

# Beyond referendums and recriminations: rebuilding the UK's relationship with the EU

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There is a consistent reticence about discussing the consequences and the costs of Brexit, to the detriment of all involved. The next Labour Government needs to be one of deal makers, not a deal breaker like its Conservative predecessor, and so rebuild our relationship with Europe for the common good.

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**B**rexit exists as the proverbial elephant in the room, casting a shadow over all promises for our nation's future. Despite the impact of leaving the European Union on day-to-day life, there is a hesitancy about discussing the consequences and the costs, to the detriment of all involved. The fury and fear of the referendum debate has given way to fatigue and failure whenever Europe is mentioned in UK politics. It feeds both on the indignation of those who voted to stay feeling vindicated and the consternation of those who voted to leave believing 'Remoaners' continue to thwart their dreams.

This impasse presents substantial challenges to the chances of progressive political outcomes – whether these are the ambitions Labour has set out for government, including for Britain's place in the world, or the rights of citizens and the life chances of future generations. Internationalism and direct collaboration with other countries are increasingly depicted (entirely illogically) as fantasy, and as requiring unacceptable compromises in our national autonomy – and thus unpatriotic. Leaving the European Union did not mellow this discourse, it deepened it.

The Brexit negotiated by the Conservatives was a 'hard Brexit', slashing trade and clogging up travel in the process, all for very short-term Conservative Party objectives. Under Johnson and Truss, the UK demanded other nations make them an offer when it came to working together, shredding our reputation and influence as they went. Lofty ambitions of a trade deal with America gave way to embarrassed ministers overclaiming the benefits of subsequent (smaller) deals. Angry recriminations followed that the lack of interest in continuing to work with Great Britain was somehow Europe's fault – no politician is more 'disappointed' with the EU than a Conservative wanting more from leaving.

The Windsor Framework agreed in February 2023 may seem a step forward given the chaos Brexit has brought to Northern Ireland. However, the Retained EU Law Bill rumbling through Parliament at the time of writing will destroy its very foundations. The UK may claim leadership in responding to Putin, but the reality is that being outside the room when European nations decide how to manage energy security made us weaker, not stronger in achieving our aims. Whether at Davos or at the United Nations, the UK and its representatives have become increasingly sidelined as other countries ask, bewildered, 'what happened'?

In fixing this mess it is not enough for Labour to be 'not the government', especially as the current prime minister is proving much more amiable than his predecessors. Nor should it get caught up in replaying past grievances. The lengthy negotiations required to rejoin the EU would be a significant undertaking at a time of economic hardship. The EU itself, after years of dealing with the UK, has its own challenges to face and is already a different entity to the one we left. It would only be possible even to begin such talks with a democratic bi-partisan consensus: without this, the country would once again become stuck in a cycle of repeated referenda and arbitration – and evidence that such a consensus exists does not exist as yet.

Rather than accepting this backlash against global partnerships and so seeking to 'make Brexit work', or proposing to rerun the referendum with the political stalemate this will entail, the left can chart a different course through this gridlock. Honest recognition of the problems to be solved can underpin a programme of deals that will offer hope for our shared future. As Keir Starmer has argued, it is not enough to secure a deal for Northern Ireland as the prime minister claims – the whole of the UK deserves better. Securing this requires being clear about the range of areas for cooperation for mutual benefit which could form the basis of a new, different and strengthened relationship between the UK and the EU.

## The consequences of Brexit

As the effect of the pandemic worldwide recedes, it is increasingly clear that the Trade and Cooperation Agreement (TCA) negotiated by the Conservatives delivered the hardest of Brexit agreements, with British businesses, consumers and workers, farmers and the environment paying the price. Whilst many of the challenges facing our economy began well before our exit from the European Union, Brexit has acted as an accelerant to the economic and social decline threatening the future of the UK. According to one study, the UK has suffered a loss of business investment since the 2016 Brexit referendum worth £29 billion, or £1,000 a household.<sup>1</sup>

The impact has been felt everywhere, if not recognised by those in politics. The LSE Centre for Economic Performance found that Brexit added an average of £210 to household food bills over two years, costing UK consumers a total of £5.8 billion – and that was before the rapid rise in inflation.<sup>2</sup> The UK is the only G7 country whose economy is still smaller than it was pre-pandemic, with trade between the UK and the EU now a fifth lower than it would have been without Brexit. Overall, the Tory hard Brexit has shrunk the economy by 4 per cent, with the average household facing £870 more in costs as a consequence.

The impact of Brexit has not just affected our economy. Brexit has been a gateway drug to a politics of isolation, shrivelling our capacity to collaborate internationally on a range of issues, or to persuade other nations to consider our support or engagement a priority. What the Brexiteers sought to depict as freedom is in fact solitude. Whether it is manifested in the enduring sluggishness of productivity because of the lack of post pandemic trade, or the treatment of refugees and the question of who manages those on the ‘small boats’ crossing the channel, or the stalled process for climate action, Great Britain is shrinking on the world stage where once it blossomed. As Professor Anna Deighton of Oxford University argues, the ‘grand Global Britain seems merely a comforting mirage’: ‘Britain is sliding towards greater but unheralded dependency on the U.S.’<sup>3</sup>

Brexit continues to be used as justification by many on the government benches as they seek to further detach the UK from its neighbours. One example is the way membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trans-pacific partnership with Canada, Japan and nine other nations, is touted as the alternative to working with Europe, though it delivers minimal trade benefits. Ultimately, this Partnership is with nations with which, for the most part, the UK already had trade deals: the government estimates that it will add 0.08 per cent to our GDP over ten years.<sup>4</sup> In total, the CPTPP accounted for 8 per cent of UK exports in 2019 – less than the UK sold to Germany alone in the same year.

This isolationism is not only an approach to trade – many in the government also salivate at the prospect of leaving the European Court of Human Rights, in support of their stance on refugees. This would put the UK in the same category as Belarus and Russia when it comes to protection of citizen's rights.

## Reject isolationism

The Scottish referendum should have been a wake-up call that those who promote nationalist responses are rarely sated whether they win or lose, and that the case for internationalism has to be won with every generation. The loss of forty Labour seats in Scotland in 2015 was fatally dismissed as a result of poor campaigning, and many still focus on 'red wall' seats at the expense of recognising that the very first 'red wall' was north of the border. Others have sought to reclaim such isolationism as progressive, and a protection against corporate global forces. Yet they have failed to use either moment – the UK staying together or the UK leaving the European Union – as an opportunity to build an alternative political demos.

The European Union is a bold experiment in peace building and democracy, but has so far failed in creating a dynamic connection with its citizens, resulting in a climate of discontent which has fuelled the populist right across the continent. This failure to reimagine deliberative mechanisms for the modern age – one which allow citizens and their advocates to collaborate from the grassroots to across nations – is not an acceptable reason for burning our bridges. As the world's poorest, whether in the UK or internationally, continue to be at the sharp end of both the rise in populism and the poverty it engenders, it is clear that progressive isolationism is not progressive at all.

In responding, Labour must not feed the myth that, in the face of global injustice, Brexit was a reasonable response. Understanding motivations is important, as is comprehension of the causes of distrust in politics, and a lack of hope. But pretending that perpetuating these harms can address this distrust is nonsensical; as is the idea that going it alone offers better chances than addressing the challenges that got us there in the first place. The events of the last few years show that it is not possible to escape the ways in which global challenges affect outcomes not just in our cities but on our doorsteps. Decisions made by Vladimir Putin put your energy bill up. When it comes to tackling the climate crisis, or responding to the increasing numbers of refugees across the globe, we have learnt many times over that nations need to pull together. In the modern world, ambitions to empower local communities face the stark reality of the pressures of globalisation. That means matching a desire to devolve with a determination to collaborate at an international level – how

else does Warrington town hall negotiate with global corporations? Or Somerset District Council engage with Xi Jinping? Could one of Yorkshire's mayors take on the might and impact of Jeff Bezos on their own?

To date, Labour has sought to sidestep these bigger questions about internationalism and cooperation that Brexit represents – preferring instead to focus on 'taking back control' by focusing on greater local political participation, and a return to Keynesian supply-side policies to generate internal demand, whether for a workforce or manufacturing. Keir Starmer has argued:

I think we have to confront the fact that the lack of growth in our economy can't simply be put down to Brexit. We've had a problem with growth in our economy since 2010, and a lot of this pre-dates Brexit, and therefore if we get fixated that Brexit is the only issue when it comes to growth, I think we will be making a big mistake, and I'm not pretending that we don't need to improve the deal we've got with the EU, but just to put it into context. Secondly, I'd say that for many, many investors it's the stability that they are looking for, the non-trashing of the institutions, the idea that the Labour government will be a government of sound money, that's what's making the difference in the conversations that we are having. But I do think the Brexit deal needs to be improved, I think if you look at the deal we've got it's obviously not working very well ... <sup>5</sup>

The jury is still out as to whether there is electoral merit in taking on the future of our relationship with Europe explicitly; but to do otherwise in policy terms risks the chances of securing any preferred outcomes. Whether it is a question of Labour's pledge to have the fastest growth in the G7 by the end of the next parliament, or Sunak's pledge for the UK to be a science and technology superpower, each of these ambitions could in theory be achieved outside of cooperation with the European Union. However, securing economic development without access to the market of 500 million people on your doorstep is undeniably harder, just as becoming world-beating whilst doing research only in your backyard is an oxymoron.

Whilst polling increasingly shows that the public are disenchanted with Brexit and regretful of the decision to leave the EU, there is little appetite for a re run of the referendum to facilitate a return. That does not mean, however, that the public are happy to collude in avoiding the question as to whether things could be done differently. Most people do recognise the problems: Deltapoll data<sup>6</sup> shows fewer than one in ten could name a specific personal benefit as a result of Brexit, while a third of this group were unable to name this benefit when asked to do so.

## A new and different relationship with Europe

Whatever choices are presented at the general election, all political parties will struggle if they do not address the elephant in the room. If rejoining the EU is not a reasonable or realistic approach for the coming parliament, trying to make failure work is equally unsatisfactory. The Tories have spent years breaking down Britain's reputation and relationships and building up barriers for our people and businesses. An incoming Labour administration could reverse this by being a government of deal-makers, trusted in its promises and determined to cooperate with Europe for our national interests – thereby distinguishing itself from the deal-breakers of successive recent Conservative governments.

Labour's new relationship with Europe could begin with a resolution of the basic question of how we manage to see each other at all. Those who argue that queues at our borders are not Brexit-related have failed to acknowledge the ways in which the lack of data-sharing has created delays for school children, business travellers and trucks of food alike. The likely implementation of an 'ESTA' style process for travellers could help alleviate some of the existing problems, but a Labour government should eye the bigger prize of a data-sharing agreement for all, to enable goods and people to move freely. Similarly, securing our borders and national security against the continuous threat of terrorism and organised crime would greatly benefit from participation in Europol.

Britain's defence capabilities are already deeply embedded with our European partners through NATO. Those links could be strengthened by a common defence policy with the EU. Regular Defence Summits hosted by the UK could address issues such as the future for Ukraine and the threat posed by cyberwarfare. Joint procurement, joint operations outside Europe and greater alignment via the Permanent Structured Cooperation programme (PESCO), where it is in Britain's interests, could make defence spending more effective, and reflect the leading role the UK could play in addressing the world's common security threats.

Security is a question not only of our ability to respond to threats, but also of planning to prevent them. For either the UK or the EU to achieve Net Zero targets, or for the UK to become the clean energy superpower Labour intends, cooperation with our neighbours could bring many opportunities. Rejoining Horizon Europe could provide a massive boost to our ambitions in clean energy production and for becoming a green tech superpower. Our departure from the programme has meant that UK scientists are missing not just funding, but also chances to collaborate with scientists from the EU, and this is seen by many as limiting the quantity and quality of research being produced.<sup>7</sup> Re-joining the Gas Coordination Group and Electricity Coordination Group, set up after the 2009 Russian Gas crisis, could facilitate better

communication with our European neighbours on energy matters. Market coupling would help the UK to take full advantage of the energy from our proposed North Sea offshore wind and other sources. A linked emission trading scheme could also ensure that, when the carbon border adjustment comes into force, the UK can decarbonise as cheaply as possible.

To support Labour's target of 50GW of offshore wind by 2030, the UK could join the North Sea Energy Cooperative, whereby nations across Northern Europe pool resources in order to secure the maritime special cooperation and planning, power usage and interconnectors that are needed. The UK's ability to produce steel is also critical for our national resilience and economic growth. By working with EU partners to align with efforts to protect against dumping, and to support decarbonisation through carbon border adjustment mechanisms, Labour could ensure that the EU remained the largest and most accessible market for UK steel.

If security is our starting point, time should also be Labour's watchword. The window of opportunity to prevent the catastrophic impact of Brexit on our economy is growing smaller, as multiple sectors adjust to the UK's isolation. Whether the impact of Brexit takes the form of retraining riggers, stage management and electricians in the creative industries in Germany, or a gradual move by financial services to Frankfurt and Dusseldorf, timidity in taking action is not the appropriate answer.

In 2017 Amsterdam replaced London as the primary location for European Share trading, whilst London's derivative trading platforms lost three quarters of their euro volumes to Amsterdam and New York.<sup>8</sup> A report claimed that 70 per cent of firms were planning to move Research and Development activity from the UK, including to the EU and US.<sup>9</sup> Leaving Erasmus has not only denied students from the UK and Europe the academic advantages the programme allows; it has also affected nationwide EU undergraduate enrolment, which more than halved in 2021/22.<sup>10</sup> The Pan European Mediterranean treaty, which covers preferential rules of origin, enables goods that are produced from originating materials in one country and further processed in another to be exported back to any of the member countries under preferential treatment. Participating could help substantially reduce the red tape these rules create for exporters, and form the basis of negotiating a bespoke EU/UK customs union.

For most food production sectors, the existing TCA is a dead weight on their business. They need a bespoke Customs Union and access to the Single Market, along with mobility visas to help workforce recruitment and retention. A Phytosanitary and Veterinary agreement with the EU could alleviate the challenge posed by the number of EU vets registering to work in the UK having dropped by more than two thirds. Labour could also back British fishing by seeking an upgraded fisheries agreement on quota and shared stocks. This could include a common policy on the six to

twelve-mile area of coastal waters, banning foreign-owned supertrawlers from fishing in Britain's marine protected areas, and redistributing fishing quotas from foreign-owned multinationals to favour smaller fishing vessels.

## Deal makers

Doing deals with Europe would also help restore our capacity to secure answers on those challenges which go beyond trade or security. The movement of refugees around Europe requires not just the processing of asylum claims but also effective mechanisms to resolve the fate of those who ask for help. The UK could play its part by reconstituting the Dublin agreements to provide for family reunion; and by managing asylum claims collectively in Europe to deter the small boats crossing the channel, and participating in action against the smugglers, as well as ensuring safe routes for those at risk. Labour should always defend the importance of membership of the ECHR, as the bedrock of the Good Friday Agreement and a vital protection against overbearing governments within Europe.

Our European counterparts need more than warm words about how we are to be trusted. They need clarity about the direct scale and intent of our ambitions to address the consequences of leaving the European Union. We need to show we won't consent to the isolation the Brexiteers have sold as the future for Britain, but instead are prepared to join forces with others for common good. The negotiation of positive and mutually beneficial relationships in these diverse but complementary areas as set out above would in turn assist in the restoration of trust between the UK and EU Member States. The permanent proximity of the UK to the EU and its Single Market, and the community of material, security, cultural and political interests of the UK and the EU, means Labour should be confident in the value of internationalism to our national interest. Against those who preach seclusion and call it patriotism, Labour should be proud to stand for these ambitions in our parliament and on the world stage. It is the ambition of the Labour Movement for Europe to help our party move beyond referendums and recriminations, towards rebuilding our relationship with our closest neighbours. Whether making decisions on trade, security, the environment or equality, we know the UK can achieve more through working with our European counterparts than through the division and isolationism of the Conservatives. In addressing the challenges of our age, cooperation and coordination are necessities as well as ideals.

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## Notes

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- 5 Keir Starmer, press conference response to Pippa Crerar, 'Five Missions' speech, 23 February 2023: <https://www.youtube.com/watch?v=G5rQGQ3QRTY>.
- 6 <https://deltapoll.co.uk/brexit-benefits>
- 7 Martha Gill, 'Brexit's "benefits" are becoming clearer: getting back what we had before', *Evening Standard*, 1 March 2023: <https://www.standard.co.uk/comment/brexit-benefits-getting-back-what-we-had-horizon-science-b1063918.html>.
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