



UK IN A
CHANGING
EUROPE

EU-UK 2030

FOREWORD

Five years on from the EU referendum, we are still attempting to learn lessons and digest those we have learnt. In this country, the vast majority of attention has, unsurprisingly, focused on developments here – in parliament, in our constitutional settlement, and in the country as a whole. But how did the EU and its member states approach the Brexit process? What were their priorities in the lengthy negotiations? How did they view the UK, and what are their priorities for their relationship with it in the years ahead?

To answer these questions, we brought together a team of experts on EU member states and the EU itself I am delighted that we have been able to bring together some of the best minds working on these questions to provide this contribution.

As ever, I am immensely grateful to all those who contributed to this report and particularly to Hussein Kassim and Jill Rutter who put it together and read and edited all the various sections. Contributors have tolerated our questions and comments with efficient good humour.

I hope you find what follows interesting and informative.

Anand Menon

24 June 2021

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INTRODUCTION

Hussein Kassim, Anand Menon and Jill Rutter

In the immediate aftermath of the EU referendum there was great interest in the UK in how the EU member states would react. Some felt the 27 would be anxious to ensure a close future relationship with a departing member state – and be prepared to contemplate a new form of bilateral relationship. Others, particularly some Brexiters, hoped, and maybe even expected, that Brexit might provide a model that others wished to emulate.

As it turned out, neither proved accurate. The EU, wearied after years of accommodating what they saw as British exceptionalism, unreciprocated by UK solidarity in times of crisis, rejected any notion of a bespoke deal. Instead, it insisted on the inseparability of the four freedoms while maintaining that a departing state should not be extended better terms with the EU than a member state. Meanwhile, no other member state has shown the slightest inclination to emulate the UK.

Yet above and beyond such British misperceptions, how did the member states react to Brexit and the subsequent negotiations? How were they affected by past alliances within the EU and their economic and security ties to the UK? And what thinking – if any – is going on about how relations should evolve in the future?

To address these questions, we asked a number of experts to assess the response of the EU and its member states to Brexit. We asked them to consider the relative importance of the UK and EU to their member state, whether perceptions of the UK have changed since the referendum, and whether bilateral relations have been affected.

Next, we asked them to explain which economic sectors are likely to be affected by Brexit, and what their government feels about the absence of a foreign policy framework in the Trade and Cooperation Agreement.

Finally, we asked contributors to think longer-term – what thinking was underway on the long-term relationship with the UK, and how Brexit would affect the internal dynamics within the EU?

While there are significant differences in interests and approaches, some common themes emerge.

Ultimately, member states saw the unity, prosperity and stability of the EU as their primary concern. That went for traditional UK allies inside the EU –

the Dutch, the Scandinavians and the Germans – as well as those who were traditionally less close. Member states, moreover, were only too happy to leave the conduct of the negotiations to the Commission. Within the EU itself, there was a clear perception within the European Council that entrusting the negotiations to the European Commission was a useful way of preventing London from trying to sow divisions between member states.

Alongside that, nations with significant diasporic communities in the UK – Czechia, France, Lithuania, Poland, Spain, and, of course, Ireland – saw preserving the rights of their citizens as imperative. In many of these states interest in Brexit dropped considerably once the question of citizens' rights had been settled.

The priority attached to preserving the integrity of the Single market meant even those countries most economically exposed to Brexit, such as Ireland, Denmark and the Netherlands, were among the most hawkish during the negotiations. Denmark's position is illustrative. Although the UK was its fourth most important trading partner, the destination for 7% of Danish goods and 10% of its services, these figures are dwarfed by Denmark's trade with the EU, which accounts for 61% of its exports and 70% of imports. Even for the most affected sectors 'the EU remains the solution, not the problem.' There was a similar story from the Netherlands and Sweden – and of course Ireland.

None of which to say that Brexit did not (and will not) have a significant economic impact. Danish exports to the UK fell by 24% in the first months after transition, and projections foresee a long-term decline of 17% or so. Austrian trade with the UK decreased by 18.4% in 2020, while the UK was Germany's fifth biggest trading partner in 2015, but had dropped to eighth by 2020. These are, of course, short-term impacts, affected by stockpiling and transitional impacts – and the UK has yet to impose full border controls on imports from the EU. But, in the long-run they could foreshadow a significant weakening of those economic links.

There was also, of course, a political dimension. Over this period, support for the EU among the remaining member states strengthened. In 2014, 65% of Dutch respondents supported EU membership. By 2020, that had increased to 78%. Indeed, the Dutch Government used Brexit as a cautionary tale about dangers of 'Nexit'. The same is true of Austria and Denmark. Similarly in France, Marine le Pen quickly came to realise that Brexit would do nothing to increase public support for Brexit.

Several of the countries covered in the report have strong interests in the security relationship with the UK. A desire to preserve and build on that is a theme that many highlight, particularly among countries concerned about the threat from

Russia, such as Lithuania and Poland. Though disappointed that foreign policy and security did not feature in the negotiations, member states are reassured that security ties can be pursued bilaterally. Thus, the French Government is less concerned than Michel Barnier about the absence of security and defence from the TCA because the Lancaster House treaty provides a basis for developing bilateral security cooperation. Germany too is more willing to work bilaterally with the UK in security than in economic matters, as is Italy.

Some member states have concerns about the future development of the EU absent the UK. For the Dutch, UK membership created a 'benevolent equilibrium' among three largest EU member states from which they could benefit. That balance has now gone. The Danes fear they might struggle to assert themselves when France and Germany agree and, along with the Swedes, are concerned that the departure of the UK could lead to the EU being increasingly dominated by member of the Eurogroup. The Hungarian Government has lost an ally in the struggle against increased EU centralisation. As for the Polish Government, there is some concern that the Law and Justice Party, which had worked with the Conservative party in the European Conservatives and Reformists group in the European Parliament, may see its influence wane. In Madrid, Spain sees the need to be a more active participant in EU decision making. It remains to be seen to what extent France and Germany can exert the kind of leadership many expect (or fear), not least as both have crucial elections in the next year. As for Ireland, Brexit has brought about a new diplomatic activism and strengthened its attachment to the EU but it too needs to seek new allies with no UK at the table, as its participation in the new Hanseatic League illustrated.

Finally, it is striking just how little thought seems to have gone into the longer-term relationship. Perhaps this should not surprise us. It is hardly as if such thinking has been going on in the UK, and continuing arguments over the Northern Ireland protocol point to the fact that the post-Brexit relationship has yet to reach a stable equilibrium.

This is a mere taster of the analyses that follow. It does, serve, however, to underline how inaccurate many initial British analyses of what might happen in the EU were. While member states regretted Brexit, it did not affect them as profoundly as some in the UK felt it might. Indeed, Brexit served to underline or strengthen attachments to the EU that led even the UK's closest allies to privilege EU unity over the relationship with London.

AUSTRIA

Johannes Pollak

The UK and the EU

During the protracted negotiations over the UK's exit from the European Union, several things became clear: first, even with a deal, new barriers to trade would be substantial; second, the Austrian government would support a European approach to the negotiations; third, the rights of British citizens in Austria and Austrian citizens in the UK would need to be protected; and finally the wishes of the UK's electorate were to be respected but regretted. The aim was damage limitation.

The Austrian government breathed a collective sigh of relief when it became clear that M. Barnier would lead all negotiations of behalf of the EU. The longer the negotiations lasted, the more satisfaction about EU unity could be heard in the hallways of the Austrian Ministry for European and International Affairs. In 2018/19 the Federal Ministry of International and European Affairs expected that unity would only come at the expense of some horse trading, but in practice this situation never materialised

National interests

Austria's trade with the UK reached record levels in 2018 and 2019, amounting to a €2 billion trade surplus. It decreased in 2020 by 18.4% — double the European average. The UK ranks ninth as a destination for Austrian goods, but is the fifth most important market for Austrian services. Direct Austrian investments in the UK amounted to €6.45 billion in 2018, visible exports added up to €4.2 billion and services exports €2.6 billion. Tourism is also important, with around 900,000 British visitors to Austria each year.

Both the Austrian Chamber of Commerce and the Ministry for European and International Affairs provide extensive information for companies and individuals, helping them navigate the potential challenges of doing business with the UK. However, it also became clear that small and medium enterprises would face significant and, in some cases, insuperable obstacles to trade with the UK.

Around 30,000 Austrians live in the UK, while 11,177 British citizens live in Austria (5,000 in Vienna). Safeguarding their rights seems to have been achieved in the deal. The UK has traditionally been a popular destination for young Austrians. Around 2,000 students live in the UK, compared to around 400 UK students in Austria, and around 650 study full-time in the UK. The announcement that the UK will no longer participate in Erasmus+ was met with incredulity.

The Brexit referendum very briefly fueled the ambitions of the right-wing Freedom Party as well as other activists campaigning for an Austrian exit from the Union. However, most Austrians realize that open borders are essential for industry and tourism. The benefits of the 2004 enlargement to the Austrian economy underlined this point. Skepticism about the EU in Austria is undeniable, but the percentage wishing to exit is small, and over the course of the Brexit negotiations, support for EU membership increased. The longer those negotiations took, the more Brexit fatigue set in. Not only was there a sense that there were more pressing problems for Europe, but some of the British demands – for example, unrestricted access to Galileo, exclusive fishing zones, and access to the single market equivalent to member states – were seen as preposterous. Moreover, the Austrian Chamber of Commerce's forecast of the UK's economic prospects for 21-22 – of UK unemployment of between 8 and 10.5% and a national debt of 111.7% of GDP acted as a further dampener on exit enthusiasts.

Public interest in the UK's exit from the EU was limited. Cliffhanger moments such as the live broadcasts of decisions in the House of Commons became stale after the same outcome was repeated again and again, stalling the negotiations. Among experts the perceived dismantlement of British democracy was more concerning. The election of Boris Johnson added a certain entertainment value, but that soon gave way to irritation about his negotiating style.

Has Brexit affected Austria's position within the EU? In the latest EU budget negotiations Austria was one of the 'frugal four' alongside Denmark, Sweden, and the Netherlands, stepping away from its traditional position as a member of 'Kern-Europa' (inner core of the EU). It is open to speculation whether the UK, as a traditionally frugal member state, would have given greater weight to their demands for tight fiscal policies and opposition to a large EU budget or EU debt. Since, despite all evidence to the contrary, Austria is a neutral country, the UK's role in Europe's security was hardly discussed. The UK always took a very firm stand on Russia, but it is no secret that Vienna developed close relations with Moscow based on close economic ties, not least in oil and gas business.

The future relationship

When it comes to the future relationship with the UK, pragmatism reigns. Bilateral relations will remain cordial despite UK criticism of Austria's close ties to Russia and the handling of confidential information by its services. The scandal concerning the Office for the Protection of the Constitution and Counterterrorism did not increase trust in Austria as a reliable partner in security matters. Equally, the intricate relationship between the Austrian Mineral Oil

Administration (OMV), an important player at the cross-roads of East and West, has at times more influence on Austrian foreign policy, than concern for its partners inside and outside the European Union.

Trade issues will continue to be handled by the European Commission. Austria does not claim any special, bilateral role in the future.

Conclusion

Overall, Brexit has had an adverse effect on Austria's export economy, and especially the service industry. Austria's relative position in the EU will not change, and its reliance on the Commission to conduct future trade relations will remain. Brexit did not ignite a public debate about the EU. The general mood was rather 'they left, so what?' — a position that also speaks volumes about the pragmatic view of the EU in Austria. More broadly, future relations with the UK has been overshadowed by the Covid-19 pandemic and its handling by national governments and Brussels.

CZECHIA

Petr Kaniok

The EU and the UK

While a member of the EU, the United Kingdom had always reserved a special place in heart of a country lying at the heart of continental Europe – the Czechia Republic. The reserved, distanced and ambiguous approach that the United Kingdom traditionally took towards Brussels echoed in Czechia for at least two reasons. First, centre-right Czech politicians in particular had a ‘love affair’ with the United Kingdom, and the Conservatives in particular even before Czechia joined the EU – for example, Margaret Thatcher and Thatcherism represented a role model for Czech prime Václav Klaus and his Civic Democratic Party in the early ‘90s. After 2004, when Czechia became an EU member state, politicians such as David Cameron logically enjoyed quasi-heroic status with Civic Democratic prime ministers such as Mirek Topolánek and Petr Nečas.

Apart from personal sympathies, there were more relevant reasons as well. Substantively, the United Kingdom was a key ally for Czechia in the quest for a pro-liberal, single market-oriented European policy eschewing grand visions. However, even the ‘wannabe-Tory’ dreamers knew perfectly well that the interests of Czechia lay with, and its economy depended on, the EU and Germany. Thus, the EU always came first, as the most important anchor of Czech foreign policy following independence in 1993. The UK was loved, but not at all cost.

The June 2016 referendum and subsequent negotiations did not change this. Brexit as such was not a salient or visible issue in daily politics – with the brief exception of the first weeks after the referendum. From 2017, Czech interest in Brexit declined. During the negotiations, Czech politicians followed the EU line and did so determinedly throughout the entire process. Czechia was not very active or visible for two reasons. First, Czech politics was preoccupied by its own problems. Secondly, a broad domestic agreement among relevant political parties on Czech priorities was reached in February 2017. In the years that followed, no major party questioned this consensus, which turned Brexit, as well as future relations between the UK and the EU (including with Czechia), into virtually a non-issue.

National interests

Given this context, it is hardly surprising that the negotiations on future relations between the EU and the United Kingdom did not feature prominently in

Czech politics. The primacy of the European Commission in the Brexit process was never questioned. No politician presented an alternative vision of how the negotiations should have gone. The Czechs only looked to promote a few key priorities during the divorce negotiations: first, a fair and balanced relationship; second, protection of citizens' rights; and third, the protection of the four freedoms. This concern for the protection of a functioning and indivisible single market combined with a fear of cherry-picking and the fact the Czech economy is heavily export-oriented.

Whereas the first Czech priority remained a rather vague and symbolic demand, the other two periodically surfaced in Czech daily life. As there were around 100,000 Czech citizens living in the United Kingdom, many faced problems with the British authorities under the new, uncertain migration regime. As of January 2021, around 50,000 Czechs had applied for residency in the UK. The third priority was of particular concern to the auto industry: Czech factories export around 150,000 cars to the United Kingdom annually, and the total value of related products manufactured in Czechia that go to the United Kingdom is some €2.5 billion. It is obvious that this sector would be heavily impacted if the UK left without a deal. Given the structure of the Czech economy and exports as such – both being heavily dependent on the car industry – this would have had broader negative economic consequences.

The future relationship

Like all EU countries, Czechia has been badly hit by the Covid-19 pandemic, in particular during autumn 2020 and during the first months of 2021. Dealing with recurring waves of infection totally absorbed the capacities and energy of Czech politicians. The future relationship with the United Kingdom – a minor and rather niche issue even under normal circumstances – was thus largely absent from public debate, though it was occasionally mentioned by the mass media, usually in the context of European Council meetings. It is difficult to identify a coherent Czech approach.

On post-Brexit relations, the Czech government has kept a low profile – perhaps because it previously proved to be a successful strategy – and has limited itself to almost unconditional support of the EU. The issue has been approached pragmatically, in particular by the Office of Government, the part of the bureaucracy that is responsible for the coordination of EU affairs. It created the [Brexitinfo.cz](https://brexitinfo.cz) webpage to provide help and advice on the business and personal impacts of Brexit. However, a deeper political discussion addressing the Czech position or the impact of Brexit on the balance of power within the EU political system or on security issues has been missing from Czech politics.

Trade associations and business organizations have so far been more active than politicians. Various professional groups such as the Czech Chamber of Commerce and the Confederation of Industry of the Czech Republic launched Brexit sections on their webpages that are regularly updated. These associations have organized seminars and events on the future relationship between the United Kingdom and the EU. Academics and some think-tanks have also been quite active, organizing, for example, on-line events and discussions. But their involvement only underlines the generally de-politicized and low-profile approach within Czechia towards the EU-United Kingdom relationship thus far.

Conclusion

In Czech politics, the response to Brexit and related events seems to be a rare example of long-term consistency. Since early 2017, the Brexit agenda – in the broadest sense of the term – has been depoliticized and kept low-profile. This did not change when Brexit became a fully-fledged reality and is unlikely to change in the coming months. More specifically, Czechia will most likely follow the EU approach towards the United Kingdom. Any different Czech policy on the UK is unlikely even if the autumn 2021 parliamentary elections lead to a new government replacing current PM Andrej Babiš.

DENMARK

Sara Hagemann

The EU and the UK

Denmark is one of the countries which has been most preoccupied by the UK's decision to leave the EU. As a small country with an open liberal economy, critical Eurosceptic voices, and an active supporter of trans-Atlantic cooperation, Denmark has often taken the same side as the UK on EU and global matters. Now, Denmark finds itself without its outspoken, liberal ally.

Yet despite this, Denmark was an unwavering hardliner during the Brexit negotiations. It wanted the EU to offer the UK the best possible alternative to membership, keeping it as close as possible, but vocally insisted that single market access required a 'level playing field' with no exceptions for the UK which could result in unfavourable competition or risk the unity of the EU²⁷. Denmark was therefore very happy to delegate the negotiation mandate and see the EU lead negotiator, Michel Barnier, develop a clear and strong lead from the very beginning of the negotiations ensuring that the EU's 'four freedoms' would not be on the table. From Denmark's point of view, the risk of undermining the European social and economic model were simply too high, as its own market position and advanced welfare model would then be threatened.

National interests

Denmark entered the EU with the UK in 1973, and its subsequent core interests have predominantly been the single market and seeking to influence geopolitical developments in Europe.

Denmark is highly dependent on its European neighbours: trade with the EU accounts for 61% of Danish exports (£87 billion in goods, £51 billion in services) and 70% of imports. In comparison, the UK is Denmark's fourth largest trading partner with 7% of goods exports and 10% of services, mainly agriculture, agribusiness and chemicals, including pharmaceuticals. UK exports to Denmark amounted to £6.8 billion in 2019.

Despite its dependence on the EU economically and politically, Denmark has at times gone even further than the UK in its reservations over where the European project is heading. After the rejection of the Maastricht Treaty in a 1993 referendum, Denmark negotiated opt-outs in the core areas of security and defence policy, the Eurozone, and justice and home affairs. The Danish population has consistently been one of the most Eurosceptic, and the Brexit

referendum sparked an immediate debate on how Denmark should position itself. Would Brexit lead the way to a politically and economically more attractive model for a small, northern Eurosceptic country?

The answer is a resounding 'No'. While Denmark greatly regrets the departure of its 'big brother', Brexit and the impact of Covid-19 have reinforced the case for Danish EU membership. Popular support for the EU has increased significantly in recent years and Danish Eurosceptic voices are no longer (seriously) entertaining the idea of leaving the EU.

The future relationship

Brexit and the Brexit negotiations have forced Denmark to develop new diplomatic strategies and allies in the EU. Power balances have changed in EU decision-making and the Danes struggle to assert themselves whenever Germany and France find consensus. Denmark is worried about the consequences of this shift, which will see decisions increasingly shaped by the Eurozone group of which it is not part, not least because of the absence of the UK, which was a vocal defender of the rights of euro 'outs'.

This is not to diminish the impact on bilateral relations with the UK: Danish exports to the UK [nosedived by 24%](#) in the first months after the end of the Brexit transition period and conservative projections foresee a long-run decline in trade of around 17%.

However, the economic impact is concentrated in a few industries. Agricultural and agribusiness producers and the Danish fishing industry have taken a big hit, as has the very large logistics sector. But there are opportunities too. DFDS, a large Danish logistics company, has developed new business managing border processes.

The Danish government made great efforts to prepare and cushion the blow to the industries most affected by managing expectations and providing compensation. So, when the chairman of the Danish Fishing Association voiced his regrets in March 2021 that Brexit had jeopardised the livelihoods of Danish fishermen, he refrained from criticising the agreement negotiated by the European Commission and instead [stressed his faith](#) that the EU would compensate fishermen for their loss.

The bottom line is that for these industries, the EU remains the solution, not the problem, and trade with the UK cannot match their dependence on the EU market.

The most significant effect of Brexit for Denmark is therefore not the immediate economic consequences, but rather the political and longer-term impact of

UK's absence. The political agenda is packed with issues where Denmark would have greatly benefitted from the UK's involvement, both on internal (the continued inefficiency of Eurozone governance structures and policies, Covid-19 intervention and recovery priorities, budget, future regulation of the single market, internal security and terrorism, climate change and environment, migration and external issues (refugees, standing up to Russia, dealing with Turkey, handling the Middle East, engaging with Africa).

Conclusion

Denmark will continue to share many interests with the UK in the years to come, both on the global stage and in European affairs. Denmark's opt-out from EU defence collaboration and its active role in NATO and transatlantic relations makes the UK's transition to a new role as an independent and separate voice defining for Danish foreign policy.

Trade relations with the UK will remain important for Danish industries and the Danish government, but these are concentrated within a few sectors and do not compare to the Danish dependency on the EU market. Still, agriculture, agribusiness, renewable energy technology, logistics sector, pharmaceuticals, and other large Danish businesses will continue to find ways to trade and collaborate with UK partners in the years ahead.

More fundamentally, Denmark will greatly miss the significant influence that the UK asserted on the EU agenda. It now has to come to terms with a new power balance within the EU institutions where German-French politics and a more fragmented EU constellation is likely to dominate the direction for Europe.

THE EUROPEAN COMMISSION

Hussein Kassim

The European Commission and the UK

The European Commission shared the disappointment of national governments and other EU institutions at the result of the UK referendum. The Commission had regarded the UK as a constructive partner. It was aware of the strengths that the UK brought to the EU, considered it an ally on matters of market liberalisation, regulation and free trade, and appreciated its conscientious approach to implementation. But the Commission was not surprised by the outcome of the vote. After years of unchallenged Eurosceptic argument, the Commission [doubted whether David Cameron could win a referendum](#) on the basis of the '[new settlement](#)', even though it had strengthened the UK's special status in the EU.

In the wake of the referendum, the Commission's priority was to protect EU interests and ensure the UK's orderly withdrawal. In a [joint statement](#), signed by the Presidents of the European Council, the European Parliament and the Council of the European Union the day after the referendum, Commission President Jean-Claude Juncker expressed regret for the UK's decision, but respect for it. Echoing similar sentiments to [the President of the European Council](#)'s statement earlier the same morning, the text emphasized EU unity, reaffirmed the EU's core values, and underscored commitment to the Union as 'the framework of our common political future'.

The Commission and the European Council worked closely to ensure that the EU was prepared for the triggering of Article 50. President Juncker announced the creation of a task force headed by Michel Barnier, a French politician and a former Commissioner for the internal market. The European Council agreed that the Commission would conduct the negotiations on the basis of a mandate provided by heads of state and government. The European Council created a permanent Brexit working group to allow member states to discuss matters of concern and to serve as a point of contact with the task force. Initially with a small staff, the task force was able to draw on expertise from across the Commission. It sought quickly to build trust with the national capitals. It also screened EU legislation, which it used to brief member governments on the technicalities of possible outcomes.

By delegating responsibility for the negotiations to the Commission, the European Council created a shield that individual governments used against pressure from London. It minimised the ability of the UK to ‘divide and rule’, and prevented Brexit from spilling into EU decision making in other areas. The task force model proved so successful that the European Council decided to retain it for the trade deal negotiations.

EU interests

Barnier’s first priority was to tour national capitals to hear what member governments wanted. Although the draft negotiating mandate was informed by these consultations, the European Council made [the final text](#) considerably tougher. It highlighted three main priorities: the protection of citizens’ rights, the settlement of the UK’s outstanding financial liabilities, and a solution for the Irish border that squared the UK’s decision to leave the customs union and the single market with respect for the Belfast/Good Friday Agreement and protection of the internal market.

In the long negotiations that led to the Withdrawal Agreement, the Irish border proved the most difficult issue. After a change of prime minister following three parliamentary defeats suffered by the government of Theresa May, Boris Johnson’s government pushed through a renegotiated version of the Withdrawal Act. The UK-wide backstop negotiated by May was replaced by a border in the Irish Sea, thereby returning to the solution the Commission originally proposed in April 2017.

Negotiating the Political Declaration was also challenging. The May government had taken an expansive approach to the future UK-EU relationship, which Barnier argued was incompatible with the UK’s ‘red lines’. Although the Johnson government signed up to an amended, but still wide-ranging version of the Political Declaration, its position had narrowed by the time negotiations began. London decided not to pursue institutionalised cooperation in foreign policy and defence, or to match on the ambitions of the Political Declaration on services.

The Commission again negotiated on the basis of a European Council mandate. Member states were particularly concerned to ensure a ‘level playing field’ so that UK goods entering the single market would not benefit from an anti-competitive advantage. The EU also wanted continued access to UK waters for EU fishers, a single governance structure to make agreement easier to administer, and an effective dispute settlement mechanism. Implementation and the possibility of retaliatory action became a priority when the UK government introduced its Internal Market Bill, leading to doubts that it could be trusted to abide by international law.

The future relationship

[The Commission would like a constructive relationship with the UK](#) and to cooperate in areas of shared EU-UK interest. However, it is also wary of a potentially difficult neighbour that is an important trading partner, but not part of the European Economic Area nor seeking a closer relationship with it.

[The Commission's priority](#) in the short-term is to ensure full and effective implementation by the UK of the two agreements. [Two units in the Secretariat General](#) are charged with this task. Social unrest in Northern Ireland and London's rhetoric have increasingly politicised the Ireland/Northern Ireland Protocol. Nor was the threat on the Commission's part to stop the export of vaccines to the province, [for which the Commission President has apologised and taken full responsibility](#), helpful in this regard. Talks between David Frost and Commission Vice President, Maroš Šefčovič, who has taken over political responsibility for UK relations from Michel Barnier, have so far not significantly diminished tensions. Indeed, [the Commission Vice President has warned of souring relations over Northern Ireland](#).

Conclusion

In the long term, the European Commission would like a close and constructive relationship with the UK. However, it recognises that in the wake of a difficult separation, the immediate prospects are dim. The UK shows little desire to improve relations, while the EU has little experience of a neighbour that considers itself a competitor state rather than a future EU member.

THE EUROPEAN COUNCIL

Hussein Kassim and Uwe Puetter

The European Council and the EU-UK relationship

It was the European Council that decided how the EU should handle the UK referendum and its aftermath. Although the heads of state and government of the EU27 agreed to delegate responsibility to the Commission for carrying out the negotiations with the UK, they monitored developments and intervened at key moments. On the morning after the referendum, on the basis of a text he had cleared with national capitals of the EU27, the President of the European Council Donald Tusk [expressed regret at the result but also respect for the decision of the British people](#).

The European Council [quickly agreed principles](#) that would govern its overall approach to the negotiations. The aim was to ensure the UK's orderly departure, with minimum disruption to EU business, while protecting against attempts at 'divide and rule' by London. Partly to ensure that the UK would not be tempted to reopen talks on the 'new settlement', EU heads of state and government decided that the EU would not start negotiations until the UK triggered Article 50. They agreed that the terms of withdrawal would have to be reached before negotiations on any future trade deal, that any rights the UK wanted following its exit would have to be matched by obligations, and that the UK would not be permitted to pick and choose between the four freedoms of the single market.

From the start, the leaders of the EU27 agreed that they would not engage collectively with the UK and that serious discussion of Brexit would take place in a restricted EU27 format, which excluded the UK. Meetings of leaders of the EU27 were initially informal, but they assumed a formal footing after April 2017 under Article 50. This approach limited European Council vulnerability to UK attempts to exploit divisions among EU leaders by depriving the UK Prime Minister of the opportunity to negotiate directly with his or her peers. It also reinforced the message that Michel Barnier was the EU's Chief Negotiator. When Theresa May made a personal appeal to heads of state and government in Salzburg in September 2018, she received an icy reception, before other EU leaders discussed Brexit during an informal lunch without her.

The European Council defined the mandates on which the Task Force negotiated both the [Withdrawal Agreement](#) and the [Trade and Cooperation Agreement](#). In both instances, member governments took a tougher line in the final text than the Commission had proposed in its draft. Individually and collectively, as the

contributions to this collection underline, national governments prioritised the benefits of EU membership over bilateral relations with the UK.

The European Council and the interests of the European Union

In the withdrawal negotiations, member states grew increasingly frustrated at the UK's inability to confront the consequences of its 'red lines' or to come forward with workable proposals for the Irish border. In his press statement after the Salzburg meeting [Donald Tusk reaffirmed that there would be no Withdrawal Agreement without a binding Irish backstop](#). The European Council did, however, grant three UK requests for an extension while Theresa May tried to muster a parliamentary majority. Although there was some scepticism about whether her successor, Boris Johnson, genuinely wanted a deal, the European Council agreed revised versions of the Withdrawal Agreement and Ireland/Northern Ireland Protocol in October 2019, and after further acrimonious negotiations the Trade and Cooperation Agreement in December 2020.

Although EU leaders monitored the negotiations, their attention was mainly directed towards other matters. Just a few months after the referendum, the leaders of the EU27 met in [Bratislava](#) to discuss the future of the EU and how it should respond to major policy challenges including migration and security. When Donald Tusk presented the [leaders' agenda](#) in October 2017, the strategic priorities for European Council over the coming years featured digitalization, the eurozone, climate, energy, defence, and migration but not Brexit.

The future relationship

The European Council will play a key role in shaping the EU's future relations with the UK. It alone can initiate political discussions with non-member states, and is the only venue where a UK leader can address EU leaders as a group. The [2020 update of the leaders' agenda](#) by the new European Council president Charles Michel for the first time contained a reference to the UK in the EU's strategic debates on its external relations, even if as yet there is no suggestion that the UK might be a potential partner for a summit meeting with EU leaders. Nor does the EU envisage inviting Boris Johnson to a European Council meeting as part of a high-level dialogue as with US President Joseph R. Biden in March 2021, or a one-off negotiation as in March 2016 when EU leaders met Turkey's PM Ahmet Davutoğlu to seal a deal preventing refugees from entering the EU from Turkey.

In its May 2021 Conclusions, the European Council stated a wish to have 'as close as possible partnership with the UK', but stressed that relations with a non-member would necessarily be limited and would need to respect the integrity of

the single market, the customs union and the EU's decision-making autonomy. The Conclusions also underlined the importance of the full and effective implementation of both the Withdrawal Agreement and its Protocols, and the Trade and Cooperation, and EU unity in its engagement with the UK.

Conclusion

The European Council will play the same lead role in shaping the EU's future relationship with the UK as it did in deciding how the EU should approach the negotiations. Although in the long term, an informal political dialogue with the UK PM might develop in the form of occasional meetings or EU-UK summits, barring an international crisis, closer relations are only likely after a cool-down period. Following a difficult five years in negotiating the UK's separation, the implementation of the two Agreements is the European Council's main priority.

FRANCE

Christian Lequesne

The EU and the UK

Brexit was a source of regret in France, but not one that would prevent the EU from moving forward. After vetoing UK membership twice in the 1960s, France came round to supporting UK accession in order to counterbalance the rising influence of Germany. However, once Paris and Bonn started to work closely together in the 1970s, the need for a counterweight became less important. France viewed the UK's primary role in the EU as in diplomacy and security/defence matters, where Germany was more important for macroeconomic and monetary issues. If free movement has always been important for French interests, UK promotion of the single market and enlargement were seen as contributing to diminishing French influence.

There was considerable public debate about Brexit during the negotiations, one effect of which was to quell Euroscepticism. Marine Le Pen's Rassemblement National rapidly understood that voters did not see Brexit as a valuable argument for Frexit.

More broadly, the image of the UK in France has undergone a profound change. The young and educated, many of them Macron supporters, who once saw the UK as an attractive destination embodying liberal economic and political values, now see it as a nationalist country that looks backward rather than forward. Young professionals and masters students are more reluctant to work or study in London – a sharp contrast to the 1990s. For the rest of the population, indifference rules. Now that the Trade and Cooperation Agreement (TCA) has been agreed, there is little interest in Brexit, even if, not least because they are neighbours, France needs to develop a good relationship with the UK outside the EU.

National interests

France was happy to leave the negotiations to Michael Barnier, knowing that he would protect the interests of the member states. Macron's entourage felt it important that the EU 27 maintained a unified position, especially on the single market issues. There was a tacit agreement between Berlin and Paris that Chancellor Merkel would play softball while Macron played hardball to ensure the UK side understood the non-negotiability of the indivisibility of the single market, which was seen as the heart of the EU political project to be protected. In addition, Paris favoured a single agreement rather than a series of agreements

with the UK to prevent the UK separating individual issues, such as fishing rights, from the wider question of market access.

The UK is one of the few European countries with which France had a positive [trade balance](#) (€12.5 billion in 2019). Key sectors are the export of fresh agricultural products, the export and import of seafood products and the transport sector (maritime and road). France wanted to maintain a close relationship for the import of pharmaceutical products and the export of car components. Fish was also a crucial issue. Catches in British waters [account for](#) 30% of France's total, and Emmanuel Macron did not want to be the President who sacrificed French fishers who might then be tempted to vote for far-right Eurosceptic parties, especially in the North and Normandy.

At the same time, France sought to capitalise on opportunities by trying to attract financial services firms to Paris. In practice, few moved — HSBC was an exception — because French corporate taxes remain high and reform looks politically infeasible before the Presidential election in 2022.

France continues to see the UK as an important diplomatic power, especially with regard to Russia, China and other countries that challenge the West. However, France was less concerned than Michel Barnier about the implications of Brexit for defence and security. First, because the 2010 Lancaster House treaties provide a framework for bilateral collaboration, and second, because France has an operational and strategic approach to defence policy which considers coalitions of the willing as more important than institutions. The absence of foreign policy cooperation in the TCA therefore did not worry Paris.

The future relationship

The long-term relationship between France and the UK has not commanded much attention since the end of the transition period, though Brexit briefly surfaced when France thought that the Johnson government was encouraging Astra Zeneca to renege on its vaccine supply commitments to the EU. More generally, French economic interests (business, fishermen, port managers) affected by Brexit have been lobbying the government because trade with the UK has become much more bureaucratic. The French Customs Office has responded and created a service to help affected businesses.

Politicians believe that discussions about economic relations with the UK have to be led by the EU. This is particularly the case with financial services, an issue that the TCA has left open. By contrast, on security issues, France prefers to deal with the UK bilaterally or in minilateral groupings. For Paris, the E3 remains a framework for France, Germany and Italy to keep working with the UK. Paris never really supported a European Security Council.

President Macron thinks Brexit has drained a lot of energy from the EU and that other issues, such as the digital economy, climate change, relationship with China, and eurozone reform, have been neglected. France is particularly focused on the outcome of the German elections in September 2021, but is also trying to work more bilaterally with members states than it used to do, because of the emergence of the Hanseatic League on EMU matters and the ‘frugals’ on the European Recovery Plan.

While France ‘mourned’ the end of British membership and wants close cooperation in the future, it is keen to make it clear that the UK is now no longer member of the EU club. That explains the French emphasis on the strict implementation of the Brexit treaties to protect the indivisibility of the single market and the need for the UK properly to implement customs controls in the Irish Sea.

Conclusion

The UK’s decision to leave the EU is seen in Paris as regrettable, but one which France can live with. The future relationship will be guided by an absence of nostalgia for the UK as a former member state. The fact that the EU barely gets ten lines in the UK government’s recent ‘Integrated Review of Foreign and Security Policy’ was commented on in Paris as confirmation that London no longer regards the EU as a strong priority. Paris accepts that choice and believes that efficient bilateral cooperation can be established with London on foreign and security policy, as well as matters like intelligence.

GERMANY

Eva G. Heidbreder

The EU and the UK

Unlike some other member states, German politics and public opinion remain strongly pro-European. This has been decisive for the German approach to Brexit.

During the Brexit negotiations, Germany insisted on managing its relations with the UK through an EU framework. This position will not change for a number of reasons: first, Germany is reluctant to take on an open leadership role in the EU; second, the EU-UK negotiations have eroded trust, with many actors in Germany seeing the UK approach as unpragmatic and self-harming; third, Brexit prompted an exceptionally consistent political, social and economic consensus on the priority of the EU single market over any bilateral economic interest. Economically, Germany will continue to act solely through the EU. In other areas of interest - above all security - there is more scope for a bilateral approach, but a UK-German relationship that threatens a joint EU approach appears inconceivable.

Despite its 'EU-first' approach, Germany does not consider the UK to be insignificant or that its exit was taken lightly. On the contrary, the UK has been one of Germany's key partners in the EU. The absence of the British voice, vote and vigilance are a significant loss for Germany in day-to-day policymaking in the EU. The UK is now one of the most important third countries for Germany. Berlin's aim will be to maintain the closest possible ties in security, economy, research and other areas such as climate policies - preferably on the basis of future UK-EU agreements.

National interests

The UK remains a key trading partner for Germany, but its importance has steadily declined since 2016.

While the UK was Germany's fifth biggest [trading partner](#) in 2015, it dropped to eighth in 2020. The automotive sector (a quarter of bilateral trade) was [most affected](#), declining by 22.7% between 2015 and 2018. Despite relief about the Trade and Cooperation Agreement (TCA), German companies [expect the downward trend to continue](#): 64% expect further sales losses in 2021, a quarter a continued strong decline for the next three to five years. In a [2021 survey](#) 60% of German companies described the current trading conditions as bad, 51% expected that the situation will further worsen - the worst outlook since 2016.

Compared to German exports, imports from the UK were broadly stable between 2017 and 2020. However, under the TCA, [UK exports to Germany](#) declined by 44.3% between December 2020 and January 2021.

The German government attaches great importance to close security cooperation with the UK, preferably in an interlinked NATO and EU framework. Though the two countries share a similar threat perception, they differ strongly in military culture, especially on out-of-area interventions. As a result, bilateral cooperation has been stronger in capacity-building than on the operational level. This is reflected in a 2018 [UK-German Joint Mission Statement](#), which Germany linked explicitly to enforced EU / PESCO cooperation. Under the German EU-presidency, the [PESCO was opened for third-country participation](#).

Overall, the impact of Brexit, even with the TCA, is seen as extremely negative in economic and political terms. Much depends on how the TCA is implemented and whether mutual trust can be rebuilt.

The future relationship

Throughout the negotiations, Germany considered that its interests were best served by a common EU approach. In Germany's view, the Withdrawal Agreement and the TCA impose legally binding commitments guarantee an orderly exit and must be fully implemented by both sides.

Between 2016 and 2020, the German perspective on the UK was characterised by three emotions: shock and disappointment about the referendum outcome; increasingly disappointed expectations about the British approach to the negotiations, which was considered damaging for the UK and EU alike; and increasing frustration. The UK referendum led to a notable increase in public support for the EU in Germany. The public, business, and - more cautiously - government representatives increasingly put the onus on the UK to come up with workable solutions. In the earlier stages, the media mainly discussed the Brexit impact for Germany and the EU. Its attention later turned to key issues in the negotiation and ratification processes, as well as the expected Brexit impact on the UK. The German view that the UK is an indispensable partner was consistently stressed and explains the German conviction that it was in the interests of both sides to establish the closest possible institutionalised relationship.

This position was incompatible with UK's 'red lines' and especially the Johnson government's emphasis on sovereignty. Germany's efforts at damage limitation were misread by the UK. This was most evident when the UK sought to sideline EU negotiators through 'charm offensives' in European capitals, which Berlin ignored - and the recurring claim that German car manufacturers would

eventually pressure Chancellor Merkel to intervene to deliver a ‘political’ rather than ‘technocratic’ solution. In Germany the consensus was that the technocratic was always the most rational and therefore the best *political* option.

The debate has not progressed further. A new dynamic is only possible once the TCA is ratified and key issues about implementation, especially the Ireland/Northern Ireland Protocol, have been resolved. However, the short-term prospects do not look auspicious, especially in view of the fall-out from negotiations that altered German perceptions of a once-privileged partner inside the EU.

Conclusion

The UK remains a critical political and economic partner for Germany and long-standing links between their societies are a shared asset. However, the Brexit process revealed and reinforced differences in mutual understanding. Germany will continue to promote the future bilateral relationship in accordance with or inside the EU framework, which the UK appears to reject on sovereignty grounds. How key policies develop depends significantly on the operation and further development of the TCA. Whereas Germany sees no scope for side-lining the EU in trade matters, security policy may offer more scope for case-by-case bilateral cooperation. Given that the negotiations hardened positions on both sides and substantially undermined mutual trust, the definition of any wider shared strategic objectives seems out of reach.

GREECE

Filippa Chatzistavrou and Konstantinos Papanikolaou

The EU and the UK

Brexit has had no significant impact on Greece's perception of its position within the European Union. Greece remains a largely pro-European country aspiring to stay at the core of Europe despite years of austerity policies. The decrease of the influence of the Eurosceptic political parties in the Greek political system especially after the elections of 2019 reduced even further the impact of Brexit in the Greek public discussion. The country's participation in the EU continues to be considered especially by domestic elites as one of the main factors contributing to the overall development of the Greek economy.

Within the EU, Greece and the UK were not particularly close partners or allies. On the contrary, bilateral relations in terms of trade, economic and security cooperation were always important. From the shipping sector to the Mediterranean security, the UK and Greece will continue to forge bilateral relations outside the EU.

National interests

The main consequences of Brexit for Greece are economic and social. According to the Hellenic Statistical Authority, in 2019 the UK was the seventh biggest destination for Greek goods exports (foremost pharmaceutical and agricultural products) and the fourteenth biggest supplier of goods imports into Greece. Bilateral trade in services is even more important for Greece, amounting to £4.8 billion or twice the value of trade in goods. Moreover, British citizens accounted for nine per cent of tourist arrivals in 2019 (placing the UK among the top three sources of tourism).

Bilateral investment relations are less important than bilateral trade relations. In the years following the euro crisis (after 2012), Greek foreign direct investment in the UK and British investment in Greece both fell significantly. The Greek economic sectors that will be most badly affected by Brexit are tourism and agri-food, which account for 85% of Greek exports to the UK. Greek political leaders are concerned at the possible loss of revenue from these two important sectors.

The UK is not a major security partner for Greece, which is closer to France and the USA. Nor is the UK an important political and diplomatic mediator on the (settlement) of Greek-Turkish relations, in contrast to Germany. However, in its capacity as a party to the Establishment Treaty and the Guarantee Treaty as

well as in its capacity as a Permanent Member of the Security Council, the UK remains one of the guarantor powers in the Cyprus dispute, which is one of the main elements of Greek-Turkish relations. The recent decision of the UK to reinforce its presence in the British military bases in Cyprus is part of the new British security doctrine in the Mediterranean region. British military presence on the island shows the UK's willingness to increase its impact on this old sphere of influence as well as to participate as a third party mediator in the near future regarding the potential resolution of the dispute.

The future relationship

From the Greek perspective, Brexit has always been regarded as the consequence of the UK's historically special position in Europe. Greek governing elites have pursued a twofold strategy: one, warmly supporting the EU-led agreement as a basis to be built on, and second, fostering the strengthening of bilateral cooperation in sectors such as education, shipping and research.

The EU-UK deal is as important as it is challenging to implement. The consequences, as it takes effect, will probably be harder to judge for some areas than for others. It remains to be seen to what extent the bespoke free trade agreement guarantees the integrity and indivisibility of the internal market. The risk is that the UK uses the flexibility granted to it to gain competitive advantage in the future - for instance through the softening of domestic rules of origin or the downgrading of social and labour standards - and that this leads to disputes between the two parties. The EU needs to be vigilant about the risk of a decrease in trade due to the exercise of UK's discretion over the use of subsidies, tax policy or the conclusion of bilateral financial services agreements with individual member states. Greek companies may also be faced with a declining ability to export to the UK if the euro appreciates as the impact of the new Brexit arrangements on the UK economy become clearer.

In the framework of the partnership on judicial and police cooperation, the fact that the UK has agreed to respect the principles of the European Convention on Human Rights (ECHR) is seen as positive. Discussions are being held in Greece on how the EU might develop future EU-UK relations on foreign policy, external security and defense cooperation and what consequences this might have on Greece's national interests.

A major issue of interest for Greece is the status of the thousands of Greek citizens who study and work in the UK. While tourism and business travel to the UK will be visa-free, a visa requirement and steeper tuition fees for students studying for longer than six months and a visa or a work permit via bilateral agreements for posted workers and the self-employed is likely. This could have

significant political, social and fiscal implications. Greece has a long tradition of permanent migration flows to the UK. Over 10,000 students are studying in British universities and more than 35,000 Greek citizens migrated to the UK between 2010 and 2020 as part of the '[brain drain](#)' that arose from the economic crisis. The UK continues to remain a popular destination among Greek students and workers. However, restrictive immigration rules will seriously affect work opportunities for young unskilled Greeks, while low-income Greek students and their families will come under greater pressure to bear the increased costs of studying there.

Conclusion

Greece attaches great importance to the relationship between the EU and the UK. But it will want to avoid the risk of fragmentation and internal competition within the EU should the UK develop differentiated relationships through bilateral ties with individual member states. It will look to the EU institutions to play a central role to prevent that.

HUNGARY

Robert Csehi

The EU and the UK

Hungary's approach to Brexit has been pretty straightforward. On the one hand, the government expressed its regret about the UK's decision, but respected it. On the other, it wanted to maintain the closest possible relations in the future.

The UK is Hungary's eleventh most important trading partner and UK businesses employ over 50,000 people in Hungary. Moreover, given the number of Hungarians living and working in the UK, the Hungarian government had a strong interest in getting a deal on citizens' rights as close to the pre-Brexit status quo as possible.

Perceptions of the UK did not change after the 2016 referendum. The objective of the Hungarian government has been to sustain the highest possible level of trade, and to preserve the overall cooperative nature of inter-state relations. In fact, the strength of the Hungary-UK relationship was emphasised by the ambassadors of the two countries, when they remarked on the 'fair approach' taken by Hungary during the Withdrawal Agreement negotiations. This friendly connection was slightly dimmed after Orbán's visit to 10 Downing Street, in May 2021. Unlike before, Boris Johnson raised concerns about the state of media freedom, judicial independence, human rights, and LGBTQ+ communities in Hungary.

Nevertheless, bilateral relations have changed perceptibly. According to a Hungarian official familiar with the topic, although the UK still claims that Hungary is considered an 'inner connection', the UK's interest in maintaining close bilateral relations has dwindled somewhat.

What may matter more is the impact of Brexit on Hungary's influence inside the EU. Given that the two countries shared a sovereigntist position on European integration, Hungary lost a key ally in its anti-federalist struggle when the UK left. The question remains as to whether the Hungarian government will be able to make up for this loss, although the governing party's recent exit from the European People's Party in the European Parliament is unlikely to help.

National interests

There are a number of key sectors in Hungary which are likely to be affected by long-term EU-UK relations. First and foremost, the agricultural sector - where

the UK is the tenth most important trading partner to Hungary – could be hit by the administrative cost linked to customs. It is telling that the first official visit of the newly appointed UK Ambassador to Hungary was to the Hungarian Ministry of Agriculture.

Another area is transport – more specifically road transport involving Hungarian truckers and transportation companies. According to one official, even though the provisions of the Trade and Cooperation Agreement (TCA) are not as ambitious as the Hungarian government would have liked, the Hungarian side is hopeful that the agreed terms can be improved upon via bilateral negotiations. One area of potential conflict could be machine production, and more specifically the production of and trade in flat-screen TVs. Rules of origin regulations may lead to 14% duties being imposed on exports to the UK, the impact of which cannot yet be determined.

Despite the potential costs of Brexit, however, the recently appointed Hungarian Ambassador to the UK expressed his hopes that, following negotiations, Hungary might benefit from UK investment, which could at least partially make up for some of the losses. After his most recent bilateral meeting with Boris Johnson, Viktor Orbán stressed that closer cooperation between the two countries were expected in the energy and security sectors.

As for the latter, while cooperation in areas of ‘homeland security’ will continue, data protection is seen by a Hungarian official as a point of potential contention. The fear is that UK practice may diverge from EU regulations. As far as foreign and security policy coordination is concerned, although there has been no formal agreement between the UK and the EU — and the Hungarian government does not expect any change on this in the near future — coordination is expected to be maintained through NATO.

The future relationship

There has not been much public discussion in Hungary of long-term EU-UK relations. The media does cover current developments linked to Brexit, and special attention is still given to Hungarians living and working in the UK, but future relations does not feature.

Media platforms with close links to the government are generally silent about the impacts of Brexit in the UK, while newspapers critical of the government often report on negative expectations. However, even if there was a wider public debate, its relevance would be marginal, given that the key player in the process is still the government, and the Prime Minister himself, who is aided by a ‘chief

negotiator' in Brussels, and the Hungarian Embassy in the UK. Despite the possible economic and social consequences for Hungary, much of the thinking on the future EU-UK relationship is delegated to the EU, as the Union is believed to have competence over relations with third countries.

From the Hungarian perspective, the aim of the negotiations was to reach an agreement that was as broad as possible and to maintain as many links with the UK as possible. While the current political climate is believed not to be conducive to closer relations, the government is hopeful that the existing framework may be extended and complemented in the future through bilateral agreements between the EU and the UK, or the UK and Hungary.

Conclusion

In sum, while the UK may be considered a special partner in Hungary given its importance to trade, relations with the UK will not be allowed to undermine Hungary's EU membership. Although tensions between the EU and the UK over the actual application of the agreement are expected to arise in the near future, the government is content with the scope of the TCA, and is ready to broaden the agreement, and lead bilateral negotiations in areas where adjustments are deemed necessary. In addition, even though the issue of future relations has not received much public attention, Hungary is interested in expanding the existing framework, and accepts the EU's lead in the process. All in all, while it remains to be seen what role Hungary will play in future EU-UK relations, the government is supportive of the idea of broader, more comprehensive cooperation.

IRELAND

Mary C Murphy

The EU and the UK

Ireland's decision to join the European Economic Community (EEC) in 1973 was one of its most important foreign policy decisions. Motivated by a desire to consolidate Irish statehood and to hasten the achievement of economic and social modernisation, accession was also influenced by the UK's decision to join.

EEC membership offered continued access to the UK market while allowing [Ireland to lessen that dependence](#) through deepening trade relations with other members. In tandem, and linked to the evolving Northern Ireland peace process, political and diplomatic relations between the two states improved considerably. Within the EU, the UK was an important ally for Ireland, notably on trade, competition policy and taxation.

The UK's decision to leave the EU impacts Ireland more than any other member state. The potentially serious economic and political impact of Brexit on Ireland and the need to maintain an open border between Northern Ireland and the Republic of Ireland were both recognised in the negotiations. The immense difficulties in ensuring this outcome has placed a considerable strain on British-Irish relations and disturbed political relationships in Northern Ireland.

National interests

From an Irish perspective, agreement on the Ireland/Northern Ireland Protocol and the Trade and Cooperation Agreement (TCA) were critical developments. While falling short of the softer form of Brexit favoured by Ireland, agreement nevertheless provided a degree of clarity for Irish business in relation to both north-south and east-west trade.

The Protocol should ensure that the border remains open and fluid, and alleviates Irish concerns about a negative impact of Brexit on the Northern Ireland peace process. However, it does introduce checks on goods coming from Britain into Northern Ireland, which has hardened unionist opposition.

Unionists fear that the Protocol undermines Northern Ireland's constitutional position as an [‘equal and integral part of the United Kingdom’](#). This discontent has prompted a [legal challenge](#) and [halted work on permanent border control posts](#) at Northern Ireland ports. These challenges have complicated the post-Brexit environment on the island of Ireland and threaten to compromise political stability in Northern Ireland.

In trade terms, the Irish agri-food sector, which is particularly exposed to the effects of Brexit, strongly welcomed the absence of tariffs and quotas on food products moving to and from the UK. However, Brexit still entails new customs requirements, checks and paperwork which are causing difficulties and new costs for many sectors.

In September 2020, the Irish government published a comprehensive [Brexit Readiness Plan](#) to help prepare businesses and citizens for the challenges of the post-Brexit period. Even so, supply chains have encountered some serious disruption since 1 January 2021 and [trade between Ireland and the UK has decreased](#).

The future relationship

Irish concerns about the UK-EU relationship were identified before the Brexit vote and outlined in the [2014 National Risk Assessment](#). Since the referendum, Brexit has dominated the headlines and challenged both the Irish economic outlook and political stability on the island.

The stabilisation of the border as an issue in Irish politics was one of the crowning achievements of the 1998 Belfast/Good Friday Agreement. It was underpinned and facilitated by shared UK and Irish membership of the EU in general, and the single market in particular. Removing the scaffolding of joint EU membership risks undermining a delicate political settlement and upsetting trade relations.

The Irish government, therefore, supported the closest possible UK-EU future relationship, with the UK remaining within the customs union and single market, to avoid both trade disruption and undermining stability in Northern Ireland.

The full and smooth implementation of the Protocol is now a key objective for Dublin, and seen as a means of limiting the disruption associated with the greater complexity now involved in doing business with Great Britain under the terms of the TCA. There is broad political and social consensus in Ireland on the necessity for clarity and stability in the UK-EU relationship.

The ongoing disagreement between the UK and the EU about the precise implementation of the Protocol and the mobilisation of unionist opposition to it have been problematic for Ireland. These difficulties and disagreements have dented trust in the British government and worsened British-Irish relations.

The problems are exacerbated by the early difficulties encountered by Irish business in navigating new east-west customs formalities and regulatory requirements, leading to frustration directed variously towards the British government, Brexiteers, and the Democratic Unionist Party (DUP).

The impact has been to revive hitherto subdued constitutional questions leading to a focus on the future of the UK post-Brexit and what this might mean for Ireland, rather than the wider UK-EU relationship.

Among some constituencies in Ireland, Brexit has increased the appeal of Irish unity which would allow Northern Ireland to rejoin the EU as part of a united Ireland. Sinn Féin, now Ireland's largest political party, has increased calls for the Irish government to plan for a 'border poll' or referendum on Irish unity. There has also been a mobilisation of pro-Irish unity civil society groups in Northern Ireland and subtle shifts in public support for the prospect of a united Ireland.

The Irish government does not support a referendum in the short- to medium-term. Instead, the Taoiseach's new [Shared Island](#) agenda aims to pursue a shared future, founded on the Belfast/Good Friday Agreement, rather than one premised on constitutional change. And critically, despite the fallout from Brexit, the Taoiseach's view that '[The EU is Ireland's home](#)', has wide public and political support.

Conclusion

Ireland and its relationship with the UK have been profoundly impacted by Brexit. Key priorities for the Irish government have been to protect the Irish trade relationship with the UK, to secure the Northern Ireland peace process, and to ensure full and rigorous implementation of the Ireland/Northern Ireland Protocol.

Following years of bruising negotiations, the achievement of settled and functional UK-EU relations is of paramount importance. In the final analysis, Ireland links a stable UK-EU relationship with the prospects for peace, prosperity and reconciliation on the island of Ireland, and therein lies its immense significance for the Irish national interest.

ITALY

Marco Brunazzo & Vincent Della Sala

The EU and the UK

Italy paid little attention to the start of the Brexit process and even less in 2020, as the political focus was on the economic and social impact of the Covid-19 pandemic. On the other hand, the European Union was very much in the news. Its decision to launch an ambitious Recovery Plan changed Italian public opinion on the EU, with support much higher at the end of 2020 than it was at the beginning of the year. Many commented that Brexit facilitated the EU initiative against the pandemic, as Britain's traditional opposition to increases in the European budget was now gone.

The speed with which the UK approved vaccines led Italians to question the European decision-making process. Nonetheless, the issue was not framed in anti-European terms even by the most Eurosceptic parties, confirming once again that the complexity of the negotiations between the EU and the UK, along with the first signs of the impact of Brexit on the UK economy, have defused talk of Italexit.

National Interests

The consequences of Brexit for trade and the Italian economy have been the central national concern throughout the Brexit process.

'Once upon a time there was ravioli stuffed with shrimp', begins an article in the Sole 24 Ore, the newspaper of the Italian association of industrialists (Confindustria). These ravioli, completely unknown to Italian consumers, were produced by an Italian company and sold in the refrigerated counters of Sainsbury's supermarkets. Now those ravioli are no longer produced because, while the Trade and Cooperation Agreement (TCA) largely safeguards free movement of goods, duties must be paid if an ingredient not produced in the EU exceeds 30% of the total weight of the product itself. In this case, the shrimp were from Thailand.

This example highlights Italian fears about the repercussions of Brexit for its agri-food sector and the way Brexit has cast uncertainty over the entire supply chain. Oil, cheese and wine are among the sectors most affected and Italian entrepreneurs fear, even more than duties, the increasing complexity associated with exporting to the United Kingdom. Confrtrasporto, the association representing transportation interests, stresses that the logistics sector has also

been severely affected because of increased transport costs, customs formalities and checks that slow the flow of goods both in and out of the United Kingdom.

According to the Italian Foreign Ministry's economic observatory, in 2019 trade between the United Kingdom and Italy amounted to approximately €35.6 billion, of which approximately €25.2 billion were exports from Italy to the United Kingdom and €10.4 billion were imports. Italy is the tenth largest market for British exports and the UK the fifth most important destination for Italian exports.

In addition to the impact of Brexit on trade between the two countries, the Italian government has focused on the rights of Italian citizens in the United Kingdom, ensuring that the more than 700,000 nationals in the UK would be guaranteed residency. It has also wanted to ensure stability and continuity in the service sector, especially for customers of British financial institutions operating on Italian soil.

The future relationship

In 2019 the Italian government created an inter-ministerial task force for Brexit, which has remained in place even after the TCA was concluded, as numerous departments were engaged in the negotiations pre- and post-TCA. These include the Bank of Italy and the Italian Trade & Investment Agency (ICE).

The TCA was greeted with some satisfaction by many in Italy, not because it removed elements of uncertainty in an international context already made complex by the pandemic. The TCA was seen as offering a starting point from which to rebuild the relationship with the UK. The Italian and British governments are working together to prepare the world climate summit (COP26) scheduled for November in Glasgow, and to coordinate their respective presidencies of the G7 and the G20 in 2021. Energy transition, the fight against climate change, recovery from the pandemic and the promotion of multilateralism are the themes around which this collaboration revolves.

However, it is on the issue of defence policy that Italy and the United Kingdom have shown the greatest determination to continue collaboration. Defence was largely marginal in the negotiations between London and Brussels, thus allowing Italy and the UK to continue to cooperate, for example, with: the Panavia PA-200 Tornado project, Eurofighter Typhoon, the sixth generation Tempest fighter, and other projects in the field of naval, land, aeronautical and missile defence. Italy carries out this collaboration through partly state-owned firms such as

Leonardo, Avio Aereo, Elettronica and MBDA. With respect to strategic security and defence policy, Italy's hope is that the UK will look to the EU and NATO to develop links rather than through stronger, direct links with key players such as France and Germany.

Conclusion

The TCA was greeted with relief and satisfaction in Italy. It raised hopes of a constructive future relationship with the UK. Yet Brexit never really entered into domestic political debate and the complex nature of the negotiations led Italian political actors to largely deal with the UK through the EU institutions.

A particularly promising area for future relations between Italy and the UK is defence. The fact that this policy was largely absent from the TCA negotiations and that the EU itself leaves ample room for manoeuvre for member states makes it a particularly significant area of possible future collaboration. Brexit never really became the model even for the most Eurosceptic parties, including the Lega and the Five Star Movement, and it is starting to appear in the rearview mirror for Italian political leaders, as they look to craft a relationship that ensures Italy's core economic and defence interests.

LITHUANIA

Ramūnas Vilpišauskas

The EU and the UK

The UK's decision to leave the EU was greeted with disappointment in Lithuania. With its military presence in the Baltics, the UK had been an important partner in security cooperation, as well as on trade. Within the EU, the UK had provided an important counterbalance to more pro-integrationist member states, particularly France. As a supporter of the single market, a close transatlantic relationship and EU enlargement, Lithuania had often found itself on the same side as the UK. Moreover, there is a significant community of Lithuanian citizens living in the UK.

Since the start of the Brexit process, Lithuania advocated for a constructive relationship with the UK, while supporting the unity of the EU27. The latter was the priority, underlining the EU's greater economic and political significance to Lithuania. The EU27 includes Lithuania's most important trade and investment partners. The unity of the EU27 also expressed support for the protection of small member states such as Ireland. Lithuania pointed to the need to control damage from Brexit by finding the right balance between protecting the EU's interests and introducing as few barriers to trade as possible between the EU and the UK.

National interests

The UK has been an important security partner for Lithuania, especially within NATO. The two states share a similar perception of the threat from Russia. In economic terms, the UK is only Lithuania's seventh or eighth biggest trading partner. It is less important than countries such as Latvia, Poland, Estonia and Germany. In some sectors, however, including transport services the UK is an important market. This is not unrelated to the fact that the UK is home to the largest Lithuanian community abroad. As a result, the Lithuanian government has been especially attentive to citizens' rights. These issues received public attention and they informed the national position in negotiations between the EU and the UK on the Withdrawal Agreement and the future relationship. At the same time, efforts were made to inform emigrants about job opportunities back home should they decide to return as well as to attract UK companies, especially in the fin-tech sector, who were looking for access to the single market.

Lithuania's aim was to maintain the closest possible economic, political and security relationship between the UK and the EU. Although the EU-UK Trade

and Cooperation Agreement brought some relief, its limited scope, especially in terms of cooperation in foreign and security policies, led to an intensification of bilateral cooperation between Lithuania and the UK. However, when faced with the need to choose between a closer relationship with the UK and defending the interests of EU27, Lithuania reluctantly but firmly prioritised the latter.

The future relationship

The future relationship with the UK received significant attention, particularly in early 2021, when several debates were initiated in the Committee on Foreign Affairs in the parliament. The topics included security cooperation, the economic relationship and Lithuanian emigrants in the UK.

A joint open [letter](#) from the Chairs of the Foreign Affairs Committees of the British and Lithuanian parliaments in late February 2021 stressed that the alliance between Baltics and the UK had prospered and Brexit will not change that. The letter focused on security, stressing the importance of the UK as a partner within NATO, joint efforts at resisting threats, including disinformation originating from authoritarian neighbours, especially Russia, and coordinated support for human rights in Belarus and China. It stated that the partnership between the UK and Lithuania is ‘interwoven through the OECD, the Council of Europe, and families living within both nations’, stressing that ‘as allies, there are few whose values and interests are as closely aligned’.

The programme of the centre-right conservative-liberal coalition government formed after the elections in late 2020 refers to the importance of Lithuania’s bilateral cooperation with the UK in security, eastern neighbourhood policy, economic and technological cooperation. The Lithuanian diaspora in the UK also features centrally. In addition, the programme looks to the UK-NB8 (Nordic-Baltic 8) format as a future forum for cooperation.

These aims indicate that Lithuanian policy makers intend to maintain close cooperation with the UK, especially on security affairs. Debates in the national media, meanwhile, focus on practical issues, such as the introduction of customs procedures and their costs for online purchases of goods from the UK. Businesses, by contrast, especially transport service providers, have highlighted the new rules on border crossing and customs procedures. Officials take the view that a clear picture of the impact of post-Brexit trade conditions is only likely to emerge later in 2021. Estimates suggest that the overall costs of exports are likely to increase by between three and five per cent as a result of the new customs arrangements.

Brexit also features in debates on Lithuania’s European policy and coalitions within the EU. After Brexit, there is an emphasis on the need for Lithuania to

intensify its coalition building with like-minded countries on different issues. Lithuania supports closer defence cooperation within the EU only if it does not weaken the role of NATO. Baltic-Nordic cooperation has become even more important. The new government refers to the ‘core of European countries’, the importance of which has increased after Brexit, and highlights the need to find compromise between northern and southern member states.

Conclusions

For Lithuania, Brexit represents an unwelcome anomaly in a world where liberal democracies face a growing need to cooperate closely when confronted with assertive authoritarian powers such as Russia and China. Lithuania faces the challenge of finding a balance between maintaining close relations with strategic security partners, including the US and UK, while participating in core EU developments, especially when it comes to proposals for European strategic autonomy, which it views with suspicion. The bilateral relationship with the UK will remain important, but priority will be accorded to regional groupings within the EU.

THE NETHERLANDS

Rem Korteweg

The EU and the UK

The Netherlands was always one of the strongest supporters of the UK's membership of the EU. As neighbouring countries with a like-minded ambition to deepen the single market, promote free trade, strengthen transatlantic ties, reduce the EU budget and push back against more centralization of powers, the Netherlands and Britain were often considered 'all weather friends'. It also made sense for the Netherlands to have one of its main trading partners inside the club. Importantly, to Dutch eyes, Britain's membership created a benevolent equilibrium among the three largest member-states. Brexit therefore disappointed the Dutch.

According to a [2014 Parlemeter survey](#), 65% of Dutch respondents supported EU membership. By 2020, this figure had increased to 78%. Brexit did not dampen Dutch euro-enthusiasm. In fact, Brexit became a cautionary tale the government told in response to domestic calls for 'Nexit' and to justify greater EU cooperation.

Brexit forced the Netherlands to be more assertive on those issues where previously it had simply followed the UK's lead. Dutch officials and politicians started to point out that the country is now the fifth largest EU economy and the smallest of the larger members. On financial-economic issues, the Netherlands led a Northern coalition of 'Hanseatics' and 'frugals' to resist initiatives that might lead to a transfer union.

However, the Netherlands prefers ad hoc over permanent coalitions. On trade, for instance, The Hague has built close ties with Paris, and emphasised the 'level playing field' during the UK-EU negotiations. Furthermore, Franco-Dutch proposals to connect EU market access to sustainability and climate targets have informed the EU's new trade strategy, and both countries advocate a more robust approach to tech platforms. Echoing President Macron's views, PM Mark Rutte's conservative-liberal party now speaks about the need to 'protect the single market.'

National Interests

Traders, hauliers, the agrifood sector, fresh flower exporters and fisheries have all felt the negative impact of the Trade and Cooperation Agreement (TCA). They are worried about additional costs and delays once the UK starts checks on its

side of the border. Dutch companies would have preferred the UK to stay in the single market, but were relieved that a costly no deal scenario was avoided. A slight comfort has been that several hundred companies have moved to the Netherlands since the referendum, mainly financial services, trading platforms, pharmaceuticals, creative industries and distributors. Dutch universities are also expected to benefit from Britain's departure from the Erasmus programme and attract more fee-paying foreign students.

In terms of security cooperation, Brexit raised questions about how law enforcement and counterterrorism agencies would cooperate, particularly if data adequacy issues were unresolved. Bilateral defence initiatives, however, like the UK-NL amphibious force will continue, as illustrated by the Dutch frigate deployed as part of Britain's carrier strike group. So, too, will Dutch efforts to invest in multinational arrangements – such as the UK-led Joint Expeditionary Force and the European Intervention Initiative – to keep the UK engaged in European defence. With the UK and Norway in mind, the Netherlands also lobbied the EU to open PESCO projects to third countries.

The future relationship

The Netherlands seeks a closer EU-UK relationship but believes the actions of the UK alone will determine how close that relationship will be. Looking towards 2030, the main concern of the Netherlands is the UK's approach to regulatory standards. The Netherlands pushed strongly for level-playing field guarantees during the negotiations and The Hague will watch closely for any UK divergence from EU rules. Friction could also arise over fisheries and access to UK waters.

On foreign policy, the Dutch have always valued the UK's global perspective and they worry the EU will become more inward-looking. The Netherlands would favour an EU-UK agreement on foreign and security affairs. But there is uncertainty over the kind of country the UK wants to be. To what extent does 'Global Britain' mean 'anything but the EU'? The recent [Integrated Review](#) does not say much about EU-UK cooperation. Will the UK increasingly see the transatlantic relationship in zero-sum terms, aligning with Washington while distancing itself from Europe?

London's challenges to the Ireland/Northern Ireland Protocol also worry the legalistic Dutch. The Netherlands wants to work with London on sanctions policy, cyber security and climate change but there may be difficulties as the UK prioritises new global relationships.

Since June 2016, the Dutch have followed Brexit closely. A government-wide task force led by the ministry of foreign affairs prepared the Dutch position in the negotiations. In slimmed-down form, it continues to monitor EU-UK

relations. The Dutch parliament's Brexit rapporteurs followed the negotiations and stakeholders including business associations and banks, alongside media and think tanks, continue to play a role in making sense of Brexit.

But there has been limited parliamentary scrutiny of the TCA. Questions have arisen over the Partnership Council and the role individual member states will play in these new institutions tasked with coordinating UK-EU affairs. After all, the Netherlands does want close bilateral ties.

The Dutch government is wary that Britain's engagement with the continent will be channeled mainly through Berlin and Paris. For now, there is no support in the Netherlands for turning E3 informal meetings into a European Security Council. But relations are bound to become more bilateralised, and the question is how the Hague can improve them. For instance, while Germany has the Königswinter conference and France has the Franco-British colloque there is no Dutch-British equivalent that brings together key individuals to build mutual trust and help chart deeper bilateral understanding.

Finally, some are worried that the Netherlands could be a target of British 'divide and rule' tactics and that London will bad-mouth Brussels in The Hague - or even tacitly support Nexit - while challenging the TCA. The Dutch want to keep the UK close, but, ultimately, the single market is more important for the Dutch economy.

Conclusion

The Netherlands seeks a strong future relationship with Britain. But whether that can be achieved by 2030 will depend on the path the UK chooses. It is, as yet, unclear whether the TCA can be a bridge on which to build stronger ties or whether Brexit will give rise to friction and widen the North Sea.

NORWAY

Ulf Sverdrup

The UK, the EU and Norway

As a member of the EEA — inside the single market, but not a member of the EU — Norway has a different perspective from those inside the club. For Norway, both the EU and the UK are important. The UK is a vital strategic partner and the biggest destination for Norwegian exports of goods and services. Yet, for the Norwegian economy the EU, and in particular the combination of Sweden, Germany and the Netherlands, is more important than the UK.

In Norway, Brexit is seen as an unfortunate decision that weakened both Europe and the UK, and caused frictions for Norway. Brexit represented a triple challenge for Norway. It altered the UK-EU relationship. It introduced uncertainty into the future of UK-Norway relations, since it implied UK withdrawal from the EEA. And, at least early on, it was feared that Brexit would lead to more domestic contestation about Norway's agreements and mode of association with the EU.

Since 2016, Norway has sought, as best it can, to contribute to an orderly Brexit. In fact, as the EU and Norway cooperated closely on the terms of UK departure from the EEA, Brexit brought them closer together. Norway has also tried to preserve as close a relationship with the UK as possible. Indeed, London and Oslo are currently negotiating a free trade agreement.

Finally, Brexit, did not trigger a major domestic debate about Norway's relationship with the EU, as some had initially anticipated, even if Norwegians monitored developments closely to see if the UK would be offered a preferential deal. Although much attention was devoted to the EU-UK negotiations, the Trade and Cooperation Agreement (TCA) is not seen as very favourable or attractive to many in Norway, and the turmoil and domestic political divisions in the UK during the Brexit process have in themselves become an argument for continuity.

National interests

The single most important issue for Norway is to ensure that Europe remains stable, secure and peaceful, and that Europeans can protect and promote shared values including democracy, freedom, and the rule of law. Norwegians would welcome a move towards a richer and more comprehensive partnership between the EU and UK rather than regulatory competition, tension, distrust and conflicts.

Norway's relationship with the UK is close, partly due to its geographic proximity. For Norway, it is important that the EU, UK, and Norway can ensure sustainable management of natural resources, such as fisheries, oil and gas, and that they can work to promote renewable energy and work towards a green transition. In addition to trade, the UK is an important destination for investments from Norway's Government Pension Fund, as well as for research, education, and innovation. The UK is also among the most popular destinations for Norwegian tourists. The Norwegian government therefore wanted smooth cooperation and as few barriers to trade and movement of persons and services as possible both between the UK and the EU, and between the UK and Norway.

Furthermore, due to its naval and military capabilities, the UK is a key partner for Norway in European security and in NATO. For Norway, which shares a border with Russia, the continuation of close bilateral cooperation with the UK is of critical importance.

The future relationship

The future EU-UK relationship has not been discussed much in Norway. Attention to EU-UK relations dropped significantly after the negotiation on leaving the EU and the EEA was finalized.

There has been a slight increase in interest in reshaping and redeveloping bilateral ties between the UK and Norway, and several high-level political visits have taken place. The parties have expressed their willingness to cooperate and maintain strong bilateral relations, but few new initiatives have materialised. The negotiation on a comprehensive free trade agreement was completed in June 2021, and it ensures that Norwegian businesses have access to the UK market in an equal footing with businesses in the EU. The agreement is partly an agreement with Norway, Iceland and Liechtenstein on one side, and the UK on the others, and partly an agreement between Norway and the UK. While the agreement ensures a predictable framework, it is not as comprehensive as the EEA Agreement. In addition, some agreements on catch limits in fisheries have been made, however, there are still issues left open, for instance on quotas. The public interest in the talks regarding the free trade agreement has been rather limited, and confined mainly to key stakeholders in the fisheries and agriculture sectors.

Several factors explain why attention to UK's future relations with the EU is limited. The first is uncertainty about the future direction of UK relations with its European neighbours. Second, since Norway is not a member of the EU, its role in reflections on the future of the EU is typically limited. Third, the pandemic has shifted attention to more immediate national health and economic challenges.

Any discussions about future relations will naturally depend on the preferences of both sides. Will it be a move in the direction of greater divergence and disintegration, or will there over time be a return to cooperation on many issues, but a relationship that falls short of membership? The experiences of Norway and Switzerland suggest that the latter is not unlikely, at least in the longer run. Both rejected EU membership, but over time and in an incremental fashion, they have developed a rich web of agreements with the EU. While the issues of formal sovereignty — ‘taking back control’ — and membership are contested and divisive domestically, there has nevertheless been broad popular and political support for a more stepwise pragmatic cooperation between Norway and the EU in a range of areas, beyond the single market, such as on climate policy, police, justice and migration policies, as well as in the field of foreign, security and defence policy. Whether the UK chooses to follow this example for its future relationship with the EU remains to be seen, but Norwegians would welcome such steps.

Conclusion

In Norway, there is particular interest in cooperation between the UK and the EU in foreign, security and defence policy. Norway has developed a set of agreements with the EU in these areas. Cooperation has evolved in a piecemeal and incremental fashion, but lacks an overarching strategic structure. Norway was therefore very interested when, early in the negotiations, the government of Theresa May indicated it would like to see a comprehensive cooperation with the EU in these areas. In addition, Norway is particularly interested in contributing to formal and informal structures that can ensure good coordination and cooperation between EU and European non-members. Bilateral relations are expected to become more important, but broader European coordination is still needed when dealing with Russia and China, or cross-cutting issues such as digital regulation and the fight against terrorism.

POLAND

Natasza Styczyńska

The EU and the UK

Poland regards the UK as one of its most important allies especially when it comes to foreign and security policy. The UK was one of the biggest supporters of EU Eastern enlargement. In 2004, alongside Ireland and Sweden, it was one of the few member states to open its borders to workers from the new member states. The UK became home to around a million Poles — the largest group of EU citizens living in the UK. Perhaps unsurprisingly, Poland was very concerned by the outcome of the 2016 referendum.

The Brexit process itself did not feature in public discourse as much as its potential repercussions. The most discussed topic was the impact of Brexit on Polish citizens living in the UK, and this was one of three important areas of concern for the Polish government during the Brexit negotiations. The second related to Poland's international security and international relations. In recent decades, the UK has shared Poland's concerns about Russia and the need to ensure adequate responses to the activism of Moscow.

The third concerned Poland's political influence within the EU. The United Right coalition has been in power since 2015, and the largest party in the coalition, Law and Justice, is, like successive UK Conservative governments, anxious to limit political integration within the EU in favour of a greater role for member states. Cooperation between the parties was particularly visible in the European Parliament, where they co-founded the European Conservatives and Reformists group. The UK's departure from the EU therefore represents the loss of a like-minded ally.

The polarisation of Polish politics turned Brexit into a discussion about the future of Poland's role in Europe. The most important factors influencing the debate on Europe are migration from outside the EU, the economic difficulties faced by certain member states - which generate anti-EU sentiment and opposition to deeper and wider integration - and above all the European Commission's dispute with Poland regarding the rule of law. Domestic issues overshadowed the Brexit negotiations and discussions about post-Brexit scenarios.

National interests

Securing the interests of EU citizens in the UK, including Poles, was achieved

through the Withdrawal Agreement. More time is needed to assess how economic cooperation between EU and the UK will develop. The UK is and will remain an important economic partner for Poland. At the moment it is the third largest recipient of Polish exports – comprised mainly of Polish agricultural and food products, but also services such as business management, telecommunications, IT, information and transport services.

As far as security issues are concerned, Poland and the UK remain members of NATO. The countries share a similar vision of international security. They consider cooperation with the United States to be vital, and are concerned with Russia's expansionist policy. These look set to persist and will probably drive increased bilateral cooperation between Poland and the UK. On the EU's eastern frontier, it is important for Poland to maintain cooperation on internal security and friendly relations between NATO member states and the UK.

The UK-EU agreement puts bilateral Polish-British economic relations on a stable footing and allows Polish companies to maintain access to the British goods and services market. This will be particularly important for the automotive industry, the agri-food sector and transport services. Although the agreement ends the free movement of people, the new UK immigration regime offers easier access to the UK labour market than the initial proposals made by the UK government, which is very welcome in Poland. However, as a result of the UK's departure from the EU Poland has lost an ally when it comes to promoting further liberalisation of the internal market and the eastern dimension of foreign and security policy.

The future relationship

The Covid-19 pandemic, as well as turbulence in Poland's domestic politics, notably the 2020 presidential election and public protests over limiting abortion rights, overshadowed other political issues, including the question of Poland's future relationship with the UK. The threat of a no-deal Brexit was widely reported in the media and led to anxiety, especially in those sectors where the UK is an important trading partner. The final negotiated agreement was welcomed with relief and the hope that it would allow the UK and EU to maintain good relations in both economic and political spheres.

Poland hopes to continue strategic cooperation. The Polish government attaches much importance to permanent, bilateral relations between Poland and the UK. Regional cooperation is also possible, and as early as January 2021, a meeting between the UK and Central European countries took place under the Polish Presidency of the Visegrad Group (V4). As a result of these talks, it was agreed that the countries present would strengthen cooperation at the expert level,

including in the areas of policy towards the Western Balkans and cybersecurity. As the Polish Ministry of Foreign Affairs emphasises, such initiatives are aimed at strengthening ties between Poland and the UK.

Conclusion

Polish public debate, especially after 2015, was dominated by national issues and the polarisation of politics, not least over relations with the EU. This is probably why both the Brexit negotiations and the negotiation of the Trade and Cooperation Agreement (TCA) were generally reported only when they directly concerned Poland or its citizens. Poles see the TCA as providing opportunities for cooperation in many areas, including those important for Poland in economic terms in services, exports, and transport, as well as in security. With Brexit, however, the Polish right wing has become more marginalised in the European Parliament, where Law and Justice have lost their British Conservative allies. The UK's exit from the European Union risks further weakening Poland's already weakened position on the European stage.

SPAIN

Enrique Feás and Ignacio Molina

The EU and the UK

Spain reacted to the result of the Brexit referendum with shock and dismay. Since Spaniards are among the most pro-EU populations in the EU, the UK's rejection of membership was beyond their understanding. Traditional Spanish admirers of the UK's political system watched the heated debates about Brexit in the UK Parliament with amazement.

Most British citizens in Spain, which is the home to the largest number of British expats in any EU country, were also appalled. An [opinion poll](#) conducted in late 2019 showed 70% of Britons living in the EU felt that remaining was their most favourable scenario and 73% believed that the withdrawal would have a negative impact on the UK.

National interests

Given the close commercial ties between the UK and Spain, Madrid's immediate concerns after the referendum were focused on the economic consequences of Brexit. With bilateral trade flows of goods and services of £52 billion (the UK's [third largest trade deficit](#)), 18 million British tourists visiting Spain every year, and large flows of foreign direct investment, the Spanish wanted to maintain a close relationship.

The Withdrawal Agreement addressed two of Spain's national interests: the separate treatment of Gibraltar and the guarantee of citizens' rights. Spain was also later relieved when the Trade and Cooperation Agreement (TCA) removed the threat of high tariffs, notably for agricultural products and the car industry.

Since 1 January 2021, exporters of agricultural products to the UK have complained about new trade frictions, but are happy to keep serving the British market. The Spanish manufacturing sector is slightly less exposed to Brexit than its eurozone partners. Car producers and the chemical industry are concerned about the long-term effects of new trade barriers but less vocal than agricultural producers. Spanish fishermen accepted the partial loss of fishing rights with resignation, as the alternative would have been worse.

As for services, the impact on tourism can be partially cushioned through bilateral agreements, while telecoms and financial services were already mainly supplied through subsidiaries.

Although both countries are members of NATO, some in Spain would have preferred formal UK-EU cooperation on defence to reinforce an Atlantic alliance that has proved useful for Spain in handling security risks in the north of Africa.

The future relationship

Brexit did not result in a heated political or media debate in Spain. With immediate concerns about trade and Gibraltar resolved, many Spaniards are now preoccupied with potential restrictions on studying or working in the UK. British expats, meanwhile, are worried about their status. Although Spain has been relatively generous – unlike the UK, it has not introduced a new application process for residence rights – some non-resident British expats have had to return reluctantly to the UK, as by Schengen rules they cannot stay longer than 90 days in every 180.

There are hopes for future agreements with the EU regarding mutual recognition of diplomas, once the political tension of Brexit subsides. The Spanish authorities are confident that the airline Iberia, which is part of IAG which also owns British Airways, will continue to be able to enjoy the benefits of being considered a ‘European carrier’ under the terms of the TCA.

Spain has seen its interests well-represented by EU negotiators, save in the fuss over Gibraltar, which led Prime Minister Pedro Sánchez to threaten a Spanish veto in November 2018. The crisis was ultimately solved through British assurances that no future UK-EU trade deals would apply to Gibraltar without explicit Spanish agreement. Spanish pragmatism has generally prevailed over confrontation and dormant sovereignty feelings have only come to the surface in occasional domestic political fights or when bilateral relations with the UK were tense for other reasons. This pragmatism has also helped Spaniards to separate Brexit as a political decision from personal relations with British citizens.

Future perceptions of the UK will depend on several factors. Bad management of the Irish backstop by the UK, for instance, would go down badly in Spain, which is traditionally sympathetic to Irish concerns. A Scottish independence debate could also put Spain in the spotlight, given its own concerns about secessionism in Catalonia, but the Spanish government has already said it would not object to an independent Scotland rejoining the EU, as long as the secession process was legal and agreed with Westminster. Another source of potential post-Brexit tension is taxation, as Spain is particularly sensitive to tax avoidance by multinationals and would react badly to attempts by the UK to create a ‘Singapore-on-Thames’.

At the political level, Spain and the UK will no longer clash on EU matters, which might somewhat paradoxically ease their bilateral relations. However, small

frictions will no longer be solved in the margins of EU Council meetings and working groups in Brussels, so encouraging other bilateral forums beyond the special committee to handle Gibraltar-EU matters may be useful. That being said, the solution arrived at on the question of Gibraltar should ease relations. On the afternoon of 31 December 2020, a provisional agreement was reached on free movement for people and border controls, which saw Gibraltar included in the Schengen Area.

Conclusion

Many Brexit analysts in Spain believe that turbulent political times in the UK might eventually subside, and that the current basic bilateral trade agreement with the EU is not sustainable in the long run. Over time, economic operators will adapt to the new circumstances and some things will become easier. But other problems will not be solved by goodwill alone and they will require a change in UK politics to allow a more practical view of the trade-offs between the costs of submitting to external regulations and reaping the benefits of full access to the single market, thus opening the way to a reduction of the trade frictions introduced by the form of Brexit chosen by the UK. Few believe that the UK might one day return to the EU, but many think that traditional British pragmatism will one day re-emerge and give way to a more sensible approach to managing bilateral economic relations with the EU.

SWEDEN

Nicholas Aylott

The EU and the UK

Swedes are generally quite anglophile and speak excellent English, which makes news from the UK accessible. Coverage of the Brexit saga in the Swedish media was intensive – and shock at the outcome of the referendum in 2016 was almost universal. The immediate consequence for tens of thousands of Swedish citizens living in the UK, and for the smaller but significant number of British citizens in Sweden, was that their rights of residence were suddenly in doubt. In the longer term, Brexit poses some significant strategic challenges for Sweden.

Politically, the UK was one of Sweden's closest allies in the Union. Experts from the two countries often [worked together closely](#) on EU policy. On the big issues, such as the future of integration, they shared a sceptical disposition, although the UK was much more outspoken. Sweden could rely on Britain to lead the resistance when necessary. That, of course, no longer applies

National interests

In the negotiations that led to the Trade and Cooperation Agreement (TCA), Sweden was one of the member states keenest on a deal – understandably, given that the UK is the [seventh-biggest market](#) for Swedish exports. But nine of Sweden's top 13 foreign markets are EU member states, which puts the bilateral economic relationship into perspective. The EU's agreement with the UK never became a domestic political issue.

Historically, Sweden is inclined to support free trade, and it thus has concerns about the post-Brexit direction of EU trade policy. The minister for Europe recently [signalled](#) opposition to the French goal of 'strategic autonomy' for the EU. Sweden's preferred emphases, he declared, are on 'innovation, competition and openness to the rest of the world', rather than on 'sweeping state aid and new trade barriers'.

As regards security, 'nonalignment' remains the cornerstone of the Swedish government's doctrine. True, a parliamentary majority now supports a 'NATO option', which would make the possibility of joining the bloc explicit. But that majority is too soft to force the government to insert such a clause; and there is still no majority for actually joining NATO. Left-wing parties, which control the lion's share of the minority government's parliamentary base, retain a deep attachment to nonalignment.

The government thus prefers to pursue other forms of regional engagement. Ministers [describe](#) the EU as ‘Sweden’s most important foreign - and security - policy arena’, and can even [envisage](#) ‘abolishing the need for unanimity (among member states) in certain areas of foreign policy’. However, the EU lacks military strength and, arguably, political resolve - especially vis-à-vis Russia, with which Sweden has an icy relationship. The Swedish government clearly values its connections to the UK as well, and ministers recently [emphasised](#) the UK’s importance in maintaining security ties between Europe and the US.

The future relationship

Swedish fascination with the Brexit referendum and the UK’s subsequent constitutional crisis abated quickly after the British election of December 2019. The dramatic and acrimonious Brexit saga appeared to extinguish any lingering hard Euroscepticism - that is, support for ‘Swexit’ - on the flanks of the political spectrum. Even the pockets of softer Euroscepticism that had endured in the mainstream parties seemed to wither away. Citizens became more supportive of EU membership (though not necessarily of further integration). The Swedish government, meanwhile, dismissed Brexit benefits: ‘We do not believe,’ the EU minister recently [asserted](#), ‘that the UK will be able to ‘take back control’ now that they have left.’

The pandemic might yet contribute to a longer-term reassessment in Sweden of its place in the EU. Sweden was one of the ‘frugal four’ member states that wanted more of the EU’s post-pandemic recovery fund’s disbursement to take the form of loans rather than grants. Even the centre-right Moderate Party, which had always been solidly pro-EU, complained about the future debt burden on Swedish citizens.

It is possible that Swedish Euroscepticism, which was concentrated on the left before and after Sweden’s accession to the Union in 1995, might now be migrating rightwards - as it did in Britain. That could alter perceptions of the UK and its newfound distance from the EU, especially if the British Conservatives stay in office and the Swedish right also wins power (the next election is due in September 2022). A lot will also depend on how the UK performs after Brexit and whether it makes life outside look more attractive.

There are other policy concerns, too. EU legislation might disrupt Sweden’s model of national labour relations, which is based on deals between unions and employer confederations. The issue of the euro, meanwhile, has been dormant in Sweden since the 2003 referendum, in which voters chose to keep the krona. While it is unlikely that the EU would push a reluctant state to join, non-eurozone members may face increasing costs and reduced political influence. The

UK was a bulwark against such pressure – but that protection is now gone. Of the five other Nordic and Baltic EU member states, Sweden's natural allies, only Denmark also retains its national currency. Swedish relations with other 'euro-outs' – especially Poland and Hungary – are much more difficult.

These problems could drive Sweden away from the EU core – and possibly closer to the UK. However, there is currently no sign of such a shift. Swedish priorities in the EU, such as environmental protection and digitisation, are widely shared by other member states. Relations with the UK are barely discussed in public debate. Moreover, the two biggest Swedish parties, the Social Democrats and the Moderates, are keen to keep European integration away from the political agenda, because it would likely split further their respective blocs and make governing even harder.

Conclusion

Brexit was unwelcome in Sweden. It caused uncertainty for citizens of Britain and Sweden resident in the other country and complicated the economic ties between the two. These issues have now largely been settled. Security ties with the UK, meanwhile, are roughly where Sweden wants them. Relations with Britain per se will thus probably remain a minor political question for now. The bigger problem for the country is that Brexit has left it more exposed as an outer-tier member state, with the UK no longer standing in the way of unwelcome EU developments.

The UK in a Changing Europe promotes rigorous, high-quality and independent research into the complex and ever changing relationship between the UK and the EU. It is funded by the Economic and Social Research Council and based at King's College London.

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