and those of social regulation. Central to this observation is Scharpf's distinction between negative and positive integration. Negative integration describes the elimination of tariffs, barriers to trade, and distortions to free competition such as state aid—it is almost always market-creating. It is driven by the ECJ based on the four freedoms (goods, services, capital, people) as well decisions taken by the European Commission in competition law. By contrast positive integration is understood as the exercise of economic and regulative competences at the supranational level and can either be market-making or market-correcting. Positive integration is a political decision-making mode that requires a broad consensus among national governments and the European Parliament (Scharpf, 1999, pp. 50–51). Given that such a broad consensus is difficult to obtain under qualified majority voting, especially in a diverse union of Member States with different production regimes, political compromises often only represent the 'lowest common denominator' (Höpner, 2013, pp. 75–76; Scharpf, 2006, p. 851; Seikel, 2016, p. 1402). In short, market-correcting policies, including those in the European social dimension, are unlikely to emerge from Brussels and those that are proposed are most likely to be watered down to become more market-making. The political agency of the UK combined with institutional and political configuration of the EU thwart a Keynesian-inspired European social dimension and enabled the creation of one that is broadly underpinned by neoliberalism.

1997 represents a step-change for the European social dimension in two ways. First, the 1997 general election brought the Labour Party, under Tony Blair, to power in the UK. In its election manifesto it promised to be a more constructive partner in the EU than its predecessors and it signed the UK into the Social Chapter (Barnard, 1997). This move paved the way for the Social Chapter to be fully incorporated into the main body of the Treaty at the Amsterdam Treaty changes (1997). It was greeted with great optimism in the other European capitals and was thought to signify a turning point not just in UK–EU relations, but for the European social dimension as well. Second, the Treaty changes agreed at Amsterdam shifted the governance tools used within the European social dimension. Amsterdam marks the move away from directives with their harmonizing effect, to the legally non-binding forms of governance, known as the OMC from 2000 onwards. The European Employment Strategy, launched in 1997, was in part, influenced by the 1995 EU accession of Austria, Finland and Sweden—three Member States that have some of the most generous welfare states on the Continent. The use of this flexible mode of governance was regarded as a pragmatic solution to further integrate in the field which is characterised by significant differences between the Member States (Caune, Jacquot, & Palier, 2011).

While most of the literature on the European Employment Strategy highlights its innovative form of



'new' governance (Trubek & Mosher, 2003; Zeitlin, 2009), it is equally important to recognise the politics of the European Employment Strategy and the shift of thinking within the mainstream European left. The new left, which emerged across Europe from the mid-1990s onwards, represents a radically different ideology to post-war Keynesian social democracy, and is more compatible with neoliberalism and the Single European Market. The European left was therefore playing catch-up with developments in the Single European Market and sought to bridge the divide between neoliberalism and post-war social democracy. The 'Third Way' vision of political economy, as it was known, embraced neoliberalism, albeit to intervene to support economic and social fairness by ensuring that individuals had the necessary opportunities and skills to participate in the market. In this regard, the Third Way was about embracing the neoliberal market while simultaneously reducing some of the more extremes of purely commodified labour markets (cf. Giddens, 1998). For the European social dimension, this meant reforming the EU labour market to remove rigidities and to ensure maximum flexibility so that labour would behave as though it was any other commodity to be bought and sold. Meanwhile, the Keynesian policy of individuals receiving unemployment benefit, regardless of the economic situation, was to be replaced by ALMPs whereby benefit recipients were to receive benefits on the condition that they look for work or engage in education and training programmes. Such policies shift the burden of responsibility for the economic and social situation away from the state and place this onto the individual, regardless of the economic situation. From 1997 onwards, the European social dimension slowly became the EU's transmission belt through which the post-war Keynesian welfare state was to be reformed and replaced with policies of neoliberalism. New Labour's embracing of the European social dimension was therefore an embracing of a policy area that had a near perfect fit with its own domestic political agenda—the UK opted-in to the European social dimension because it would not constrain domestic policy (Hopkin & van Wijnbergen, 2011).

The launching of the Lisbon Agenda in 2000 built on the optimism and ideology of the European Employment Strategy. Lisbon was the EU's economic and social reform programme for the decade and aimed to modernise the structural pillars of the European economy to become: 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion' (European Council, 2000). In the European social dimension this involved reforms and the modernisation of pensions, employment protection, employment policies, education and training systems, and improvements to fields such as gender equality and social exclusion. Inspired by the governance processes used within the European Employment Strategy, these policy areas were also to use the now referred to OMC. The Lisbon Agenda further emphasised the centre-left's vi-

sion for a European social dimension, which continued to shift the political contours of the debate from regulation, harmonisation, and decommodification, to that of de-regulation, flexibility and commodification, albeit with state support. A lack of progress surrounding the various targets of the Lisbon Agenda and the changing political constellations of the EU resulted in the need to relaunch the strategy in 2005. The incoming Barroso Commission (2004–2009) commissioned a report by the former Dutch Prime Minister, Wim Kok, to review the Agenda. The report argued that the Lisbon Agenda was failing to make progress because of policy overload, poor coordination, conflicting priorities, and weak national ownership. With the centre-right now in a majority in the European Council (14 of 25 states) key heads of government (Tony Blair of the UK, Silvio Berlusconi of Italy, Jean Claude Juncker of Luxembourg) in conjunction with the Commission, formed alliances to radically reform the Lisbon Agenda (James, 2012, pp. 18–20). The Lisbon Strategy or Lisbon II as it was sometimes referred to, simplified its aim to improve 'Growth and Jobs', and limited the number of objectives and governance structure (Ter Haar & Copeland, 2010, pp. 287–288). Lisbon II signifies the end of the centre-left experimentation with the European social dimension and shifted the reform agenda to a much deeper process of commodification. Under Lisbon II social cohesion became a simple function of, and dependent upon, progress made within the economy and the policy areas of employment and education were coupled and integrated with the Broad Economic Policy Guidelines to improve the synergies and linkages between macroeconomic policy and the reform of certain aspects of the welfare state. Meanwhile, the policy areas of social inclusion, healthcare, and pensions were relegated in importance and were side-lined (Tholoniati, 2010).

Against this backdrop the number of Directives proposed for the European social dimension stalled. One of the most high-profile fallouts was that of the revision of the WTD. Within the original directive a review clause was included requiring the opt-out and the reference period to be reviewed before 2003, by which point it was hoped that the UK would have reduced its long hours working culture and that the opt-out could be removed. Furthermore, two ECJ rulings (SiMAP and Jaeger) had questioned whether the inactive part of on-call time was to be considered as working time. The ECJ concluded that all on-call time was to be considered as working time, however, the majority of EU Member States had already interpreted the original Directive as stipulating that the inactive part of on-call time was not working time. This issue was therefore also part of the renegotiations of the Directive. Following the release of a revised draft directive by the European Commission in 2004, the UK found itself in a minority position within the Council regarding the removal of the opt-out. However, over the following three years the diplomatic efforts of the UK resulted in it and its new allies forming the majority posi-

tion within the Council. The political negotiations took numerous twists and turns, but it is estimated that the UK dedicated no less than 200 civil servants to the task of securing a revised Directive that included the opt-out. Its position was bolstered by the 2004 enlargement with 8 of the 10 new Member States having transitioned from state-socialism to neoliberal capitalist democracy. Furthermore, they were also keen to protect their comparative advantage of being a low-cost base for production within the EU. With a stalemate in the European Council, and between the Council and the European Parliament, the latter who wanted to remove the opt-out, a revised Directive was eventually shelved, the UK having ensured that maximum flexibility within the directive was maintained (Copeland, 2014, pp. 79–87).

### 3. The Contours of a Post-Brexit European Social Dimension

Since 2010 the EU has strengthened the neoliberal reform integration that emerged during the Lisbon decade within the European social dimension, but importantly, has done so without the participation of the UK. Since 2010 successive UK governments have strategically withdrawn from engaging with the EU's social dimension. This stands in stark contrast to the New Labour Governments (1997–2010) that aimed to shape and thereby determine EU policy in the European social dimension. This strategic withdrawal was based on the position of the Conservative Party, which formed various UK governments from 2010 onwards. In its 2010 election manifesto the Conservative Party, traditionally a Eurosceptic party, argued that the 'steady and unaccountable intrusion of the European Union into almost every aspect of our lives has gone too far' (Conservative Party, 2010). It pledged to return powers from the EU including the Charter on Fundamental Rights, criminal justice law, and social and employment legislation. This played into long held Conservative Party belief that the purpose of the EU is to serve as a free trade area and that political union, as well as attempts to harmonise or coordinate policy outside of the Single European Market, represent an infringement upon national sovereignty. Failing to win an outright majority in the 2010 election, the Conservative Party formed a coalition government with the minority Liberal Democrat party—historically a pro-EU party—in May of that year. The Government appointed Iain Duncan Smith, regarded as an ardent Eurosceptic in the Conservative Party, as the Secretary of State for Work and Pensions. This corresponded with the final negotiations and preparations for the successor to the Lisbon Strategy, Europe 2020, which was agreed in the European Council in June 2010. Europe 2020 includes several quantitative targets for the European social dimension: for employment the objective is to increase the number of individuals in work to 75 per cent (age 20–64); in education and training Member States are required to reduce the school dropout rate to less than 10 per cent and to increase the

share of the population aged 30–34 who have completed tertiary education to at least 40 per cent; for poverty and social exclusion the target is to reduce the number of poor people across the EU by 20 million. Note that in the latter policy area this is the first quantitative target in the field and on paper represents significant progress, even though the EU's legal competence has remained unchanged. While the UK's aim to repatriate powers from Brussels in the European social dimension ultimately failed, from 2010 onwards the UK refused to set quantitative targets for employment and social aspects of Europe 2020. As the UK retreated, the Government of Prime Minister David Cameron argued that the EU's response to the Eurozone crisis was not its concern and that EU governance arrangements should focus on Eurozone Members (Copeland, 2016).

The EU attempted to resolve the Eurozone crisis by pursuing austerity—a policy in which EU Member States voluntarily deflate their economies and restore competitiveness by reducing wages, increasing taxation, liberalising labour markets, and slashing public spending by cutting national budgets (Blyth, 2013). The latter may result in a reduction in the size of the public sector, cuts to education, healthcare, pensions, and other welfare benefits. For Ladi and Graziano (2014) EU driven austerity should be conceived as 'fast forward Europeanization' (read neoliberalism) in which EU states that had dragged their feet on domestic reforms during the previous decade were required to undertake shock therapy and rapidly reform their economies under pure market conditions. To govern this agenda the EU introduced the European Semester—an annual governance cycle in which the performance of the Member States with regard to the tightened rules of the Stability and Growth Pact, which require more stringent budgetary discipline, are coupled with the policy objectives of Europe 2020. This coupling is intended to be more pronounced than the governance arrangements of Lisbon II and represents a significant change to EU policy coordination with the overall emphasis being on budgetary discipline and fiscal consolidation (see Armstrong, 2012). Prior to the commencing of a Semester cycle, Eurozone Members are required to submit their national budgets for approval to the Commission in October before they are finalised at national level. The Commission is then able to assess the draft budgets in accordance with the Stability and Growth Pact, as well as the Country Specific Recommendations that were introduced in the previous year. The cycle of the European Semester begins in November when the Commission publishes its Annual Growth Survey and the Alert Mechanism Report. The former sets out the Commission's economic and social priorities for the next 12 months. Once these have been agreed by the Spring Council, Member States report their progress of the Europe 2020 guidelines in a National Reform Programme. In areas of policy weakness, the European Commission and the European Council formulate Country Specific Recommendations for each of

the Member States. The Post-2010 EU governance arrangements blend neoliberalism with German-led ordoliberalism and this blending has continued the path-dependency of the political economy of European integration (Blyth, 2013). The main difference between the two is that while neoliberalism proposes a minimal state with market-self regulation, ordoliberalism proposes a minimal state that regulates markets to maximise competition and to protect and defend liberty from the emergence of monopolies. Ordoliberalism is therefore a more rules-based system of market governance than the laissez-faire of neoliberalism, but in terms of processes of commodification, it is no different as they both prioritise individual freedom, the dominance of the market, and hyper commodification (Wilkinson, 2019).

In the context of the European social dimension, Europe 2020 and the European Semester construct an ideological straight-jacket in which employment and social policy reforms need to conform to the market-driven logic of European integration. With enhanced surveillance and restrictions on government spending, as well as a potential financial penalty should the rules of the Stability and Growth Pact be breached, governments are unlikely to undertake ambitious social and employment policy reforms that may be costly in the short run, but provide long-term benefits, for fear of the repercussions. Meanwhile, as levels of taxation (income and corporation tax) are a competitive space within the EU, the race to the bottom between the Member States to attract and maintain capital, combined with an ageing population that is more costly to support, result in there being fewer resources for employment and social policy. Faced with these restraints, governments and the EU aim to ensure that there are as few people dependent on the welfare state as possible, particularly of working age. This is achieved by intensifying ALMPs and the commodification of individuals to make labour more attractive to hire. The belief here is that pure markets will improve efficiency and thereby economic growth, but the reality is very different as it forces individuals to behave as though they are void of emotions, to be bought or sold on the market a kin to any other good for sale. This ignores some of the key features that make us human beings.

The EU's Youth Guarantee, launched in 2013, serves as a classic example of such a policy and illustrates the direction the EU has been travelling since UK political agency has been in decline. The Youth Guarantee involved the ring-fencing of €6.4 billion of the European Social Fund (ESF) to tackle an EU youth unemployment rate of 23.9 per cent (European Council, 2013). Under the Youth Guarantee, individuals below the age of 25 who have been unemployed for four months since leaving formal education should be provided with a job offer, apprenticeship, traineeship or continued education. The ESF provides partial funding for the scheme, while the remainder is matched by the Member States. The Youth Guarantee focuses on improving the supply of labour, but the Member States that had the highest lev-

els of youth unemployment were experiencing a lack of domestic demand in their economies, the latter having been suppressed by EU-driven austerity. There will still be insufficient employment opportunities once such programmes finish with the result being that the unemployed are simply churned around a system unable to find jobs. Meanwhile, the excess supply of labour will result in a downward pressure on wages which may stimulate employment in the long-term, but individuals will ultimately suffer under a system of self-imposed hyper competitiveness. Towards the end of the second Barroso Commission (2009–2014), the European Semester was producing more Country Specific Recommendations that related to the European social dimension. However, the claim that this resulted in a 'partial but progressive socialization of the European Semester' (Zeitlin & Vanhercke, 2017) is conditional and contingent on policies that deepen market forces and therefore the commodification of individuals (Copeland & Daly, 2018). In other words, the European social dimension has increased its profile within the European Semester, but the trade-off has been to produce policies that continue to correspond with a neoliberal vision of the welfare state.

This path-dependency of integration has continued under the Juncker Commission (2014–2019). While Juncker has been able to raise the profile of the European social dimension, the content of policy outcomes remains in accordance with the EU's now path dependent approach in the field, although one exception to this has been the revision of the Posting of Workers Directive (2018). While it is not possible to go into detail on this issue here, it should be noted that the revised Directive aims to close several loop-holes within the original directive (1996) whereby temporary workers from the East are able to undercut the wages of local workers in the West (see Picard & Pochet, 2018). However, beyond this the political economy of the European social dimension remains intact. For example, the European Commission's Reflection Paper on Harnessing Globalisation (European Commission, 2017) calls for a better distribution of the benefits of globalisation, coupled with effective social protection, to help people find a decent job and adapt to change. 'Effective social protection' clearly refers to ALMPs, meanwhile the purpose of social protection is to ensure that people find work and remain employed. There is nothing redistributive in terms of income nor genuinely protective of workers within this approach. In relative terms, the Juncker Commission has increased the number of employment and social Country Specific recommendations made within the European Semester, but this has not fundamentally changed the political contours of them (see Clauwaert, 2018). These developments have been guided by the 'social investment' paradigm, which gained traction during the final days of the Barroso II Commission. In its purest form, social investment is about distinguishing between welfare spending that enhances productive capacity, such as education and training, and that which is passive and spent

on consumption, such as pensions and spending on elderly care (Nolan, 2013). In an EU context this means ensuring that welfare spending produces a 'return on investment'. Social considerations are therefore, at best, a secondary priority, if at all. The market-driven process of reforming European welfare states also underpins the Juncker Commission's most significant achievement for the European social dimension—the European Pillar of Social Rights. With much fanfare the Pillar was launched in November 2017 and is a declaration of social and employment rights that aims to feed into the European Semester. The declaration is legally non-binding and contains 20 principles and rights that are grouped into three themes: (1) equal opportunities and access to the labour market; (2) fair working conditions; and (3) social protection and inclusion. The pillar represents an amalgamation of social rights already guaranteed in the Charter of Fundamental Rights of the European Union, albeit updated to: (1) reflect changes in the labour market; (2) the existing employment and social policy competences and activities of the EU; and (3) a few policy issues that attempt to both define and steer the European social dimension within the European Semester. The Pillar contains very few rights that are new and despite it covering issues such as housing and homelessness, access to essential services, and childcare and support for children, the broader set of social rights are obtained via an individual's participation in the labour market and hence their commodification.

#### 4. Conclusion

The UK has been a pivotal outlier in the construction of the European social dimension, first, by limiting the emergence of the post-war Keynesian social democratic vision that emerged in the late 1980s and early 1990s, and second, by becoming supportive of a neoliberal vision for the field throughout 1997–2010. The thwarting of a social democratic European social dimension has clearly been aided by the EU's tendency towards negative integration, but at the crucial moment when it was being constructed, the UK proved itself to be a formidable force to block developments. Meanwhile, developments since 2010 when the EU further consolidated neoliberalism within the social dimension, and UK political agency was in decline, suggest that the political contours of the European social dimension will not change once the UK leaves the EU. The power of neoliberal ideas, sometimes blended with German-led ordoliberalism, to reform European welfare states therefore transcends the agency of the UK and will continue long after the UK's withdrawal from the EU. At its very core, as well as encouraging the free movement of workers, by guaranteeing rights and access to the welfare state, the European social dimension is designed to reform EU welfare states to ensure that the market plays an ever greater role in determining outcomes for policy problems. In this respect, the aim is

to ensure that there is limited room for policies to de-commodify individuals, thereby making labour behave as though it is just another component of the Single European Market. Post Brexit, while there may be increased political activity within the European social dimension, its path-dependent trajectory will ensure that the field will not fundamentally alter. Meanwhile, the pursuit of this agenda within the EU is undermining the very integrity of the EU. The current rise of populism and nationalism within the EU owes much to the EU's neoliberal agenda that continuously promotes market-driven solutions for economic and social problems (Eatwell & Goodwin, 2018, pp. 177–223). Commodifying individuals to such an extreme level, as noted by Karl Polanyi (2001), will produce a backlash, as neoliberalism aims to de-humanise and thereby commodify emotionally intelligent human beings. A problem is that the UK's attempt to leave the EU will not alter the political economy of European integration.

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#### About the Author



**Paul Copeland** is Senior Lecturer (Associate Professor) of Public Policy at Queen Mary University of London. His research specialises in the political economy of European integration, particularly in the context of EU employment and social policy, and the UK's relationship with the EU. His latest research monograph *Governance and the European Social Dimension: Politics, Power and the Social Deficit in a Post-2010 EU* will be published in 2020 (Routledge).

Article

## What Common Agricultural Policy after Brexit?

Christilla Roederer-Rynning <sup>1,\*</sup> and Alan Matthews <sup>2</sup>

<sup>1</sup> Department of Political Science and Public Management, University of Southern Denmark, 5230 Odense, Denmark; E-Mail: [crr@sam.sdu.dk](mailto:crr@sam.sdu.dk)

<sup>2</sup> Department of Economics, Trinity College Dublin, 2 Dublin, Ireland; E-Mail: [alan.matthews@tcd.ie](mailto:alan.matthews@tcd.ie)

\* Corresponding author

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### Abstract

Suppose we were in 2028: what would the Common Agricultural Policy (CAP) look like then? Would it be significantly different from the policy we know today? How, and why? And to what extent would Brexit have catalyzed these changes? The CAP is one of the founding policies of the EU and a strategic lever to address critical 21st century challenges such as climate change and the rising demand for food at the global level. It also has an important role in Europe to address the growing urban-rural divide and its potentially destabilizing impact on European politics. In this article, we examine the impact of Brexit from a political-economic perspective emphasizing the multi-level context within which the CAP is embedded. As an EU member state, the UK found a way to partly accommodate the CAP to its needs even though this policy was a source of intense UK dissatisfaction with the EU. Post-Brexit, the budgetary and market implications of the UK's departure may favour positions that support a return to a more traditional policy of farm income support. On the other hand, more radical farm policies in England and Wales could partly offset these effects by setting the agenda for continued CAP reform, if they are seen to be successful.

### Keywords

agricultural policy; Brexit; Common Agricultural Policy; European Union; reform; United Kingdom

### Issue

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### 1. Introduction

There is an irony in reflecting about the impact of Brexit on the Common Agricultural Policy (CAP). Both the CAP and the UK are ‘pivotal outliers’. On the one hand, the UK is the powerful but reluctant Member State (De Ville & Siles-Brügge, 2019)—at once, one of the largest economies in the EU *and* one of the Member States with the most EU Treaty exemptions. On the other hand, the CAP is an exceptional policy of redistribution, making up a large share of the EU budget in an EU political system operating by default through regulatory intervention; and home to major EU legal and institutional innovations (e.g., comitology and jurisprudence of the European Court of Justice in the 1960s and 1970s). Taken

together, these two pivotal outliers arguably embrace one of the most problematic aspects in the evolution of EU policies. Agricultural policy was one of the main reasons why French President de Gaulle twice vetoed a UK membership application, and why the UK fought for a budget rebate. The bones of contention were rooted in the relative unimportance of farming in the UK compared to continental European countries, but also to different approaches to farm support (price guarantees vs payments), Britain's long-standing liberal tradition in trade, and competition from Commonwealth products. Over time, additional sources of tension included the EU budget, from which the UK benefitted little and to which it contributed much, and a range of new concerns, including the environment, animal welfare, and consumer pro-

tection. Today, freedom from the CAP's 'yoke' has been one of the main withdrawal gains coveted by Brexiteers, hard and soft.

Pursuing this theme of antagonism between two pivotal outliers, we ask: what has British membership meant for the CAP? And how and why might Brexit affect the CAP? A policy in flux since the late 1980s, the CAP is now in the midst of a new round of reform, taking place in parallel with negotiations on the renewal of the EU's long-term budget framework (the so-called multi-annual financial framework [MFF] 2021–2027). As observers have noted, the history of the CAP shows 'a shift from 'simply' supporting farmers to paying farmers for the delivery of environmental and other non-market goods and services, and towards more general rural development' (Harvey, 2015). The farm income support objective remains the dominant one, although the mechanism of this support has altered over time and is now delivered largely through decoupled direct payments. However, the legitimacy of these direct payments as well as their effectiveness in delivering income support remains contested (Buckwell, 2017; Harvey, 2015). Efforts have been made to justify these payments as compensating farmers for environmental conservation efforts, given the link through cross-compliance and, more recently, the greening payment which absorbs 30% of the direct payments budget. Additional payments are provided to farmers through the CAP's rural development pillar to farmers who voluntarily agree to adopt practices favourable for the environment and climate stabilization that go beyond these mandatory baselines. However, these measures have failed to reverse the negative environmental consequences of EU farming practices (Pe'er et al., 2017).

Thus, the future direction in which the CAP should go remains a highly contested issue (Mottershead et al., 2018). Faced with the certainty of a significant Brexit budget hole, the Commission proposals both highlight the need for a greater level of environmental and climate ambition in the light of the EU's commitments to the UN Sustainable Development Goals (SDGs) including the Paris Agreement on climate change *and* target the more environmentally-friendly part of the CAP for budget cuts. Member States have been focused on simplification and the preservation of their 'national envelopes' tied to farm payments. Farm unions and their advocates in the European Parliament's (EP) agriculture committee have insisted on the need to maintain the level of income support and seek stronger market regulation and protection against market crises. In sum, the future of the CAP remains shrouded in ambiguities and contradictions.

What Brexit means for the future of debates around these issues in the CAP remains a largely unexplored question. The sparse literature on this topic highlights the potentially large impact of Brexit for the CAP, mainly owing to the implications of the 'Brexit-sized hole in the EU budget' and the weakening of the liberal-environmental coalition in the Council (EP, 2017; Matthews, 2016). Taking this argument one step further,

we examine in this article not only the effects of Brexit that are directly related to the 'withdrawal factor' itself, but also those that are related to the responses and adjustments of EU actors and institutions (De Ville & Siles-Brügge, 2019). Using this framework, our article shows how changing interactions between the domestic, European, and international arenas have affected opportunities for UK agency in the CAP (Section 2); how the UK exploited these opportunities in the CAP reforms of the last two decades (Section 3); and finally, how the lessons of history can help us to predict how the CAP might respond to Brexit in the future (Section 4).

## 2. Three Eras of CAP Governance and Growing Opportunities for UK Revisionism

What we call the CAP is in fact a patchwork of policies, focusing primarily on the farming component of agriculture, which are tied to multiple arenas of decision-making: the domestic arena, the EC–EU arena, and the international arena (Roederer-Rynning, 2019). This multi-level construction has been a source of 'institutional dynamism' (Thelen & Steinmo, 1992) over time. Following the formative years of the early 1960s, we distinguish three main CAP eras, each characterized by a different mix of domestic—European supranational—and international policy elements. In this section, we briefly present these three eras with a view to outlining the historically changing set of political opportunities for UK CAP revisionism.

CAP 1.0 (1964–1985) corresponds to the era of *embedded liberalism*. This expression comes from the international political economy literature, where it refers to the postwar economic order that flourished under the umbrella of the multilateral Bretton Woods institutions (Ruggie, 1982; Steinberg, 2006). Embedded liberalism epitomized a balancing act between economic liberalism and social welfare. In European agricultural affairs, this period marked the development and consolidation of a policy regime which was both strongly Europeanized in its policy dimension while deeply rooted in domestic politics (Daugbjerg & Roederer-Rynning, 2014). It has been argued that the founding negotiations on this first CAP regime were fast-tracked in 1961 in order to reach an agreement before taking position on the first UK application for membership. Thus according to Ackrill (2000, p. 33):

The French did not want to open these [UK accession] negotiations until the CAP had been shaped, as they feared the UK would try to mould the CAP in line with their existing policy of low prices and direct payments to farmers, rather than the 'Continental' high-priced model.

When the UK joined the Community in 1973, the CAP was fully shaped, it was highly protectionist, and it centered on a system of (high) price support. This CAP was a source

of multiple and intense grievances for the UK, which benefitted little from farm support while contributing a disproportionate share to the EC budget mostly spent on farm support.

CAP 2.0 (1986–2008) marked the *internationalization* of CAP governance. For the first time, the liberalization of agricultural trade became a top priority of international trade negotiators in the Uruguay round of the General Agreement on Tariffs and Trade (GATT; Daugbjerg & Swinbank, 2009). This context facilitated the adoption of the MacSharry reform of 1992, which marked the shift from traditional price support to farm payments. With the subsequent Fischler reform of June 2003 and Health Check of the CAP of 2008, these farm payments were further ‘decoupled’ from output and made conditional upon social, economic, and environmental criteria via the cross-compliance or conditionality of farm payments. Further international pressures for reform resulted from adverse rulings in the World Trade Organization (WTO) dispute settlement process (bananas, sugar) and from the priority of DG Trade under Commissioner Pascal Lamy to provide duty-free quota-free access to the EU market to least-developed countries (sugar, rice). Finally, Agenda 2000 and especially the Fischler reform built an important element of flexible implementation into the CAP. Flexible implementation was later embedded in the Cioloş CAP reform of 2013, through an expanded menu of choices for the implementation of direct payments as well as the ‘greening payment’ introduced in this reform. Thus, CAP 2.0 offered better opportunities for the UK to push a reform agenda.

The current phase of agricultural policy, CAP 3.0 (2009–now), is marked by a more *politicized* CAP. Higher world prices following the 2008 world food crisis allowed the EU to pursue a less defensive trade strategy and facilitated the phasing out of export subsidies on EU farm commodities. However, international trade pressures, despite the failure of multilateral trade negotiations, continue to be a constraint because of bilateral trade agreements. European ‘sensitive products’ like beef, sugar, and poultry have been a sticking point in the current negotiations between the EU and the *Mercado Común del Sur* (MERCOSUR), composed of Argentina, Brazil, Paraguay, Uruguay. Likewise, the EU has defensive agricultural interests in the bilateral negotiations recently launched with Australia and New Zealand. Besides international trade liberalization, two new sources of politicization have emerged and gained importance since 2009.

The first is the rapid rise of global concern over climate change and the environmental agenda more broadly. The farm and food sector features centrally in the UN SDGs adopted in 2015 and in the Paris Agreement on Climate Change adopted in 2016. The EU has been at the forefront of these efforts, notably with its ‘2030 Climate and Energy Framework’ adopted in 2014, and current proposals on a climate-neutral Europe by 2050. Public interest in how food is produced has

exploded, highlighting issues such as natural resource degradation, biodiversity loss, welfare issues around intensive livestock production and the use of biotechnology. These new priorities and demands for how the CAP budget is spent have fuelled redistributive conflict at a moment when Member States, following the EU enlargement to the Central and East European countries (CEECs), have engaged in an ever more intense competition for EU funding and sought to maintain tight inter-governmental control over the financing of EU policies (Matthews, 2015).

A second source of politicization has been the Treaty of Lisbon, ratified in 2009. The Treaty brought the ordinary legislative procedure to the CAP and abolished the distinction between so-called ‘compulsory expenditure’—in practice farm expenditure—lying outside of the purview of the EP and non-compulsory expenditure (where the EP had the last word). The Council of Ministers has thus lost its legal preponderance in agricultural policy and the role of the EP has been strengthened. This ‘parliamentarization’ has politicized EP–Council relations in agriculture. Since 2009, the two have competed to define the scope of EP powers in the CAP as in the common commercial policy and in the MFF—all of these aspects influencing the CAP and CAP reform. The UK has never been an enthusiastic proponent of the development of EP powers—preferring to stick to the classic method of intergovernmentalism. Although often portrayed as a champion of diffuse interests, the EP played a basically status quo-oriented role in the first CAP reform in 2013 after the ratification of the Treaty of Lisbon (Swinnen, 2015).

Overall, the thrust of the CAP evolution over the last 60 years is to green farm support, push for more trade liberalization, and place more emphasis on sustainability (Roederer-Rynning, in press). For a member state like the UK, championing trade liberalization (De Ville & Siles-Brügge, 2019) and environmental protection and climate action (Dupont & Moore, 2019), this has meant better opportunities to shape the CAP to its advantage. How did the UK exploit this context of growing political opportunities?

### 3. Putting Membership to Use: From *Doléances* to Budget Returns

(Self-)perceptions of UK influence in CAP policy-making have long been shaped by a narrative of liberalism. Still today, the UK distinguishes itself among the large Member States by the ‘nearly exclusive emphasis on a neoliberal discourse’ (Alons & Zwaan, 2015, p. 364). Since the 1980s, British agricultural policy has given ‘priority to the free functioning of the market, which plays in favour of the comparative advantage of British agriculture, while it recognizes market failure at valourising externalities’ (Garzon, 2006, p. 125). What exactly these ‘externalities’ are has evolved over time, from an early understanding focused on environmental externalities towards, more

recently, a more encompassing conception of rural development. Garzon speaks of an ‘UK consensus’, which is ‘at odds with the “continental” vision of multi-functionality’: for ‘to be acceptable to British policy makers, multifunctionality ought to be focused on environmental outputs and used as a discourse to explain a transition process’ (Garzon, 2006, p. 125; see also Delorme, 2004). However, this twofold orientation towards liberalization and greening is not without ambiguities and trade-offs, as evidenced by the nascent debate on a post-Brexit UK agricultural policy. Before we examine the contemporary Brexit debate, we explore in this section how the UK brought this overarching liberal narrative to bear on the CAP while a member of the EU, and what kind of trade-offs and ambiguities it faced in the promotion of a liberal CAP. We proceed by examining the role of the UK in *individual CAP reforms*, before briefly extending the analysis to other aspects of UK activism, including *national implementation* and a longstanding focus on *better regulation*. We draw on various ‘insider’ sources (such as Cunha & Swinbank’s 2011 detailed ‘insider’ account of two decades of CAP reforms; and Garzon’s 2006 account), and supplementary secondary and primary sources.

*The accession ‘cahier de doléances’*: the UK’s early membership was marked by vigorous skirmishes on the CAP. In fact, barely two years after joining the Community, the UK held its *first membership referendum*, through which ‘the UK government wished to change the CAP to its advantage’ (Ackrill, 2000, p. 52). Three points stood out in the UK government’s accession *doléances*, which reflected the outlying position of the UK, due to historical reasons, in agricultural matters: 1) the UK’s ‘status as a major importer of food’; 2) UK concerns over the fate of Commonwealth agreements securing food for the UK in exchange for assistance to Commonwealth producers; and 3) the UK’s status as a major net contributor to the Community budget, behind Germany (Ackrill, 2000, p. 52). A major implication of this structural mismatch was that UK CAP revisionism was soon channeled outside of the CAP proper: i.e., in the larger intergovernmental budgetary battles, which culminated in a ‘UK budget rebate’ under Prime Minister Thatcher. The budget compromises of the 1980s had no effects on the CAP’s policy design; they perhaps even contributed to sustaining it in a sub-optimal form. The UK nevertheless won two victories in this period: 1) the introduction of the Less Favoured Areas directive in 1975, which allowed it to direct support to its upland farms; and 2) the introduction of agri-environment schemes, initially on a voluntary basis (Regulation [EEC] 797/85). At first, only the UK and Germany made use of this voluntary option, but eventually Agricultural Environment and Climate Measures (AECMs) became a mandatory component of the rural development pillar of the CAP.

*The MacSharry reform (1992)*—arguably the first and most far-reaching CAP reform—found the UK in a paradoxical position of opposition. Although the UK called for a radical CAP reform in the context of the GATT nego-

tiations, it entered the MacSharry reform as the leader of an opposition comprising the Netherlands, Belgium, and Denmark (Cunha & Swinbank, 2011, p. 33; see also Coleman et al., 1999, cited in Garzon, 2006, p. 67). The most contentious issue was modulation, which in these early years essentially meant capping direct payments as a function of farm size. Fearing the impact of capping for its larger farms, the UK minister explained in the Council that he was ‘not prepared to buy a reform at the expense of turning Europe’s agriculture into a tourist attraction for people who liked farming in Marie Antoinette style’ (Cunha & Swinbank, 2011, p. 79). The UK also conditioned its approval of CAP reform on guarantees that its financial impact would lie within agreed budget limits (Cunha & Swinbank, 2011, p. 85). Domestic politics played a big role in shaping the UK’s initial position. The UK parliamentary elections were held in the midst of the CAP reform, during which the UK minister expressed his opposition to the MacSharry reform (Cunha & Swinbank, 2011, pp. 83–84). The strategy of the Commission was to divide the opposition by offering the UK concessions (Cunha & Swinbank, 2011, pp. 95–96). This strategy was fruitful. After being reelected, the UK minister ‘quickly negotiated with the Presidency his conditions to support the reform, and once these had been obtained in a satisfactory way he was the first to leave his allies of yesterday’ (Cunha & Swinbank, 2011, p. 33).

In the *Agenda 2000 reform (1999)*, the multi-issue negotiation package aimed at preparing the EU for the Eastern enlargement, the tables had turned: the UK was now in favor of a CAP reform, together with Denmark and Sweden (Cunha & Swinbank, 2011, p. 108), eyeing in the enlargement an opportunity to overcome status quo pressures. According to Ackrill (2000, p. 118) these three countries ‘felt Agenda 2000 did not go far enough’ and wished for more radical reforms. Although the coalitions shifted from issue to issue, the reform was shaped by intense overarching budget discussions, pitting France (against any co-financing of the CAP) against Germany, opposed to any suggestion of drastic price cuts or ‘degressivity’, i.e., the reduction of direct payments over time. The UK, like France, supported degressivity (Ackrill, 2000, p. 129; Garzon, 2006, p. 84). In line with its longstanding commitment to budget discipline, the UK, together with Austria, Germany, the Netherlands, and France, proposed the principle of ‘budget stabilization’: thus, ‘it would be the finance ministers who decided the financial scope of the CAP reform’ (Cunha & Swinbank, 2011, p. 112). On substantive CAP issues, the UK advocated the termination of dairy quotas, together with Denmark, the Netherlands, and Sweden (Cunha & Swinbank, 2011, p. 113; Garzon, 2006, p. 84). It also advocated a stronger ‘second pillar’ of the CAP devoted to rural development (the pillar terminology was introduced in the Agenda 2000), together with Austria, Sweden, Finland, Portugal, and ‘more cautiously, France’ (see also Ackrill, 2000, p. 129). The UK’s approach was that, over time, rural development should replace market support



and farm payments (Cunha & Swinbank, 2011, p. 121). Assessments of the reform stress that ‘the British government clearly chose the UK rebate over CAP reform’ (Cunha & Swinbank, 2011, p. 118; these authors refer to Serger, 2001, Swinnen, 2008, and Tangermann, 1999). Ultimately, the reform introduced ‘voluntary modulation’, i.e., the possibility for member-states to reallocate a share of their direct payments (pillar one) towards rural development measures (pillar two). Opposition from Germany and Spain explains that modulation remained voluntary. Only the UK and France subsequently used this option. As Garzon (2006, pp. 87–88) notes, ‘the United Kingdom...saw this as a way to rebalance the CAP to its advantage’.

*In the Fischler reform of 2003*, which is often considered to be of a magnitude similar to the MacSharry reform, the biggest change did not come from the UK but from Germany, which had ‘transformed itself from an obstructor into a partner of agricultural policy change’ (Garzon, 2006, p. 118). The shadow of enlargement loomed large. On the one side, the UK, Sweden, the Netherlands, and Germany feared that extending direct payments to the new Member States would ‘perpetuate the costly “compensatory” aid scheme, which they tried to reduce’ (Garzon, 2006, p. 98). On the other side, France argued that ‘if it was only the CAP that was to be reformed, then this implied that France was paying for enlargement (Greer, 2005, p. 150)’ (Cunha & Swinbank, 2011, p. 135). Germany’s realignment, and the continuing pressure to make direct payments WTO-compatible promoted ‘a more cohesive bargaining game’ (Garzon, 2006), even though the three big Member States continued to favor different options. For the UK, the priority, again, was to avoid a capping of farm payments. The fact that the capping of farm payments played such a prominent role in the UK’s position can be surprising given that this position partly contradicts the liberal narrative (large farmers do not need subsidies) and de facto undercut the greening of the CAP by reducing the funding available for environmental and rural development measures. One of the key supporters of this official UK position was the National Farmers’ Union (NFU; Delorme, 2004, cited in Garzon, 2006, p. 89; Hennis, 2001; Lowe, Buller, & Ward, 2002), which was squeezed between the Blair government’s lack of interest in agriculture and the rise of the rural development movement. Realizing the lack of popularity of direct payments in the public at large, the NFU ‘chose to take part in the discussion [of the Agenda 2000 reform and subsequent reforms], with the support of the Land Owners’ Association, in order to influence it, notably by opposing the capping of individual receipts’ (Garzon, 2006, p. 89; added emphasis).

In the *Health Check of the CAP (2007)*, the UK advocated a much more radical reform than that envisioned by Agriculture Commissioner Mariann Fischer Boel. Its position was spelled out in a 2005 governmental document authored by the UK Treasury and the Department for Environment, Food, and Agriculture (Her Majesty’s

Treasury & Department of Environment, Food & Rural Affairs, 2005). This document ‘reflected its [UK] traditional liberal standing’, advocating for a general retrenchment of public intervention in agriculture except for environmental purposes (Cunha & Swinbank, 2011, p. 190). This vision had little appeal in the Council although it might have contributed to upgrading the ambition of the Health Check reform (Cunha & Swinbank, 2011, p. 183).

Remarkably, in the years preceding the second UK referendum over continued membership, consensus remained the norm in the Agriculture Council and the UK had become part and parcel of it (see Table 1). More than two-thirds (67,7%) of the decisions were adopted by unanimity or quasi-unanimity (i.e., only one member state abstaining or voting against). Although the CAP had become one of the most contested policy areas in the EU, Council decision-making remained largely consensual even in that area (Hayes-Renshaw, Van Aken, & Wallace, 2006). The UK was part of the majority in more than 80% of the cases. While this was lower than France and Italy who were *always* in the majority, it was the same as Germany, which also voted in support of EU legislation in 26 out of 31 cases in the 2009–2014 period. Even more remarkably, perhaps, the UK did not push back significantly on the last CAP reform before the UK referendum: the Ciolos reform. This reform, adopted in December 2013, was criticized for making too large concessions to conservative agricultural interests, and paying only lip service to the environmental and rural dimension of the CAP. It caused an uproar among environmental NGOs based in the EU and the UK. However, *unlike Germany*, the UK did not vote against any of the Ciolos reform files.

CAP reform negotiations enable us to assess the UK’s role in CAP reform *decision-making*. While important, this dimension does not exhaust the repertoire of UK activism as a member state. It should be supplemented by a finer analysis of the UK implementation of the CAP. Indeed, the UK has recently used the opportunities offered by *flexible implementation* to make a partial transition to a new type of agricultural policy. Agricultural policy is devolved in the UK: national implementation of the CAP is undertaken by the agriculture departments of England, Northern Ireland, Scotland, and Wales—under the lead of Defra. Thus, there is no one model of UK implementation. However, the UK as a whole (with the limited exception of Scotland) has distinguished itself by the full decoupling of the single farm payments from 2005 (Greer, 2005). With the Ciolos reform, the UK confirmed its readiness ‘to “wear” the new CAP with no transition’ (Henke et al., 2018). In addition, while the UK had traditionally paid ‘the lowest [rural development] grants and was for many years the only country not to support the continuation of organic production’ (Greer, 2005, p. 181), the UK doubled rural development appropriations between 2013 and 2018 (from €2.580 billion in current prices to €5.195 billion) by voluntarily modulating farm support during the period.

**Table 1.** Council voting results in agriculture (co-decision files), 2009–2014.

Council voting results, agriculture, 2009–2014	Legislative files (#)	Legislative files (details)
Voting results:	31	
<i>AT THE EU LEVEL</i>		
— unanimity	17	
— unanimity minus one MS	4	
— 20–26 MS support	10	
<i>AT THE UK LEVEL</i>		
— UK in support	26	
— UK abstention	1	2014/0014 (COD): Aid scheme for the supply of fruit and vegetables, bananas and milk in the educational establishments: 25 out of 28 member-states vote in support; Hungary and the Netherlands vote against;
— UK not participating	1	2011/0281 (COD): Common organisation of the markets in agricultural products 2014–2020. Single CMO Regulation: 26 out of 28 member-states vote in support; Germany votes against
— UK against	3	2013/0398 (COD): Agricultural products on the internal market and in third countries: information provision and promotion: 25 out of 28 member-states vote in support; the Netherlands and Sweden also vote against 2010/0256 (COD): Outermost regions: specific measures for agriculture: 25 out of 27 member-states vote in support; Sweden also votes against 2008/0183 (COD): Food distribution to the most deprived persons in the Community: 23 out of 27 member-states vote in support; Denmark and Sweden also vote against; and 1 abstains

Note: The data are accessed from the EP Legislative Observatory at <https://oeil.secure.europarl.europa.eu/oeil/home/home.do> and the Council of the European Union Online Document Register at <https://www.consilium.europa.eu/register/en/content/int?typ=ADV>.

Lastly, a final aspect in which the UK has sought to change the CAP is through its longstanding commitment to *improving regulatory governance*. This concern dates back to the late 1980s, with the establishment of a Deregulation Unit under the Thatcher government and was further developed in the Better Regulation agenda in the late 1990s and early 2000s, notably under Tony Blair (Organisation for Economic Co-operation and Development, 2017). In agriculture, the main manifestation of this growing concern was reflected:

- *At the domestic level:* through a practice of broad and inclusive consultation of stakeholders in discussions of CAP reforms (Cunha & Swinbank, 2011, p. 147; Greer, 2005, p. 179);
- *At the EU level:* through the push of the Better Regulation agenda in the CAP, involving rigorous inter-service consultations and the systematic use of impact assessments in the bigger CAP reforms, since the reform of the sugar regime which took effect in 2006.

In sum, as an EU member, the UK approached the CAP from an overarching liberal orientation, which delivered a few environmental wins and surprising results,

such as the constant battle against the capping of direct payments and the overriding concern for budget rebates. Specific policy victories included the development of measures on less-favored areas and of agri-environmental schemes. The UK approached the liberalizing MacSharry reform in 1992 from such a posture of opposition that ‘one year later, MacSharry was still “disappointed and surprised” with these attacks’ (Cunha & Swinbank, 2011, p. 79). Later, the UK found itself on the side of CAP reform, but often with a hard-nosed focus on budget returns, which produced inconstant coalitions and made substantive CAP reforms almost impossible. While the liberalizing and greening agenda would probably have developed without the UK, the UK nevertheless offered a powerful narrative combining liberalism and environmentalism and striking illustrations of the paradigm at home, and it was a persistent advocate of bringing better regulation to agriculture.

#### 4. Preparing for Brexit: EU Adjustment Strategies and Narratives

On 29 March 2017, the UK invoked Article 50 of the Treaty on EU which began the process of its withdrawal from the EU. This initiation of Brexit took place just

as the Commission began work as part of its 2017 Work Programme on modernization and simplification of the CAP. This led to a Communication published in November 2017 outlining its ideas for the design of the CAP post 2020 and ultimately to legal proposals published in June 2018. However, Brexit has meant that the UK's voice in the AGRIFISH Council and, to a lesser extent, in the Parliament's agricultural committee on the substantive negotiations on the Commission's proposal has been silent. It has effectively opted out of trying to influence the course of the negotiations. Brexit also had an immediate impact on the Commission's preparations for the next MFF which it eventually proposed in May 2018. It means the departure of the second largest net contributor to the EU budget and thus puts pressure on the other Member States either to make savings in existing policies or to contribute more to the future EU budget.

The UK is a major net importer of agri-food products with the bulk of its imports supplied by EU exporters. Brexit raises the prospect of the re-introduction of tariff and non-tariff barriers on trade between the UK and the EU27. The UK market will also become less valuable and more competitive if it adopts its proposed low-tariff regime for agri-food products (NFU, 2019) and allows easier access for third country exporters. This will lead to the displacement of produce previously exported to the UK to the internal EU market, with potentially adverse effects on EU market prices and farm incomes. Finally, the prospect of Brexit has given rise to a vigorous debate within the UK and its constituent countries on the potential shape of post-Brexit agricultural policy. Some UK countries are discussing a major re-orientation of agricultural policy from the traditional emphasis on farm income support to a justification of public support based on the provision of public goods. If such a reorientation were to be successfully implemented in one or more UK countries, it could in turn shift the centre of gravity of future debates on the CAP. In this section, we examine how the EU has responded to these threats and their implications for the future of the CAP.

The impact of Brexit on the EU budget is the one most widely discussed. The UK's departure leaves a gap to be filled, estimated at around €13 billion annually in the coming MFF period compared to anticipated annual EU budget expenditure of around €170–180 billion. The gap can be filled either by increased contributions from the remaining Member States or by reducing the current level of spending. The Commission proposal sought additional resources but also proposed savings in existing programmes including both the CAP and cohesion spending. It recommended a nominal cut in CAP spending in the next programming period of between 3–5% compared to the 2014–2020 MFF, adjusted for the UK's departure, in the context of a modest increase in the overall MFF from 1.00% to 1.08% of EU Gross National Income (GNI; 1.11% when the budgetization of the European Development Fund is considered). This translates into a cut of around

12% in real terms (Matthews, 2018). The Commission's priority was to protect the budget for income support (European Agricultural Guarantee Fund, financing Pillar 1 expenditure) in nominal terms. All the nominal reduction will fall on the European Agricultural Fund on Rural Development financing Pillar 2 expenditure, although part of this reduction will be offset by an increase in the share of Member State co-financing of rural development expenditure by 10 percentage points.

This proposed cut in the CAP budget, even if modest enough in nominal terms, has been fiercely opposed by several Member States which have called for an overall increase in the MFF to allow the level of CAP spending to be maintained in real terms (Ministers of Agriculture, 2018). The Parliament has also criticized the Commission proposal and has called for a much larger MFF equal to 1.3% of EU GNI as well as for maintaining the CAP budget in real terms (EP, 2018). Farm unions have supported this call, arguing that it was crucial 'to make sure that farmers do not end up paying the price of Brexit' (Committee of Professional Agricultural Organisations—General Committee for Agricultural Cooperation in the European Union, 2018). It is not clear if these demands to maintain the CAP budget constant in real terms from the agricultural lobbies will be supported by the Finance Ministries in the Member States. Other Member States have called for the Commission's budget proposal to be even further reduced, including further cuts in CAP spending (Austrian Presidency, 2018). While the controversy over the size of the next MFF and the amount of CAP spending is not all due to Brexit, the UK departure undoubtedly makes agreement on the next MFF in the European Council more difficult.

These negotiations on the post-Brexit MFF run parallel to the debate on the shape of the CAP after 2020. The Commission's proposal is driven partly by a desire to simplify what all agree has become a hugely complex policy to administer. Another driver is the need to modernize the CAP to reflect heightened challenges and new commitments. These include greater market price uncertainty and a more pessimistic market outlook; the need to respond to increased market access under free trade agreements; the need to better harness innovation and advances in digital technologies both to improve the accuracy and efficiency of the implementation and monitoring of CAP instruments as well as their practical application in rural areas; and the need to better meet societal expectations regarding farming and food, including a greater emphasis in CAP spending on environment and climate issues.

The proposal's most innovative element is to move to a new delivery model entailing greater responsibility and flexibility for Member States to design their agricultural policies, albeit still within a common EU framework. Control over Member State interventions would shift from a compliance framework (are payments to farmers in compliance with the rules set at EU level for these payments?) to a performance framework (in which the

Commission will focus on auditing outcomes based on achieving agreed performance indicators).

In its legal proposal, the Commission has suggested a new 'green architecture' for the CAP. The current system consists of cross-compliance (made up of statutory minimum requirements and a set of minimum standards of good agricultural and environmental practice which all recipients of CAP payments should observe), a greening payment to farmers who observe some simple practices beneficial to the environment and climate, and voluntary AECMs. This will be replaced by a system of enhanced conditionality, a new eco-scheme funded as part of Pillar 1, and voluntary AECMs. Pressure to embed environmental and climate action even more centrally into the CAP has moved up the political agenda because the EU is signed up to, and committed to, action on the Paris Agreement on climate (translated into EU emission reduction goals for 2030 to which agriculture and the land using sectors must contribute) and the UN SDGs. However, the bulk of CAP funding will continue to be allocated to area-based direct payment schemes, albeit the Commission proposes that these should be better targeted on small and medium-sized farms.

The greater emphasis on environmental and climate ambition and flexibility for Member States to better mould agricultural policy interventions to meet their own specific circumstances and needs is closely aligned to UK preferences in successive CAP reforms as argued in Section 3. However, there is no evidence that these proposals are in any way a response to Brexit: the simplification and modernization drivers were already in play. However, the UK's absence from the table as these proposals are negotiated by the co-legislators has weakened the coalition of Member States that support the Commission's objective of a more targeted policy and a greater environmental and climate ambition. At the time of writing (June 2019), there is evidence that the Council and Parliament may well end up watering down some of the more innovative elements in the Commission proposals, although complications due to the realignment of political groups following Parliament elections in May 2019, possible delays in agreeing the next MFF, and potential difficulties in agreeing on the composition of the new Commission, could mean that final decision on the future CAP may be postponed for some years. At the time of writing (June 2019), the UK is scheduled to leave the EU on October 31st 2019. Neither the Parliament nor Council have yet finalised their negotiating positions on the three CAP regulations for the post-2020 period and, as noted above, the UK's voice has been largely absent from the debates to formulate these positions. Trilogues may not get under way until after MFF conclusions for the 2012–2027 period are agreed by the European Council, meaning that the UK would no longer have any say in the future CAP after that point. Of course, if there were a further extension of the Brexit process beyond October 31 2019, the votes of the UK in the Council and of UK MEPs in the Parliament could still influence the

CAP outcome if the UK is still a Member State when the votes are finally taken.

Empirical studies of the likely impact of Brexit on EU agricultural markets suggested only a limited impact, particularly if the UK remained in a close economic relationship with the EU, with adverse effects concentrated on a small number of neighbouring Member States and particularly Ireland (Bellora, Emlinger, Fouré, & Guimbard, 2017). As the prospect of a disorderly Brexit in which the UK leaves the EU without a withdrawal agreement (the 'no-deal' scenario) increased in the first half of 2019, more attention focused on the likely adverse market impacts in such a scenario. The UK has indicated that it intends to introduce a highly liberalized tariff schedule in the event of 'no-deal' including zero tariffs on many agri-food products that are currently protected by the EU's common external tariff (NFU, 2019). This will open up the UK market to easier access by third country exporters. Some tariffs will be maintained for sensitive products such as beef, lamb and some dairy products but these will also be applied to UK–EU trade. The Commission has stepped up its 'no-deal' preparedness and has emphasized the range of market support instruments at its disposal as well as the opportunities under State aid legislation to assist producers in Member States that may be particularly adversely affected. Already in May 2019 a package of support worth €100 million (of which half will be provided by the EU) was announced for Irish beef producers based on evidence of exceptional market disturbance arising from the prospect of Brexit. If the range of crisis mechanisms is not up to the task, post-Brexit market chaos could well feed into the narrative demanding a return to a more interventionist CAP with greater powers of market management.

Brexit has also dented the EU's efforts to portray itself as the champion of multilateralism in the trade arena at a time when the US commitment appears to be waning. Brexit requires the UK to establish its own schedule of commitments (in terms of tariff bindings, ceilings on trade-distorting domestic support and tariff rate quota access) at the WTO. These are currently part of the EU's commitments. In particular, the joint UK–EU proposal to split access under tariff rate quotas according to historical market shares has met with opposition from exporters, who argue that they are disadvantaged by the division of a unified tariff quota (under which they can switch supplies between markets in line with relative profitability) into two separate quotas, albeit of the same size, where such switching is no longer possible. Affected exporters point out that the EU does not propose to make a similar pro rata reduction in the tariff rate quotas it has opened under bilateral free trade agreements. Brexit could mean that the EU faced an unwanted WTO dispute that, depending on the outcome, could require it to open more generous tariff rate quotas than it has so far planned to do.

In the longer-term, one of the more important impacts of Brexit on the CAP could arise through a 'demon-



stration effect' if some UK countries decide to pursue their agricultural policy objectives through a radically different set of policy interventions compared to the CAP. All of the four UK countries have launched consultations on future agricultural policy. The UK Government has published an Agriculture Bill that provides the architecture for most of the UK to start to develop their approaches to supporting farm businesses whilst meeting future international trading obligations (Scotland is currently not covered in the Bill because of disagreements about the overall UK approach to repatriating EU powers in devolved areas of competence; Coe & Downing, 2018). The UK government has committed to deliver the same level of funding as currently received under the CAP (some €4 billion per year) for farm support until the end of the current parliament, expected in 2022.

Agricultural policy was one of the areas in the UK referendum debate where Brexit supporters saw potential gains from 'taking back control' through a less burdensome policy for farmers and reduced agricultural tariffs lowering prices for consumers (Fresh Start Group, 2016). These ideas are reflected in the Agriculture Bill and in the applied tariff schedule that the UK announced in March 2019 it will implement in the event of a 'no-deal' Brexit. This would result in a significant liberalization of import access for agri-food products. The main innovation in the Bill is to give the Secretary of State new powers to provide financial assistance to those managing the land and delivering public benefits such as air and water quality, public access and productivity in England and Wales. To make way for this system, the Bill provides for the phasing out of direct payments over a seven-year period and their 'de-linking' from any requirement to manage agricultural land during this period. These 'de-linked' payments can be made in a lump sum allowing farmers to invest in their business, diversify or retire from farming. The phase out and de-linking of direct payments is not extended to Northern Ireland. This 'public money for public goods' approach to future farm support goes much further than what the Commission has suggested in its legal proposal for the CAP post 2020, even if both jurisdictions are addressing similar policy objectives. If the UK countries do proceed with this transition, whether it is deemed successful or not will have a significant impact on the CAP debate likely to take place in the next round of CAP reform towards the end of the 2020's.

## 5. Conclusion

Brexit takes place amidst intense political contestation of the CAP, with a new round of CAP reform and MFF negotiations pending. Agricultural policy has always been a lightning rod for UK dissatisfaction with the EU, even if our analysis shows that the UK found ways to partly accommodate the policy to its needs. After contesting the premises of the CAP in the 1970s and 1980s, the UK settled for a hard-nosed policy of budgetary returns. Neither contestation nor budgetary returns offered a

constructive alternative, which kept the UK in a marginal position and prevented it from exploiting the full potential of a coalition of reform-minded Member States.

The UK leaving the EU opens the possibility that the dynamics around the CAP in future may be different. The Commission's legal proposal for the CAP post 2020 is motivated by new international commitments under the Paris Agreement and the UN SDGs requiring greater environmental and climate ambition, the need to address the growing revolt by Member States and farmers against perceived bureaucracy and overly complex administration, and the recognition that more effort needs to be put into supporting innovation to avoid EU farming falling behind in exploiting the opportunities of digital agriculture. These concerns to a large degree reflect UK interests, although there is no evidence that Brexit influenced or prompted the reform. Nonetheless, the absence of a strong voice from the UK in the Council and EP may weaken the forces supporting the more innovative aspects of Commission's proposal.

The immediate impact of Brexit is the hole it leaves in the EU budget. It remains unclear whether Member States will agree to pay in the additional cash to maintain current levels of CAP spending or whether the more hard-nosed policy of the net contributor countries will prevail. A lower CAP budget is used by those who favour maintaining the traditional focus of the CAP on supporting farm income to argue that farmers cannot afford any increase in the level of environmental obligations. This indirect budget mechanism could be a further way in which Brexit may influence the future shape of the CAP.

Severe market disruption that may follow from a disorderly Brexit in a 'no deal' scenario would also strengthen the hand of those itching to pull the CAP back to a more interventionist policy of market management. On the other hand, the radical ideas to base farm support on a 'public payments for public goods' principle particularly in England and Wales may have a 'pull' effect in the longer run on the future direction of EU agricultural policy if it is seen as a successful reform.

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## Conflict of Interests

The authors declare no conflict of interests.

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#### About the Authors



**Christilla Roederer-Rynning** is a Professor with special responsibilities in Comparative European Politics. She works on EU lawmaking, the Common Agricultural Policy, and trade policy. She coordinated 'The Parliamentarization of EU Politics', financed by the Danish Council for Independent Research. She co-edits *Policy-making in the European Union* 8th edition, with Helen Wallace, Mark Pollack, and Alasdair Young (Oxford University Press).



**Alan Matthews** is Professor Emeritus of European Agricultural Policy at Trinity College, Dublin, Ireland. He is a former President of the European Association of Agricultural Economists and is currently a member of Ireland's Climate Change Advisory Council. His research interests are in the areas of agricultural policy and international trade policy, including their implications for development and food security. He is a regular contributor to the blog *capreform.eu* on issues relating to the EU's Common Agricultural Policy.

Article

## Brexit and the EU in Global Climate Governance

Claire Dupont<sup>1,2,\*</sup> and Brendan Moore<sup>3</sup>

<sup>1</sup> Department of Public Governance and Management, Ghent University, 9000 Ghent, Belgium;  
E-Mail: [claire.dupont@ugent.be](mailto:claire.dupont@ugent.be)

<sup>2</sup> Institute for European Studies, Vrije Universiteit Brussel, 1050 Brussels, Belgium

<sup>3</sup> Tyndall Centre for Climate Change Research, University of East Anglia, Norwich, NR4 7TJ, UK;  
E-Mail: [brendan.moore@uea.ac.uk](mailto:brendan.moore@uea.ac.uk)

\* Corresponding author

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### Abstract

Climate change governance is one of the EU's priorities. The EU has developed a central (and arguably, a leading) role in global climate governance. The UK has been an important supporter of strong climate action both within the EU and in international climate negotiations. We investigate how/whether the EU's role in global climate governance will be affected by Brexit by focusing on potential changes in three conditions for EU leadership: (1) credible and ambitious internal climate policy; (2) constant and effective international engagement through climate diplomacy; and (3) the ability to attract followers. We find that the UK has sometimes played the role of a pivotal outlier, either pushing for more internal policy ambition or blocking certain policy options. Brexit is likely to have cumulative effects on the EU's role in global climate governance over the long term, through a series of changes in internal EU policymaking and climate diplomacy. The speed and scope of these changes depend on the nature of the future UK–EU relationship. We argue that the broader international context and strains on EU unity represent more urgent challenges to the EU's role in global climate governance than those posed by Brexit.

### Keywords

Brexit; climate change; EU Emissions Trading System; European Union; leadership; UN climate negotiations; United Kingdom

### Issue

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### 1. Introduction

Climate change governance is one of the EU's priorities. The EU has adopted targets to reduce greenhouse gas (GHG) emissions, including a 40 per cent reduction by 2030 compared to 1990 levels, and has implemented a range of policies to achieve its goals. It has developed a central role in global climate governance through its climate diplomacy and by standing as an example of climate action. Indeed, the EU is often extolled for its climate leadership ambitions.

The UK has been an important supporter of strong climate action both within the EU and in international

climate negotiations. It has been influential in strengthening EU policy ambition and in the choice of internal EU policy instruments. We are interested in investigating how/whether the EU's role in global climate governance will be affected by Brexit.

The article proceeds as follows: In the next section, we outline a framework for understanding the EU's role in global climate governance, building on leadership scholarship that highlights the importance of internal policy, external diplomacy and gaining followers for exerting leadership. We then examine the UK's role in both EU internal climate policy, focusing on the development of the EU Emissions Trading System (ETS), and in the inter-

national climate negotiations. To do so, we draw on existing literature, document analysis, expert interview data and institutional voting statistics. We find that the UK has played an important role in EU climate policy and diplomacy, but that its role has gradually become less central over time. Next, we assess what these findings mean for the potential effect of Brexit on the EU's role in global climate governance. We find that changes after Brexit are likely to lead to cumulative effects over the long term, and that the speed and scale of change depends on the nature of the future UK–EU relationship. We argue that the EU faces other, more pressing challenges to its global climate role than Brexit, including the international climate context, EU internal unity and broader EU reform processes.

## 2. Understanding the EU's Role in Global Climate Governance

The EU has long aimed for international leadership on climate policy and governance (Bäckstrand & Elgstrom, 2013; Oberthür & Roche Kelly, 2008). It has managed to achieve a certain leadership status (Parker & Karlsson, 2015), but the type and style of leadership shifted from rhetorical leadership in the 1990s, with little concrete policy action to follow up on stated commitments, to exemplary leadership in the late 2000s, with the adoption of domestic policy measures. The UK has been an international climate actor in its own right and also a contributor to EU global climate governance efforts. We seek to assess how Brexit could change the EU's role in global climate governance. For our analytical framework, we build on EU climate leadership literature.

What are the ingredients for climate leadership? Beyond the broader international political, economic and social context (Dalby, 2013; Dupont, Oberthür, & Biedenkopf, 2018; Lockwood, 2018), three main conditions seem to be important for an international leadership role: (1) credible and ambitious internal climate policy; (2) constant and effective international engagement through climate diplomacy at multi-lateral and bi-lateral levels; and (3) the ability to attract followers (Wurzel, Connelly, & Liefferink, 2017).

First, ambitious internal climate policy can be understood in two ways: either as policy that is more ambitious than the next most ambitious actor in terms of expected reductions of GHG emissions; or as policy that is ambitious enough to help achieve the calls for limiting global temperature increase to well below 2° Celsius, as outlined in Article 2 of the 2015 Paris Agreement (UN, 2015). Thus, the level of policy ambition depends on the benchmark. In addition, the credibility of climate policy also depends on its implementation and feasibility: There is no point agreeing on ambitious targets if they cannot be implemented. By meeting these two conditions (ambition and credibility), the EU's internal policy can serve as an 'example' to other jurisdictions.

Second, constant and effective international engagement through climate diplomacy means that the EU it-

self has the capacity to emphasise climate governance at both the international, multilateral level, and in bi-lateral relations. What makes climate diplomacy effective often depends on the broader context, the external partner and the capabilities/room for manoeuvre of the negotiating parties. Certain aspects are nevertheless within the EU's control. Adelle, Biedenkopf and Torney (2018) lay out three strategies of EU external climate policy/diplomacy: engaging in dialogues and negotiations; altering utility calculations; and building the capacity of others to act. This implies that a high degree of EU consistency, capacity and willingness is required on several diplomatic fronts to achieve the desired result.

Third, exerting leadership at the global level implies that other parties are following suit. So far, literature on the EU's global role in climate governance has shown a limited number of 'followers', as few other jurisdictions have engaged in policy development to the same scale and scope as the EU (Kulovesi, 2012; Parker & Karlsson, 2015; Torney, 2019). However, followership could also be conceived in terms of the diffusion of policy ideas/instruments from the EU (Jordan & Huitema, 2014). While a particular policy ambition or instrument may not be exactly copied, this does not necessarily imply that EU climate leadership is unsuccessful. Policies and ambitions in other jurisdictions may have at least been inspired by the EU.

Before any of these conditions can be met, there is already an assumption that the EU is a single actor, capable of communicating a unified message on the global stage. Of course, the EU is not a single unit: it is a collection of member states and supranational institutions negotiating among themselves to reach decisions about the way forward for internal policy and external strategies in climate governance. For the EU to be considered a legitimate, unitary actor, Vogler (2017) suggests four conditions that ought to be met: autonomy, volition, negotiating capability, and the ability to deploy policy instruments. The EU has the capacity to act on each of these areas in global climate policy (Dupont, 2019), making it a legitimate actor according to these criteria.

How does the UK contribute to the EU's global climate role? Building on the discussion by De Ville and Siles-Brügge (2019), the UK has sometimes acted as a 'pivotal outlier' (see also Smith, 2019), sometimes as a 'liberal and awkward partner'. Whether the UK will continue to play these roles in the future is uncertain. But Brexit presents challenges to the EU's global role in climate governance. The challenges are expected to play out over the long term, and removing the UK from the EU's internal policy development and the EU's climate diplomacy is likely to result in changes in: (1) the credibility and ambition of EU internal policies; (2) the consistency and effectiveness of climate diplomacy; and (3) the ability to attract followers. The speed and scale of the changes (both to policy and to diplomacy) are likely to depend to a considerable extent on the nature of the future UK–EU relationship on climate governance. The

closer the cooperation and alignment between the two, the smaller the divergences are likely to be. Even so, over the long term, we would expect to see cumulative effects of divergences—possibly the result of small, iterative, even unintended changes in institutional structures and actor behaviour (De Ville & Siles-Brügge, 2019) as the UK adopts domestic climate legislation and the EU engages in its usual processes of internal policy development and climate diplomacy after Brexit.

### 3. The UK in EU Climate Policy and Diplomacy

The following empirical discussion focuses on two areas of EU climate governance: the EU ETS, and the EU's role in international climate negotiations. First, the ETS is a key policy of the EU, and has been a source of policy learning for other jurisdictions (Dupont et al., 2018; Jotzo & Löschel, 2014). The ETS is simultaneously an internal policy mechanism by which the EU aims to achieve its GHG emission reduction goals, and an external governance tool held up as a model for other jurisdictions (Dupont et al., 2018). By delving into detail on the UK's role in the reform of the ETS, we reveal the potential for change, both in the instrument itself and in its role as a policy model. Our analysis focuses on ETS policy developments since 2009, centred around raising the carbon price, rather than on the policy's original adoption or reforms made prior to the 2009 Copenhagen conference (see Section 3.2). We made this choice as Brexit is most likely to affect how the EU approaches more recent (and future) ETS-related policy questions. Second, we examine the international climate negotiations under the UN Framework Convention on Climate Change (UNFCCC), which remains the most important venue where the global community comes together to focus exclusively on climate governance. The development of the EU's role in that forum, and the UK's role in that development, forms a key element of the EU's climate diplomacy.

Understanding the UK's role in these two areas is expected to reveal how Brexit could affect the EU's role in global climate governance. While the nature of the future UK–EU relationship is as yet unknown (at the time of writing), by identifying the UK's contribution to the EU's approach to climate governance, we can begin to unpack any repercussions from Brexit.

#### 3.1. The UK as a Supporter of EU Climate Policy

The UK is widely seen as a well-informed and effective negotiator on climate and energy policy (Personal Communications, 2 December 2016 and 20 March 2019), both within the EU and in the preparations for international negotiations. These perceptions are in keeping with the UK's wider effectiveness and influence in multilateral governance institutions (Dee & Smith, 2017). In general, the UK has supported strong EU climate policy and a clear leadership role in global climate governance (Rayner & Jordan, 2017). The UK has repeatedly pushed

for more stringent EU GHG emissions reduction targets. It supported increasing the 2020 GHG target from 20 to 30 per cent (compared to 1990 levels) following the 2009 climate negotiations in Copenhagen. It also proposed a conditional 50 per cent EU GHG target for 2030 in preparation for the 2015 Paris Conference, and joined other member states to support an increase in the 2030 target above 40 per cent after the adoption of the 2015 Paris Agreement (Department of Energy and Climate Change [DECC], 2013; ENDS Europe, 2016).

But the UK did not support EU climate policy efforts across the board—it pushed for its own preferences on both EU GHG targets and on the choice of policy instruments. The EU's 2030 climate and energy framework includes targets for increasing the share of renewable energy (to at least 32 per cent) and for improving energy efficiency (by at least 32.5 per cent). In line with its focus on a 'one-target' policy discourse, the UK supported removing the 2030 renewables target completely, opposed a binding target when its proposal for removal failed, and argued for a flexible, indicative 2030 energy efficiency target (DECC, 2013, pp. 7–10; Fitch-Roy & Fairbrass, 2018). Other historic examples show the UK's long-standing preference for a certain type of policy instrument (generally, market mechanisms rather than taxes and regulatory measures; see also De Ville & Siles-Brügge, 2019; Roederer-Rynning & Matthews, 2019). In the 1990s, the UK repeatedly blocked the adoption of the 1992 EU CO<sub>2</sub>/energy tax proposal in the Council of the EU (Rayner & Jordan, 2011; Walker, 1993). The proposal was eventually abandoned, with several member states opposing it, and policymaking focused on other approaches, especially on the ETS.

#### 3.2. The UK and the EU ETS

The EU ETS contributes to the EU's overarching goals to reduce GHG emissions by 20 per cent by 2020 and by 40 per cent by 2030. The overarching EU GHG target is used to determine the emissions reductions in both the EU ETS, covering approximately 45 per cent of emissions, and the Effort Sharing Regulation, covering the remainder.

The ETS is a cap-and-trade system which sets a limit (the cap) on the EU's GHG emissions from electricity generation, intra-EU aviation, and energy-intensive industries such as steel, cement, oil refining, and pulp/paper production. In 2018, this cap was set at 1.93 billion tonnes of GHGs, mostly carbon dioxide. The cap is automatically reduced by 1.74 per cent per year from 2013 to 2020 and by 2.2 per cent per year afterwards. For each tonne of emissions allowed under the overall cap, the EU allocates emission allowances directly to ETS sectors and through auctioning. One allowance must be surrendered for each tonne of GHGs emitted. Each allowance can be traded between organisations at the price determined by the market (the carbon price or emission allowances price). Most revenues from auctioning are transferred to member state governments.



In this section, we examine the UK's role in the reform of this instrument, looking at the UK government's role in the Council and the role of UK members of the European Parliament (EP). We also discuss the UK in the Commission, while acknowledging the Commission's character as a supranational institution. The UK played a key role in the adoption and reform of the ETS, and its exit from the EU is likely to change related policy dynamics (and thus also the contribution of the ETS to the EU's role in global climate governance).

### 3.2.1. The UK in the Council

Since 2010, the UK government has consistently supported a policy discourse centred on a 'technology-neutral' approach to climate mitigation in the Council of the EU and the European Council. This approach gives a prominent role to the EU ETS and effort sharing in achieving climate mitigation goals (the 'one-target approach', see Fitch-Roy & Fairbrass, 2018). The UK's support for the ETS also stems from it having long been a strong proponent of market-based instruments (Würzel, 2008; see also Roederer-Rynning & Matthews, 2019). However, its wish to make the ETS and the GHG target the centre of internal EU climate policy has been complicated by low carbon prices in the ETS driven by the European economic crisis, and widespread resulting perceptions that the ETS is failing to spur decarbonisation. The UK has therefore been a key supporter of efforts to raise ETS carbon prices (Jevnaker & Wettestad, 2017, p. 112; Wettestad & Jevnaker, 2019, p. 120).

From May 2009 to March 2018, raising allowance prices was a key focus of ETS policy making. Prices dropped from €30 in June 2008 to below €10 between 2011 and 2018, with a low of €3 in April 2013. This was caused in large part by the economic crisis from 2008, which reduced emissions from ETS sectors. The resulting allowance surplus (unused allowances) amounted to 2.1 billion allowances in 2013 (European Commission, 2018, p. 29). The surplus reduced scarcity, leading to a reduction in prices. Proposals to intervene directly in the market to raise prices—by, for example, setting a 'price floor' that would set a minimum price—gained limited support from the EU institutions (Personal Communications, 23 March 2017 and 31 March 2017). As a result, for actors that supported raising allowance prices—including the UK—attention focused on volume management, or, the reduction of the number of allowances in circulation.

There were three major responses related to volume management in the ETS from 2009 to 2018: backloading, adopted in 2013, delayed the auctioning of 900 million allowances until 2019–2020; the Market Stability Reserve (MSR), adopted in 2015, automatically removed allowances equal to 12 per cent of the allowance surplus the prior year (including the backloaded allowances); and changes in the MSR, adopted in 2018, doubled the percentage of allowances to be removed to 24 per cent until 2023 and created a process to cancel allowances in

the reserve starting in 2024 (Jevnaker & Wettestad, 2017; Wettestad & Jevnaker, 2019).

The UK Government supported all three legislative approaches to manage allowance volumes, as demonstrated by the UK's position in final Council votes on the Backloading Decision, MSR Decision, and 2018 Directive, and the UK's position in the contentious general approach agreed in February 2017 in preparation for trilogues with the EP on the 2018 Directive. The UK's proposals sometimes went even farther than those of their allies. For example, during the Backloading Decision debates, the UK Government proposed that the backloaded allowances be cancelled instead of delayed. It was also the only member state that pushed for a conditional 50 per cent GHG target for 2030 in the European Council, which would have reduced the ETS cap further.

ETS legislation has so far been adopted in the Council with a significant majority. If the UK had not participated in these votes, the legislation would still have been adopted. However, looking only at the final votes ignores the UK's leadership role in pushing for volume management proposals in the Council. For example, during the negotiations for the 2018 Directive, the UK played an important role in the core group of volume-management supporters (known as the like-minded group) consisting of the UK, the Netherlands, France, Sweden, Denmark, and Luxembourg (Personal Communications, 20 March 2017 and 29 March 2017). Another group of member states voted against both the final MSR Decision (because they felt it was too stringent) and the 2018 Directive general approach (in response to the volume-management provisions, especially cancellation). These volume-management sceptics were Poland, Hungary, Romania, Bulgaria, and Cyprus. During 2018, the like-minded group represented 35 per cent of the EU's population, compared to the volume-management sceptics at 15 per cent (Eurostat, 2019). The like-minded group had 32.3 per cent of Council votes versus 14.9 per cent for the volume-management sceptics. Without the UK, the gap in voting power between the two groups would be reduced to 5.3 percentage points (Council of the EU, 2018).

### 3.2.2. The UK in the EP

The UK delegation in the EP is highly fragmented on issues related to the ETS and volume management. Using the Hix-Noury-Roland formula for party cohesion (Hix, Noury, & Roland, 2007), VoteWatch Europe has calculated party and member state cohesion for the MSR Decision and the 2018 Directive (VoteWatch Europe, 2015, 2018). The UK's cohesion was 52 (out of a maximum of 100) for the MSR Decision (ranked 21 out of 28 member states) and 53 for the 2018 Directive (ranked 9, with many member states having lower cohesion).

This contrasts with, and is in part due to, high levels of cohesion within UK party groups. Of the ten UK political parties in the EP, all but the Conservatives (European Conservatives and Reformists) and Labour (Progressive

Alliance of Socialists and Democrats) had 100 per cent cohesion during the votes on the MSR and the 2018 Directive. The Conservatives (cohesion score of 82 for both the MSR and the 2018 Directive) and Labour (100 for the MSR, 84 for the 2018 Directive) were still highly cohesive on the final votes. The lack of cohesiveness for the UK overall is because these highly cohesive party groups voted in different directions. All UK parties except for the UK Independence Party voted for the MSR Decision, while six parties overwhelmingly voted for the 2018 Directive and four overwhelmingly voted against or abstained.

This has also meant that UK representatives in the Council and Parliament have often had difficulty coordinating. For example, an initial vote on backloading in the Parliament in April 2013 led to its (narrow and temporary) rejection. During that vote, 20 of the 24 Conservative members of the EP voted against backloading, despite the fact that the UK Government, led by their political party, strongly supported the measure (ENDS Report, 2013).

### 3.2.3. The UK in the European Commission

The European Commission has been a central policy actor in the adoption and subsequent reform of the ETS (Skjærseth, 2017; Skjærseth & Wettestad, 2010). The Commission holds the right to initiate legislative proposals. In climate policy, prompts for a policy initiative have frequently flowed from the European Council. In this way, UK national preferences (e.g., on choice of policy instrument) can be passed to the Commission. Unlike in the Council and the Parliament, Commission officials represent the EU, not their member state. Commission officials from the UK in the Directorate-General for the Environment and (from 2010) the Directorate-General for Climate Action have played key roles, including coordinating the original 2003 ETS Directive and the important centralising reforms under the 2009 Directive, as well as more recent roles in the Cabinet of the Climate Commissioner (Delbeke et al., 2006; Personal Communications, 18 May 2016 and 20 May 2016). While Dehousse and Thompson (2012) found that some Commission officials hold ‘intergovernmentalist’ views, namely that member states are ultimately in the lead of European integration processes, such views do not mean these officials (can) promote national interests in policy design. It is, therefore, difficult to isolate a particular influence on the Commission via UK nationals working there. At the time of writing, uncertainty persists about whether officials of British nationality will remain in the Commission after Brexit (e.g., Tamma, 2018).

### 3.3. *The UK and the EU’s Role in International Climate Negotiations*

In 2019, the EU remains a key actor in the international climate negotiations. The EU has consistently engaged

in efforts to push UNFCCC Parties to adopt strong climate targets and credible policy measures since the early 1990s. It has regularly been described as a leader in the international negotiations, both for its capacity to broker compromise (a capacity that has expanded since its disappointing performance during the 2009 Copenhagen negotiations) and to lead by example through its own policymaking (Bäckstrand & Elgström, 2013; Groen & Niemann, 2013; Wurzel et al., 2017). The UK has been an active player in the development of the EU’s role in global climate governance. As with its role in internal climate policy, the UK has regularly pushed for ambitious global climate agreements, and it has been an important voice in the development of EU negotiating strategies (Rayner & Jordan, 2017; Personal Communication, 20 March 2019). The history of the UK in the development of the EU’s global role has not always been smooth sailing, but the general direction of UK influence has consistently been towards a strong, leading position.

In the 1990s, the EU was not the unified international actor we see today. It had little autonomy, volition, negotiating capability, or ability to deploy policy instruments (Vogler, 2017). In international climate negotiations, the EU relied on its member states to fill these gaps. An entrepreneurial Commission worked hard to advance internal policy (Collier, 1996; Pollack, 1994; Wettestad, 2005), and willing member states negotiated at the international level in the name of the EU. Contrary to the EU’s slow climate diplomatic development, the UK was far more engaged in the process leading to the adoption of the UNFCCC in the late 1980s and early 1990s (Rayner & Jordan, 2011). Michael Howard, the UK’s Environment Secretary at the time, has been credited with playing an important role in ensuring agreement on the UNFCCC in 1992 (Haigh, 1996; Rayner & Jordan, 2011). Leading up to the adoption of the Kyoto Protocol in 1997, the EU stepped up its ambition. It demonstrated its engagement by adopting the most ambitious reduction target of all parties signed up to the Kyoto Protocol—namely to reduce its GHG emissions by eight per cent between 2008 and 2012, compared to 1990 levels. It took some time before the EU agreed on sufficient policies to implement its target (the early 2000s). While EU leadership in the 1990s is often characterised as ‘rhetorical’ (or aspirational), there was strong engagement from the UK (Oberthür & Roche Kelly, 2008).

The 2000s began with a setback in international climate governance when the US withdrew from the Kyoto Protocol in 2001. The EU and its member states stepped up to ‘champion’ the Protocol’s entry into force and to focus more efforts on developing a credible leadership role. Internally, the EU adopted a suite of policy measures between 2000 and 2010, and agreed on its 20 per cent GHG target for 2020 in 2007 (European Council, 2007; Oberthür & Pallemmaerts, 2010). It also paid far more attention to increasing its effectiveness in international negotiations: by ensuring a unified message at the negotiations, coordinated among EU members; by building EU

negotiating capacity; by developing a system of lead negotiators to ensure continuity; and by continuing to provide an 'example'. These efforts also stemmed from the experience, in 2000, of the UK's efforts to build bridges with the US. Rather than working with the EU to try to bring the US on board in climate governance, the UK bypassed the then French Presidency to reach out to the US at negotiations in the Hague (van Schaik, 2010). Towards the end of the decade, the EU faced a demoralising blow when the Copenhagen climate negotiations failed to adopt a new international agreement in 2009. This climate conference provided lessons for the EU in how to project its leadership ambitions, and to gain followers.

By the 2010s, the global climate governance context had changed. In terms of share of global GHG emissions, the two major players were the US and China: GHG emissions from these two countries alone accounted for about 40 per cent of global emissions (World Resources Institute, 2019). While these new 'climate geopolitics' did not deter the EU from taking action on climate change, they did provide pause for reflection and adaptation (Oberthür, 2016). Moving on from Copenhagen, we see a well-oiled EU negotiating machinery developing. The EU has a strong climate diplomacy practice, combining efforts at the negotiating table with bilateral diplomatic and capacity-building efforts (Dupont et al., 2018). It engages in coalition building with other parties before, during and after international negotiations. It agrees on a single message in preparation for the negotiations, and regularly calls for more ambition. By the time of the international negotiations in Paris 2015, the EU was well placed to build on the momentum of the previous years to support the 'high ambition coalition'. This coalition was key for the adoption in the Paris Agreement of the goal of ensuring that global temperature increase remains 'well below' 2° Celsius (UN, 2015). The UK's role was as one member of the EU. While it played an important role in the internal negotiations on the EU's 2030 climate and energy framework (see above), it was less visible on the international stage. This is not unusual, as the EU has developed its role such that member states (usually) do not pursue separate negotiating strategies. The UK still plays an important role internationally because of its administrative and negotiating capacity, which assists the development of the EU's negotiating stance. The UK's international diplomatic network, and its history as a cooperative member of the UN and the UN Security Council (Dee & Smith, 2017) has also allowed it to propagate the EU stance towards climate change in its own external relations.

#### **4. Changes in the EU's Role in Global Climate Governance after Brexit**

The UK has been important in the development of the EU's role in global climate governance. First, the UK's position in EU internal policymaking has usually been in favour of ambitious GHG emission reduction targets. While the

UK's preferred policy choice has not always been adopted (e.g., three targets were adopted instead of the UK's preferred one target approach for the 2030 climate and energy framework), the UK has certainly been instrumental in developing the ETS. The UK was a vocal opponent of the CO<sub>2</sub>/energy tax proposal in the 1990s and was a key pusher of the ETS reforms. Second, the UK has been central to the development of EU capacity in international negotiations. The UK's diplomatic capacity, its permanent seat on the UN Security Council and its close diplomatic ties provide a solid platform for promoting climate action. As the EU improved its external diplomatic efforts, it drew on the UK's expertise until the EU became a more unified international actor (Vogler, 2017). The UK also played an important role in shaping the EU's negotiating strategy (Rayner & Jordan, 2017; Personal Communication, 20 March 2019). As such, the UK acted as a 'pivotal outlier' on different occasions in climate governance: by pushing for more ambitious policies and negotiation outcomes, and by objecting to certain policy directions.

What then can we expect for the EU's role in global climate governance after Brexit? While the past is not an accurate predictor of the future, we reflect on the changes that have already occurred. We suggest that change is most likely to occur in a slow, but iterative fashion, which could lead to long-term divergence in policy ambition/direction and international positions between the UK and the EU. The extent of such a divergence is unclear, as it is likely to depend on the degree of cooperation and alignment that is sought in the future UK–EU relationship, the UK's own global ambitions and internal developments/reform within the EU (Falkner, 2016).

An immediate effect of Brexit, regardless of the future EU–UK relationship, is in the balance of interests in EU internal policymaking. The UK will no longer participate in decision making in the EU institutions. The effects of Brexit may be more pronounced in the Council, where the UK government votes as a unitary actor, than in the Parliament, where party fragmentation in the UK delegation and difficulties coordinating with the government have led to lower cohesion for the UK delegation. In the short to medium term, the UK Government's absence from the Council will weaken coalitions in favour of higher prices in the ETS, by reducing the size of the coalition championing these changes (the like-minded group), and by removing the UK as a voice for the most radical options.

If the UK and the EU remain closely connected in climate governance, by aligning policy and continuing to work together in international negotiations, we should expect no sudden change in the EU's global role. If the UK were to be a member of the European Economic Area, for example, it would remain in the ETS and several other EU climate policies. However, even under this scenario, there is still likely to be change over time. With an agreed exit deal, the UK may still only remain a member of the ETS until the end of the 2020 trading period (Twidale, 2019). Further, if the UK is not obliged to re-

port to the European Commission on policy implementation, there is no reason why the UK would not ratchet up or down its own ambition, leading to divergence between the EU and the UK internal climate ambition (Burns, Gravey, Jordan, & Zito, 2019). In June 2019, the UK adopted a 'net zero' GHG emissions target for 2050, sending a signal that strong climate action is a UK priority (UK Government, 2019). Given the role of the UK in pushing for ambitious policy on GHG emission reductions and on strengthening the ETS, we could imagine that EU climate policy may move forward less urgently, having lost the UK as an important advocate. Further, Brexit is likely to lead to painful internal discussions about the redistribution of efforts among the remaining 27 members to achieve the 2030 goals. In turn, the effects of policy divergence may temper the contribution of EU internal policy to upholding a credible leadership role in global governance. Divergence in international negotiations is also likely to result over time, as policy preferences internally in the EU affect its negotiating strategy internationally. Therefore, even with close alignment and cooperation, we would nevertheless expect the EU's role in global climate governance to change in the long term as a result of small but cumulative changes in its: (1) internal policy; (2) climate diplomacy; and (3) ability to attract followers.

If the UK and the EU were to part on acrimonious terms, the effects are likely to be felt sooner. An exit without a deal, which is an increasingly likely scenario at the time of writing, and a poor relationship between the EU and the UK more generally, would make it less likely that the two parties would work closely in international climate negotiations and in aligning their policies. At the international level, this would be felt in the EU by a sudden disconnect from the UK's diplomatic network and capacity. However, this effect is still expected to be small at first, as the EU's own network and capacity has been significantly strengthened over the years. Furthermore, within the context of group politics in UN settings, it may remain in the UK's interest to pursue close ties with the EU to amplify any joint message in climate negotiations (Dee & Smith, 2017). In this scenario, the UK becomes one more party with whom the EU needs to negotiate, but there may not be any special partnership. Alignment is likely to be far more ad hoc. For internal policy, EU law on the ETS and other climate policies would immediately cease to apply to the UK, making short-term divergence more likely. Indeed, indications from the UK Government show its intention to leave the ETS and install a carbon tax as early as 4 November 2019, and to prepare its own ETS (if there is no deal). While this seems to show little appetite for alignment, the UK ETS may link with the EU ETS in the future (Twidale, 2019). Over the long term, whether there is a sudden departure without a deal, or a managed UK exit, there will regardless be cumulative effects: A sudden, no-deal exit will mean that these effects will likely be felt sooner.

How the EU and the UK will manage these changes remains to be seen, and will also likely depend on the na-

ture of the future relationship. Under the first scenario of a cooperative future relationship, management strategies are less urgent. Cooperation and EU–UK diplomatic channels would remain open, and the divergence that occurs would likely be predictable and stepwise, making management planning feasible. An acrimonious and sudden Brexit pits the UK and EU into traditional international relations, where diplomatic channels based on EU membership are no longer guaranteed. This second scenario may lead to rivalry between the EU and the UK, which could result in 'rivalrous emulation' pushing the EU and UK towards ever higher levels of climate ambition through their competition for leadership status (Coetzee, 2018). The adoption of the UK's 2050 net-zero emissions target may provide a first glimpse of what this type of rivalry could entail. Or the rivalry could shift a focus away from climate issues to more traditional international relations concerns (security, trade), leading to a general lowering of ambition on both sides.

In both scenarios, the long-term effects of Brexit on the EU's role in global climate governance are more substantial than its short-term effects. Brexit is unlikely to immediately affect the three main conditions for the EU's leadership role in global climate governance overnight: (1) credible and ambitious internal climate policy; (2) constant and effective international engagement through climate diplomacy at multilateral and bilateral levels; (3) the ability to attract followers (Dupont et al., 2018; Wurzel et al., 2017). The institutional and decision-making structure of the EU ensures some continuity (Pollack, 2009).

Finally, it is important to note that the EU's future role in global climate governance will not develop in a vacuum. Brexit is only one factor that could change the dynamics of its role. Other parties (e.g., China, India, the US, and Brazil) and their relationship with the EU (and the UK) can play as significant a role (if not more so), in global climate governance (Schreurs, 2016). As the international context shifts, the EU without the UK may simply find itself a shrinking global actor, a position that is more dependent on the role taken up by other major emitters than on the relationship with the UK. Arguably, the urgent risk to EU leadership in global climate governance is more likely to stem from wider issues of EU unity than from Brexit (Skovgaard, 2014). In the June 2019 European Council meeting, for example, member states were unable to agree on the goal of achieving climate neutrality by 2050, with opposition from Czechia, Estonia, Hungary and Poland (European Council, 2019).

## 5. Conclusion

The EU's role in global climate governance is the result of decades of learning, capacity building, internal policy development and climate diplomacy. Throughout this time, the UK has been an important actor, both in terms of internal climate policy development and in terms of the EU's global climate role. It contributed to



the agreement of EU climate targets and regularly supported more ambition. It blocked the adoption of an EU CO<sub>2</sub>/energy tax, but pushed for the ETS. It called for a one-target approach to climate policy. And the UK has been a key player in the development, adoption and implementation of the EU's international climate negotiating strategy.

Brexit is expected to affect the EU's global climate role through cumulative changes that will play out over the long term. Without the UK, the fulfilment of the three main conditions for leadership are relatively unchanged in the short term. For the first condition—credible and ambitious internal climate policy—Brexit will not now change the policy choices and targets adopted by the EU to 2030, although the issue of implementation after Brexit will need to be addressed. For condition two—constant and effective international engagement through climate diplomacy at multilateral and bilateral levels—the EU has developed good practices, experience and capabilities, although it may have to adapt to the loss of UK diplomats and negotiators. For condition three—the ability to attract followers—the EU's record has been relatively poor when it comes to others adopting strong targets, and it is hard to see how to Brexit would change that (for better or worse). However, the EU's policy portfolio is still a source of learning, and that is unlikely to change suddenly after Brexit.

Instead, the cumulative effect of changes in policy preferences, negotiation strategy, ambition, and diplomacy efforts are likely to lead to growing divergence between the UK and the EU on climate governance in the long term. Whether this results in a situation of rivalrous emulation (Coetzee, 2018) where the EU and UK try to outdo each other on effective climate governance, or results in a downgrading of ambition and leadership in climate governance, depends on a wide range of factors, including the international context and EU unity. However, the continuity provided by the EU's decision-making and institutional structure may reduce the risk of drastic and sudden changes to the EU's role in global climate governance after Brexit.

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## About the Authors



**Claire Dupont** is Assistant Professor of European and International Governance at Ghent University and Senior Associate Researcher at the Institute for European Studies, Vrije Universiteit Brussel. Her research focuses on EU climate policy and governance. She is the author of *Climate Policy Integration into EU Energy Policy: Progress and Prospects* (2016, Routledge) and co-editor (with Sebastian Oberthür) of *Decarbonization in the European Union: Internal Policies and External Strategies* (2015, Palgrave). She tweets under @Cladupont.



**Brendan Moore** (PhD) is Senior Research Associate at the Tyndall Centre for Climate Change Research, University of East Anglia. His research focuses on the EU ETS and European climate change policy. He is the co-author (with Andrew Jordan) of *Durable by Design? Policy Feedback in a Changing Climate* (forthcoming, Cambridge University Press). He tweets under @DrBrendanMoore.

**Annex****Personal Communications**

18 May 2016, European Commission official.

20 May 2016, European Commission official.

2 December 2016, European Commission official.

20 March 2017, member of a Permanent Representation to the EU.

23 March 2017, European Parliament staff member.

29 March 2017, member of a Permanent Representation to the EU.

31 March 2017, member of a Central and Eastern European Permanent Representation to the EU.

20 March 2019, member of a Permanent Representation to the EU.

Article

## Bringing Gender In? EU Foreign and Security Policy after Brexit

Toni Haastrup<sup>1,\*</sup>, Katharine A. M. Wright<sup>2</sup> and Roberta Guerrina<sup>3</sup>

<sup>1</sup> Division of History & Politics, University of Stirling, Stirling, FK9 4LA, UK; E-Mail: toni.haastrup@stir.ac.uk

<sup>2</sup> School of Geography, Politics & Sociology, Newcastle University, Newcastle, NE1 7RU, UK;

E-Mail: katharine.a.m.wright@newcastle.ac.uk

<sup>3</sup> School of Sociology, Politics & International Studies, University of Bristol, Bristol, BS8 1TU, UK;

E-mail: roberta.guerrina@bristol.ac.uk

\* Corresponding author

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### Abstract

In this article, we identify Brexit as a critical process, wherein the EU has had the opportunity to reflect on and reinforce its identity, as a promoter of gender issues within the security domain. It draws on this identity from a foundational myth of the EU as gender equality polity, resulting in the creation of a socio-legal order and sustained discourse on gender inclusivity in all policy areas. Existing scholarship has drawn attention to the EU's particular success in gender equality promotion in the areas of social inclusion at member state level, including in the UK. But, is the EU's reach comprehensive beyond this policy sphere? We examine the ways in which gender is manifested in the area of foreign policy, an area where the UK has consistently shown some leadership on the integration of gender perspectives in its foreign policy through its international development programmes and the implementation of the Women, Peace and Security agenda. It is therefore timely to consider what impact Brexit has on EU policies, practices and the promotion of gender equality in this policy domain. Using a critical feminist lens, this article looks at the evolution of gender equality as a dimension of EU foreign and security policy in the context of EU–UK relations, and the divergences, opportunities and constraints that are crystallised by the Brexit process.

### Keywords

Brexit; critical feminism; EU; foreign policy; gender; gender equality; UK; women's agency

### Issue

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### 1. Introduction

A significant body of literature has emerged examining the impact of the UK's departure from the EU on gender equality. This has highlighted the deeply gendered nature of both current debates and the Brexit process itself. This has found Brexit to be reflective of the continued marginalisation of women as political actors, especially as experts and commentators (Galpin, 2018), and in academic debates (Guerrina, Haastrup, et al., 2018). As such, we are witnessing the ‘paradox of men's dominance of the Brexit campaign and women's rise in the political cri-

sis’ (Hozic & True, 2017, p. 271). This political moment thus necessitates closer engagement, drawing on critical feminism, of the impact of Brexit on the socio-economic fabric of the country but also Europe more generally.

A number of reports have warned that Brexit jeopardises the political commitment to women's human rights protection in the UK (Equality and Human Rights Commission, 2018). Brexit will also have an impact on the recourse UK civil society have to inter-European networks and funding (Danisi, Dustin, & Ferreira, 2017; Ritch, 2019). This includes UK civil society actors who have taken an active role in supporting the EU's engagement

in gender-sensitive foreign policy through the Women, Peace and Security (WPS) agenda, for example, the UK based Gender Advocacy for Peace and Security.

So, the literature clearly indicates that Brexit will likely have a negative impact on the domestic gender equality order in the UK if specific guarantees are not embedded in the Withdrawal Agreement (see Fagan & Rubery, 2018; Plomien, 2018). However, we know far less about the implications of Brexit on the EU's commitments and practices of gender equality, especially when we look beyond the area of social rights. This represents a significant gap in the literature and speaks to the fluid nature of Brexit itself (see De Ville & Siles-Brügge, 2019). Examining the impact of the process of Brexit on the prospects of the EU as a gender equal polity is important because it contributes to broader discussions concerning the influence of disintegration and integration as gendered processes (Lombardo, 2018); gender equality is after all an important part of the foundational myths of the EU (MacRae, 2010). Particularly important is the platform provided by the EU for civil society organisations. National advocacy groups feed into European wide umbrella organisations, for example, the European Women's Lobby and European Peacebuilding Liaison Office. This allows for sharing of best practice, norm diffusion and informal processes of Europeanisation to take place (see also Van Eerdewijk & Roggeband, 2014).

To date the negotiations to determine the aftermath of the UK's departure from the EU have shown a general lack of concern for gender equality provisions or acknowledgement of the gendered implications of post-Brexit EU or UK (Guerrina, 2019). In the throes of Brexit, we see the lack of consideration for gender as an overarching priority as indicative of the limitations of recent EU practices. At the same time, by moving beyond an analysis that limits gender equality to social policies and politics, to engage foreign and security policies, we explore the developments since June 2016 as indicative of the shape of the EU's engagement with gender in the external sphere in the context of, and after, Brexit (O'Dwyer, 2018).

In the aftermath of the 2016 referendum result that is intended to deliver Brexit, European institutions have made specific efforts to better promote the idea of Europe, its norms, and role in global politics through its foreign policies and practices. This is evidenced by the immediate move to implement the Global Strategy soon after the results (see also Nadibaidze, 2019). The lack of consensus as to the future of the internal project, increasing efforts to 'secure' European external borders, has gone hand-in-hand with a re-articulation of the organisation's core values and its role as an external actor. Increasing efforts by the EU to consolidate work on WPS and the Gender Action Plan will be defined by the Brexit paradox. Whereas the UK has relegated issues relating to gender and social justice to the bottom of the policy agenda as it seeks to establish itself as a 'masculinised' great power, the EU for its part has the opportunity to raise the WPS agenda higher up the

policy agenda as it seeks to re-affirm its position as a normative power in global politics (Guerrina, Haastrup, et al., 2018; Guerrina & Masselot, 2018; Kronsell, 2016a; MacLeavy, 2018; Williams, 2017; see also Achilleos-Sarll & Martill, 2019).

This article develops its analysis in five sections. First, we show how by drawing on a critical feminist approach we are able to shed light on the ways in which gender perspectives are (under)deployed as part of the EU's Brexit landscape thus far. Subsequently, we look at the context of Brexit to justify our interrogation of this particular area of policy. While the third section examines the trajectory of gender equality perspectives in the foreign policy approaches of the EU and the UK, thus opening a space for assessing the impact of the relationships between the UK as a member state and the EU in Section 4. Finally, in Section 5, we examine post-referendum developments in the EU focusing on the development of the Strategic Approach to WPS adopted in December 2018. We conclude with some preliminary thoughts on what this (post-) Brexit space may mean for the practices of an EU common foreign, defence and security policy that takes gender issues seriously.

## 2. A Critical Feminist Approach

The literature has thus far established that the EU often makes claims to be a gender equal polity and a promoter of gender equality norms abroad. However, it is one which embodies a neoliberal market logic (Muehlenhoff, 2017). The inclusion of equal rights between men and women by the EU in the internal sphere was not motivated by feminists concerns of social justice. Rather, the addition of gender equality was solely motivated by economic concerns, specifically to safeguard competition in the new Common Market (Bain & Masselot, 2012; Kantola, 2010). It is perhaps unsurprising then that this functionalist logic has 'spill-over' into approaches seeking to integrating gender into foreign and security policy. Given this context, we do not assume that the way the EU approaches the inclusion of gender is motivated by feminist goals. At the same time, we cannot deny the EU has (at times) had a role in ensuring gender equality remains on the agenda of some of its member states. As Walby (2004) argues, the EU has been a leader in this area well ahead of most of its own member states. Fagan and Rubery (2018, p. 298) further note three dimensions to the EU's gender equality policy: 'the gender equality regulatory framework (hard law), the gender mainstreaming of...policy formation (guidelines and policy processes) and funding policies (European social funds)'. In the 1970s the UK's equalities legislations were directly prompted by the EU's hard law proposal. More recently, soft law mechanisms such as gender mainstreaming also influenced New Labour's progressive agenda especially in the area of social policy. So, whereas we accept that the EU is a gender actor, we do not assert that it is a feminist actor.



In this article, we take an explicit feminist approach that is critically reflective about what kind of institution the EU is in order to better understand its processes, and their implications for different marginalised groups. We use a critical feminist approach to unpack how the WPS agenda is being understood by the EU, the role of different actors in driving this agenda within the EU. This is the most appropriate framework because ‘a critical approach is based in the intentions of the researcher to transform conditions of inequity and so this stance pervades all aspect of the research process’ (Willis et al., 2008). This then informs the entirety of our contribution here.

We draw from a tradition of feminism that acknowledges the endemic nature of gender subordination in society and institutions within it. While gender goes beyond women, the construction of gender is often tied to masculinised and feminised bodies. Critical feminism, by taking into account the ‘the ideational and material manifestations of gendered identity and gendered power in world politics’ (Sjoberg, 2010, p. 3) helps us understand the ways in which the feminized is subordinated to the masculinized (see also MacKinnon, 1987). Moreover, and as Susan Wright notes, a critical feminist approach takes account of the ‘social, cultural and political conditions’ (Brexit) under which gender is understood and being done (Wright, 2010, p. 193). Critical feminism in this context further elaborates on the gendered ways in which the voices of traditionally marginalised groups and perspectives continue to be silenced from the Brexit processes (Emejulu, 2016; Haastrup, Wright, & Guerrina, 2016; Virdee & McGeever, 2017). Such an approach is all the more salient given, as we highlight, our own relationship with the institution we are studying as ‘critical friends’. It also informs our approach to studying it through the use of critical content analysis. This approach, as one underpinned by feminist praxis, enables us to grasp the broader implications of Brexit as a process and the resulting implications for the value placed on gender in the EU’s approach to foreign policy. In other words, the article also unpacks how gender is located within the EU’s foreign and security matrix. As critical scholars we do not ‘take the world as we find it’ as problem-solving approaches do (Cox, 1981, pp. 128–129). Rather, we call these institutions into question and account for the possibility of their change (Wright, Hurley, & Gil Ruiz, 2019, p. 6). In doing so, our research is normatively guided (Cox, 1981, p. 129).

To date, existing research has shown the tendency of both the EU, and EU Studies more broadly, to marginalise gender issues (Guerrina, Haastrup, et al., 2018) outside of the areas we have identified. Moreover, there has been very little feminist attention paid to the security dimension. Where this has been the case (see Guerrina, Chappell, & Wright, 2018; Guerrina & Wright, 2016; Haastrup, 2018; Kronsell, 2016b) an explicit feminist institutionalist account has been prioritised. However, in the context of Brexit and while the institutionalist lens pro-

vides useful lessons, it is not particularly useful to apply here given the ways in which Brexit remains in flux—the rules of game are not set. Rather, to transform our subject of study (gender in foreign and security policies) and understand it in particular contexts (Brexit), we seek to explicitly politicise and unpick the ways in which inequalities and differences are manifested (Henry, 2018, p. 2). Ultimately our approach provides an important counter-narrative to mainstream analysis of Brexit and indeed the EU’s foreign and security policy approach.

As a member state, the UK has been tied to the EU’s processes. It is thus unsurprising that the EU has had an important role in shaping the UK’s commitment to gender equality (Hantrais, 2018). The UK’s entry into the European Economic Community in January 1973, came at a time of expansion for gender equality provisions in the treaties. European legislation has influenced the development of national equality policies (see Annesley & Gains, 2013). However, the UK’s implementation of EU gender norms is not uncontested as we see in the UK’s preference for de-regulation, limiting the scope of the 1992 Pregnant Workers’ Directive (Guerrina, 2005). Overall, given this history, and despite the disentangling of the legal framework, civil society groups and feminists organisations expected the principle of gender equality and some gender sensitivity to be fundamental to the Brexit process (Guerrina & Masselot, 2018). Specifically, there was an expectation that gender issues would be included in the referendum, post referendum, negotiation processes and in the context discussions on the UK’s future relationship with the EU. In particular given both the UK and EU’s public statements and wider commitment to the WPS agenda which calls for the mainstreaming of gender into the realm of foreign policy.

### *2.1. A Note on Methodology*

Drawing on the work of Wright et al. (2019) and Holvikivi (2019) we position ourselves as researchers as ‘critical friends’ to the institution we are studying. Our approach is underpinned by feminist praxis which necessitates us to engage in ongoing process of reflexivity (Holvikivi, 2019, p. 132; Wright et al., 2019, p. 6). As scholars of EU foreign policy with gender expertise we have been invited to meetings in Brussels has and have thus benefited from privileged access and insight into the day-to-day challenges of doing gender work, and these experiences frame our interpretation of key policy frameworks. Moreover, as Holvikivi (2019) argues, this makes it difficult to maintain ‘neat distinctions between researcher and researched’.

This article brings together a number of different methodological approaches. We have drawn on our discussions with individuals located inside and outside the EU who have been involved in developing the Strategic Approach, participant observation, including of consultations on the new WPS action plan at both member state and EU levels, and critical content analysis of key policy

documents. Our discussions occurred under conditions of anonymity and as such we do not directly quote them here. However, they have proved valuable for identifying focal points for our analysis more broadly.

A critical approach to content analysis means that 'the researcher uses a specific critical lens as the frame from which to develop the research questions and to select and analyze the texts' (Short, 2016). In this context, we examined the Withdrawal Agreement and political declaration; UK government documents such as the National Action Plans (NAPs) on WPS; and EU documents, including the Gender Action Plan to formulate questions to ask of the new EU Strategic Approach to WPS. Where appropriate, we supplemented these with abbreviated minutes from meetings. We undertook computer-aided critical content analysis of the Strategic Approach using NVivo software. NVivo assists us with creating a systematic analysis of documents and helps to aid cross-check coding.

Applying critical content analysis means 'thinking with theory' and differentiates this approach from other types of textual analysis (Utt & Short, 2018). It means going further than applying a theoretical framework to an analysis of content. Rather, the 'method demands that authors deeply know, understand, and live the theoretical approaches they are taking up' (Utt & Short, 2018, p. 3). In this way theory too becomes part of the whole research process, rather than as an add on to analyse results or just to frame research questions.

From the moment that the referendum was declared, and campaigning started, many scholars noted the glaring absence and consideration of a gender analysis. In the first instance, there was the absence of women in the debates about Brexit. This was obvious in the UK context. This is significant in so far as representation matters. Linked to the physical absence of women was the neglect of women's perspectives on core issues that then came to dominate the debates: including trade, defence and security policies, and immigration. When the absence of women became more noticeable however, much of the discourse reverted back to those areas where the EU had showed obvious competence and those traditionally perceived of as lower order 'soft' issues: for example, social policy.

This model of erasure was unfortunately replicated once negotiations between the UK and the EU commenced. For feminist scholars, despite the deeply gendered domain within which Brexit has been taking place, the importance of inclusion especially the inclusion of women and other marginalised groups has either been downgraded or completely ignored. The lack of consideration of gender is relevant for Brexit since the process has intended outcomes. To what extent are those outcomes gender-sensitive for the EU? To what extent is gender expertise lost due to the impending and eventual separation at the EU level? None of these essential questions have been asked thus far. This is particularly significant since the most recent crisis, the 2008 financial crisis,

has shown overwhelmingly that government responses across the Union, and preparations were gendered, with clear negative implications for women.

In this article, we ask and seek to answer these questions and within a particular policy, foreign and security policy. Understandably, the majority of Brexit concerns have been about the relationship between the UK and the EU going forward. But as with the UK, there is life after Brexit for the EU too. The discourse underpinning the main site of 'doing' Brexit so far, the negotiations, emphasises 'deal-making' as conflictual in nature which has served to inhibit inclusion of consideration of the gender impact of Brexit (Achilleos-Sarll & Martill, 2019), including on the EU. Moreover, security and defence are taken for granted as an area of cooperation that will continue between UK and EU. Significantly however, in parallel to Brexit, both the UK and EU have reemphasised their commitment to the implementation of the WPS agenda as a part of foreign policy. In the following section then, we explore the ways in which the UK within the EU has understood this nexus between security/defence and gender so as to understand the implications that the process of leaving has had on the EU's implementation of this nexus since the referendum.

### **3. Gender in Foreign Policy: How Has the UK Contributed to Europe?**

From the UK perspective, the Brexit negotiations have been underpinned by a narrative promoting Britain's assumed global role in the world (Achilleos-Sarll & Martill, 2019). This has relied on a discourse of militarism and has emphasised 'strength, security and global power' (Achilleos-Sarll & Martill, 2019). While feminist researchers see clear gendered implications, this new global outlook has been treated as gender-neutral. The UK of course often claims leadership in the area of human rights that emphasises women's rights. This has developed into a projection of a global expertise that increasingly includes women's rights as a leitmotif of its foreign policy practice in recent years. For example, under Conservative Justine Greening leadership of the Department for International Development, the ministry launched the Girls Education Challenge in 2012. This ambitious multi-year, multi-country program is worth about 455 million pounds and is a 12-year commitment by the government to improve educational opportunities for the most marginalised girls in countries in Africa and Asia.

Beyond its role in international development, the UK has become a norm entrepreneur with the Preventing Sexual Violence in Conflict Initiative (PSVI) as part of its commitment to the global WPS Agenda. The WPS agenda encapsulated in UN Security Council Resolution 1325 adopted in 2000 and the seven follow-up resolutions has introduced gender concerns to international security. It calls for both the better participation of women in the area of peace and security, and also acknowledges they

are disproportionately impacted by conflict. The adoption of UNSCR 1325 was ground-breaking. Since its adoption states have sought to develop NAPs for the implementation of the agenda, and the UN and regional organisations (including the EU) have also sought to support the implementation of WPS. To date, the UK has adopted four NAPs and is a penholder for WPS, meaning that it has the informal role of initiating and drafting relevant documents in this policy area within the UN Security Council, further underscoring this leadership. PSVI was spearheaded by former Foreign Secretary William Hague. It set in motion an international regime which has consequences for perpetrators (criminal prosecutions) and survivors (recognition, justice and support; Davies & True, 2017).

These NAPs tell us something about how, pre-Brexit, the UK positioned gender issues in its role as an EU member state. In the first NAP (2006), the UK already commits to what becomes the PSVI programme. However, there is no mention at all of the EU. In the second NAP (2010–2013), the UK commits to encouraging ‘the European Commission to build WPS issues into EU Country Strategies and National Indicative Plans’. It makes the same commitment to support the Organisation for Security Cooperation in Europe. This is part of its broader multilateral strategy to lead globally on preventing sexual violence in conflict and building capacity for women mediators in Europe and beyond. Further, successive NAPs have shown that the UK does see its role as a member state of the EU, in promoting the WPS agenda by leveraging its experiences to develop collective European approaches to WPS implementation.

Since the 2016 Referendum, the UK has continued its support for the EU’s work on WPS and has been more visible in this context. For example, in March 2019 the UK helped to facilitate a high-level conference in Bosnia Herzegovina on WPS in the Western Balkans (European Union, 2019). This came about as part of the UK’s broader efforts to facilitate EU–NATO cooperation, leading to the EU ‘adopting’ Bosnia Herzegovina to support its efforts to develop its own WPS strategies. Moreover, in January 2019 the UK facilitated an EU–NATO–UN workshop in London on preventing sexual exploitation and abuse (Marinaki, 2019). The UK’s engagement in these arenas underscores the commitment to multilateral approaches and engagement through regional security institutions, including the EU and NATO, specifically on WPS. It is worth highlighting however that the UK’s approach to WPS tends towards the valorisation of militarism. This enthusiasm for leading within NATO, including hosting the high-level NATO meeting in December 2019, captures this perfectly. Such an approach to WPS sits uncomfortably with the WPS agenda more broadly and seemingly in opposition to the EU, an institution that discursively at least claims to have a different approach to security.

In the context of Brexit, the UK is finding its place again as an international actor. That the UK has sought

to foster engagement between the EU and NATO on WPS is interesting given obvious implications for European foreign and security policies. It raises the question of whether the UK is positioning WPS as an area of common interest with the EU post-Brexit. We know that WPS has been used by other actors as a ‘non-contentious’ issue to foster relationships with otherwise divergent actors, e.g., Sweden and NATO (Wagnsson, 2011; Wright, 2016), NATO and Japan (Wright et al., 2019). The EU has also prioritized it in some select partnerships (Haastrup, 2017). It could therefore be used instrumentally to foster closer UK–EU relations post-Brexit. The next section will explore the impact of Brexit on the EU’s role as a global gender actor. In so doing, it draws attention to the two-way relationship between international organisations and their member states in advancing the WPS agenda at times of crisis.

#### 4. Gendering EU Foreign & Security Policy: Brexit Edition

In the EU, the inclusion of gender equality or a gender perspective into foreign policy or external relations came via its development policies. In this area, the inclusion of gender is relatively uncontroversial for the institution. As analysis of EU practices in these areas have shown gender is understood instrumentally, within a neoliberal context whose primary purpose is to support economic development, rather than a goal in and of itself (Debusscher, 2011). Gender perspectives have therefore reinforced, rather than substantively challenged, the EU’s existing approach to development.

In the period between 2000 and 2016, where we see the opportunity to implement the WPS agenda, we observe that the EU is absent, as a distinct actor, in an otherwise natural role. Ostensibly then, the UK’s leadership did not galvanise EU level action. It was not until 2008, via the Comprehensive Approach to the *EU Implementation of the United Nations Security Council Resolution 1325 and 1820 on Women, Peace and Security* and the *Implementation of UNSCR 1325 as Reinforced by 1820 in the Context of ESDP* that the initial link was made between gender and security policy in the EU context. Overall, we find similar patterns in the field of security as in development (see Guerrina & Wright, 2016; Muehlenhoff, 2017).

In 2016 however, just after the Brexit referendum, the EU set out its updated foreign policy framework via the EU Global Strategy (EUGS). In it, the EU reiterated its firm commitment to integrating measures towards gender equality in its foreign and security policies. The message is supposed to be clear, that gender issues are essential to the EU’s foreign policy architecture and practices. Before 2016, this idea was leveraged in EU external relations with third parties (see Haastrup, 2017, p. 208). Yet, how exactly to implement ‘gender’ was always a point of contestation. Still, the EU has participated with the UN in many programmes particularly under the theme of the

WPS agenda and in 2015, appointed the Principal Advisor on Gender and on the implementation of UNSCR 1325 on WPS. The commitment in the EUGS thus seemed to underscore the commitment to integrate gender in the sphere of foreign and security policy.

However, the framework for implementation, and indeed the clear normative position of the EU on gender and foreign policy, had been absent until the adoption of the *Council Conclusions and Strategic Approach on WPS* in December 2018. This new EU framework builds on prior commitments and the impetus to implement EUGS thus representing a significant development. It is also worth noting that momentum at arriving at these conclusions picked up after the Brexit vote and consequently we know that UK official participation has been limited in the process leading up to the *Council Conclusions and Strategic Approach*, although UK civil society remains part of the community of EU civil society organisations involved in the process. In this section, we highlight Brexit as a critical moment with implications for future EU uptake of the WPS agenda as a normative framework for including gender perspectives in its foreign and security policies. Recalling our critical feminist lenses, it is apparent that whatever successes are measured in the context of development, it is such that the idea of ‘gender equality’ is deployed instrumentally where the EU already had leverage globally. Since the referendum and as plans for further defence and security cooperation have emerged at the Union, we have also observed the same momentum to develop the WPS agenda further in the EU27 context. We thus perceive the *Council Conclusions and Strategic Approach to WPS* as a culmination of efforts at the EU level to ‘move on’ without the UK contributing as a member state. It would seem then that Brexit has provided the opportunity for greater coherence on the part of the EU (see Zuleeg, 2014).

To illustrate this, we used NVivo to perform text searches to establish how the Strategic Approach frames the EU’s (post-)Brexit WPS agenda. This further enables us to see if there has been a noticeable shift in the ‘new’ EU approach to WPS since the last policy was adopted 10 years previously. The drafting, re-drafting and adoption of the Strategic Approach has taken place during the process of Brexit. Consequently, it is worth evaluating the extent to which the process of the UK’s departure has impacted on the normative agenda of the WPS framework.

Taking a critical feminist approach, we foregrounded our analysis in response to a key question: how does the *Strategic Approach* represent the WPS agenda? We identified proxies for gender and conducted a text search to see how the document understands women, men or gender in this framework. We included stemmed

words in the search and did not include ‘boys’ or ‘girls’ in our search if there’s already a reference to men or women. As Table 1 shows, the policy makes significantly more references to ‘gender’, than to ‘women’ or ‘men’. This could suggest a move to widen the WPS agenda beyond women, and to include wider gender concerns. This represents some, albeit limited, progress in moving away from a conception of ‘gender as women’ when compared to the earlier Comprehensive Approach which made 26 references to ‘men’, compared to 191 to ‘women’ (Guerrina & Wright, 2016, p. 309). Moreover, the Strategic Approach makes only three references to ‘masculinity’ and none to ‘femininity’. All of these references are an attempt to define a ‘positive masculinity’ as one which is ‘non-violent’. This reinforces the notion that the norm is a violent masculinity. Further, given that reference is made to women significantly more than it is to men, implicitly, it appears that gender is still strongly associated with women and less on the actual notion of gender relations and therefore gender understood as power.

The WPS agenda has been critiqued for presenting a false dichotomy of women as victims versus agents of change. Almost 20 years on from the first WPS UN resolution much has been written about this (see Muehlenhoff, 2017; Shepherd, 2011, 2016) and the eight follow-up resolutions passed by the Security Council go some way to ameliorating this concern. It is nevertheless pertinent to ask whether this shift has been incorporated into policy by the EU as the UK leaves the EU. Earlier analysis by Guerrina and Wright (2016, p. 308) suggested the EU had focused on women’s agency in its early policy engagement with WPS. The Strategic Approach is a lengthier (74%) and more detailed document than the policies it replaces adopted in 2008: the Comprehensive Approach to the EU implementation of the UN Security Council Resolutions 1325 and 1820 on WPS (43%) and the Implementation of UNSCR 1325 as reinforced by UNSCR 1820 in the context of ESDP (15%).

We again used critical content analysis to establish whether these tensions between victim and agent are ameliorated within the Strategic Approach. This involved manually coding all references to women identified in the text search of the Strategic Approach. Our findings (see Table 2) identify that in line with previous policy on WPS, the EU continues to emphasise women’s agency over victimhood. As Guerrina and Wright (2016, p. 308) found, earlier EU policy engagement on WPS frames women as decision-makers almost 25% more than as victims (41 references, compared to 31). The 2008 Comprehensive Approach included a focus on women as mediators and chief negotiations representing a ‘value added’ approach to representation, with women

**Table 1.** Strategic Approach to WPS.

Gender		Women		Men		Total
Word count	Coverage	Word count	Coverage	Word count	Coverage	Words
341	1.94%	161	0.92%	52	0.30%	17,564



viewed as a resource for peacebuilding and conflict resolution (Guerrina & Wright, 2016, p. 308). The Strategic Approach takes this a step further as Table 2 shows, with women framed almost 50% more as agents over victims. This appears to be a conscious effort with the policy identifying recognition of ‘women’s agency over victimhood as a first step to engaging meaningfully and equitably with women from fragile settings.’

**Table 2.** Framings of women in the Strategic Approach.

Frame	Count
Agents	110
Victims	54

Overall, the Strategic Approach represents significant progress in the EU’s engagement with WPS. It goes beyond some of the essentialising tropes embedded in earlier policy iterations and extends WPS considerations to include a wide range of applicable areas, including social media and an emphasis on listening to different women’s voices. Unsurprisingly, the policy is centred around the EU’s values. For example, the inclusion of gender equality in employment policy has mapped onto the EU’s ‘pro-market-forming activities of the neoliberal governance structure’ (Young, 2000, p. 77). In foreign policy, this has translated in a strong focus on women’s agency, over considering their specific needs in conflict and post-conflict settings (see Table 2). Women’s agency is framed through the lens of (economic) empowerment, with it justified as adding value to the overarching policy objectives and strategy. Women’s empowerment is also contingent and pursued ‘in accordance with its [the EU’s] values and principles’ (Council of the European Union, 2018). We see again then a focus on ‘women [presented] as neoliberal subjects who are responsible for their own emancipation’ (Muehlenhoff, 2017). However, the Strategic Approach also engaged with more nuanced accounts of women’s agency, for example, stating that ‘women should not be presumed to be peacemakers’ (Council of the European Union, 2018). And while it acknowledges that women are not a homogenous group, and the EU should actively seek to consult beyond ‘elite urban women’, a broader critical reading finds these tropes are not challenged consistently in the policy document and are in fact reinforced in certain places. These two quotes from the Strategic Approach are indicative of this:

Women’s meaningful and equitable participation is both critical for effective prevention policies and their implementation.

Empowering women as drivers of economic growth strengthens societal resilience. (Council of the European Union, 2018)

The EU’s post-Brexit engagement with WPS undoubtedly represents a significant development on previous policy iterations. A product of a two-year post-referendum con-

sultation and negotiation that included the experience of UK actors (including both government officials and civil society) but mainly focused on the future of the EU27. It is a more nuanced and reflective policy, and one that seeks to provide the EU with agency on WPS apart from its member states. It also highlights the increased confidence of the institutions to develop and take ownership of this particular policy portfolio.

## 5. Conclusions

The campaign of the UK to leave the EU has implications for governance in the EU. Brexit is more than a singular event but should be understood as a continuous process in which EU actors continue to propose and enact policies with the UK simultaneously present and absent. De Ville and Siles-Brügge (2019) already refer to this as the dynamic impact of Brexit. At the same time, as we show, Brexit as a process has either ignored gender or taken it for granted in the same way that the future of security/defence cooperation is approached. By looking at this together, particularly in light of the EU’s renewed commitment to gender in its foreign and security policy, we have examined the extent to which this process can impact on the ambitions of the EU as a foreign and security actor, and a more visible actor in the WPS field. As a member state of the EU, the UK has shown a specific type of gender awareness in foreign policy leadership which it has sought to lead on in the regional context of the EU and NATO. While some of the UK’s assumptions about women and gender were replicated at the EU level, there is also a discursive shift in the post 2016 discourse borne out in the Strategic Approach. The process of developing this has not excluded the UK and the possibility of future cooperation is there. Indeed, both the UK and EU have used WPS as tool to engage external actors and so this might provide one less avenue for friction. Yet, the almost complete absence of gender from the Withdrawal Agreement suggests gender will not form a locus of the UK–EU’s future relations once the UK has left the Union. Moreover, this research shows that while there is indication that the EU has evolved in its understanding of gender and thus the transformative potential of the WPS agenda, this is happening in parallel to other development in foreign and security policy (see Smith, 2019). Specifically, as the EUGS makes a call for greater gender inclusivity, it also does to further defence cooperation and militarism. Given this state of affairs, the practice of the EU as a gender foreign and security actor may fall short of transformation for those impacted by EU policies post-Brexit.

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### About the Authors



**Toni Hastrup** (Dr.) is Senior Lecturer in International Politics at the University of Stirling. Her research examines the gender dynamics at play within regional security institutions, particularly the African and European Unions. Her current work focuses on the regional practices of implementing the WPS agenda. She is the author of *Charting Transformation through Security: Contemporary EU–Africa Relations* (Palgrave, 2013) and joint Editor in Chief of the *JCMS: Journal of Common Market Studies*.



**Katharine A. M. Wright** (Dr.) is a Lecturer in International Politics at Newcastle University. Her research explores the intersection of gender and security in institutional settings, including the engagement of NATO and the EU with UN Security Council Resolution 1325 and the WPS agenda. She is the author of *NATO, Gender and the Military: Women Organising from within* (with Matthew Hurley and Jesus Ignacio Gil Ruiz, Routledge, 2019).



**Roberta Guerrina** is Professor in Politics and Director of the Gender Research Centre at the University of Bristol. She is a specialist in the politics of gender, with a particular interest in EU politics and social policy, citizenship and gender equality and has published extensively in these areas. In addition, authoring *Mothering the Union* (Manchester University Press, 2005) her work has appeared in leading disciplinary journals like *Journal of Common Market Studies*, *International Affairs*, *Women's Studies International Forum*, and *Review of International Studies*. She is currently joint editor of the *Journal Common Market Studies Annual Review*.

Article

## The Impact of Brexit on EU Development Policy

Sophia Price

Politics and International Relations, Leeds Beckett University, Leeds, LS1 3HE, UK; E-Mail: [sophia.price@leedsbeckett.ac.uk](mailto:sophia.price@leedsbeckett.ac.uk)

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### Abstract

Brexit is likely to herald fundamental changes in the operation, scope and practice of EU development policy, due to the UK's key role in leading and defining the geographical and sectoral remit of policy, and through its provision of large-scale funding. Through a focus on the EU's relations with the African, Caribbean and Pacific (ACP) Group of States, this article explores these potential impacts. It highlights the importance of the timing of Brexit in relation to the contemporaneous renegotiation of EU–ACP relations and the EU's Multiannual Financial Framework and argues that the focus on static impacts of Brexit, in terms of removing the UK from the 'EU equation', overlooks the broader dynamics of political economy in which it is situated. Through the analysis of the anticipatory adjustments and discursive dynamics in EU development policy that articulate the pursuit of material interests, the article helps understand both the dynamics of Brexit and the broader transformations in which it is located.

### Keywords

African, Caribbean and Pacific group; Brexit; development policy; European Union

### Issue

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### 1. Introduction

This article draws on the central themes of this Special Issue to explore the impact of Brexit on EU Development Policy, with a specific focus on EU–Africa, Caribbean and Pacific (ACP) relations. Drawing on a materialist political economy approach, the core argument highlights the need to understand EU development relations within their broader context, both in terms of colonial and post-colonial structures and the expansion of the world market. It follows Rosamond's (2016, p. 869) entreaty to study the EU within, rather than isolation from, the broader dynamics of political economy in which it is situated.

Development policy provides a fruitful field in which to explore the impact of Brexit. It necessarily entails the analysis of both the internal and external dimensions of European integration/disintegration. EU development policy is an example of an area of mixed competences between the EU institutions and member states, which has experienced increasing Europeanisation whilst also

being greatly influenced by the UK, in terms of funding, policy leadership, expertise and geographical orientation. A specific focus on the EU–ACP relationship provides evidence of these themes, and particularly the legacies of colonialism and pressures of ongoing neoliberal restructuring. In particular the current renegotiation of the EU–ACP Cotonou Partnership Agreement (CPA) provides a useful early test of such impacts on EU development policy, as it has coincided both with preparations for Brexit and internal EU budgetary negotiations for the next Multiannual Financial Framework (MFF). As such it reveals the anticipatory adjustments made by key actors in preparation for the departure of the UK, most notably EU Member states, EU and ACP institutional actors, and associated political and societal interests.

Existing literature on the impact of Brexit on EU development policy has tended to focus on static impacts, particularly in relation to the funding and policy leadership gaps left by the UK's exit. In these terms static impacts refer to the assumed effects on development policy and policy making of simply removing the UK from the 'EU

equation' (De Ville & Siles-Brügge, 2019; Jensen & Snaith, 2018). This article explores this by demonstrating how the Commission and certain member states are utilising the confluence of the renegotiation of the EU–ACP relationship, the MFF and the removal of the UK from this area of policy making, to enhance the Commission's role in the management of development policy. As the UK has historically opposed this integrative pressure, Brexit has provided opportunity to reignite this agenda.

Whilst recognising the importance of the institutional challenges and changes provoked by Brexit, this article however argues for a broader analysis which highlights the more fundamental shifts that are reflective and constitutive of disintegration. It points to the anticipatory adjustments already underway in EU development policy that indicate its dynamic effects, for example the changing preferences and strategies in relation to the geographical and sectoral focus of development policy. Further evidence of such dynamism is the promotion of interests clearly aligned to EU self-interest, defined both as the promotion of EU core policy concerns linked to development, particularly around security and control of migration, and in the material interests in promoting business expansion and the development of markets associated and linked to European capital. The article argues this is represented by the discursive dynamics that explicitly justify the use of development cooperation in self-interested terms. In doing so it reveals the discursive and material struggles emerging as the EU seeks to reframe and promote its own interests alongside UK attempts to reconfigure itself as Global Britain, and throws light on the impact of disintegration on the global role of the EU and its future relations with the UK. Importantly it asserts that the pursuit of key material and ideational interests in the external relations of the EU and its member states is not new, but is reliant on and reproduces inequitable historic and social conditions that structure contemporary North–South relations.

This argument acknowledges the intertwined relationship between ideas, discourse and their material underpinnings. There is a substantial focus on discourse in materialist approaches. For example, in Gramscian terms, ideas combined with institutional forms and material capabilities, are central to hegemony and dominant social formations. Marx and Engels highlighted how class rule shapes the ruling ideas of each age, and forewarned against their presentation as being in the universal interest (Marx & Engels, 1974). Ideas and discourse are therefore powerful in both reproducing class relations and concealing their contradictions. The policy discourses within development relationships frequently contain, obscure and further particular material interests, which are presented as if they are of wider benefit. In contemporary development policy, discourse serves to obscure long-running inequalities associated with the continuing legacies of colonialism as well as more immediate aspects of the desires of different blocs (including national blocs) of capital for particular forms of investment and

trade flows. This has implications for intra-capitalist competition, for the unequal relationship between capital and labour and a host of other unequal resource and power relations on the basis of gender, nationality and race. Policy discourse and its critical deconstruction then, is of central importance for materialist scholars who seek to answer the crucial question of 'who benefits?'

In order to explore these debates the article first situates EU development policy within a political economy framework, in order to properly locate the analysis of Brexit within the context of crisis and associated pressures of the expansion of global markets. It then explores the relevance of the EU–ACP relationship to the study of both EU development policy and more broadly the processes of EU integration, by highlighting reform of the relationship from a neo-colonial to neo-liberal framework and the agency of the UK within that. In doing so it draws attention to the scalar significance of the relationship, which links 107 states and over 1.5 billion people across the world through its trade and aid provisions. It also highlights the importance of this particular conjuncture in which the renegotiation of the relationship has coincided with both the EU's internal processes of reordering its future financial mechanisms and the disintegrative forces of Brexit. By understanding the particular contemporary context in which the EU–ACP relationship is located, we are better able to assess the likely impacts of the collision of these forces. In doing so the article explores current debates about the impact of Brexit on development policy in terms of their preoccupation with static impacts. This section focuses on both the internal funding and policy leadership gaps created through Brexit and opportunistic attempts to increase the role and power of the EU institutions in response. In contrast, Section 5 develops the analysis of the dynamic impacts of Brexit through a focus on the anticipatory adjustments evident in the current renegotiation of the EU–ACP relationship and the changing geographical and sectoral focus of EU development policy. By exploring the framing of a post-Brexit EU development policy as the securing of EU self-interest in the context of Brexit, the article argues that the disintegrative moment of the UK's decision to leave the EU has provided an opportunity for the EU to readjust its external focus and influence to the exigencies of a changing and increasingly competitive global economy.

## 2. The Political Economy of EU Development Policy

Colonialism is deep in the DNA of EU development policy. As Nicolaïdis (2015, pp. 285–296) argues, European amnesia allows this colonial legacy to be overlooked in the framings of current forms of development cooperation relations, permitting the EU to distance itself from its past whilst also seeking to secure continuity and collective management of a colonial world slipping out of the grasp of its individual member states. Development policy has been a key mechanism by which the EU



has maintained existing patterns of production and exchange, albeit within a broader commitment to multi-scalar neo-liberalisation. As such policy commitments to global frameworks of sustainability and poverty reduction, as embodied in the Sustainable Development Goals and the post-2015 consensus, are combined with mechanisms that seek to manage processes of world market expansion and generalised competitiveness within state-society complexes throughout the Global South, and simultaneously within the EU itself (Price & Nunn, 2016, p. 454). This is pursued internally through the broadening and deepening of its internal market, and externally through trade liberalisation and development co-operation relations, exposing labour and capital both within the EU and in its partners to increased competition (Price & Nunn, 2016, p. 462). That this produces polarising and uneven effects is recognised by the EU and so it provides specific development policy mechanisms, such as Aid for Trade (Aft), to offset the damaging effects of neo-liberalisation.

A measure of the importance of this policy domain to the EU's attempts to position itself within a changing global economy has been the ongoing attempts to increase supranational competence within the design and management of EU development policy. Since the turn of the new millennium there has been a range of initiatives to embed a European development policy both centrally and within the member states' own policy frameworks. The EU believes that the collectivisation of development policy strengthens its global actorness and provides "added value, in terms of political and financial leverage, that is larger than the sum of individual Member State actions" (European Commission & High Representative of the Union for Foreign Affairs and Security Policy [EC & HRUFASP], 2016a, p. 2). While Orbie and Carbone (2016) point to the limited provision by way of a formal *acquis communautaire* that bind member states in this area, the 2005 European Consensus on Development and 2011 Agenda for Change stand out in setting common principles and practices, accompanied by specific institutions and budgetary instruments through which European development policy is managed. Delputte, Lannoo, Orbie and Verschaeve (2019) state that while the EU has had an 'outspoken commitment' to both influencing its member states' policies and fostering an enhanced European development policy, pressures for increased Europeanisation have been countered by the endurance of differing member state preferences and national priorities, the relatively weak institutional mechanisms that underpin the EU approach to development and sub-groupings of states that share differing ideas and priorities. However, rather than viewing these as competing binary distinctions between the national and supranational characteristics, authors such as Smith (2016, p. 141) argue that the processes of (re)nationalisations, Europeanisation and globalisation occur in complex co-existence, with the interplay of structures, norms and practices at a variety of scales underpin-

ning the shape and operation of EU development policy. An empirical focus on the EU-ACP relationship provides a lens through which to both understand this complexity and the potential effects Brexit will produce.

### 3. The EU-ACP Relationship

The EU-ACP relationship is rooted in the colonial past of EU member states, and reflects attempts to secure continuity and collective management of colonies and former colonies within the context of both the wide-ranging transitions to independence across the Global South and the deepening and widening of European integration. Originally signed in 1975, in the wake of UK accession, the EU-ACP partnership built on the 1957 Treaty of Rome and subsequent Yaoundé Conventions (1964-1975) which provided for the association of the colonial and post-colonial relations of the original six European Economic Community (EEC) member states. On the accession of the UK, these agreements were reformulated into the Lomé Conventions to accommodate the UK's external relations, particularly its colonies and former colonies in the Caribbean and Anglophone Africa, with the ACP created as a group of states to 'partner' and negotiate with the EU. The UK was therefore central to the creation of the EU-ACP partnership, and has subsequently been a key actor in the ongoing reform of that relationship.

The first Lomé Convention reflected broader global initiatives to address structural inequalities in the Global Economy, as embodied in the United Nations New International Economic Order (NIEO). This included developmental provisions, in particular non-reciprocal preferential trade agreements and commodity stabilisation mechanisms. Development assistance was provided through the bespoke European Development Fund (EDF) and was not linked to the forms of economic and political conditionalities that would later define EU aid provision. The EDF has endured as the key EU-ACP aid funding mechanism, sitting outside the European budget and funded directly by member state contributions.

The scale and scope of this relationship has changed over time, not least with the widening of both groups to now encompass 79 ACP states, 28 EU member states and 1.5 billion people. It has undergone continued pressures to liberalise culminating in the replacement of the Lomé Conventions by the CPA in 2000. This restructuring has locked-in longstanding commitments to neo-liberal reform, based on regionalisation and the restructuring of state-society relationships across the ACP. Non-reciprocal trade preferences were replaced by Free Trade Agreements, known as Economic Partnership Agreements (EPAs), between the EU and ACP regional groupings. Aid provision transformed from 'project' to 'programmed aid' and became increasingly conditional on structural adjustment commitments, good governance, respect for human rights, democracy and transparency. A specific focus was placed on Aft and Private

Sector Development (PSD), with the EU providing 22.5 billion in AfT between 2005 and 2013 (EC & HRUFASP, 2016b, p. 61). This emphasis on the provision of funding to support trade reform and economic restructuring evidences the EU's concern to offset the negative impacts of neo-liberalisation.

In spite of a rhetorical commitment to trade liberalisation as a route to poverty reduction and economic development, this has had limited impact on pre-existing colonial patterns of trade. Trade diversification, industrialisation strategies and PSD has been limited (EC & HRUFASP, 2016b, p. 59). The EU remains a major trading partner for the ACP (accounting for 24% of their imports and 17% of their exports), and while the ACP as a block has maintained a trade surplus with the EU this is due to the predominance of African mineral exports (EC & HRUFASP, 2016b, p. 58). ACP agricultural trade remains dependent on primary commodities with little increase in processed, value added products, while the ACP trade surplus fell from €5 billion to €3 Billion between 2004 and 2014 (EC & HRUFASP, 2016b, p. 59). With the current CPA due to conclude in 2020, the EU undertook an extensive evaluation exercise which revealed the limited impact that the CPA has had on poverty reduction, inequality and growth distribution (EC & HRUFASP, 2016b, p. 93). There has been limited success in the promotion of inclusive growth, in increasing the level of economic participation of the poor and in tackling the root causes of conflict (EC & HRUFASP, 2016b, p. 120). Moreover, civil society actors, NGOs and domestic ACP businesses have coalesced in anti-EPA movements, recognising the threat posed to their economies from the unrestrained access of large-scale EU enterprises to their markets. While domestic resistance has limited progress on the EPA agenda, the EU has continued to press for the liberalisation of ACP economies.

The contestations arising from the outcomes and effects of EU development policy have not dampened the commitment of either the EU or the ACP to negotiate a successor to the CPA after its expiry in 2020. From an institutional perspective, the EU regards the CPA as providing particular value as a single, predictable, long-term, legally-binding framework with underlying values and principles and a wide-range of instruments, which is ratified by all ACP countries and allows critical mass in financial resources (EC & HRUFASP, 2016b, p. 132). This has driven the EU's ongoing commitment to the agreement and its replacement. The post-Cotonou negotiations were begun in 2018, but it could not have been foreseen when the original agreement was signed in 2000, that these would be conducted in the context of the UK's decision to leave the EU and in conditions of such uncertainty.

#### 4. Exploring the Static Impacts of Brexit

Existing literature on the impact of Brexit on EU Development Policy has tended to focus on static effects

by scenario planning the effect of removing the UK from the "EU equation" (Jensen & Snaith, 2018). Such analyses rely on understandings of EU's policy-making machinery based on its past behaviour (De Ville & Siles-Brügge, 2019) and reflects the tendency of neo-functionalism and (liberal) intergovernmentalism to imagine the EU as "institutionally resilient", and of institutionalist approaches to emphasise the "'stickiness' of institutional equilibria" (Rosamond, 2016, p. 866). In this vein, Henökl (2018, p. 64) builds a new institutionalist analysis which highlights the challenges Brexit poses for EU development policy, including existing legal obligations, budget shortfalls, securing business continuity, policy realignment, and representation and membership of international fora. Drawing on an analysis of differentiated integration and regional disintegration, possible scenarios are outlined for post-Brexit EU-UK cooperation which could structure the future of EU development policy. These scenarios are either total rupture and disintegration; selective involvement in some agreements; or strong UK engagement through participation in existing relations (Henökl, 2018, p. 65). The sequenced nature of the Brexit negotiations which requires the approval of the Withdrawal Agreement before the future shape of the UK-EU relationship is agreed, means that at the time of writing this remains undefined. As such, this process of disintegration has an unknown destination and a variety of different policy outcomes (De Ville & Siles-Brügge, 2019)

This indeterminacy provokes scenario planning based on the UK's central role in development policy and funding, and the manner in which UK's colonial legacy, particularly its relations with the Commonwealth, have historically shaped this area of EU policy and condition future interests of both the EU and UK. Brexit therefore raises questions about the EU's capacity to maintain coherence after losing the UK as a coordinator and policy innovator, and the future financing and shape of development cooperation. As such, it brings a threat of instability in EU external relations and possibly an overall reduction in the EU's significance as a global actor. However, opportunities have also been created for member states, institutional and societal actors and third countries to adapt their preferences and behaviour to the absence of the UK. An exploration of the specificities of the EU-ACP relationship in relation to gaps left by the removal of the UK throws some light on the analysis of the static, and more dynamic, impacts of Brexit.

##### 4.1. The Funding Gap

In material terms, the loss of UK contributions to EU development funding will pose a particular challenge for the remaining 27 Member States. The EDF has historically been reliant on UK funding, with it contributing €4.5 billion to the current 11th EDF. This constitutes approximately 15% of the total EDF, making the UK the third largest contributor (after Germany's €6.28 billion,

and France's €5.43 billion) (DFID, 2013; EU Commission, 2013). Due to the funding cycle, member states contributions to the 11th EDF were due in 2018, giving particular importance to the negotiation of the Withdrawal Agreement and the associated financial 'divorce' settlement, although there was little public discussion of ongoing aid commitments within this. The lack of provisions for a contributor to leave the EDF brought uncertainty, however in 2017 it was confirmed the UK would remain party to the Fund and maintain its existing modalities of payments until it left the EU, with the 2018 Withdrawal Agreement (Articles 129 and 152) making explicit this commitment to Cotonou's institutional structure and funding obligations (EU Commission, 2017; UK Government, 2018). This pragmatic solution represents path dependency and institutional binding resultant from the joint institutions and international legal basis of the CPA.

In the context of Brexit and Cotonou's legal agreement ending in 2020, the impact of the loss of UK funding is less certain, particularly given the declining aid commitments of the remaining 27 EU member states. Between 2010 and 2015 Belgium, Czech Republic, Denmark, Finland, France, Greece, Ireland, Luxembourg, the Netherlands, Portugal and Spain enacted cuts to their aid provision. While there have been some expectations that the remaining member states would compensate of the loss of UK funding, this is uncertain (Castillejo et al., 2018, p. 13). As the EDF has its own legal and institutional basis, it could operate as a 'pan-European development fund' (Olivie & Perez, 2017, p. 34) giving the UK opportunity to continue to provide funds as a third party. The UK has signalled it is considering the potential for continued funding of EU development instruments, in return for an appropriate yet unspecified role in decision making (European Scrutiny Committee, 2018). However, this is unlikely to be agreed while the negotiations for Brexit, the MFF and the successor to the CPA are ongoing.

#### 4.2. *The Policy Leadership Gap*

Historically, the UK has shown significant leadership in development policy making, with the Department for International Development (DFID) recognised as a leading development actor. Sherriff, Head of European External Action Programme argued that "the UK has had an influence on the EU's focus and expertise on the 0.7% target for aid, the SDGs [Sustainable Development Goals], the value for money and results agenda, differentiation in EU aid to focus more on least development countries and fragile states" (Laporte, Sherriff, Hauck, & Bilal, 2016). The UK led innovations in the CPA, particularly the marriage of social policies with trade liberalisation. UK policy makers considered themselves 'determinant actors' in the allocation of EU aid to Least Developed Countries (LDCs), the introduction of transparency as well as "result-orientation" in aid manage-

ment and in raising awareness of gender issues (Olivie & Perez, 2017, p. 21). Haastrup, Wright and Guerrina (2019) argued that the UK has consistently shown leadership in the integration of gender perspectives in development cooperation, to a greater extent than other EU member states or institutions.

The UK proved adept at leveraging EU development provision to achieve DFID's own objectives and national goals, and through the collectivisation of aid, operationalised its impact more extensively than it could have done through bilateral mechanisms (UK Government, 2013). DFID's Multilateral Review (MAR) ranked the EDF 11 out of 43 multilateral organisations for 'good value for money'. This analysis rested on its close alignment with DFID policy, its critical role in meeting international development objectives, and its capacity to extend the reach of UK aid to areas where the UK had a limited and declining aid presence, or where DFID did not operate (DFID, 2013; Watkins, 2016). Furthermore, the UK played a strong coordinating role in the alignment of national, regional and global policy. The UK was at the forefront of coordinating EU policy with the Millennium Development Goals, the SDGs and the post-2015 Agenda, forging partnerships with 'like-minded' states (e.g., Nordic States, Ireland, the Netherlands, Luxembourg) to develop a collective approach that promoted a particular form of development and emphasising the benefits and efficiency of collective action (Watkins, 2016). Through such coalitions it played a leading role in the 2005 EU consensus on Development and built momentum for the legal basis for development policy in the Lisbon Treaty (Castillejo et al., 2018, p. 13), whilst also promoting its own priorities at a global level. This underpins the findings of the Independent Commission on Aid Impact (2015) that DFID has significant influence in the multilateral system.

In the facilitation and coordination of consensus across various groupings, the UK acted as a pivotal outlier. Carbone (2012, p. 5) notes that achieving consensus between members states was difficult due to competing preferences. France and Belgium, for example, prioritised their former colonies while others (e.g., Italy, Greece and Central Europe) focused on their immediate neighbours. While the UK played key roles within and between different EU coalitions, there have been questions about the extent to which it has maintained its centrality. There is evidence that the UK has become more of an 'outlier' across time. Sheriff stated that "EU development policy was in a state of evolution even before Brexit, moving to be more aligned with EU self-interest and the SDGs" (Laporte et al., 2016). While others argue that there is a 'strategic deficit' in political leadership in development policy, they point to new coalitions and interests forming in response to the loss of the UK as a powerful development policy actor (Castillejo et al., 2018, p. 13). Therefore, rather than static responses to the policy leadership gap, this might be an early indication of more dynamic effects emerging.

#### 4.3. EDF Reform and Increased 'Europeanisation'

Reform of the EDF provides a key test of the static impacts of Brexit. Historically, the UK was opposed to Commission proposals to incorporate the EDF into the EU budget, fearing an increase of the Commission's role and the loss of national control. In contrast the Commission has been keen to establish itself as a 'front runner' in the SDGs and has sought to reposition itself by advocating for strong coordination mechanisms to monitor EU and member states activities and the development of a 'whole of government' approach (European Commission, 2019, pp. 4, 55). This gives weight to institutionalist accounts of Brexit being a critical juncture that gives rise to radical institutional change.

Commission attempts to augment its role in this moment of flux has been met by a lack of consensus and opposition by some member states (Castillejo et al., 2018, p. 10). While there is support for reforming the status quo, there is division over the shape that change should take (Castillejo et al., 2018, p. 10). As with the UK, France, Poland and Hungary have opposed budgetisation, while Germany, Denmark, the Netherlands, Spain and Finland, have been supportive, regarding this as a move to harmonised and coherent external action (Castillejo et al., 2018, pp. 6–10). A further section of member states, broadly described as 'more Eurosceptic', want an overall reduction of the MFF, a reprioritisation of spending, and a focus on adding value (Castillejo et al., 2018, p. 6).

In the context of the removal of the UK from the 'EU equation' the Commission has reinvigorated its proposals to budgetise the EDF and radically reform aid mechanisms as part of the 2021–2027 MFF. Alongside bringing the EDF firmly under the control of EU institutions, it has proposed an increase of 30% in its external action budget to €123 billion (European Commission, 2018b). The Commission argues that budgetisation will provide protection from the vulnerabilities of member states declining aid commitments and provide more coherence, greater transparency, democratic scrutiny and flexibility (European Commission, 2018b). The new proposals are based on the Neighbourhood, Development and International Cooperation Instrument, merging a number of EU financing mechanisms into a geographic pillar (with a focus on the neighbourhood and Sub-Saharan Africa), a thematic pillar and a rapid response pillar. In addition the proposals include an Investment Framework for External Action, with an increased 'fire-power' of up to €60 billion to help raise and leverage additional private sector financial resources (European Commission, 2018b).

The Commission's decision to utilise the confluence of Brexit, the renegotiation of the CPA and the MFF to bring forward this reform demonstrates a degree of opportunism. Lightfoot, Mawdsley and Svent-Ivanyi (2017) note that the Commission has long been 'carving itself a role as coordinator of member state activities', and has signalled its intentions to increase its capacity

in this field. The opposition of the UK and other EU Member states has been matched by the ACP who are concerned this could herald a diminution of its aid allocation. The ACP negotiating mandate for the post-2020 relationship therefore makes explicit its firm preference for maintaining the EDF outside of the budget coupled with an emphasis on budget support (ACP, 2018, p. 25). While the coalition of opposition led to the failure of the Commission's previous attempts to budgetise the EDF, for example in 2003 in advance of the 10th EDF (European Commission, 2003), in the context of Brexit, it has renewed its proposals.

Importantly the integration of the EDF into the budget would make it difficult for the UK to continue to participate in EU external relations. The principle of third-party participation in EU development mechanisms is already established through the financial innovations that allow non-member states to channel their Overseas Development Assistance (ODA) *via* the EU. The option of maintaining UK EDF funding is broadly in line with ACP preferences to open the post-Cotonou relationship to third parties. Indeed, certain members states' opposition to budgetisation reflects their desire to facilitate the continuation of the UK's contribution (Castillejo et al., 2018, p. 10). The possibility of ongoing UK contributions to the EDF would limit the impact of Brexit on this area of development policy. However, this prospect appears unlikely, not least due to the reduced leadership capacity the UK would inevitably have as an 'outside' contributor, notwithstanding its demands to continue to shape policy in return for its participation.

In light of the indeterminacy of the disintegrative processes, there has been a tendency to focus on scenario planning responses to the gaps left by the UK. Institutional and liberal intergovernmentalist accounts provide analyses of the extent to which the remaining EU states and institutions 'fill the gap' left by the UK in funding, policy leadership and policy orientation and/or reshape EU development policy. Within this, the analysis of whether Brexit represents the kind of critical juncture that will induce radical change is key. However, it is perhaps more fruitful to understand this disintegration within a broader set of transformations associated with the expansion of the world market and its inherent tendency to crisis. Here the analysis of the anticipatory adjustments and discursive framings evident in the EU–ACP relationship provide an alternate lens through which to assess the dynamic effects of Brexit.

#### 5. Anticipatory Adjustments and the Discursive Dynamics in the EU–ACP Relationship

The focus on the anticipatory adjustments in advance of Brexit speaks to Rosamond's (2016, p. 868) analysis of disintegration as an indeterminate, messy and drawn out process mediated by the EU's multi-institutional game. This uncertainty points to the way in which the effects of Brexit on EU development policy will depend on the ad-



justments made by both societal and institutional actors (De Ville & Siles-Brügge, 2019) In terms of the EU–ACP relationship these anticipatory adjustments are increasingly apparent in the EU’s sectoral and geographic orientation and discursive dynamics.

### 5.1. Reorientation of Geographical and Sectoral Focus

Given the manner in which UK colonial relations have shaped EU external relations, Brexit could herald a redirection of the geographical focus of development policy, posing a particular threat for Commonwealth ACP states. Non-LDC states, such as those in the Caribbean, might experience a reduction in aid due to close links to the UK and the EU preference for a differentiated approach. Laporte (Laporte et al., 2016) suggested “it might be difficult for the English-speaking Caribbean to find new allies in Europe that will defend their case in Brussels”. Furthermore, the absence of the UK from the MFF negotiations could mean a greater focus by the EU on middle income countries (Castillejo et al., 2018). Olivie and Perez (2017) suggest that these potential impacts would be compounded by a changing sectoral focus away from social development to infrastructural development and trade facilitation.

Early evidence of a changing geographical focus was clear in the EU’s proposal to replace the CPA with three distinct, differentiated regional partnerships within a common umbrella agreement. This would maintain the existing *acquis* without incurring significant financial costs (EC & HRUFASP, 2016a, p. 3). These strengthened yet flexible regional partnerships (EU–Africa, EU–Caribbean and EU–Pacific) rely on an increased management role for associated regional organisations, and have a specific set of regional themes. For Africa, this includes a focus on migration and ‘mobility management’, reflecting the EU’s growing concerns about immigration, security and the pressures facing the Southern EU member states. For the Caribbean, which was the first region to conclude an EPA through the CARIFORUM–EU partnership, the specific focus is sustainability, climate change and natural disasters. The EU’s relations with the Pacific share a similar set of priorities, highlighting the dependence of the region on maritime security and ocean governance. The Pacific Islands Forum has been identified as a key organisation in the future management of EU–Pacific relations, although without the basis of a region-wide EPA which has proved difficult to conclude and currently only includes Papua New Guinea and Fiji.

While the EU’s preference for a more regionalised approach is longstanding, as evidenced in the EPA frameworks, this has been greatly strengthened through the post-Cotonou proposals and the pursuit of the Continent to Continent (C2C) agreement to cement EU–African Union relations. The EU’s proposals chime with those of the African Union (AU) and its desire to ensure African Unity and augment EU–AU relations (African Union, 2018). This consensus produced the New Africa

Europe Alliance and is reinforced by the EU’s support for African Continental Free Trade Area (ACFTA), which includes increases in financial support from €7 million (2014–2017) to €50 Million (2018–2020). The long-term aim is to build a continent-to-continent EU–ACFTA Agreement (European Commission, 2018a). The confluence of the preparations for the post-Cotonou negotiations and for Brexit have therefore provided a unique opportunity for the EU to secure and deepen its regionalised approach to development, and particularly its relations with Africa as a bloc. Its ongoing commitment to principles of poverty reduction however is less certain.

Other dynamic effects of Brexit might become evident through strengthened ACP negotiating power. While the collective ACP has remained committed to maintaining the integrity of the Group, Brexit presents an opportunity for individual states, regions and groups to leverage their position in relation to the EU (Langan, 2016). With the UK potentially offering an alternative set of trade relationships, ACP states could exact concessions from both sides in order to secure their interests. As such, Brexit could create dynamism in the behaviour of third countries, as they seize the opportunity to maximise their positions and gain concessions from the EU. This could signal a rebalancing of the historically asymmetrical EU–ACP relations and limit the EU’s power to push its own interests, either geographically or sectorally. The disintegrative momentum therefore could provide opportunity for the ACP to bring a more developmental focus to the relationship and offset the socio-economic pressures wrought through rapid trade liberalisation and associated neo-liberal restructuring.

This potential shift towards more equitable relations has however been countered by the Commission’s explicit desire to pursue its own preferences and self-interest within the new relationship. “The general objective is to shape relations with the ACP countries after 2020 as to best achieve the EU’s interests” (EC & HRUFASP, 2016a, p. 2). Furthermore, the EU’s regionalised approach could facilitate the expansion of the EU’s external relations. The regional pillar approach provides the opportunity to extend the relationship beyond the existing ACP members, for example to include North African states, other non-ACP LDCs and small island developing states (EC & HRUFASP, 2016a, p. 3). Therefore, the post-CPA presents an opportunity to expand the global reach of the EU through and beyond existing frameworks, and in doing so poses a particular challenge to the global influence of the UK post-Brexit.

In the context of the EU’s intentions to deepen and widen its links to Africa, the UK government has also been signalling its desire to secure its position on the continent. North Africa in particular is an emerging arena of competition. In pursuit of its post-Brexit Global Britain agenda, the UK is rapidly expanding its presence throughout the continent. Former French colonies, such as the rapidly growing frontier markets of Ivory Coast and Senegal, have been identified as areas of interest,



while new UK embassies have been established in Niger and Chad. However, while these competing positions indicate attempts to secure advantage in potentially lucrative emerging markets and zones of influence, both the UK and EU share common commitments to securing processes of world market expansion and embedding neoliberal reform (Price & Nunn, 2016, p. 454). Moreover, the adoption and promotion of collectivised investment facilities at the heart of both EU and UK development funding provides opportunities for collaboration. The UK stated that cooperation based on the collective management of investments could be possible if the EU matched the UK's agenda (Mordaunt, 2018). The extent to which this would depend on the City of London's expertise, and the willingness of both the UK and EU to fund collective investments could determine the future shape of their cooperation.

Both DFID and the Commission have enthusiastically supported and promoted collaborative financial innovations such as aid blending, which combine funding from various public and private channels to generate further investment and leverage large-scale finance (EC & HRUFASP, 2016b, p. 111). EU aid blending mechanisms such as delegated cooperation and trust funds, allow the participation of non-member states, for example Norway and Switzerland, and offer possibilities for future collaboration with a post-Brexit UK. Member states and non-member states currently contribute to facilities either directly or through investment organisations. For example, PIDG, a key EU trust fund investor, is funded by UK aid in combination with the Netherlands, Switzerland, Australia, Sweden, Germany and the International Finance Corporation (PIDG, 2019). While blended aid mechanisms have expanded rapidly over the last decade, there has been a corresponding decline in budgetary support (EC & HRUFASP, 2016b, pp. 24–29). This shifting emphasis is in spite of the Commission's evaluation which found that budget support had been most effective in reducing extreme poverty (EC & HRUFASP, 2016b, p. 93).

The current EDF incorporates two types of trust funds: The Emergency and Post Emergency Trust Fund and the Thematic Trust Funds. The Commission re-emphasised its support for such mechanisms in the recent New European Consensus of Development. Examples include the EU–Africa Infrastructure Trust fund, The Caribbean Investment Facility, The Investment Facility for the Pacific, the Africa Investment Facility and the European Fund for Sustainable Development which provides investment guarantees from the EU budget to lower the risks of the expansion of investment (EC & HRUFASP, 2016b, p. 111). These are augmented by policy innovations such as the 2018 Africa–European Alliance for Sustainable Investment and Jobs which aimed to de-risk investment and mobilise private sector financing in Africa (European Commission, 2019, p. 49).

Aid blending has become a key mechanism for the EU to deliver its interest driven development policy. While

there has been the strong promotion and proliferation of these public/private finance innovations, Castillejo et al. (2018) argue that there has been a lack of associated mechanisms for reporting and scrutiny. Langan (2018, p. 76) has argued that these mechanisms represent the forms of 'revolving credit' highlighted in neo-colonialist critiques, in which aid is channelled into initiatives that offer opportunities for returns on capital for donor states and allied business interests, often producing negative consequences for labour and the environment and little by way of poverty reduction.

## 5.2. *The Discursive Dynamics of Brexit*

Long-running neo-colonial and dependency critiques have emphasised the material underpinnings of development policy. In its most recent incarnation however the framing of aid as an investment tool marks a novel discursive turn in which the donor self-interest motive is explicitly promoted and justified. This discourse, rooted in deep material interests, is represented in EU and UK development policy, in struggles to establish presence in areas that were commonly shared prior to Brexit, and in the assurances provided to domestic constituencies of the value of development cooperation.

The 'globalist discourse' (Smith, 2019) of a resurgent Global Britain relies on a reformulation of development policy that closely aligns with the interests of the British state and business, as represented in the 'Value for Money' mantra. This draws heavily on a discursive reinvigoration of the Commonwealth that conjures the notions of Empire and colonialism. Importantly this is framed within a 'Myth of Betrayal' (Murray-Evans, 2016) that ignores the relationships the UK maintained with the Commonwealth through EU membership.

The UK's willingness to express its desire to secure material interests through the discourse of Value for Money in development policy has been matched by the EU. Within the context of enduring effects of global financial crisis and the subsequent sovereign debt crisis in Europe, large-scale migratory pressures, challenges of rising populism and pressures on multilateralism, EU development policy has been shaped by the need to assure domestic constituencies that economic stability, migration and security threats are being addressed. The discursive framing of development cooperation emphasises its potential to deliver returns to Europe and secure the interests of its own citizens and businesses, over the normative commitment to poverty reduction or indeed any sense of post-colonial reparative justice. This framing is increasingly necessary in order to garner member state consensus over the future of EU development policy, particularly where domestic constituencies question policy and funding rationales. Castillejo et al. (2018, p. 6) state that in spite of elements of discord between member states and EU institutions, there is support for the promotion of EU interests, particularly when tied to the sustainable provision of global

public goods. Within this, concepts such as ‘sustainable development’ and ‘poverty reduction’ act as important legitimating discourses. However while Brexit produces differing geo-economic imaginaries depending on the way in which ideas are articulated, the EU’s commitment to ongoing neoliberalisation is likely to be undisturbed by Brexit (Adler-Nissen, Galpin, & Rosamond, 2017, pp. 585–586), notwithstanding the driving role the UK has played within the policies and narratives that have structured its development policy.

## 6. Conclusion

Brexit has fundamental implications for the EU’s development policies. The loss of the UK will create gaps in funding and policy leadership, and could bring changes to the geographic and sectoral focus of existing relations. Anticipatory adjustments by leading member states, EU institutions and partners have demonstrated the extent to which the confluence of Brexit, the Multi-annual Financial Framework and the EU–ACP negotiations have provided opportunities for change. They also point to the challenges the EU faces in addressing its strategic deficit in policy making and in funding future development cooperation.

While existing analyses offer insight into the institutional impacts of Brexit in terms of filling the gaps left by the UK, they tend to overlook the broader and more fundamental shifts which are both reflective and constitutive of disintegration. The relevance of a materialist political economy approach helps locate the impacts of Brexit within the context of crises and the pressures of the expansion of global markets. By pointing to the anticipatory adjustments being made in terms of a changing geographic and sectoral focus and the discursive turn in policy making towards self-interest and securing material interests, we are better able to understand both the impact that Brexit will have on development cooperation and the EU–ACP relationship. Moreover, it throws light on the impact of disintegration on the global role of the EU and its future relations with the UK. While there is a commonality in their commitment to neo-liberalisation and the expansion of global markets and private investment, the extent to which their own interests are articulated as national, regional or global will determine the future of their relationship. Importantly, Nicolaïdis (2015) reminds us that the pursuit of self-interest and key material and ideational interests in the external relations of the EU and its member states is not novel, but relies on a collective amnesia about the historic and social conditions that fashion contemporary North–South relations and the asymmetries that underpin them. The extent to which Brexit will resolve these remains uncertain.

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### About the Author



**Sophia Price** is Head of Politics and International Relations at Leeds Beckett University. Her research covers EU–Africa relations, with a particular focus on West Africa, UK aid policy and feminist political economy. She has recently published work on microfinance and gendered financial inclusion strategies, the impact of Brexit on UK aid policy, and a co-edited book, with Mark Langan, entitled *Sustainable Development in Africa–EU Relations*. In addition, she co-edits the Lynne Rienner series, *Advances in International Political Economy*.

Article

## The European Union and the Global Arena: In Search of Post-Brexit Roles

Michael Smith

Department of Politics and International Studies, University of Warwick, Coventry, CV4 7AL, UK;  
E-Mail: m.h.smith@warwick.ac.uk

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### Abstract

This article explores the issues faced by the EU in developing its international roles post-Brexit, using a combination of discursive analysis and role theory to investigate the development and performance of roles in a number of linked arenas. Central to this analysis is the assumption that whatever form Brexit takes, the EU and the UK will remain closely entangled, and thus that the post-Brexit role assumed by the UK will shape the evolution of EU external action. But a key task for analysis is to place the impact of Brexit into the array of wider forces affecting EU external action, and this is a key aim of the article. The article begins by exploring the discourses of globalism characteristic of UK and EU foreign policies, as focused by the debates about ‘global Britain’ and EU global strategy since 2015. It then introduces a simple framework for considering the roles conceived and performed by the EU, and their potential impact in the post-Brexit world. The article then considers three areas of EU external action, and the ways in which they might be shaped by a post-Brexit world: trade and development, transatlantic relations and security and defence policy. The conclusion discusses the implications of the cases, especially in relation to the conversion of discursive role constructs into performable roles—a problem central to EU external action—and concludes that whilst the impact of Brexit will be significant, it is likely to be less fundamental than the impact of the challenges faced by the EU in the global arena more broadly.

### Keywords

Brexit; European Union; external action; foreign policy; international roles; post-Brexit; transatlantic relations; United Kingdom

### Issue

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### 1. Introduction

Throughout the tangled history of the British engagement with European integration, there has been an intersection between the international roles conceived, aspired to or performed by the UK and the European institutions. Both entities have been subject to debate not only about the nature of their international identities but also about the ways in which British membership of the European project has affected both parties. This mutual entanglement, intersection and debate has been focused and concentrated by the process of Brexit (both

as a discursive phenomenon and as a process of negotiation and role-playing), and is also strongly informed by expectations of the international roles to be played both by the UK and by the EU in the post-Brexit world. This article sets out to provide a framework for the analysis of the interplay between Brexit and the EU’s international roles, broadly defined, with the general aim of illuminating some of the processes that have shaped it, of providing insight into some of the dynamics that are likely to shape the future of EU external action and of placing the impact of Brexit into the context of challenges faced by the EU in the global arena more generally.



## 2. Discourses of Globalism in British and European Foreign Policy

Conceptions of external action<sup>1</sup> both in the UK and in the European project have been strongly shaped by ‘historical’ forces, which have produced both a desire for global reach and a series of contradictions arising from that desire and from the institutional or material limitations of foreign policy elites. One of the most powerful images in the shaping of UK foreign policy after the Second World War was that of the ‘three circles of power and influence’ discerned among other by Winston Churchill. This gave rise to the notion that the UK was uniquely placed in the world order, at the intersection of transatlantic relations, the European order and the imperial/colonial networks that later transmuted into the (British) Commonwealth, a view which was buttressed by the UK’s position as a permanent member of the UN Security Council and a nuclear weapons power (Gaskarth, 2013, Chapter 5). Such an image of ‘exceptionalism’ has been prominent recently in the discourse of leading ‘Brexiters’; whilst this is only one of several different ‘Brexit narratives’ embedded in the UK debate, it gains power from the potency of narratives linked to the ‘Anglosphere’ and the ‘special relationship’ with the US (Daddow, 2019; Hill, 2019; Kenny & Pearce, 2018).

At the same time, a version of the notion of the ‘three circles’ had and has important implications for the European project itself. The UK has been far from the only member state with aspirations to an expansive and ‘global’ foreign policy, although only the UK and France have a number of the key elements of global status (for example, nuclear weapons and permanent membership of the UN Security Council). The tension between globalist aspirations and the realities of diversity among EU member states has been one of the shaping forces in the development of ‘European foreign policy’ as an aspect of external action since the mid-1980s if not since the 1950s; and in important ways this has been shaped by the EC–EU’s engagement in transatlantic relations and the developing world as well as in the European order itself (Keukeleire & Delreux, 2014). Globalist discourses have thus vied with more regionalist and at times severely parochial elements in the development of the EU’s international role, and there has been a continuing tension between EU external action as a means of exporting European integration, as a channel for the development of a ‘real’ global foreign policy and as a means of promoting member states’ interests (M. Smith, 2006).

In the current conjuncture, as symbolised by the publication of the EU’s Global Strategy Paper (European External Action Service, 2015; European Union, 2016; Tocci, 2017) in the week following the UK referendum on membership of the Union, two very pointed discourses of globalism are at the centre of the Brexit debates

(Adler-Nissen, Galpin, & Rosamond, 2017). First, central to the Brexiters’ vision of a UK freed from the bonds of EU membership is the aspiration to ‘global Britain’ both in the international political economy and in the international security order. The idea that the UK has been prevented from playing a true global role by EU membership, and the belief that post-Brexit it will be able to play a new and leading global role, is fundamental to the discourse of those that espouse a ‘clean’ Brexit, and relies heavily on the assumption that there are new and exciting opportunities for an ‘independent’ UK in a changing global arena (Hill, 2019; Morris, 2011; Oliver, 2018, Chapter 7). The competing idea that the UK is very much a secondary power, and that without EU membership the country will be exposed to new risks and costs is similarly central to the discourses of those who oppose a ‘clean’ Brexit and wish to retain as close a link as possible with the EU post-Brexit. Second, on the side of European external action, the Global Strategy Paper introduced a new discourse of globalism into the debate, with its call for a global strategy not only in terms of reach but also in terms of the mobilisation of resources by the Union (European Union, 2016; K. Smith, 2017; Tocci, 2017; see also Haastrup, Wright, & Guerrina, 2019). In developing such a strategy, a post-Brexit ‘global Britain’ is inevitably going to be a central shaping force, on geopolitical, geo-economic, institutional and cultural grounds. It can of course equally be argued that the absence of the UK from current and future developments in EU external action provides the Union with new opportunities for institutional and policy development in the changing global arena. In this sense, the discourses of ‘global Britain’ and ‘global Europe’ are deeply interdependent, and in many ways Brexit reflects the position of the UK as a ‘pivotal outlier’ which has simultaneously been a source of capabilities for the Union and a constraint on its external action (for related discussion see Adler-Nissen et al., 2017; Daddow, 2019; Roederer-Rynning & Matthews, 2019).

## 3. A Framework for Considering EU Roles

This article makes the initial assumption that the EU will have problems in defining its international roles in the post-Brexit world, and that the presence of post-Brexit Britain will play a substantial part in shaping this process of role definition. Partly, this reflects the historical reality that the two entities have had such problems during the UK’s membership of the European project, that those problems have intersected in the development of ‘European foreign policy’ and other areas of external action, and that there is no reason to expect that the problems will go away just because the UK is no longer a member state. Partly also, it reflects the global background, in which the international opportunity structure for all actors has been shaped and reshaped by global power

<sup>1</sup> In this article, the purpose is to focus on a broad definition of external action, rather than on ‘foreign policy’ in the narrower sense. Using such a definition enables a fuller comparison and study of linkages between issue areas, and corresponds to the definition used both in the Lisbon Treaty and in the EU Global Strategy.

shifts that are still incomplete and ambiguous. For the EU, there is the perennial question about whether it can or should make the transition from a diplomacy rooted in ‘civilian’ and normative considerations to a version of external action that accepts the risks and costs of a ‘real’ foreign policy rooted more in considerations of hard security and geopolitics, whilst retaining a distinctive approach to economic and cultural aspects of external action (M. Smith, 2006).

One way of developing these and related arguments is to undertake an analysis based in ideas of international roles. Such an analysis has roots in the work of Holsti (1970), has been developed by others (for example Aggestam, 2004, 2006; Hill, 1993, 1998), and has been given new dimensions by the deployment of discursive and constructivist as well as rationalist approaches (Elgström & Smith, 2006; Knodt & Princen, 2003, Part I; see also Gaskarth, 2013, for a related study of British foreign policy, and Daddow, 2019, for an application to UK post-Brexit roles). In the context of this article, it constitutes a means of establishing linkages and tensions between the discourses of globalism identified earlier and the practices of EU external action in specific domains. Simply put, the conversion of discourses and aspirations into actions and impacts is given focus by an exploration of roles. More specifically, it is given focus by four aspects of role analysis: role conceptions, role institutionalisation, role performance and role impact (adapted from Elgström & Smith, 2006, pp. 6–7):

- *Role conceptions* encompass both actors’ self-images and related narratives and the effects of others’ role expectations, and the prompt investigation of the interplay between these two elements. They give rise to discussion of the extent to which actors can develop distinctive roles and can transfer or reproduce those roles in a variety of contexts. Discussion of the ways in which actors can play leadership (or followership) roles in specific areas of international life, or the extent which their conceptions of their role embody normative considerations, is a logical implication of a focus on role conceptions.
- *Role design and institutionalisation* concerns the extent to which and the ways in which particular roles are formally embodied in strategies and embedded in institutional arrangements. In relation to design, the part played by preferences and by understandings of identity and of norms is central; in relation to institutions, the ways in which both external and internal institutional arrangements are shaped by and reflect particular understandings of an actor’s role(s) is a key element for analysis.
- *Role performance* concerns the extent to which and the ways in which a role is played—in other words, the actual behaviour of an actor. It is also influenced by external perceptions of how a certain

role should be, has been and is enacted. Role performance also entails a measure of flexibility and interpretation on the part of an actor—and thus a focus on the ways in which the enactment of a role (discursively or materially) changes the role itself.

- *Role impact* concerns an actor’s ability to achieve desired effects, and thus such elements as effectiveness (goal realisation), efficiency (gains versus costs) and legitimacy (achievement of recognised status). But it also concerns the extent to which an actor can embed its role into the global arena and act as an agent of international structural change. Not only this, but the possibility of effects that are unplanned and unexpected can affect an actor’s role and perceptions of it by others.

Elements of role analysis generate important questions related to the nature of EU external action in a post-Brexit world. Most importantly for the discussion here, they raise issues relating to the establishment of stable role conceptions and related narratives, their translation into action and performance and their likely effects both in the global arena and on the EU itself. In each of these areas, it must be remembered that roles are developed and played in a context, or a set of linked contexts: the implications of this for communication and negotiation in linked arenas, and for consistency, compatibility and credibility are crucial to role performance and role impact especially. The challenge posed by Brexit in these respects is at a high level: it is a process of major complexity and long duration, affecting many linked arenas and undertaken in a fluid and ambiguous global setting (cf. Rosamond, 2016). Faced by such a challenge, will the focus for the EU be on innovation and creativity in external action, or on standard operating procedures and the application of established rules and conventions? The next section of the article explores three policy domains with the aim of providing some initial evidence for evaluation.

#### **4. Global Britain, Global Europe?**

In this section, the focus is on three areas of policy in which the UK and the EU are strongly engaged at the global level, and will remain engaged post-Brexit. They are: trade and development policy; transatlantic relations and security; and defence policy. Each of these is an area in which key areas of policy divergence have been identified in the debates of the past three years; although there are clearly other areas such as environmental politics that might have been selected, reasons of space and centrality lie behind this selection. In each case, the aim is to provide a brief probe of the area in order to clarify the kinds of questions that are likely to be faced by the EU in the post-Brexit world. Each case also cannot be taken in isolation from the others, and whilst it is clear that security and defence policies will be a key source of challenges post-Brexit (Martill & Sus, 2018; Whitman, 2016), our definition of EU external ac-

tion requires that it is placed in the broader context of EU diplomacy and the development of the EU's global roles. In the final section of the article, the argument returns to the issues of discourse and role outlined above.

#### 4.1. Trade and Development Policies

For the EU, the foundations of European integration in economic and commercial activity, and the extent to which the EU's international presence is still defined by its position as a 'trading state' focused on multilateralism and global governance, are deeply embedded in its international strategies and external action (M. Smith, 2004). This is not essentially changed by Brexit, but it is given a new twist, given that the UK could become a significant regional competitor in trade and commerce whatever form of Brexit emerges in the next few years. Not only this, but the 'subtraction' of the UK from the EU trade policy-making process could have significant effects on the internal balance of forces within the EU, since it would weaken the 'liberalising' camp of northern member states.

For the EU, Brexit constitutes a major if not fundamental challenge. As Silke Trommer (2017) has argued, the UK will be repositioned as a 'middle power' in a rapidly changing international political economy, in which the rivalries among 'great powers', especially the US and China, have taken a central place. The aspiration to initiate and conclude major free trade agreements on a global scale with established and emerging commercial giants implies a number of challenges for Britain, especially since the process of Brexit itself has drawn attention once more to the vulnerability of the country in both the commercial and the political spheres. This is also a challenge for the EU, since it implies that the UK could become a significant rival in pursuing the effective governance of global trade, and that (in principle, at least) it could form new alliances in the global trading system. The EU will need to engage with the UK—indeed, it is already engaged—in renegotiation of their positions in the World Trade Organization (WTO) and other institutions, and the evidence so far from attempts to re-shape tariff quotas and other arrangements indicates precisely that other WTO members are unlikely to just go along with the UK–EU proposals. This is a matter of central importance for the UK's attempts to re-establish itself as a leading force in the global trading regime; and it also coincides with a more general politicisation of trading arrangements, led by the Trump Administration, that bodes ill for both the EU as a major trading and investment partner of the US and the UK as a potential petitioner for new trade agreements.

In the area of trade, therefore, the EU has a major and established role, which it is finding difficult to pursue in a changing and more politicised environment but which gives a strong basis for strategic engagement. For the UK, the issue is more fundamental, since the Brexit process has exposed new vulnerabilities in a global political econ-

omy where there is intense competition and an increased level of bilateral as opposed to multilateral activity. This might severely limit the UK's ability to distance itself from the EU, and thus restrict the extent to which it can shape EU trade policies—a predicament that is at its sharpest in discussions of a possible future customs union between the EU and the UK. Whereas both the EU and the UK will find it necessary to reflect on their roles in the global political economy as a result of Brexit, there is no doubt about which of the two parties starts from the stronger position. Much will depend upon the nature of any emerging arrangements between the UK and the EU themselves (see for example Owen, Stojanovic, & Rutter, 2017): will they resemble an 'economic partnership' rather like that recently concluded between the EU and Japan, a customs union, or an European Economic Area-type association? Each of these would have important implications for the external action of the EU—but all of them will have to be pursued within a global system in flux with a high level of 'competitive interdependence' (Sbragia, 2010) and increasing elements of economic nationalism.

The roles played by both the UK and the EU in development policy have been distinctive and influential. Significantly, this area in the EU structure is one in which the member states contribute to collective efforts but also retain their own national policies and resources. There is clearly therefore a complex set of interactions in the framing and conduct of development policy, and to that extent the post-Brexit situation for the EU might be little changed from the already established policy processes. A key element of the context is also that important aspects of the EU's development policies have been strongly influenced by first the accession of the UK and then its role within the development policy structures. Relations with developing countries in the context of European development policies came to act, both for the UK and the EU, as another means of managing relations with a wide array of Commonwealth countries in the Africa, Caribbean and Pacific regions (ACP). Most developing countries (but not those in South Asia) within the Commonwealth have been and are subscribers to the Lomé and Cotonou Conventions, the principal frameworks for managing EU relations with developing countries.

For the EU, the impact of the UK on its development assistance policies has thus been deep, continuous and growing, reinforced by the fact that the UK is a major donor country both in the bilateral context and within the EU framework. The Lomé and Cotonou conventions have collectivised large parts of the obligations assumed by member states, although as already noted there has remained a substantial bilateral aid effort on the part of most member states including the UK. For the UK, the Lomé and Cotonou processes, and the broader evolution of EU development policies, have provided a route to leadership and leverage, whilst perpetuating significant elements of autonomy at the national level. The UK has proved a dynamic if not always positive influence, and

has played a key role in the movement of development policies away from an altruistic model and towards a securitised model in recent years (Carbone, 2017).

The potential impact of Brexit on EU development policies and on the Commonwealth countries included within EU frameworks will thus be significant. The process of Brexit itself, characterised by complexity, uncertainty and an extended negotiation and implementation process whatever the eventual outcome, has created anxiety over both the quantity and the qualities of development policies. The EU will need to adjust its development assistance policies to cater for the loss of the UK's contribution, and to adapt to the fact that the Commonwealth members of the Cotonou framework will no longer have a direct advocate in the form of the UK. The more general processes of (re)negotiation of free trade agreements and other arrangements will create work for the EU in relation to both developing and developed members of the Commonwealth, whilst the changed internal balance of forces as a result of the British departure may underline dynamics leading to a 're-nationalisation' of some aspects of development policy (see Price, 2019).

The UK exit from the EU will thus create potential costs and risks as well as opportunities for the EU in relation to development policy (Carbone, 2017; Henökl, 2017; Price, 2016). For the UK, the loss of a base in the EU through which to collectivise and multilateralise their obligations to a range of Commonwealth developing countries will require new resources and effort. For the EU, the loss of a major if sometimes irritating contributor to the development and implementation of policies will have uncertain effects, perhaps especially if the UK takes an activist view of the development of its relations with developing country Commonwealth members. A saving grace is the fact that the parallel but linked nature of existing development policies and processes has already created a set of expectations and arrangements for the management of bilateral and multilateral activities on the ground, which can be adapted or extended to encompass a post-Brexit context. To this extent, there are foundations for creating new and stable roles, and for building on established institutions and practices, but the existence of key challenges from other sources (for example China) will complicate the position both for the EU and for the UK.

#### 4.2. *Transatlantic Relations*

As is well documented, the British claim to occupy a special position in relations between the US and Europe has been a persistent source of tensions, expectations and disappointments especially for the British themselves. It was noted earlier in this article that the persistence of the 'three circles' image in UK foreign policy has been central to the persistence of globalist ambitions in the UK more generally. It is thus no surprise that part of the discourse of globalism surrounding the Brexit debates has

been the assumed ability of London to rekindle a 'special relationship' with Washington which would provide a major buttress to the 'global Britain' aspirations nurtured by Boris Johnson, Liam Fox and others (Daddow, 2019; Hill, 2019; Oliver, 2018). At the centre of this revitalized 'special relationship' would lie a comprehensive UK–US free trade deal, and at the same time a revitalized security connection through NATO as well as through the existing intelligence links established during the Cold War and since greatly developed.

For the EU, the idea of 'special relationships' is not by any means irrelevant, but is not centred on the idea that the UK has some sort of privileged position on grounds of history, institutions or culture. Indeed, it can plausibly be argued that each and every EU member state has a kind of 'special relationship' with the US, and that the tensions between different claims in this area has been a continuing theme of the EU's development both as a whole and also especially in the post-Cold War era. The tension between three key threads in the EU's relations with the US—'special relationships', transatlantic governance and world order—has been a constant theme in the development of the Union as an international actor since the early 1990s, whatever the nature of the administration in Washington and whatever the issues at stake (M. Smith, 2011).

The current conjuncture in transatlantic relations, though, poses new challenges (Stelzenmüller, 2018; Stokes, 2018; Wickett, 2018). The emergence of an administration that places its bets on a policy of 'America first', with a President whose position on key issues can fluctuate almost from hour to hour, has given rise to an atmosphere in which the search for multilateral solutions—as almost automatically espoused by the EU—has been supplanted by unilateral initiatives, often strongly influenced by 'domesticist' assumptions on the part of Washington. This is apparent in issues of global political economy, with the declaration of 'trade war' between the US and China and the demand for bilateral concessions on the part of other trading partners; it is evident in issues of international security, from dealing with Russia through challenging the Iran nuclear plan of action (seen when it was concluded as a major win for EU diplomacy especially in Brussels) to declaring a unilateral withdrawal from engagement with the Syrian conflict; and it is apparent in the systematic erosion and downgrading of mechanisms of global governance, including those addressing issues of human rights and environmental protection, along with the promotion of 'transnational nationalism' in Europe and elsewhere. Challenging behaviour on the part of US administrations is not new, but for the post-Brexit EU, the challenge of dealing with what in the 1970s was termed a 'rogue elephant in the forest' (Vernon, 1973) is perhaps more pressing than at any previous time, especially since it is accompanied by the radical shifts in the global opportunity structure and the nature of broader challenges in the global political economy and security noted earlier.

As in some of the other areas outlined earlier, it is clear that one of the challenges posed by Brexit in this context is the loss of solidarity and ‘political economies of scale’ precipitated by the UK’s exit. This is particularly a challenge for the UK, since it appears that there is no guarantee at all that they will be able to secure the revitalised ‘special relationship’ so dear to the hearts of the Brexiteers—especially not on terms that bring any benefits at all in political economy or the revitalisation of NATO (Wilson, 2017). The loss is not negligible for the EU: The defection of a leading member state, coupled with the confrontational politics of the Washington administration and the general resurgence of geopolitics as a means of shaping global structures and processes, means that the Union is at risk of being marginalised in a variety of important global arenas. It is not clear that the assumed benefits from the absence of the UK—ability to go further in security and defence cooperation prominent among them (see next section)—will be sufficient to compensate for the broader erosion of the EU’s status as an international actor that is implicit in the development of transatlantic relations within the broader state of international flux. The EU as a ‘trading state’ or as a ‘normative power’ loves stability and sustainability for a reason: because stability and sustainability of relationships and institutions are central to the achievement of commercial gains and the preservation of the European project itself. Brexit is only one of the elements threatening these aims in transatlantic relations—but it undoubtedly plays its part.

#### 4.3. Security and Defence Policy

Whatever might be said about the importance of Britain to EU policies in other areas, it has been taken for granted throughout the period of UK membership that the country has a special status in security and defence policy. Along with France, the UK has been one of the only two EU member states with a full-spectrum military capability and the ability to intervene outside the European theatre on a large scale. Not only this, but (again with France) the UK was instrumental during the late 1990s in establishing the framework for what has now become the Common Security and Defence Policy (CSDP); although its record in recent years has reflected a strong tendency to constrain the possibilities for EU action in ‘hard security’, the UK has always been seen as central to any potential EU role in the framing of collective military action and to action in broader security policy (Hill, 2019, Chapter 4). This central position has been buttressed by the distinctive UK position in relation to intelligence-gathering, as a member of the ‘five eyes’ grouping, which in turn has reflected a deep and cumulative relationship with the US especially. The EU’s role in the absence of the UK is thus likely to be constrained, and indeed it might retreat from some of the more ambitious security and defence roles that have been the subject of debate since the late 1990s. Given the changing nature of security itself, and the new

types of threats that have emerged in the 21st century, the UK’s position in matters relating to cyber security, energy security and environmental security is also likely to matter when it comes to the forging of a security and defence role for the Union in a post-Brexit world.

There is another side to this story, of course, and there are those who argue that the departure of the UK will bring about a form of liberation for the Union—indeed, that it already has done so in the period since the 2016 UK referendum (Martill & Sus, 2018, pp. 9–12). Thus, the initiation of Permanent Structured Cooperation, a mechanism established by the Lisbon Treaty but never formally acted upon until 2017, has seen a step-change in the institutional support for defence cooperation, despite the differing views among member states about how inclusive or exclusive such cooperation might be. The reinvigoration of measures to take forward defence budgeting and defence industrial cooperation among the 27 member states (excluding the UK) has reinforced a process of security and defence integration that some have seen as leading towards a true European defence policy (Strikwerda, 2019). A new phase in Franco–German collaboration in security and defence policy might also be in prospect, although the two countries differ strongly on the assertiveness and scope of EU defence actions. It has also been argued that EU policies towards some key adversaries, especially Russia, might be softened in the absence of the UK, which has taken a strong line along with the US on relations with the Putin regime.

The example of Russia, though, also points to a more negative set of consequences for EU security and defence policies. The growth of new types of risk—or old types in new guises—has been characteristic of developments in both European and global security over the past two decades, and a post-Brexit EU might be less capable of addressing these, either because of the loss of UK capabilities or because of the new dynamics of relations between member states that might emerge in the absence of the UK. As noted above, the loss of a key member of the ‘five eyes’ intelligence network, and accompanying loss of access to UK intelligence sources (not all of which have been available to the Union whilst the UK has been a member state) is clearly a significant risk factor. The absence of a member state attuned to the ‘new geopolitics’ of the 21st century, and one above all with a major relationship with the US will be a key limiting factor in the EU’s capacity to identify and to address new risks and threats, let alone to respond to them. It is possible that the loss of one of the two member states enjoying permanent membership of the UN Security Council will entail costs in terms of the EU’s capacity to build coalitions on key security issues (although Megan Dee and Karen Smith, 2017, have argued that the UK, as in other areas, has more to lose in this respect than the EU). When these potential risk factors are combined with the growth of fragmentation in the Union, and the potential for internal conflicts arising from populism and ‘illiberal democ-



racy', the likelihood of difficulties in expanding an EU role in security and defence appears strong.

Whilst the achievability of a 'Global UK' role in security and defence post-Brexit can certainly be questioned (see Daddow, 2019; Whitman, 2016, and others), the concern here is with the possibility of new or changed roles for the EU. In some ways, this depends upon the nature of any post-Brexit relationship established with the UK. Will that consist of a 'CSDP Plus' arrangement where the UK has close links to and access to the CSDP process? Or will it centre on an intensified relationship within NATO (of which a number of EU member states are not members)? Or will it devolve into a series of bilateral UK agreements with individual EU member states, such as that already established with France? These three models have been explored in detail by Martill and Sus in a major recent study (Martill & Sus, 2018), but in the absence (at the time of writing) of any implementable agreement even on the terms of UK withdrawal, there is no way of predicting what the 'deep and special relationship' referred to by UK policy-makers might be. For the EU, the distinctions between the three models matter, since the extent to which the UK can continue to play a substantive role in the CSDP, or take a leading role in NATO, or detach EU member states through bilateral agreements, carries with it a set of potential constraints and opportunities for EU security and defence policies. As argued elsewhere in this article, however, these are far from the only potential forces likely to shape EU security and defence policy. How far does the subtraction of Britain outweigh changes in US security and defence policy, the rise of the 'new geopolitics', the weaponization of trade policy or the fragmentation of consensus within the Union as a source of risks and opportunities? There is no doubt that in security and defence policy, the absence of the UK will be felt, but these other forces will do as much if not more to shape and constrain the EU's capacity for external action in this area for the foreseeable future.

## 5. Conclusions

As noted immediately above, Brexit is only one of a number of factors contributing to a generalised sense of fluidity and uncertainty in the global arena of the early 21st century. Power shifts between leading international actors, the possibility of conflict between those actors in both the global political economy and areas of 'high politics' and security, the transnationalised challenges to domestic political and economic elites in a number of regions, and the growth of unilateralism and bilateralism in a world where the rules-based liberal order is increasingly under threat—each and all of these forces has important implications for the capacity of global actors to form consistent strategies and establish stable roles. To this, the EU is no exception. There is thus an important distinction to be drawn between the incentives and constraints that characterise the global arena and the (linked but distinguishable) incentives and constraints arising

from the mutual relations of the UK and the EU during and after the completion of the Brexit process.

Given this context, what can we say about the EU's search for new or modified international roles in the areas we have briefly examined? Here, we can return to the four central elements of role analysis noted earlier in the article. In terms first of *role conceptions*, it seems clear that the EU has confronted difficulties in establishing stable sets of understandings and expectations both at a general 'historical' level and in the more specific areas examined in this article. It appears, however, that the challenge is much greater for the UK than it is for the EU, since there is considerable conflict between the different narratives of the UK's actual and potential roles in the four areas. For the EU, contention between different understandings of Europe's global role(s) is almost a fact of life, and Brexit does little to disturb this set of circumstances: In fact, in some of the areas examined, it appears that Brexit simplifies the challenge for the EU, given the reduction in internal contention about external action (but with the caveat that with the growth of contending elites within the EU, there might emerge new constraining factors). Thus, in trade, at the global level, there is little that challenges the EU's essential conception of its roles (see also De Ville and Siles-Brugge, this issue). In development policy there are already mechanisms and understandings that can accommodate the change in UK status, albeit with a material subtraction of resources from the EU's inventory. Transatlantic relations pose a challenge both to the UK and to the EU, and for both there is a danger of marginalisation or renewed dependency—thus a challenge to established role conceptions in both cases. This is partly also evident in matters of security and defence policy, where the incentives for continued collaboration are strong but are accompanied by equally strong forces creating the potential for divergence.

As concerns *role design and institutionalisation*, a key challenge for the UK is the need to re-invent parts of its role and to re-establish the legitimacy of its presence in areas where its role has been externalised or sub-contracted to the EU. For the EU, the challenge is that of finding devices with which to perpetuate close collaboration with the UK on different terms. Thus, given continued economic interdependence, the aim of keeping the UK very close in commercial terms and managing (read: constraining) any divergence on the part of the UK from existing rules and institutions is likely to be a central shaping element in any post-Brexit EU strategy. At the same time, the emphasis in the EU Global Strategy on 'joined up policy-making' and the use of resources from across the EU institutions can be read in part as a preemptive assertion of a new style of EU policy-making for post-Brexit conditions (but with the caveat noted above: Brexit is only one of a number of forces shaping EU strategy). As noted above, mechanisms will need to be found for managing the inevitable interactions between the UK and the EU in contexts such as the WTO, and for handling the kinds of 'bi-multilateral' issues of global governance

that could create damaging externalities and loss of leverage on the part of the UK and the EU alike. The same is true of relations with the developing countries: arguably the EU is now much more important for many ACP countries than the UK alone, but both the UK and the EU are confronted by challenges from new or emerging actors and from the new geopolitics of aid. In transatlantic relations, divergence between the UK's and the EU's roles might become institutionalised via trade agreements or through differing attitudes to NATO, for example, but the real challenges for the EU are in the broader geopolitical and geo-economic forces expressed through 'competitive interdependence' and transactional diplomacy at the global level. In matters of security and defence, there is again the interplay of UK–EU and broader global forces, but as already noted there are strong incentives to support institutional innovation and re-design on the part of the EU.

In terms of *role performance*, the jury is by definition out and will be out for some time: The effects on both the UK and the EU's capacity to create, implement and sustain effective roles in the global arena will emerge over decades rather than months or years. But it is important to point out the close links between role performance and areas such as legitimacy, credibility and effectiveness. Whilst for the UK, there is almost an existential significance attached to its capacity for effective role performance post-Brexit, in all of the three areas discussed here, for the EU the stakes are arguably lower—the defection of the UK may be regrettable, but it does not undermine the Union's ability to maintain or develop the roles it has acquired over the past forty years or more. There is a general problem of EU credibility arising from the long-term effects of the economic and financial crises, from the proliferation of right-wing populist movements across EU member states and from the new centrality of geopolitics and transactional diplomacy in the global arena—but although clearly linked with the departure of the UK, this is distinct from any effects of Brexit narrowly defined. The discourse of globalism in the EU's external action crystallised in the Global Strategy, or the institutional incentives and constraints affecting role performance, will not shift radically post-Brexit or because of Brexit itself. Thus, the EU's enactment of its global role(s) will be more stable and sustainable (if limited by well-known factors) than that of the UK in a post-Brexit world.

Finally, it might be argued that *role impact* is the ultimate test of the ways in which role conceptions, role design and development and role performance come together to create sustainable and stable foundations for global influence. If this is the case, then the prognosis for the UK's role impact is distinctly uncertain. In all of the areas discussed here, the UK confronts an uncertain future characterised by a substantial gap between role conceptions and the realities of international life outside the EU—a future, moreover, that will require a substantial allocation of attention and resources, human, psy-

chological and financial, for an extended period. For the EU, despite the loss of the UK contribution in both tangible and intangible areas, the future is less challenging—but with the qualification noted above that the global arena is simply more challenging for every actor engaged in it, and particularly challenging for the Union as a conglomerate multi-national structure. The effectiveness, efficiency and legitimacy of EU external action will thus not be fundamentally undermined by the defection of the UK, but it is likely to be challenged continuously by the evolution of global politics and the global political economy in general.

On this basis, it is important to restate the initial argument in this article: that whilst the UK and the EU alike have generated distinctive discourses of globalism on a historical and current basis, the acid test for external action is how and how far these actors can translate the discourse and attendant narratives into performable roles. For the UK, this is a fundamental question of its international life in a post-Brexit world. For the EU, on the other hand, the post-Brexit world in global perspective resembles broadly the world before 2016, in which the challenges of role stability, role conflict and role performance reflect an array of wider and more potent forces. Whilst these will be modified by the UK's absence, they will not be transformed. In terms of the initial assumption made by the article—that Brexit would play a substantial role in the redefinition of EU roles in the post-Brexit world—it is clear from the argument here that whilst Brexit narrowly defined will undoubtedly have effects, these are less likely to be fundamental than are the challenges to the EU's roles arising from the global arena more generally.

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The author declares no conflict of interests.

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### About the Author



**Michael Smith** is Honorary Professor in European Politics at the University of Warwick, and Emeritus Professor of European Politics at Loughborough University. He has published extensively on EU external policies and on EU diplomacy. His books include: *The European Union's Roles in International Politics: Concepts and Analysis* (Routledge, 2006; edited with Ole Elgström); *The European Union and the United States: Competition and Convergence in the Global Arena* (Palgrave Macmillan, 2008, with Steven McGuire; second edition in preparation); *The Diplomatic System of the European Union: Evolution, Change and Challenges* (Routledge, 2016, edited with Stephan Keukeleire and Sophie Vanhoonacker); and *International Relations and the European Union* (Oxford University Press, 2017, 3rd edition, edited with Christopher Hill and Sophie Vanhoonacker).

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