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List of Abbreviations

- EU - European Union
- Brexit – British withdrawal from European Union
- UK – United Kingdom
- UKIP – United Kingdom Independence Party
- NHS – National Health Service in UK
- AFD – Alternate for Germany Political party in Germany
- Schengen – Area in Europe comprising 26 European countries that have abolished passport control
- UN – United Nations
- GDP – Gross Domestic Product
- VOX – Right Wing Political Party in Spain
- ECJ – European Court of Justice
- IT – Information Technology
- US – United States
- FDI – Foreign Direction Investment
- FTA – Future Trade Agreements
- House of Commons – Primary Chamber of the Parliament of the United Kingdom

Die wirtschaftlichen und politischen Folgen des Brexit für die Handelspolitik der Europäischen Union

Abstrakt

Dieses schreiben wird die historischen Faktoren widerspiegeln, die zum Brexit geführt haben, und gleichzeitig die Auswirkungen der Europäischen Union nach dem Brexit auf die Handelspolitik analysieren. Ich werde weitere Reformen ansprechen, die erforderlich sein könnten, um einen weiteren Zerfall der Europäischen Union und die Auswirkungen des Brexit auf die europäische Handelspolitik zu verhindern. Die Auswirkungen des Brexit werden durch eine Analyse der Rolle Großbritanniens in der Handelspolitik der Europäischen Union und der potenzielle Auswirkungen seines Ausscheidens, insbesondere das fokussieren auf die EU als internationaler Handelsverhandler. Ich werde die Auswirkungen des Austritts Großbritanniens analysieren, indem ich Änderungen in der Machtdynamik und den Interessen der Europäischen Union analysiere, ob sich einige Interessen an der EU-Handelspolitik ändern und die Europäische Union protektionistischer machen, und schließlich werde ich analysieren, wie Brexit die Aussichten für die Europäische Union von außerhalb Europas ändert unter besonderer Berücksichtigung der wahrgenommenen Änderungen der Aussichten für Handelsabkommen.

Schlüsselwörter: Brexit, Europäische Union, Handelspolitik

The Economic and Political Consequences of Brexit on the European Union's trade policy

Abstract

This paper is going to reflect the historical factors that led to Brexit, while analyzing the European Union's post-Brexit impact on trade policy. I will further discuss any reforms that might be needed to prevent further European Union disintegration and the impact of Brexit on European trade policy. The impact of Brexit will be done by analyzing the role Britain played in the European Union trade policy and what potential impact its departure can have, particularly focusing on EU as an international trade negotiator. I will analyze the repercussions of Britain leaving by looking at changes in the power dynamics and interests of the European Union, whether some interests in the EU trade policy will change and make the European Union more protectionist, and finally I will look at how Brexit changes the outlook on the European Union from outside Europe with special attention paid to perceived changes in outlook in regard to trade agreements.

Keywords: Brexit, European Union, Trade Policy

Introduction

On the 23rd of June 2016, in a significant moment in European Union (EU) history, the United Kingdom voted to leave the EU with a simple majority of 52 percent. The history of the European Union and the United Kingdom has changed dramatically through this incident both politically and economically. In 1951, six European member states existed in an economic coal and steel community that later became the European Union consisting of 28 members. The exit of the United Kingdom comes at the backdrop of a number of significant crises including the Eurozone crisis, nationalist movements, and refugee crisis in the European Union.

The United Kingdom's decision to leave the European Union has created numerous new challenges for the European Union as it faces questions in regard to the regional integration in Europe. These challenges are unique as the European Union had established as a single market with the Euro as its in order to boost economic growth. Unfortunately, the single currency was not able to prevent disintegration and economic crisis that faces Europe.

The problems in the European Union that caused the situation to develop into an economic crisis include a system that was fundamentally flawed and allowed the Eurozone crisis to occur that was detrimental to many European economies including Greece and Italy during the global financial crisis. Greece, Italy, and Spain have suffered incredibly with high levels of youth unemployment and debt contributing to their economic downturn. / The crisis of a single

/ Natalie Nougayrède, "Europe's Democrats Must unite to Prevent a Far-right Takeover," Guardian, June 19, 2018, <https://www.theguardian.com/commentisfree/2018/jun/19/europe-progressive-farright-eu-liberal>.

currency without proper planning or structure allowed for the conditions to be created for discussions of Brexit.

Another issue that created the conditions for Brexit to occur was a political turmoil over the issue of immigration in Europe, where a rising tide of right wing nationalism² led a number of anti-immigration movements in Europe. With Britain moving out of the European Union it has created numerous new questions in the post-Brexit European union including the legitimacy of the EU and its competence. This paper will try to assess the economic and political consequences of Brexit on the EU's trade policy and answer research questions including:

1. Why did Britain leave the European Union?
2. Is the European Union at risk for complete disintegration?
3. How can the EU evolve to reduce the risk of other members leaving?
4. What consequences will the European Union's trade policy face from Brexit?

The thinking that helped create the European Union was that there needed to be a rehabilitation from the devastation of World War II. They had realized that coordination between nations could help create greater regional and economic stability. The economic idea behind this was that economies would be more open to cooperation with each other while maintaining control over their own policies. However, over time many countries believed that their sovereignty was

² Personal.lse.ac.uk. 2020. [online] Available at: <<http://personal.lse.ac.uk/sampson/BrexitDisintegration.pdf>> [Accessed 7 June 2020].

impacted by the integration and one of the reasons for Brexit has been the populist response in the nation to British sovereignty³ being affected as well.

This paper is organized into specific sections with the first three sections acting as an introduction to the main part of the paper. The first section will look at the origins of Brexit in detail while the second section looks at the general implications of Brexit on the EU, and the third assesses potential reforms the EU could make. Then, the paper will discuss in detail the most important part of the paper which focuses on Brexit and its impact on the trade policy of the European Union both economically and politically.

Why Did Brexit occur?

The United Kingdom's right-wing nationalist political party, the UK Independence Party (UKIP) won 24 out of 73 seats in Britain's European Parliament in 2014. The UKIP was able to form an alliance with other members that were skeptical of the European Union to create a populist movement that forced Prime Minister David Cameron to hold a referendum on the European Union membership after the 2015 elections in the country. The decision to have referendum led to a vote in which the majority of people voted to leave the European Union on June 23, 2016. After joining the European Union in 1973 the UK was leaving following the referendum even though the Prime Minister believed in remaining part of it.

³ Matthias Matthijs, "Europe After Brexit: A Less Perfect Union," *Foreign Affairs*, 2017, <https://www.foreignaffairs.com/articles/europe/2016-12-12/europe-after-brexit>.

The focus on Brexit was based on ending immigration in the UK and the populist movements for more jobs for British people. The Brexit campaigners created a notion that if they did not have to support the European Union's budget then they could invest more in their own country including its healthcare service.

Nationalism was one of the major reasons for Brexit

One of the major reasons for Brexit was because the majority of the UK decided that they identified themselves more as British than European and believed that they should have closed borders and greater sovereignty. As part of the European Union, Britain had to be a part of the EU laws and adhere to certain protocols in regard to immigration. The nationalist political parties such as UKIP vehemently campaigned that British exceptionalism was being lost along with their sovereignty by being a part of the EU ⁴. One of the biggest arguments that they made in this regard was that the British people did not want other members of the European Union to make decisions for them and they believed their national identity was of paramount importance. They created the idea that their identity was at risk from immigration and 88 percent of the people who supported Brexit were also against immigration.

⁴ Benjamin Martill and Uta Staiger, *Brexit and Beyond — Rethinking the Futures of Europe* (London: UCL Press, 2017).

Interestingly, most people in the UK (64 percent) have always believed that they feel exclusively as British rather than as both British and European. ⁵ This is part of the reason such a populist movement was possible that made over 17 million people vote in favor of leaving the European Union. A lot of the nationalist movement was fueled by the impact that British people had with immigrations from Europe increasing in the preceding 20 years from 1.5 to 5.3 percent. ⁶ They believed that their national identity was being taken away by Europeans who were trying to take over their jobs and culture. This nationalism based on an ideal that they were not European was fueled by politicians that masked the entire movement without giving proper reasons for the process or the details of what would change created a massive problem for the actual Brexit to occur. The skepticism of other members of the EU and the idea that they were better off on their own created the seeds for change that occurred but so did rising inequality and economic uncertainty.

The impact of Economic Inequality on Brexit

One of the other major reasons for Brexit was the inequality in the United Kingdom. The referendum witnessed statistically a much higher vote for Brexit by lower income classes that had felt their jobs had been affected by globalization and caused them to lose their way of life to immigrants. This inequality was seen in older people that had less education and were socially

⁵ Stephen D Collins, "Europe's United Future after Brexit: Brexit has not Killed the European Union, rather it has Eliminated the Largest Obstacle to EU Consolidation," *Global Change, Peace & Security* (2017): 311-316.

⁶ Jonathan Wadsworth, Swati Dhingra, Gianmarco Ottaviano and John Van Reenen, "Brexit and the Impact of Immigration on the UK," *CEP BREXIT ANALYSIS NO. 5* (London: Centre for Economic Performance, 2016).

conservative. This was a unique way of thinking because studies conducted on immigration in the United Kingdom do not support the fact that immigration impacted the income or lives negatively of unskilled, lower income workers. In fact, some of the reasons can be identified by looking at the way people voted as 69 percent of the people who believed that immigration was bad for the economy voted to leave. Inequality fueling Brexit can further be delineated by looking at the fact that lower income classes less than £20,000 voted to leave at a significantly higher amount than those with incomes higher than £60,000⁷. This sentiment against the European Union was further fueled by populist political parties that quipped that the working-class jobs had been taken by immigrations from Europe. This created the conditions for people feeling like the European Union had been the reason for their financial misfortune.

Another issue that has created economic panic for the European Union and fueled unease in the United Kingdom was the fact that since the financial crisis of 2009 and the Euro Crisis, there has been significant arguments against the European Union's ability to ensure the members economies can function effectively. But, this still does not dismiss the notion that inequality was a significant factor in Brexit especially when 65 percent of the voters for the leave campaign did not have a university degree. This shows how the education level of the voters had a major correlation with the decision to leave and in some ways the influence of populist politicians. What seems prevalent in the decision for Brexit is the idea that the country was genuinely divided based on real fears over economic uncertainty and fueled with populist politicians taking advantage of their insecurities.

⁷ Heikki Patomaki, "Will the EU Disintegrate? What Does the Likely Possibility of Disintegration Tell About the Future of the World," *Globalisation* (2017): 168-177, <https://doi.org/10.1080/14747731.2016.1228786>

It is important to note for the European Union that for decades there has been a rising desire of the United Kingdom to leave Europe, which has not translated to other members wanting to leave. Other countries in the European have not indicated the same desire to leave and do consider themselves as Europeans. Polls have indicated that countries such as Germany and France have remained in favour of the European Union along with other members even if the United Kingdom had remained skeptical of the EU for years. ⁸ The UK's skepticism did not translate to other countries feelings towards the EU.

It seems that many in the United Kingdom believed that their voice was not being heard and the European Union was not representative of them. There was a growing sense of the European Union not being elected by the people of Britain and yet their policies having an impact on them in ways that they felt detrimental. They believed that staying in the European Union would not solve their problems or the rising inequality that had been caused since the recession in 2009. In fact, they believed that they were being put under a number of regulations that were enforced on them in an undemocratic way and believed that the people in the European Union were out of the touch with the British public. ⁹ These issues of inequality, feeling that their voices were not being heard and populist voices fueling discontent led to an uprising of support for the leave campaign that helped create a movement for Brexit.

⁸ Jana Puglierin, "The Future of the EU after Brexit," Institute of European Studies, <https://ies.berkeley.edu/blog/future-eu-after-brexite>.

⁹ Sara B Hobolt, "The Brexit Vote: A Divided Nation, a Divided Continent," *Journal of European Public Policy*, (2016): 1259-1277.

Politicians and media helped fuel the fire that already existed and made a number of promises that were inaccurate including the fact that leaving the EU would pour hundreds of millions of dollars into the National Health Service of the UK. These were later found to be inaccurate statements that were spoken as a means to gain support from the people rather than based on reality. Therefore, Brexit took place on the back drop of economic uncertainty, a furor of nationalism fueled by politics, and a feeling within the country against immigrants.

The potential impact of Brexit on the European Union

The results of Brexit have led to many analysts to believe that they could have an impact on the European Union and even sway the opinion of other countries that might decide to choose a similar path to the UK. One of the reasons for this thinking is that there is a growing nationalist sentiment in Europe that has been building based on issues such as migration and racism. The wave of nationalism is not surprising as it has taken place in many countries including the United States in North America, however in Europe it has taken shape in the form of increased racism based on disliking the migration movement that has taken place. The movement of populism has occurred in most of Europe and has been impacted by right-wing governments in many countries including the Germany's AfD, Geert Wilder's far-right Freedom Party in Holland, the Danish People's party. These parties have created populist movements in the European Union that has created a sentiment against migration and has created unrest in the union of integration that had previously existed. ¹⁰

¹⁰ Hobolt, "The Brexit Vote."

Countries in Europe such as Spain currently have similar possibilities as Brexit since a lot of people in the country have been engrossed by right wing politics because of the economic uncertainty in the country. Right-wing parties in Europe are promoting more nationalism, anti-migration policies that are focused on being skeptical of the European integration model. This is creating possibilities of a bigger looming crisis for Europe as it fights to keep its member states happy. The added hysteria of the migration crisis has helped give impetus to right-wing political parties that are trying to fight for the support of lower-wage workers in Europe and are looking to divide the country based on identity politics.

The European Union has felt the impact of its members states being unhappy that Europe has granted access to over 1 million migrants from countries that were impacted by war such as Syria and Sudan. This has helped give voice to the nationalist movement because they are able to use the insecurity of people against the European Union and blame the migrants for their countries economic failings. The passport-free system in Europe has created a great controversy against migrants as populists point to the fact that migrants can move voluntarily through European states and cause damage to their countries and impact their security. These fears of migrants have created a situation where people in Europe feel more nationalistic than they have done before as integrated into a Europe that was united. Schengen states in Europe have criticized the ability of migrants to move amongst their borders and this has created greater xenophobia and racism which fuels national identity politics. ¹¹ These movements in Europe towards the right-wing,

¹¹ Andrew Hammond, "Two Years after Brexit Vote, Another EU Crisis Looms," Globe and Mail, June 25, 2018, <https://www.theglobeandmail.com/opinion/articletwo-years-after-brexit-vote-another-eu-crisis-looms/>.

populist politics side has created a greater emphasis on countries taking the Brexit example and looking to their own national interests over the greater interests of regional cooperation.

For example, Germany is currently going through political turmoil in Europe as Angela Merkel has faced greater restraint on her control in the currently as coalition partners are unhappy with migrant movements while countries such as Italy have had governments that are anti-immigrant. These countries along with Poland and Hungary have had movements that call for policies against immigration and created a sentiment in Europe of nationalist politics over identity. Populist parties are even starting to make their own factions in the European Unions as Austria has tried to gain support from countries such as Italy for campaigns against immigrants and policies against further migration movements. Europe finds itself at a crossroads where their regional cooperative movement based on ideals such as fundamental freedom and openness are being questioned by members that are willing to close borders on people based on xenophobic politics.

These moments have gained a momentum after Brexit as countries across Europe are looking for similar movements that can help springboard their right-wing ideas and support the populist stance against European integration. However, research has shown that even with a number of right wing identity politics playing politics parties in Europe, there is still greater support for a united Europe based on integration and foundations of togetherness. This has been laid bare by a research done by Pew that indicates that after Brexit there was significant rise in support by member states for Europe. This shows that even though Brexit has helped louden the voices of those that want to see Europe disintegrate, it is not representative of how Europe feels as a

whole. Europe remains together and in support of their union as research has shown that not even a single European state currently has a majority that would like to exit Europe.

Research reports have indicated that Brexit has actually led to other European countries coming together to beat populist uprisings in Austria, Serbia, Bulgaria and even Spain. The European Union's favourability has increased after Brexit, which comes as a major relief for them as the voices of discontent had grown louder.¹² The European continent seems to have been divided by a majority of Pro-EU factions that are based on togetherness and the discontent of loud right-wing populist movements that have so far been dismissed as noise.

The instability in the UK after Brexit has created even more questions in the minds of those that had once hoped to separate from Europe as they realize how difficult it can be with increased instability.¹³ The economic uncertainty of the United Kingdom after Brexit and the fact that many of the promises their leave campaign made proving to be wrong including support for the NHS has led to greater Pro-EU support in Europe. Political figures have pointed to the uncertainty and chaos in the UK as a measure of how Europe stands stronger together and more stable. The government in the UK has had to change Prime Ministers and faced political uncertainty as they have had no great Brexit plan, which has led to member states feeling much more stable in their current situation.¹⁴

¹² Caroline De Gruyter, "There is Life for the EU after Brexit," Carnegie Europe, March 23, 2018, <https://carnegieeurope.eu/2018/03/23/there-is-life-for-eu-afterbrexit-pub-75876>.

¹³ Rafael Behr, "May's Problem: Brexit and Trumpism have Become Monstrous Twins," Guardian, 2018,

¹⁴ Kim Willsher, "Quit the EU for Better Trade Deal, Trump Reportedly told Macron," Guardian, June 29, 2018,

It is also important to understand that most of the major European countries are huge proponents of the European Union and the right-wing political parties in Europe do not have the present ability to form a government that can cause a referendum for their country in Europe. These referendums are not possible with the major political parties in most European countries remaining steadfast in their support of Europe even if right-wing politicians act as a loud opposition that is trying to gain support through populist statements.

Political Challenges of Brexit for the European Union

One of the biggest challenges that the European Union will face from Brexit is that the European Union is facing greater risks than ever before in terms of security with countries all over the world involved in refugee crisis and war. ¹⁵ The European Union has its own security challenges and through Brexit they will be losing their biggest military power. The United Kingdom has often been a security blanket for the European Union in terms of security and this will be a great risk for the future security of the EU. One of the major parts of the collective security being lost is that the United Kingdom is also part of the United Nations Security Council and has veto power which greatly enhanced the EU's position as a region with two veto powers on the UNSC.

<https://www.theguardian.com/business/2018/jun/29/quit-eu-bilateral-trade-dealtrump-told-macron-us-france-terms>

¹⁵ Patomaki, "Will the EU Disintegrate?"

In fact, the United Kingdom was also one of the major proponents of NATO and reflect a great deal of influence on political considerations throughout the world. This can make a major change in the political landscape with changing relationships due to Brexit especially in terms of the political relationship with the United States. The EU has always had the security of the United Kingdom's relationship politically with the United States and this can create a major security problem especially with the Russia trying to exploit any problems in relationships between different regions. Russia has already engaged many countries privately in the European Union in regard to security agreements because they know that the geopolitical situation is changing with the United Kingdom leaving the European Union. The rise of right wing extremism, migration crisis, and the uncertainty of major political powers in China, Russia, and the United States create unwanted security problems for the European Union with its largest military member leaving the group. The European Union will have to strength itself strategically and use trade with countries as a barrier to potential conflict to ensure that it does not face any security problems in the future.

They are some positive in regard to defence security as in many cases Brexit will ensure that other countries in the European Union that agreed will become more united in matters such as collective security and defence. The remaining members of the European Union have already reflected through the European Parliament that they are committed to collaborating even more in terms of intelligence sharing and helping enhance the European Union's position in defence and collective security. One of the ways that they aim to do that is through the European Defence Action Plan that helps them put a structured response to any collective risks and might look towards making a collective European army that can be made to face any potential issues that

arise together. Furthermore, a more collaborative approach helps create the situation that the countries can work together in creating intelligence sharing schemes that can prevent potential calamity from occurring. With the intelligence sharing plans and a closer European Union, it might have a long -term impact of creating a group that is more secure even without their largest military member. It will depend on the leadership of major countries such as France and Germany in leading the European Union in terms of defence and collective security to ensure that any problems in the future can be handled through collective effort.

The impact in European relations after Brexit

Brexit has had a significant impact already on the relationships of the European Union members as countries have had to change their relationships in regard to the shift in the balance of power in the European Union. This has led to countries such as France and Germany to have become closer as they aim to become the leaders of a European Union that is more cohesive than before. Macron and Merkel have emerged as the leaders in the European Union that been most influential since Brexit with Germany supporting France's desire to make the European Union have greater economic cooperation.

Another shift in Europe is that a lot of the countries within the European Union had previously been major allies of the UK and required their support and now they are having to make positive relationships with other neighbors that have similar interests. Countries in Europe that had supported the UK have lost a significant amount of voting power in the European Union, which

further strengthens countries like Germany that have a greater role in the leadership of the EU. Smaller member states will now be looking at the bigger EU countries for support and guidance, which requires greater collaboration between all the countries. *16*

The restructuring of the European Union is key to the impact on its trade policies after Brexit with the UK having so much impact on a number of trade deals. However, Europe will at least have the opportunity to create new deals that might be more favourable to their union after the influence of the UK has left. Other countries such as the United States under Trump have supported Brexit but this has little bearing to the European Union as they aim to consolidate their regional integration and even protect their trade interests against the United States. UK was a major ally to the United States; therefore, it was a lot harder for the European Union to protect their trade interests before Brexit.

EU/UK Trade Relations after Brexit

The European Union has access to more than 500 million people and has a significant amount of impact on trade deals. The United Kingdom will be losing the great amount of influence they had in terms of trade and also will lose the favourable trading conditions it had with the European Union. The United Kingdom has always been more reliant on the European Union for trade with

16 “The Consequences of a British Exit from the European Union,” European Movement International, 2017, https://europeanmovement.eu/wpcontent/uploads/2016/05/EMI_16_PolicyPosition_Brexit_17_VIEW_FINAL.pdf

44 percent of UK exports and 53 percent of its imports coming from the European Union. This accounts for more than 12.6 percent of the UK GDP and their impact on Europe only corresponds to around 3 percent. The impact will be incredible on the UK as they will lose a number of specific favourable deals such as access to a single market and customs unions.

We will look at the impact of Brexit on the European Union's trade policy in detail and whether the trading power of the European Union will be impacted because one of the most important aspects of future trading power of the European Union would be its relationship with the United Kingdom. There is a huge deal that is yet to be negotiated between the two that will be reflective of the realities that each have to face in terms of ease of business and other policy matters. A number of countries have not engaged in new deals with the United Kingdom because they are not sure as to what the deal with the European Union will currently look like and it reflects the difficulties in knowing what the future holds. One of the major things for the European Union will be to try to reflect their influence in any deal that occurs because they are the major trading partner of the UK and reflect most of their business. They must look at this as a way to ensure that the UK remains influenced by the policy decisions of the European Union rather than the other way around.

The opinion on Brexit has been different in various countries in Europe. Western Countries such as Belgium and Germany were shocked by the decision for Brexit. For them, the idea that Brexit was occurring was incomprehensible and almost a complete desertion from common sense. The countries believed that Brexit was a political failure and had virtually no upside. In fact, both of these countries were completely unaware of any reason why Brexit would be practical in any

way shape of form. 45 percent of Germans states that they could not believe why Brexit was happening and 31 percent of Belgians were not sure of any reason why Brexit is occurring. Both these countries' populace believed that the United Kingdom was a high-ranking country within the European Union and was making an enormous mistake economically by choosing to go through with Brexit.

They believed that the United Kingdom was risking economic devastation and major consequences by making a decision in haste to leave a union that had benefitted them enormously. It's also worth noting that these countries have a high number of population that do not believe in a future for their countries economically outside of the European Union. The majority of citizens in both Belgium and Germany believe that their countries are best suited to the European Union's economic ecosystem and they are much better inside it.

In terms of other European countries, the Italian's are more sympathetic to Brexit as 26 percent of them support the decision to leave the EU and a reason for this is that Italy has a high level of Anti-EU sentiment in the country. The reasons for this could be a surge in right wing politics in the country that has led to the European Union looked at as a pro-immigrant movement that is taking away jobs from hard working Italians. Even though the Italians are fully supporting of the EU, there is still a majority of them that believe that the Italians are better off in the European Union and disagree with Brexit. In Italy, there is a specific group that is called the Five Star movement and it is highly critical of the European Union and has significant support in the Italian Parliament. This growing sense of skepticism in the Italian government for the European

Union is cause for long-term concern because it poses bigger problems if they gain a significant popular support of the masses in the country.

Similarly, in France there is a group called the Eurosceptic Front National that has gained significant support in the country for views that are against the European Union. This is extremely alarming because France is a prominent proponent of the values of the European Union and is a major player in terms of trade. This could have a significant impact on the future dealings of the European Union as currently it is counting on its most prominent members to continue to protect their vision for a regional union that promotes trade and togetherness. It is also less than surprising that France has such a faction in their country that is causing significant noise against the EU because France has had Presidential Candidates such as Marine De Le Pen gain consistent support in the country based on her anti-immigrant views and the views for the withdrawal of the European Union for France. Fortunately, the majority of the country is still against these views and country to work together for the betterment of the European Union. The message could change if the government in power of France was less friendly to the basic ideals of the European Union and did not have enough support for supporting it.

Spain is a country that is extremely difficult for the European Union to manage post-Brexit because there is significant support within the country for the removal of the country from the European Union especially by political parties such as Vox that have a growing support. One of the reasons why Spain is a confused country right now is because the Spanish citizens are afraid of a separatist movement from within through Catalonia and they do not want them to feel inspired by Brexit and leave Spain as a large number of their economic revenue comes from the

area. On the other hand, Spain have a political party that is gaining support based on their anti-EU stance but on the other hand Spain continues to not want an uprising of their own develop in their country for fear of losing Catalonia. Spain is currently one of the most Eurosceptic countries in the European Union and the continued economic struggles that they are facing are increasing the voices of right-wing groups that are focused on the withdrawal for Spain outside of the EU.

Another country in the European Union that is deeply concerned is Poland because they have more than 850,000 migrants that worked in the UK and have now faced either job loss or massive job insecurity. Poland understands that many of their population will continue to lose their employments in the UK and are now facing a massive unemployment status that could fuel economic disarray for many. This is a very real concern because employment drives the economy and the loss of jobs for Polish citizens can be a daunting task for them unless they find adequate jobs within the European Union.

In other countries such as Greece, Austria, Poland, Sweden, Finland, and Portugal there has been a great deal of trepidation with Brexit as they fear that the consequences of Brexit could reverberate throughout their own countries. Greece and Portugal have had legitimate concerns about Brexit because their economies have already been struggling and Greece in particular could face leaving the Eurozone as a consequence. They have an economy that has been depleted already and they feel that the ramifications of Brexit could hurt them as they would be losing a significant amount of trade that Britain were a part of. In Austria, there is a growing right-wing

political party called Austria's Freedom Party that has significant support in the country and features heavily in their parliament.

This political parties wanted the withdrawal of Austria from the European Union and focuses its energy on anti-immigration movements that could economically derail the EU. Similarly, in Finland the True Finns Party has a Eurosceptic view and believes that Finland would be better off without the EU. This is a dangerous situation that is occurring in the European Union because it would definitively change the perception of the EU if more countries began to leave. In Sweden, the right wing anti-EU establishment called the Swedish Democrats are trying to cause a similar situation in the country to Brexit. Sweden has mostly rebuffed such a situation because the majority of the country continues to believe that they would like to remain in the European Union and that it was in their economic interests to do.

One of the other major obstacles that needs to be understood is the future UK-EU trade relations and what kind of deal is eventually made between the organizations. This is important because the UK would require an approach that is more lenient to make sure that they are not completely isolated. They are a lot of real fears for countries in the European Union in terms of what kind of Brexit might occur and what it could mean for their future. For example, if the United Kingdom government decides to have a hard-Brexit, the UK would not allow free movement for EU Nationals and not be subject to the European Court of Justice (ECJ). The United Kingdom could use the idea of a hard-Brexit as a bargaining tool so that countries align with their vision to ensure that a favorable deal can be reached. Countries could face borders and tariffs as well as restrictions by the UK that could create massive problems for their economy.

Countries would stand to benefit from agreeing to a favorable deal with the UK because of what it means to their own countries prospects. For example, Ireland would be one of the countries that could face potential tariffs for trade and could cause cross-border unrest that has generally been achieved after the Good Friday Agreement in 1998 that regulated cross-border initiatives. Furthermore, it could be the first time since that agreement that had stopped 30 years of violence that the Irish and the British would be at loggerheads that could cause potential political unrest.

The Netherlands and Luxembourg would also stand to benefit from giving the UK a favorable Brexit deal because both these countries have a tremendous amount of investments in the UK and they have companies that have specific interests in the country that must be protected through a deal that appeases the British. These countries have significant reason to give them a good deal because those benefits would positively impact their economic well-being and be a pivotal part in ensuring that they do not feel the negative ramifications of Brexit.

They are many countries in the European Union that are also worried about the recent political union between Germany and France, which makes them fearful that without the assistance of the UK that the European Union will become less liberal and more protectionist. Countries such as Estonia are worried that a hard EU trade deal could be devastating for its economy and believe that a soft Brexit could prove pivotal in making sure that the EU's power is not centralized by the remaining superpower countries that negative affect the smaller countries.

France and Germany will be pivotal in the discussions to oversee what kind of Brexit deal occurs and they would likely approach it with the idea that if the British have access to the single market

then they need to ensure that that the UK must allow for free movement. Both these countries could make a Brexit deal inconvenient for the UK and cause major upheaval by creating a deal that could worsen trade relationships by not allowing for a convenient deal that is easy for the UK to adjust to.

Some countries in the EU might favour trying to get an economic advantage than creating a soft Brexit so that they can benefit from companies moving out of the UK to move to their countries. Brussels could face a number of countries opening their offices in the city after leaving London that would create significant economic advantage for them to make sure that a deal that is not favorable for the UK is achieved.

Generally, there is growing skepticism that countries in the European Union do not want to give a deal to the United Kingdom that compromises in any way the strength of the European Union or undermines it. There is growing calls for the EU to not compromise with the UK at all and make a deal that is inconvenient for them. The negotiations for the deal agreed between the two could be pivotal in the future as they will help create the future dealings between the two. One of the major concessions that the EU seems willing to make is to grant the UK access to the single market in exchange for free movement of nationals but it depends on the future trade deal that is achieved.

One of the most important things to note is that Brexit occurred but the economic ramifications of the future are uncertain because the future trade deal is up in the air. We do not know what the future holds as the Britain left without making certain what the future trade deal would look like.

This creates uncertainty that can be devastating for the country and create a situation that would be incredibly difficult to manage. Furthermore, public opinion in the EU states that Britain should not get a favourable trade deal in the UK-EU negotiations in the future. The majority of the countries have faced some sort of economic backlash from Brexit and it has affected them deeply and countries such as Germany and France have remained adamant on not compromising with the UK.

Future concessions on a trade deal for the UK would depend on their ability to create benefits for small member countries in the EU and their ability to convince countries such as Netherlands and Denmark to continue their business within the UK based on an agreement that favours their businesses.

Knowing what kind of future trade deal is agreed to be extremely important because it would help showcase what the future of the European Union would look like and whether the UK would receive a deal that would allow them to have some sort of advantage. One of the most important things for countries within the European Union is to make sure that businesses and the economy for their countries are not impacted heavily by Brexit and that will be understood fully after a proper trade deal occurs that allows them to understand how each country can reposition themselves based on the economic consequences of the trade deal.

Brexit and the impact on European Union Trade Policy

Brexit is an enormous challenge for the future of European Trade policy and also have political repercussions on its foreign policy. Britain was a major part of the European Union's trade policy; therefore, their departure will have certain repercussions in terms of the EU negotiating trade deals and the potential opinions of the EU without the UK from outside Europe. It's important to note that this paper will argue that the European Union will not lose its status as a major trade power due to Brexit.

The European Union has a significant responsibility as one of the world's biggest trading partners with a number of networks for trade agreements that include custom unions, free trade agreements, and partnerships with more than 80 countries. These agreements make the European Union as one of the world's most important trading partners and reflects the notion that their trade policy is one of its major components. *17*

Foreign trade for the European Union is one of the most important strengths that they have and it allows them to have deals with countries from all over the world from Asia, North America, South America to anywhere in the world. This is a specific competence that the European Union prides itself in as they have significant deals with countries due to its integrated approach and ability to negotiate together in the best interests of the union.

17 Oliver Patel and Christine Reh, "Brexit: The Consequences for the EU's Political System," UCL Constitution Unit Briefing Paper (London: UCL, 2016).

The European Union has been a major trading partner for countries for a number of years because of the fact that it has significant influence in international negotiations and specific lobby groups that allow them to negotiate trade through their influence. The EU trade policy has worked in a manner that it has shown that it is a democratic policy between all of its members and it allows them to use their united policy to yield influence with trading partners that understand the amount of countries that they are engaged with and strength of their organization.

They are clear lines that have been delineated in the European Union that allow member states to follow specific trade negotiation protocols that allows them to look united and strong without giving a hint of any unrest for countries with specific national trade desires. This strategy works in showing that the European Union is not broken into factions and helps ensure that the European parliament is well informed of the negotiation strategies they use during trade deals.

Understanding what Brexit means for the EU's trade policy is difficult to ascertain because there has not been significant research on this topic that shows us how one country can influence the trade policies of an entire union. For Britain, it is easier to see the challenges that they will face having left the European Union as they will be losing their role as a major player in the biggest trading power in the world to being a country that has to re-establish its position as a negotiator on trade deals. This creates a great level of uncertainty for Britain but for Europe it is unclear if a single country holds enough influence to impact its trade policy by leaving. *18*

18 Lisa O'Carroll, "BMW will Shut UK Sites if Customs Delays Clog Supply Post-Brexit," Guardian, June 25, 2018,

Some of the questions this paper looks to answer are whether the European Union's trade policy will face significant disadvantage with Britain leaving? How will the European Union's ability to make trade deals be impacted internationally? These questions are not answerable right now but we can ascertain the potential of the European Union's future as a trade power by looking at the changes in the EU's trade policy from Brexit on the basis of trade patterns and then look at the manner in which trade negotiations have been taking place in the European Union and if this will make the European Union more open or protectionist. In the next section, this paper will also look at the way EU trade policy is perceived after Brexit and the potential impact to any negotiating deals. It is important to note that as Brexit is still fairly new that things can change based on future dealings that the European Union has with important trading partners including the United Kingdom.

Research Results on Brexit's implications on the EU's Trade Policy

The potential implications of Brexit on the European Union's trade policy have taken place exploring important areas such as looking at whether the EU will become more protectionist after losing a significant voice in their trading policy. One of the most important research questions that has emerged from Brexit has been how the EU's trade policy will be impacted by the fact that they have lost the UK as an international voice that can help them negotiate important trade deals.

The European Union has had skeptics that believe that they would be weakened by losing one of the most important components of its trading power especially because of the political influence

that the UK exerts over many nations. These questions have been answered by research that have looked at the capabilities of the European Union and its ability to negotiate as one of the biggest trading partners in the world irrespective of Brexit. A lot of research has looked at whether the EU will be able to stay influential by using its strengths as a huge market that presents numerous opportunities for trading partners and opens possibilities for enormous trade deals.

Research has suggested that one of the advantages for the European Union Post Brexit can be that fact that there could be greater internal agreement on strategies for trade and that cohesiveness can lend to more successful trade negotiations. It will help the European Union in trade deals with countries that could previously go to the UK to create certain divide in the EU's trade policy strategy and help create a weaker negotiating position with less cohesiveness.

The European Union's position as a negotiator will change with Britain leaving as it will create less division with its policy and less marginalization caused because of the UK. An example of this is Prime Minister Modi and India's negotiations with the European Union, where previously Britain had wanted certain restrictions on Indian IT specialists as part of a deal and caused the deal to face major problems but the EU will be more capable of making these deals more easily now without the UK being there with restrictive covenants. Not having the UK part of the trade deals will allow the EU more flexibility as it no longer has to give something up for the restriction of Indian IT specialists and it will allow them to add more things to their deal that they would want instead and find an easier common ground on a trade deal. The EU would be able to make a deal that it would have made more easily without the UK in the first place and could potentially use their ability to give that concession to India as a leverage for their own interests.

The United Kingdom's influence in the negotiations that the EU took part in had a significant impact on their deals in the past. However, as we have seen from the implications of the India negotiation, the UK was often a hindrance to the negotiation process for the EU. Often times in negotiations countries look to find the best compromise as part of their deal or the best alternative negotiated agreement. The problem that the EU might have is if the United Kingdom is seen as a negotiating rival for deals with foreign countries who may see them as an alternative option to the United Nations. However, this depends on the strength of the policy making and the EU's ability to assert its leverage as being an enormous trade player with power based on the amount of countries and people that are part of it. The countries that are dealing with both the EU and the UK will have to assess their options in negotiating and will have more options, however the EU still holds the ability to make bigger trade deals based on its strength as a regional power that can facilitate a multiplicity of trade deals.

It is important to note that for countries negotiating with the European Union there could be the idea that having more negotiating partners available with the available of the UK as a competitor can create more alternatives and make it harder to negotiate for the EU. However, this does not mean that the EU will become compromised in any way in their negotiations because trade policies entail more than just alternative options. A more complete analysis of the entire trading policy along with the economic evaluations of the EU as a trading partner will be able to assess more accurately the impact of Brexit on the EU's trade policy. However, this paper will look at whether the EU will become more conservative in its trading policy and whether it will lose its political and economic status as a major trading power.

Brexit's impact on the EU's Trading Power

An easy analysis can be done in regard to the consequence of Brexit that the European Union will be missing the impact of the United Kingdom in the trade deals that they did. In fact, it is easy to see the deals that the UK was a part of as an importer and exporter and see where their market strengths were and how it will impact the European Union. So, the impact of losing the trades that the UK were responsible for are felt by the EU.

Research shows that the United Kingdom was responsible for one tenth of the EU's exports and it points to the fact that not only will the EU lose these exports but they will also be gaining a competitor with experience in dealing with such trades. However, the EU can always attract some of those exports to their single market as they are able to leverage their unique position into taking some potential trading partners from the United Kingdom. The United Kingdom or other competitors cannot offer a single market that is an economic behemoth and can offer more things in a trade situation based on the size and reach. ¹⁹

One of the interesting things to note is that the European Union will face some challenges with Brexit because the United Kingdom does have certain trade elements in which it is strong such as services. The UK was part of one-fifth of the total EU exports in services including financial, travel, insurance, and business services that account to half of the UK's trade exports. This is

¹⁹ Poli, Eleonora. *Mapping Member States' Stances in a Post-Brexit European Union*. Istituto Affari Internazionali (IAI), 2016, www.jstor.org/stable/resrep09780. Accessed 7 June 2020.

significant because the UK has special expertise in financial services such as consulting and has recorded incredible amounts of surplus over the years in the trade of services. It will be interesting to see if the UK's position in services exports changes because it is no longer part of the single EU market.

A lot of big firms that were part of the European Union used the UK for trade in services, but this could change and the EU could have a greater amount of trade in services as companies prefer to keep their business in the union. However, it is important to note that some level of loss can be felt by the EU in regard to the trade in services. There is a possibility that the UK will lose some of their contracts that existed before Brexit with firms in the European Union and that possibility could help create a situation where those service providers prefer to work in the single market system of the EU.

Similarly, one of the major attractive places to invest in the EU was the UK as it garnered the most amount of FDI of any country in the European Union. However, data has shown that the UK had a significant drop in the inward FDI from the European countries because of the potential of Brexit, which shows the impact of a single market. The UK's FDI projects dropped from 2265 to 1782 in the last two years indicating the decline of projects given to them because they were leaving the European Union.²⁰ This shows that the European Union's single market system was a major reason for the UK to receive numerous projects and this FDI can be potentially kept in the EU as it remains an important location for investment. As investors find it

²⁰ VAN REENEN, JOHN. "Brexit's Long-Run Effects on the U.K. Economy." *Brookings Papers on Economic Activity*, 2016, pp. 367–383. *JSTOR*, www.jstor.org/stable/90000441. Accessed 7 June 2020.

less attractive to continue to invest in Britain, they will find more opportunities in the European Union with the amount of impact that they can make in a single market system of nearly 500 million people.

A lot of the trade possibilities will simply depend on the EU-UK negotiations and what kind of deal they work out however it is imperative to state that the EU's market power and trading power will not be impacted deleteriously by Brexit. This is because a number of the changes in trade might get adjusted against other factors and have a peripheral impact. The major realization of how the impact of Brexit affects the European Union can only be done once the EU and UK are able to come to some agreement in terms of trade policy and whether Britain gets a deal that restricts its trade in the EU.

One of the biggest issues with Brexit is that the EU had just become one of the biggest trading partners in the world and had capitalistic concepts of free trade and openness at the forefront of their trading policies. The preferential trade agreements that the EU specializes in has created a culture of the EU being part of a free trade system that values the virtues of being open and not protectionist. However, there are some doubts as to whether the EU would remain as focused on the liberal policies of openness and free trade without the UK that was such a staunch supporter of those values. The EU has a history of protectionism in the past before the UK joined it and was famously able to counteract the conservative approach of other members with its staunch support of a more open trading system. However, times have changed and there is no reason to believe that Britain's commitment to free trade is more than the European Union especially when the EU has worked tirelessly to become a single market that values open borders. The UK was a staunch supporter of free trade movements in the European Union and has committed to being

the same outside of it, however this does not mean that the European Union without the UK will be more protectionist.

In fact, it would be naïve to state that the EU would become more protectionist without the UK simply because there is no real evidence that suggests that the EU is going to change its free trade agreements or other trade policies based on the UK's exit. The real interesting situation will be how the EU will be able to formulate a proper plan that delineates its strategy post-Brexit and reflects on the values that are able to allow the single market to thrive. The future of the European Union's trade policy will be impacted by the decisions taken post-Brexit and could ascertain the path that the EU takes.

It is also important to note that the European Union is a unique organization in which important decisions are only possible if there is a vote of a supermajority of the 27 governments that are EU members and this can have an enormous impact on trade deals. Therefore, a lot of the decisions that will be taken by the EU will not be influenced by the UK leaving since the decisions are taken in a democratic manner and do not overly rely on one member state. It also reflects the fact that the European Union is truly democratic and the British leaving would not significantly alter the way it conducts its business in terms of trade. It will be interesting to see how the European Union is able to manage the various different trading obstacles it faced that the UK was able to influence or help with based on special interest or lobby groups.

Brexit and the European Trade Council

Brexit having an impact on the manner in which the European Union trades is possible because of the fact that Britain is so anti-protectionist and pro-free trade. These facts could impact the Council in the European Union that is in charge of trade policy because they might change in the way that they do their trade negotiations and may adopt methods with the European Union such as being more protectionist. The council would have a big role in ensuring that the European Union does not move into more protectionism. However, the notion that the UK was incredibly liberal opposed to the European Union is not based on facts because since 2014, there was only one trade related vote in which the UK did not agree with the rest of the European Union. In fact, there is evidence that suggests that the UK did not influence the European Union greatly in becoming more open as they diverged from the EU's trade policies infrequently.

Furthermore, it is important to note that the negotiating tactics of the council were not incredibly different based on the desires of the UK. In fact, evidence suggests that the United Kingdom did not play the role of liberal in the trade policy meetings as they mostly kept a position that was consistent with our European countries within it and barely ever moved from the ideals of the majority. This is signified by the voting record of the UK in the trade council and shows that their values and policies did not differ greatly from the UK and therefore any real worry of the EU becoming more protectionist is not based on the fact that the UK left as it did not greatly influence them in any regard anyway.

The Impact of Brexit on the European Parliament

The European Parliament has an integral role in the formulation of the European Union's trade policy since the Lisbon Treaty. The trade commission receives tremendous influence from the European Parliament who ultimately decide if they will agree to any particular deal or not.

Members of the European Parliament make the process democratic by having debates on the issues and often vote against things that they do not agree with. An example of this can be seen in 2012 when the parliament voted against the EU's negotiated deal with the US, Japan, and other countries in regard to counterfeiting. The European Parliament will often have lobbyists and supporters influencing particular moves and have an eventual voice on any matter of trade policy for the union.

The changes that will take place with the European parliament will be reflective in the trade policy as the UK will lose its membership that had been strong proponents of free trade. In fact, most of the UK contingent that was part of the European Parliament had always been supporters of agreements that were built on pro-trade motives. In the last few years, UKIP members of the UK had been critical on trade and were more conservative in their trade approach by often abstaining from voting so there might be some subtle changes that occur in the policy impacts for trade due to the changes in the European Parliament. ²¹ One of the most shocking statistics that has emerged from an analysis on the UK's trade votes in the European Parliament as that even

²¹ Mattelaer, Alexander. *The Challenge of Negotiating Brexit*. Egmont Institute, 2017, pp. 4–7, *Towards a Belgian Position on Brexit: Actively Reconciling National and European Interests*, www.jstor.org/stable/resrep17407.4. Accessed 7 June 2020.

though they have often been outspokenly in favour of free trade, they were largely more critical on free trade agreements than the other European countries. In fact, the stance of UKIP and other Pro-Brexit factions in the UK ensured that they often voted in a manner inconsistent with free trade aspirations. This shows us that with the UK departing the European parliament there is an opportunity for more positive free-trade consensus in the EU. In fact, it reflects that the European Union is less likely to become more protectionist and more likely to be even bigger proponents of free trade. This will reflect more accurately the mood of the majority of the European Parliament and the union's position in regard to free trade agreements in general.

Another issue that the European Parliament can face is the controversy of knowing how to deal with potential issues with the UK's House of Commons attempt to block any trade agreements and question the mandates of deals that had taken place during the UK's membership in the EU. Research on this topic has shown that the House of Commons has had little impact of influence on matters of trade agreements in the EU. Britain have generally strayed away from having any legal issues with trade agreements and shown little desire to engage the European Parliament in extensive disputes. Therefore, it is important to note that Brexit will have little influence on the trade policy becoming more protectionist in the UK as its influence on the larger decision making of the European Union is minimal. The UK was not cohesive in their desire to be a protector of free trade agreements and the European Union has not been more conservative than them over the years. In fact, research indicates that although the UK has always been at the forefront of discussing liberal agreements for trade they have often been more conservative in their actual policy than the rest of the European Union. Therefore, there is little reason for there to be a great deal of change in the EU's trade policy, as the UK did not define the way that the

EU behaved in matters of trade as they had taken a position in the middle on trade matters. This means that the European Union will not lose negotiating power as their policies are not changing in terms of trade and they still retain the ability to be a single market that can offer more free trade agreements than any other group and be able to give preferential agreements.

The UK's influence on the European Union's image as the leader of the free trade movement does not reflect their voting history and therefore does not that significant change is on the way. On the contrary, the UK has been more conservative in their approach and their image as leaders in free trade is a myth that has been created inconsistent to their actual policy positions. While part of the European Union, the UK House of Commons had limited influence on the European Parliament's trade policy and displayed little reason to debate matters of trade. Therefore, Brexit will bring new challenges for the European Parliament but becoming more protectionist and losing a major liberal trade partner is not one of them. Their policies will now align with the same strategic goals of free trade that they have had for a number of years and focus on creating an open market for trade. The UK's more protectionist trade policy than the European Union will reflect a small change for the European Union in becoming even more open for trade and reflective of its general mandate. Thus, this paper believes that the UK leaving the European Union will not have a major impact on the direction that the EU takes on trade and will not have a major impact on the policy.

The EU's Trade Image after Brexit

In essence, I have argued that the European Union will not lose its position or direction in international trade because of Brexit and that the EU's general trade policy will continue to reflect the direction of free trade over protectionism. But, the question of the European Union's image to other countries is extremely important because it is important as part of being a trade negotiator how the European Union is perceived especially in trade talks with those that had previously negotiated with the UK. Is the UK going to look weaker because of Brexit and will other countries not feel that they can negotiate better deals for them due to that weakness? Research on this topic has been done based on how other countries continue to perceive the European Union.

One of the major areas of contention for the European Union has been the future of its relationship with the United States, who have famously supported the entire process for Brexit in the UK. The United States have been outspoken in its approval of the UK leaving the European Union and have stated on a number of occasions that the trade relations between the countries would now improve greatly. Britain and the United States have been allies for a number of years in both trade and war and the European Union would be seemingly losing its primary negotiator in deals with the US. The supporters of Brexit have pointed to the fact that the United States will support more deals with the UK as points to reflect on as future beneficiaries of Brexit.

A trade deal for the UK with the United States has been a way for them to look at making deals that are more beneficial for the UK and help them ensure they do not feel any deleterious effects

of leaving the EU. However, the perceived opinion of supporters of Brexit has not shown any progress to this point. The United States remains adamant in ensuring that they continue to make deals that are significantly more beneficial to them than other countries as part of the Republican Parties desire to limit free trade. In fact, the United States have generally reflected a policy of nationalistic politics that focus on their own country, which does not currently reflect any preferential treatment for the UK.

The UK has already faced the debilitating truth of negotiating with the United States under the current regime as the February 2019 trade negotiations reflected a desire of the US to gain access for their pharmaceutical companies in the UK. The UK has a single-payer healthcare system (NHS), that would be impacted greatly by such an agreement and it reflects the United States trade policy of benefitting themselves more than reaching a collaborative agreement. Reaching a fair-trade agreement for the UK with the United States will be extremely difficult as the US will try to take advantage of the UK losing the blanket of the European Union and argue for beneficial treatment such as non-tariff barriers.

It is also important to note that the United States have an election coming up in November 2020 and in most cases the other American Presidents have often reflected support of the European Union and reflected policies of a positive relationship. There is also the importance of knowing that as the UK negotiates with the EU on matters of British exports, they will have to play by the rules that the EU has standardized as its major trading partner and these rules might have to be reflected in the Britain's other trading deals especially in regard to sanitary standards. Of course, with the United States we can never be sure how they perceive their future agreements or what

might come from Brexit and it is important to note that for the time being I do not see a major change for the European Union due to Britain's relationship with the UK. 22

In fact, the overall impact of the exit of Britain on the European Union will not have a major impact on the European Union as a trading partner for the United States. This is because the EU's trade accounts for 20 percent of all American trade and the United Kingdom only was reflective of 3 percent of that trade. Formally, the European Union has already begun trade talks with the US and have not faced major pushback with the UK leaving. It is also important to note that irrespective of the EU's talks with the US, the UK's major trading partner for exports is the EU and that allows them to have major influence on the Britain's trade agreements. In fact, the EU is responsible for 45 percent of all British exports, which is more than three times their exports to the United States. Thus, there is reason to believe that the European Union will not be largely impacted by the United Kingdoms close political relationship with the United States in matters of trade.

Other countries have also reflected that their relationship with the European Union will not be changing based on Brexit. This has been reflected by New Zealand and Australia who have stated unequivocally that the impact of Britain leaving does not make trade the EU a less attractive trading partners. Whether trade deals with these partners are finalized or not, it is reflective of the fact that the EU's image as a trading partner has not become less appealing to

22 Hix, S., Hagemann, S. and Fratescu, D. (2016) Would Brexit matter? The UK's voting record in the Council and the European Parliament. VoteWatch Europe, Brussels, Belgium. http://60811b39eee4e42e277a-72b421883bb5b133f34e068afdd7cb11.r29.cf3.rackcdn.com/2016/04/VoteWatch-Report-2016_digital.pdf.

other countries. In fact, Australia have stated that they might find even greater opportunities to trade with the European Union after Brexit as they have been working on a free trade agreement together for quite some time. The European Union remains an attractive option for Australian trade and they have continued to state that they are willing to have more trade agreements with the EU irrespective of the UK. This shows that the European Union's single market and trading power is as strong as it has ever been.

Other countries with influence in the world such as Japan and China have reflected that their relationship with the European Union would not change based on Brexit especially when they do not know what agreement the UK and the EU come to in terms of their plans moving forward. Japan and China have both stated that their free trade agreements with the European Union continue to be of utmost importance to them and reflect their positions on trade.²³ However, these situations can change based on the future realities of the EU and the UK based on what negotiations take place between them in the future. Japan has already considered moving businesses out of the UK as it faces uncertainty with no plan for Brexit and might move them to the European Union to ensure greater stability. This shows that the European Union's position has not changed and the uncertainty of the UK has not impacted them in terms of their image as a trade power. The perceptions of countries in Asia reflecting their relationship with the European Union as partners in trade show that the EU remains a steadfast partner for them for future trade agreements and Brexit has not had any negative impact on their potential future as trading partners.

²³ Elsig, M. (2010), 'European Union trade policy after enlargement: Larger crowds, shifting priorities and informal decision-making', *Journal of European Public Policy*, 17(6): 781–98.

It is important to note that the perceptions of the European Union as a trading partner could change in the future based on their deal with the United Kingdom. Countries with businesses in Britain are keen to see how the deal occurs and whether Europe continues to be easily accessible for their businesses. However, with all things being equal it is currently seen that the European Union have not lost any of its power as a trading behemoth due to Brexit. In fact, the UK has struggled without the EU in gaining agreements for trade as major countries such as Canada and Japan have not agreed to trade agreements the EU had negotiated for Britain as they believe they now want new deals to reflect Britain's position not as part of the single market.

These changes in trading power will be easier to define once more deals occur in the future but for now there is no reason to diminish the European Union's position as a trading partner at this current moment. Countries have remained engaged with the European Union on free trade agreements and continue to reflect their relationships with respect to the European Union's trading power. ²⁴ In essence, the European Union still holds the cards for the United Kingdom in future negotiations as its major trading partner and reflects a great deal of leverage in any future deal. One of the reasons for this is that other countries continue to know how much influence the EU still has on the United Kingdom and before any deal between the two is negotiated, there is little chance for much changing. Overall, it is important to note that the impact of Brexit will

²⁴ Korteweg, R. (2016), No, TTIP is not a good Reason for Britain to leave the European Union, Opinion piece (The Telegraph) 18 May; <https://www.cer.eu/in-the-press/no-ttip-not-good-reason-britain-leave-european-union> [30 Nov. 2018]

have little effect on the European Union's role as a trading power because it continues to hold major weight with nations that are willing to continue their trading relations with them.

Based on the evidence and research we can see that the European Union's position as a trading partner will not change greatly and their trading policy will not become more protectionist because of Brexit. The idea that the European Union would be diminished as a trading power because of Brexit is not based on evidence or research as international trade relations continue to show the European Union at the forefront as a trade power. The EU's policy will not become more protectionist because their voting history on matters of trade have not reflected a more protectionist trend as the UK had voted more conservatively for a number of years than the other members.

Therefore, the impact of Brexit on the European Union's trade policies will be limited and their trading power will not be impacted a great deal by this as they will retain their negotiating strategy and power. Commonly held beliefs that the United States would weaken its relationship with the European Union because of the United States has been debunked because of the much higher proportion of trade that the EU does with the United States than the UK. It shows that relationships and trade agreements are different and they reflect the ability to make financial sense for each country in their positions. In that sense, the European Union as a single market continues to reflect their position as the major power in trade that is able to make deals that the United Kingdom cannot compete with.

Reforms that will prevent future calamity

Even though the European Union has found a way to maintain its credibility as a trading power in the world and survive the potential disaster of a major member leaving, it is important for it ensure that such issues will not happen in the future. Other major members leaving in the future could leave them in a vulnerable position and might end their position as a major power. This can be done through institutional reforms that can help give European Union member states greater freedom in its dealings. Integration is one of the keys of the European Union but it is important for nation-states to continue to feel as they are part of their own national identity as well. Therefore, the European Union can give more freedom to national governments to debate and reflect on European policies and this will create a situation where member states will feel more represented.

Currently, it seems that some countries are so far away from the decision making as certain individuals reflect their viewpoints in the European Parliament. Reflecting the views of the majority it's members can only occur if the European Union would allow national governments to take part in healthy debates that reflect their policies. This can help create a greater level of sovereignty and prevent future problems for countries that might feel left out.

In essence, the bureaucracy of the European Parliament must show a greater level of flexibility and not seem so distant to the citizens of its member states as they might feel as though the decision making on their lives are being taken by people they never voted for. One of the ways to show this is through the Greek Referendum which disagreed with the European Union's plan for

austerity and disagreed through debate with its reasoning of policies that would impact Greece greatly. The economic needs of many members are vastly different and the European Union by being more open and flexible can help give voice to these concerns. The voice of the people in matters of trade policy and healthy debate in national governments can help further legitimize the European Union as being representative of the people and reflective of the policy concerns of the vast majority its citizens.

It will be important to create reform that can help the EU retain its status as one of the most important markets for trade and allow themselves to continue to benefit from their single-market system without facing the backlash of right-wing groups that are becoming louder post-Brexit and can create division within the Union. Disagreements between the Union could create unrest and it is important for them to make sure that each country within the EU understands how important they are to the system of a single market economy and the future of its success. Therefore, by reassessing and correcting the systemic issues that make the European Union distant from some countries can help it retain its position as a major trading power.

The structural problems of the European Union have been laid bare by Brexit and whether it is because of the migration crisis, the Eurozone, governance, rising nationalism, economic differences between the states, the credibility of the European Union is at stake without urgent reform. Therefore, Brexit is more than a vote that the UK made to leave the European Union. It is a wake-up call for the European Union to create the structural changes that can help resurrect an organization that has been besieged by crisis. Brexit does not come as the tsunami that rocks the European Union on its own but rather it comes as the horse that may break the camel's back without proper reform.

One of the most important reforms that can be achieved from this can be proposals sent to the European Commission that allow for a greater level of togetherness in decision-making especially in terms of trade because countries feel that the European Commission's decisions are often made without the full reprisal of particular countries interests. Countries in the European Union have often felt that they have not been given a choice to decide their own economic fate because the decisions have been made for them in a far-away place that refuses to acknowledge the particular problems of each individual country.

Therefore, the European Union has entered a critical point of its existence where they must make sure that broader social and institutional challenges are met together and not solely decided by the European elites. There is a possibility that Brexit could have the impact of galvanizing the European Union into becoming the organization that works together more than ever and makes structural reform that helps correct the mistakes of the past. Europe's future post Brexit will depend on many of these decisions and whether all the crucial actors come together to create a cohesive policy that ensures that future disintegration of the European Union is prevented.

The EU/UK Negotiations in the future might not work exactly how each country wants them to but they can be used as a stepping stone towards structural reform in the EU by engaging all political actors and institutions in the decision-making process. Countries must feel that their national interests are taken into full consideration during the process because the representatives are answerable to the populations in their home countries that can feel when their voice is not heard adequately.

Therefore, this moment in history is crucial for the future of the European Union as it will decide whether they are able to create the structural changes that ensures that the European Commission does not make unilateral decisions in Brussels without the concerted effort of getting the opinion and outlook on the decision making from all political actors. The opening of political debate on important topics is pivotal to creating the system of governance that can help continue the strength of the single market system. If countries can debate topics in their parliaments and feel part of the greater decision-making process then it will help them take more ownership of the EU.

Conclusion

The European Union remains strong and remains reflective of its trading power as it continues to benefit from its status as a single market with great access and ability to create free trade agreements. The economic force of the European Union and the trading policy has not been impacted by Brexit to make it more protectionist for the simple reason that the United Kingdom voted in a more protectionist manner than other European Union countries during its time in the EU. Furthermore, future dealings with countries have so far indicated that the European union continues to be considered as one of the major players in trade and the United States relationship with the United Kingdom will not change this fact. Therefore, neither the policy direction of the European Union's trade will change nor the power that it yields as a major trading institution.

The European Union will face more challenges in the future as the impact of Brexit is further delineated over time but for now the challenges to its position as a trading power remains unchanged. The European Union has unique access to business that other countries do not have and it gives it a unique advantage in trade relations. Furthermore, the European Union has yet to agree on a deal with the United Kingdom which can help ascertain the future between the two nations in terms of trade both internationally and amongst themselves.

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