

# **The Brexit Referendum 5 Years on – Summary of Impacts to Date**

**Information note from the Scottish  
Government**

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## Introduction

This week five years ago people in Scotland would have been digesting the news that they were to be removed from the European Union. It is not yet possible to describe the full impact that decision will have on the people of Scotland. Some consequences, such as parts of the new rules on trade into the UK, are not yet fully in force. For those that are, assessing the real impact will take many years. Nevertheless, it is clear that many of the negative impacts which were envisaged are now starting to crystallise.

This paper does not seek to provide an inventory of the full impact that Brexit will have. Instead it provides a summary of impacts and likely consequences in different areas of the economy and society, raising awareness of the likely consequences in broad terms. It is important that people are aware of these consequences, not least so they can consider the full range of possible remedies.

This paper details a range of impacts which are each already being felt in the real world and are, importantly, illustrative of the very many other impacts likely to be felt in every part of our daily lives.

## Trade and the Economy

Academic evidence suggests the UK's exit from the EU has already had an impact on investment and the economy – in line with the Scottish Government's long-term macroeconomic modelling. Born et al (2019)<sup>1</sup> estimate that the output loss in the UK due to the EU referendum vote amounts to about 2.1% of GDP at the end of the first quarter 2019 and a study by Centre for European Reform (2019) also found that the UK economy was 2.9% smaller than it would be otherwise (by Q2 of 2019)<sup>2</sup>.

Reduced investment, together with changes in productivity and migration, are likely to create a further drag on the growth of the Scottish economy compared to continued membership of the EU. Scottish Government modelling indicates that in the long run, the basic Free Trade Agreement (FTA) negotiated by the UK

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<sup>1</sup> Born, B., Müller, G.J., Schularick, M. and Sedláček, P., 2019. The costs of economic nationalism: evidence from the Brexit experiment. *The Economic Journal*, 129(623), pp.2722-2744.

<sup>2</sup> [The cost of Brexit to June 2019 | Centre for European Reform \(cer.eu\)](https://www.cer.eu/cost-of-brexit-to-june-2019)

Government with the EU could mean Scottish GDP is £9 billion lower (6.1%) by 2030 compared with EU membership<sup>3</sup>.

COVID has added to the challenge. The Scottish Government made it clear last year that it was deeply irresponsible to proceed with the end of the EU Exit transition period at the same time as the peak of the COVID-19 pandemic<sup>4</sup> – advice that the UK Government ignored. But the data show that the impact on trade with the European Union has been particularly severe.

Overall UK trade in goods has fallen considerably with total exports and imports falling from £266.4 billion in the first four months of 2018 to £237.6 billion in the equivalent period in 2021<sup>5</sup>. Comparisons are made with 2018 as it is the most recent period in which relatively stable trade patterns were observed, and were not impacted by either the pandemic or the end of the EU transition period<sup>6</sup>. But the decreases in trade with the EU have been much larger than the declines in non EU trade. When compared to January-April 2018, exports of goods to the EU were 19% lower in 2021, compared to non-EU exports of goods which were only 4% lower. The difference is Brexit.

Going beyond these headline statistics, we know from business surveys that many Scottish businesses have faced additional trading costs due to EU exit since the start of 2021. Evidence from the ONS Business Insights and Conditions Survey (BICS)<sup>7</sup> suggests that businesses experiencing challenges with exporting or importing attribute the main cause of these difficulties to the end of the EU transition period not the COVID-19 pandemic. Latest data from the BICS survey covering business feedback in May also indicate that a third of all manufacturing

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<sup>3</sup> [Bad Brexit deal for Scotland - gov.scot \(www.gov.scot\)](https://www.gov.scot)

<sup>4</sup> [Brexit transition - gov.scot \(www.gov.scot\)](https://www.gov.scot) [Extend Brexit transition during COVID-19 crisis - gov.scot \(www.gov.scot\)](https://www.gov.scot)

<sup>5</sup> All trade comparisons are sourced from HMRC Overseas Trade Statistics (OTS) which provides detailed UK trade in goods information. This is the preferred source as it allows for comparison at commodity level, which is unavailable in ONS statistics. Trade in gold has been excluded from the figures and calculations. Some of the quoted figures differ from those also published by ONS. Although the ONS use the same HMRC data source, they make adjustments to account for seasonality and to ensure consistency with a Balance of Payments (BoP) basis. However we use the HMRC OTS data as it provides the necessary detail to assess performance of some of the key commodities for Scotland's exports.

<sup>6</sup> Monthly trade figures were relatively more volatile in 2019 than in 2018 due to the stockpiling activity associated with the EU exit deadlines in March and October 2019. Monthly figures in 2020 were skewed by the impact of the pandemic. The Office for National Statistics (ONS) also compare 2021 trade data with equivalent 2018 data for the same reasons.

<sup>7</sup> [BICS weighted Scotland estimates: data to wave 31 - gov.scot \(www.gov.scot\)](https://www.gov.scot)

businesses in Scotland have faced increased costs due to red tape, and almost half have faced increased transportation costs.

This is also reflected in feedback from over 670 importing and exporting businesses Scottish Enterprise engaged with between January and April 2021 across a range of sectors, including food and drink (25%), oil and gas (21%) and technology and engineering (18%). Forty-one percent of these businesses reported that the top challenges they faced at the time were caused by the end of the transition period, such as transportation costs (named by 17% of the businesses) and disruption and issues at UK borders (13%).

As predicted by Scottish Government analysis<sup>8</sup>, the most immediate, severe and visible impacts are disproportionately concentrated in specific areas of the Scottish economy – sectors which are also disproportionately represented in Scotland at a UK level, i.e. the food sector, particularly seafood, meat and dairy, as well as beverages and textiles.

According to HMRC, UK exports of food and live animals to the EU, which includes seafood and fish, decreased by £1.2 billion (34%) in the first four months of 2021 compared to the equivalent period in 2018, with stricter checks and certifications being one of the main reasons. Reports showed that in January 2021, for example, the consignment sign-off was taking six times longer and that the transit of goods to France was taking three days instead of an overnight transit<sup>9</sup>. For some of these sectors that makes the transaction simply unviable.

The food and drink industry is a major contributor to Scotland's economy. It was worth around £15 billion in 2018 (in turnover) and accounts for one in five manufacturing jobs. Scotland has 18,850 food and drink businesses, employing around 115,400 people<sup>10</sup>.

The latest GDP data show that output in the food and drink sector decreased by 0.5% in Q4 2020, whereas output across the economy as a whole increased by

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<sup>8</sup> [Coronavirus \(COVID-19\): the case for extending the Brexit transition period - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2020/07/20/coronavirus-covid-19-the-case-for-extending-the-brexit-transition-period/)

<sup>9</sup> [UK trade - Office for National Statistics \(ons.gov.uk\)](https://www.bbc.com/news/health-56144444) referring to reports from the Scottish Seafood Association: [Scottish seafood exports 'held up by post-Brexit rules' - BBC News](https://www.bbc.com/news/health-56144444) and [Scottish seafood exports to EU delayed for further five days - BBC News](https://www.bbc.com/news/health-56144444)

<sup>10</sup> [Food and drink - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2020/07/20/coronavirus-covid-19-the-case-for-extending-the-brexit-transition-period/)

2.0%<sup>11</sup> which captures both the impact of the pandemic and how the sector was already struggling with new barriers.

The disruption to the seafood sector since early January offers the clearest evidence so far of the additional costs and losses associated with becoming an EU third country, and the trade frictions that result, including dealing with new and untested processes. Taking account of steps such as investment in upgrades to software and changes in working patterns, the shellfish sector has quoted increased costs of £500-600 per consignment, regardless of size<sup>12</sup>.

Issues in the seafood sector are heavily interlinked: a consequence of the deal itself and lack of time to prepare for it, both here and in EU Member States. Over 70% of Scottish seafood exports were to the EU in 2019, worth over £770 million<sup>13</sup>.

Following sharp falls in fish exports to EU countries in January 2021, February and March figures showed some signs of recovery. But April's trade figures suggested any recovery was slowing down. Total UK exports of fish in 2021 were 27% lower than in the first four months of 2018.

Some businesses could become completely unviable. For example, seed potatoes, one of Scotland's key quality exports to the EU, are now prohibited from export to the EU. The anticipated loss of these markets is estimated at £11 million based on the annual average of 20,000 tonnes exported to the EU and 2,000 tonnes exported to Northern Ireland. Most Scottish exporters were able to export to their EU and NI markets ahead of the end of the transition period for this growing season but the challenge is now for next and future seasons. Other goods – such as the movement of sheep – are facing new export barriers. These relate to compliance with manufacturing processes to ensure protection of human health and safety or protection of the environment also affecting manufacturing industries including chemicals.

These stark figures mean real impacts on jobs and communities. Local authorities with high concentration of employment in Brexit-sensitive industries are particularly

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<sup>11</sup> [Economy statistics - gov.scot \(www.gov.scot\)](https://www.gov.scot/economy-statistics)

<sup>12</sup> [Exclusive: 'It's a catastrophe': Scottish fishermen halt exports due to Brexit red tape | Reuters](#)

<sup>13</sup> Over half (approx. £435 million) of all Scottish fish and seafood exports bound for the EU go to France. Much of the remaining exports go to Spain (£91 million), Italy (£56 million), the Irish Republic (£46 million) and Germany (£39 million). In 2019, seafood accounted for 57% of Scotland's overall food exports and had a total value of £1.02 bn.

exposed to EU exit. For example, Moray and Aberdeenshire had the highest share of employment in food manufacturing in 2019, while Shetland Islands and Orkney Islands had the highest share of employment in fishing. And while this exposure to output losses is expected to be higher in rural areas, some urban areas with high reliance on manufacturing jobs are also likely to be impacted.

Similar difficulties apply to imports. Project Management Institute (PMI) figures for May showed a further near record lengthening of lead times, pointing to a severe pressure in global supply chains. These pressures were mainly linked to shortages of inputs, raw materials and containers, transportation delays and COVID-19 restrictions. Further anecdotal evidence suggests that many firms in the construction industry could face shortages of supplies due to EU Exit. A recent Construction PMI report also suggested a record high increase in input costs, reflecting a surge in demand for construction materials and severe supply shortages.

Several uncertainties remain on medicines. Over two thirds of medicines normally used in the NHS are imported from the EU through a supply chain that is privately operated on a UK-wide basis. The impact of anticipated changes to customs controls due to take place in October 2021 and January 2022 are still unknown and in the latest communication with the pharmaceutical industry the DHSC Chief Commercial Officer advised the industry to retain the current level of preparedness to mitigate against any potential disruption to medicine supply<sup>14</sup>.

As a result of leaving the EU, Great Britain will no longer have access to the single licensing process for medicines offered by the European Medicines Agency (EMA). This means that approvals for any new medicine on to the market in Great Britain have to undergo a separate approval process. Once fully in force in 24 months, the impact of the new GB regulatory processes on the attractiveness of the GB market to pharmaceutical companies, and on possible delays to the availability in Scotland of innovative new medicines, remains unknown.

Some of these difficulties are about unavoidable new rules and regulations. Some are about costs which now need to be permanently factored in. They are the consequence of Brexit and it is clear that these problems are here to stay.

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<sup>14</sup> [Letter to medicines and medical products suppliers: 30 March 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/letter-to-medicines-and-medical-products-suppliers)

## Workforce

Trade and economic disruption are the channels through which the immediate impacts of EU Exit have materialised. However as the majority of academic studies have shown<sup>15</sup>, the impact on productivity and net migration are the main contributors to the difference in economic performance compared to EU membership. This is primarily due to the importance of both channels to the overall productive capacity on the economy. Over time they will have a much greater and more permanent impact on the size of the economy and are where the greatest gains from a closer relationship with the EU would be found.

National Records of Scotland's latest population projections show that Scotland's population will only grow due to inward migration as the number of deaths outweigh the number of births<sup>16</sup>. These figures do not take into account the ending of free movement or the impact of the COVID pandemic on migration.

Scotland faces a very different population challenge to the rest of the UK<sup>17</sup>. While inward migration is the main driver of population growth across the whole of the UK, in England and Northern Ireland the natural change is positive (as the number of births outweigh the numbers of deaths). In Wales and Scotland the natural change is negative, although to a greater degree in Scotland.

It was estimated that in June 2020, 231,000 EU nationals<sup>18</sup> lived in Scotland. However, the growth in the number of EU nationals working in Scotland has slowed since the EU referendum. National Insurance Number registrations of EU nationals in Scotland for the first quarter of 2021 were 70% below their pre-pandemic levels; however, the allocation process was disrupted as a result of the coronavirus pandemic<sup>19</sup>. The reduction of EU migration to Scotland is in line with analysis by the independent Expert Advisory Group on Migration and Population<sup>20</sup>, estimating a 50-80% reduction in net EU migration to Scotland after 2020.

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<sup>15</sup> As well as [Scotland's place in Europe: people, jobs and investment - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scotland-place-in-europe-people-jobs-investment/pages/1-10.aspx)

<sup>16</sup> [Publication \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk/publications/population-projections)

<sup>17</sup> [Overview of the UK population - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overview-of-the-uk-population)

<sup>18</sup> [Population by Country of Birth and Nationality, Scotland, July 2019 to June 2020 | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk/publications/population-by-country-of-birth-and-nationality-scotland-july-2019-to-june-2020)

<sup>19</sup> [National Insurance numbers allocated to adult overseas nationals to March 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/national-insurance-numbers-allocated-to-adult-overseas-nationals-to-march-2021)

<sup>20</sup> [UK immigration policy after leaving the EU: impacts on Scotland's economy, population and society - July 2020 update - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/uk-immigration-policy-after-leaving-the-eu-impacts-on-scotland-s-economy-population-and-society/pages/1-10.aspx)



Lower migration will be particularly harmful to sectors that rely on migrant workers, including textiles, agriculture, social care, leisure and travel and sales. ONS Business data for the period 11 January to 24 January, showed the proportion of accommodation and food businesses in Scotland that reported a decrease of EU workers over the previous nine months was 12.1% – more than double the rate for the economy as a whole (5.5%)<sup>21</sup>.

This evidence is consistent with the recent study by Indeed job platform. It found that EU nationals are less likely to seek work in the UK<sup>22</sup>. Searches from EU jobseekers on Indeed were down 36% since 2019, suggesting that businesses planning to recruit from overseas are likely to face challenges. According to the study, that decline in EU jobseeker interest is likely to be a consequence of the ending of freedom of movement for EU citizens in 2021 rather than the pandemic.

At the same time the demand for workers is increasing. Data from the jobs website Adzuna collected by the Office for National Statistics<sup>23</sup> shows that vacancies in the last week of May were 20% higher in Scotland than a weekly average in February 2020, mainly driven by the manufacturing, distribution and catering and hospitality sectors. Higher number of vacancies in these sectors can be a reflection of the relaxation of restrictions, but also of businesses struggling to fill vacancies due to a decline in the numbers of EU workers. This trend is likely to worsen as restrictions ease. The opening up of the tourism sector for example raises real concerns as to how vacancies can be filled. Industry representatives have said there is currently a shortfall of about 188,000 workers, with a particular shortage of front-of-house staff and chefs<sup>24</sup>.

Other sectors such as agriculture are already experiencing labour shortages and challenges are likely to increase. According to Scottish Government research<sup>25</sup> there were around 9,300 seasonal workers in Scottish agriculture in 2017, a sector heavily reliant on non-UK workers, particularly from central and eastern Europe. As such, another survey<sup>26</sup> indicated that labour shortages were already evident in 2017, with 48% of respondents stating that they had 'difficulty harvesting' due to labour shortages. The Scottish Agricultural Census, undertaken by RESAS every

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<sup>21</sup> [BICS weighted Scotland estimates: data to wave 31 - gov.scot \(www.gov.scot\)](https://www.gov.scot/data/bics-weighted-scotland-estimates-data-to-wave-31)

<sup>22</sup> [International Jobseeker Interest in Britain is Changing After Brexit - Indeed Hiring Lab UK | Ireland](#)

<sup>23</sup> [Vacancies and jobs in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/vacancies-and-jobs-in-the-uk)

<sup>24</sup> [Hospitality 'struggling to fill thousands of jobs' - BBC News](#)

<sup>25</sup> [The Fruits of Their Labour: Seasonal Farm Workers in Scottish Agriculture | SEFARI](#)

<sup>26</sup> [NFU Scotland's Seasonal Workers Survey Identifies Labour Shortage Fears](#)

year in June, also showed that there was a 4% decrease in seasonal labourers between 2019 and 2020<sup>27</sup>. It is therefore likely that the EU Exit will continue to have adverse effects on the seasonal workforce in agriculture.

Scotland's cultural and creative sectors are good examples of sectors impacted by the loss of freedom of movement in both directions. The full effect will only become apparent with the end of COVID restrictions. For sectors that have at their very heart collaboration, exchange and internationalism it is certain that increased barriers to working with their closest international peers will present a massive challenge and seriously hinder their recovery from COVID.

The increased cost and administrative burdens of touring will put working in the EU beyond the reach of many of Scotland's artists, for whom the ability to tour internationally is vital in terms of reaching new audiences, generating income, collaborating and building vital networks across borders, and showcasing Scotland internationally. Additionally, the UK Government's refusal to negotiate continued participation in the Creative Europe programme remains deeply concerning. As one of the key mechanisms that supported Scotland's cultural and creative sectors to develop new international relationships and fostered cultural collaboration, the programme made new connections for Scotland across Europe and beyond. Its loss will be felt keenly.

## EU Citizens in Scotland

Behind each headline statistic lie many individual life stories. This is particularly true of the many EU citizens who have chosen to make Scotland their home.

With the end of the EU Settled Status (EUSS) scheme by July 2021, potentially hundreds of thousands of EU citizens could find themselves in a 'legal limbo' according to a recent report by the UK in a Changing Europe think tank<sup>28</sup>. Home Office figures show that 5,605,800 applications were received to the EUSS up to 31 May 2021, 276,600 of which were from Scotland<sup>29</sup>. Of the Scottish applications, around 8,100 were received in May alone. Whilst many have managed to successfully secure settled or pre-settled status, the UK in a Changing Europe report shows there might be hundreds of thousands of people who are eligible but have yet to apply and will immediately lose their rights of residence. The percentage refused applications has increased from 1 to 2%, while the percentages

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<sup>27</sup> [Scottish Agricultural Census: final results - June 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/agricultural-census-2020/final-results/pages/22.aspx)

<sup>28</sup> [The EU Settlement Scheme | UK in a changing Europe \(ukandeu.ac.uk\)](https://ukandeu.ac.uk/research/the-eu-settlement-scheme-uk-in-a-changing-europe/)

<sup>29</sup> [Home Office EU Settlement Scheme statistics: user guide - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/home-office-eu-settlement-scheme-statistics-user-guide)

for withdrawn and invalid applications have stayed broadly the same. If we consider only the most recently concluded applications, however, of the 153,100 EUSS applications concluded in May, approximately 15% were refused, 4% were withdrawn or void and 3% were invalid.

## Education

Scottish Higher Education has been heavily impacted by a number of factors, in particular COVID-19 and new UK immigration restrictions on EU nationals post Brexit. Scottish universities have seen substantial declines in numbers of international students and research grants. Applications to Scottish universities from students domiciled in the EU fell by 40% in 2021.

With the UK Government deciding not to associate to Erasmus+, the number of international exchange students is likely to decrease as well. According to HESA figures, in 2018/19 alone, 2,935 Erasmus+ students attended Scottish Universities, compared to 2,755 in 2019/20<sup>30</sup>. Losing these students will not only impact financially on Scottish institutions, it will also impoverish the lives of many individuals and Scotland as a whole – our institutions thrive thanks to their diverse, international student bodies.

The UK Government's decision to discontinue Erasmus participation will of course also be acutely felt by young Scots. For them, Brexit means a sudden and unwelcome end to a life-enhancing opportunity.

The UK Government's replacement Turing Scheme is a poor alternative by any measure. It offers no support for youth clubs, adult learners, staff, or the inward mobility of participants to the UK. Instead the Turing Scheme has a significantly lower budget than the UK received every year from Erasmus, is much more limited in scope and consequently will reduce the number of opportunities available to young people from Scotland in the EU.

This is an example of where Brexit will impact most on those who are already disadvantaged. Socioeconomically disadvantaged people, and people outwith traditional education pathways, who would have benefited from international learning opportunities such as those funded through Erasmus and other European

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<sup>30</sup> [HE Student Data | HESA](#)

funds, now face reduced support from the UK Government. There are clear concerns from stakeholders about similar disadvantage in other areas.

## Research

The impact on research in Scotland has already begun to be felt, although it will take time to see the longer term impacts and trends.

After Horizon 2020 launched in 2014, almost 755 million euros of funding in research and innovation was secured by Scottish organisations. That was around 11% share of the UK's Horizon 2020 funding. Scotland's universities won over 75% or €572 million of our total funds won<sup>31</sup>.

Scotland's typical annual share of Horizon 2020 funding declined in the remaining years of Horizon 2020 following the Brexit Referendum in 2016, mainly due to the uncertainty about future UK participation in Horizon Europe. Given the high overall amount of funds won annually by Scotland as one of the top European research nations, funding and key opportunities for Scotland with the EU science base were lost or weakened.

Public comments from the sector suggest that EU partners may have been nervous about including Scottish partners in research consortia despite their ability to continue under Horizon 2020 grants at the time. The end of freedom of movement for researchers is a further difficulty. The sector in Scotland has pressed the UK Government to ease mobility for EU-based researchers through the UK visa system – so far without success. Scottish Government initiatives to explain to EU citizens that they are genuinely welcome in Scotland, as well as support provided to this group by the Scottish Government are therefore important. And of course, the immediate post Brexit Referendum years have seen fewer opportunities for Scottish-based early career researchers.

There have also been measurable impacts on staffing and the important pipeline of research students from Europe who contribute to the next generation of research leaders in Scotland. For example, 3% of all staff at Scottish Higher Education Institutes solely involved in research were funded by EU government bodies in

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<sup>31</sup> eCORDA, accessed in 2020

2018-19, down 6% from the previous year. EU research PhDs in Scotland dropped almost 7% between 2015-16 and 2019-20.

Longer term, participation in Horizon Europe may stabilise and recover as long as the UK maintains participation at association level – although decreased mobility with Europe in terms of research staff and research student numbers will persist if policies restricting freedom of movement continue. The impact of Brexit on research in Scotland is already being felt.

## Governance

Many of the issues outlined here affect all parts of the UK. But some issues impact disproportionately on Northern Ireland, Wales and Scotland. In particular, the way in which the UK has chosen to respond to EU Exit is doing real and lasting damage to agreed and well-established governance arrangements in the UK. This led the Welsh Government to challenge the new arrangements in the courts, an action which the Scottish Government supported.

This was evident already during the EU Exit negotiations, with the UK Government repeatedly ignoring the established convention of seeking the Scottish Parliament's consent (the Sewel Convention) and the UK Government's failure to involve the Scottish Government and the other Devolved Administrations meaningfully in preparations for the negotiations themselves. This has since been compounded by the UK Government's Internal Market Act. This allows it to:

- Undermine standards voted on by the democratically elected Scottish Parliament;
- Use direct funding in devolved areas to bypass the Scottish Government in ways that undermine its priorities, leading to inefficient spending and policy incoherence;
- Further reduce the already limited scope for the Scottish Government to protect the interests of Scottish businesses, farmers and consumers in international trade negotiations. The UK Government has just demonstrated its willingness to sacrifice standards and Scottish farmers in its outline trade deal with Australia.

## Standards

There is very real concern that despite the assurances given at the time, EU Exit will over time lead to diminution in standards of various sorts, ranging from social protection, to animal welfare and the environment.

The recently announced trade deal with Australia will inevitably mean that Scottish farmers will be competing on an un-level playing field with Australian imports produced at lower welfare standards. There are particular concerns around hot branding, sow stalls and the conditions in which animals are permitted to be exported live.

Whilst the Scottish Government has undertaken extensive work to prepare for the challenges posed by EU Exit for the environment – for example, gaining consent to 55 statutory instruments (SIs) and 15 Scottish statutory instruments (SSIs) and establishing a new, independent environmental governance body, Environmental Standards Scotland, to uphold and enforce environmental law – similar concerns apply in that area. For example, it is far from certain whether, in light of the UK's Internal Market Act, the Scottish Parliament will have a free hand, as it should, to follow beneficial EU legislation and take necessary, urgent action in response to the climate and biodiversity crises. Over time, if our ability to uphold high environmental standards is compromised, this will impact on the services that society and the economy receive from our natural capital. And if our reputation for environmental quality is harmed, this could affect our tourism and food and drink sectors.

## Law enforcement

The impacts of Brexit go beyond our trading relationship. It was clear in 2016 that leaving the EU would have serious consequences for our policing, safety and security.

The UK has lost access to the Schengen Information System (SIS). The UK Government failed to negotiate a replacement for SIS, meaning our police forces do not have access to Europe-wide real time alerts and notices.

Scotland has also lost access to the European Arrest Warrant, which allowed those accused of the most serious crimes to be brought back to Scotland to face justice in a matter of hours. The UK Government's replacement has serious limitations: 10 EU member states have declared that they will never surrender their nationals to the UK due to their constitutional rules, and most others have imposed some form of additional conditionality on the extradition to the UK of their own nationals.

Both these very negative impacts make it hard to combat criminals who are increasingly sophisticated, mobile and international.

Because of Brexit Scottish prosecutors have also lost access to the European Judicial Network, which they used much more extensively than their counterparts in the rest of the UK. Losing access to this ready-made network of contact points has made the transition to non-EU based tools and measures more difficult, with cooperation between prosecutors slower and more cumbersome. This delays the process of bringing people to justice and means that victims of crime are having to wait longer for justice.

## Standing in the world

Many influential commentators have observed that Brexit – both the fact of EU Exit and the way in which it was conducted – has had a deleterious effect on the reputation of the UK around the world. The common theme appears to be unease as to how Brexit can be reconciled with any perception of the UK as an outward-facing, collaborative country, which can aspire to be an influential player in a rules-based world order. For example:

- Sir Simon Fraser, Deputy Chairman of Chatham House (and previously Perm Sec FCO) wrote in September 2020 that “The claim that leaving the EU would open a highway to British global influence was always hollow. Since 2016, the UK’s influence has declined; our forces are barely present in international theatres of conflict and... the Brexit soap opera undermines our diplomacy and soft power.”<sup>32</sup>
- Earlier this month, Michel Barnier said “The United Kingdom needs to pay attention to its reputation, I want Mr Johnson to respect his signature.”<sup>33</sup>

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<sup>32</sup> [Picking Up the Broken Pieces of UK Foreign Policy | Chatham House – International Affairs Think Tank](#)

<sup>33</sup> [Michel Barnier tells Boris Johnson to ‘respect his signature’ on Brexit deal and warns UK reputation could be damaged | The Independent](#)

## Conclusion

This analysis describes an emerging picture of the impact of Brexit on Scotland. The Scottish Government will add to this analysis over time as the real impacts become clearer and through regular conversation with stakeholders, whose active input we will seek.

However, we can already say with confidence that across a wide range of areas, Brexit is having a tangible and harmful impact on the quality of life of the people of Scotland and on Scottish businesses.



## List of Acronyms

BICS	Business Insights and Conditions Survey
Brexit	The United Kingdom's withdrawal from the European Union
Covid	Coronavirus Disease 2019
DHSC	Department of Health and Social Care
EMA	European Medicines Agency
EU	European Union
EUSS	EU Settled Status
FTA	Free Trade Agreement
GB	Great Britain
GDP	Gross Domestic Product
GVA	Gross Value Added
HE	Higher Education
HESA	Higher Education Statistics Agency
HMRC	Her Majesty's Revenue and Customs
ONS	Office for National Statistics
PhD	Doctor of Philosophy
PMI	Project Management Institute
Q	Quarter
SI	Statutory instruments
SSI	Scottish statutory instruments
UK	United Kingdom



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