



European  
Institute

# Britain as a Global actor after Brexit

Report of the hearing held on 1st March, 2016



LSE Commission on the Future of Britain in Europe

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## Foreword

This is the report of a Hearing of the LSE Commission on the Future of Britain in Europe that took place at the LSE on the 1 March 2016. Participants were invited based on their knowledge, expertise and experience of British foreign and security policy (including foreign economic and trade policy). The focus of the Hearing was the impact on British foreign policy of a possible Brexit. A secondary area of discussion centred on the consequences of Brexit on EU external relations.

We are extremely grateful for the insightful contributions by the participants during the hearing. We extend special thanks to Lord Christopher Tugendhat and Professor Christopher Hill for their introductory remarks, which set the scene for the general discussion. This report is based on the ensuing discussion. None of the views or conclusions included in this report may be attributed to a single individual listed in the participant list. They are rather the summary views and conclusions drawn from the collective discussion.

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## 1. Introduction

Experts from the UK and other EU member states discussed the effects of a possible Brexit on British foreign policy and European security. The discussions were structured around the themes of sovereignty, diplomacy, the EU Common Foreign and Security Policy, its Security and Defence Policy and trade.

There was wide agreement among participants that the pursuit of *de jure* sovereignty would not result in greater autonomy or a greater role of Britain in international affairs. Leaving the EU is likely to have strong effects on the UK's ability to engage with its closest diplomatic partners and on the structure of the Western Alliance with the United States. Decreased power would become particularly evident in the UK's ability to influence EU Foreign Policy. While it would still be able to cooperate with the EU on foreign affairs, its influence would be considerably diminished on short and long-term developments. The effects on the relationship between NATO and the EU would also be significant, as a Brexit may change the dynamics of cooperation between NATO and the EU. Finally, trade would be significantly affected and require significant UK renegotiation for market access with key partners.

## 2. Summary

- The distinction between *de jure* sovereignty (the formal right to make decisions) and *de facto* sovereignty (the availability of choices and the restricted or untrammelled ability of a state to choose) is crucial.
- The UK would be a less attractive foreign policy partner outside the EU after Brexit – including for the United States. The Common Foreign and Security Policy (CFSP) provides an invaluable ‘diplomatic alliance’ for the UK. Britain outside the EU would complicate policy on security and terrorism issues.
- In the long-term, Brexit would be interpreted as a signal of disunity among the Western allies, and in the short-term Brexit would have a negative impact on the EU’s CSDP capacity.
- Most EU decisions remain within member state competence, though many initiatives are on a bilateral or mini-lateral basis, so are not directly EU concerns.
- The UK would have to renegotiate many of the trade arrangements with third countries and risk losing access to markets and reintroduction of trade barriers.
- The UK would remain an influential voice outside the EU, especially in financial matters, though in trade and investment its bargaining power would be weaker.
- The essential intergovernmentalism of CFSP and Common Security and Defence Policy (CSDP) could lend itself to post-Brexit bilateral arrangements, though in CFSP implementation of many operations lies with the Commission, even if co-operation/co-ordination between the UK and the Commission could conceivably be maintained and replicated after Brexit.
- The execution of CSDP falls almost exclusively to the member states, rather than EU institutions such as the Commission.
- Aid is a long-standing EU foreign policy instrument, regarded as a European success in which the UK has played a significant role.
- Trade matters are often discussed in traditional terms of tariffs and physical barriers, but international trade negotiations increasingly focus on market access and regulatory issues.
- UK membership of the WTO is an unlikely viable alternative to EU membership.
- After Brexit, the UK would become a rule-taker instead of rule-maker.
- There is no guarantee that the UK would pursue a more open trade policy outside the EU and the Single Market.

### 3. Sovereignty and Power in International Relations

There is broad agreement that the current debate about sovereignty is really a chimera. Sovereignty does not readily translate into flexibility and power in terms of foreign and security policy, though it is helpful to remember the well-known distinction between *de jure* sovereignty (the formal right to make decisions) and *de facto* sovereignty (the availability of choices and the restricted or untrammelled ability of a state to choose). Brexit might not affect the UK's ability to select its friends and partners independently of EU policy constraints, but it might well reduce the UK's attractiveness as a diplomatic interlocutor, foreign policy 'ally' and commercial partner and, therefore, the practical availability of choices. The UK, outside the EU, would have to work hard to forge cooperative agreements and implement whatever policies emerged from the domestic arena. Importantly, it is economic and political power that counts, so whether the UK would be more powerful outside the EU is the crucial question, with the UK's ability to project that power essential to drawing relevant conclusions for political strategy. Nonetheless, the public's concerns about sovereignty are clearly important. The loss, confirmed by successive EU

treaties, of full formal sovereignty parallels an increased public sense of impotence, creating anxiety, further encouraged by arguably biased media and 'project fear'. Some participants argued that a pro-EU referendum outcome might actually encourage the UK government to boost commitment to integration, of course within the terms of the 2016 negotiation. Yet, deep-rooted Euroscepticism might well continue to weaken the UK's freedom of action in many fields.

Much of the debate on Brexit has been framed in terms of sovereignty (see Glendenning report page 7). This has clouded fundamental issues of foreign and security policy and international trade relations. Sovereignty does not necessarily equate with power and flexibility in political and commercial terms, and even in the security/defence nexus if Brexit implied autonomy of action for the UK, this would albeit be circumscribed by historical and geostrategic imperatives and a modified relationship with the US.

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## 4. Foreign Policy

There was concern at the tendency to consider foreign policy in a vacuum, ignoring its comprehensive nature and its varied expertise and instruments. Brexit would probably have less impact on foreign and security policy than on other issues in the broader debate. Most decisions in these areas remain within member state competence and many initiatives take place on a bilateral or mini-lateral basis. This could imply a later return to bilateral relations with erstwhile EU partners in the domain of foreign policy. It might make for a complicated agenda, difficult to manage if the UK were constrained to renegotiate a series of arrangements with EU member states. Yet, while the EU's main forum for foreign and security policy, the CFSP, might not be considered an outstanding success from a UK perspective, it is nonetheless part of a vital 'diplomatic alliance' for the UK; an alliance requiring re-invention were the UK to exclude itself or be excluded. The UK would have to rely on goodwill and short-term arrangements. It would be a '*demandeur*' with respect to CFSP and the major European actors within it.

A UK outside the EU might be able to align itself with a decision made by EU member states in the CFSP context, but alignment as a non-member with the Commission in terms of execution/implementation would be more difficult and clearly less effective. The administrative and decision-making implications of Brexit in foreign policy terms are thus crucial. In addition to losing access to key EU institutions and European foreign policy networks,

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the UK might initially struggle to build up the administrative and policy-making capacities to pursue an independent foreign policy in an ever increasingly complex international system, a point linked with the fact that most areas of EU policy are now deemed domestic policy. Such 'domestic' policies, albeit negotiated and coordinated in the EU framework, would fall after Brexit into the domain of foreign policy, thus adding a bureaucratic and administrative burden for which the UK may currently be unprepared, not least in terms of staff and training. These are not insurmountable issues, but they would require an extensive recruitment drive and training programme.

## 5. CFSP

In matters of foreign policy and security, the stark question arising from British withdrawal from the EU concerns whether the EU would be a serious actor on the world stage without the UK. Many regard the UK as an indispensable part of the EU's global strategic voice. The chances of the EU being a third pole in international relations would clearly be diminished without the UK. Without the UK, the EU would likely become less interventionist in international conflicts. Its ability to work within the framework of the Responsibility to Protect would be seriously undermined.

It is true that there is frustration in the UK and other member states, about the seeming inability of the EU to act as a unitary whole. Even at the UN the EU often amounts to less than the sum of its parts. It punches beneath its weight, and this explains why some member states have resorted to unilateral or mini-lateral action within and outside the EU framework, reinforcing the idea of sovereign flexibility of action. Would the UK be able to assume a pivotal position in world politics outside the EU? One fear is that third powers would accord it less importance than to the EU as a whole or other individual EU member states. In fact, the UK is not always a necessary guest at the table. The EU's response to the Russian

intervention in Ukraine is a case in point. The UK remained on the sidelines, watching German diplomacy lead the discussion with Russia.

Although it is not often recognised, the UK has been a strong supporter of the EU's common foreign and security policy (CFSP). Indeed, many of the EU's foreign policy successes can be attributed to British actions and suggestions. Moreover, it is difficult to identify any recent foreign policy issue in which the EU went ahead against the wishes of the British government. Instead, the UK has often leveraged the EU for its own foreign policy benefit. The British have notched up a number of successes in this respect: the Serbia-Kosovo agreement; the Iran deal; dealing with Somalia; and sanctions against Burma. It has also favoured a common EU approach on sanctions against Russia; human rights in China; and peace-brokering over Cyprus. British diplomats, like Catherine Ashton and Robert Cooper, have had significant personal influence. During a prolonged period of Brexit negotiation, the UK would be distracted. It would be less able to play a part in world affairs. Moreover, both the U.S. President and more recently President Xi of China have indicated that Britain would be less influential on the global stage if it were outside the EU.

Would the UK be able to assume a pivotal position in world politics outside the EU?



## 6. Security and Defence Policy

CSDP is arguably 'a dead duck' with enormous potential for revival. In terms of CSDP and general security concerns the short-term consequences of Brexit would be less problematic than other policy areas for both the UK and the EU. CSDP has not lived up to expectations in military terms. Some missions have proved of limited use, but the Battlegroup concept has not been markedly significant. It, like many other areas, is a work in progress. If the essential intergovernmentalism of CSDP could easily lend itself to post-Brexit bilateral arrangements, unlike in CFSP, implementation and execution of CSDP falls almost exclusively to the member states, rather than EU institutions such as the Commission. So the UK leaving the Union would have a greater negative impact on the EU's CSDP capacity than on UK defence policy and its ability to act independently. British military capabilities and experience are a vital ingredient in the CSDP and it would not be difficult to envisage the UK opting into CSDP missions, as has already happened in other cases. Underlying all this is the fact that in defence terms the EU lives in the shadow of NATO. This will remain central to the UK's defence and security policy and to CSDP, which relies on NATO in terms of planning and capabilities.

However, some have emphasised that the long-term impact on the Western Alliance could be disastrous. First, Brexit is a major worry for Europe's most important partner, the United States, for it could be interpreted as a signal of disunity among the Western allies, potentially exploitable

by adversaries. Second, the EU would lose one of its most important building blocks for the development of a strong European presence within the Western Alliance. Outside the EU, the UK might develop an interest in having the most important decisions taken in NATO rather than in the EU, and this could undermine the European effort to build up its own capabilities and capacity to act. It may also significantly affect the bilateral security efforts of France and the UK. France considers collaboration within the PSC on security essential for this relationship. Thus, moving this collaboration fully outside the EU might weaken the alliance and result in new tensions, given the uncertainty of the United States' commitment to European security. In the medium and long-term Europe will have no choice but to take on more responsibilities in its Eastern and Southern neighbourhood, even if Brexit might rob CSDP of much of its potential capabilities. The UK has obstructed further integration on security in recent years; and there is a strong argument for Germany therefore to step up; the implication potentially being more effort



put into building the strong foreign policy institutions that the UK government, avoiding the criticism of a supposed “European army,” has so far restrained. The ability of the UK to influence these developments would be severely limited outside of the EU.

As to the UK’s role in CSDP, it does not rely as much on CSDP in pursuit of defence goals. NATO would clearly remain a far more important locus of action. But Brexit could seriously harm the CSDP and the EU as a security actor, potentially questioning the US commitment to European security at a time of uncertainty and tension, not least in the European neighbourhood. Britain would remain relevant in defence terms after Brexit, but could be diminished in importance as it loses its influence in European policy-making.

## 7. Development Policy

The field of development aid is different, however. Aid is a long-standing EU foreign policy instrument, regarded as a European success in which the UK has played a significant role. The EU is in fact a multiplier of activity, and there is much co-operation/co-ordination between individual member-states and the Commission. This could be maintained and replicated after a Brexit, although it would add significantly to the UK's administrative burden mentioned above. In sum, though, from a funding perspective 'the EU would miss DFID more than DFID would miss the EU'.



Picture: Simon Davis/DFID

## 8. Trade

Some are concerned about the terms in which the UK's role as a trade power is currently discussed. There are two aspects to this concern. First, the issue is a subset of wider geostrategic issues. Second, trade matters are generally discussed in traditional terms of tariffs and physical barriers. Yet, international trade negotiations nowadays increasingly focus on market access and regulatory issues. Some point out that if the UK were to leave the EU, it would have to start from square one to renegotiate on a bilateral basis with many third countries in order to secure, or at least confirm, essentially the same benefits it already enjoys under existing EU trade agreements. Most trade liberalisation since the early 1990s has been achieved not directly under the auspices of the WTO, but through a large number of bilateral and multilateral Preferential Trade Agreements governing and increasing access to markets. The two currently most prominent of these agreements, both involving the EU, are the Transatlantic Trade and Investment Partnership (TTIP) with the United States and the Comprehensive Economic and Trade Agreement with Canada.

Thus, when supporters of Brexit highlight the ability of the UK to remain a WTO member after Brexit, it is nonetheless questionable whether the UK's membership in the WTO represents a viable alternative to EU membership. The real cost of Brexit might prove the loss of unimpeded access to many international markets and the (likely) reintroduction of trade barriers against the UK, at least

until newly negotiated deals emerge. The UK would still be an influential voice, especially on matters of financial regulation. On trade and investment, however, its bargaining power is likely to be diminished. Third countries would probably hesitate to strike independent trade deals with the UK, especially given large-scale trade negotiations can last several years. The TTIP negotiations already indicate the U.S. would probably not be willing to invest diplomatic effort and resources into renegotiating a parallel deal with the UK. In short, there is concern that, in the event of Brexit, the UK would be obliged to become a rule-taker instead of rule-maker, and there is no guarantee that the UK will pursue a more open trade policy outside the EU and the Single Market.

Although it is likely the UK would continue to apply the EU's common external tariff, there would likely be pressures on government to increase protection in various sectors. There are in fact numerous uncertainties in terms of international trade arising from a possible Brexit, not least the implication of having to renegotiate numerous agreements, over a long period of time, with no guarantees as to the outcome. Britain would likely retain a strong voice in financial terms, but its influence could be severely diminished in more general commercial terms.

## 9. Conclusions

The EU is more than a set of institutions and procedures which some hold to be dysfunctional. It is a diplomatic partnership almost impossible to replicate. Leaving would expose the UK to diminishing relevance to friend and rival alike.

Outside the EU, the UK would need to reactivate its bilateral relations with its former partners. And while the UK would be able to align itself with CFSP decisions, providing member states agree, it would not have access to EU instruments for policy implementation. Indeed, the UK might not currently enjoy adequate administrative capacity to deal with the breadth of foreign policy issues following a possible Brexit. In fact, foreign and security policy do not figure highly on the agenda of the Brexit debate, though trade issues are more prominent. Where they do figure is usually in terms of principles of sovereignty and autonomy of action, and then without much or any reflection on the practical implications of Brexit and the severe uncertainties and limitations which life outside the EU would bring. If Britain votes 'no' in the referendum, and thus to leave the EU, the latter will not collapse as a direct result. The survival of the EU is in the overwhelming interests of the other member states; there are no strong players in the foreseeable future for whom its breakdown would be the highest preference. Thus, a British 'no' vote creates an agenda for the kind of relationship the UK will have with a continuing system possessing significant economic and political clout.

An EU minus the UK might be less NATO-friendly and more willing to develop separately, much to the chagrin of the US.

Brexit appears alongside numerous other geopolitical and domestic challenges faced by the EU. The rise of domestic terrorism; the issues posed by jihadism in the Middle East; and Russia's aggressive policy are each a major threat to the EU. Having Britain outside the EU would just add pressure and complicate the approach to these issues. With Britain outside, the EU's international influence would be re-structured. The EU would lose its strongest voice in Washington, clearly to the detriment of European interests. Indeed, an EU minus the UK might be less NATO-friendly and more willing to develop separately, much to the chagrin of the US. And Britain is the one European power that understands the dynamics of East Asian politics. The EU will lose an important ally there if Brexit occurs.

## Participants List

First	Surname	Title
Mr Stephen	<b>Booth</b>	Co-Director, Open Europe
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Dr Claire	<b>Chick</b>	Head of Defence FrancoBritish Council
Sir Brian	<b>Crowe</b>	Former British Ambassador and former Adviser to HR Javier Solana
Dr Oliver	<b>Daddow</b>	Senior Lecturer, Nottingham Trent University
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Prof Christopher	<b>Hill</b>	Sir Patrick Sheehy Professor of International Relations, Sidney Sussex College, Cambridge University
Dr Ariella	<b>Huff</b>	Foreign Affairs Committee Specialist advising on the Committee's current EU inquiry
Mr Michael	<b>Johnson</b>	Adviser on International Trade Policy
Mr Hans	<b>Kundnani</b>	Senior Transatlantic Fellow German Marshall Fund
Prof Adam	<b>Lazowski</b>	Professor Westminster University
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<b>First</b>	<b>Surname</b>	<b>Title</b>
Lord Christopher	<b>Tugendhat</b>	Member of the House of Lords EU Select Committee and also Chairman of its External Affairs Sub-Committee, former Vice President of the European Commission
Mr Nick	<b>Witney</b>	Co-Director of European Power Programme, ECFR
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