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# THE IMPACT OF BREXIT ON THE UK'S ECONOMY AND INTERNATIONAL RELATIONS.

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**Abstract:** *This article examines the economic and international trade consequences of the United Kingdom's withdrawal from the European Union. By comparing the initial promises of the pro-Brexit campaign with actual macroeconomic outcomes, the paper argues that Brexit has largely failed to deliver its anticipated financial benefits. The analysis highlights significant reductions in GDP and trade intensity, alongside severe disruptions to both domestic and cross-border supply chains.*

**Keywords:** *Brexit, International Trade, Supply Chain Disruption, Macroeconomic impact, Global Britain, Trade barriers*

## Introduction

The United Kingdom's formal exit from the European Union(EU), commonly referred to as "Brexit", began on 23rd June 2016, with about 52% of the votes supporting it[203]. The UK formally notified the EU of its intention to withdraw in March 2017 and officially left on 31st of January 2020[204]. Brexit was promoted by its supporters as a means of restoring national sovereignty, increasing economic growth and flexibility, and strengthening the UK's global position. During the 2016 referendum campaign, British politicians promised a vision of enhanced economic prosperity and greater freedom in global trade outside the EU (Colville, 2016), which played a significant role in shaping public decision-making before the vote. Nearly a decade after the referendum and several years after the UK's formal exit in 2020, it is now possible to say that these promises are against observed economic outcomes[205]. The UK has gained fewer benefits compared to what it was promised, while it has experienced more economic costs.

[203] https://www.electoralcommission.org.uk/research-reports-and-data/our-reports-and-data-past-elections-and-referendums/report-23-june-2016-referendum-uks-membership-european-union.
[204] https://www.bbc.com/news/uk-politics-32810887

[205] https://www.the-independent.com/news/uk/politics/brexit-eu-anniversary-leave-starmer-reform-boris-johnson-b2689370.html

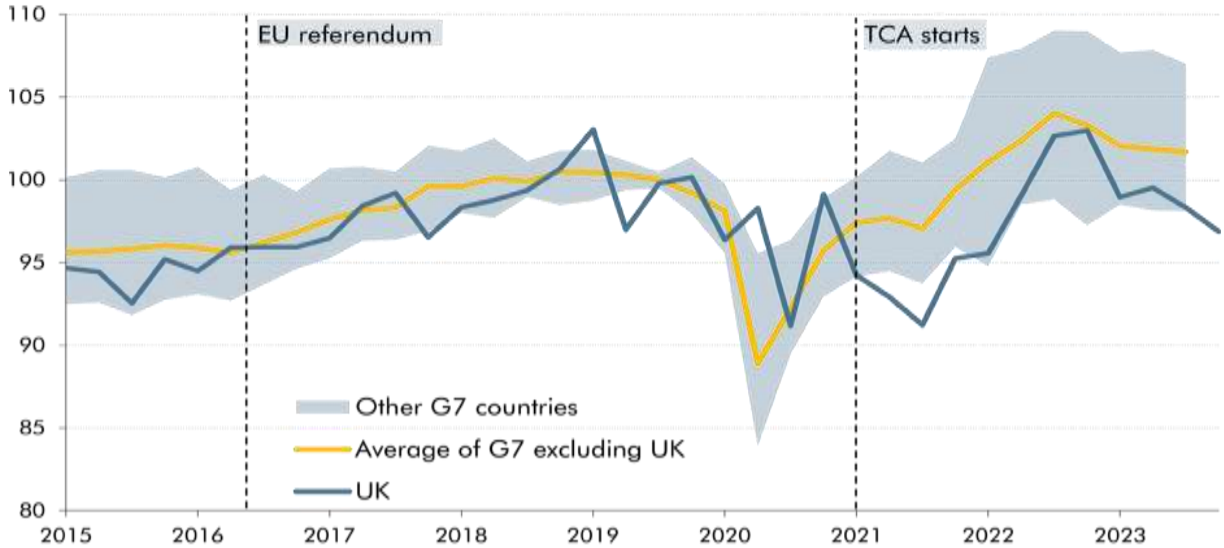
This article argues that Brexit not only has failed to deliver its promised economic advantages but has also had a decisively negative impact on the British economy that can be seen as reducing economic growth, disrupting established supply chains, and weakening the United Kingdom’s international economic influence. While Brexit granted more formal autonomy over its economic and regulatory policies, this sovereignty has come at the cost of a serious and sustained economic fall. This paper first analyses Brexit's effect on overall economic performance, before continuing with an examination of expectations and outcomes of Brexit and the disruption of the supply chains. The following sections assess the UK’s global economic standing and international economic and trade relations in the post-Brexit period, and finally, the article addresses the central question of whether the price of sovereignty is worth the loss of stability in the economy.

**Economic impact of Brexit**

The UK is no longer part of the EU single market and customs union after Brexit. It resulted noticeably worse to the economy. Even though that has been masked by the Covid-19 pandemic, which shut down economies all over the world, and the Russia-Ukraine conflict, which has affected global energy markets(Financial Times, 2022), the Office of Budget and Responsibility(OBR), the government’s official forecaster, claims that the post-Brexit trade barriers will ultimately reduce the UK’s GDP by about 4% in the long run compared to staying in the EU(Office for Budget Responsibility, 2024). Other institutions, such as the National Institute of Economic and Social Research(NIESR) and the National Bureau of Economic Research(NBER), believe that, after using a decade of data, by 2025, Brexit had reduced the UK’s GDP by approximately 6% to 8% compared to a no-Brexit scenario[206].

One of the major factors of the shortfall in the economy is Brexit’s effect on the trade volume of the country. The trade intensity(exports plus imports as a share of GDP) of the UK has not recovered its pre-pandemic level like other G7 countries. “In the third quarter of 2023, UK trade intensity remained 1.7 per cent below its pre-pandemic level from 2019. By contrast, it had risen 1.7 per cent above pre-pandemic levels on average in the rest of the G7,” claims OBR (2024).

[206] https://www.nber.org/system/files/working_papers/w34459/w34459.pdf




Moreover, Goods trade was also hit hard. At the end of 2023, the UK’s trade in goods was roughly 10% below its volume in 2019, while other G7 countries had grown their goods trade about 5% above that baseline of 2019(OBR, 2024), and these were not all sectors that were affected badly. In real numbers, in 2023, the value of UK firms’ exports was £864bn-around £12,900 per person, which was equivalent to around 38% of GDP per capita. The value of UK imports was £898bn, around £13,400 per person, and 39% of GDP per capita(Novy, Sampson and Brexit, 2024).

The negative aspects of Brexit have started to impact the households, small-scale businesses and good trading companies for whom access to the EU is crucial (Financial Times, 2022). After the exit, once smaller companies in the UK used to grow by gradually expanding their business, selling, and delivering stuff into the EU's single market, now they can not do that easily. As 27 countries that are a part of the EU(EU27) have their own trade barriers, taxes and policies that non-EU countries have to agree with to make good trade. That costs a lot of money, time and clients for those companies. Even after the Trade and Cooperation Agreement(TCA) of the UK with the EU, buyer-seller relationships between them fell by about a third in six months of that agreement(Freeman et al., 2022).

These statistics show that the economy has struggled a lot since 2021. However, the ORB’s recent estimates show that this downfall of the economy was experienced by only 40% of Brexit’s impact, meaning that the remaining 60% is still to come in future years(Mitchell, 2025). This estimation puts the UK under huge pressure, increasing differences in the public's beliefs in terms of Brexit and the politicians of the country.

**Expectations versus outcomes**

The promised huge benefits from Brexit failed to appear. The Leave campaign assured the voters that the UK's economy would thrive outside the EU. They made great promises, such as the UK's investment in the EU was £350m per week and it can be redirected to the country's National Health Service(NHS) after formal exit(Mitchell, 2025). However, although investment in the NHS increased, especially during the pandemic, in reality, the obvious evidence of that never appeared, while the number of skilled nurses and doctors coming to work dropped significantly, and new trade barriers have disrupted the supply of medicines(Mitchell, 2025). This is not the first time that promises have come against real-life.

Additionally, most advocates of the Leave campaign implied that Brexit would reduce household bills. Instead, Brexit has been blamed for raising the cost of living(Mitchell, 2025). The increase in imports, which became more expensive after the vote that sent the pound down about 10% against the UK's trading partners, made inflation rise about 2% to 3%(Financial Times, 2022).

In short, the "bright economic scenario" promised by Brexit politicians has not materialised. Instead, the UK's economy expresses the trend that is less dynamic, smaller and slower than it would have been without Brexit, many experts argue.

**Disruption of Supply Chains**

Brexit has significantly disrupted the UK's supply chains, both domestically and EU cross-border logistics. The end of frictionless trade with the EU27, introducing customs checks, certification requirements and other non-tariff barriers that slowed the delivery of goods, which caused delays, raising costs and customer dissatisfaction. A survey of 350 supply chain managers showed that two out of three managers had experienced delays of at least 2 to 3 days for shipments, especially due to new customs paperwork (The Guardian, 2021). For instance, economists from Aston University analysed the monthly data of imports and exports between the two sides in the period of 7 years, starting from January 2017 until December 2023. According to that research, "This revealed a 27% drop in the UK's exports to and a 32% decline in imports from the EU, and a 33% reduction in the range of goods the UK trades with the EU"(Du et al., 2024). Due to those factors, multiple sectors have been affected. The UK's one of the largest chemical producers, BASF, have suffered "substantial friction" from the new trade barriers caused by withdrawal from the EU (The Guardian, 2021). Once, the pharmaceutical sector, whose products are delivered to clients across the EU freely and in time, now has to go through duplicative testing requirements, which could delay medicines by up to six weeks(The Guardian, 2021).

Domestic supply chains have also struggled, especially in Brexit-related labour shortages. As the UK government tightened immigration rules, the free flow of the EU workforce declined noticeably, making agriculture and logistics with severe staff shortages. In late 2021, there were an estimated half a million vacancies across the UK's food supply chain(approximately 12.5% of its workforce), which resulted in unharvested crops and even livestock culls, said the Institute for Government (2021). The Office for National Statistics(ONS,2023) collected information about adults in Great Britain from 22nd February to 5th March 2023. The survey showed that around 3 in 10 adults experienced shortages of essential food items that were necessary regularly. More than a third of adults reported that they could not find any alternative options when they needed to do food shopping(ONS, 2023). Therefore, Brexit's supply chain effect is heavy, and it reduces the UK's ability to trade goods freely, raises operational costs and risks and weakens its pre-Brexit production network advantages.

**"Global Britain" Trade Deals: Limited Gains and Missed Opportunities**

The Leave campaign believed that the UK would open more global trade opportunities, dealing with new free trade agreements across the world, which could be more than just compensation for the loss of EU commerce. Most of the trade agreements the UK signed in the post-Brexit period either come from pre-Brexit times or are very narrow in scope, and hardly benefited the whole economy. According to the Office for Budget Responsibility (2024), the UK made a trade deal with Japan called the "Comprehensive Economic Partnership Agreement." This agreement is very similar to that Japan already had with the EU in 2019. The government's economic impact assessment suggests that it will increase the UK's GDP by 0.1% over the next 15 years. This small increase is compared to not having any deal with Japan at all. However, if the UK had remained in the EU, it would have been included in the EU's trade agreement with Japan and already benefited from that.

Theresa May announced that the UK would pursue a policy called "Global Britain," which means the UK would focus on free trade and building relationships with countries outside of the EU27, particularly in Asia and the Americas, to recover and boost its economy (Sampson, 2024). However, the crucial and most hoped-for deal with the US, the UK's second biggest trade partner after the EU, has not been achieved yet. Additionally, the negotiations with India are ongoing, but any agreement that emerges will be in a limited scope and bring only minor changes(Sampson, 2024). After more than 5 years of Brexit, the UK has hardly reshaped its economy, open to the world, as the trade with the EU is still far more significant compared to that of the US and India, 45%, 12% and 2% respectively(Papazoglou, 2025).

In 2023, the United Kingdom joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trading bloc of 11 countries which generate 15% of global GDP once the UK joins. Prime Minister Rishi Sunak said that this deal puts the nation in the prime position to grow the economy (Edmond, 2023). “ The UK government’s own estimate says the reduced red tape and improved market access will boost GDP by £1.8 billion - 0.08% - over 10 years”, said the Department for International Trade (2021). In short, that 0.08% over a decade is very less than that multi percentage GDP loss hit from leaving the EU.

**Conclusion**

Looking at the evidence, the economic and trade record of the UK since Brexit reveals a consistent pattern; the ambitious promises made by pro-Brexit politicians have mostly not been realised, and in many cases, the opposite outcomes have occurred. It has left the UK economically worse off by multiple measures, slower growth, disrupted domestic and European supply chains, lower trade and GDP than it would have under EU membership(Office for Budget Responsibility, 2024). As a result of those problems, the employment rate of the country has declined by about 3% to 4%, productivity has declined from 3% to 4%, and investment has reduced by between 12% and 18%(Bloom et al., 2025).

So, when it comes to the central question, after analysing all the information, the answer to it is unequivocal. The price of regained sovereignty has not been worth the loss of economic stability. Consequently, Brexit can not be seen as an economic success. Instead, it stands as an example of how prioritising sovereignty over integration can generate high economic costs without delivering the promised benefits.

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