

# Brexit – A Critical Audit in the Cold Light of Day

Iain Begg



## ABOUT THE AUTHOR



**Iain Begg** is a Professorial Research Fellow at the European Institute, London School of Economics and Political Science. His main research work is on the political economy of European integration and EU economic governance. He has directed and participated in a series of research projects on different facets of EU policy and was a Senior Fellow on the UK in a Changing Europe initiative. His recent work has focused on the future of the EU's finances and on the recasting of fiscal frameworks in the UK and at European level.

He has served as an expert witness or specialist adviser on EU issues for the House of Commons Treasury Committee, the House of Lords European Communities Committee and the European Parliament. He is a frequent contributor to international conferences on EU economic policy issues and is regularly solicited for interviews by journalists.

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# Brexit – A Critical Audit in the Cold Light of Day

## SUMMARY AND KEY MESSAGES

**B**rexit has been a decade-long process rather than discrete events, and has had enduring effects on the UK economy and society, as well as affecting former partners in the EU.

While there is a broad consensus that the macroeconomic impact has been damaging to both sides, the incidence of Brexit on households, social groups and different economic sectors has been uneven. Overall, it has affected the UK more than the EU: an extensive study by Germany's IFO Institut projected that the negative economic impact on the UK would be five times greater than on Germany, and minimal for Austria and Slovenia.

This paper distinguishes between three broad categories of consequences of Brexit: economic, social and governance related. It starts with an overview of what was expected from Brexit, contrasting the 'project fear' narrative of the remain campaign with the promises of the leave campaigns about opportunities for re-orientating the UK economy towards more dynamic partner countries, curbing inflows of migrants and enabling better regulation.

The economic dimension covers aggregate economic performance, the ramifications for the public finances and the evolution of trade. It also draws attention to how remittances, important for poorer EU Member States, have evolved. Major influences include how the reimposition of non-tariff barriers (for example, product certification, veterinary and phytosanitary controls and customs controls) have deterred smaller businesses on both sides of the English Channel.

The changes in migration are central to the social impact of Brexit and have had indirect effects which bear on family life. Despite a switch from a net inflow to a net outflow of EU nationals, UK immigration surged in the aftermath of Brexit because of inflows from other parts of the world.

Hard data on how Brexit affected different social groups are scarce, but qualitative information provides many insights. Studies point to determinants, such as the relative increase in food prices, or the (re-)imposition of controls on residence as factors behind adverse outcomes. Polish evidence suggests that even for those established in the UK, Brexit prompted a rethink which led many to return.

Family disruption occurred in both the EU and the UK, especially where a household was composed of EU and UK citizens, and was accentuated by uncertainty about post-Brexit entitlements and policies. Studies in Germany, Spain and France found that the incidence of Brexit was felt more by those considering moves to the UK than those already settled, an example being a sharp fall in internships offered to French youths by UK employers.

Net inflows of migrants from the EU into the UK peaked in 2015, the year before the referendum, and became net outflows in the wake of the pandemic, but inflows from the rest of the world saw immigration treble after 2020. The post-Brexit regime meant that EU citizens in low paying jobs were more acutely affected. More broadly, there are conflicting views on whether Brexit resulted in a change in median wages.

Despite expectations that regulatory ‘freedom’ would enable the UK to recast controls on businesses and citizens, relatively little has changed, although a study by the French Cour des Comptes identified future regulatory divergence as a likely source of tension between the two sides.

Governance changes are most pronounced for young people, with EU students now obliged to pay the higher ‘foreign’ fees at universities and the UK withdrawal from the Erasmus programme limiting youth mobility. Such mobility has emerged as a priority for the EU side in the follow-up to the May 2025 ‘reset’ of relations between the two sides. Since 2020, UK citizens travelling to the EU have been unable to use e-gates at ports of entry, whereas EU citizens have been allowed to do so on entering the UK; after successive delays, a firm timetable for correcting this asymmetry is now in place. Constraints on performance artists from the UK also stemmed from Brexit.

The distinctive position of Northern Ireland became a cause célèbre because of unintended consequences, causing particular upset to the Unionist community who bemoaned a de facto border in the Irish Sea. The negotiation of the Windsor Framework in 2023 attenuated, but did not fully resolve, this governance challenge.

Those most adversely affected by Brexit include small businesses, younger people, migrants and, to some extent, poorer households. Other groups experienced comparatively little disruption, except as a result of relatively weaker economic performance. Some EU countries have been able to capitalise on Brexit, for example by attracting mobile investments or ‘digital nomads’, keen to benefit from full access to the EU.

Politically, a degree of ‘buyer’s remorse’ is visible among UK voters, with polls now favouring ‘remain’ – an example of a group is farmers, who had been in favour of Brexit, but would now vote remain after being disappointed at how they were affected. There is no realistic prospect of a bid by the UK to rejoin, but faced with daunting geo-political challenges, both the EU and the UK now recognise the need for a more constructive and close relationship.

## INTRODUCTION

**B**rexit is complicated and subject to great uncertainty. At a macroeconomic level, there is a degree of consensus that it has had a cost in reducing economic growth and inhibiting trade between the EU and the UK. However, within these parameters, it is far from obvious which sectors, social groups, localities or regions, or households have been most or least affected. Brexit is also a process rather than a discrete event lending itself to a simplistic 'before' and 'after' analysis. The May 2025 'reset' – though light on immediate changes – is the latest of a series of steps in the process.

The different effects of Brexit can broadly be summarised under three overlapping main headings which are used to structure the present paper, all of which bear on any calculus of who 'wins' or 'loses' from Brexit. Starting with the economic dimension, the main consequences stem from how Brexit has affected economic growth which, in turn, result from the changes wrought in trade relations and the trajectory of investment, all with ramifications for the public finances. Social, the second heading, encompasses the impact of Brexit on different social groups, on migrants and mobile workers, and on familial relations.

Governance, as a generic heading, is the third. It embraces choices about regulatory matters, the political economy of managing the evolution of the UK-EU relationship and various distributive matters. Some of the changes emanating from Brexit can be quantified, although the effects of other major sources of socioeconomic change in the years since the 2016 referendum (and there have been many) complicate any estimations. Other consequences of a more qualitative nature are also important.

Throughout, a distinctive aim of this paper is to assess how households have been affected. It starts by recalling what voters were confronted with in the referendum, then analyses the three categories of effects delineated above. Concluding reflections on Brexit complete the paper, focusing notably on uncertainties and the likely influence of key trends, ranging from climate change to geopolitical and security concerns on the 'greater European region' in the world.

## EXPECTATIONS OF BREXIT

**N**arratives around what leaving the European Union would mean for the UK overall, for its economic prospects and for different social groups were both contested and contradictory. Who wanted Brexit and who did not was widely analysed before and after the 2016 referendum and some of the stances taken can look misguided in the light of subsequent developments. Polling by Lord Ashcroft<sup>1</sup>, conducted immediately after the referendum, showed the complex patterns of voting, some examples being:

- Younger people were for remain, older age groups for Brexit
- England and Wales (more narrowly) were for Brexit, while Scotland (emphatically) and Northern Ireland (also narrowly) were against
- Voters in London, especially, and other large cities preferred to remain; those in smaller towns and rural areas wanted to leave
- Those with higher education wanted to remain, while those with only secondary education opted for Brexit
- The more professional socioeconomic groups (A and B) were for remain, C1s were evenly split, but nearly two in 3 of the C2s, D and E groups were against
- White people and those professing to be Christian were for Brexit, while those of Asian or black heritage were for remain, as were seven in ten Muslims.

Other studies have fleshed out the reasons for the result. Drawing on research over many years prior to 2016, Clarke, Goodwin and Whiteley (2017) review a plethora of explanations for a vote in which the electorate rejected the advice of the government, the opposition, a substantial majority of Members of Parliament, business leaders and many trade unions. They range from disaffection about economic trends, concern about immigration and regaining sovereignty, to the influence of an effective populist party (UKIP). There are also examples of groups voting against the advice of organisations or employers. Prior to the 2016 referendum, the National Farmers Union Council had voted to support remain, but did not campaign on the matter: a majority of farmers voted 'leave'. In Sunderland, home to the giant, successful Nissan factory, nearly 70% of voters were for Brexit, despite the warnings issued by the company.

On the 'remain' side, dire warnings – pilloried as 'project fear' by Brexiteers – were issued about the likely economic damage, including from the Treasury (2016). It published projections suggesting a sharp rise of half a million in unemployment and up to 800,000 in a more 'severe shock' scenario, and a fall in GDP of 3.6% to 6%. Higher inflation and a fall in the value of the pound were also projected and the projections indicated that GDP per household would be £4,300 lower after 15 years and thereafter.

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1 Lord Ashcroft, 'How the United Kingdom Voted on Thursday... and Why', *Lord Ashcroft Polls*, 24 June 2016, <https://lordashcroftpolls.com/2016/06/how-the-united-kingdom-voted-and-why>.

The Brexit campaigns (there were two) were dismissive of these claims while being sanguine about the opportunities for the UK to realign its international economic relations towards more dynamic parts of the global economy and to escape from the perceived excessive regulation emanating from 'Brussels'. A highly dubious claim was that £350 million a week to be spent on the National Health Service (NHS) would be generated by no longer having to pay into the EU budget, conveniently overlooking EU payment to the UK under various headings, let alone the wider benefits of being part of the EU single market. Brexiteers also promised fewer EU workers, suggesting this would provide opportunities for indigenous workers.

## THE ECONOMIC DIMENSION

**A**lthough a vast amount of work has gone into analysing the economics of Brexit, the evidence is varied and subject to critiques on both methodological and (sometimes) ideological grounds. The direction of change can, much of the time, be assessed with some confidence, but magnitudes and timing are far harder to judge. Nevertheless, a broad generalisation is that both sides will have seen lower GDP growth as a result of Brexit compared with continuing UK membership of the EU. A possible benchmark value, though many will dispute it, is the calculation by the Office for Budget Responsibility (OBR), in the assumptions behind its forecasts<sup>2</sup>, that UK GDP will be around 4% lower than it would have been over the fifteen years from 2016-2030, had the UK stayed in the EU. In its March 2025 fiscal assessment, the OBR (2025) also notes that the continuing impact of Brexit is expected 'to reduce the overall trade intensity of the UK economy by 15 per cent in the long term'.

Estimates of the loss of growth from Brexit are both diverse and contested. More extreme values for the effect on GDP range from the sizeable relative losses calculated by researchers from the Centre for European Reform to the sanguine figures produced by researchers associated with the Institute of Economic Affairs (which favoured Brexit). The GDP loss has to be understood not as an actual loss, but a 'counterfactual' relative to remaining in the EU.

An attempt by Springford (2025) to synthesise research on the economic impact of Brexit on the UK also finds that GDP is lower than it would have been by four percentage points. He infers that this arises because of lower business productivity growth (somewhat questionable, given that productivity performance has been especially weak in the public sector, notably the NHS which should be less susceptible to trade effects). Springford also notes that the most that can be expected from trade deals concluded with other parts of the world since Brexit will only raise GDP by 0.2% in the long run, while the limited trade deal with the US might add a further 0.15%.

Arriving at a credible socio-economic breakdown of the effects of Brexit is far from easy. In the immediate aftermath of the Brexit referendum, many studies sought to extrapolate from macroeconomic trends to individual impacts, albeit with questionable success. In addition, the effects of Brexit interacted with two profound economic crises: the sharp fall in GDP in 2020

<sup>2</sup> Office for Budget Responsibility, *Office for Budget Responsibility: Economic and Fiscal Outlook*. March 2025 (2025). 'PDF', n.d., accessed 23 October 2025, [https://obr.uk/docs/dlm\\_uploads/OBR\\_Economic\\_and\\_fiscal\\_outlook\\_March\\_2025.pdf](https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_March_2025.pdf).

resulting from dealing with the pandemic and the surge in inflation after the economic bounce-back of 2021 which led to more restrictive macroeconomic policies. Lacklustre economic growth since Brexit has manifestly affected most households, social groups and regions of the UK adversely. For the EU, geographical proximity is a crucial variable. Broadly, the incidence of loss and gains reflects a number of drivers of economic circumstances. They include:

- The sector of the economy in which workers are employed or on which they depend for transfer payments
- The evolving level and composition of net migration, not least the poorly predicted surge in immigration from origins other than the EU
- New obstacles to exports, especially non-tariff barriers, disproportionately affecting small businesses for which the additional administrative costs could be prohibitive
- The relative stagnation of the UK's largest export market (the EU) and the limited success of the UK government in striking new trade deals which might have offered additional opportunities
- Public expenditure constraints which limited public investment and initiatives to support farming and regional development that were somewhat less generous than the EU schemes they sought to replace.

A common theme, be it in the many studies of Brexit's expected and actual effects on the UK, or exercises undertaken in EU countries, such as France and Germany, is that a 'harder' Brexit, (with higher barriers between the two sides) would have a greater negative effect than 'soft' Brexit. It became clear soon after the referendum that no serious planning for leaving the EU had been undertaken by the Cameron government and that the UK side lacked a stance on whether a hard or a soft Brexit was desirable. Theresa's May's oft-repeated statement that 'Brexit means Brexit' hardly provided guidance. The EU side strongly resisted what came to be known as 'cherry-picking' by the UK of the bits of EU membership it favoured or Boris Johnson's 'cakeism': having your cake and eating it (Barnier, 2022; De Rynck, 2023).

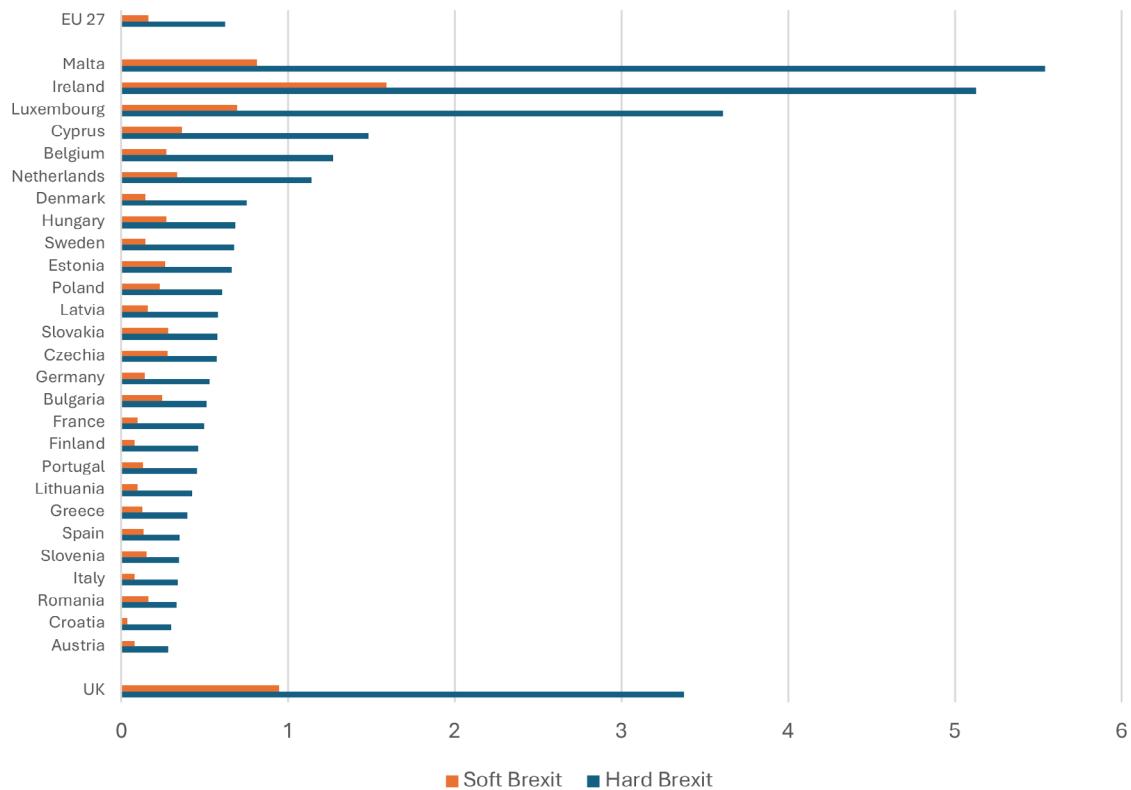
The deal eventually agreed in the Trade and Cooperation Agreement (TCA), reached at the end of 2020 is somewhere in the middle between 'soft' and 'hard', with no formal trade barriers, but the reimposition of a range of border restrictions. This conjunction is bad for small firms and the self-employed, because they lack the capacity to administer more complex demands (Freeman et al., 2024). A recent study found a pronounced increase in the proportion of SMEs (nearly two thirds) that would now vote remain, whereas barely half did in the referendum.<sup>3</sup> The primary reason is that Brexit damaged their profits.

An IFO study for the German government suggested that the loss of GDP (again, a counterfactual, not a loss in absolute terms) would be of a similar order of magnitude for the UK and the EU, but since the latter is an economy around six times as large, the *relative* effect on the UK is far greater (Flach et al., 2022). The same study projected that a 'hard' Brexit would lead to losses three to four times as great as a 'soft' Brexit.

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3 'Two-Thirds of Small Businesses Would Now Vote Remain after Profits Hit by Brexit', *The Independent*, 30 June 2025, <https://www.independent.co.uk/news/business/brexit-small-businesses-profit-sme-regulations-b2779494.html>.

**Figure 1.** Projected GDP loss from Brexit by Member State, %



Source: Flach et al. (2022).

A broad overview of the effects on all 27 EU Member States and the UK is shown in Figure 1 which distinguishes between the effects of a hard and soft Brexit. It is a modelling exercise, conducted before the TCA was agreed and should not be interpreted as forecasts.

Looking at job losses or gains can be a useful shortcut for assessing the effects of Brexit in different economic sectors, potentially translating into social and household impacts. Moberly and Stehn (2024) examine the labour market impact and find, on the one hand, that the non-EU migrants tend to be better qualified and may, therefore, contribute to future productivity increase and economic growth. On the other, the fall-off of lower skilled EU migrants has accentuated vacancies in sectors subject to cyclical demand and may, as a result, have aggravated inflationary pressures.

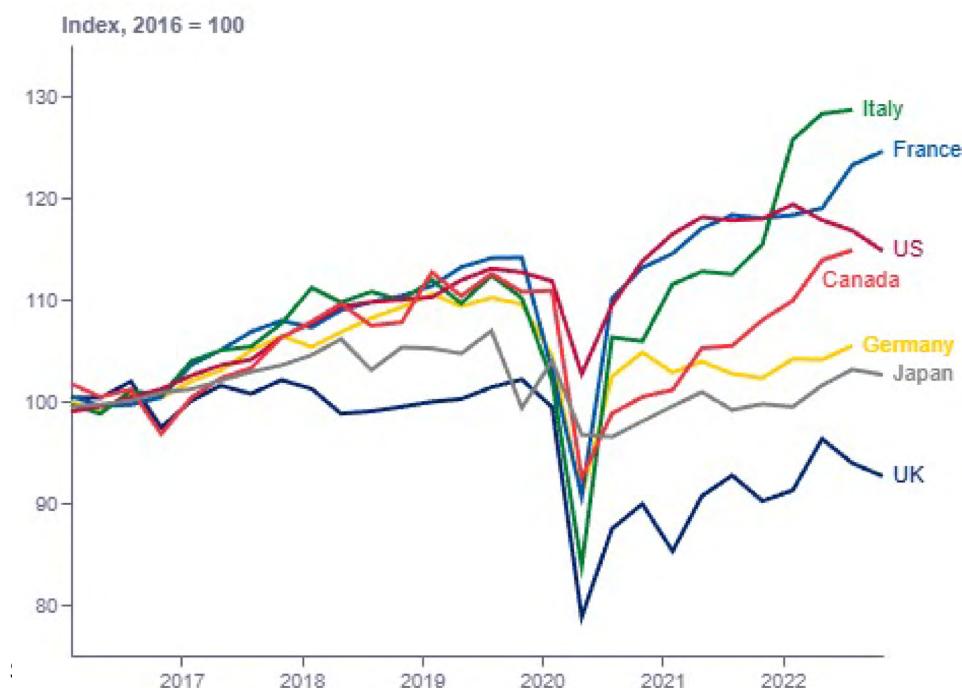
Gains or losses evolve as a result of deals and new circumstances. Work on financial services by Hall and Heneghan (2023) finds that the number of jobs lost from the UK to other financial centres has been much lower than predicted, but they also point out that aggregate employment in financial services stopped growing after Brexit. Most recently, the recognition in Europe of the need to boost military spending to counter Russian threats presages gains for those who, loosely, are involved in defence-related activities. Clearly, restored border controls and other administrative restrictions affect households on both sides whose livelihoods are most closely linked to markets on the other side.

Because the source of many of the effects of Brexit is economic changes, most of which were expected to be negative and (generally) proved to be so, a more detailed look at their messages is warranted. Assumptions underlying the various estimates, often reflecting the stance of the authors on the case for Brexit, complicate matters by making it tricky to separate any implicit bias from objective calculations. Even the methodologies employed have attracted critical comment from this perspective.

First, the direction of the changes induced by Brexit was widely forecast to be damaging to both the UK and the EU27, but more concentrated in the former. However, on the EU side a number of factors give rise to marked differences in the effects. 'Gravity', the relative geographical proximity of an EU Member State to the UK, has been shown empirically to matter. The underlying mechanism is the relative intensity of trade: for proximate neighbours, (notably Belgium, France, the Netherlands and, most so, Ireland), the UK imports a markedly higher share of their exports than several of the countries of central and eastern Europe (see below). Historic ties, for example for Cyprus and Malta, are a second explanation and the composition of exports, including of supply chains, is a third.

Poor UK productivity is, in part a result of weak business investment. Although the referendum result was in a period of relative upturn for the UK economy during which there was a gradual improvement in investment, it fell away during the pandemic (Figure 2) and, from the perspective of international comparisons, the UK has had a poor trend relative to other G7 members.<sup>4</sup>

**Figure 2.** Business investment in G7 countries since 2016



Source: Haskel and Martin (2023).

4 This chart shows **changes** in business investment after 2016, not **levels**.

## Selected EU countries

The wide-ranging IFO study for Germany, largely completed in 2020 (before the TCA was concluded at that end of that year) examined trade links (Flach et al., 2022) with the UK, including the consequences for different manufacturing sectors. On the whole, its estimates were (from a German perspective) fairly reassuring. Clearly, though, the German economy has since faced stronger headwinds as a result of the rapid reduction in dependence on Russian gas, associated with the invasion of Ukraine. Table 1 shows the breakdown by industry of the projected effects, distinguishing between a hard and a soft Brexit. The potential losses under a hard Brexit for major German exporting sectors, such as motor vehicles and chemicals stand out, although the effect on another key exporter, mechanical engineering, is more moderate.

**Table 1.** Effect of Brexit on German manufacturing industries: loss of value added, %

Industry	Hard Brexit	Soft Brexit
Pharmaceuticals	0.74	2.24
Plastics	1.21	0.48
Basic metals	0.35	0.12
Food, tobacco	1.02	0.36
Processed Metals	0.76	0.20
Textiles and leather	0.58	0.92
Electrical Goods	1.09	2.23
Wood products	0.66	0.03
Electrical Machinery	0.04	0.08
Paper	0.80	0.23
Mechanical engineering	0.23	0.19
Printing, media	0.41	0.44
Vehicles	1.39	0.04
Other transport equipment	0.65	0.95
Chemicals	1.09	0.58
Furniture and related	0.05	0.56

Source: Flach et al. (2022), based on the ifo-Simulationsmodell; WIOD.

Note: The table shows the change in Germany's sectoral value added in the industry.

Estimations undertaken by Bardt et al. (2024) portray Brexit as a cautionary tale of what not to do. They find that a German exit (*Dexit*) from the EU would, in its first five years, result in a loss of GDP of 5.2% (again a counter-factual of staying in the EU, not necessarily an actual decline) and 2.5 million fewer jobs. In some instances, the economic effect of Brexit arose rapidly after the referendum. A 'shock index' compiled by the Italian-based [The Smart Institute](#) recorded adverse trends prior to Brexit, but a modest improvement in 2021: lower trade volumes in goods and services were offset by higher direct investment flows in both directions.

In his many discussions with Angela Merkel, David Cameron had hoped she would be supportive of some of the reforms he hoped to extract from the EU; Although she was dismayed by his decision to withdraw the Conservative Party from the centre-right EPP group of European parties, more generally, as James Kirkup wrote in 2018<sup>5</sup>, Cameron misread her intentions. Many in the UK had expected Germany to be more accommodating because of the concerns of its major exporters. Elmar Brok, a prominent German member of the European Parliament, in a speech at Cardiff University in 2018<sup>6</sup>, debunked the view that big German companies such as BMW would lobby Germany's leader for a good outcome for the UK. Germany, he said, 'will not; they will stick with the solidarity of the European Union and BMW has the same opinion'. He went on to assert 'the integrity of the single market is more important for us than anything else. There should be no hope that Germany because of this industry or export interest will fall out of the solidarity of the European Union'.

In France, the Cour des Comptes (2023) conducted ambitious research. The study considered the long time elapsed between the 2016 referendum and the full reimposition of a border to have been fortuitous in avoiding major problems. Had the initial date of March 2019 been adhered to, shortages of customs officers, vets and technicians could have created blockages. Reduced movement of people and goods associated with the pandemic also proved to be helpful in lessening problems.

The Cour des Comptes report mirrors UK analyses in identifying smaller French businesses and certain sectors as being most adversely affected by additional costs associated with Brexit. It cites evidence that French boats fishing previously in UK waters incurred costs of up to 30% of turnover. Plainly their UK counterparts were also dismayed by the settlement in the TCA and also found that new controls made the export of perishable products harder. Despite concerted attempts by national governments to lure financial services from London to their financial, the out-turn has – to date – been disappointing. The Cour de Comptes report states that efforts to attract companies relocating from the UK, involving specialist support and tax advantages, resulted in 'real but limited gains'.

Ireland, well aware of its vulnerability, sought to re-orientate its exports away from the UK to other EU countries, helped by private initiatives to develop new transport links to French ports. According to MacDomhnaill (2025) 'Ro-Ro' ferry cargo volumes between Ireland and France rose by 88% between 2013 and 2024, alongside a 60% drop in traffic from Ireland to the UK intending to use the direct link (via the Channel Tunnel). One explanation is that congestion at UK ports had worsened because of more extensive document checks and other border controls. This shift provides economic benefits for the French regions of Brittany and Normandy where the main ports are located. He also draws attention to the (possibly surprising) externality that this diversion enables a 30% drop in carbon emissions because sea transport is more energy efficient than the 'land bridge' across the UK.

5 James Kirkup, 'How Cameron's Misreading of Merkel Led to Brexit', *The Spectator*, 1 November 2018, <https://www.spectator.co.uk/article/how-cameron-s-misreading-of-merkel-led-to-brexit/>.

6 Brexit & the European Parliament - Elmar Brok MEP, directed by Cardiff University, 2018, 33:25, <https://www.youtube.com/watch?v=m4C8ntopNUo>.

A sense of whether Sweden would be affected can be gained from a study by the Stockholm Chamber of Commerce (Stockholms Handelskammare, 2025) which found that although imports of goods from the UK had fallen by 9% between 2020 and 2023, imports from the rest of the EU had grown by 13.5%. This conjunction leads the authors of the report to assert that there is no systematic decline in imports of goods, but to infer that Brexit is the cause. Swedish exports of goods to the UK grew after 2019 and the report also found that imports of services from the UK had grown substantially, driven by fees for intellectual property rights. The Swedish example, while only for a short period, points to sizeable reorientation of the country's trade with the UK, associated with Brexit.

## Brexit and the public finances

The trajectory of any economy has a powerful effect on public finances for the simple reason that a growing economy generates more tax revenue (other things being equal) and will tend to reduce some forms of public spending, especially on welfare. Lower economic growth has the opposite effect and, given the negative effects on economic growth of Brexit on both the EU and UK, its direct effect on the public finances can be assumed to be negative.

Brexit also gave rise to public expenditure to enable the transition to the new relationship. Border infrastructure had to be recreated, and additional staff appointed to deal with reintroduced formalities and checks. On the EU side, the incidence of these costs was bound to be higher for those Member States geographically closest to the UK. The Cour des Comptes (2023) report has some examples, such as the need to extend parking spaces at frontier posts where administration takes longer, as well as an increase in transaction costs for French SMEs from 1.8% of their value for EU Member States to 9.9% for post-Brexit UK. Airports in destinations throughout the EU will have had to deploy additional staff to offset (even if only partly), the additional burden of UK nationals obliged to switch from e-gates to wet-stamping of passports.

To facilitate adjustment to Brexit by EU member States, the EU set up a fund – the Brexit Adjustment Reserve (BAR) – allowing companies, especially SMEs, to obtain grants aimed at mitigating negative effects on their viability. In practice, across the board, the BAR had been used much less than foreseen and has seen its funding redeployed to other priorities: an initial provision of €5.5 billion has already been halved. A Commission webpage<sup>7</sup> notes that although there is both considerable flexibility in its governance and fewer restrictions than other EU programmes, 'numerous Member States have been struggling with setting up national measures with a clear direct link to Brexit'. An evaluation of the BAR is not expected before 2027.

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<sup>7</sup> European Commission, 'Brexit Adjustment Reserve - Performance', accessed 23 October 2025, [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/brexit-adjustment-reserve-performance\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/brexit-adjustment-reserve-performance_en).

Unsurprisingly, given its exposure to the UK, Ireland, was allocated the highest share of the BAR funding and has a comparatively high take-up, especially for coastal areas and fisheries, according to the Irish government's Department of Public Expenditure.<sup>8</sup> A Swedish expert consulted observed that Swedish business had shown negligible interest in applying for support from the scheme. Similarly, little use was made elsewhere of the BAR, for example in France.

The sharp reduction in UK contributions to the EU budget, especially after the main elements of the so-called 'divorce' payment declined after 2022, meant that other Member States had to pay more. Despite its entitlement to a rebate, the UK was always a net contributor to the EU and, after the transition year of 2020, paid relatively high amounts (there are differing estimates, as explained in a UK Parliament briefing note)<sup>9</sup> in 2021 and 2022 to meet delayed payments from the EU's 2014-20 multi-annual financial framework. Only relatively little was paid in subsequent years which is when the remaining Member States had to contribute more to make up the difference, because the EU's multi-annual expenditure plans were not adjusted downwards in aggregate.

Disruption associated with changes in the EU's finances has affected cooperation between border regions in England and their counterparts, especially in France. The INTERREG programme of cooperation in the so-called North Sea 'macro-region' has been weakened, with some reallocation of budgets. Cooperation between Cornish and Breton fishers has been observed, yet the fishing deal as part of the TCA saw the de-commissioning of 3% of the French fleet, half being boats from Brittany. The owners were compensated, but the impact on a way of life was significant.

Other changes in the funding of EU programmes had effects. Scientists on both sides bemoaned the initial exclusion of the UK from the Horizon research programme – since reinstated. In the UK, successor programmes to EU farm support, regional development and social cohesion programmes have faced criticism for being less well funded, as well as imposing new administrative hurdles. One very specific criticism is of reduced support in Northern Ireland for victims of women and girls afflicted by violence (Wright et al., 2024). They blame the loss of funding from the European Social Fund and of data sharing, leading them to assert that 'Brexit is a women's rights issue'.

## Trade patterns

One of the central promises of Brexit was that it would enable the UK to unshackle itself from the stagnating EU economy and allow it to strike ambitious new trade deals with other, more dynamic parts of the world. In practice, little progress was made in the early years of Brexit: new deals (as opposed to those 'rolled-over' from deals the UK was party to as an EU member) were limited to Australia and New Zealand, neither of which trade much with the UK. While the arrangements negotiated with the Trump administration to spare the UK from the even higher tariffs imposed on the EU could not have happened without Brexit, they remain a political commitment rather than a comprehensive trade deal.

8 'The Brexit Adjustment Reserve', Gov.ie, accessed 23 October 2025, <https://www.gov.ie/en/department-of-public-expenditure-infrastructure-public-service-reform-and-digitalisation/policy-information/the-brexit-adjustment-reserve>.

9 European Scrutiny Committee, 'Brexit Divorce Bill and UK Participation in EU Programmes: How Much and Who Pays?' House of Commons, accessed 23 October 2025, <https://publications.parliament.uk/pa/cm5802/cmselect/cmeuleg/815/81504.htm>.

## Trade with Germany and the consequences of Brexit

As a primary mechanism connecting economies, flows of trade in goods are revealing about the likely direct impact of Brexit on EU countries. For the great majority of them, Germany is their most substantial export market, accounting for more than a quarter of the exports in 2023<sup>10</sup> of Czechia, Austria, Poland, Malta, Hungary and Luxembourg. For nearly all EU countries, exports to Germany vastly exceed those to the UK, with an (unweighted) average share going to Germany some 4.6 times that going to the UK. Only Cyprus and Ireland count the UK as a more important market, whereas for the likes of Austria, Romania and Slovenia, the ratio is over ten.

For all but Cyprus, Ireland, Malta and, to a lesser extent, the Netherlands, the UK is a relatively marginal supplier of their imports, accounting for at most 2.5% of the imports of as many as 21 EU Member States; indeed, Austria imports 15 times as much from Germany as from the UK. The UK is, however, a major exporter of services<sup>11</sup>, notably those aimed at finance and business clients. For the most part, services trade was not covered in the TCA.

Nevertheless, investigation by the German Chamber of Commerce and Industry (DIHK) revealed that Germany's exports to the UK fell by 14% between 2016 and 2022, taking the UK from 5<sup>th</sup> to 11<sup>th</sup> place as a trade partner. The same study showed that German investment in the UK over the same period fell slightly more, by 16% and that 5% fewer German companies were active in the UK.<sup>12</sup> Perhaps reflecting the recovery from the crises of 2020-23, by 2024 the UK was back to being ranked sixth according to Trading Economics<sup>13</sup> – slightly above Italy, and only a little higher than Austria (a much smaller economy) in eighth position.

## Understanding what Brexit changes

On both sides of the English Channel, the effects of the post-TCA trade regime include higher costs of trading and delays attributable to regulatory burdens, leading to reduced trade, and disruption of supply chains causing higher costs and shortages of inputs. In addition, there are legal uncertainties resulting from the various gaps in the TCA and other agreements. An extreme case was Northern Ireland, although it has been partly resolved by the Windsor Framework, negotiated in 2023.

The UK's trade performance since Brexit has been lacklustre. As Figure 3 shows, there is little discernible change in the direction of trade in goods, with exports to both the EU and non-EU trending downwards since the referendum and following very similar paths. UK imports, by contrast

10 Based on the COMTRADE database.

11 Data on bilateral trade in services are not available in as much detail as trade in goods.

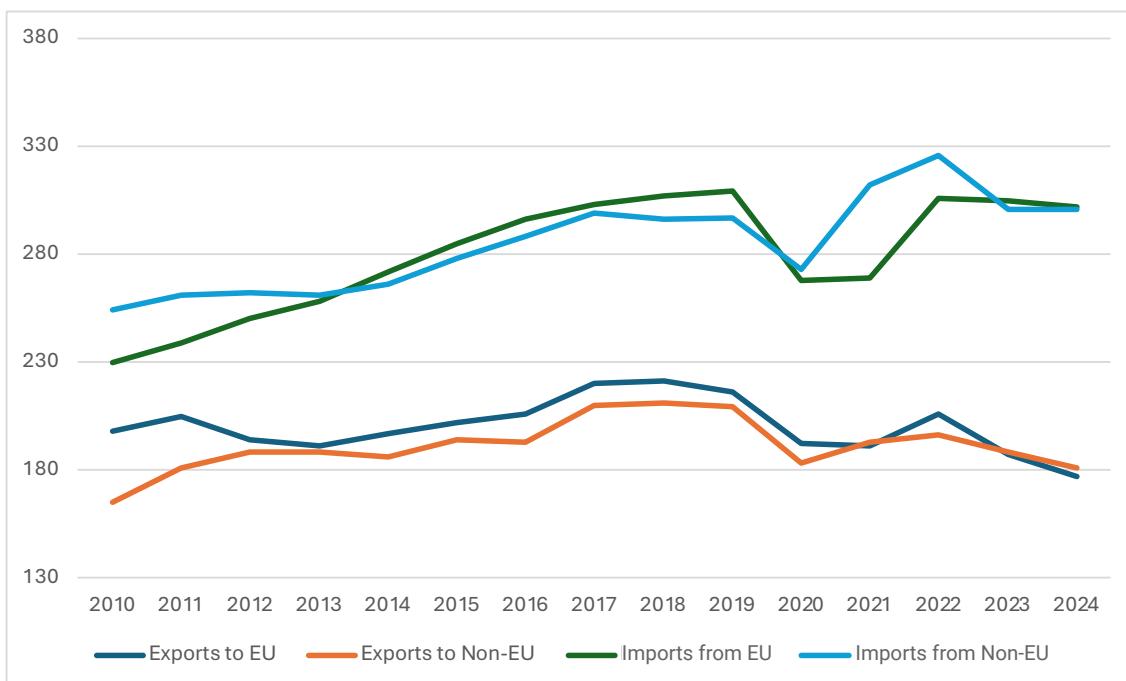
12 'Brexit an "economic Disaster" for UK and German Trade, German Economists Say', Reuters, 22 June 2023, <https://www.reuters.com/markets/brexit-an-economic-disaster-uk-german-trade-dihk-2023-06-22>.

13 'Germany Exports By Country', Trading Economics, accessed 23 October 2025, <https://tradingeconomics.com/germany/exports-by-country>.

are well up since the start of the 2010s and have recovered from the decline during the pandemic. The sectors accounting for the biggest shares of UK exports of goods in 2024 were machinery and transport equipment, and chemicals (as part of which pharmaceuticals are a major contributor). These two sectors also have the highest shares of UK imports, but with 'food and live animals' a close third. This last category has a relatively small share of UK exports and fell in real terms by around one sixth between 2019 and 2024; whether this is a direct result of the trade restrictions resulting from the TCA is an open question.

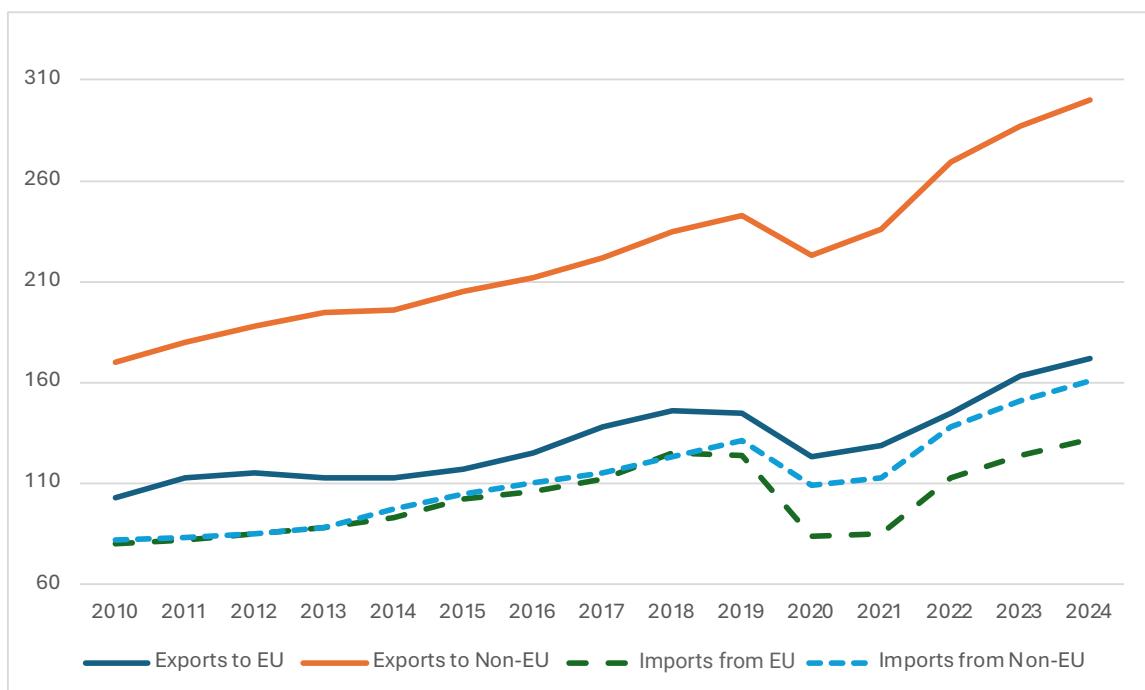
Part of the explanation is that, as manufacturing has fallen as a share of the UK economy, its exports of services have grown, especially to non-EU (figure 4). Since 2010, UK exports of services to the EU have risen by 70% in real terms and by 76% to non-EU. Over the same period, imports of services have nearly doubled from non-EU and have increased by around 65% from the EU. The strong UK trade performance in services goes some way to mitigate the relative decline in trade in goods. The sectors accounting for the biggest share of UK service exports by 2024 are other business services, financial services and what could be called 'digital' – a category covering telecommunications, computer and information services. Travel, other business services and transport are the principal imports.

**Figure 3.** UK trade in goods, real terms, £billions at 2022 prices



Source: Office for National Statistics.

**Figure 4. UK trade in services, £ billions at 2022 prices**



Source: Office for National Statistics.

Evidence on types of firms shows that smaller exporters have been most adversely affected by Brexit. A briefing paper by Novy et al. (2024: 12) finds that the trade regime introduced by the TCA 'primarily hurt smaller firms, whereas large exporters were able to adapt to the new trading environment and maintain their export levels. More worrying for the UK is that many small firms have stopped exporting'. Novy et al. (2024) cite HMRC data implying that the number of smaller firms exporting has fallen from 120 thousand to 100 thousand, almost entirely accounted for by those with ten or fewer employees.

Evidence from France (Cour des Comptes, 2023) shows a similar trend. Studies of Brexit commissioned by governments of other EU Member States found similar results. Thus, one carried out in 2020 for the Spanish government<sup>14</sup> noted the likelihood of Spanish trade with the EU expanding, but not enough to offset a decline in trade with the UK.

As Novy et al. point out, this could damage the pipeline of future UK successes and, by implication, have the same effect in the EU. Earlier research undertaken in other EU Member States foresaw a similar effect on their smaller exporters. The inference to draw for both sides is that budding entrepreneurs on both sides – often at, or close, to the level of a household – will have lost from Brexit. However, in the absence of hard data, this inference is speculative.

14 María C. Latorre, *El impacto económico del Brexit en España*, n.d., (Ministry of Economy, Commerce and Business [Spain]), n.d. <https://comercio.gob.es/es-es/brexit-comercio/Documents/estudio-impacto-economico-brexit.pdf>.

New research from the Centre for Economic Performance looks in depth at how UK services exports have fared post-Brexit (Bhalotia et al., 2025: 31), who find that although services are not affected by the sorts of border restrictions on flow of goods, 'Brexit has, in fact, imposed substantial new frictions on UK services exports to the EU'. These stem from a variety of factors. In some EU economies, these same administrative burdens have facilitated gains. For example, the *New York Times* reported that Estonia had attracted businesses from the UK employing 'digital nomads' who work remotely (at least partly). By registering in Estonia, they gain EU market access.

Other countries have found ways of benefitting from Brexit, mainly as a result of UK companies seeking to relocate to counter the adverse effects of Brexit on access to the EU market. For example, in a recent article, Samuel Warren<sup>15</sup> finds that Greece has proved attractive as a location, capitalising not just on being inside the single market and having relatively favourable property and labour costs, but also on its 'skilled workforce and improving innovation ecosystem'. The steady transformation of the Greek economy over the last decade is, plainly, a factor in the change, but Warren notes a number of specific measures by the Greek government to stimulate business relocation, including tax incentives, promotion of innovation and efforts to ease administrative burdens. A 'golden visa' scheme operated by Greece is set at a relatively low threshold, conferring various advantages in relation to property ownership and retirement. As in Estonia, digital nomads are seen as a target group.

## Remittances

For some EU Member States, money 'sent home' by their citizens working abroad can be an important source of income, especially for poorer families. Cross-border payments became more complicated because of the UK leaving the EU's single payment area, potentially making them slower and more costly. This is likely to have had a disproportionate effect on poorer households to the extent that they would be transferring smaller amounts and have lesser access to more sophisticated financial mechanisms.

Remittance data are very patchy and conflate different types of flows. Some will be support for households in migrants' home countries, but the flows also cover flows towards citizens retiring or relocating to other countries for reasons unrelated to economic activity. However, in 2021, data assembled in a Migration Observatory briefing show that Poland, where it can reasonably be assumed that a sizeable proportion is money sent home by workers in the UK, was £1.22 billion, while for Latvia, the amount received was 0.7% of its GDP (Vargas-Silva et al., 2024). These authors cite data from successive waves of household surveys showing that the share of respondents sending remittances to the EU declined to 13%, from 16% three years earlier.

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15 Samuel Warren, 'The Greek Economic Outlook for 2025: Key Investment Opportunities and Market Trends', *Lp-2invest*, 29 April 2025, <https://lp-2invest.com/2025/04/29/greek-economy-outlook-2025-for-investors>.

## SOCIAL IMPACT

The social consequences of Brexit are most visible for citizens of either side resident in the other. These citizens comprise mobile workers, migrants seeking a more extended or permanent move to the other country and groups like retirees who opt for a different location for social, family or other reasons. Mobility of workers from EU countries into the UK was one of the more prominent issues in the Brexit referendum and there was a period of overt hostility against EU citizens after the result. Restrictions common to all EU Member States and specific national controls were imposed on UK nationals, and vice versa.

In what follows, a first subsection looks at the (limited) evidence on how different social groups were, or were projected to be, affected by Brexit. There is more material on the various forms of migration and on some of its knock-on effects. While, under both these sub-headings, data are available, the information is much better for the UK than for EU members. Qualitative findings nevertheless provide diverse insights. As for economic effects, the findings of some studies cited have to be treated with an element of caution where they reflect the political stances of the authors or the outlet in which they are published.

### Social groups

Many of the attempts pre-Brexit to calibrate its effects on different social groups and threats to employment, unavoidably involved modelling reliant on assumptions about how Brexit would unfold. Post-Brexit, the challenge is to ascribe causality when, much of the time, only correlation can be observed. Nevertheless, some hard data can be obtained. Bakker et al. (2023) estimate that from the end of 2019 to March 2023, food prices rose by 25 percentage points in the UK, compared to an estimated eight percentage points had Brexit not happened.

They note that higher prices of imports from the EU, attributable to non-tariff barriers and the exchange rate, largely explain this outcome which they are able to separate from other influences on inflation, such as the war in Ukraine. Their estimate is that the cost to the average household was £250 between December 2019 and March 2023. A reasonable imputation is that food constitutes a larger share of the budgets of poorer households and that, in this respect, Brexit was damaging to them. The relatively low level of UK exports of food, especially basic foodstuffs, suggests that a similar effect in the EU is unlikely.

The period after Brexit was characterised by considerable uncertainty, something shown to detract from well-being. By examining data from four waves (two prior to and two after the Brexit referendum) of the UK Household Longitudinal Survey, Hervy et al. (2022) assess both well-being and mental health. They find no significant change in 'life satisfaction', but a worsening of mental health post referendum. Remain voters were more affected and, specifically, 'young adults (aged 31–46), individuals, men, natives, and highly educated were significantly more affected by the results of the referendum than any other groups'.

Estimates from the Centre for Economic Performance, carried out prior to Brexit suggested that all social groups in the UK would be negatively affected in both the short-term and the long term, but that the richest and poorest households would lose marginally less than middle-income groups (Breinlich et al., 2017). A report for the Scottish Government, published just before the pandemic struck the UK, claims to identify 137 actual or potential negative effects on what it calls 'equalities groups'. The expression relates to groups protected under the 2010 Equality Act and asserts that effects encompass 'impacts on community relations, the labour market, representational impacts, legislative impacts, immigration uncertainty and mental health and wellbeing impacts (Hepburn, 2020: 6).

Voting patterns in the 2016 referendum and the recriminations that followed were a source of political division among the nations (especially Scotland) and regions of the UK, exacerbated by the febrile politics of negotiating Brexit. Divisions among families were often highlighted in the media, but there is a lack of reliable evidence on their extent. Griffith et al. (2020), in an assessment of how Brexit was expected to affect inequality in the UK predicted that blue-collar workers in industries most exposed to negative outcomes of Brexit would be most at risk. The reason is not just a change in the fortunes of their employers, but also that the affected workers would have fewer options in local labour markets.

Griffith et al. (2020:23) observe that the effects on households may differ, depending on whether others living with the worker are employed in less exposed (providing a form of insurance) or similar occupations and sectors (compounding the effect). Further evidence reveals that workers in the lowest earnings decile are much less likely to have an employed partner than those in the highest decile. They calculate that 'at all levels of earnings, the exposure of men's partners is lower than their own, whereas the exposure of women's partners is higher than their own. This implies that household insurance acts to mitigate the individual exposure among men, while it exacerbates it among women'.

Evidence on regional effects is varied. Griffith et al. (2020) predicted that the East and West Midlands will have the households most exposed to Brexit, whereas London and South-East England are the least exposed. The most likely explanation is the distribution of manufacturing across the UK, which is at its lowest in London. Low wage areas, notably North-East England, are also found to be vulnerable to Brexit (Dhingra et al., 2022: 17); they find that 'the North-East, one of the poorest regions in the UK, will be one of the hardest hit, and that Brexit will increase its existing (and large) productivity and income gaps'.

Dhingra et al. also anticipate a prolongation of the stagnation of real wages in the UK economy. The main determinant is the sector of activity and the wage effect is likely to be slow to materialise in full. Intriguingly, they find that (albeit by a slight margin) the top decile of wage earners will be most affected. Other analyses reach different conclusions, notably *Facts4EU* (a pro-Brexit entity)<sup>16</sup> who assert that the 41% rise in median wages between June 2016 and the end of 2023 debunks alarmist projections from the time of the referendum.

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16 'Payrolled Employees up by 2.3m since Referendum, Median Wages up by 41%', *Facts4EU*, accessed 23 October 2025, [https://facts4eu.org/news/2024\\_jan\\_brexit\\_is\\_working](https://facts4eu.org/news/2024_jan_brexit_is_working).

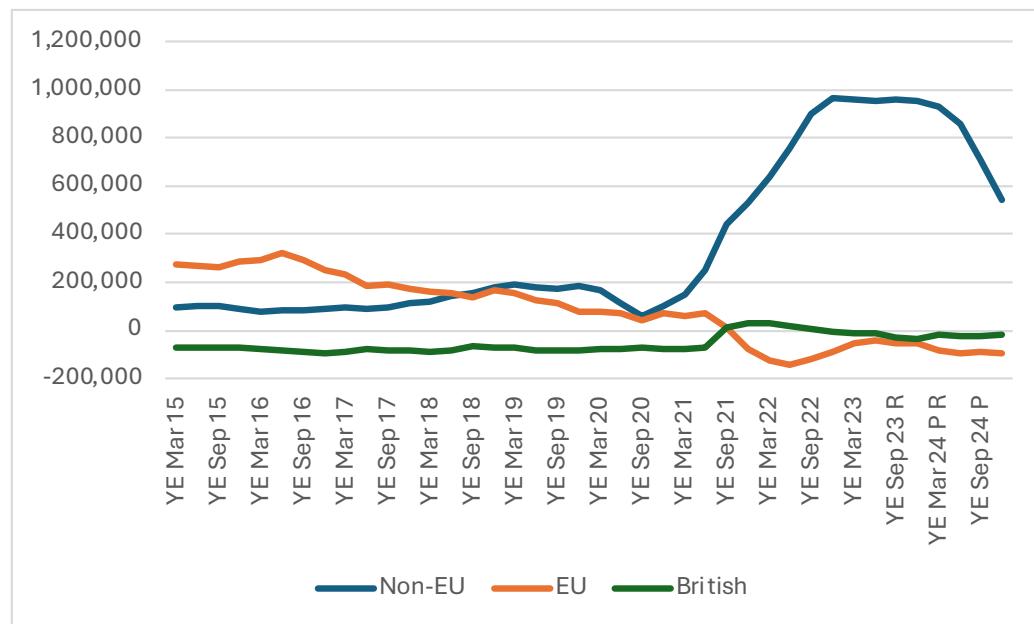
## Migration

Although, as explained above, there are diverse motivations for moving between the EU and the UK, for simplicity the term 'migration' is used here to encompass all flows of citizens. The pattern of net migration into the UK over the last decade has evolved strikingly and the consequences of Brexit for migration are complicated. The level of gross and net migration was one of the more prominent influences on the Brexit vote and on debates leading to the TCA. EU membership allowed any EU citizens to work in the UK with no limit on numbers, in contrast to migrants from elsewhere.

Supporters of Brexit promised a large and rapid reduction in the number of migrants coming to the UK, while the term 'hostile environment' [aimed at migrants] entered the political lexicon in the late 2010s. One of the more notorious images circulated by the leave side was entitled 'breaking point', showing queues of migrants, while another claimed Turkey was joining the EU and had a population of 80 million, the message being that many would find their way to the UK.

Substantial net inflows of EU citizens to the UK led to a headline total approaching 300,000 at a time, in the 2010s when government policy was to limit the inflows to tens of thousands. Yet, as a Goldman Sachs paper by Moberly and Stehn (2024) shows, net migration from the EU reversed after 2021 as many EU citizens left, albeit more than offset by a huge increase in immigration from other parts of the world. The latter is different in character, with a higher proportion of students and dependents in the total than for EU immigrants: the high headline total does not, as a result, translate into higher labour supply, as might be assumed.

**Figure 5.** The evolution of net migration into the UK, 2015-2024



Source: Office for National Statistics.

The net inflow from the EU<sup>17</sup> peaked in the year ending June 2016, the date of the Brexit referendum and had fallen to 80,000 in the year to March 2020, the start of the pandemic. Starting with the year to September 2021, it has been negative, partly offset by UK nationals no longer leaving in their tens of thousands, as they had in the period before Brexit was completed. However, it is the huge surge in net inflows from non-EU countries that characterises the period since Brexit, reaching nearly 1 million in 2022 and 2023 (Figure 5).

### **Germans, Poles and other EU citizens in the UK before and after Brexit**

In the pre-Brexit period, several EU countries had substantial numbers of citizens in the UK, although regarding the reliability of the figures, the ONS states that 'there remains a high level of uncertainty around these numbers, particularly below EU and non-EU level'. In the 2021 Census, Polish nationals were the most numerous at 698,000 (and have been since 2007), followed by Irish nationals (370,000) and Italians and Romanians (both 342,000). About 7% of EU nationals in the UK were from Germany.

In the immediate aftermath of the Brexit referendum, some hostility to EU citizens surfaced, including personal assaults which, reassuringly, were relatively rare, if extensively reported by the media. Poles bore the brunt of this hostility in 2016, although as Myślińska (2016) argues, it reflected a wider set of prejudices. Moreover, as The Guardian reported<sup>18</sup>, Germans were also affected. One little documented effect of this hostility was to put pressure on EU citizens to leave the UK. As Godin and Sigona (2023) show, highlighting experience of those who opted to leave the UK for Germany, such departures could be disruptive for families in ways not captured by aggregate data on flows of migrants. A case study reported by the Refugee and Migrant Centre reinforces the point.<sup>19</sup>

As a result of Brexit, many UK nationals sought to become nationals of EU27 Member States. Between 2016 and 2023, a report in *Schengen News* reveals that nearly a third of those new EU passports were granted by Germany, although this was especially in the period up to 2020.<sup>20</sup> Since then, France has become the leading source of new EU passports, overtaking Germany. Unsurprisingly many UK citizens also exploited Irish heritage to obtain EU passports, and the number issued by Cyprus is exceptionally high for a country with a low population.

17 The data also include small numbers from members of the 'Schengen' area not in the EU.

18 Anna Lehmann, "They Feel Rejected": How Germans in Britain Are Dealing with the Brexit Vote', *The Guardian*, 5 November 2016, <https://www.theguardian.com/politics/2016/nov/05/they-feel-rejected-how-germans-in-britain-are-dealing-with-the-brexit-vote>.

19 'Separating Families – The Impact of Brexit', Refugee and Migrant Centre, n.d., accessed 23 October 2025, <https://rmcentre.org.uk/separating-families-the-impact-of-brexit>.

20 Arbërie Shabani, 'Brits File Record Number of Irish Citizenship Applications Since Brexit', *SchengenNews*, 25 February 2025, <https://schengenvisainfo.com/news/brits-file-record-number-of-irish-citizenship-applications-since-brexit>.

## Household level effects of Brexit

Beyond the aggregate statistics on net migration, Brexit had distinctive effects on individuals and households. A study of the effects of Brexit on citizens of the four Visegrad countries found that, in Poland, a large-scale return home occurred around the time of Brexit and the pandemic, with a drop from a peak of just over a million Poles in 2017 to 698,000 four years later. The study found that Brexit was not a direct cause, but was 'an important moment for reflection' (Bedinski, 2024: 156). Many of the Poles, especially younger ones, who had moved to the UK in the earlier years of their country's EU membership had reached a stage where their goals in doing so had been achieved, at a time when labour market conditions and other characteristics of their homeland were becoming much more attractive.

Bedinski (based on details from individuals) also reports that many Poles were, nevertheless, affected by what he calls experiences of 'socio-psychological' impacts of Brexit, these included a sense of being less welcome by UK nationals, as well as explicit discrimination against them in the workplace. Much the same findings were found in the three other Visegrad countries, although the number of their citizens in the UK was smaller than that of Poles. The Visegrad project also suggested class-based differences between middle-class migrants and those in precarious occupations, as well as for groups like the Roma. Such 'soft' influences cannot readily be quantified, but they clearly reflect a hardening of anti-EU sentiment in the UK around Brexit. This is all the more ironic given the surge in non-EU inflows of migrants after 2021.

Uncertainty (in practice only partly warranted, because it worked tolerably well) about the UK settled status provisions also affected EU migrants, especially the low-skilled, and those with poor English and lacking in digital capabilities, according to Barnard and Costello (2023). They also note that migrants able to obtain only lesser residence status faced vulnerabilities, such as a lack of support for victims of domestic abuse. Nevertheless, monitoring by a group called 'the 3 million' reveals that by March 2025, 4.16 million applicants had been granted settled status, and the number with 'pre-settled' status had eased from a little over 2 million throughout 2022 to 1.62 million. In addition, *the 3 million* report that more EU citizens are being denied entry at the UK border, with a quarterly figure consistently over 3,000 (as many as 5,000 in one quarter of 2021), compared with a peak of barely 1,000 in the years between the referendum and full Brexit. Indeed, in most recent quarters, fewer non-EU passengers have been stopped.

For younger migrants to the UK, Brexit came as something of a culture shock. Research by Bermudez and Roca (2024) on Spanish emigrants indicates that they were little affected by the 'hostile environment' policy adopted by the Home Office in the late 2010s, but things changed after Brexit, especially outside London. The pandemic, in addition to being a parallel influence, became a trigger for some migrants in reassessing their desire to remain in the UK. These authors also suggest that even before Brexit, the experience of Spanish migrants in Germany was somewhat more positive than in the UK, for example in access to certain benefits and employment stability.

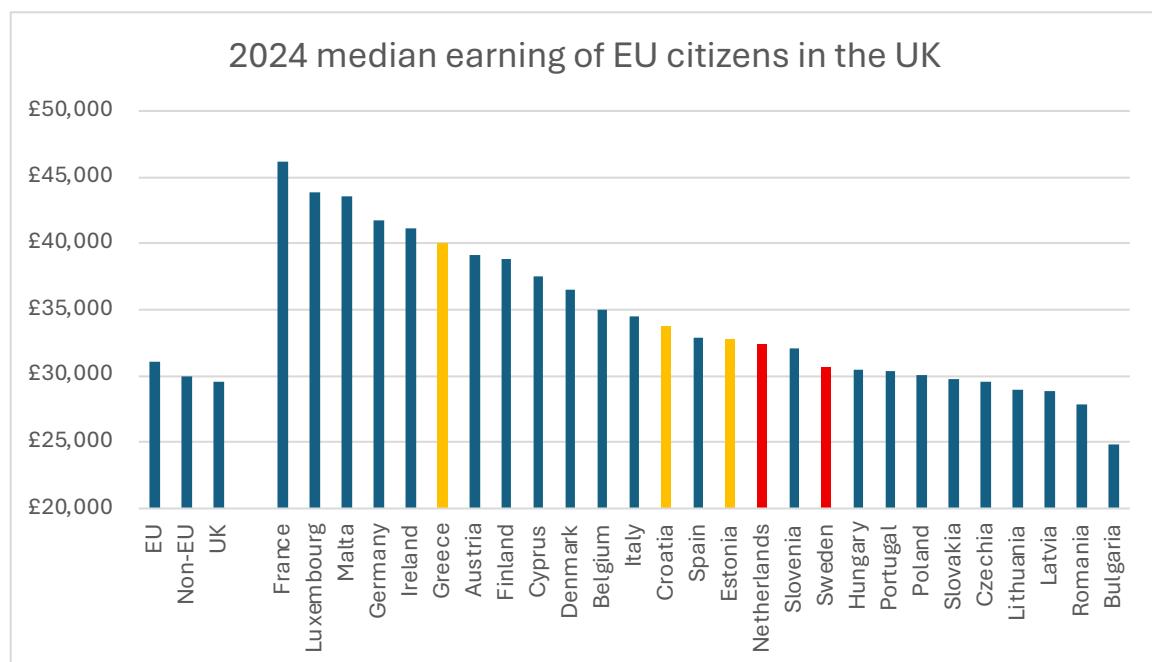
The Cour des Comptes (2023) also notes a divergence among citizens with prior rights of abode and newcomers. Among the latter, schoolchildren, students, interns and those taking advantage of a government sponsored scheme (*Volontariat International en Entreprise – VIE*) aimed at providing

opportunities abroad for young employees are all mentioned as having endured difficulties. VIE placements in the UK fell in 2021-22 to an average of 136 per year, having been in the mid-500s in the preceding decade, and there was a sharp drop in the number of UK hosts. The number of trips by French school groups fell between 83% between 2019 and 2022, according to survey data presented in the report. Au pair positions have also been inhibited, all adding up to a decline in youth exchanges and mobility.

According to Carter and Davies (2025) Brexit has had other sorts of effects on households and families that transcend the economic impacts. They include family tensions where one member is an EU national and the other a UK citizen, for example around whether to apply for 'settled status'. They also identify a racial dimension affecting non-whites. A key point is the pervasive nature of Brexit on so many aspects of personal and family relations. Chao Perez et al. (2024) report that Spaniards in the UK, while unanimously opposed to Brexit, reported little overt hostility to them when their status changed from residents to immigrants. Those securing permanent residence status were much less affected than new immigrants.

Data from the HMRC, analysed by Strain-Fajth and Sumption (2025), show substantial differences in the median pay of EU citizens working in the UK (Figure 6). French citizens, no doubt reflecting substantial employment in financial and business service occupations, top the table and the lowest ranked are from countries of central and eastern Europe. Yet the chart also shows quite high earnings for Greeks (maybe also Croatians and Estonians), whereas Dutch and Swedish nationals

**Figure 6.** Range of median annual pay of EU citizens working in the UK (£)



Source: HMRC, analysed by Strain-Fajth and Sumption (2025).

are at the lower end of the distribution. Overall, the data show earnings of foreign nationals (both EU and non-EU) to be marginally higher than for UK citizens.

The migration regime put in place after Brexit was damaging to EU citizens in low-wage occupations. It is a segment of the labour market more likely to attract younger, less qualified migrants, so that what Sumption (2022) refers to as a 'skill-selective' work, while helpful to non-EU migrants, was more restrictive for their EU counterparts than prior to Brexit. Given the origins of EU mobile workers, the new regime tended to have a greater effect on low-wage workers from relatively less prosperous Member States. Sumption's data show that the effect was most pronounced for workers in the hospitality and agriculture sectors.

A less prominent dimension of the impact of Brexit on EU citizens is formal deportation. Radziwinowiczowna and Lewis (2023: 213) find that new British regulations made deportations more likely by broadening the grounds for it. They conclude 'that certain characteristics, such as income, age, access to housing or criminal records will make EU deportations selective', adding that the 'poorest EU citizens will most likely become irregularised migrants'. They also note that citizens of central and eastern European countries – among whom there are relatively more street homeless, children in care and convicts – are more exposed to being sent home.

As UK passport holders know only too well, they have hitherto been unable to use e-gates and are obliged to have their passports stamped on entering *and* leaving Schengen countries (even where an e-gate reader is first used to read the passport, as for the Eurostar train service), whereas EU citizens have been able to use UK e-gates. This asymmetry was supposed to be corrected, but deadlines for achieving it have repeatedly been extended.<sup>21</sup> On both sides of the Channel, there are fears that the transition to the delayed EU entry system will be a recipe for queues and tensions while the required registration procedures are implemented.

## REGULATORY AND OTHER GOVERNANCE EFFECTS

An important rationale for Brexit was to allow the UK to go its own way in regulation, usually with a sub-text of curbing perceived excesses forced on the country by an over-bearing 'Brussels'. Although often interpreted in terms of burdens on businesses, regulation also affects citizens and households. Controls on movement of individuals, recognition of qualifications and access to public services are all relevant.

Regular monitoring by the UK in Changing Europe has documented the evolution of regulation, showing (to the dismay of the more ardent Brexiteers) that the UK has chosen to remain fairly closely aligned to the EU in many domains. The latest report by Reland (2025) identifies a number of significant trends, notably the increase in regulatory 'alignment' through which the UK adopts rules close to or identical to the EU's. Although the UK was largely aligned on leaving the EU, a key question was the extent of 'dynamic' alignment, that is the UK following the EU lead in new regulations.

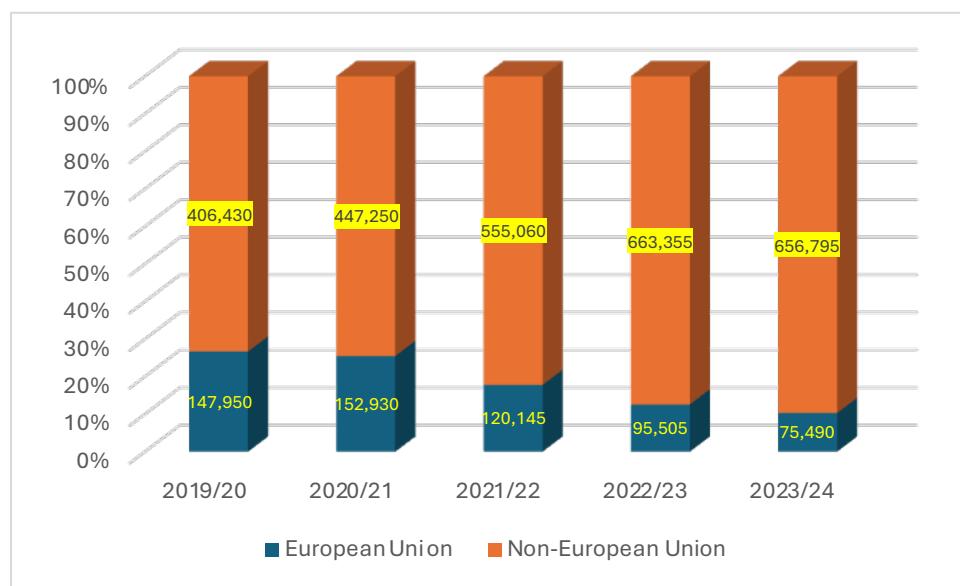
21 The EU-UK reset of 19<sup>th</sup> May signalled – again – an end to this imposition on UK passport holders, but as with much in the agreement, the expected timing and extent of rollout is – at the time of writing – vague.

Three areas in which young people in EU countries lost from Brexit were:

- Having to pay the higher 'international' fees for students, rather than the UK domestic rate, resulting in a substantial increase in the cost of obtaining a UK university degree.
- A watering-down of the right to live and work in the UK, with stricter terms for students completing degrees or other courses.
- The UK ending its participation in Erasmus programmes. An explanation offered, even though the EU was keen for the UK to remain in the scheme, was the asymmetric take-up, with far fewer UK young people seeking places than EU youths. Budgetary costs for the UK were also part of the equation. The steady decline in EU students attending UK universities since Brexit was finalised in 2020 is shown in Figure 7. In just five years, the number of EU students nearly halved from close to 148 thousand in the academic year preceding Brexit to just 75.4 thousand in 2023/4, despite a slight rise in 2020/21. Over the same period, the number of students from elsewhere in the world jumped by 61%.

Recent developments, especially the May 2025 'reset', have seen a willingness by the UK to improve youth access to the UK, notably by participating in Erasmus+ and working towards a youth mobility scheme. However, for UK public opinion, the initiative is contentious, with opponents concerned that it restores freedom of mobility by the backdoor. Universities, already facing financial problems, are likely to resist any reduction in fees.

**Figure 7. Home country of non-UK students at UK universities**



Source: Higher Education Statistics Agency.

Northern Ireland proved to be one of the hardest elements of the UK-EU relationship to solve. The reason can be simply explained and constitutes a trilemma. First, the peace process in the Province and the terms of the Belfast/Good Friday Agreement required no border on the island of Ireland. Second, the UK government was adamant that it would not remain in the EU customs union or the single market. Third, Unionist politicians in Northern Ireland (especially) sought to ensure no borders with Great Britain in the Irish Sea. The original protocol around the TCA resulted in a de facto border in the Irish Sea because the first two were deemed to be untenable. Northern Ireland became, in effect, part of both the UK and EU single markets, albeit subject to controls (for example, on imports of sausages and other prepared foods from Great Britain).

In response to strong complaints from Northern Ireland, a new compromise was reached in the 2023 'Windsor Framework' which greatly simplified the relevant controls, but did not entirely dispense with them. It also gave the Northern Ireland Assembly the so-called 'Stormont Brake' intended to provide a way to opt-out of new EU regulations. Reland (2025) notes the tensions around the Windsor Framework resulting from specific instances of the UK government over-ruling members of the Northern Irish assembly on whether new measures from the EU can be supported. He suggests the UK government may be disposed, in future, to move towards UK-wide alignment as a way to avoid divergence between Northern Ireland and Great Britain. Nevertheless, Northern Ireland is undeniably treated differently from the rest of the UK: some maintain that it benefits, but Unionist politicians fear that it undermines the Union.

A further fear articulated by the Cour des Comptes (2023) is of possible regulatory divergence. Immediately after Brexit, the UK had transposed the great bulk of EU regulatory measures into national law. Over time, new regulations by either side could see growing differences. Unfinished business is a non-negligible facet of Brexit. Dynamic alignment, through which the UK would broadly follow changes in the EU is a touchy subject and, as noted above, has already led to friction in Northern Ireland about the veto power of the Province's Assembly.

One other element in the TCA was restrictions on performance artists wanting to tour in EU countries, leading to another adverse consequence of Brexit. The consensus is that, although the UK also imposed restrictions, the effect was, again, asymmetric because UK rules are adjudged to be more generous whereas artists seeking to tour in the EU face having to deal with potentially differing rules in each Member State they visit. The upshot was working in the EU falling by 32% between 2017-9 and 2022.<sup>22</sup> It is another facet of the May 2025 reset that may result in relaxation although revision of the TCA would be needed.

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22 See explainer by Joel Reland: 'Easing Restrictions on Touring Artists', *UK in a Changing Europe*, n.d., accessed 23 October 2025, <https://ukandeu.ac.uk/explainers/easing-restrictions-on-touring-artists>.

## CONCLUDING COMMENTS

For many households and individuals, on both sides, Brexit was both disruptive and a source of lingering uncertainty. Clearly, there is much unfinished business and Brexit as a process is now into a new phase as the current UK government pursues both a general reset with the EU and deals with selected Member States, aimed at a closer UK-EU relationship. In parallel, many EU Member States reacted to Brexit by recasting their stances on European integration.

A full inventory of winners and losers cannot easily be put together, but in qualitative terms some clear divisions can be enumerated. Small businesses deterred from exporting by onerous controls, performance artists blocked from appearing on stages or other mobile workers now constrained by administrative burdens are visible losers. EU citizens with full settled status in the UK have largely emerged unscathed, but those with lesser status and future would-be migrants have fared less well, an outcome mirrored across the English Channel. Separating the Brexit effect from the pandemic and the cost-of-living crisis is a tall order, but a simple conclusion for households is that households will, on average, have been taxed more and received less from public spending.

Brexit also had a number of effects on governance in the EU and, more broadly, the process of economic integration. A stock-taking by the Stiftung für Wissenschaft und Politik<sup>23</sup> found that the tribulations of Brexit were a salutary example for others that largely reversed direct support for further '\*\*xits'. As Raimundo et al. (2024) observe, small countries had distinctive responses: 'while there was certainly much short-term crisis management in both Portugal and Finland's reactions to Brexit, signs of more enduring effects on their involvement in European politics were also made visible'.

Certainly, populist parties have gained ground in many EU Member States and new governance complexities have arisen, but in various respects the EU has been able to function well enough. Important initiatives, such as the Next Generation EU pandemic response package, which might have been harder to achieve with the UK as a full member, went ahead, as did (if belatedly, a supranational commitment on defence – the SAFE fund).

### What next?

Although the UK has secured a few genuinely new trade deals (as opposed to those that were 'rolled-over' from its days as an EU member), they are not macroeconomically consequential. Those with Australia and New Zealand will only minimally boost UK GDP, and even the newly agreed deal with India is projected only to add £4.8 billion over time to the UK economy which had an annual GDP of 2.8 trillion in 2024. Intriguingly 80% of farmers believe the deals with Australia and New Zealand would be fairly bad or very bad for them. It remains to be seen whether the recent agreement on bilateral tariffs across the Atlantic will be the last word.

23 'Stand Der Integration', Stiftung Wissenschaft Und Politik (SWP), accessed 23 October 2025, <https://www.swp-berlin.org/10.18449/2024S11>.

Recent polls suggest a degree of 'buyer's remorse' in how Brexit is seen, with an August 2025 poll for the *Sunday Times*<sup>24</sup> suggesting that only 29% would vote for Brexit and 52% would favour remain, with 11% saying they would not vote and 8% saying 'don't know'. A fresh referendum is not on the cards and most political parties are adamant that they do not want to undo Brexit, so that such polls are of dubious value. However, it is also instructive that a survey published on the 7<sup>th</sup> anniversary of the 2016 referendum by *Farmers Weekly* recalled that 54% of farmers had voted for Brexit; yet seven years on 54% would now vote to remain.<sup>25</sup>

In the same survey, when asked how Brexit had affected their own business, 69% said 'it had been either "fairly negative" or "very negative"'. Higher input costs, the loss of subsidies, export and import issues, and labour supply problems were seen as the four most important reasons. Over 60% of farmers reported that Brexit had made 'red tape worse or much worse', with only 7% saying it had become better. Fishers, by contrast, continue to resent the EU, and are aggrieved by what they see as excessive concessions offered in the May 2025 'reset'.

Other groups will have seen similar switches of opinion, but not enough for a reversal of Brexit to seem at all likely. Moreover, the rise in support for the Reform party is attributable in part to dismay about the last Conservative administration and the faltering performance of the Labour Government in dealing with a range of problems. The unfinished business of Brexit has also enabled Reform to appeal to households and citizens who still await evidence of benefits from Brexit, not least around the vexed question of migration.

Yet proximity to markets undeniably remains a crucial determinant of trade flows and prosperity, including (as Bhalotia et al. 2025 stress) services. Despite the desire on both sides to reset relations, border frictions remain and continue to weigh on UK-EU trade at a time when geo-political factors argue for closer cooperation among European countries – whether or not in the EU. These include responding to security threats against the backdrop of American ambivalence about its commitment to NATO, making common cause on dealing with climate change and managing the inexorable rise in immigration. In all these respects, the future of the UK-EU relationship remains crucial to the interests of both sides. ■

24 Caroline Wheeler, 'Only 29% Would Back Brexit Now – Poll Suggests Tables Have Turned', *The Times*, accessed 23 October 2025, <https://www.thetimes.com/uk/politics/article/only-29-percent-would-back-brexit-now-poll-shows-tables-have-turned-xbmcks9gh>.

25 'Analysis: 7 Years after Brexit, Farmers Count the Cost', *Farmers Weekly*, 22 June 2023, <https://www.fwi.co.uk/news/eu-referendum/analysis-7-years-after-brexit-farmers-count-the-cost>.

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Floor 9, Pankhurst House  
1 Clement's Inn, London  
WC2A 2AZ+44 (0)20 7107 5619  
[ideas@lse.ac.uk](mailto:ideas@lse.ac.uk)  
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