

Deconstructing Brexit: The Reasons, EU's Future and Implications for Pakistan

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Abstract

It would be appropriate to say that Brexit was a watershed event which had a ripple effect on international politics - whether it was right-wing, conservative voices coining terms such as 'Frexit', 'Grexit', 'Clexit' or its significance due to the rise of populists around the world. President Donald Trump's surprise ascend to the White House in January 2017 was a glaring example of populism becoming the new norm in international politics. The post-Brexit discourse has been heavily focused on whether the United Kingdom (UK) would opt for a 'Hard Brexit' and give up full access to the single market and customs union or a 'Soft Brexit' with UK's relationship with the European Union (EU) remaining as close as possible to the existing arrangements. In doing so, what has been paid little attention to are the underlying reasons of why Brexit happened, what could the future hold for UK-EU relations and how relevant is Brexit for South Asia, in particular Pakistan? This paper will attempt to make sense of Brexit by analysing the longstanding paradox in UK-EU relations wherein, the UK held a privileged position as it was able to mould EU integration as per its own needs and give back relatively less in return. It will also look at the future of the EU by analysing the impact of Brexit on EU's defence, foreign and economic policy. Lastly, the paper will look at the possible implications of Brexit on Pakistan.

Key words: Brexit, European Union, United Kingdom, Eurosceptics, Globalisation.

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Brexit – Initial Analysis

On the fateful day of June 24, 2016, it was announced in the British media that people of the United Kingdom (UK) had voted to leave the European Union (EU). More than 33 million UK citizens voted in the Brexit referendum with a 72 per cent turnout rate. Of these voters, those over the age of 45 and mostly unemployed opted for 'Leave', while most of the voters under 35, with jobs and higher education levels chose 'Remain'.¹ History had been made: a member state had voted to leave the EU for the first time. Shocks could be felt immediately. The stock markets plummeted globally, expunging USD 3 trillion in two days of trading and risking another great recession, while the world was recovering from aftershocks of the last one. Populists around Europe such as France's National Front (FN) and the Dutch Party for Freedom (PVV) called for a referendum of their own.² A delighted Russia looked on as EU untangled. The result proved to be another setback for the United States (US) as it had to deal with the parting of its closest ally from the EU, especially in the wake of receding Western influence around the world.³

The referendum was an outcome of a well-established paradox in UK politics: even though Britain was successful in moulding European integration to suit its own needs, it had to give back relatively less in return. This, in turn, has been a result of age-old intraparty divisions in Britain over its relationship with the EU. This vacuum was filled with anti-EU rhetoric by the British media rather than critical engagement with the issue. As a consequence, public opinion has been rather cynical of the relationship and ingested Eurosceptic political rhetoric, which painted a picture far from reality.⁴ Some of the blame can also be attributed to the reckless strategy adopted by former Prime Minister David Cameron. He floated the idea of holding a referendum in the first place – a gamble he opted for to appease EU bashers in his Conservative Party and increase his

¹ Simon Shuster, "Europe's Crisis of Faith," *Time*, July 30, 2016, 10-15.

² *Ibid.*, 10.

³ *Ibid.*

⁴ Anand Menon and John-Paul Salter, "Brexit: Initial Reflections," *International Affairs* 92, no. 6 (2016): 1297-1301, https://www.chathamhouse.org/sites/files/chathamhouse/publications/ia/INTA92_6_01_Menon%20Salter.pdf.

chances of re-election.⁵ His strategy of going hard on a renegotiation while retaining membership of the EU proved futile. In contrast, the ‘Leave’ camp was able to harness key themes which resonated with the general public who were disenfranchised from the political elite.⁶

This research paper has been developed to investigate the Brexit phenomenon and its implications for the EU and Pakistan. Following the introduction, the paper will examine the historical fault lines in Britain-EU relationship. This will be useful to sharpen the focus of the approach being taken for this study. It will lay the foundation for the slow and gradual disillusionment within British masses vis-à-vis the European project which eventually led to Brexit. Other current short-term reasons will also be discussed which played a part in the end result. Following this, implications for the EU will be analysed in relation to the effects on Britain as both are interconnected. The concluding section will look at the consequences of Brexit for Pakistan and lessons on how to deal with it.

Britain and European Integration – Historical Overview

The tumultuous relationship between the UK and the EU predates the former’s membership of the community. At the time of the formation of European Coal and Steel Community (ECSC) under West Germany, Italy, the Netherlands, France, Luxembourg and Belgium, Britain chose to stay detached. These states went on to create the European Economic Community (EEC) in 1957. Britain was invited to join but the invitation was declined. By the early 1960s, economic growth in the six EEC member states began to outperform that of the UK, as a result of which Britain asked for membership. President of France Charles de Gaulle vetoed the application. It was only after his departure from office that Britain finally gained membership in 1973.⁷ So, it did not come as a surprise when Stephen George termed Britain as an ‘awkward partner’ in his textbook first published in 1990.⁸ January 1975 was another low point in this relationship when the Labour Prime Minister Harold Wilson

⁵ Shuster, “Europe’s Crisis of Faith,” 10.

⁶ Menon and Salter, “Brexit: Initial Reflections,” 1297.

⁷ Ibid.

⁸ Stephen George, *An Awkward Partner: Britain in the European Community*, 3rd ed. (Oxford: Oxford University Press, 1998).

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proposed a referendum on the terms of this membership. Four years later, the Thatcher government demanded that budgetary settlement of Britain should be reopened and in 1984, after years of nasty pomposity and vitriolic bargaining, she was able to secure a refund on contributions made towards the Community Budget by Britain. Even during the Tony Blair and Gordon Brown days from 1997 to 2010, when both politicians enjoyed popular majority in the Parliament and were comparatively less hostile towards the EU, regular irritants plagued the relationship.⁹

Despite the scepticism, UK-EU relations have been able to shape policy outcomes productively. Irrespective of political tensions, UK has been successful in its ability to mould the EU policies to suit its own interests. This paradox was best displayed in Margaret Thatcher's Bruges speech. It received a lot of publicity for its criticism of 'centralising tendencies of the European Union.'¹⁰ What was little remarked upon was the extensive agenda she laid out in the same speech. She proposed three main principles which became the basis for European integration. First and foremost, she proposed that any integration plans should entail robust cooperation between governments of sovereign states. Second, it should 'encourage enterprise by getting rid of any kind of barriers' and giving an 'open field for companies to operate on a European scale... [and] while NATO guaranteed European security, European states should do more to ensure their own security.'¹¹ Thatcher's vision was shared by her successors, John Major (1990-97) and Tony Blair (1997-2007). Even more surprising has been the success enjoyed by Britain in not only pursuing these objectives but also, in cherry picking areas in which they had little to no interest. The UK efficiently succeeded in creating a European geometry with its own preferences. It played a pivotal part in advocating for EU's enlargement which led to the addition of members from eastern and central Europe. It has been equally important in progress on collective European actions on animal welfare and climate change. On the other hand, it has been able to conveniently opt-out from policies which did not suit its interests. It was exempted from Protocol 25 of the

⁹ Menon and Salter, "Brexit: Initial Reflections," 1299.

¹⁰ Stephen Wall, *A Stranger in Europe: Britain and the EU from Thatcher to Blair* (Oxford: Oxford University Press, 2008), 115-159.

¹¹ Menon and Salter, "Brexit: Initial Reflections," 1300.

Maastricht Treaty with regards to participation. UK has also not been a part of the Schengen Area and was also able to get exemption from some points of the Charter of Fundamental Rights. According to Protocol 36 of the Lisbon Treaty, Britain was able to choose to accept or refuse EU legislation in the areas of justice and home affairs. Ironically, despite its role (and lack thereof) in key EU policies, lack of constructive and objective attention given to the relationship in Britain led to an attitude of wariness and hostility amongst British people.¹²

Brexit could also be attributed to the magnitude of mistrust and suspicion held by the British public against the political and economic elite of the country.¹³ While this feeling of mistrust could be the result of how the issue of European integration was handled in the past, it is clear that it runs deeper and mirrors a general sentiment amongst a major section of British society that they have been ‘left behind’ or ‘failed’ by the political system. This feeling of failure was successfully tapped into by the ‘Leave’ campaign which presented the referendum as a contest between the ‘ordinary British citizens’ and the establishment. A case in point would be how the ‘Leave’ campaign was able to successfully discredit the warnings of majority of credible experts and international organisations as just another elitist gimmick. For instance, little heed was paid to the warning of International Monetary Fund (IMF) when the head of the organisation, Christine Lagarde claimed that opting out of the EU would have ‘pretty bad to very, very bad consequences and could lead to a recession.’¹⁴ Thus, Brexit completely nullified the conventional wisdom of referendum campaigns. It is normally believed that whichever side has the broader support of the political elite wins, but this was not the case in Brexit. It may be accurate to say that the Brexit decision was not only a vote against the EU, but also against the British political and economic establishment.¹⁵

¹² Ibid., 1301.

¹³ Kai Oppermann, Viatcheslav Morozov, Maria Mälksoo and James D. Morrow, “Brexit Symposium,” *E-International Relations*, September 10, 2016, <http://www.e-ir.info/2016/09/10/brexit-symposium/>.

¹⁴ Ben Riley-Smith, “EU Referendum: IMF Accused of ‘Bullying’ Voters with Warnings over Brexit,” *Telegraph*, May 13, 2016, <http://www.telegraph.co.uk/news/2016/05/13/eu-referendum-imf-issue-warning-over-brexit1/>.

¹⁵ Oppermann et al., “Brexit Symposium.”

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One of the contributing factors towards this general disenfranchisement with the British political and economic elite has been the increasing economic inequality and the public spending cuts led by austerity.¹⁶ While the European countries have been more effective with their taxation, they have also spent more on economic equality and health among other sectors. The UK, on the other hand, has been 'systematically underfunding education and training, increasing student loans and debt, highly expensive housing, introducing insecure work contracts, and privatising services'¹⁷ which may have a profound impact on future generations. As a distraction from all these national failings, the 'Leave' campaign harnessed these fears and put the blame on immigration. Hence, it came as no surprise that according to the statistics, 51.9 per cent of the voters who voted to opt out of Europe constituted the middle class; a segment of the British society directly affected by the austerity measures taken by the government.¹⁸

European Union's Future

In its entirety, Europe is the biggest economy in the world with a population of almost 500 million people which is even larger than the population of the US which comprises of 325 million people. Europe also represents world's largest market, 17 per cent of the global trade and accounts for half of the world's foreign assistance. It also boasts 27 universities which are ranked in the top 100 worldwide. While American per capita income is higher, Europe is an economic peer in terms of human capital, technology and exports.¹⁹ So it is hardly surprising that it is difficult to ascertain what Brexit actually means. Britain and EU are far more intertwined than suggested by the 'Leave' camp. Pulling the UK out

¹⁶ Danny Dorling, "Brexit: the Decision of a Divided Country," *BMJ.com*, July 6, 2016, 1-2, http://www.dannydorling.org/wp-content/files/dannydorling_publication_id5564.pdf.

¹⁷ Dorling, "Brexit: the Decision of a Divided Country," 1-2.

¹⁸ *Ibid.*, 1.

¹⁹ Joseph S. Nye, "Brexit and the Balance of Power," *Arab News*, April 12, 2016, <http://www.arabnews.com/columns/news/909066>.

of the European bloc, negotiating new relationships with Europe and the rest of the world is bound to be a huge undertaking.²⁰

The starting point in discussing EU's future should be the lack of reformation and equal representation of states in decision-making at the Union level. Nonetheless, blaming EU for this democratic shortfall would be disingenuous. This deficit at the EU level simply mirrors the same nationally. The European Parliament and the Council of Ministers are both responsible for legislation in the EU. National governments, which hold authority as a result of their elections, send these ministers. Election of European Parliament members is done directly. Hence, the EU governing bodies hold the same democratic legitimacy as national governments. This should call for the examination and reformation of decision-making bodies at both, the EU and national level.²¹

Furthermore, it is critical to see how the EU is able to respond to the revolt of those marginalised by globalisation. There is no doubt that free trade creates immense modernisation and prosperity. However, not everyone benefits from this prosperity as it does not trickle down to the masses. As a result, many see a decline in their welfare because of being made redundant or fall in incomes. EU institutions have been the prime promoters of globalisation. While doing so, there has been no plan to redress those affected negatively by these policies. These institutions have little to no say in social policy which is the bailiwick of the national authorities. Ironically, these authorities are unable to flex their muscles due to the fiscal rules of the same European institutions. This conundrum has amplified the hardships of globalisation. For the last five years, all Eurozone members have been pushed into an austerity straitjacket by the European Commission (EC) which has resulted in rising unemployment and economic stagnation, particularly in those countries which have already been hit hard by the financial crunch such as Greece.²² For instance, liberalistic EU integration is increasingly being considered with cynicism because of visible income disparities, management difficulties

²⁰ Jon Henley, "Brexit means Brexit...But the Big Question is When?" *Guardian*, August 22, 2016.

²¹ Paul De Grauwe, "What Future for the EU after Brexit?" *Intereconomics* 51, no. 5 (2016): 249-251, https://www.ceps.eu/system/files/IEForum52016_1.pdf.

²² *Ibid.*

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faced by small and medium-sized businesses and the suppression of workers' wages coupled with an increase in immigrants.²³

On the foreign policy and defence front, the EU has its Common Foreign and Security Policy (CFSP) in place. The CFSP includes the Common Security and Defence Policy (CSDP).²⁴ Unlike other areas of EU policy, CFSP is intergovernmental: the European Parliament has a very limited role as it is confined to approving the budget and the European Court of Justice (ECJ) has very narrow jurisdiction. Almost all decisions in the CFSP framework are taken by unanimity. The UK has always used the CFSP as a force multiplier when dealing with global issues. For instance, the UK has used EU sanctions as instruments of change. A recent example would be that of the aftermath of the annexation of Crimea. The UK played a crucial role in persuading other EU member states, especially Germany, to accept some economic pain in order to put some pressure on Russia.²⁵ Considering the leading role taken by the UK, it is likely that EU foreign policy would become less active. Furthermore, with increasing right-wing populism and nationalism in Europe right now, the overall appetite of EU member states to have a common foreign policy has further reduced. Countries would prefer to exercise full control on how they interact with states around the globe.²⁶ The Brexit divorce will also raise many questions on EU's strategic security and defence in the long run. Over the last couple of years, EU's core foundations have been rattled.²⁷ The entire Union was divided over the repeated bailout plans of debtor countries, especially Greece, which is

²³ Soko Tanaka, "The Brexit Issue from an Economic Perspective," Association of Japanese Institutes of Strategic Studies Commentary no. 228 (2016).

²⁴ Sarah Lain, "The Future of Post-Brexit Germany-UK Security Relations," report (London: Royal United Services Institute for Defence and Security Studies, 2016), http://www.fes-london.org/fileadmin/user_upload/publications/files/FES-RUSI_2016_Workshop-Report.pdf.

²⁵ Ian Bond, Sophia Besch, Agata Gostyńska-Jakubowska, Rem Korteweg, Camino Mortera-Martinez and Simon Tilford, "Europe after Brexit: Unleashed or Undone?" (brief, Centre for European Reform, London, 2016), http://www.cer.eu/sites/default/files/pb_euafterBrexit_15april16.pdf.

²⁶ Bond et al., "Europe after Brexit: Unleashed or Undone?"

²⁷ Jonathan Stevenson, "The UK Brexit Vote and its Potential Strategic Impact," *Strategic Comments* 22, no. 3 (2016): 1-3.

still experiencing a protracted financial crisis. The acrimony amongst member states over the bailouts still persists.

In addition, the EU is experiencing one of the worst migration crises in human history. Most of these migrants are from war-torn and poor African and Middle Eastern countries. This has led to debate over migrant accommodation, sparked dread of terrorism which has in turn led to the suspension of Schengen arrangements²⁸ on some borders. The UK used to be the intelligence superpower of Europe and its withdrawal would seriously affect the policing liaison and information-sharing arrangements and as a consequence, weaken operational synergies and degrade security of the entire region. The withdrawal also means that the EU would lose its second-largest economy and its third largest country by population. This would decidedly shrink the EU's size and diplomatic stature. It could also potentially encourage other Eurosceptic parties in the EU to demand a similar referendum like Brexit. Britain's withdrawal would also give a more pronounced role to Germany in shaping Europe's future, something the EU was created to preclude.²⁹

Brexit has given rise to debate over the creation of EU's common defence which led to the introduction of Permanent Structured Cooperation (PESCO) on November 13, 2017, which envisages further cooperation amongst EU members in defence and security policy. This framework will allow willing member states to jointly develop defence capabilities and invest in shared projects. However, only 23 out of 28 EU member states have signed on to this framework, mirroring a general difference of views on centralisation of policies within the EU.³⁰

A lot would depend on the Brexit deal reached through the negotiations taking place currently. So far, things do not look too

²⁸ The Schengen Agreement was signed in 1985 with the aim of gradual abolition of checks at the EU states' common borders. The Schengen arrangements were integrated into the EU's legal and institutional framework through the Treaty of Amsterdam, which came into effect in 1999. Interestingly, the UK and the Republic of Ireland, negotiated 'opt-outs' from the Schengen Protocol to the Treaty and if they wished to, they could opt back in.

²⁹ Stevenson, "The UK Brexit Vote and its Potential Strategic Impact," 1-3.

³⁰ European Council-Council of the European Union, "Defence Cooperation: 23 Member States Sign Joint Notification on the Permanent Structured Cooperation (PESCO), Council of the European Union," press release, November 13, 2017, <http://www.consilium.europa.eu/en/press/press-releases/2017/11/13/defence-cooperation-23-member-states-sign-joint-notification-on-pesco/>.

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optimistic. The first phase of negotiations are on three main issues: the exit bill, EU citizens' rights and the Irish border. So far, the main stumbling block has been the exit bill. As early as September 2017, the UK Prime Minister Theresa May claimed that her country would pay a total of 20 billion Euros as the total settlement bill, but the EU demanded the figure be revised if the UK wanted the negotiations to move forward.³¹ According to recent media reports, the UK government has increased the exit payment figure to 50 billion Euros. The new proposed settlement bill was presented by Theresa May at a meeting in Brussels on December 04, 2017.³² As far as EU citizens' rights are concerned, after lengthy bargaining, the UK government has agreed to the continuation of the role of the European Court of Justice (ECJ) with regard to EU citizens' rights for at least eight years after Brexit.³³

Another major challenge has been the status of the border between Northern Ireland and the Republic of Ireland. Since 2005, there have been no checkpoints in the border between the two resulting in a very soft border. This could change after the UK leaves the EU Single Market and Customs Union resulting in some sort of physical border control. So far, the negotiations on this issue have been at an impasse.³⁴ Once the EU feels that the UK has made significant progress on these issues, the negotiations would then proceed into the next phase which would focus on trade and transition.³⁵

³¹ Sara Sjolín, "Pound Pushes to Two-Month High on Reports of Brexit Breakthrough," *Financial News*, November 29, 2017, <https://www.fnlondon.com/articles/ftse-100-slides-as-pound-pushes-to-2-month-high-on-reports-of-brex-it-breakthrough-20171129>.

³² Ibid.

³³ J. P. "Why the Brexit Negotiations are about to Get Harder," *The Economist Explains Blog*, December 13, 2017, <https://www.economist.com/blogs/economist-explains/2017/12/economist-explains-7>.

³⁴ Joe Watts, "Brexit: EU Gives Theresa May 10 Days to Improve her Offer before Trade Talks can Begin," *Independent*, November 24, 2017, <http://www.independent.co.uk/news/uk/politics/brexit-latest-news-theresa-may-eu-talks-10-days-improve-offer-deadline-date-a8074791.html>.

³⁵ Georgina Lee, "FactCheck – What are the Options for the Irish Border after Brexit," *Channel 4 News*, November 29, 2017, <https://www.channel4.com/news/factcheck/factcheck-what-are-the-options-for-the-irish-border-after-brex-it>.

Implications for Pakistan

As with the rest of the world, Brexit has immense implications for Pakistan. After Saudi Arabia and United Arab Emirates (UAE), Britain is the third largest home to Pakistani diaspora in the entire world.³⁶ Almost 1.7 million Pakistanis reside in Britain which is more than the entire Pakistani diaspora in other parts of Europe. The Pakistani community living in the UK is relatively well-off and is of utmost importance economically - almost USD 2.7 billion remittances are sent to Pakistan annually and are also an important source of Foreign Direct Investment (FDI). So, while the Government of Pakistan (GoP) has insisted that Brexit will not have any immediate impact on the country, facts speak otherwise.³⁷

Brexit will have the most acute effect on Pakistan's trade with the UK. With a loss in economic growth, consumer demand in the UK will lessen.³⁸ Also, with a decline in the exchange rate of British Pound, Pakistani goods will become more expensive which will further affect demand. That may also bring down exports. Another point of worry is Pakistan's Generalized System of Preferences (GSP-Plus) status.³⁹ Traditionally, the UK was the strongest advocate for Pakistan's GSP-Plus status in Brussels. With the former's exit from the EU, Pakistan will have to conduct robust lobbying to retain its GSP-Plus status. While lobbying may help Pakistan in retaining its GSP-Plus status temporarily, the Government should work on a more permanent mechanism such as a Foreign Trade Agreement (FTA), similar to the one which the EU has with countries like Turkey and Mexico.⁴⁰

³⁶ Muhammad Ashraf, "Brexit – Implications for Pakistan," *News International*, July 4, 2016, <https://www.thenews.com.pk/print/132684-Brexit-Implications-for-Pakistan>.

³⁷ Mateen Haider, "Brexit may not have any Immediate Economic Impact on Pakistan, says FO," *Dawn*, June 27, 2016, <https://www.dawn.com/news/1267649>.

³⁸ IPR, *The Many Ways in which Brexit Affects us All*, fact sheet (Lahore: Institute for Policy Reforms, 2016), 4, <http://ipr.org.pk/wp-content/uploads/2016/07/Brexit-Fact-Sheet.pdf>.

³⁹ Generalized System of Preference Plus (GSP+) is a tariff preference regime which offers additional duty free exports to developing countries like Pakistan to help them participate fully in international trade and generate revenue which may contribute towards sustainable development and poverty reduction policy strategies.

⁴⁰ Manzoor Ahmad, *GSP+: Everything You Need to Know about the Generalized System of Preferences +*, report (Lahore: Institute for Policy Reforms, 2014), 5-8.

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Pakistan is unlikely to be affected considerably by Brexit in the investment sector. FDI from the UK has been dropping over the years: FDI to Pakistan was USD 460 million in 2007-08. It sharply declined to USD 157 million in 2014-15 and dropped to a mere USD 69 million in 2017 which is a 54 per cent decrease from USD 151 million in 2016.⁴¹ Hence, investment to Pakistan would stay static.⁴² Another reason for this stagnation is because over the last three years, more focus has been on getting FDI from China which has reached over 75 per cent. With strong commitment to China Pakistan Economic Corridor (CPEC), this trend is likely to continue.⁴³

Brexit could, however, decrease workers' remittances from the UK and Europe.⁴⁴ In 2015-16, remittances from the UK were USD 2.5 billion which is 13 per cent of the total remittances. If the UK economy slows down, this will in turn lead to unemployment and as a consequence, reduce the pace of inflow of remittances to Pakistan. Europe does not offer any major problems in this sector as it contributes only 3 per cent of the total workers' remittances.⁴⁵ In early 2017, the remittances in exchange companies came down by 50 per cent. Some market analysts believe that Brexit has resulted in the devaluation of pound sterling and Euros which has slowed down economies of Middle Eastern countries where 70-80 per cent of overseas Pakistanis reside. As a consequence, overseas Pakistanis were discouraged to send their remittances in these currencies.⁴⁶

The UK is a significant player when it comes to providing aid to developing countries, including Pakistan. Actual amount disbursed to Pakistan in 2013 was GBP 338 million and 266 million in 2014. Although according to the Department for International Development (DFID), the

⁴¹ Farhan Zaheer, "UK Working to Increase FDI in Pakistan," *Express Tribune*, July 24, 2017, <https://tribune.com.pk/story/1465025/uk-working-increase-fdi-pakistan/>.

⁴² IPR, *The Many Ways in which Brexit Affects us All*.

⁴³ Zafar Masud, "Brexit Implications and Impact on Pakistan Economy," *News International*, June 30, 2016.

⁴⁴ IPR, *The Many Ways in which Brexit Affects us All*.

⁴⁵ Masud, "Brexit Implications and Impact on Pakistan Economy."

⁴⁶ Arshad Hussain, "Exchange Companies Awaiting Pak-Rupee Devaluation," *Pakistan Today*, January 25, 2017, <https://www.pakistantoday.com.pk/2017/01/25/exchange-companies-awaiting-pak-rupee-devaluation/>.

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proposed budget for aid to Pakistan in 2017-18 is GBP 373 million,⁴⁷ with an economic slowdown, the UK might reconsider its overall assistance to developing countries.⁴⁸ Any plunge in aid would further hurt Pakistan's already dismal profile. Pakistan will have to engage diplomatically with the UK authorities to ensure continuity in this regard.

It is also worth mentioning that Brexit may also have some social implications too. With a reduction in the UK quota of immigrants, European countries may come hard on immigrants, especially Muslims considering the increasing Islamophobia in the West. This is evident in the acute increase in racially charged violent incidents post-Brexit referendum. According to Metropolitan Police Chief Bernard Hogan-Howe, there were 2,300 plus racist violent incidents reported in 38 days after the referendum, calling the increase a 'horrible spike'.⁴⁹ In a study conducted by the Institute of Race Relations after the Brexit referendum, 22 per cent of the victims of racist violent incidents were Muslims, closely followed by southern or eastern European citizens.⁵⁰ This is likely to create law and order challenges for the respective governments. It will also be a challenge for the Pakistani diaspora in the UK and the EU who will be a part of this onslaught. This will further isolate the Muslim world in general and Pakistan in particular.

Conclusion

Brexit has dissolved the decades long relationship of the UK with the EU and overthrown the established political order. Whether the UK opts for a 'Hard' or 'Soft' Brexit, what really matters is that those who promised the British public that Brexit would help the UK 'take back control' now need to deliver on their promises, no matter how far-fetched they may be.

2018 would be a consequential year for Europe. The results of the all-important elections in France and Germany indicate that populist right-

⁴⁷ Department for International Development, GoUK, *Country Profile – Pakistan 2017* (Government of United Kingdom, 2017), (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/636548/Pakistan1.pdf).

⁴⁸ IPR, *The Many Ways in which Brexit Affects us All*.

⁴⁹ Jon Burnett, "Racial Violence and the Brexit State," *Race & Class* 58, no. 4 (2016): 85-97, <http://journals.sagepub.com/doi/pdf/10.1177/0306396816686283>.

⁵⁰ Ibid.

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wing parties in Europe have not been able to garner enough support to win a majority, but they have made strides in becoming the major opposition in their respective countries. Furthermore, there seem to be unprecedented uncertainties with regard to the transatlantic relationship with the US after the election of Donald Trump as the new President. The recent meetings between President Trump and European leaders have been marred with awkward and cringe-worthy moments. Most importantly, what matters the most is the will from within the EU to reform the Union so that it is seen as part of the solution and not the problem.

Closer to home, some important takeaways are required for relevant stakeholders to consider and ponder over. A large part of the reason why Brexit happened was because the EU was perceived as a supra-national entity which was able to dictate policies to the UK. This begs a question: Has the concept of sovereignty become relative in today's world and if so how does this bode for a developing country like Pakistan whose economic model has historically been foreign aid dependent? Also, how can Pakistan learn lessons from the general disenfranchisement of the British people with their political elite and how that played a part in their voting behaviour during the Brexit referendum? It would be safe to say that some deep self-reflection and introspection is in order. ■