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Roots and consequences of Brexit

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Brexit (British exit from the European Union) is the decision to leave the European Union (EU) following the British referendum of June 23, 2016. One of the main issues is that the whole Great Britain (GB) is concerned by this decision whereas only English people voted broadly in favour of Brexit.

GB concept includes England, Wales, a part of Ireland and Scotland. The issue raised shortly after the Brexit decision, was the willingness of the Scottish to stay into the EU. However, GB is “Great” only because of the presence of Scotland. The United Kingdom of Great Britain and Northern Ireland could become shortly the United Kingdom of Britain and Northern Ireland or the United Kingdom of England, Wales and Northern Ireland.

GB has never been invaded since the time of William the Conqueror in 1066 and this fortress facing the Atlantic Ocean has liberal institutions that favored the rise of the Industrial Revolution. From the beginning, its policy involved the development of ships industry to counter the invaders, mainly the former Emperor Napoleon Bonaparte’s plans. Simultaneously to this protective policy, GB had an expansionist policy; it invaded most parts of the world, which gave it the name of the empire on which the sun never sets. In the late 1950s, during decolonization, GB lost its superpower status but remained strongly independent and reluctant to any law decided by others. However, it joined the European Economic Community (EEC) in 1973, but rejected in 1992 the European Exchange Rate Mechanism as well as the Schengen legislation in 1997. In 1998, the “Good Peace Agreement” signed with Ireland offered some hope for peace in these Islands as the Irish war ended¹. In 2007, The Lisbon Treaty² signed by EU members, set in stone a legislation (via Protocols 15, 19, 21 and 30) that concerned the peculiar position of GB. According to these protocols, the UK is neither part of the Eurozone nor concerned by Schengen area or the abolition of EU frontiers, it is not bound by EU legislation in the fields of freedom and security. Indeed, Protocol 30 recognizes the EU Charter of Fundamental Rights with a legal value equivalent to the treaty itself, it cannot judge UK’s adherence to this legislation³. In 2016, when Great Britain voted to withdraw from the EU, the decision was based on the article 50 of the Treaty of the European Union⁴, “*Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements*”.

After Brexit, uncertainties remain numerous; GB could experience a fall in economic growth and deterioration of public finance, since the

¹The Northern Ireland Peace Process, The Council on Foreign Relations (CFR). March 2019. <https://www.cfr.org/background/northern-ireland-peace-process>

² Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007 <https://eur-lex.europa.eu/legal-content/HR/TXT/?uri=CELEX:12007L/TXT>

³<https://register.consilium.europa.eu/doc/srv?l=EN&f=ST%206655%202008%20INIT>

⁴<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12012M050>

protectionist wave initiated by the US President Donald Trump could more isolate it. GB could lose subsidies from the EU for hospitals or universities and although it is true to understand it wishes to escape EU regulations, some of them might still be profitable⁵. The delicate situation in Northern Ireland, for which the balance struck after 30 years of civil war, could be called into question. Scotland's objective of staying within the EU is also problematic for GB's unity⁶. The recent election of Boris Johnson with a strong will to shake things up, particularly by reinstalling free trade areas, is also a topical issue.

This four-part article will address the roots and consequences of Brexit. A first part will address Brexit and the City with the question of the survival of this body at the exit of the UK from the EU and the possibilities of its replacement by other European cities. The second part will be based on the consequences of Brexit within GB by focusing on Ireland and then on Scotland. The third part is dedicated to Brexit in the world with the particular case of Gibraltar and a possible restructuration of the GB economy if it relies more on its old partners of the Commonwealth. Finally, the last part is more topical and evokes the laborious management of Brexit and the difficulty of leaving Europe; first with the position of Theresa May who tried, but in vain, to find a way out of the EU and the finally the arrival of Boris Johnson with a more offensive policy that seems quite close to succeed.

I. Brexit and the “City”

a. Will the “City” survive Brexit ?

*“They said the City would die because the UK wasn't part of the euro,” Mr Villeneuve [former President of LIFFE] recalls. “They said Frankfurt would be king. But none of that happened.”*⁷

The City of London, surnamed “one square mile” refers to its perimeter surface, is a small city inside of London with their police. Its surface is more important than that of the Vatican⁸ but smaller to that of Manhattan; 9000 people live there⁹ but 500 000 people are working in it¹⁰ and 250 headquarters of banks can be found there¹¹. Furthermore, it concentrates 2.5\$ trillions with 40% of the global financial trade and

⁵<https://www.lse.ac.uk/europeanInstitute/LSE-Commission/Hearing-11---The-impact-of-Brexit-on-jobs-and-economic-growth-sumary.pdf>

⁶<https://foreignpolicy.com/2019/02/19/scotlands-marriage-inconvenience-brexit-independence-nicola-sturgeon/>

⁷<https://www.ft.com/content/e90885d8-d3db-11e5-829b-8564e7528e54#axzz410Z3vW7T>

⁸<https://www.britannica.com/place/Vatican-City>

⁹<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

¹⁰<https://www.cityoflondon.gov.uk/business/economic-research-and-information/Pages/economic-statistics.aspx>

¹¹<https://colresearch.typepad.com/colresearch/2018/06/banks-in-the-city-and-across-the-uk.html>

40% of the derivatives market¹²; the city of London has the largest number of millionaires in the world¹³.

The financial passports regulations¹⁴, which is a scheme, enables European financial institutions to sell their products throughout the EU, is mainly used in one sense: from the UK to the continent. According to the UK financial regulator, *the Financial Conduct Authority*, companies registered in the UK has 336,000 different financial passports while EU companies have only 23,500 for the UK.¹⁵ Losing it threatens the domination of London as a financial centre. Important banks such as Goldman Sachs and JP Morgan expressed their opposition to Brexit¹⁶ and the “City” could lose 30 000 jobs¹⁷ due to this decision. Although those real issues, London remains the first financial centre in Europe¹⁸, the annual trade with the EU is around 700 billion€¹⁹. The “City” trades mainly with countries outside the EU²⁰, which could offer the UK a real advantage. Cities such as Madrid, Paris, Dublin, Amsterdam, Luxembourg or Frankfurt are bidding to replace London as the first city in the finance business²¹, Frankfurt seems well prepared for that.

b. Will Frankfurt replace the “City”?

Frankfurt could replace the “City” as a stronghold for finance for multiple reasons. The fall of the conservative party led by Theresa May has encouraged the rise of the Labour Party leader Jeremy Corbyn that wants to increase the taxes on financial markets²². The traders may want to join Frankfurt because, in Germany, these taxes represent 30% at a national level²³ but only 15% for the Landers that share half of them with the central state. Moreover, the German government decided to suppress the taxes on “risk takers” for banks that may leave Great Britain after the Brexit²⁴. The Brexit would inevitably lead to unemployment in the “City”, experts saying London could lose from

¹²<http://www.uncsbrp.org/finance.htm>

¹³<https://www.worldatlas.com/articles/cities-boasting-the-most-millionaires-around-the-globe.html>

¹⁴https://www.lemonde.fr/economie/article/2017/01/18/brexit-la-city-peut-dire-adieu-a-son-passeport-financier-avec-l-union-europeenne_5064633_3234.html

¹⁵*Ibid.*

¹⁶https://www.huffingtonpost.fr/2016/01/21/brexit-goldman-sachs-jp-morgan-brexit-banque-davos_n_9037840.html

¹⁷<https://www.expansion.com/empresas/banca/2017/02/08/589b57bce5fdeab43f8b45ba.html>

¹⁸<https://www.statista.com/statistics/381170/leading-financial-centers-western-europe/>

¹⁹<https://fullfact.org/europe/uk-eu-trade/>

²⁰<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/unitedkingdombalanceofpayments/thepinkbook/2018>

²¹<https://www.ozy.com/fast-forward/which-city-is-winning-the-race-to-be-europes-next-finance-hub-none/91755/>

²²<https://www.ft.com/content/c87d3a72-388c-11e7-821a-6027b8a20f23>

²³http://www.worldwide-tax.com/germany/germany_tax.asp

²⁴<https://www.ft.com/content/08fd7550-5d8e-11e7-9bc8-8055f264aa8b>

3500 to 12,000 jobs in the financial sector²⁵ and Goldman Sachs says 6000 jobs will be lost in the company²⁶.

The other European capitals such as Paris or Madrid are perceived badly by the bankers; 60 000 bankers that work in the “City” are immigrants²⁷; they could be roughly impacted by the closure of borders between UK and EU. They are currently mistreated as Theresa May charged companies £2,000 a year for non-EU skilled migrant workers as a measure to reduce²⁸ their numbers.

Frankfurt is in a very good position for welcoming bankers coming from the “City”. Indeed, Germany is one of the European countries where is found the highest number of English speaker: 62.35%²⁹ compared to 39%³⁰ in France and 25% in Spain³¹. Moreover, bankers need buildings where they could work. Germany rebuilt from the rubble of World War 2 and in some German zones, it is forbidden to build skyscrapers³². That is not the case in Frankfurt! Currently, there are 19 high-rise buildings under construction in the city, and a further 26 planned³³. Banks, insurers and other financial services companies have little choice but to shift employees, assets and clients from the UK, in preparation for a difficult-transition scenario, to other European City; and Frankfurt is ahead in the race, regardless of London’s efforts to limit the damage caused by Brexit.

II. Brexit and the United Kingdom

a. The long history of the Irish border

“I pledged the word of Great Britain that should the United States become involved in a war with Japan, a British declaration would follow within the hour³⁴.” then Prime Minister Winston Churchill declared during the WWII. When learning the landing of 25000 Japanese³⁵ in Hong Kong he didn’t turn to the US that he courted into entering war but to Ireland : *Now or never. 'A Nation once again former*

²⁵<https://uk.reuters.com/article/britain-eu-banks/city-of-london-leader-sees-3500-12000-finance-jobs-lost-due-to-brexit-idUKL5N1UK2FF>

²⁶<https://www.theguardian.com/business/2017/mar/21/goldman-sachs-staff-london-brexit-frankfurt-paris>

²⁷<https://www.thelocal.fr/20170303/french-expats-vs-british-expats-whos-got-the-bigger-bargaining-chips>

²⁸<https://www.businessinsider.fr/us/theresa-may-conservative-manifesto-immigration-eu-worker-charge-brexit-employers-2000-year-2017-5>

²⁹<https://www.europelanguagejobs.com/blog/english-who-speaks-it-best.php>

³⁰*Ibid.*

³¹<https://www.transfluent.com/en/2015/07/why-spanish-uses-more-words-than-english-an-analysis-of-expansion-and-contraction/>

³²<https://www.theguardian.com/world/2009/sep/11/second-world-war-rebuilding>

³³<https://www.dezeen.com/2017/10/19/frankfurt-brexit-building-boom-new-high-rises-big-unstudio-ole-scheeren/>

³⁴<http://www.ukpol.co.uk/winston-churchill-1941-speech-in-the-house-of-commons-following-the-japan-attack-on-the-usa/>

Prime Minister wrote in a telegraph to Eamon de Valera, the then Prime Minister of Ireland³⁶. The notion of “Nation” evoked by Winston Churchill refers to the Anglo Irish Treaty of 1921, which clarified the partition of Ireland after the end of the Irish War of independence in 1919. The North of Ireland became a part of the United Kingdom whereas the rest of the island become independent³⁷. Although Irish position to stay neutral during the WW2; Ireland didn’t pursue a genuine policy of neutrality as the historians estimated that 43000 Irish soldiers were involved in this war³⁸. After the WW2, the Cold War occurred and one of the 31 ROC (royal observer corps) mission was to protect the Irish civil population against possible Russian nuclear weapons³⁹. From 1968 to 1998, Ireland fought Great Britain to recover the lost Northern part, but the peace agreement finally signed ended the conflict. The disappearance of the 500-kilometre border between the two Ireland is an achievement of the Good Friday peace agreements in 1998⁴⁰. As both regions are part of the EU and Customs Union single market, a person can travel from the Republic of Ireland to Northern Ireland without encountering issues. Reciprocally, a good produced in Northern Ireland can be sold to the Republic of Ireland. In 2016, the Brexit has adversely affected this delicate balance. *“We are leaving the single market. Life is going to be different. In certain ways, our access to each other's markets will be less than it is now”* declared former Prime Minister Theresa May in a speech in the Mansion House. In the same speech, former Prime Minister contradicts her claim : *“As prime minister of the whole United Kingdom, I am not going to let our departure from the European Union do anything to set back the historic progress that we have made in Northern Ireland - nor will I allow anything that would damage the integrity of our precious Union.”*⁴¹ Indeed, Brexit could bring back impassable situations with a possible return of borders between the two Ireland. For example, road N54/A3 crosses the border four times in 10 km with the possibility of customs checks at each crossing. Yet the Draft Agreement signed between EU and UK indeed proposed a “backstop” to protect the 1998 Agreement⁴², it doesn’t seem sufficient to solve every issue⁴³. Another alternative for GB after the Brexit could be the Swiss model. However, the limits of this model are numerous among them the fact that Switzerland accepts the freedom of movement which is unacceptable for Brexit’s partisans⁴⁴. In the left wing, Labour party leader Jeremy Corbyn explained his position : *“No one should be willing to sacrifice the Good*

³⁶<https://www.difp.ie/docs/1941/-Now-or-Never.-A-Nation-once-again-/3577.htm>

³⁷The Northern Ireland Question, edited Brian Barton & Patrick J. Roche, p. 223.

³⁸<https://www.irishtimes.com/opinion/myth-of-irish-neutrality-not-borne-out-by-historical-fact-1.177385>

³⁹<https://thetimechamber.co.uk/beta/sites/roc-posts/cold-war-years>

⁴⁰<https://www.bbc.co.uk/newsround/14118775>

⁴¹<https://www.bbc.com/news/uk-politics-43256183>

⁴²https://ec.europa.eu/commission/publications/draft-withdrawal-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community_en

⁴³<https://www.bbc.com/news/uk-politics-43456502>

⁴⁴https://www.swissinfo.ch/eng/eu-negotiations_would-the-swiss-model-suit-a-post-brexit-britain/42128110

Friday Agreement [...] So Labour would seek to negotiate a new comprehensive UK-EU customs union to ensure that there are no tariffs with Europe and to help avoid any need for a hard border in Northern Ireland."⁴⁵ Theresa May was against these proposals; she felt that adopting them would diverge too much from the positions of the EU and therefore of Northern Ireland which would be cut off from the UK. Indeed, Dublin will have to remain within the single market and within the customs union.

For Brexit Chief Negotiator David Davis, this issue could be solved by building a *smart border* along the two Ireland; but critics argue technology can't build a perfect frictionless Irish border⁴⁶. In 2017, former Prime Minister Theresa May lost the general elections⁴⁷ and for avoiding losing its majority, the Conservative Party allied with the Democratic Union Party (DUP)⁴⁸. This party is an opponent to the Brexit's decisions of Theresa May as they are in favor of maintaining the Common Travel Area and a frictionless Irish border⁴⁹. While former Foreign Affairs Minister Boris Johnson pledged for hard border with Ireland⁵⁰, his current position as Prime Minister remains fragile as the DUP rejected his compromise on Brexit⁵¹. For other areas that are part of the UK, the situation is not the same.

b. Scotland, the willing to be independent

"It doesn't matter where you come from, what matters is where we're going as a nation. You can be Pakistani-Scottish, Polish-Scottish, even English-Scottish." Humza Yousaf, Transport Minister of Scotland with Kenyan and Pakistan origins⁵² stated. In 1707, the King of Scotland and the King of England signed a Union to form Great Britain⁵³. In 1800, the Act of Union extended to include Ireland. Great Britain became the United Kingdom of Great Britain and Northern Ireland⁵⁴. The Union Jack is a flag that merges the 3 flags of England, Scotland and Ireland⁵⁵. In 1997, Scotland voted via a referendum and gained more independence with the creation of Parliament that has competences in the areas of police, schools and justice.⁵⁶ From 2007 to

⁴⁵<https://brexitcentral.com/full-text-jeremy-corbyns-speech-labours-brexit-policy/>

⁴⁶<https://www.thejournal.ie/david-davis-brexit-technology-3923080-Mar2018/>

⁴⁷<https://www.bbc.com/news/election-2017-40209282>

⁴⁸<https://www.bbc.com/news/election-2017-40245514>

⁴⁹http://www.mydup.com/images/uploads/publications/DUP_Wminster_Manifesto_2017_v5.pdf

⁵⁰<https://news.sky.com/story/boris-johnson-promises-to-release-very-positive-northern-ireland-border-letter-11270575>

⁵¹https://www.lexpress.fr/actualite/monde/europe/brexit-le-parti-nord-irlandais-dup-rejette-le-compromis-de-boris-johnson_2103840.html

⁵²<https://www.nytimes.com/2014/04/09/world/europe/proud-scots-wherever-theyre-from.html>

⁵³<https://www.britannica.com/event/Act-of-Union-Great-Britain-1707>

⁵⁴<http://www.legislation.gov.uk/aip/Geo3/40/38/contents>

⁵⁵<http://ca-m-interesse.over-blog.com/article-pourquoi-le-drapeau-du-royaume-uni-s-appelle-l-union-jack-49238692.html>

⁵⁶<https://www.bbc.com/news/uk-scotland-scotland-politics-41189455>

2010, the former Prime Minister of Great Britain, Gordon Brown with a Scottish origin led the country. In 2014, Scotland voted against being independent⁵⁷. In 2016, while London voted to leave the European Union, the Scottish people voted to remain in it⁵⁸. The 13th of March 2017, Nicola Sturgeon, the leader of the Scottish National Party proclaimed a new referendum for independence⁵⁹ and is backed 15 days later by the Parliament⁶⁰. Scotland is ideologically different from England; Scotland is predominantly social democrat while England is to a large extent centre right; Scotland is against the nuclear weapons owned by the British Crown⁶¹. Yet Scotland indeed might be ranked among the most important countries in the world⁶², the Scottish economy might suffer from its independence from the UK. Indeed, Scotland represents a third of UK territory with 8% of the country population and 5% of its GDP⁶³. When in 2014, the prices of oil fell by 70%⁶⁴, this led to an increase of 15£ billion of Scotland deficit due to the collapse of New Sea Oil tax revenues⁶⁵, the annual spending deficit was near to 10% and was sustained only by UK subsidies⁶⁶. This lack of sustainability is also highlighted by the fact that Scotland sells 4 times more to the UK than to EU⁶⁷ which means that independence will cause Scotland companies to lose 75% of the market and complicates further the relationships between Brexit and the world.

III. Brexit and the world

a. Gibraltar

And in case it shall hereafter seem meet to the Crown of Great Britain to grant, sell or by any means to alienate therefrom the propriety of the said town of Gibraltar, it is hereby agreed and concluded that the preference of having the sale shall always be given to the Crown of Spain before any others asserts the Article X of the Treaty of Utrecht. In the framework of this article, Spain yielded Gibraltar to Great Britain, this territory cannot be independent and if GB wishes any change, it will have to recover the rights before the transfer to Spain. However, Gibraltar that is an autonomous territory has to apply the EU

⁵⁷<https://www.theguardian.com/politics/scottish-independence-blog/live/2014/sep/18/scottish-referendum-results-live-coverage-of-the-independence-vote>

⁵⁸<http://blog.whatscotlandthinks.org/2016/10/why-did-scotland-vote-to-remain/>

⁵⁹<https://www.theguardian.com/politics/2017/mar/13/nicola-sturgeon-fires-starting-gun-on-second-scottish-independence-referendum>

⁶⁰<https://www.theguardian.com/politics/2017/mar/28/scottish-parliament-votes-for-second-independence-referendum-nicola-sturgeon>

⁶¹<https://cnduk.org/scotland-pays-180-million-a-year-for-nuclear-weapons-it-doesnt-want/>

⁶²<https://www2.gov.scot/resource/0043/00439021.pdf>

⁶³<https://www.britannica.com/place/Scotland/Economy>

⁶⁴<https://www.bbc.com/news/business-35340893>

⁶⁵<https://www.theguardian.com/society/2016/aug/24/scottish-finances-worsen-fall-oil-revenues-15bn-deficit>

⁶⁶<https://www.theguardian.com/society/2016/aug/24/scottish-finances-worsen-fall-oil-revenues-15bn-deficit>

⁶⁷<https://www2.gov.scot/Topics/Statistics/Browse/Economy/Exports/ESSPublication>

Law⁶⁸ but is exempted from being part of the European Union Customs Union . It means that despite being considered by the Court of Justice of the EU as part of the UK, which forces this entity to pay tariffs on exports, it doesn't have to pay any tariffs for imports⁶⁹. This juridical abnormality permits to Gibraltar to have lower prices on tobacco and oil⁷⁰. Indeed, tobacco that represents 30% of Gibraltar's budget⁷¹, costs 40% less than in Spain⁷². Thus, Gibraltar is technically a tax haven⁷³; it registers 20000 companies in its territory⁷⁴ and is accused by EU of disloyal competition⁷⁵. Recently, Gibraltar was sued by GB because online gambling is not taxed on this island while in GB players have to pay 15% tax and the EU has ruled in favor of the British Crown⁷⁶. Politically, the chief minister Fabian Picardo represents Gibraltar, his party, a coalition between the Gibraltar Socialist Labour Party, and the Liberal Party has 10 out of 17 seats in the Gibraltar region⁷⁷. However, according to the 2006 new constitution, the governor (which is Edward Davis today)⁷⁸ is nominated by the British Crown. He can veto a law if he deems it necessary and should verify that the local voted laws respect territorial sovereignty⁷⁹. In 2016, the territory voted at 96% to remain within the EU⁸⁰ which pushed Spain to discuss with GB in the frame of UN for shared sovereignty⁸¹. This deal would have three major positive points: a normalization of Gibraltar with their neighbors with an opening of the borders; the reviving of Gibraltar's economy with the region favored by the shared use of the airports; and the choice given to Gibraltar people to be Spanish, British or both. On the contrary, a breakup of Gibraltar with the EU could mean isolation of this region from the world with limited access to its port; Spain could also be affected, as 8000 workers will not access the port⁸². Besides, Spain constitution allows Gibraltar to be more independent as a region and to protect its traditions. Indeed, article 143 of the 1978 Spanish

⁶⁸https://www.challenges.fr/monde/pour-la-cjue-le-royaume-uni-et-gibraltar-peuvent-etre-traites-comme-une-meme-entite_479921

⁶⁹<https://www.lesechos.fr/monde/europe/brexit-queelles-consequences-pour-gibraltar-1140570>

⁷⁰https://www.numbeo.com/gas-prices/country_result.jsp?country=Gibraltar

⁷¹http://www.europarl.europa.eu/doceo/document/E-8-2015-004105_EN.html

⁷²<https://www.bbc.com/news/uk-23784627>

⁷³https://elpais.com/elpais/2019/03/04/inenglish/1551687331_812958.html

⁷⁴<https://www.sovereigngroup.com/about-sovereign/our-history/>

⁷⁵<https://www.europe1.fr/international/brexit-un-accord-de-divorce-et-apres-3807899>

⁷⁶https://www.elconfidencial.com/economia/2017-06-13/tue-impuesto-reino-unido-juego-azar-gibraltar_1398540/

⁷⁷<https://www.politico.eu/article/fabian-picardo-re-elected-chief-minister-of-gibraltar/>

⁷⁸<https://www.theolivepress.es/spain-news/2015/10/01/gibraltar-names-new-governor-as-lieutenant-general-edward-davis/>

⁷⁹http://constitutionnet.org/sites/default/files/Gibraltar_New%20Constitution.pdf

⁸⁰<https://www.politics.co.uk/comment-analysis/2017/02/16/gibraltar-voted-96-remain-but-now-brexit-makes-it-vulnerable>

⁸¹<https://www.theguardian.com/world/2016/oct/06/gibraltar-rebuffs-spanish-proposal-for-joint-sovereignty-to-save-eu-status>

⁸²https://books.google.fr/books?id=pAIK1Fko4McC&pg=PA104&lpg=PA104&dq=8000+workers+in+spanish+ports&source=bl&ots=rFyHsHl_dA&sig=ACfU3U2jBOW-PWRJWRH5eQaTwkOtnDOgNA&hl=fr&sa=X&ved=2ahUKEwiUIPWy6OfIAhWjAmMBHeVLCIYQ6AEwCXoECAoQAQ#v=onepage&q=8000%20workers%20in%20spanish%20ports&f=false

Constitution expresses the autonomy of each territory and article 144 adds the idea of particular status if needed. This is not the same for GB unless in the frame of the Commonwealth.

b. The return of the British Empire

“When Britain joined the common market it “betrayed our relationships with Commonwealth countries such as Australia and New Zealand”⁸³ said former Foreign Affairs Minister Boris Johnson. Indeed, from the end of the XIXth century to the beginning of the XXth century, the British Empire allied 52 countries, divided into colonies where natural resources⁸⁴ and the dominions⁸⁵ are exploited. Thus, countries such as Canada or New Zealand have important ties with the British Crown. During WWII, the ANZAC, for Australia and New Zealand armed Corps supported GB during the war in Europe and Africa⁸⁶. In 1946, the then Prime Minister Winston Churchill made a speech in the University of Zurich about “United States of Europe” where GB will not be a member as this project should remain continental⁸⁷. GB had always been in a hesitant position towards EU. In 1975, 2 years after entering the Economic European Community (EEC), the British voted via a referendum to remain within the EEC⁸⁸. When former EU Commissioner Jean Claude Juncker threatened GB to pay a very expansive bill⁸⁹, Brexiters such as Boris Johnson promoted CANZUK as an alternative to EU. It’s a market formed by Canada, New Zealand and the United Kingdom that represents 8.1% of the global economy, 129 million inhabitants, it could be the third largest economy worldwide and the third region in term of military spending⁹⁰. Moreover, the Commonwealth represents 9% of the UK economy⁹¹ and the trade deal made recently by President Donald Trump and former Prime Minister Theresa May could strengthen this alliance⁹². Indeed, the USA is the first country UK trade with⁹³ and direct investments are mostly accomplished with countries that are part of the Commonwealth such as Singapore, Canada, Australia...⁹⁴ But

⁸³<https://www.theguardian.com/politics/2018/nov/08/empire-fantasy-fuelling-tory-divisions-on-brexit>

⁸⁴https://www.lemonde.fr/les-decodeurs/article/2018/04/20/qu-est-ce-que-le-commonwealth_5288362_4355770.html

⁸⁵<https://www.herodote.net/Dominion-mot-541.php>

⁸⁶<https://anzacportal.dva.gov.au/history/conflicts/australia-and-second-world-war>

⁸⁷<https://rm.coe.int/16806981f3>

⁸⁸<https://www.lci.fr/international/archives-en-1975-les-britanniques-avaient-dit-non-au-brexit-1513732.html>

⁸⁹<https://www.lavanguardia.com/internacional/20170221/42199911045/juncker-ue-factura-brexit.html>

⁹⁰<https://www.telegraph.co.uk/news/2016/09/13/canzuk-after-brexit-canada-australia-new-zealand-and-britain-can/>

⁹¹<https://fullfact.org/economy/uk-trade-commonwealth/>

⁹²<https://www.eleconomista.es/mercados-cotizaciones/noticias/8087487/01/17/may-agradece-el-compromiso-de-trump-sobre-un-acuerdo-comercial-con-londres.html>

⁹³<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/9geographicalbreakdownofthe-currentaccountthepinkbook2016>

⁹⁴<https://www.statista.com/statistics/188806/top-15-countries-for-united-states-direct-investments/>

before thinking about new trade partners, the UK should first succeed legally the Brexit and this question is still a matter of debate.

IV. From the resignation of PM Theresa May to PM Boris Johnson

a. *Brexit means Brexit*

The 23rd of June 2016, the Brexit happened with 51.9% of Great Britain citizens voting for “Leave”⁹⁵. Former Prime Minister (PM) David Cameron campaigned in favor of the “Remain”⁹⁶ which triggered his resignation from his office⁹⁷. Soon after, primaries elections were held to know who will rule the United Kingdom. The winner was former PM Theresa May who stated firmly : “*Brexit means Brexit' and there will be no attempt to remain inside EU*”⁹⁸. Thus, she activated⁹⁹ the article 50 of the Treaty of the European Union : “*Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.*”¹⁰⁰ After having reached a first deal with the EU, she bet on general elections to strengthen her conservative majority but failed to do so with numerous members of her party voting against her deal¹⁰¹. To avoid being sacked from 10 Downing Street, the then PM Theresa May had to conclude a controversial deal with the Democratic Unionist Party (DUP) to get in her side 10 more deputies¹⁰². The DUP is disputed because of this involvement in the so-called “Troubles” period. During this era, Northern Ireland belonged to the UK and separated by a border from the Republic of Ireland. The DUP is considered as a British nationalist movement; it opposed the Ulster Unionist Party that supports Northern Ireland identity. Irish conflict ended in 1998 when the then PM Tony Blair signed the “Good Friday Agreement”¹⁰³. For Brexit, former PM Theresa May reached other deals with Brussels with minor changes that the Parliament also refused. It forced the House of Commons Speaker, John Bercow, to rule out the third meaningful vote on the same deal¹⁰⁴. What bothers the “Hard Brexiteers” is that despite not being part of the European Union, UK still has to comply with Brussels

⁹⁵<https://www.politico.eu/pro/brexit-timeline-from-referendum-to-eu-exit-archive-2017/>

⁹⁶<https://www.theguardian.com/politics/2016/jun/22/david-cameron-makes-final-plea-for-britain-to-vote-to-remain-in-the-eu>

⁹⁷<https://www.telegraph.co.uk/news/2016/06/24/david-cameron-announces-his-resignation---full-statement/>

⁹⁸<https://www.independent.co.uk/news/uk/politics/theresa-may-brexit-means-brexit-conservative-leadership-no-attempt-remain-inside-eu-leave-europe-a7130596.html>

⁹⁹<https://www.bbc.com/news/uk-politics-39143978>

¹⁰⁰CONSOLIDATED VERSION OF THE TREATY ON EUROPEAN UNION, p. 31.

¹⁰¹<https://www.nytimes.com/2017/06/08/world/europe/theresa-may-britain-election-conservatives-parliament.html>

¹⁰²<https://www.theguardian.com/politics/2017/jun/10/theresa-may-dup-deal-snap-tory-rebellion>

¹⁰³<https://www.bbc.co.uk/newsround/14118775>

¹⁰⁴<https://www.theguardian.com/politics/2019/mar/18/brexit-john-bercow-rules-out-third-meaningful-vote-on-same-deal>

rules on trade. Instead of imitating the Norwegian that is not within the EU but trade with, the “Hard Brexiteers” prefer a clean cut with Brussels, forgetting that in this case, they have to renounce to the 45% of trade between UK and EU¹⁰⁵. The other issue highlighted is that the UK doesn’t have to comply with the 2014-2020 CAP (The Common Agricultural Policy) budget¹⁰⁶ and pay the bill¹⁰⁷. However, hard Brexiteers have not yet been able to implement their plan by fear of relaunching the conflict with Ireland. The former PM Theresa May needed more time to apply the Brexit and asked for a second extension of the deadline for departure¹⁰⁸. Realizing she won’t obtain any concession from her Parliament, she preferred to resign¹⁰⁹ letting Boris Johnson rule the UK and declaring: “*So we are getting ready to come out on October the 31st. Come what may... Do or die. Come what may.*”¹¹⁰ When arriving he managed to find a solution to the Irish border issue by turning Northern Ireland into a special economic zone¹¹¹. It was satisfactory for Jean Claude Juncker, the former President of the EU Commission who declared : “*I’m happy about the deal but I’m sad about Brexit*”¹¹². Yet, his Parliament still managed to rule out his plans¹¹³ due to the DUP Representatives that didn’t want this deal fearing it would break the economic and constitutional integrity of UK¹¹⁴. As most of Representatives agreed with this new deal, to dismiss the few that didn’t agree he proposed general elections to strengthen his majority by 16 Conservative Representatives to vote the Brexit¹¹⁵. For the first time in nearly ten years, UK will hold parliamentary elections in December 2019 after British PM Boris Johnson received the green light from the House of Commons to hold early elections on December 12.

b. PM Boris Johnson’s post - Brexit strategy

In the 1970s, in the London district of Canary Wharf can be found the so-called “Isle of Dogs” which fell into disuse due to the implementation of larger merchant ships¹¹⁶. In 1982, former UK PM Margaret Thatcher decided to transform this area into a “free enterprise zone” with low tariffs, low taxes and low urban zones laws. This policy permitted to revive the neighbourhood, build skyscrapers and created

¹⁰⁵<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7851>

¹⁰⁶<https://www.toutteleurope.eu/actualite/la-pac-2014-2020.html>

¹⁰⁷<https://www.ft.com/content/afac5e8e-f445-11e9-b018-3ef8794b17c6>

¹⁰⁸<https://www.nytimes.com/2019/04/05/world/europe/brexit-extension-theresa-may.html>

¹⁰⁹<https://www.bbc.com/news/uk-politics-48379730>

¹¹⁰<https://www.ft.com/content/366432ce-9741-11e9-8cfb-30c211dcd229>

¹¹¹<https://www.ft.com/content/93ff1a64-da14-11e9-8f9b-77216ebef1f7>

¹¹²<https://www.breakingnews.ie/world/happy-about-the-deal-but-i-am-sad-about-brexit-juncker-957817.html>

¹¹³<https://www.vox.com/2019/10/19/20921106/brexit-news-deal-delay-boris-johnson-parliament>

¹¹⁴<https://www.bbc.com/news/uk-politics-50079385>

¹¹⁵<https://www.bbc.com/news/uk-politics-50079385>

¹¹⁶<https://blogs.sussex.ac.uk/uktpo/publications/what-is-the-extra-mileage-in-the-reintroduction-of-free-zones-in-the-uk/>

23000 jobs¹¹⁷. Also, in this era, the city of Newcastle close to the Port of Tyne welcomed Nissan Company, which employs 7455 people¹¹⁸. These are examples of “free enterprise zone” since most of them have suffered backfires. Indeed, according to the UK Trade Policy Observatory¹¹⁹ “[...]Up to 41% of the 58,000 jobs created in the enterprise zones of the 1980s were relocated from elsewhere in the UK. Second, the zones were also expensive: final evaluation of the enterprise zones found that the public sector cost per additional job created in the zone amounted to £17,000 per job in 1994-95 prices. Third, the main factors that tended to attract businesses to enterprise zones were the availability of business rates relief and enhanced capital allowances. But in practice, business rates relief often led to higher rents, which benefited the landlords.” However, UK PM Boris Johnson plans to transform the UK into Singapore with the development of world trade deals¹²⁰ avoiding then the numerous EU trade wars. For instance, Colombia blames the EU for imposing anti-dumping tariffs over frozen fries from Belgium¹²¹. Likewise, the US imposed a record \$7.5 billion tariffs on European goods¹²². However, PM Boris Johnson new plan consists of transforming some ports within the UK, to freer areas labelling them “free economic zone”. Inside the EU, he can’t build these zones because of the TFEU, *the Treaty on the Functioning of the European Union*. According to TFEU, only poorer regions of the EU could be labelled as “free economic zones”. In 2019, the EU has 80 free ports that fit into this category¹²³ and Croatia 11¹²⁴. From the EU perspective, this region needs more help than the UK since 2017, the GDP per Capita for Adriatic Croatians was 11,400 euros per inhabitants, whereas the inhabitants of Newcastle, one of the poorest regions in the UK, earn 29,978 USD per capita. Yet, from a London perspective, it is not so clear. Indeed, West Inner Londonian earns 207,300 GRP per capita whereas Tyne and Wear only attain 27,900 GRP per capita. As such, the Port of Tyne wants the label of “virtual freeport” stretching to Nissan factory¹²⁵. With this plan, the North could give the UK a 9£ billion boost¹²⁶. Despite estimates of a 150,000 jobs creation¹²⁷, UK PM Boris Johnson still has to bypass the Labour reluctances. Indeed, Peter Dowd MP, Shadow Chief Secretary to the Treasury, responding to Prime Minister Boris Johnson’s support

¹¹⁷ *Ibid.*

¹¹⁸ <https://www.theguardian.com/news/2018/oct/04/will-nissan-stay-once-britain-leaves-sunderland-brex-it-business-dilemma>

¹¹⁹ <https://blogs.sussex.ac.uk/uktpo/publications/what-is-the-extra-mileage-in-the-reintroduction-of-free-zones-in-the-uk/>

¹²⁰ <https://metro.co.uk/2019/10/26/fears-boris-johnson-is-planning-to-turn-uk-into-singapore-on-thames-after-brex-it-10988074/>

¹²¹ <https://www.politico.eu/article/guerre-des-frites-eu-sues-colombia-at-wto-over-fries/>

¹²² <https://www.dw.com/en/us-imposes-record-75-billion-tariffs-on-european-goods/a-50880622>

¹²³ <https://www.theartnewspaper.com/news/eu-puts-urgent-phasing-out-of-freeports-top-of-agenda>

¹²⁴ *OECD Investment Policy Reviews: Croatia 2019* by OECD, p. 156.

¹²⁵ <https://www.business-live.co.uk/ports-logistics/port-tyne-wants-virtual-free-16888149>

¹²⁶ <https://www.telegraph.co.uk/business/2018/06/17/free-ports-plan-north-could-give-uk-9bn-boost/>

¹²⁷ <https://www.macegroup.com/media-centre/180618-supercharged-free-ports>

for so-called ‘freeports’, said: “*We should call ‘freeports’ what they are: storage spaces for the super-rich to dodge taxes and launder money, promoted by the Chief Secretary to the Treasury before he entered Cabinet.*”¹²⁸ Some Members Parliament such as Mike Hill seems also hesitant into accepting PM Boris Johnson measure¹²⁹.

Conclusion

[...] “*But I believe with every fiber of my being that the course I have set out is the right one for our country and all our people from the very beginning I have known what I wanted to deliver for the British people to honor their vote In the referendum for control of our borders by bringing an end to the free movement of people once and for all full control of our money*” declared Theresa May, then Prime Minister of GB after the signature of Brexit deal on November 2018¹³⁰. Indeed, Theresa May is known for her anti migrants rhetoric as she declared in the past that “*we’re going to give illegal immigrants a really hostile reception*”¹³¹ despite the concern of only 10% of Britain by this issue¹³². This new sign deal triggered the resignation of some members of the former Prime Minister Theresa May administration¹³³ as Brexiters fear Great Britain to be a vassal of the EU¹³⁴ and that they will have to pay 50\$ billion to leave it¹³⁵. The agreement proposed a period of transition until 2022 if the negotiators deem it necessary. The Court of Justice of the EU will grant justice without the possibility of GB to argue its decisions; despite continuing to participate to the meetings in the principal chambers of EU, GB won’t be able to discuss the deals proposed. As for the norms, GB will have to apply them to avoid disloyal competition¹³⁶. When Boris Johnson replaced Theresa May as Prime minister of Great Britain, the deal made with EU was almost the same as his predecessor. The main difference was that GB could leave the European Union Customs and sign trade agreements with countries they wish to negotiate¹³⁷. As London is the world’s financial capital ¹³⁸ GB the second largest EU economy , larger than 19 of the smallest EU economies¹³⁹ and trades more with the world than with the EU, this will allow it to have leverage as its financial and economic power is indisputable.

¹²⁸<https://labour.org.uk/press/boris-johnsons-free-ports-super-rich-dodge-taxes-launder-money-peter-dowd/>

¹²⁹<https://labourlist.org/2018/06/mike-hill-for-jobs-in-northern-coastal-towns-create-supercharged-free-ports/>

¹³⁰<https://newsdaily.today/theresa-may-i-believe-in-my-deal-bbc-news/>

¹³¹<https://www.telegraph.co.uk/news/uknews/immigration/9291483/Theresa-May-interview-Were-going-to-give-illegal-migrants-a-really-hostile-reception.html>

¹³²<https://www.ipsos.com/ipsos-mori/en-uk/ipsos-mori-issues-index-september-2019-lack-faith-politics-reaches-new-high>

¹³³<https://www.expansion.com/economia/2018/11/15/5bed3851e5fdeac3628b45d0.html>

¹³⁴<https://www.thejournal.ie/what-is-vassal-state-brexit-4344637-Nov2018/>

¹³⁵<https://www.theguardian.com/commentisfree/2017/nov/29/50-billion-leave-eu-farage-grayling-brexiters>

¹³⁶<https://www.touteurope.eu/actualite/brexit-l-accord-de-sortie-mayue-en-8-points-cles.html>

¹³⁷<https://www.touteurope.eu/actualite/brexit-l-accord-de-sortie-johnsonue-en-8-points-cles.html>

¹³⁸<https://www.investopedia.com/how-london-became-the-world-s-financial-hub-4589324>

¹³⁹<https://fullfact.org/economy/uk-largest-economies-eu/>