

UK - Brexit

These are just a few general points about the current situation...

1) The inflation and recession is a general phenomena, but Brexit worsens the economic situation in the UK

The UK economic recovery stalled in February and March as inflation surged to its highest level in 30 years, in the worst combination of surging prices and zero growth since the 1970s. German goods exports to the UK fell 3.9 per cent in March compared with the previous month, and were down 0.3 per cent from the same month last year. Compared with March 2019, exports to Britain were down 27 per cent, even though Germany's overall exports grew by 16 per cent. Germany is Britain's second-largest trading partner after the US. It also fell to the bottom of Germany's top 10 trading partners for both exports and imports, with the Czech Republic about to overtake the UK.

2) The centrifugal forces and crisis increase the likelihood of a disintegration of the Union

Recent elections have left Republican Sinn Féin holding sway in Northern Ireland's assembly. The Tories insist on confrontation around the Northern Ireland Protocol, not just for party political tactics, but to maintain an 'autonomy to further deregulate', which Brexit provides the state in the UK with. The EU is blocking British scientists from joining the €95bn Horizon Europe research programme — the world's biggest — because of the row over post-Brexit trade in Northern Ireland.

3) The US trade deal is stuck, UK's foreign policy (Ukraine etc.) has to be seen in this context

Instead of a general taped deal Britain is in talks with around 20 U.S. states to secure individual trade deals. In the absence of progress towards an overarching UK-U.S. trade agreement, British negotiators are seeking state level agreements, including a deal with Texas by October. The security 'Atlantic Axis' also becomes an economic factor: BAE Systems and Rolls-Royce have won defence contracts worth more than £2bn as the UK moves ahead with the £31bn programme to renew its nuclear deterrent amid heightened security tensions in the wake of the war in Ukraine.

4) The UK keeps on being squeezed between necessary investments from China and cooperation with the US

The tension over the 'tech-industry' prevails. The US state was disgruntled about a potential digital service tax. In spring Boris Johnson tries convince the globally leading chip designer Arm to list in London, as UK government officials grow concerned over the lasting damage if Britain's best-known tech company chooses New York for its initial public offering. At the same time Business secretary Kwasi Kwarteng has to use new national security powers to reverse the Welsh plant's purchase by Nexperia, a Dutch subsidiary of Chinese company Wingtech. The mood is such that nine US congressmen have raised the sale in a letter to President Joe Biden. "The US and EU are talking in terms of strategic economic significance and pursuing ambitious strategies to retain and reshore semiconductor capacity," says George Dibb, head of the Centre for Economic Justice at the IPPR. "This situation shows the weakness of the UK's tool kit."