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THE IMPLICATIONS AND IMPACT OF BREXIT

***Abstract:** Following the referendum held on 23 June 2016, the UK Government, in accordance with Article 50 TEU, notified the president of the European Council of its intention to leave the European Union. The decision of the UK to leave the EU known as “Brexit” has presented both the EU and the UK with complex challenges. While it is almost impossible to predict and assess all the effects of Brexit, the author will identify in this short overview the most important challenges facing both parties to the negotiations, as well as assess the wider implications of Brexit on future EU enlargement. The effects of Brexit in the UK are much deeper and long-lasting than in the EU. These include deepening political and social cleavages, economic effects and the need for comprehensive legal reform. Despite the initially gloomy prospects about the future of the European Union, the EU gradually reaffirmed its authority among member states and returned to ‘business as usual’. With regard to the wider impact of Brexit, these difficulties undoubtedly have already had a discouraging effect on any other member state who may have contemplated leaving the EU. Likewise, Brexit brought member states more closely together and exposed the importance and value of the EU project. This is particularly significant for the accession countries that over time have diminishing interest in EU membership due to the lengthy and demanding accession process.*

Key words: Brexit, impact, United Kingdom, European Union, enlargement, Western Balkans.

1. INTRODUCTION

Following the referendum held on 23 June 2016,¹ the UK Government, in accordance with Article 50 TEU, notified the president of the European Council of its intention to leave the European Union.² This marked

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1 Leave – 51.9% and remain 48.1%; Turnout was very high at 72.2%.

2 This notification was sent to the European Council on 29 March 2017. (<https://www.gov.uk/government/publications/prime-ministers-letter-to-donald-tusk-triggering-article-50>).

the beginning of lengthy and difficult negotiations which are still ongoing at the time of writing. The decision of the UK to leave the EU known as “Brexit” has presented both the EU and the UK with complex challenges. While it is almost impossible to predict and assess all the effects of Brexit, the author will attempt in this short overview to identify the most important challenges facing both parties to the negotiations, as well as to assess the wider implications of Brexit on future EU enlargement. The paper will show that the effects of Brexit in the UK are much deeper and long-lasting than in the EU. These include deepening political and social cleavages, economic effects and the need for comprehensive legal reform. Despite the initially gloomy prospects about the future of the European Union, the EU gradually reaffirmed its authority among member states and returned to ‘business as usual’. With regard to wider impacts of Brexit, in particular on the enlargement process, the paper will argue that though the effects of Brexit are gradually diminishing, the EU is firmly committed to building a stronger sense of shared values among its current and prospective members.

2. THE IMPACT OF BREXIT ON THE EU

The impact of Brexit on the EU has varied over the time. Immediately after the referendum in the UK there was a widespread feeling that Brexit exposed the fragility of the European project. It was also seen as a major blow to the future of European integration. This was not surprising as the 2016 referendum and the subsequent decision of the UK Government to trigger the Article 50 TEU came at a time when the European political landscape was already coloured by the ongoing migration crisis, internal and external security concerns resulting from terrorist threats and growing Euroscepticism. As Brack and Costa argued, “Euro-scepticism became an integral part of the political landscape of most member states” and the EU institutions had to moderate their pro-European discourse.³ Moreover, the decline of public support for European Union was particularly noticeable in three big member states, including UK, Germany and France.⁴ In addition, post-recession austerity had an important effect on electorates across the EU. Some countries such as Greece were still recovering from

3 Brack, N., Costa, O., 2012, Beyond the Pro/Anti-Europe Divide: Diverging Views of Europe within EU Institutions, *Journal of European Integration*, Vol. 34, No. 2, p. 104. See more in Čavoški, A., 2015, Idealism or Realism in the Process of EU Enlargement – the Case of Serbia, *East European Quarterly*, Vol. 43, No. 4, pp. 265–289.

4 Medrano, J. D., 2012, The Limits of European Integration, *Journal of European Integration*, Vol. 34, No. 2, p. 192.

the economic downturn in 2008. Brexit was thus seen as another crisis that would divert political and institutional resources from addressing the normal functioning of the EU. There were also concerns that Brexit would render preferences of member states more acute.⁵

However, despite initial predictions of the collapse of the EU post-Brexit, its effects on the EU have been less severe than was initially expected. To paraphrase Mark Twain, initial reports of the EU's death were greatly exaggerated. There is no doubt that EU had to act promptly after the referendum results and affirm its authority among member states. The first step was to reiterate the importance and the value of the EU project. In September 2016, EU leaders met at the European Council in Bratislava with the aim of addressing the immediate effects of Brexit.⁶ The sense of urgency was evident from the language of the Bratislava Declaration. Leaders emphasized the critical time for the European project and the need to “diagnose together the present state of the European Union and discuss our common future”.⁷ Most importantly, EU leaders emphasised in subsequent policy documents that, despite the UK's decision to leave the EU, the EU still remains indispensable for all remaining member states.⁸ As this was a sovereign decision, the EU confirmed its respect of the British decision to leave the Union. However, it was important to impress upon member states that, although it was a regrettable decision, it should not affect the future of the EU.⁹ The need to address political climate in the EU was also recognised in the Bratislava Declaration¹⁰ and subsequent policy documents pointing at populist parties taking advantage of this political climate.¹¹ EU leaders acknowledged the extreme or populist political forces and their impact on citizens through use of “simplistic solutions”, as well as the need for the EU to work with its

5 See Čavoški, A., 2015, pp. 269–272.

6 See The Bratislava Declaration (<http://www.consilium.europa.eu/media/21250/160916-bratislava-declaration-and-roadmapen16.pdf>).

7 <http://www.consilium.europa.eu/media/21250/160916-bratislava-declaration-and-roadmapen16.pdf>, p. 1.

8 <http://www.consilium.europa.eu/media/21250/160916-bratislava-declaration-and-roadmapen16.pdf>, p. 1.

9 The 2017 President Jean-Claude Juncker's State of the Union Address (https://europa.eu/rapid/press-release_SPEECH-17-3165_en.htm) p. 9 and the 2018 State of the Union: The Hour of European Sovereignty (https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech_en_0.pdf) p. 9.

10 <http://www.consilium.europa.eu/media/21250/160916-bratislava-declaration-and-roadmapen16.pdf> at p. 2.

11 See Brande, L. van den, 2017, *Reaching out to EU Citizens: A New Opportunity* “About us, with us, for us”, European Commission 2017, pp. 10–14 (https://ec.europa.eu/commission/publications/reaching-out-eu-citizens-new-opportunity_en).

citizens and regain their trust.¹² These challenges were further echoed in the Commission's White Paper on the Future of Europe which opened the discussion on possible pathways for future European integration.¹³

The EU also faced significant diversion of its institutional resources to Brexit. In July 2016 just three month after the referendum, it was decided that the Commission would lead the negotiations on behalf of the EU and, to that end, the Commission Taskforce for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 of the TEU was set up.¹⁴ President Juncker appointed Michel Barnier as Chief Negotiator responsible for leading the Taskforce.¹⁵ Though it is difficult to identify costs of negotiations with the UK including the opportunity costs of diverted resources,¹⁶ the scope of the mandate of the Taskforce is good illustration of the breath of the task entrusted to the Commission. Besides regularly holding negotiation rounds, preparing and drafting negotiations documents,¹⁷ the Commission embarked on a complex 'Brexit preparedness' journey which involved the following activities: Commission departments had to issue series of preparedness notices outlining how their work will be affected by Brexit; the Commission had to propose legislative and non-legislative measures to ensure the robust institutional framework post-Brexit; the Commission had to provide national Brexit information in member states and to ensure the protection of rights of UK citizens living in the EU.¹⁸

As a part of the EU's negotiating strategy, EU officials had to address the wider impact that Brexit may have had on member states with strong Eurosceptic sentiment. A choice was made to adopt a negotiating strategy that would be discouraging for countries contemplating leav-

12 The Bratislava Declaration (<http://www.consilium.europa.eu/media/21250/160916-bratislava-declaration-and-roadmapen16.pdf>) p. 2. General and specific challenges were identified in the Roadmap. See also President Juncker's Opening statement in the European Parliament plenary session "A New Start for Europe" (http://europa.eu/rapid/press-release_SPEECH-14-567_en.htm).

13 The White Paper on the Future of Europe of 1 March 2017 (https://ec.europa.eu/commission/sites/beta-political/files/white_paper_on_the_future_of_europe_en.pdf).

14 https://ec.europa.eu/info/departments/taskforce-article-50-negotiations-united-kingdom_en

15 https://europa.eu/rapid/press-release_IP-16-2652_en.htm

16 Some costs are available in the 2018 Annual Report (https://ec.europa.eu/info/publications/annual-activity-report-2018-taskforce-article-50-negotiations-united-kingdom_en).

17 The Terms of Reference for the Article 50 TEU negotiations (https://ec.europa.eu/commission/brexit-negotiations/negotiation-mandate-and-transparency_en#background).

18 https://ec.europa.eu/info/brexit/brexit-preparedness_en

ing.¹⁹ Moreover, negotiations had to demonstrate the primacy EU places on the preservation of the single market. It was clear from the start that the UK's cherry-picking approach would not be acceptable to the EU and it would not accept any sectoral agreements that could jeopardise the unity of four freedoms. The UK Government was hoping for a bespoke financial agreement that would be particularly important in preserving the status of the City of London.²⁰ This proposal was firmly rejected by the EU. It had similar hopes in reaching a bespoke custom agreement with the EU that will not bound UK to follow the common external tariffs while at the same time allowing the UK to negotiate separate trade deal with other countries.²¹ Another important feature of the Commission's negotiation strategy was to demonstrate solidarity to existing member states. The best example is the EU's insistence on the preservation of the Irish backstop despite the strong opposition by the UK. To that end, it was important to demonstrate that UK is about to become a third country and the EU needs to preserve the interests of its members in the negotiation process.

3. THE IMPACT OF BREXIT ON THE UK

The decision to leave the EU presented the UK with an unprecedented range of challenges, including political, social, economic and legal challenges. Most importantly, the political division among leading parties and badly managed negotiation process left the nation deeply divided between what are known as "Brexiters" and "remainers" leading to the creation of a hostile and xenophobic environment. This division affected all walks of life as well as all levels of governance. The devolved nations, in particular Northern Ireland and Scotland, who voted against Brexit, found themselves side-lined and their interests not taken into account in post-Brexit referendum decision making. As the prospect of no-deal with the EU has increased, Scottish First Minister Nicola Sturgeon launched discussion about alternative options for Scotland which involve a second independence referendum.²² The deep political cleavages around Brexit have been particularly damaging for the two main political parties, Labour and Con-

19 See more about negotiations in Patel, O. *The EU and the Brexit Negotiations: Institutions, Strategies and Objectives* (https://www.ucl.ac.uk/european-institute/sites/european-institute/files/eu_and_the_brexit_negotiations.pdf).

20 <https://www.ft.com/content/2515a27e-47aa-11e8-8ee8-cae73aab7ccb>

21 <https://www.ft.com/content/a6b9c062-dca8-11e6-86ac-f253db7791c6>

22 <https://www.theguardian.com/uk-news/2019/jul/25/nicola-sturgeon-calls-for-new-scotland-independence-vote>

servatives. No less important is the impact on Brexit on British civil service, which is well respected for its impartiality, professionalism and negotiations skills. Civil servants have been asked to dismantle the structures they have been building for forty years and put in place a future regulatory regime with limited resources and great political uncertainty.

While the British economy has yet to be deeply affected by Brexit nearly all forecasts predict that Brexit will harm the UK economy.²³ The immediate effect after the 2016 referendum was a decrease in the value of sterling.²⁴ As sterling depreciation increased the price of imports, particularly food and fuel, this in turn led to increased inflation, an aggregate increase of nearly 2 percent in the year following the referendum.²⁵ By November 2017 inflation had reached 3.1%, missing the Bank of England target.²⁶ This has affected household spending, initially due to the increased cost of household essentials such as food and later due to wider uncertainty around Brexit.²⁷ The uncertain atmosphere has also affected business investment, with investment decreasing since the referendum.²⁸ Wider economic activity has also been affected. In September 2019 the Purchasing Managers' Index, widely regarded as a barometer of economic activity, was at a seven-year low.²⁹ As a globalised economy with close integration into European supply chains, the UK has much to lose from a disorderly Brexit. The car industry has been particularly vocal about the threat of a no deal Brexit on UK manufacturing. BMW, for example, has already moved some production out of the UK.³⁰ The most significant uncertainty surrounds whether the UK will leave with a deal in January 2020 or later. A no deal would have a profoundly disruptive impact on the UK economy, as well as severe long-term effect on public finances and economic growth.³¹ Thus, while the full economic effects of Brexit are yet

23 Institute for Government. (<https://www.instituteforgovernment.org.uk/sites/default/files/Economic%20impact%20of%20Brexit%20summary.pdf>).

24 <https://www.bbc.co.uk/news/business-36611512>

25 Breinlich, H., Leromain, E., Novy, D., Sampson, T., 2017, *The Brexit Vote, Inflation and UK Living Standards*, Centre for Economic Performance, LSE, (<http://cep.lse.ac.uk/pubs/download/brexit11.pdf>).

26 <https://www.ft.com/content/e9499992-df23-11e7-a8a4-0a1e63a52f9c>

27 <https://www.ft.com/content/bf293834-3e72-11e9-9bee-efab61506f44>

28 <https://www.ft.com/content/bdc9f940-bb92-11e9-b350-db00d509634e>

29 <https://www.markiteconomics.com/Public/Home/PressRelease/a683a7987184497cba5e-01b52a7f99ab?s=1>

30 <https://www.theguardian.com/business/2019/jul/09/bmw-engine-production-uk-brexit-fears>

31 <https://blogs.lse.ac.uk/businessreview/2019/08/10/no-deal-brexit-dont-ask-if-the-economy-will-be-hit-but-how-much-and-for-how-long/>

to be fully understood, the forecasts predicting harm to the UK economy will almost certainly be vindicated.

Brexit has presented the UK with complex legal challenges. These challenges in particular will have a discouraging effect on any member states who may wish to leave the EU in the future. Despite its decision to leave the EU, the UK decided to retain EU law including, as the EU Withdrawal Act states, “EU-derived domestic legislation” and “direct EU legislation”.³² Although this decision may seem as an oxymoron, it is certainly a reasonable approach if the UK intends to continue trading with EU member states. The retention of “EU-derived domestic legislation” is less complex as the UK has already over the years incorporated EU law which is not directly applicable and it forms part of the existing corpus of national law. A more demanding task was the passing of new laws and regulations necessary to incorporate “direct EU legislation” which, due to its legal nature, has not been previously transposed in UK legislation. This required an initial comprehensive assessment of EU directly applicable legislation, mostly including EU regulations and a subsequent drafting of national legislation. However, this is just the first stage of this process of retaining EU law. The next and more demanding task will be to regularly update national legislation in line with amendments adopted at the EU level. The UK Government will have to put in place a process which will allow for continuous monitoring of the development of EU law and its subsequent incorporation into UK law. This automatic process of updating legislation may prove to be challenging in future. As the UK will no longer be a part of the decision-making process after leaving the EU, it will become less familiar with the reasons and objectives for passing certain legislation, which is often important in understanding the best ways to implement legislation. This will be particularly challenging in areas of law which are heavily based on science and technology where understanding the context for passing a piece of legislation may be very important.

Related to this question is the status of EU courts’ case law in the UK post-Brexit. According to section 6(1) of the Withdrawal Act, a court or tribunal shall not be bound by any decisions made by the European Court on or after the exit day. A national court or tribunal may still have regard to post-Brexit judgments of CJEU “so far as it is relevant to any matter before the court or tribunal”.³³ This may create a complex legal situation whereby the EU law is embedded into UK law but UK courts are not bound by EU courts’ case law post Brexit which has an impor-

32 Section 2 of the European Union (Withdrawal) Act (<https://services.parliament.uk/bills/2017-19/europeanunionwithdrawal.html>).

33 Section 6(2) of the Withdrawal Act.

tant role in further interpreting and clarifying EU law. This is not to say that European courts' case law delivered after the exit day may not have persuasive force in UK courts which will ultimately depend on individual judges and their views on the importance of relevant CJEU case law as well as their willingness to follow the development of EU case law post Brexit. However, if a judge decides not to rely on CJEU case law adopted after Brexit with regard to the interpretation of UK law deriving from EU law, this may lead to wrongful interpretation and application of domestic law based on EU law.

Following the retention of EU law, the UK is presented with a challenge of replicating the regulatory regimes that exist at the EU level.³⁴ This will require not only putting in place new institutions and resources, but also designing new administrative processes and rules. Some of the best examples will entail the transfer of powers vested to the European Chemicals Agency, European Food and Safety Agency and the European Medicines Agency to national authorities. For example, the European Chemicals Agency (ECHA) is the main regulatory authority entrusted with powers to manage and facilitate compliance with EU legislation on chemicals.³⁵ For example, the European Chemicals Agency is responsible for the implementation of Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) which includes various technical, scientific and administrative aspects of REACH.³⁶ Though the UK Gov-

34 See more in Heyvaert, V., Čavoški, A., UK Environmental Law Post Brexit, in: Dougan, M., (ed.), 2017, *The UK After Brexit: Legal and Policy Challenges*, Intersentia, pp. 120–123.

35 Main legislation on chemicals: Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC *OJ L* 396, 30.12.2006; Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006 (Text with EEA relevance) *OJ L* 353, 31.12.2008; Regulation (EU) No 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals (recast) (Text with EEA relevance) *OJ L* 201, 27.7.2012; Regulation (EU) No 528/2012 of the European Parliament and of the Council of 22 May 2012 concerning the making available on the market and use of biocidal products (Text with EEA relevance) *OJ L*, 167/1 27.6.2012.

36 REACH and ECHA Strategic Plan 2019 – 2020, p. 3. (https://echa.europa.eu/documents/10162/26075800/echa_strategic_plan_2019-2023_en.pdf/3457ccff-7240-2c1f-3a15-fa6e5e65ac56).

ernment plans to introduce a new regulatory framework that will operate in the same manner as the ECHA,³⁷ the effects of Brexit on business is particularly alarming if no-deal is reached with the EU. Upon leaving the EU, there will be no requirement for the UK to align domestic rules with EU rules on chemicals. Moreover, as explained by ECHA, the authorisations granted to UK based companies will cease to be valid and those companies will not be entitled to sell into the EEA market.³⁸ Thus, UK companies are advised to promptly transfer their application for authorisation or already granted authorisation to 'an only representative'³⁹ in the EU.⁴⁰

4. THE IMPACT OF BREXIT ON THE ENLARGEMENT PROCESS

The immediate impact of Brexit was much wider and extended beyond the EU and UK. Brexit was regarded as yet another crisis that EU had to address by deploying significant resources and time. After the UK referendum and triggering of Article 50 TEU, there were serious concerns about the implications of Brexit on future EU enlargement. It was not surprising that in the 2016 EU Enlargement Policy, the Commission reiterated serious challenges that the EU continues to face on various fronts, some of which have destabilising effects not only in Europe but also globally.⁴¹ In his 2017 State of Union Speech, Commission President Juncker stated that there will be no future enlargements during the term of the Commission appointed in 2014 as countries of Western Balkans are still not ready to join.⁴² Though this evaluation of the progress in those countries was correct, this decision to suspend enlargement was certainly made

37 <https://www.gov.uk/government/publications/regulating-chemicals-reach-if-theres-no-brex-it-deal/regulating-chemicals-reach-if-theres-no-brex-it-deal>

38 <https://echa.europa.eu/uk-based-authorisation-holder-under-reach>

39 See Article 8 of REACH which prescribes that natural or legal person established outside the Community who manufactures a substance on its own, in mixtures or in articles, formulates a mixture or produces an article that is imported into the Community may by mutual agreement appoint a natural or legal person established in the Community to fulfil, as his only representative, the obligations on importers under this Title.

40 <https://echa.europa.eu/uk-based-authorisation-holder-under-reach>

41 The 2016 Communication on EU Enlargement Policy COM(2016) 715 final, p. 2 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20161109_strategy_paper_en.pdf).

42 The 2017 State of the Union Address available at https://europa.eu/rapid/press-release_SPEECH-17-3165_en.htm, pp. 6-7.

in light of the ongoing Brexit discussions. Brexit was at the time a major distraction from further European integration and this decision demonstrated the need to ensure that European integration is seen as an attractive and prosperous path by potential members.⁴³ Moreover, immediately after Brexit the EU had to divert its attention from any enlargement discussions to preparing for a smooth exit of one of the largest EU member states. From an early start the negotiation process proved to be challenging as the parties failed to agree on some crucial issues, including the UK's trading status, the rights of EU citizens and Irish border. This was further exacerbated by the lack of preparedness of the UK Government and a division between political parties on those key issues.

Despite the immediate difficulties surrounding Brexit negotiations that impacted enlargement policy, in time the severity of these effects on the EU has gradually diminished. This is best evidenced by series of policy documents that the Commission issued from 2018. Of key significance is the 2018 Western Balkans Strategy 'A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans' which confirms the European perspective of this region and the countries' prospect of membership.⁴⁴ The Western Balkans, both in terms of its geographical position and shared history, forms an integral part of Europe which has already benefitted from the EU accession process.⁴⁵ This process has helped countries in the region to achieve political, economic and social progress.⁴⁶ The commitment to strengthen cooperation to the Western Balkans and provide support within the

43 In its 2016 EU Enlargement Policy, the Commission emphasised that the "attractiveness of the EU in the enlargement countries has been partly affected by the economic downturn and scepticism regarding the European project", p. 2 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20161109_strategy_paper_en.pdf).

44 The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: 'A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans', COM(2018) 65 final, p. 1 (https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf).

45 https://eeas.europa.eu/headquarters/headquarters-homepage/39436/mogherini-college-read-out-present-western-balkans-strategy_en. In her remarks at the college read-out to present the Western Balkans Strategy, Federica Mogherini reiterated that Western Balkans are part of Europe geographically, but this region also shares the same history as the members of the European Union, the same cultural heritage, the same challenges, the same interests, the same opportunities. She also stated that she hopes this region will share a common future inside the European Union.

46 https://eeas.europa.eu/headquarters/headquarters-homepage/39436/mogherini-college-read-out-present-western-balkans-strategy_en

accession process was further emphasised in the 2019 EU Enlargement Policy,⁴⁷ the 2018 Western Balkans summit in London⁴⁸ and the 2019 Western Balkans summit in Poznań⁴⁹.

However, the language of policy documents on enlargement still signals the underlying impact of Brexit on enlargement, as well as the cumulative effect of all crises that affected the stability of the EU in the last decade. There is no doubt that a robust and merit-based system represents the cornerstone of a credible enlargement policy. As stated in the Western Balkans Strategy, this approach is “in the Union’s very own political, security and economic interest.”⁵⁰ With the exception of 1995 enlargement,⁵¹ previous waves of enlargement led to the accession of states which were less economically developed. Thus, the EU wants to ensure that all subsequent enlargements have minimum effect on the functioning of the EU. The emphasis is on making the Union stronger and more solid, before it becomes bigger again.⁵² This entails not only the political and economic stability of the EU subsequent to any new enlargement, but also the joint commitment of all member states to the EU project that becomes an underlying value. The lack of joint commitment to further enlargement was recently evidenced by the statement of French president Macron calling for the reform of the enlargement process⁵³ and the decision of the European Council to “revert to the issue of enlargement before the EU-Western Balkans summit in Zagreb in May 2020.”⁵⁴ This latter point is also closely related to Brexit and member states such as Hungary and Italy which experienced strong anti-European sentiment within the governing elite. Brexit demonstrated how those Eurosceptic views and populist views can play an important role in national elections.

Building this sense of shared values is particularly important in Western Balkans countries which have been torn apart by the ethnic conflict and may easily be affected by populist agendas. Moreover, the potential impact of Russia in Serbia as the biggest country of the Western Balkans

47 The 2019 Communication on EU Enlargement Policy COM(2019) 260 final, (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-communication-on-eu-enlargement-policy_en.pdf).

48 https://europa.eu/rapid/press-release_IP-18-4396_en.htm

49 https://ec.europa.eu/commission/presscorner/detail/en/IP_19_3669

50 COM(2018) 65 final, p. 1 (https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf).

51 In 1995 Austria, Finland, Sweden joined.

52 COM(2018) 65 final, p. 2.

53 <https://www.bbc.co.uk/news/world-europe-50100201>

54 European Council Conclusions 17 and 18 October 2019 (<https://www.consilium.europa.eu/media/41123/17-18-euco-final-conclusions-en.pdf>).

is another important consideration.⁵⁵ In its 2018 State of Union Speech Juncker reflected on this point by saying that unless the EU acts in this region, it will be shaped by others.⁵⁶ The 2018 Western Balkans Strategy clearly reiterates that joining the EU is a choice and it is a place for new members only if there is a “political and societal consensus and the support of the hearts and minds of the people”.⁵⁷ Moreover, leaders in accession member states should have a clear idea of what EU project entails and this needs to be clearly “reflected in leaders’ communications and outreach to citizens”.⁵⁸ This is a clear reference to Brexit in several important ways. It shows that each country enjoys sovereignty but sovereignty shall be diminished upon joining the EU. Thus, the country has to ensure that the EU membership is a choice endorsed by both citizens and politicians. Sending a clear message about what EU membership entails was seriously lacking in the UK Brexit debate and unfortunately had an impact on the final vote at the referendum. Moreover, it deeply divided the nation without any prospects of bringing people together in the near future. Thus, the accession countries have a political and moral obligation to provide truthful and comprehensive information about the membership.

5. CONCLUSION

At the time of writing, it is yet not known what the final outcome of Brexit will be and what form Brexit will take. Despite some initial challenges that EU faced, EU institutions are ready for the UK’s departure. This is not the case with the UK which is presented with major political, economic and social difficulties resulting from Brexit. With regard to the wider impact of Brexit, these difficulties undoubtedly have already had a discouraging effect on any other member state who may have contemplated leaving the EU. Likewise, Brexit brought member states more closely together and exposed the importance and value of the EU project. This is particularly significant for the accession countries that over time have diminishing interest in EU membership due to the lengthy and demanding accession process. Though the enlargement process will still remain a highly technocratic and merit-based process, Brexit demonstrated the

55 Serbia signed the Free-trade Pact with the Eurasian Economic Union in October 2019, (<https://astanatimes.com/2019/10/eurasian-economic-union-serbia-sign-free-trade-agreement/>).

56 The 2018 State of Union Speech, p. 4 (https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech_en_0.pdf).

57 COM(2018) 65 final, p. 3.

58 COM(2018) 65 final, p. 3.

political, social, economic and security advantages of EU membership for the accession countries.

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UTICAJ I POSLEDICE BREGZITA

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REZIME

Posle referenduma od 23. juna 2016. godine, shodno članu 50 Ugovora o Evropskoj uniji, Vlada Ujedinjenog Kraljevstva obavestila je predsednika Evropskog saveta o svojoj nameri da napusti Evropsku uniju. To je obeležilo početak dugih i teških pregovora koji se još uvek vode u vreme kada se ovo piše. Odluka Ujedinjenog Kraljevstva da napusti EU, poznata kao „Bregzit“, suočila je EU i UK sa složenim izazovima. Iako je skoro nemoguće da se predvide i procene sve posledice Bregzita, autor je nastojao da u ovom kratkom prikazu utvrdi najvažnije izazove s kojima su suočene obe strane u pregovorima, kao i da proceni šire posledice Bregzita za buduća proširenja EU. Posledice Bregzita u Ujedinjenom Kraljevstvu su mnogo dublje i dalekosežnije nego u EU. Ovo uključuje produbljivanje političkih i društvenih raskola, ekonomskih posledica i potrebu za sveobuhvatnom pravnom reformom.

Uprkos sumornim predskazanjima o budućnosti EU i početnim izazovima s kojima je ona bila suočena, EU je uspela da iznova potvrdi svoj

autoritet među državama članicama i vrati se „svakodnevnom poslovanju“. Evropska unija je takođe spremna za izlazak Ujedinjenog Kraljevstva. U pogledu širih posledica Bregzita, teškoće s kojima se Ujedinjeno Kraljevstvo i dalje suočava deluju obeshrabrujuće na svaku državu članicu koja možda razmišlja o napuštanju EU. EU je i dalje čvrsto posvećena stvaranju jačeg osećanja zajedništva koje prihvataju kako sadašnji tako i budući članovi. Isto tako, Bregzit je zbližio države članice i naglasio vrednost uspostavljanja EU i članstva u ovoj supranacionalnoj organizaciji. Ovo je naročito važno za zemlje kandidate za pristupanje koje su tokom vremena smanjile interesovanje za članstvo u EU, zbog dugog i zahtevnog postupka prijema. Iako će postupak proširenja ostati izuzetno složen i zasnovan na pojedinačnom napretku svake zemlje kandidata, Bregzit je ukazao na političke, društvene, ekonomske i bezbednosne prednosti članstva u EU za zemlje koje traže prijem.

Ključne reči: Bregzit, uticaj, Ujedinjeno Kraljevstvo, Evropska unija, proširenje, Zapadni Balkan.

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