

Pros and Cons of Brexit

4 February 2025

Following the [article](#) I posted last June, entitled “What might a “Full Fat” Brexit have Looked Like?”, here are some key points that balance both the advantages and disadvantages of Brexit, responding to feedback in a structured way without going into excessive detail.

1. Sovereignty and Legislative Control

- **Advantage:** The UK has full control over its laws, regulations, and trade policy, meaning it is no longer bound by EU directives and court rulings. This allows the UK to tailor policies to national priorities.
 - **Disadvantage:** Divergence from EU standards can create barriers to trade, particularly for businesses that still operate within European supply chains. Regulatory duplication can increase costs for exporters.
 - **Economic Implication:** The UK can legislate more efficiently in some areas, but businesses may need to comply with both UK and EU regulations to maintain access to European markets.
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2. Trade Policy and Global Agreements

- **Advantage:** The UK is free to negotiate trade deals independently, which has allowed agreements with Australia, New Zealand, and the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership).
- **Disadvantage:** Leaving the EU single market and customs union has led to increased friction in trade with the UK's largest trading partner, the EU, including customs checks and border delays.
- **Economic Implication:** While new trade agreements offer opportunities, they often take years to mature, and the immediate costs of lost EU market access have been significant for some sectors.

3. Immigration Control and Labour Market

- **Advantage:** The UK now has full control over immigration policy, allowing it to prioritise high-skilled workers from anywhere in the world rather than being bound by EU freedom of movement rules.
 - **Disadvantage:** Industries that relied on lower-wage EU workers (e.g., agriculture, hospitality, and healthcare) have faced labour shortages, leading to wage inflation and business struggles.
 - **Economic Implication:** While wages in some sectors have risen due to reduced labour supply, businesses also face higher costs, potentially driving up consumer prices.
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4. Fisheries and Agriculture

- **Advantage:** The UK has regained control over its fishing waters, allowing it to set its own quotas and policies without needing to share them with the EU under the Common Fisheries Policy.
 - **Disadvantage:** Many UK fishing businesses still rely on exporting to the EU, where increased bureaucracy and tariffs have complicated trade. The promised revival of the industry has not materialised at scale.
 - **Economic Implication:** While there is potential for greater long-term benefits, short-term disruptions have hurt fishermen reliant on EU markets, particularly in Scotland.
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5. Financial Services and the City of London

- **Advantage:** The UK is no longer subject to EU financial regulations, allowing it to adjust rules to maintain its competitive edge. Some argue this could attract global investment.
- **Disadvantage:** Many financial firms have moved operations or staff to EU cities

(e.g., Frankfurt, Paris) to maintain market access. Loss of passporting rights has made some cross-border services more difficult.

□ **Economic Implication:** London remains a major financial hub, but growth in some financial services has slowed due to uncertainty and relocation of operations.

6. Cost of Living and Consumer Prices

□ **Advantage:** Brexit gives the UK the ability to set its own tariffs, potentially lowering import costs from non-EU countries and increasing competition.

□ **Disadvantage:** Disruptions in EU supply chains, new import/export procedures, and a weaker pound have contributed to rising prices for some goods.

□ **Economic Implication:** Any savings from independent trade policies have, so far, been outweighed by increased costs due to trade friction and inflationary pressures.

7. EU Budget Contributions*

□ **Advantage:** The UK no longer pays into the EU budget*, meaning billions of pounds per year can be redirected to domestic priorities.

□ **Disadvantage:** Loss of access to EU funding, particularly for research, regional development, and agricultural subsidies, has impacted some sectors.

□ **Economic Implication:** While the UK has saved on contributions, some sectors (e.g., science, higher education, and farming) have seen funding gaps that have not been fully replaced by domestic schemes.

**Prior to its departure from the European Union, the United Kingdom's financial contributions to the EU budget varied annually. After accounting for the rebate and funds received from the EU, the UK's average net contribution was approximately £7-7.5 billion per year between 2016 and 2019. [commonslibrary.parliament.uk] This figure represents the net amount the UK no longer contributes to the EU budget following Brexit.*

8. Political and Social Impact

- **Advantage:** Brexit has reinforced the principle of national sovereignty and democratic control, reducing reliance on EU institutions.
- **Disadvantage:** Brexit has deepened political divisions within the UK, particularly in Scotland and Northern Ireland, where there are renewed debates over independence and Irish border arrangements.
- **Economic Implication:** The Northern Ireland Protocol and ongoing disputes over trade arrangements have added complexity, particularly for businesses operating between GB and NI.

These points provide a balanced summary of both the opportunities and challenges of Brexit. While some advantages have clear potential, many have come with economic trade-offs, regulatory barriers, or unintended consequences.

Brexit was never going to be an overnight transformation but rather a long-term journey. While the UK has gained the freedom to shape its own policies and forge new global partnerships, the expected benefits will take time to materialise. So far, the government has been slow to fully capitalise on the opportunities Brexit presents, arguably delaying progress by around five years. The success of Brexit ultimately depends on proactive policymaking—removing unnecessary regulatory burdens, driving trade outside the EU, and ensuring businesses can adapt to the new economic landscape. The coming years will be critical in determining whether Brexit delivers on its promises or remains an opportunity left unrealised.