



By: TA | AP Insight

Britain's economic woes fuel discontent with Brexit a decade after vote to leave EU



Simon Boyd's firm makes prefabricated steel structures on the south coast of England and ships them to customers as far away as Ghana and Barbados.

Mike Hawes represents Britain's carmakers as the head of the Society of Motor Manufacturers and Traders.

The business leaders were on different sides of the debate when Britain voted to leave the European Union in 2016. But 10 years later they are both frustrated by Brexit.

A decade ago, backers promised that Brexit would be the key to a bright new future where, freed from the edicts of EU bureaucrats, Britain would regain control of its laws and its borders and the economy would boom.

But the reality failed to live up to the hype as **Britain struggled** to adjust to life without unfettered access to the 27-nation free trade bloc and its market of 450 million people.

Economic growth is anemic, taxes are high, public services are creaking and successive governments have been unable to stem the flow of migrants who wash up on the English Channel coast in inflatable boats. As a result, it's not exactly a happy anniversary.

"No, it's not delivered everything that was said it would deliver on the tin, but it is delivering," Boyd told The Associated Press. "It's very sluggish. You only need to look at the statistics to see that."

Boyd, the managing director of **REIDSteel**, which employs about 130 people at a plant in Christchurch, England, still stands behind his decision to support Brexit, but blames lackluster results on politicians who weren't committed to delivering.

Britain has also experienced unexpected challenges over the past 10 years, from the COVID-19 pandemic to the wars in Ukraine and the Middle East, Boyd said.

Economists see fundamental

issues

The Brexit vote quickly **increased costs for businesses** as they prepared for an uncertain future during years of negotiation over the U.K.'s new relationship with the EU.

Then, when Britain finally left the bloc on Jan. 31, 2020, new rules governing trade in goods and services made it more expensive and time-consuming to do business with European partners.

Creon Butler, who leads the global economy and finance program at Chatham House, a London-based think tank, said there were long-term consequences to leaving the European single market.

That's a decision the British public have made, and they're entitled to make it, but it does make us poorer - Creon Butler

"Whatever was promised, whatever one hoped for, (you have) to accept that it has been a major loss of wealth and prosperity for us through the choice we made to leave," he said.

"That's a decision the British public have made, and they're entitled to make it, but it does make us poorer," he added.

By most measures, the British economy today is weaker than it would have been without Brexit, according to a recent report published by the National Bureau of Economic Research in Cambridge, Massachusetts. The report, compiled by researchers in Britain, Germany and the U.S., compares the performance of the U.K. economy to 33 other countries, including its European neighbors, the U.S., Canada and Japan.

Brexit has reduced Britain's gross domestic product, a broad measure of economic output, by 6% to 8%, investment by 12% to 13% and productivity by 3% to 4%, the researchers concluded.

Carmakers had many challenges

Britain's carmakers were early and outspoken opponents of Brexit, arguing that increased red tape surrounding shipments of parts and finished vehicles would damage an industry built on a network of interlinked factories in multiple European countries.

Those concerns reduced investment in the U.K. auto industry because international carmakers were less likely to see Britain as an attractive way into the European market. As a result, the industry is hoping that international trade deals will help boost demand for its products.

"We have been able to move with the times, so to speak, but undoubtedly it's putting us at more cost into the industry, more pressure," Hawes said.

Brexit supporters trumpeted the freedom to negotiate its own **trade agreements** as one of the primary benefits of leaving the EU, and Britain has since signed dozens of deals with countries ranging from Australia to India to the United States.

But EU countries still account for 41% of Britain's exports and half its imports, according to the latest government figures.

During more than 50 years as a member of the EU and its predecessors, many British businesses also came to rely on Europe as a source of cheap labor, especially after the bloc's eastward expansion in 2004.

That pipeline dried up after Brexit ended the free movement of labor, one of the bloc's founding principals.



Keir Starmer has begun talks with the EU about rebuilding a closer relationship

The owners of Britain's curry restaurants, an integral part of communities from Aberdeen in Scotland to Aberystwyth in Wales, have been especially hard hit by the loss of Eastern European workers who went home rather than deal with burdensome new visa requirements. And they're furious because the industry backed Brexit after assurances it would lead to more visas for South Asian cooks, something that hasn't happened.

"We feel betrayed," said Oli Khan, president of the Bangladesh Caterers Association UK, who serves up tandoori lamb chops, vegetable biryani and chili paneer at his restaurant in Stevenage, north of London.

In an effort to mitigate some of the problems caused by Brexit, Prime Minister Keir Starmer has begun talks with the EU about rebuilding a closer relationship as he seeks to energize the country's stagnant economy.

Starmer won't finish them, however. On Monday, he said he is **stepping down**.

Polls suggest frustration with Brexit is growing

Starmer's move comes as a survey by the Ipsos polling firm, the Policy Institute at King's College London and the think tank UK in a Changing Europe suggests that frustration with Brexit is growing.

The survey of 2,245 Britons aged 18 and older

carried out in May, found that 48% said Brexit was going worse than they expected, up from 28% in March 2021. Some 9% said it was going better than expected and about one in three said it was going as expected.

The most important survey is still the one that took place on June 23, 2016 - Simon Boyd

But Boyd said the most important survey is still the one that took place on June 23, 2016, when 51.9% of those who cast ballots – or 17.4 million people – voted to leave EU.

He continues to believe that Britain has a brighter future outside the EU.

Brexit hasn't delivered on its promise because politicians, large corporations and other entrenched interests worked to thwart the will of the people, Boyd said. This resulted in a Brexit deal that kept Britain too closely tied to the EU and unable to realize its potential as an entrepreneurial nation filled with creative, hardworking people, he said.

And there's no going back, he said.

“Imagine if we were to rejoin ... today. The conditions upon which we would be allowed back in would be akin to us re-boarding the Titanic on the condition that we surrender our life vests first,” he said. “Need I say any more?”