‘Brexit Benefits’

We are indebted to economist Catherine McBride for her list of Brexit benefits which the United Kingdom has and should continue to take advantage of.

The current state of affairs is far from perfect but some important fundamentals have been established.

From the exercise of legal sovereignty within our own borders to international trade deals around the world, important wins have been secured since our formal departure from the European Union in January 2020.

The UK is no longer on the hook for on-going EU liabilities including an annual membership fee, VAT and customs duties liabilities as well as the EU’s £750bn Covid recovery plan.

And while immigration continues to be a hotly debated topic – perhaps the main topic in this general election – at least the UK now has the power to effect its own national policy regardless of EU directives. Whether elected governments choose to do so is another matter.

It is also worth noting as the report’s concluding remarks make clear, that forty seven years of EU membership has blunted this country’s ability to take the initiative and make decisions for itself.

“For too long we have simply followed whatever directive or regulation was passed down from Brussels. This has created lethargic politicians and given us ineffective regulations. Brexit is changing this for the better.”

A list of Brexit benefits can be found in the report below, with a link to the original article beneath it.

What has Brexit ever done for us?

Written by Catherine McBride

Brexit has returned sovereignty to the UK – its most important attribute. But it also means we must choose our politicians carefully. They now have control over our laws, money, taxes, trade, transport, farming, fishing, financial services, science and technology, migration, and legislative scrutiny. Here is a brief rundown of some of Brexit's results, so far.

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With the election looming, I thought it might be worth recapping some of the benefits of Brexit before the Remainers start lobbying the incoming government to rejoin the EU.

Sovereignty and the Law

The most important Brexit benefit is sovereignty. The ability

of the UK Government to make its own laws is a definite Brexit win. Even if you don't like the laws that the government is making, now you can vote to remove that government.

More importantly, the laws that are being enacted are designed to suit the UK's population and economy and are not about issues that do not concern the UK, such as the number of acorns that must be fed to an Iberian pig in Spain. (I thought I was just being absurd for effect, but there really are EU regulations about this.)

The alternative to sovereignty is increasingly evident across the EU. Where European voters are turning in frustration to extremist parties, realising that leaving the Eurozone is a practical impossibility. This is a recipe at best for paralysis, at worst for violence.

The downside of sovereignty is that now we need politicians with experience of life outside Westminster, with big-picture ideas and a good grasp of macro and microeconomics. Hopefully, in the forthcoming election, we will get more MPs willing to propose new ideas to improve life in the UK. Too many of our present MPs were, like Ken Clarke, simply 'looking forward to the day when the Westminster Parliament is just a council chamber in Europe.' and were more than happy to adopt EU regulations and directives without question.

Part of restoring UK sovereignty includes the restoration of the UK's Courts which are once again the supreme arbiters of UK laws. You may have thought that was always the case, but courts in the UK had to take into consideration European Court of Justice (ECJ) rulings until January this year, four years after the end of the transition period. When the UK was a member of the EU, the ECJ's decisions were binding on UK courts, directly impacting UK laws.

However, we aren't completely out of the ECJ's clutches because Northern Ireland is still in the single market and

must obey EU rules. Even as late as September 2023, the ECJ was able to fine the UK £27.6 million for allowing pleasure boats in Northern Ireland to use ‘red diesel’ intended for fishing boats. Red diesel has a lower fuel duty of only 10.18p per litre instead of 52.95p. Incidentally, the size of the fine was based on the size of the whole UK economy, even though the majority of that value was no longer in the EU. The EU’s backdoor control over Northern Ireland via the Northern Ireland Protocol / Windsor Framework has prevented the UK from taking full advantage of Brexit.

Public finances

The next most obvious Brexit benefit is financial. The UK has saved its taxpayers literally billions of pounds by being outside the EU. Not just by stopping the regular payments of customs duties, a portion of UK VAT, and a contribution based on the UK’s Gross National Income but also by avoiding paying for the EU’s overly generous, E750 billion Covid Recovery Fund which was primarily used to rebuild Spain and Italy.

Trade

The third most obvious Brexit benefit is the UK’s new trade policy. The EU was after all established to be a Customs Union, encouraging EU countries to trade with each other by placing high tariffs and small quotas on imported goods from outside the EU. These tariffs also enabled UK and EU producers to be inefficient by protecting them from cheaper imported competition.

In 2016, The UK was one of only three EU countries that traded more with the outside world than it did with the EU – the other two were tiny Malta and Cyprus – so the UK’s contributions to the EU coffers from import duties were larger

than other EU countries. Now both Ireland and Denmark export more to non-EU countries than to the EU – but this is primarily due to the massive amount of trade they both do with the UK. Ireland sells us beef, butter and cheddar while Denmark sells us bacon and butter.

With the UK's new trade freedom – the Department of Business and Trade has:

- rolled over the trade agreements we had when we were members of the EU;
- signed new trade agreements with the EU, Australia, New Zealand, the CPTPP, Ukraine, and the Eastern and Southern African countries;
- improved the continuity agreement with Japan;
- signed a digital agreement with Singapore;
- developed our own Developing Countries Trading Scheme; and
- they are currently negotiating with South Korea, Switzerland, India, Israel, Canada, Mexico, and the Gulf Cooperation Council.

Quite an impressive list for a department that didn't exist when the UK was a member of the EU. The UK's new or improved trade agreements also include services. Services are now 55% of the UK's exports but were largely ignored in EU-negotiated trade deals.

Not only have we negotiated so many new trade deals in a fraction of the time it takes the EU to negotiate a single trade deal – that is if negotiations don't break down completely – we also have a tariff-free and quota-free trade deal with the EU. Something that no other non-EU/EEA country has.

So UK trade with the EU has continued as before, admittedly with some Covid-related supply constraints and with importers and exporters now paying their own trading costs, rather than

having them paid by the taxpayer through our EU budgetary contribution.

This may not seem to be a Brexit Benefit as many Remainers and even some Brexiteers believed trade with the EU was free. But it wasn’t, the UK population was paying for it, while the companies involved were benefiting. A classic case of privatising your profits and socialising your costs. The same companies never complained about paying their costs when they traded with non-EU countries, such as China or the US, our two largest trading partners. But many are still complaining about the loss of this public largesse when trading with the EU.

VAT, Tariffs and other taxes

It is also worth pointing out that HMRC now keeps any tariffs that the UK charges on imported goods, whereas before Brexit, 80% of the money was sent to Brussels. Now the EU has generously dropped the 80% to 75% for its members but has added a plastic packaging tax and is in the process of adding a Carbon Border Adjustment Mechanism that will also go to Brussels.

Nothing shows concern for the environment like sending the money raised by taxes on plastic packaging and CO2 emissions to Brussels, rather than letting the countries involved use it to compensate the companies they have forced to use less efficient low-emission manufacturing processes. (but I digress.)

On the subject of EU taxes, a proportion of the UK’s VAT was also sent to Brussels, and Brussels set the number of VAT exemptions and reduced rate items as well as the minimum standard rate of VAT, presently 15%. EU members are unable to remove or reduce VAT other than on items approved by the EU. From 2007 to 2013 the UK paid 18% of the EU’s VAT revenue. (And they wonder why we voted to leave!)

But the UK can now keep all of the money it raises in VAT. It can also remove VAT if it likes, as the present government has on solar panels and heat pumps. Or it can add VAT to items exempt from VAT in the EU, such as school fees, something the Labour Party is proposing to do if it wins the election.

Another Brexit benefit has been the ability to control our import duties. The Government removed all of the EU's 'nuisance' tariffs – those below 2%. These tariffs raised very little money but created a lot of paperwork for importers. The Government has also removed the tariffs on many goods that the UK doesn't produce, but it was forced to impose them to protect other EU producers when we were EU members.

The UK has recently suspended its tariffs on tropical fruit juices, citrus juices, tofu, cut flowers and nuts, as well as on plastic seals used in engines, leather for making shoes, various chemicals and car parts. Incredibly, the UK still has tariffs on many other goods it doesn't produce such as rice, avocados, olive oil, cocoa butter, quinoa, and maple syrup – but at least tariffs are heading in the right direction.

Transport

On the subject of trade, UK hauliers are now able to use long semi-trailers to reduce transport costs and carbon emissions. Something that was not allowed by the EU. The UK has also created several new Free Ports, although the EU has free ports their State Aid rules limit the benefits. The UK has also removed regulations on consumer goods pricing and is technically outside of the EU's state aid restrictions, although the Windsor Framework has complicated this for Northern Ireland and any UK companies that trade there.

Fishing and Marine protection

The UK has regained control over its territorial waters, enabling it to close part of Dogger Bank to protect seabirds and ban bottom trawling in 13 Marine Protected Areas in the UK's territorial waters. This hasn't gone down well with the French – but it has with marine environmental groups.

The UK's fishing industry is gradually regaining control over its fishing grounds. Under the UK EU Trade and Cooperation Agreement (TCA), 25% of the EU's quota for fish in UK waters is being transferred to the UK. This is being done over a five and a half year period and the process will be completed by 30 June 2026. After that, mutual access to UK and EU waters will be through licencing for fishing boats and negotiated annually.

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Farming

Leaving the EU's Common Agricultural Policy (CAP) has also allowed farmers the freedom to plant the crops that will give them the highest return. Under the EU's crazy 'three crop rule' farmers with more than 30 hectares were forced to plant three different crops, with no crop taking up more than 75% of the farmer's land. This reduced revenues for the UK's relatively larger farms.

UK farmers are no longer simply subsidised for the amount of

land they own, as they were under the EU's CAP. I would have hoped the loss of CAP payments would have encouraged UK farmers to increase their productivity, however our newly independent Department for the Environment, Food and Rural Affairs (DEFRA), has decided to replace CAP payments with payments for taking farmland out of production. DEFRA now pays farmers to grow wildflowers, birdseed or trees, rather than produce food.

Those UK farmers who disagree with this policy can vote for new MPs at the next election. While farmers in the EU can only resort to spraying the EU parliament with slurry. (Not as grown-up, although probably a lot of fun.) Although the slurry worked, the EU has only postponed its Net Zero farming rules by one year. No doubt EU farmers will have to return with more slurry next spring.

Science and technology

The UK's scientists are now able to develop gene-edited plants and animals. Outside the EU these could now be used in the UK to reduce diseases and lower pesticide use, as they have in the world outside the EU. UK scientists could even develop LAB-grown meat if they thought anyone would eat it, although they should prepare to do battle with the National Farmers Union (NFU) if they do. However, if UK farmers are being paid to grow wildflowers – the scientists may not meet any opposition from the NFU.

The UK also hopes to regain the clinical trial industry that it lost to the US after the EU imposed draconian rules that greatly increased the costs of this process. There is also a hope that UK scientists will lead the way in AI and robotics; however, we will need much cheaper commercial electricity to do so.

Financial Services

In financial services, the UK's extremely large investment funds can now trade off-market using 'Dark Pools' without fear of hitting the EU's crazy Double Volume Caps. The UK's stockbrokers can distribute financial analysis on small-cap companies without investors having to pay for the reports, and bankers and fund managers can be paid as their employers prefer.

There is no longer a cap on bonuses and fund managers can be paid in cash rather than in units of their fund. The UK's Competition and Market Authority is now solely responsible for UK mergers and acquisitions, rather than the EU making any monopoly decisions based on the whole EU market, rather than the effect on the UK.

Migration for work and study

The UK can determine who can immigrate to the country, for how long, and for what purpose. We can put minimum thresholds on wages for immigrant workers and determine which business sectors can import staff. Immigrants with entry visas for longer than 6 months must pay a health surcharge to use the NHS. All of this was impossible when we were in the EU and had to accept the EU's free movement of people, with or without a job, and give EU nationals access to UK healthcare and other benefits.

Now EU students who attend UK universities must pay the same fees as non-EU students. This has been a windfall for UK universities, as EU students must now pay almost three times as much as they did before Brexit. This has also been a bonus for taxpayers who were effectively subsidising EU students before Brexit.

I will concede that many UK nationals are annoyed that their

children have been crowded out by higher fee-paying overseas students. But again – like it or loathe it – this is a decision of the universities and the Government. You can't vote out the universities, but you can change the government.

I completely accept that we presently have a problem with illegal immigrants who are not obeying our new immigration rules, but again – we can now elect a new government that may, or may not, have a better plan to stop the rubber boats. But this problem isn't due to Brexit: illegal immigrants are also landing on the shores of Spain, Italy and Greece. However, if we were still in the EU, the EU's new migration Pact would compel us to accept a proportion of these arrivals as well.

Free speech and legislative scrutiny

Finally, there is the important matter of free speech. Brexit has allowed the UK to avoid the EU's Digital Services Act. Instead, we have the Online Safety Bill. Whether one is better than the other is hard to discern – but we were able to debate the Online Safety Bill vigorously in the House of Commons and the House of Lords, resulting in many changes and amendments to the bill. EU members were not able to do this for their Digital Services Act.

This is why we left! Public scrutiny of legislation is important. For too long we have simply followed whatever directive or regulation was passed down from Brussels. This has created lethargic politicians and given us ineffective regulations. Brexit is changing this for the better.

Conclusion

There are many other Brexit benefits, but many are particular to industries and generally unknown to the general population. Unfortunately, most of the Mainstream Media doesn't believe

these regulatory changes are newsworthy and prefers to claim that Brexit isn’t working. But it is, and we must continue to support it. Please vote wisely in the upcoming election.

About the author: Catherine McBride is an economist and **member of the UK’s Trade and Agriculture Commission,** a body tasked with scrutinising the UK’s new post-Brexit trade agreements.

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