

Trade down, economy sinking, support falling: is the tide finally turning on Brexit? By Michael Savage and Toby Helm for *The Observer*.

Throughout the turbulent years that Michel Barnier spent dealing with Brexit, the former EU negotiator's endless talks with British counterparts failed to help him answer the simplest of questions – what did they want Brexit to achieve?

“For me, for many of us, Brexit remains a nonsense,” he told the *Observer*. “Taking into account British national interest, there is no added value to being outside the single market and the customs union. Throughout this process, I asked British leaders every day – from all the parties, [Nigel] Farage, trade unions or the business community – to give me proof for the added value of Brexit. Nobody was able to do this.”

The process has been on now for three years. Barnier is struck by the difference in the debate between the UK and the rest of the continent. “To be frank, coming back to London, I see that Brexit is always on the front page,” he says. “There are many questions and many polls, but it's not the case in the EU. Brexit is no longer a problem for us. We have turned the page.”

People who voted for Brexit talked of incompetent ministers or a failure of the ruling elite to “get behind” the concept. As if to bring home the realities of life outside the bloc, Brexit's anniversary celebrations coincided with a warning from the International Monetary Fund that Britain will be the only major industrialised country to see its economy shrink this year – and perform even worse than sanctions-hit Russia.

Over the past few months, the proportion of voters who want to rejoin the EU has risen to about 58%, while the proportion of those wanting to stay out has fallen to around 42%.

Behind the shift, according to analysts, is evidence that voters have become more negative about the economic effects of Brexit, both on the country and on their own personal finances. As recently as 2021, more people thought Brexit would have a beneficial economic effect, whereas the net figure is now -27%.

Paul Johnson, director of the Institute for Fiscal Studies, said other countries were not being affected to the same extent as the UK by shortages of labour. The UK labour force, he said, had half a million fewer people than before the pandemic, as a result of people retiring early and fewer EU immigrants.

Research by the Centre for European Reform (CER) in December showed that Britain's economy was 5.5% smaller than it would have been had it remained inside the EU. The UK's goods trade was 7% lower, and investment 11% down on what it would have been had the remain campaign won in 2016. The Office for Budget Responsibility stands by a prediction that Brexit will cause a long hit to GDP per capita of 4%. Pro-Brexit economic arguments have become thin on the ground.

As UK public opinion turns, the attractiveness to voters in other member states of their nations quitting the EU, which rose around the time of the referendum in 2016, has declined markedly. The European Social Survey (ESS), led by City, University of London, found respondents were less likely to want to leave than in 2016-17 in every EU member state for which data was available.

Lord Moylan, a Tory peer and former adviser to Boris Johnson, says an economic hit should come as no surprise. “The negotiations were badly handled, but as far as Great Britain is concerned, Brexit is now complete,” he says.

“Brexit was a constitutional change, and it’s been achieved. We’re not subject to European Union laws and make our own laws. That’s what Brexit is all about, and it has been done. If you leave a customs union, you’re going to trade less. It’s obvious. Why would anybody be surprised about that? Inevitably, it would have an effect on trade. I didn’t think the European Union would be so unpleasant about the whole thing, but obviously I was naive about that.”

“Given the fact we were immediately plunged into Covid and subsequently the Ukraine war, it is actually surprising how relatively smoothly things have gone. This decision will be best viewed after 10 years have passed.

“Other countries like New Zealand and Australia had to make major adjustments to their economies after the EU limited our ability to trade with them. They made those adjustments and came out stronger – so will the UK if we commit to it and stop looking back over our shoulders.”

Politically, the Brexit effect now spells trouble for Sunak from several directions. Gone is one of the pillars that Tory MPs credit for delivering election success in 2019 – by most accounts, Tory strategists believe that if Brexit is an issue at the local elections, it won’t be to the benefit of their party.

Some Brexiters also said that it was the misfiring of Brexit that – inexplicably to many in the party – was keeping Liz Truss relevant. This weekend, the former prime minister will make her first big intervention, heaping pressure on Sunak to cut taxes and deregulate. Despite her complete implosion, some Tories conclude that her high risk, low tax programme is the only logical strategy for making a success of life outside a big trading bloc.

“I always thought Brexit had the capacity to hit the existing party system, and Labour ran into that head-first. But the same articulated lorry is now about to collide with the Tory party,” said one veteran Conservative Brexiter.

Meanwhile, new Brexit skirmishes are set to break out this week as the plan to remove all EU laws from the statute book is debated in parliament. Soon after that, a deal with the EU over the treatment of Northern Ireland again threatens a fresh battle.

Yet the problems emerging with the current Brexit settlement also heap pressure on Keir Starmer and Labour. While the Labour leader has talked about taking on the “Brexit purity cult” in the Tory party, greater evidence of economic damage will increase pressure on him to bring the UK closer to the EU. That risks undoing

his largely successful drive to steer his party away from the Brexit splits that caused such problems for Labour at the last election.

It all allows Barnier to adopt a more-in-sorrow-than-anger tone as he surveys the continuing fallout, but he adds a warning for remainers who hope that one day an EU return could be contemplated. The further the two parties drift apart, the harder any return will become.

“I wish the best for the UK, sincerely,” he says. “I admire this country, with respect for many of the UK’s leaders – first of all, Winston Churchill. I admire the culture of the UK, the capacity to play a role in the world. But Brexit is a lose-lose game ... [it] has been, is and will remain a lose-lose game.

“The door is open. The difficulty could be that the gap is created, starting from now into the future in our regulations. If there is too large a divergence, it could be more difficult. But once again, this is a choice for the UK.”

QUESTIONS:

1. Kindly summarise the text, mentioning the main points.
2. Have we in the rest of Europe really «turned the page» on Brexit? Is it really over for us? And how have we come out of it in terms of trade? Weaker? Stronger?
3. Can you foresee some of the consequences in trade relations for the UK and the EU in the middle term (10-15) years' time? Suggest how Spanish trade can make up for the loss of the British market.