



API ANALYSIS: BREXIT AND ITS IMPACT

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Abstract

The European Union (EU) is the biggest cooperation within the Europe continent that has been going for a long time ago with its dynamics which following the shifting of the global order. The United Kingdom (UK) who used to become the member of this union was recently withdrawing from the EU. The process of the leaving of the UK from the EU was first made in the first referendum and at the second referendum, the UK was decided to step back and known as the BREXIT. The reason behind it all mostly was in the social and economy burden. As the consequences from the Brexit, there are several impacts that can be felt by each actor, from the UK, EU and its membership, and even the rest of the world order. Also causing some dilemma and dynamics in the global order, and the shifting that will give the changing agreement between the UK, the EU, and the EU member states.

Keywords: *European Union, Brexit, United Kingdom, Referendum.*

1. Background

One of the biggest cooperation in the Europe continent which has a different with unique economic and political type of the union between 27 European countries that together cover much of the continent is the European Union (EU). At the beginning, the EU runs was running purely as an economic union which has been evolved into an organization towards its dynamic to the spanning policy areas, such as the issues of climate, environment and health, or even to any external relations and security, justice and migration. It used to be 28 member-states in it, but



since the January 31st 2020 the United Kingdom left the EU, now left 27 Member-states remains there. The withdraw of the UK in the EU become a new history for the world order, especially for the continent itself. The exit of one of the largest and most influential countries in the EU quite brings a threat to the EU and its members, remembering the important position toward the UK in the EU.

The UK interest to withdraw from the EU began with the holding of a referendum for the British people which was regarding of the UK's exit from the EU, known as Brexit. Where on the 24 June 2016 the results of the referendum came out, where the majority of the British people voted to leave the EU (Immanuel, P., & Wahyudi, 2016), which that was attracted the attention of the entire world media to the referendum held for the British people regarding their membership status in the EU. This leads into a situation where the British society is divided into two groups where there are groups who feel the UK needs to stop its cooperation with the EU.

The term of Brexit then later known as a term that was popular recently among in the relation to the UK exit from the EU, where this situation also brings the other member states of the EU to anticipate with dismay the outcome and its implications broadly and in the long term. Most expect the UK to remain part of the EU, some are preparing for action emergency, and even retaliation, if the UK is out. As an organization that have been developed from the cooperation and shifting through the time, the big country of its membership tried to start the pioneering and consolidating in order to maintain their system.

As the consequences from the Brexit, each member state has ceded its sovereignty and is subject to a common mechanism, facing the provisions of the EU. The Brexit phenomenon was also due to the many discrepancies of Britain during joining the EU. In addition, many people think that joining Britain with the EU can erode British sovereignty. In addition, other factors for the UK exits from the EU are economic and immigration issues. In the matter of immigration itself many parties



did not agree that immigrants can live in the UK as it considered to reduce the British identity or British national identity. This also triggers acts of racism against Muslims by anti-immigrant groups.

Another reason is the UK social and economy burden as their indicator to withdraw from the EU, where the UK is burden to their contribution from their membership in the EU. In order to further the important things to discussing about the Brexit and the impact to the EU or the UK itself, this paper was made. This paper is going to analyze the Brexit issue, particularly to the impact from the withdraw of the UK to the EU itself. The limitation of this research was only to discussed about the important things and related with the topic which was already mention in the brief explanation above. Moreover, from this case we can also see the power which the UK owned to withdraw from the EU. In the International relation framework, this case is also able to be seen and analyze from the perspective of neorealism, and definitely will connected to the application of negotiation and diplomacy. Considering that the exit of the UK will have the greatest impact on the fields of policy, both for the UK and the EU member-state because the Brexit case has provided impetus for the idea of reforming EU policies and which has been circulating in the future.

2. Actors, Process, and Issues

Before discussing further into the analysis discussion, this study will discuss the beginning by describing the analysis of three basic elements of international relations and will linked into the concept of power in the Brexit case. In this paper, the analysis will be divided into three parts of discussion by using the Actor, Process, and Issue (API analysis) and following with broaden analysis toward this matter.



2.1. Actors

2.1.1. European Union:

The first actor is definitely the European Union (EU) its self as a unique platform of cooperation in the economic and political sectors and cover around 27 EU member states that were together in quiet much over the continent. As the establishment of the EU from the predecessor was created in the aftermath of the Second World War. At the first steps, the EU were meant to foster the economic cooperation whereas the idea is being used towards the countries that trade with one another, this is in order to make the countries in the continent of Europe to become economically interdependent and more likely to avoid conflict.

The values that common to the EU countries in a society are such as the inclusion, tolerance, justice, solidarity and non-discrimination prevail. Where by those values, EU member states countries have an integral part of our European way of life, such as a Human dignity as fundamental rights, freedom, democracy, equality, rule of law, and the human rights. All of those things are in line with the goals and values form the basis of the EU and are laid out in the Lisbon Treaty and the EU Charter of fundamental rights.

The EU goals are covering things such as a body to promote peace, its values and the well-being of its citizen. The EU is also offering the value of freedom, security and justice without internal borders, which is goes in line with the sustainable development based on balanced economic growth and price stability in a highly competitive market economy with full employment and social progress, and environmental protection. Another thing that become the goals of the EU is by combating the social exclusion and discrimination by promoting scientific and technological progress, enhancing the economic, social and territorial cohesion and solidarity among EU countries, also respecting its own rich cultural and linguistic



diversity and last but not least is by establishing an economic and monetary union with a single currency which is the euro.

2.1.2. The United Kingdom (UK) in the EU

The second actor in this analysis is the United Kingdom (UK), where in this matter is one of the main discussion due to it withdraws from the EU. The UK used to take its crucial part in the EU itself. By historically, The UK start to begin joining the talks in order to participate in the EU by taking its part at the European Economic Community (EEC) in July 1961. Even though at the first join process, the UK applications to join in 1963 and 1967 were vetoed by the President of France, Charles de Gaulle. The rejection of UK in the ECC is because during that time, the economy of the UK was worst due to the uprising cost of World War two. Gaulle was having his personal opinion that if the ECC was accepting the UK at that time to involve in the community, as the UK might also still have some interest in the side of the America, where this reason also strengthened by the other economy reasons and some particular trust issue between the UK and France in the industrial farms during that time.

However, the struggle of the UK to get into the community not stop until that time only the UK was continued its application and succeed at the third time of the application to be involve in the ECC, the present of the UK also bring the Custom Action Plan (CAP) which about the custom union and tariff system were established in this community. The contribution of the UK can give particular impact to the ECC during that time, until on 1975 due to some issues, the UK was suddenly had its national referendum for the very first time. The referendum was about the position of the UK whether the UK will remain in the ECC or take a way out. Later around the 1979, the UK decided to walk out from the new formed of community under ECC which is the European Monetary System (EMS), because the UK was forced to



set back from the Exchange Rate Mechanism (ERM) after the value of pound-sterling was under pressure due to some currency speculators.

This situation is resulting the UK cost to be increased because the UK was exceeded in the budgets estimation, and this situation known as the black Wednesday. As the result of it, then there is a Maastricht treaty which was brought changes to the community, from the ECC changed into the European Union (EU) on November 1993. The changes of its name brought some development which was reflected in the evolution of this union, from the economic community which broadly allude on the political matters. As the times goes by, the involvement of the UK in the EU has its own dynamics, until on the middle of 2016, the UK was doing the same thing like on the 1975, where the UK holds the second referendum towards its membership in the EU. After about 41 years, the UK again questioning about its position to the EU, where the referendum was resulting more vote on favor of withdrawing the UK from the EU. The referendum resulting vote which come out with around 52% for the vote and 48% are voting against in favors of leaving the EU. That result obviously brought a shock in the Europe itself and of course to the global order. More than that, it also leads into some cause of dilemma and dynamics markets situation during the following day.

2. 2. The Process

2.2.1. The Brexit

Along with that, on the 13 July 2016 is becoming the very first as a beginning for the UK to take the step out and process into the withdrawal from the EU. Looking backwards through the history of the UK in the EU, it clearly can be seen that actually the UK was already doing the form of withdraws from the EU agreement. During the 2016 to 2019, the UK and the EU was having some ways of negotiation between both parties. However, the decision was still come out in same favor that the UK was leaving from the EU. The withdraw of the UK from the EU



known as the “BREXIT”, which it was shorten words that stands for the Britain and its Exit. On the following years, as an outcome of the referendum, it also made some particular changed in any agreements between both parties.

Until on 31 of January 2020, the UK and the EU were signed and ratified the withdraw agreement of the UK from the EU. Along with that, all forms of negotiations and relationship on the future, between the UK and The EU will subsequently began to change after the UK formally left the EU. Nowadays, the UK is not any more the EU member-states. In line with this, there are actually many problems within the EU itself that have been occurred.

Because in fact, before Brexit occurred, there are number of parties from other European countries had already shown an anti-EU attitude. During the process of leaving the UK from the EU, there must have been many considerations that have been studied and adapted to the national interests of the UK itself. Then also, the exit of the UK from the EU has brought its own impact, because the exit of the UK from the EU has led to a cause for the rift of other European countries, especially the EU member-states.

2.2.2. The Reason United Kingdom Leaves EU

The first factors that cause the UK to withdraw from the EU membership was a critical attitude towards the application of EU rules in the integration of the European Region for its member states to be explained through a state-centric views of the main regional integration form and managing a governance and cooperation strategies with other parties in order to create sovereignty with maintaining peace, security, and a prosperous life for the state. Because for UK, the sovereignty of any state is come from its state authority and should be independent to regulate a state within its territory, even though the state gives the authority to the international organization, but still the state has the highest authority.



The other factor of the UK withdraw is on the refusal rules related to labor relations and social welfare in EU member states and UK was not following the financial integration process that the EU wants to implemented. This was also related to the UK social and economic burden as their indicator to withdraw from the EU, where the UK is burden to their contribution from their membership in the EU. The UK contribution to the EU was the highest contribution if it is compared to other member countries and not equivalent to the total population of the UK.

Another thing is about the integration of EU region which experiencing a decline in economic growth to the increase of the unemployment rated due to the economic crisis that happened along with the integration. This problem also leads to the migrant and problem of refugees from non-EU member countries is burdening the UK, whereas the UK is designated as a country in the European region and a member of the EU that is the destination of migrants to obtain asylum, but in this case the EU does not have a clear mechanism and structure, and slow in coordinating to anticipate the flow of migrant arrivals (Saviar, 2017).

Therefore, with all those consequences and situation, the UK is decided to withdraw from the EU membership, although there will be many challenges that the UK will face, also it will give impact to the UK relation within EU member-state, or affecting on any particular member-state because the UK was having quite crucial position and influence in the EU, and more it will give some effects on the function of EU as an international-organizations that lives in the Europe Continents.

2.3. Issue

2.3.1 Impact on UK

The decision of the British society through a referendum to push their country to out of the EU is a way to implement their values of democratic values, in which the people have the right to participate in domestic and international policy making. It will bring impact to the domestic situation or external situation for the



UK position in the international system or regional affairs. Moreover, the biggest impact is on the economic track which consist of trade, foreign investment, number of workers, productivity and currency values. The impact on economic sector will also bring impact to the other sectors. The UK will also lose the advantages within their withdraw from the EU. The things which the UK lost is what the UK usually gets such as the free delivery of goods, services, capital and people designed to work together to enable member countries to get maximum openly benefits with other member countries in all aspects.

Another thing that will faced by the UK is the declining of investment in UK, because by leaving the EU it could affect the UK's attractiveness to foreign investors. Because there are three advantages of UK in terms of Investment as a member of the EU namely; (1) Free capital movement, making it easier for investors from other EU member countries to invest UK; (2) The EU Single Market as the UK a platform attractive exports for multinational companies; and (3) Chains supply complex or network of subsidiaries throughout the various countries within the bloc, including common market regulations and the ability to move staff freely between countries reduces coordination costs (Singham & Tylecote, 2018). Thus, by leaving the EU, the UK will lose those kind opportunities or advantages that will face by and give impact to the UK situation.

Despite those disadvantages that the UK will get due to their withdraw from the EU, the UK will have an opportunity to re-focusing on their national interest without the burden of the EU. With the hope on the flow of immigrants coming into the UK will decrease post-Brexit. This access is enforced with the aim of limiting the number of EU citizens who wish to live and work in the UK. By 2030, immigrants are predicted to continue to grow to more than 5.23 million people, if Britain did not decide to leave the EU (Nainggolan, 2016). The withdraw decision of the UK is an act to maintain security to their national. This is of course perfectly legal to do



considering the UK society whom afraid of the diminish of their national identity, ideology, as well as the ideas and values.

2.3.2. Impact on EU and its member-states

Basically, the UK economy will not get the affect much after the BREXIT where it seems that is more likely to give another impact on growth the economy of another country not for the UK. Cost of UK goods and services to consumers in other countries is influenced by three main factors other than local production costs (Gemma Tetlow & Alex Stojanovic., 2018). Also, the EU and other EU member states have to substitute at least half of the gap of lost from the UK's financial contribution to the EU, especially for German as the largest member states of the EU which will inevitably have to provide extra to cover this gap. It will also bring effect on the domestic situation of the EU member-state by the demand and weaken the pound sterling currency, and have some implications for the performance of EU exports to the UK.

This will burden another major European economy, like Germany, who will get to expected to see more EU immigrants arriving with the UK leaving. In this issue, the EU and its member-states have to be ready for any particular consequences and have to prepare further policies in order to maintain their capability without the present of the UK. The EU has to strengthening the relation within their member-states, also in some particular reason the EU should try to build a new way of diplomacy to the UK itself, considering the position of the UK in the global affairs and for the continuity or existence of the EU.

3. Analysis

The Brexit issues can be seen that the power of the UK itself as the as an influential country within the EU, considering that there is more impact felt by the



EU and its members themselves other than the UK itself. Moreover, the UK have its opportunity to re-focusing on their national interest without the burden of the EU. It is in line with the understanding the power which can be used as an asset in order to give an equality of the national capabilities which will also encompasses the total of the any attributes from any particular state. This will also enable to achieve the aiming goals even if any clash happened, whereby the goals of other international actors, in this matter is the UK national interest toward the EU also within its member-states. It is according to the views of international relations as form an exchange society, where nowadays the situation is dominated by bargaining power: international trade, treaties, agreements, migration, capital flows, and the discussion around that.

Along with that, this case is also connected to the neorealism perspective, where even the neorealism views pessimistically about the results of cooperation. Because the understanding so far emphasizes that the goal of the state to cooperate is based on self-interest which is used to fulfill its survival goals. Therefore, it should be set as a main interest of the state to its own survival, so that the state will maximize the power it has. The neorealist concept explains about the leader of the state in carrying out foreign policy, by calculating the needs and obstacles and fulfill them in the form of policies that are in line with the interests of the country itself. As well as what assumed on each country that will carry out the same basic functions base on the security and welfare of its people, even if it has different capabilities in carrying it out (Waltz, 1990). The same thing as what the UK did to withdraw from the EU, remembering the burden to its nation. Therefore, within the ways of negotiation and diplomacy the EU as the left actor, should try to build negotiation or a new way of diplomacy to the UK itself, considering the position of the UK in the global affairs and for the continuity or existence of the EU, also minimize or reduce losses for member countries due to the consequences within the UK withdraw.



4. Conclusion

The Brexit is one of the international cases that can be seen in the frameworks of power and related in the perspective of neorealism toward its national interest of the UK. As one of the biggest cooperation in the Europe continent, the EU was facing a quite hard time by the exit of one of the largest and most influential countries in the EU quite brings a threat to the EU and its members, remembering the important position toward the UK in the EU. As the consequences from the Brexit, there are several impacts that feels for the UK itself, but moreover it brings more impact to the EU and its member-states. From the UK social and economy burden, where the UK is burden to their contribution from their membership in the EU where the UK contribution to the EU was the highest contribution if it is compared to other member countries and not equivalent to the total population of the UK, following with refusal rules related to labor relations and social welfare in EU member states and UK was not following the financial integration process that the EU wants to implemented

Another thing is leads to the migrant and problem of refugees from non-EU member countries is burdening the UK, and as a way to implement their values of democratic values, in which the people have the right to participate in domestic and international policy making leads into the situation where the UK leaving the EU and will have an opportunity to refocusing on their national interest without the burden of the EU. As in contrast, the EU and other EU member states have to fulfill the loss from the UK, especially for German. By considering the needs and obstacles and fulfill them in the form of policies that are in line with the interests of the country itself, the UK choose to signing out from the EU.



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