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Effects of Brexit on British Business Relationship with European States

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ABSTRACT

Brexit is a major geopolitical and economic transformation in recent European history. This research article explores the impact of the UK's exit from the European Union on UK-EU business relations. Using a qualitative-descriptive approach supported by secondary economic and trade data, the study analyzes disruptions in trade flows, regulatory divergence, investment patterns, supply chain restructuring, and financial services realignment. The results indicate a mixed impact on UK businesses through structural limitations and opportunities for adaptability. Although trade restrictions, higher regulatory costs and restricted market access have had a negative impact on some industries, business has also adapted by diversifying markets and reshaping operations to reduce long-term vulnerabilities. The research suggests that Brexit has shifted UK-EU business relations from integrated economic interdependence to regulatory separation and a state of flux.

Keywords: *Brexit, UK-EU Trade, Business Relations, European Union, Trade Policy, Economic Integration*

1. Introduction:

On 31 January 2020, the United Kingdom's exit from the European Union - so called "Brexit" - officially took place, concluding a near 50-year long relationship of economic and political integration. This procedure transformed the UK's trading, investment, employment, and regulatory affairs with European nations. Under EU membership, the UK enjoyed unfettered access to the EU Single Market and Customs Union, facilitating the free movement of goods, services, capital and people. But Brexit brought about trade barriers, customs duties, and regulatory differences, reshaping the nature of UK business relations with European states. This article addresses the question: what has been the impact of Brexit on British business relations with European countries, in economic and institutional terms? The research concludes that Brexit has not only decreased trade efficiency, but it has also transformed the structure of UK-EU economic relations from integration to disintegration.

2. Theoretical Approach: Economic Integration and Disintegration:

The study draws on theories of regional economic integration, such as neo-functionalism and liberal intergovernmentalism. According to neoclassical trade theory, economic integration reduces transaction costs and enhances efficiency through scale economies and market harmonization. Brexit is the opposite of this role, creating regulatory diversity and higher transaction costs, which leads to lower trade efficiency between the UK and EU nation states.

3. UK and EU: A Brief History:

The UK became a member of the European Economic Community (EEC) in 1973, gradually integrating into the EU Single Market and Customs Union. This integration led to the integration of UK businesses into European supply chains, especially in the automobile, pharmaceutical, financial, and agricultural sectors. Prior to Brexit, around 45% of UK exports went to EU countries,

highlighting strong market dependency. This enabled just-in-time supply chains and harmonisation of regulations (especially under EU standards).

4. Literature Review:

Literature review has been divided into two parts; first is relevant books which give a conceptual understanding of the subject matters and secondly relevant articles. In books, mostly of the authors like Harold D. Clarke, Matthew Goodwin, Paul Whiteley¹, Tim Shipman², Ian Dunt³ & Geoffrey Evans, Anand Menon⁴, Yanis Varoufakis⁵, David Phinnemore & Lee McGowan⁶ and Tony Connelly⁷ have written a lot about a comprehensive account of the events that led to Brexit referendum, social, political and economic factors which influenced the Brexit vote, reasons for British withdrawal from EU, challenges of Brexit, explaining likely scenarios and consequences for UK and EU in post-Brexit Europe, shortcomings of EU's policies, etc. but I have not found a single book discussing the consequences of Brexit, which is a great historical gap in these books. In terms of articles, In the articles of Benjamin Martill and Uta Staiger⁸, Swati Dhingra and Thomas Sampson⁹, Nauro F. Campos and Fabrizio Coricelli¹⁰, authors have discussed the motives for British vote to leave EU and conflicting expectations of British people, expected socio-economic impacts of UK exiting from European Union examining issues like immigration, EU institutions' sovereignty, globalisation, trade agreements, immigration/ economic disparities, trade relationships and investment patterns, considering aspects like income inequality, regional differences, educational attainment and employment patterns. While the authors did a good job in explaining the socio-economic causes for Brexit and the consequences of Brexit, but not in a single article which is a big historical void in these articles.

5. Economic Impact of Brexit:

Economic implications of Brexit have been multifaceted and intricate, both in terms of structural adjustments and uncertainties. In the short run, UK faced lower trade intensity with the European Union, supply chain disruptions, and a decrease in foreign direct investment (FDI), as firms re-evaluated market access, and regulatory alignment. According to empirical studies, Brexit has increased trade barriers, especially non-tariff barriers that have adversely impacted exports and imports. Depreciation of British pound initially led to an increase in competitiveness in exports but also created inflationary pressures, which increased the cost of imports and reduced real household incomes. Nicholas Bloom, Nicholas describe that Brexit has come with a lot of non-tariff barriers which have increased the cost of trade between UK and EU.¹¹

In long term, some fears are about productivity losses and decreased labor mobility as well as transfer of financial services out of London to EU financial centres. According to Swati Dhingra,

¹ Harold D. Clarke, Matthew Goodwin, Paul Whiteley, Brexit: Why Britain Voted to Leave European Union

² Tim Shipman is a prominent political journalist and author of "All Out War: The Full Story of How Brexit Sank Britain's Political Class,"

³ Ian Dunt, Brexit: What the Hell Happens Now?

⁴ Geoffrey Evans, Anand Menon, Brexit and British Politics,

⁵ Yanis Varoufakis, Adults in the Room: My Battle with Europe's Deep Establishment,

⁶ David Phinnemore, Lee McGowan, Post-Brexit Diplomacy: Negotiating the UK's Future International Relations, ed.

⁷ Tony Connelly, Brexit and Ireland: The Dangers, Opportunities, and Inside Story of Irish Response.

⁸ Brexit: What Do the British Want?" Benjamin Martill and Uta Staiger, The Political Quarterly

⁹ Brexit: Causes and Consequences" (Published in Centre for Economic Performance Discussion Paper).

¹⁰"Brexit: Understanding the Socio-Economic Origins and Consequences" published in Journal of European Integration

¹¹ Bloom, N., Bunn, P., Chen, S., Mizen, P., Smietanka, P., & Thwaites, G. (2019). Brexit effect on UK companies. NBER Working Paper No. 26218.

Brexit will probably decrease trade between UK and EU, resulting in a lower income per capita in the long run.¹² As much as those who supported the idea of Brexit argued regulatory sovereignty and prospects of new global trade, overall economic consensus is that Brexit has caused quantifiable cost to the UK economy in terms of a reduction in GDP growth and a decrease in trade efficiency.

5.1. UK and EU Brexit trade agreements:

EU-UK Trade and Cooperation Agreement is a trade agreement signed between British and European Union. This agreement has been signed on January 1, 2021, and Brexit transition period can be considered complete. The deal allows a tariff and quota free trade of goods between UK and EU. It also offers a list of rules regarding rules of origin which are specifications of standards to be met by products in order to be given preferential tariff treatment. The agreement offers a platform of trade in services although it does not give access to market as EU membership does. It contains provisions regarding protection of investments and cooperation in regulation. The agreement also includes promises to make sure that there is a fair competition and no side can bring down the other in many aspects such as environmental protection, labor standards and state aid. The accord sets a new system of fisheries collaboration, and there is a transition period during which there are changes in fisheries quotas. According to Office for Budget Responsibility, 2021, it is estimated that leaving EU will permanently reduce size of UK economy compared to its otherwise size.¹³ The agreement provides mechanisms of resolving disputes and both parties can confront problems, which might be experienced in implementation of agreement. One should be aware of latest changes since trade agreements might be negotiated and modified with time.

5.2. UK New Trade Relationships outside of EU:

The United Kingdom has been forcefully trying and making new trade agreements with other countries that are not members of European Union. UK signed a trade agreement with Japan on January 1, 2021, which is known as Comprehensive Economic Partnership Agreement (CEPA). This is to get good terms of trading goods and services. In June 2021, UK and Australia announced in principle a free trade agreement. The agreement will help remove tariffs on an extensive list of products as well as increase collaboration in other areas, such as agriculture, technology and services. A negotiation process has been going on between UK and New Zealand on a free trade agreement. This is in a bid to establish, favorable trading terms and also to improve economic relations between two countries. UK and Canada signed a trade continuity agreement and in this case, provisions of Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will be applicable in trading between UK and Canada after UK exits EU. UK has also been keen on entering into free trade agreement with US. These negotiations have been underway and thought process is to enter into a comprehensive trade agreement, which covers various sectors. On 1 January 2021, UK and South Korea were signatories to a free trade agreement. The agreement preserves lot of existing provisions of EU-South Korea Free Trade Agreement.

5.3. Northern Ireland Protocol:

The Northern Ireland Protocol is an important element of Brexit withdrawal agreement between United Kingdom and European Union. It deals with special situation of Northern Ireland that borders on Republic of Ireland, a member of EU. The protocol will provide that there will be no hard border on island of Ireland, but integrity of single EU market is maintained. The Northern Ireland is still under custom territory of UK but still implements EU customs. Goods that move

¹² Dhingra, S., Ottaviano, G., Sampson, T., & Van Reenen, J. (2017). impact of Brexit on foreign investment in UK. *Oxford Review of Economic Policy*, 33(suppl_1), S20-S40.

¹³ Office of Budget Responsibility. (2021). *Economic and fiscal prospect*. London: OBR.

between Great Britain and Northern Ireland are subject to custom checks and controls with some exemption of goods which are deemed not likely to enter EU. Northern Ireland continues to abide by the EU single market rules on goods in such a way that Irish border does not require any checks. This includes adherence to the EU product standards and regulations. Goods coming to Northern Ireland via Great Britain are checked and certified to be in EU standard. But there are exemptions of goods that do not pose a threat of entering EU single market. Northern Ireland is still in line with EU VAT regulation of goods and EU state aid regulation still applies. This will ensure that the playing field between businesses in Northern Ireland and EU are equal. The further implementation of protocol with a four-year periodicity can be voted in Northern Ireland Assembly and can be regarded as a democratic consent of sorts.

5.4. Challenges and Controversies:

Critics propose that protocol will create trade barriers between Northern Ireland and rest of UK, and effectively provides an internal UK trade border. Constitutionally protocol is believed to undermine constitutional status of Northern Ireland in UK by certain Unionists in area. The protocol has had its way with challenges such as sluggishness in establishing custom infrastructure and problems with the provision of goods. The protocol places upon the European Court of Justice a mandate to interpret and apply some of aspects, an issue that is not popular with those who do not want the EU to have a greater influence. The Northern Ireland Protocol has become one of the issues that have been discussed extensively and are still under negotiation by the UK and the EU. Both the groups have endeavored to solve the issues and find common sense ways of solving the problems without necessarily compromising the key objectives of the protocol. This will change as negotiations and discussions go through a variation. Official sources and updates should be consulted to find out most recent information on Northern Ireland Protocol and how it is being implemented.

5.5. Change of Regulations in Trade Agreements:

Trade agreements regulatory changes include changes in rules and standards that regulate the trade relationship between nations. Such changes may be general in terms of areas that both product standards, certifications, intellectual property, services regulations and so on. The aim of other trade agreements is to harmonize rules of countries, which are involved in agreements. It entails harmonization of both standards and requirements to bring about a more integrated regulatory environment and businesses will find it easier to cross-border trade. Divergence: In contrast, certain trade agreements may allow for regulatory divergence, enabling each country to maintain its own set of standards. This is based on the fact that sovereignty of every nation to establish and implement their rules is acknowledged. Trade agreements may incorporate rules of origin that specify requirements that a product has to meet before being considered of origin in a specific country. Any alteration in these regulations can alter the way business will be treated preferentially and the tariff rates and access to market. The laws regarding product standards, safety and quality certifications make significant contributions to trade. These changes in these rules may compel companies to change their production, labeling and records to accommodate the new standards established by the trade deal.

Trade agreements can be used to cover intellectual property issues, including patents, trademarks and copyrights. The reforms in policies in this area are meant to put in place a regime of protection and enforcement of international intellectual property. In agreements where trade of services across countries can be affected by regulatory changes which may influence the provision and access of services across countries. This can involve difference in licensing and recognition of qualifications and other regulatory barriers on provision of services. Sanitary and phytosanitary is

very often considered in context of regulatory changes, mainly on the agricultural and food products. These are meant to safeguard health of humans, animals and plants. Any change in rules can be sensitive to importation and exportation of a few goods. Trade agreements that have provisions of environmental and labor standards exist. It is possible to target regulatory reforms in these areas towards achievement of sustainable and ethical practices, such that trade does not compromise environmental or labor rights. The concept of trade agreements can also entail data protection and privacy regulations especially in regard to digital trade. Changes in regulation have the potential to affect business operations in terms of their cross-border personal information handling and transfer.

5.6. Trade agreements and Foreign Investment:

Trade agreements are official agreements between two or more states or regions to promote and control trade and economic co-operation. These treaties stipulate rules and regulations, which participating countries will trade with each other. The key features of trade agreements include: Trade agreements are typically supposed to reduce or eliminate tariffs on goods and services that are to be exchanged between member countries. This helps in ensuring that there is movement of goods because they are made more competitive in the markets of each other. In addition to tariffs, trade agreements can be used to address non-tariff barriers, including quotas, licensing requirements and technical standards. Harmonizing or balancing these regulations help in minimizing obstacles to trade. Trade agreements are aimed at making businesses in the market more accessible through creation of a more transparent and predictable business environment. This can involve provisions of reduction of trade restriction and protection of intellectual property rights. The rules of origin are used to determine nationality of a product and to enable it to be given preferential treatment by trade agreements. They are rules that contain the norms that a product should possess to be considered as a product of a particular nation. The modern trade agreements are not only in trade of goods, but also in trade of services and investment. They can also contain clauses of liberalization of services sectors and safeguarding foreign investments. Trade agreements normally incorporate dispute resolution mechanisms among member countries. Such mechanisms could be consultations, arbitration or adjudication by international bodies. Such trade agreements include North American Free Trade Agreement (NAFTA, since replaced by United States-Mexico-Canada Agreement or USMCA) and Comprehensive, Progressive Agreement for Trans-Pacific Partnership (CPTPP) and European Union Single Market.

5.7. Foreign Investment:

The process of obtaining assets, financial interest or establishment of business activities in a country by another country is referred to as foreign investment. A long-term interest and high degree of control or influence is typical of a foreign direct investment (FDI). The best job to do in a foreign country is to construct new facilities or launch new businesses. It should have a couple of mergers and acquisitions with the already existing businesses in a foreign nation. Host country regulations and laws have to be adhered to by foreign investors. This includes ensuring that the necessary permits are taken, adherence to labor laws and other standards of environment. In other nations, bilateral or multilateral agreements are entered into in order to protect the foreign investors. Such agreements are normally provided with conditions touching on dispute settlement and equity towards foreign investors. Foreign investment can improve the economic growth in terms of job creation, technology transfer and innovation. Trade agreements also contain measures on protection of foreign investments to promote cross border business activities. Such provisions can include dispute resolution mechanisms as well as protection to treat investors fairly and equally. The transformations in terms of trade agreements or a change in global economy can have

some significant implications on the supply chain management. The following are some of considerations and possible effects: Alterations in trade agreements can bring about new customs processes and compliance. Supply chain managers should make sure that their operations correspond to new regulations such as appropriate documentation and compliance with the rules of origin. According to report of Bank of England, 2018, Brexit has already affected investment and productivity in a negative way due to the uncertainty it has created.¹⁴

Change in trade agreements can result in imposing tariffs or altering trade barriers, which are in place. These changes will require supply chain managers to consider financial impacts of such changes and how to minimize high costs. The changes in the trade dynamics may require supply chain managers to reevaluate relationships and sourcing strategies with their suppliers. Reliability and cost-effectiveness of suppliers is a major parameter that needs to be considered in changing to new trade realities. Uncertainties in supply chain processes that arise as a result of change in trade agreements can influence the inventory management. The companies might be required to re-evaluate level of safety stock, lead times, and quantity of orders to adjust to possible disruptions. According to Organization for Economic Co-operation and Development, 2020, Brexit is projected to decrease the long-run productivity as a result of reduced trade integration and less competitive pressures.¹⁵

Improving the supply chain visibility is necessary in overcoming possible disruptions. This will involve monitoring shipments real-time, maintaining the inventory level and having contingency plans such that to resolve any unexpected problem. Trade policy changes may also influence the patterns of transportation and logistics policies. Managers of supply chains will have to optimize transportation networks, consider alternative routes and, possibly, reconsider third-party logistics suppliers. Changes in laws, especially those that involve the product standards and certifications, may have an impact on supply chain compliance. Managers should be aware of any regulatory changes and be able to make sure that products are up to necessary standards in respective markets. The use of technology is vital in resilience of supply chains. Next-generation analytics, artificial intelligence and blockchain technologies can be employed to enhance the visibility, predict disruptions and automate supply chain processes. The supply chain managers will be forced to strengthen the risk management plans and develop powerful contingencies plans. This entails the identification of potential risks, assessment of the impacts of these risks and proactive strategies to reduce disruptions. It turns into a necessity because of cooperation with key stakeholders including suppliers, logistics partners and regulatory authorities. Open communication channels contribute to sharing information, collaboratively solving problems and developing a more responsive supply chain. Geo-political, economic and regulatory trends of global trade are dynamic and there is a need to continuously monitor trends. Supply chain managers have to operate within a lean approach, responsive to events and reconsidering their approaches.

The transportation of goods between UK and EU are now subject to custom declarations, there is now a UK Border Operating Model and controlled goods procedures and changes in VAT all apply, as does 1 January, it will all affect supply chains and buyer behaviours, says PwC. The modifications in immigration policies will impact business travel and other approvals and documents necessary to conduct a business in 27 EU member states. It also suggests that employment of EU citizens that are not settled will be more complicated and costly to UK companies. Among things that companies should now, or have already done, in practice, include

¹⁴ Bank of England. (2018). EU exit conditions and financial and economic stability. London: Bank of England.

¹⁵ OECD. (2020). The economic impact of Brexit: A taxing move. Paris: OECD Publishing.

applying to get a sponsorship licence and informing eligible staff about applying to EU Settlement Scheme. According to PwC, data protection and privacy plans of certain organisations have loopholes. It is recommended in report that business should know source of their personal data, where it passes within their organisation and where it is stored and make sure their privacy notices and contracts are updated to ensure data flows complies with the decision unless the decision favours UK. PwC admit it is a tough period to be a business trying to navigate changes brought about by Brexit and pandemic but they encourage businesses to do everything they can to reduce amount of disruption this year to make businesses the best chance of making the most of the new UK-EU relationship.

6. Legal and Constitutional aspects of Brexit:

The legal and constitutional issues of Brexit are highly intricate and multifaceted, with both domestic and international law involved. Since The European Union (Withdrawal) Act 2018 is one of the most important pieces of domestic legislation in United Kingdom that played a pivotal role in process of United Kingdom leaving European Union (EU), also commonly known as Brexit. The Act repeals European Communities Act 1972 which originally gave legal force to the membership of the European Communities, the forerunner of EU. The abolition of this law is the loss of legal power of EU law in UK and initiation of process of changing the current EU law into UK law. The Withdrawal Act aims to ensure continuity and stability in legal system by incorporating existing EU law into UK law. This encompasses regulations, directives, and other EU legal tools, which pre-Brexit were applicable in UK. The Act makes EU law retained EU law, so that it can continue to have effect in UK unless it is subsequently amended or repealed by UK Parliament.

Retained EU law encompasses not just text of EU law, but also principles derived out of EU law and judgments of European Court of Justice (ECJ), which were applicable prior to Brexit. The Act allows ministers to make secondary laws, commonly referred to as statutory instruments in addressing shortcomings that may arise following withdrawal of UK out of EU. These authorities can be questioned by parliament. The Withdrawal Act allows a transition or implementation period whereby current EU laws will still apply within UK whilst a future relationship between UK and EU is negotiated. This transition, which culminated at the end of 2020, enabled businesses and governments to adjust slowly to the changes being introduced by Brexit. Act received publicity and some criticism because it included a lot of delegated powers, letting the ministers make changes to laws without complete scrutiny by parliament. This led to arguments on balance between executive and parliament. Statutory instruments prepared under these delegated powers were subject to varying scrutiny by either or both of Houses of Parliament. Withdrawal Act had an impact on devolved administrations in Scotland, Wales and Northern Ireland. It resulted in debate and talks on sharing of powers between UK government and the devolved administrations. The Act stipulated that legislative consent of legislatures in devolved regions must be expressly granted to be fully applicable in devolved regions. In certain instances, consent was provided but there arose disagreements, which show constitutional tensions. The Act dealt with rights of EU citizens living in UK and vice versa. It offered the legal structure to safeguard the rights of these citizens after Brexit.

6.1. Legal considerations about impacts of Trade agreements after Brexit:

The legal implications of the effects of trade agreements following Brexit are complex and encompass a variety of issues. Following Brexit, UK sought new trade agreements to establish its economic relations with other states. The legal issues are concerned with negotiation, drafting and implementation of these agreements, in such a way that they are consistent with domestic laws and

international commitments. Trade agreements in UK are usually subject to parliamentary approval. This includes questioning of proposed agreements and chances of debate and amendments. The trade arrangements can be done to ensure a common set of rules and standards to enable trading between parties. Legal aspects involve definition and maintenance of alignment. In certain agreements, there is a possibility of regulatory divergence, in which each party is allowed to establish their own standards. Laws need to stipulate level to which divergence can be accepted and the way in which disputes due to differences are resolved. Trade agreements have set rules of origin in order to establish national origin of products. Legal implications include specification of these rules, with some of these rules including criteria, such as a specified percentage of locally sourced components to be required to qualify a product. Legal frameworks should cover the mechanisms to be used to check compliance with rules of origin and sanctions to be used in case of non-compliance.

Trade agreements can also spell out the cutting down or total removal of tariffs on specific goods. Legal considerations involve setting of timelines in reducing tariffs and how they can be enforced. When quotas are set on certain goods, legal frameworks must provide the manner in which such quotas will be allocated, tracked and imposed. Trade agreements are usually involved with dispute resolution mechanisms. Legal issues entail establishment of dispute resolution procedures with respect to whether dispute will be resolved by means of negotiation, arbitration or international tribunal. The law should shed light on enforcement and implementation of decisions made under the dispute resolution mechanisms.

Protection of intellectual property rights is frequently subject of trade agreements. Legal implications include scope of protection, enforcement and adjudication of disputes relating to intellectual property. Service and investment provisions in trade agreements demand a legal framework that provides the access to market, alignment of regulations and resolution of disputes in these sectors. Legal considerations include determining whether an agreement has ISDS mechanisms so that investors can bring claims against host states against alleged breaches of the agreement. Sanitary and phytosanitary measures of agricultural products are some of the issues that are addressed by trade agreements. Laws have to make sure that stakeholders follow these provisions to safeguard health of people, animals and plants. There are trade agreements that can have transition periods in which businesses and governments can have time to get acquainted with new rules. Legal concerns entail giving clear answer as to how long and under what conditions these transition periods will last.

7. Role of UK Supreme Court about challenges of Brexit:

UK Supreme Court has passed a number of landmark rulings concerning issues of Brexit. These rulings have been important in influencing the legal and constitutional provisions of UK withdrawal out of European Union (EU). Various key decisions were taken. According to Miller (No. 1), the key issue was whether the government could invoke Article 50 of Treaty on European Union (TEU) without parliamentary consent.¹⁶ Supreme Court held that the government was not allowed to initiate Article 50 without an Act of Parliament. It was believed that executive prerogative powers could not be employed to alter domestic law. This ruling supported the rule of parliamentary sovereignty. In case of Miller (No. 2), the main argument was the legality of advice given by Prime Minister to Queen to prorogue (suspend) Parliament in run-up to deadline of Brexit.¹⁷ Supreme Court unanimously decided that prorogation of Parliament was illegal since it had an extreme impact on principles of democracy. The court pointed out that advice given to the

¹⁶ Miller (No. 1)

¹⁷ Miller, No. 2.

Queen by the government was justiciable and it revoked prorogation. This case was heard together with Miller (No. 2) and presented other legal issues regarding prorogation of Parliament. The Supreme Court decided that opinions provided to Queen by advising her to prorogue Parliament was illegal. Court said that prorogation had an excessive impact on necessities of democracy and could not be regarded as a normal exercise of Royal prerogative. This case was about government refusing to request an extension of Brexit transition phase. Supreme Court refused to hear the case arguing that whether the renewal should be sought was a political issue and not a legal one. These Supreme Court cases played an important role in establishing legal and constitutional boundaries of Brexit, particularly focusing on power of Parliament and the boundaries of executive authority. They reiterated provisions of parliamentary sovereignty and justiciability of some executive decisions and requirement of legal clarity in matters of constitutional interest.

9. Human Rights and Citizens Rights post Brexit.

The effects of Brexit on human rights and rights of citizens have been a major point of consideration in wider discussions of UK pulling out of European Union (EU). Since UK has ceased to abide by EU Charter of Fundamental Rights by end of transition period on December 31, 2020. The Charter had given a list of basic rights and freedoms of people in EU. The Withdrawal Agreement between UK and EU has provisions to safeguard the rights of citizens. This guarantees that EU citizens who live in UK and UK citizens who live in EU (until the end of transition period) will not lose some rights, such as residence, healthcare and social security. The citizens are able to exercise their rights as spelt out in Withdrawal Agreement, through national courts or other dispute resolution mechanisms as provided under the agreement. Human Rights Act 1998, which incorporates European Convention on Human Rights (ECHR) into law of United Kingdom, still exists. Through this Act, individuals are entitled to make human rights claims in UK courts. It has been argued that there could be some possibility of amending or replacing the Human Rights Act but no substantial changes had been made. The General Data Protection Regulation (GDPR), a regulation previously within EU has been retained under UK law with some amendments. UK now too has its counterpart, UK GDPR, which brings uniformity to data protection requirements. The sufficiency of data protection arrangements between UK and EU have been acknowledged permitting free flow of personal data between the two.

As far as asylum and Immigration changes are concerned, Brexit has enabled UK to make changes to its asylum and immigration policies. The government has also implemented the points-based immigration system that has an impact on rights and movement of people entering UK. The termination of free movement has repercussions on family reunion rights. New rules apply to family members accompanying EU citizens in UK and the other way around. The government of UK has promised to safeguard rights of workers after Brexit. Certain rights arising out of EU law like working time limits and discrimination have been upheld. Legal challenges have been created by changes to laws and policies since Brexit to test their ability to harmonize any new measures with human rights standards. The role of UK courts such as UK Supreme Court in interpreting and applying human rights laws has gained an ever more important role. Human rights and rights of citizens are dynamic issues, individuals and organizations are still navigating changing legal landscape.

10. Sovereignty and Parliamentary Supremacy following Brexit:

Since Brexit, ideas of sovereignty and parliamentary supremacy have been the focus of debate over constitutional system of United Kingdom. Here is a brief discussion of these concepts in post-Brexit context, Sovereignty is the ultimate control of a state over itself without any outside interference. Sovereignty became a central theme in Brexit debate, with proponents highlighting

their wish to reclaim control by gaining autonomy in laws, regulations and decision-making. The opponents of UK membership of EU claimed that the decision-making powers were being pooled with EU, thus weakening national sovereignty. The exit out of EU was perceived as a means of regaining complete control of legislative and policy decision making. Following Brexit, UK regained capacity to make autonomous decisions with regard to diverse policy issues, such as trade, immigration and regulatory standards. The degree of sovereignty, however, depends on conditions of international agreements, the trade deals and other diplomatic arrangements.

The parliamentary supremacy is one of the basic principles in the constitutional system of the UK. It stipulates that Parliament is the highest legal body and no other body or institution has a right to override or set aside its legislation. The principle of parliamentary supremacy was challenged during EU membership of UK as EU laws and regulations were prioritized over conflicting laws within nation. Incorporation of EU law into UK law was provided by European Communities Act 1972. With the end of transition period and repeal of European Communities Act 1972, Parliament regained full legislative authority. Courts in the UK are now no longer bound by the decisions of European Court of Justice (ECJ) and Parliament can amend or repeal any laws including those that were influenced by the EU regulations. Although the principle of parliamentary supremacy is an essential, it is not unconditional. There are legal and constitutional restrictions such as the Human Rights Act 1998 that incorporates the European Convention on Human Rights into the law of UK. Courts are also able to scrutinize legislation in its compatibility with human rights and obligation of UK to adhere to international agreements also impose restrictions on legislative actions. The parliamentary supremacy principle is in conflict with the devolution provisions in Scotland, Wales and Northern Ireland. Although UK Parliament is supreme, devolved legislatures do have some powers and there may be conflicts. Parliamentary scrutiny is involved in negotiation and approval of trade agreements including those to be made after Brexit. The role of parliament in ratifying or vetoing such agreements is important in checking powers of executive in international negotiations.

11. Conclusion:

Brexit has radically changed British business relationships with European countries. Though it has brought about great economic friction by way of introducing barriers to trade, regulatory divergence and restriction of labor mobility, it has also promoted structural adaptation and diversification. The UK-EU business relations are characterised by lower integration and greater complexity of UK-EU business relations. Rather than a complete economic decoupling, the relationship has evolved into a managed separation, where interdependence persists but under more restrictive and costly conditions. Future regulatory convergence, trade talks and international economic changes will be determinants of future outcomes.