BREXITS IMPACT ON EU & NON-EU COUNTRIES

1SHAIK ASIF BASHA, 2Dr. C. MALLESHA

1Student, 2Assistant Professor
ANURAG GROUP OF INSTITUTIONS

Abstract: Trade is the action of how economic partners interact with each other while exchanging commodities. The European Union is based on the proposition of ‘Free Trade’ an argument proposed by David Ricardo a 19th century Economist who first developed the thought of comparative advantage whereby each country produces what it specialises regardless of its absolute advantage, thus as a result world output is increased, and each country benefits the most it can out of the situation. Free trade encourages economies of scale and reduces the formation of oligopolies due to market liberalisation and the ability to sell to a wider market outside of their domestic space.

The following study shows that there is a huge impact of UK with EU countries and also on Non-EU countries after Brexit period started. The study has shown that the trade has got impacted majorly among all other factors because of Brexit. The study shows the comparison of trade of UK with EU and NON-EU countries before and after Brexit which proves that the decision of UK exit from EU has a negative impact all-over the objective of Brexit. The other phase of the study also proves that the UK has positive impact on NON-EU countries.

Keywords: BREXIT, EUROPEAN UNION, TRADE, ECONOMY, UK

1.1 Introduction:
European Union, a gathering of 28 nations for the most part situated inside Europe, is an economic union that intends to guarantee free movement of goods and services, labour and capital within the nations. It has regular enactment in justice and home issues and keeps up normal approaches. England had pained relationship with European Union since the start and has made different endeavours to split away from it. It increases significantly more from European Union than it pays as commitments. UK joined the European Union in 1973 and the subtleties of its History resembles After creation first-formal application to join the European Economy Community, Britain at last entered EEC after French President Charles de Gaulle twice vetoed the nation's application in 1963 and 1967.

In 1992 when next phase of European integration was marked, Britain made sure about a quit from joining single European cash euro. Despite the fact that Prime Minister Tony Blair declared his goal to hold choice in European constitution yet it was never held after France and Denmark disregard to move. In Feb 2016, Camron reported the date for referendum after Tories won astounding greater part in 2015 surveys.

In April 2015, referendum battle starts and at last billions of Britons casted a ballot in choice and Brexit happened. The daring effort contends that Britain is missing out a serious deal in the European Union as it needs to pay a large number of pounds each week as a commitment for being its part and keeping up the spending plan. The amazingly bureaucratic nature of European parliament is harming British fares and making unmitigated movement from EU Britain making unbalance in government assistance plans of the UK government.

In spite of the fact that Brexit mean exit of Britain from bound together EU market. England can negotiate of good understanding which isn't limited by prohibitive EU laws. It can negotiate trade agreements with India, China and US. Be that as it may, Brexit will cause Britain to endure as well.

● Losing Exports
● No Work Condition
● Benefits from EUs Free Trade Agreements Will Disappear.
● Contribution to EU Will Be Saved

1.2 Need and importance of the study
The need of the study is to understand whether the Brexit has a positive or negative impact on global trade. The importance of the study is, it helps to implement new trading policies which helps to improve and develop the trading relations of UK.

1.3 Scope of the study:
The scope of the study depends on how the trade has got impacted because of Brexit. It studies in detail regarding all the different aspects of Brexit that impacts the trade of UK with all the other EU countries before and after the Brexit. It involves the study of exports and imports carried out by UK with other 27 European union countries.

1.4 Objectives of the study:
1. To study the impact of Brexit on EU countries.
2. To study the major impacts of Brexit globally.
3. To study the comparison of the exports and imports of UK with EU and Non-EU countries.
1.5. Research methodology:
Secondary data:
The data used for the comparative study in the project is collected from the secondary sources like different journals, websites, books and articles.
Period of the study:
The period of the study is considered for 20 years including before and after Brexit till now i.e. from 1999 to 2019.

1.6. Limitations of the study:
1. The accuracy of the study is based on the information gathered from the secondary sources
2. The study limits only to exports and imports.

2.1 Literature review:
Jose Martín y Pérez de Noncarers (2016): Brexit and Gibraltar: the Spanish proposal for joint sovereignty’ 2016. The result of the referendum held in the United Kingdom on 23 June 2016, which favoured withdrawal from the European Union, marked the entry into a new legal and political context which will have important consequences not only for the UK, but also for the EU and all its Member States. In this scenario, Brexit and Gibraltar are intimately connected, so that the United Kingdom’s departure from the Union would have profound consequences for Gibraltar.
Piet Eckhart, Eleni Frantox (2017): ‘Brexit and Article 50 TEU’, 2017, article considers the constitutional requirements and implications of Article 50 TEU for the EU. It argues that it is essential to read Article 50 in light of the features of the Treaty of which it forms part together with its drafting context, that of the Convention on the Future of Europe, as well as the substantive protections of EU constitutional law.
Eleni Frachious & Adam Laskowski (2018): ‘Brexit Transitional Period, The Solution is Article 50’. The paper discusses the most appropriate framework for a transitional period, and proposes, rather than the negotiation of a separate transitional agreement, to continue negotiations under the existing framework of Article 50 with a prolongation of the 2-year period set in this Article.
Raphael Hogarth: (2019): ‘Dispute resolution after Brexit’, The paper examines the various alternatives for establishing a dispute resolution mechanism between the EU and the UK for both the withdrawal agreement and the future relationship. It looks at a range of options for new means of dispute resolution, besides and beyond the CJEU, including other courts, arbitration mechanisms and joint committees.
Richard Whitman (2019): ‘Devolved External Affairs, The Impact of Brexit’ 2019, The research paper examines the impact of Brexit on the devolution settlements in the UK and the ability of Scotland, Northern Ireland and Wales to participate as distinct actors from the UK on the European and international stages in areas related to external affairs.

DATA ANALYSIS AND INTERPRETATION
Comparative analysis of exports and imports of UK with EU and NON-EU countries:

Figure No–4.1: Analysis of exports and imports of UK with 27 European Union Countries:

Source: Computed from secondary data

Interpretation:
The above table and chart represent the total exports, imports and balance of trade of UK with 27 European union countries from 1999 to 2019 i.e. before and after 2006, the start of Brexit period. The above analysis results in there is gradual increase in exports and imports from 1999 to 2019.
But exports are less, compared to imports, i.e. UK has more imports than the exports with 27 European union nations. Hence it concludes that the balance of trade of UK with EU countries is deficit. Before 2006 i.e. start of Brexit period there was gradual increase in deficit from 1999 to 2006.
After 2006, the deficit was fluctuating from 2006 to 2010, but there is an gradual increase from 2011 to 2019. In 2018 the UK had a trade deficit with 15 of these countries, a surplus with 5 and was broadly in balance with 7. The UK’s largest EU trade surplus was with Ireland (£14 billion) while its largest deficit was with Germany (-£23 billion).
The UK recorded a trade surplus in goods with 6 EU countries, a deficit with 16 and was broadly in balance with the remaining 5. The largest goods surplus was with Ireland (£7 billion); the largest goods deficit was with Germany (-£32 billion).

**Figure No– 4.2 UK trade with the EU Countries from 1999-2018:**

Source: Computed from secondary data

**INTERPRETATION:**

The share of UK exports going to the EU has declined gradually in recent years

In 2006, the EU accounted for 55% of all UK exports. By 2016, this had fallen to 43%, before rising to 46% in 2018. The picture on imports is slightly less clear. In 2002, 58% of UK imports were from the EU. By 2010, this had fallen to 51% but has now been around 53% since 2010.

The overall fall in the UK’s share of exports to the EU is more pronounced in goods than in services; trends in imports have been more mixed.

In 1999, 61% of all UK goods exports were to the EU; in 2015 this had fallen to 47%, rising to 50% in 2018. By contrast, the EU has accounted for a consistent share of UK service exports – this has remained at around 40% since 1999.

The proportion of UK goods imports being sourced from the EU has remained fairly consistent since 1999, spiking between 2002-05. In general, the proportion of service imports being sourced from the EU has fallen since 1999, from a high of 56% in 2003 to 48% in 2018.

Overall, the UK has had a trade deficit with the EU in every year since 1999. The UK’s trade deficit with the EU peaked at -3.7% of UK GDP in 2015, though this has recovered slightly, reaching -3.1% in 2018.

**Figure No– 4.2 UK trade with the Non-EU Countries from 1999-2018:**

Source: Computed from secondary data

**INTERPRETATION:**

The exports were more than the imports from the year 2011 where it lead the balance to be positive with Non-EU countries. By contrast, the UK has had a surplus with non-EU countries since 2011. This surplus peaked at 2.3% of UK GDP in 2015, though has fallen in subsequent years, reaching 1.4% in 2018.

**5.1. FINDINGS:**

1. After 2006, the deficit was fluctuating from 2006 to 2010, but there is a gradual increase from 2011 to 2019. In 2018 the UK had a trade deficit with 15 of these countries, a surplus with 5 and was broadly in balance with 7. The UK’s largest EU trade surplus was with Ireland (£14 billion) while its largest deficit was with Germany (-£23 billion). The UK recorded a trade surplus in goods with 6 EU countries, a deficit with 16 and was broadly in balance with the remaining 5. The largest goods surplus was with Ireland (£7 billion); the largest goods deficit was with Germany (-£32 billion).

2. In 2006, the EU accounted for 55% of all UK exports. By 2016, this had fallen to 43%, before rising to 46% in 2018. The picture on imports is slightly less clear. In 2002, 58% of UK imports were from the EU. By 2010, this had fallen to 51% but has now been around 53% since 2010. The overall fall in the UK’s share of exports to the EU is more pronounced in goods than in services; trends in imports have been more mixed.
In 1999, 61% of all UK goods exports were to the EU; in 2015 this had fallen to 47%, rising to 50% in 2018. By contrast, the EU has accounted for a consistent share of UK service exports – this has remained at around 40% since 1999. The proportion of UK goods imports being sourced from the EU has remained fairly consistent since 1999, spiking between 2002-05. In general, the proportion of service imports being sourced from the EU has fallen since 1999, from a high of 56% in 2003 to 48% in 2018.

Overall, the UK has had a trade deficit with the EU in every year since 1999. The UK’s trade deficit with the EU peaked at -3.7% of UK GDP in 2015, though this has recovered slightly, reaching -3.1% in 2018. By contrast, the UK has had a surplus with non-EU countries since 2011. This surplus peaked at 2.3% of UK GDP in 2015, though has fallen in subsequent years, reaching 1.4% in 2018.

5.2. SUGGESTIONS:
As the trade impacted too worse after the BREXIT the objective of trade benefits expected gone ruined. Based on the analysis done in the project and various reviews of literatures suggest the following to make the trade beneficial to the country and maintain good trade relations.

- In return for maximum access to the single market, the UK would need to accept EU rules. This option would potentially give the UK the best possible access to the single market but it would come with commensurate obligations.
- It could seek greater influence over rule making and retain the right to not adopt new laws.
- An EU-UK economic area would need to be underpinned by strong institutions.
- The UK would need to accept the principle of free movement and continue to contribute financially to the EU.
- The UK is required to soften some of its redlines towards EU countries.
- The UK could agree to participate in specific areas of the single market, but sector carve outs are difficult to implement in practice.
- The UK would still need to accept EU rules in key areas and commit to regulatory co-operation in others.
- The UK would need to accept some continued role of EU institutions in monitoring compliance.

5.3. CONCLUSION:
But exports are less, compared to imports, i.e., UK has more imports than the exports with 27 European union nations. Hence it concludes that the balance of trade of UK with EU countries is deficit. In 2018 the UK had a trade deficit with 15 of these countries, a surplus with 5 and was broadly in balance with 7. The UK’s largest EU trade surplus was with Ireland (£14 billion) while its largest deficit was with Germany (-£23 billion). Overall, the UK has had a trade deficit with the EU in every year since 1999. The UK’s trade deficit with the EU peaked at -3.7% of UK GDP in 2015, though this has recovered slightly, reaching -3.1% in 2018. By contrast, the UK has had a surplus with non-EU countries since 2011. This surplus peaked at 2.3% of UK GDP in 2015, though has fallen in subsequent years, reaching 1.4% in 2018.

Hence, the decision of BREXIT has been proved wrong in the terms of trade benefits and hence the following suggestions given after the analysis would benefit both EU and also UK after the Brexit decision also.

BIBLIOGRAPHY: