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The United Kingdom: Background, Brexit, and Relations with the United States

Updated April 16, 2021

Congressional Research Service
https://crsreports.congress.gov
RL33105

CRS REPORT
Prepared for Members and
Committees of Congress

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SUMMARY

RL33105

April 16, 2021

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The United Kingdom: Background, Brexit, and Relations with the United States

Many U.S. officials and Members of Congress view the United Kingdom (UK) as the United States' closest and most reliable ally. This perception stems from a combination of factors, including a sense of shared history, values, and culture; a large and mutually beneficial economic relationship; and extensive cooperation on foreign policy and security issues. The UK's January 2020 withdrawal from the European Union (EU), often referred to as *Brexit*, is likely to change its international role and outlook in ways that affect U.S.-UK relations.

Conservative Party Leads UK Government

The government of the UK is led by Prime Minister Boris Johnson of the Conservative Party. Brexit has dominated UK domestic politics since the 2016 referendum on whether to leave the EU. In an early election held in December 2019—called in order to break a political deadlock over how and when the UK would exit the EU—the Conservative Party secured a sizeable parliamentary majority, winning 365 seats in the 650-seat House of Commons. The election results paved the way for Parliament's approval of a withdrawal agreement negotiated between Johnson's government and the EU.

UK Is Out of the EU, Concludes Trade and Cooperation Agreement

On January 31, 2020, the UK's 47-year EU membership came to an end. The UK-EU withdrawal agreement addresses several main issues in the UK's departure from the EU, including UK and EU citizens' rights and the UK's financial obligations to the EU. A key stumbling block in the withdrawal negotiations concerned arrangements for the border between Northern Ireland (part of the UK) and the Republic of Ireland (a member of the EU). The withdrawal agreement essentially establishes a customs border in the Irish Sea, with Northern Ireland maintaining regulatory alignment with the EU in order to preserve an open border on the island of Ireland and protect the Northern Ireland peace process. Since taking effect in January 2021, these new arrangements for Northern Ireland have posed some difficulties for trade between Northern Ireland and the rest of the UK and have contributed to heightened tensions in Northern Ireland and between the UK and the EU.

In December 2020, UK and EU negotiators concluded a Trade and Cooperation Agreement that sets out terms of the future relationship, including on trade, economic relations, and cooperation on a range of other issues. The agreement left numerous questions and issues unresolved, however, meaning many aspects of the UK-EU relationship may evolve over time and through subsequent negotiations. On January 1, 2021, the entire UK, including Northern Ireland, left the EU customs union and now conducts its own national trade policy.

U.S.-UK Relationship

Since deciding to leave the EU, the UK has sought to reinforce its close ties with the United States and reaffirm its place as a leading country in NATO. Most analysts believe that the two countries will remain close allies that cooperate on many diplomatic, security, and economic issues. Nevertheless, Brexit has fueled a debate about whether the UK's global role and influence are likely to be enhanced or diminished. President Biden and top officials in the Biden Administration have generally maintained a skeptical view of Brexit, but many observers expect the Administration to seek pragmatic cooperation with both the UK and the EU. Members of Congress hold mixed views on the merits of Brexit.

The United States and the UK conducted five rounds of negotiations on a bilateral free trade agreement in 2020. If the Biden Administration continues the negotiations, Congress may actively monitor and shape them and could consider implementing legislation for any final agreement. The Biden Administration and some Members of Congress also are concerned about developments in Northern Ireland and Brexit's possible implications for Northern Ireland's peace process, stability, and economic development.

Given the UK's role as a close U.S. ally and partner, developments in the UK, in UK-EU relations, and in the UK's relations with the United States are of continuing interest to the U.S. Congress. For additional information, see CRS Report R46730, *Brexit: Overview, Trade, and Northern Ireland*, coordinated by Derek E. Mix; CRS Report R46259, *Northern Ireland: The Peace Process, Ongoing Challenges, and U.S. Interests*, by Kristin Archick; and CRS In Focus IF11123, *Brexit and Outlook for a U.S.-UK Free Trade Agreement*, by Shayerah I. Akhtar, Rachel F. Fefer, and Andres B. Schwarzenberg.

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Introduction

The modern relationship between the United States and the United Kingdom (UK) was forged during the Second World War. It was cemented during the Cold War, as both countries worked together bilaterally and within NATO to counter the threat of the Soviet Union.

The United States and the UK are two of the five permanent members of the United Nations Security Council, and both are founding members of NATO. In the early 1990s, the UK was an important U.S. ally in the first Gulf War, and the two countries later worked together in stabilization and peacekeeping operations in the Balkans. The UK was the leading U.S. ally in the 2003 invasion of Iraq and subsequent stabilization operations and remains a leading contributor to the NATO-led mission in Afghanistan. The UK also remains an important U.S. partner in numerous other ongoing global security challenges, such as combatting international terrorism and opposing Russia's annexation of Crimea and other destabilizing actions.

The UK is the sixth-largest economy in the world and a major financial center (see **Figure 1**). The United States and the UK share an extensive and mutually beneficial trade and economic relationship, and each is the other's largest foreign investor.

U.S. and UK officials, from the Cabinet level down, consult frequently and extensively on many global issues. In recent decades, American and British diplomats have often turned to each other first when seeking to build support for their respective positions in multilateral institutions or during times of crisis, as in the immediate aftermath of the 9/11 attacks on the United States. British input has often been cited as an element in shaping U.S. foreign policy debates.

Some observers assert that a common language and cultural similarities, as well as the habits of cooperation that have developed over the years, contribute to the ease with which U.S. and UK policymakers interact with each other. The term *special relationship* has often been used to describe the high degree of mutual trust between the two countries in cooperating on diplomatic and political issues. The relationship also encompasses close intelligence-sharing arrangements and unique cooperation in nuclear and defense matters.

Members of Congress may have a broad interest in a range of issues related to the UK and U.S.-UK relations. Members of Congress have expressed interest in the implications of the UK's withdrawal from the European Union (commonly known as *Brexit*) for the global economy; U.S.-UK and U.S.-EU political, economic, and trade relations; transatlantic cooperation on foreign policy and security issues; and peace and stability in Northern Ireland. Members of Congress also have expressed an interest in a prospective U.S.-UK free trade agreement (FTA).

This report provides an overview and assessment of some of the main dimensions of these issues. For additional information on issues discussed in this report, also see

- CRS Report R46730, *Brexit: Overview, Trade, and Northern Ireland*, coordinated by Derek E. Mix;
- CRS Report R46259, *Northern Ireland: The Peace Process, Ongoing Challenges, and U.S. Interests*, by Kristin Archick; and
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Figure 1. United Kingdom at a Glance: Map and Basic Facts

Overview

Area: approximately 94,058 square miles, about twice the size of Pennsylvania.

Population: approximately 67.1 million.

Constituent Countries Percentage of Population: England 84%, Scotland 8%, Wales 5%, N. Ireland 3%.

Languages: English, recognized regional languages are Scots, Scottish Gaelic, Welsh, Irish, and Cornish.

Religions: Christian (Anglican, Roman Catholic, Presbyterian, Methodist) 59.5%, Muslim 4.5%, Hindu 1.3%, other/none/unspecified 34.9%.

Currency: British pound sterling, £1=$1.37.

Economy

Gross Domestic Product (GDP), 2020 (current prices): approximately $2.71 trillion.

Per Capita GDP: approximately $40,406.

Political Leaders

Head of State: Queen Elizabeth II

Prime Minister: Boris Johnson

Foreign Secretary: Dominic Raab

Defense Secretary: Ben Wallace

Home Secretary: Priti Patel

International Trade Secretary: Elizabeth Truss

Sources: Created by CRS using data from the U.S. Department of State and ESRI. Fact information from International Monetary Fund, *World Economic Outlook database* (April 2021), and CIA World Factbook.

Domestic Political Situation

The government of the UK is led by Prime Minister Boris Johnson of the Conservative Party. He became prime minister in July 2019, following the resignation of Theresa May after she was unable to secure the UK Parliament's approval for the withdrawal agreement her government negotiated with the European Union (EU). Seen by many as a colorful and polarizing figure who was one of the leading voices in the campaign for the UK to leave the EU, Johnson previously served as UK foreign secretary in the May government from 2016 to 2018 and mayor of London from 2008 to 2016.

Johnson inherited a Conservative minority government that controlled a one-seat parliamentary majority by virtue of support from the Democratic Unionist Party (DUP), the largest unionist party in Northern Ireland.[1] The Johnson government negotiated a new withdrawal agreement with the EU in October 2019 but faced political deadlock after the UK Parliament required the government to request a three-month extension to the Brexit deadline. In order to break the deadlock, Parliament agreed to set an early general election for December 12, 2019.

[1] The arrangement was not a formal coalition but rather a "confidence and supply" arrangement allowing the Democratic Unionist Party (DUP) certain concessions in return for its support in passing the budget and backing the government in any no-confidence votes, with legislation supported on a case-by-case basis.

With Brexit the defining issue of the campaign, the Conservative Party achieved a decisive victory, winning 365 out of 650 seats in the House of Commons, an increase of 47 seats compared to the 2017 election (see **Figure 2**).

The opposition Labour Party, unable to present a clear alternative vision of Brexit to the electorate and unable to gain sufficient traction with voters on issues beyond Brexit, suffered a substantial defeat with the loss of 59 seats.[2] The Scottish National Party (SNP), which supports Scotland becoming independent from the UK and joining the EU, gained 13 seats to hold 48 of the 59 constituencies in Scotland. More than 60% of 2016 referendum voters in Scotland had supported remaining in the EU. With the gains made by Johnson's Conservative Party, the DUP lost its outsized influence in Parliament over the Brexit withdrawal agreement.

Figure 2. December 2019 UK General Election Results

Party	#of Seats	Net # of Seats +/-	% of Vote
Conservative Party	365	+47	43.6%
Labour Party	203	-59	32.2%
Scottish National Party	48	+13	3.9%
Liberal Democrats	11	-1	11.5%
Democratic Unionist Party	8	-2	0.8%
All Others	15	+2	7.9%

Source: "UK Results: Conservatives Win Majority," *BBC News*, at https://www.bbc.com/news/election/2019/results.

Following the election, in late January 2020, the UK Parliament adopted implementing legislation that transposed the withdrawal agreement into UK law; the UK government and the EU institutions subsequently completed ratification of the agreement.[3] On January 31, 2020, the UK concluded its 47-year membership in the EU.

The aftermath of Brexit remains a predominant issue in UK politics, however, as the UK seeks to manage its new relationship with the EU. In December 2020, the UK and the EU concluded a Trade and Cooperation Agreement (TCA) that establishes a partial framework for the future relationship.

Polling in April 2021 indicates support levels for the Conservative Party at 41% and support levels for the Labour Party at 34%.[4] After polls indicated a 20-point lead for the Conservatives in early 2020, support for the two parties ran nearly even during the second half of the year. Support for the Conservatives declined with public backlash over the government's handling of the Coronavirus Disease (COVID-19) pandemic (see text box below) but bounced back with the

[2] *BBC News*, "General election 2019: Blair attacks Corbyn's 'comic indecision' on Brexit," December 18, 2019.

[3] UK Parliament website, *European Union (Withdrawal Agreement) Act 2020*; and Council of the European Union, *Brexit: Council Adopts Decision to Conclude the Withdrawal Agreement*, January 30, 2020.

[4] YouGov, *Voting Intention: Con 41%, Lab 34% (7-8 Apr)*.

rollout of COVID-19 vaccines and the conclusion of the Trade and Cooperation Agreement with the EU.

Brexit has triggered a renewed push by the SNP for a second independence referendum in Scotland. In a legally binding referendum held in 2014, 55% of voters in Scotland supported remaining part of the UK. After gaining seats in the UK Parliament in the 2019 general election, the SNP argues that returning another pro-independence majority in the Scottish Parliament in regional elections scheduled for May 6, 2021, would provide a mandate for holding a second independence referendum.[5] (In the 2016-2021 Scottish Parliament, the SNP holds 61 of 129 seats and the pro-independence Scottish Green Party holds five seats.)

The UK government has consistently rejected calls to allow a second referendum, with Prime Minister Johnson maintaining that the 2014 referendum was a "once in a generation" vote to settle the question of Scottish independence.[6] Analysts interpret the Scotland Act 1998, the legislation creating a devolved Scottish Executive and Parliament with control over policies in delegated areas, as requiring the consent of the UK government for an independence referendum.[7]

Coronavirus Disease 2019 in the United Kingdom (UK)

In March 2020, the UK, like the United States and countries in Europe and around the world, began to undertake socially and economically disruptive measures in an attempt to slow the spread of the Coronavirus Disease 2019, or COVID-19, pandemic. On March 23, 2020, Prime Minister Boris Johnson announced a nationwide lockdown, a strategic U-turn after facing criticism that the government had waited too long to take action.

The government eased restrictions as cases declined during the summer, but re-imposed a four-week nationwide lockdown in November 2020 to address a resurgence in case numbers. The second lockdown drew strong criticism from many sources, with some arguing that the government again waited too long and failed to heed expert advice to act earlier. Others criticized the lockdown as economically devastating and an infringement on civil liberties, and critics on both sides maintained that the government continued to lack a coherent strategic plan to deal with the virus.

In January 2021, Prime Minister Johnson announced a third nationwide lockdown. In February 2021, the government announced a four-step plan to lift all restrictions in England by June 2021, as long the country meets criteria regarding vaccinations and case rates.

As of April 2021, there have been nearly 4.4 million COVID cases in the UK and approximately 150,000 deaths due to the virus. The so-called *UK variant* of the virus (B.1.1.7), initially detected in the UK in September 2020 and in the United States in December 2020, appears to be significantly more contagious than the original strain of the virus. Observers view the UK's vaccination program as a national success story; as of April 2021, more than half of the adult population had received at least their first dose (nearly 40 million vaccinations given as of April 10, 2021), giving the UK one of the highest vaccination rates in the world.

Since the start of the pandemic, the UK government has allocated more than £407 billion (approximately $558 billion) in fiscal support to assist affected businesses and individuals. Support measures include loan guarantees, grants, and tax cuts for businesses, tax deferments for the retail, hospitality and leisure sectors, and a job retention scheme paying up to 80% of the wages of furloughed workers.

Sources: HM Treasury, *Budget 2021 Sets Path for Recovery,* March 3, 2021; UK Coronavirus Dashboard, https://coronavirus.data.gov.uk/; "Lockdown: Boris Johnson Unveils Plan to End England Restrictions by 21 June," *BBC News*, February 22, 2021; Alex Wickham, "Timeline: How the UK Responded to the Coronavirus," *Politico*, January 27, 2021; Mark Landler and Stephen Castle, "U.K.'s Johnson Faces a Growing Revolt Over his Coronavirus Policy," *New York Times*, December 25, 2020.

[5] *BBC News*, "Scottish Independence: Will There Be a Second Referendum?," January 28, 2021.

[6] *Letter from PM Boris Johnson to First Minister Nicola Sturgeon*, January 14, 2020, at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/857586/Nicola_Sturgeon_20200114.pdf.

[7] Akash Paun and Jess Sargeant, *A Second Referendum on Scottish Independence,* Institute for Government, November 23, 2020.

Polling in Scotland during the second half of 2020 indicated support for independence rising to 54%, the highest level since 2014.[8] Amid a backdrop of internal feuding among SNP leadership in early 2021, polls indicated a decline in support for independence, with a March 2021 poll indicating 51% support for remaining in the UK.[9]

Post-Brexit arrangements (see "The Withdrawal Agreement" section, below) also have sparked dissatisfaction among the unionist community in Northern Ireland and have exacerbated frictions between the unionist and nationalist communities and their respective political parties in Northern Ireland's devolved government. Many unionists view the post-Brexit arrangements as treating Northern Ireland differently from the rest of the UK and undermining the union, exacerbating unionist concerns that their British identity is under threat and enhancing a sense of unionist disenfranchisement. Growing unionist unhappiness with post-Brexit arrangements could increasingly threaten stability in Northern Ireland, as seen by the riots and unrest occurring in parts of Belfast and elsewhere in Northern Ireland in April 2021.

Experts assert, however, that a complex combination of factors beyond Brexit is contributing to the recent turmoil in Northern Ireland.[10] Although strong rhetoric against the Brexit arrangements from unionist politicians may have fueled tensions in the unionist community, other factors may include frustration over public health lockdowns, anger at authorities' recent decision not to prosecute violations of public health protocols at a high-profile republican funeral held in 2020, and the influence of criminal organizations seeking to retaliate against police crackdowns on drug trafficking. Observers also point to economic and class factors, with many of the rioters consisting of youth from impoverished areas that have not felt the economic benefits of the 1998 Northern Ireland peace accord (known as the Good Friday Agreement or the Belfast Agreement).

Brexit

The UK's history with the EU has been characterized by ambivalence since the start of the EU project. Fearing a loss of national sovereignty and influence, the UK stood aside in the 1950s when the six founding countries (Belgium, France, Italy, Luxembourg, Netherlands, and West Germany) launched the first steps of European integration. The UK joined the precursor of the modern-day EU in 1973, largely to derive the economic benefits of membership but also to have a political voice on the inside as integration took shape.

Nevertheless, many British leaders and citizens (perhaps most notably including former Prime Minister Margaret Thatcher) remained skeptical about the EU. The UK opted out of several major elements of European integration, such as the euro currency and the passport-free Schengen Area. British *euro-skeptics* frequently expressed frustration that the EU tends to focus too much on internal treaties and process rather than taking a pragmatic approach to priorities such as boosting economic competitiveness, promoting a common energy policy, or improving European defense capabilities.

In a national referendum held in June 2016, 52% of UK voters favored leaving the EU. The referendum exposed significant regional and demographic fault lines in the UK and its result was

[8] Ben Riley-Smith, "Boris Johnson Will Not Grant a Second Scottish Independence Referendum," *Telegraph*, March 11, 2021.

[9] YouGov, *Scottish Voting Intention (4-8 Mar)* and Adam Forrest, "Why Is the SNP in a State of Civil War and Will It Damage Support for Scottish Independence?," *Independent*, February 24, 2021.

[10] Harry Yorke, "'Grossly Irresponsible' to Blame Brexit for Northern Ireland Unrest, Says Former Top Government Adviser," *The Telegraph*, April 8, 2021.

divisive, with large segments of the population remaining opposed to Brexit. In March 2017, the UK officially notified the EU of its intention to leave the bloc, and the UK and the EU began negotiations on the terms of the UK's withdrawal.[11] Brexit was originally scheduled to occur on March 29, 2019, but the UK Parliament was unable to agree on a way forward due to divisions over what type of Brexit the UK should pursue and challenges related to the future of the border between Northern Ireland (part of the UK) and the Republic of Ireland (an EU member state).

The lack of an apparent solution to the Irish border question, with both sides intent on avoiding a *hard border* with customs checks and physical infrastructure between Northern Ireland and the Republic of Ireland, led Theresa May's government to agree to a *backstop* provision in the withdrawal agreement. The backstop provision, which would have kept the UK in the EU customs union until the two sides agreed on their future trade relationship, was intended to protect cross-border trade and preserve the peace process between parties to Northern Ireland's long sectarian conflict.[12] The EU also viewed the backstop as necessary to ensure that Brexit would not violate the rules and structure of the EU single market. Additionally, the backstop arose in the context of the DUP's adamant rejection of a Northern Ireland-only provision, which the DUP contended would create a regulatory barrier in the Irish Sea between Northern Ireland and the rest of the UK, and thus would threaten the UK's constitutional integrity.[13]

The backstop provision became one of the main obstacles to securing Parliament's approval of the withdrawal agreement. Fearing that negotiations on the future relationship with the EU could take as long as 5 to 10 years, many Members of Parliament strongly opposed the backstop arrangement, viewing it as potentially curbing the UK's sovereignty and limiting its ability to conclude free-trade deals.

The Withdrawal Agreement

After taking office, Prime Minister Johnson began renegotiating the withdrawal agreement with the goal of discarding the contentious Northern Ireland backstop provision. On October 17, 2019, the European Council (the leaders of the current 27 member states (EU27) endorsed a new withdrawal agreement negotiated by the European Commission and the UK government.[14]

Under the Protocol on Ireland/Northern Ireland in the October 2019 withdrawal agreement, Northern Ireland remains legally in the UK customs territory but practically in the EU single market and customs union, which essentially creates a customs border in the Irish Sea between Northern Ireland and the rest of the UK. As with the rejected backstop, the purpose of these arrangements is to prevent a *hard border* with physical infrastructure and customs checks on the island of Ireland, thereby helping to protect the peace process while ensuring that Brexit does not compromise the rules of the EU single market. The main elements of the protocol, which took effect at the end of the transition period (the end of 2020), included the following:

- Northern Ireland remains aligned with EU single-market regulatory rules, thereby creating an all-island regulatory zone on the island of Ireland and eliminating the

[11] The UK notified the EU by formally invoking Article 50 of the Treaty on European Union, the legal mechanism under which a member state may withdraw from the EU.

[12] For additional information about Northern Ireland, see CRS Report R46259, *Northern Ireland: The Peace Process, Ongoing Challenges, and U.S. Interests*, by Kristin Archick.

[13] See Office of the Prime Minister, *Commitments to Northern Ireland*, December 8, 2017.

[14] Department for Exiting the EU, *New Withdrawal Agreement and Political Declaration*, October 19, 2019, at https://www.gov.uk/government/publications/new-withdrawal-agreement-and-political-declaration (hereinafter cited as Department of Exiting the EU, *New Withdrawal Agreement*).

need for regulatory checks on trade in goods between Northern Ireland and Ireland.

- Any physical checks necessary to ensure customs compliance are to be conducted at ports or points of entry away from the Northern Ireland-Ireland border, with no checks or infrastructure at this border.
- Four years after the arrangement comes into force, the arrangement's renewal is subject to the consent of the Northern Ireland Executive and Assembly (with the conclusion of the transition period at the end of 2020, this vote presumably would take place in late 2024).
- At the end of the transition period (the end of 2020), the entire UK, including Northern Ireland, left the EU customs union and now conducts its own national trade policy.

The Protocol on Ireland/Northern Ireland in the agreement negotiated by the Johnson government largely resembles the "Northern Ireland-only backstop" proposed by the EU in 2018, which the DUP adamantly opposed. The DUP remains strongly opposed to the provisions for Northern Ireland in the agreement, especially the customs border in the Irish Sea.

Otherwise, the withdrawal agreement replicated most of the main elements from the original agreement reached in November 2018 between the EU and the May government, including

- Guarantees pertaining to the rights of the approximately 3 million EU citizens residing in the UK and the approximately 1 million UK citizens residing in the EU.
- A commitment by the UK to pay outstanding budgetary and financial pledges to the EU, likely totaling more than £30 billion (approximately $42 billion) over the next three decades.[15]
- A transition period, lasting through 2020, in which the UK was bound to follow all rules governing the EU single market while the two sides negotiated their future relationship and implemented steps needed to effect an orderly separation.

The Trade and Cooperation Agreement

With the UK's formal exit from the EU, an 11-month transition period began, during which the UK continued to follow all EU rules and remained a member of the EU single market and customs union. The withdrawal agreement allowed for a one- or two-year extension of the transition period, but Prime Minister Johnson strongly opposed the idea of an extension and inserted language in the implementing legislation that the transition period would conclude at the end of 2020 without an extension.[16]

During the transition period, the UK and the EU engaged in complex negotiations on the future UK-EU relationship. In keeping with the political declaration accompanying the withdrawal agreement, the two sides sought to discuss "an ambitious, broad, deep, and flexible partnership" centered on the trade and economic relationship but also including "wider areas of cooperation."[17]

[15] Matthew Keep, *Brexit: The Financial Settlement – In Detail*, House of Commons Library, December 30, 2020.

[16] Alasdair Sandford, "What Has Changed with Boris Johnson's New Brexit Bill?" *Euronews*, December 20, 2019.

[17] HM Government, *Political Declaration Setting out the Framework for the Future Relationship Between the European Union and the United Kingdom*, October 19, 2019, p. 2.

The talks were relatively contentious, especially on trade and economic issues, and delays due to the COVID-19 pandemic further slowed progress. By late 2020, conclusion of a deal remained stalled by disputes over fishing rights for EU vessels in British waters, the principle of a *level playing field* (due to concerns over potential future UK state aid to British industries), and mechanisms for enforcing the agreement.[18] Observers braced for a potentially chaotic *no-deal* scenario, in which the transition period ended without a new framework for bilateral relations.

One week before the end of the transition period, on December 24, 2020, UK and EU negotiators concluded an approximately 1,200-page Trade and Cooperation Agreement, along with two other accords on nuclear cooperation and the protection of classified information.[19] The UK Parliament approved the TCA at the end of December 2020, and the deal applies provisionally pending a vote on formal ratification by the European Parliament (expected by the end of April 2021).[20]

Although most UK and EU officials, stakeholders, and outside experts regard the TCA as better than a no-deal outcome, the TCA is relatively narrow in scope compared to the comprehensive partnership some observers had envisioned at the start of negotiations. Key elements of the agreement include the following:[21]

- The TCA maintains tariff- and quota-free trade in goods, provided those goods meet certain rules of origin criteria. It does not include mutual recognition of product standards.
- Although the agreement contains some trade facilitation measures that streamline the customs process, it does not waive customs requirements or cabotage rules, nor does it prevent new trade barriers in the form of regulatory and customs checks.
- The agreement addresses trade in services in a more limited fashion. It does not include mutual recognition of professional qualifications.
- While both sides reserve the right to set their own policies and priorities on subsidies, environmental protection, and labor rules, regulatory divergence by the UK could lead to the imposition of tariffs by the EU (and vice versa under *level playing field* commitments).
- The agreement left decisions on equivalency for financial services and data protection for a later date. (On February 19, 2021, the European Commission released two draft *adequacy decisions* finding that the UK ensures a level of personal data protection equivalent to that provided under EU law to permit the continued transfer of personal data between the UK and the EU in both the

[18] See Chris Morris, "Brexit: What Is a Level Playing Field?," *BBC News*, December 31, 2020, stating, "The level playing field is a trade-policy term for a set of common rules and standards that prevent businesses in one country gaining a competitive advantage over those operating in other countries."

[19] See European Commission, Trade and Cooperation Agreement Between the European Union and the European Atomic Energy Community, of the One Part, and the United Kingdom of Great Britain and Northern Ireland, of the Other Part, December 24, 2020, at https://ec.europa.eu/info/publications/eu-uk-trade-and-cooperation-agreement_en.

[20] See UK Parliament website, *European Union (Future Relationship) Act 2020*, at https://services.parliament.uk/Bills/2019-21/europeanunionfuturerelationship.html; and Maïa de la Baume and David M. Herszenhorn, "European Parliament to Ratify UK Trade Deal in Late April, President Says," *Politico*, March 23, 2021.

[21] Stefano Fella et al., *The UK-EU Trade and Cooperation Agreement: Summary and Implementation*, House of Commons Library, December 30, 2020.

commercial and law enforcement sectors. If approved by the EU member states, the decisions would apply for a period of four years, subject to renewal.[22])

- The TCA establishes frameworks for cooperation on energy, fisheries, aviation, and road transport.
- The agreement establishes a framework for law enforcement and judicial cooperation, but not foreign policy or defense cooperation.
- The two sides agreed to review the TCA every five years, and either side can terminate the agreement with 12 months' notice.

Analysts observe that the TCA reflects the UK government's prioritization of reclaiming sovereignty over maintaining economic integration with the EU.[23] The agreement satisfies a number of objectives promoted by advocates of Brexit, such as:

- Ending the free movement of people. Maintaining more seamless ties with the EU single market would likely have required the UK to continue granting EU citizens the right to freely enter, reside, and work in the UK. Reciprocal treatment of member states' citizens is one of the fundamental principles of the EU. The UK government viewed ending the free movement of people as essential to regaining sovereignty over immigration policy. Guarantees of certain rights apply to those with pre-existing residency status, and EU citizens may continue to apply for residency in the UK. (Brexit also introduced new requirements for UK citizens living in EU member states to apply for residency or work authorizations in those countries.)
- Freedom from EU rules. Although the UK agreed to the principles of a *level playing field*, full departure from the EU single market and customs union frees the UK to set its own national regulations and conduct its own national trade policy. While the UK may choose to diverge from the EU where advantageous, doing so could have consequences for UK-EU trade and economic relations, potentially including the imposition of tariffs by the EU.

  Freedom from EU courts. With the end of the transition period, most decision making in the UK is no longer subject to the jurisdiction of the Court of Justice of the European Union (CJEU). A UK-EU Partnership Council oversees the operation of the TCA, with decisions made by mutual consent and an independent arbitration tribunal handling dispute settlement. European courts have no role in settling disputes over the TCA. Failure to comply with an arbitration decision could result in economic retaliation or partial suspension of the agreement.

  The UK is not completely clear of the CJEU, however. The court retains jurisdiction over the interpretation and application of the operational elements of the withdrawal agreement, including citizens' rights issues and the Protocol on Ireland/Northern Ireland. The CJEU also retains jurisdiction over any cases pending before the end of the transition period, including appeals, and the withdrawal agreement gives the EU four years from the end of the transition

[22] European Commission, *Data Protection: European Commission Launches Process on Personal Data Flows to UK*, February 19, 2021.

[23] Charles Grant, *Ten Reflections on a Sovereignty-First Brexit*, Centre for European Reform, December 28, 2020.

period to bring cases against the UK for infringements alleged to have occurred during the transition period.[24]

UK-EU Relations Post-Transition

The relatively limited scope of the TCA means that continued negotiations about unresolved issues may be a feature of UK-EU relations for years to come. Negotiations may seek to adjust or deepen aspects of the TCA or establish a framework for areas not covered in the agreement. Analysts note there is no guarantee the two sides will develop a deeper and more robust formal framework;[25] instead, they may choose not to expand upon the foundation established by the TCA, or tensions in the UK-EU relationship could limit cooperation.

In December 2020, UK and EU officials reached agreement on how to apply the provisions of the Protocol on Ireland/Northern Ireland at the end of the transition period.[26] Since the protocol took effect on January 1, 2021, some implementation difficulties have affected trade between Northern Ireland and the rest of the UK. Such difficulties have given rise to significant UK-EU tensions, which have put pressure on the post-Brexit arrangements for Northern Ireland.

In addition, in January 2021, the protocol was affected by EU efforts to control the export of COVID-19 vaccines outside the bloc. Concerned that Northern Ireland would be a route to circumvent export controls and export vaccines to the UK, the EU initially approved triggering an emergency override mechanism of the protocol that would have allowed the EU to block vaccine exports to Northern Ireland.[27] Invoking the mechanism could have resulted in border checks between Northern Ireland and Ireland. Although the EU almost immediately reversed itself amid a diplomatic outcry from UK, Irish, and Northern Ireland officials, the incident is widely viewed as calling into question Northern Ireland's post-Brexit arrangements.[28]

In March 2021, in response to a unilateral decision by the UK to extend the grace periods for regulatory checks on certain goods transferred between Northern Ireland and the rest of the UK, the EU launched a formal process accusing the UK of breaching the withdrawal agreement.[29] If not resolved by negotiation, the process could end up in the CJEU for a ruling or move to binding arbitration under the dispute settlement mechanism of the withdrawal agreement. A ruling against the UK in either forum could result in a financial penalty. If the EU determines that the process has failed to bring the UK into compliance with the withdrawal agreement, it could suspend some of its obligations under the agreement, suspend parts of the TCA (and impose tariffs on the UK), or delay a decision on financial services equivalency.[30]

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[24] Sylvia de Mars, *Brexit Next Steps: The Court of Justice of the EU and the UK*, House of Commons Library, February 7, 2020.

[25] Sam Lowe, *The EU-UK Trade and Co-operation Agreement: A Platform on Which to Build?*, Centre for European Reform, January 12, 2021.

[26] Jess Sargeant and Maddy Thimont Jack, *Northern Ireland Protocol: Agreement in the UK–EU Joint Committee*, Institute for Government, December 14, 2020.

[27] John Campbell, "Brexit: EU Introduces Controls on Vaccines to NI," *BBC News*, January 29, 2021.

[28] David M. Herszenhorn and Jakob Hanke Vela, "EU Drops Irish Border Move in Plan to Curb Vaccine Exports," *Politico*, January 30, 2021; and John Curtis, "Northern Ireland Protocol: Article 16 and EU Vaccine Export Controls," UK Parliament House of Commons Library, February 2, 2021.

[29] European Commission, *Withdrawal Agreement: Commission Sends Letter of Formal Notice to the United Kingdom for Breach of Its Obligations Under the Protocol on Ireland and Northern Ireland*, March 15, 2021.

[30] John Campbell, "Brexit: EU Legal Action Imminent over UK Extension to Grace Periods," *BBC News*, March 5, 2021; and Philip Blenkinsop, "Explainer: How the EU Will Respond to Britain's Northern Ireland Move," Reuters, March 5, 2021.

Brexit and the UK Economy

Many economists expressed concerns that Brexit would cause an economic shock that could leave the UK facing weaker economic growth, higher inflation, job losses, and depreciation of the pound, with potentially significant negative consequences for the U.S. and global economies.

Advocates of Brexit have maintained that such economic fears are greatly exaggerated and that, free from EU regulations, the UK will be able to forge new trade relationships with dynamic, emerging economies while remaining a preeminent international banking and financial center.

Although the most dire predictions appear to have subsided, concerns remain that Brexit will pose a long-term drag on the UK economy. Economic growth was approximately 1.3% in 2018 and 1.4% in 2019, the UK's lowest annual economic growth since the 2008-2009 global financial crisis.[31] The COVID-19 pandemic and attendant public health measures, including a series of national lockdowns, caused the economy to contract nearly 10% in 2020. With the distribution of vaccines and less uncertainty around Brexit, forecasts expect the UK economy to grow 5.3% in 2021. Unemployment has remained relatively low, at 4.5% in 2020.

UK Trade and Economy: Basic Facts

Service industries account for 80% of total UK economic output and more than 80% of employment.

Trade with the EU: In 2019, trade with EU member countries accounted for 47% of the UK's total trade (43% of UK exports and 52% of UK imports).

Top 5 Export Destinations (2019): United States, Germany, Netherlands, France, Ireland.

Top 5 Import Sources (2019): United States, Germany, Netherlands, China, France.

Sources: Philip Brien, *Service Industries: Key Economic Indicators*, House of Commons Library, March 12, 2021. Matthew Ward, *Statistics on UK-EU Trade*, House of Commons Library, November 10, 2020. UK Department for International Trade, *UK Trade in Numbers*, February 2021.

Government spending to support the economy amid the pandemic, combined with decreased revenues, caused the UK's budget deficit to increase from approximately 2.3% of GDP in 2019 to approximately 13.4% of GDP in 2020. Government gross debt increased from approximately 85% of GDP in 2019 to more than 103% of GDP in 2020. To help public finances recover from pandemic-related spending, the UK government announced in March 2021 that it would increase the corporation tax rate from 19% (the lowest rate among G-7 countries) to 25% starting in 2023.[32]

Brexit and UK Foreign and Defense Policy

Brexit has forged opposing viewpoints about the potential trajectory of the UK's international influence in the coming years. The Conservative Party-led government has outlined a post-Brexit vision of a *Global Britain* that benefits from increased economic dynamism; remains heavily engaged internationally in terms of trade, foreign policy, and security issues; maintains close foreign and security policy cooperation with both the United States and the EU; and retains "all the capabilities of a global power."[33] Other observers contend that Brexit is likely to reduce the

[31] Economic statistics in this section are from International Monetary Fund, *World Economic Outlook Database*, April 2021.

[32] Annabelle Dickson, "Rishi Sunak Targets Corporations to Fill UK's Coronavirus Black Hole," *Politico*, March 3, 2021.

[33] Foreign and Commonwealth Office, Cabinet Office, and Prime Minister's Office, *Global Britain: Delivering on Our International Ambition*, September 23, 2019, at https://www.gov.uk/government/collections/global-britain-delivering-

UK's ability to influence world events and that, without the ability to help shape EU foreign policy, the UK will have less influence in the rest of the world.[34] Rather than striving to be a "miniature great power," one expert proposal suggests that the UK instead could sustain international influence by leveraging its strengths to act as a "broker of solutions" to a range of global challenges.[35] The UK has opportunities to assert an international leadership role post-Brexit, as it holds the Group of 7 (G7) presidency in 2021 and is expected to host the 2021 United Nations Climate Change Conference (COP26) in November.

NATO remains the preeminent transatlantic security institution, and in the context of Brexit, UK leaders have emphasized their continued commitment to be a leading country in NATO. The UK has taken a strong role in efforts to deter Russian aggression. As part of NATO's Enhanced Forward Presence, the UK leads a multinational battlegroup in Estonia with approximately 830 soldiers, augmented by approximately 340 soldiers from France.[36] The unit is based in Tapa, about 100 miles from the Russian border. The UK additionally contributes 140 personnel to the U.S.-led multinational battlegroup in Poland. The UK also remains a leading contributor to Operation Resolute Support, the NATO-led training and assistance mission in Afghanistan, with 750 UK soldiers taking part as of February 2021.[37]

The UK has been a leading contributor to the international coalition formed in 2014 to combat the Islamic State in Iraq and Syria, and maintains more than 1,000 personnel in the region in continued support of that mission.[38] UK armed forces participating in coalition efforts against the Islamic State have conducted airstrikes (by Typhoon and Tornado aircraft and unmanned Reaper drones) and engaged in surveillance, intelligence gathering, logistical support, and training of Iraqi forces.

In 2020, the UK had the world's fourth-largest military expenditure (behind the United States, China, and India), spending approximately $61.5 billion.[39] The UK is also one of ten NATO countries to meet or exceed the alliance's defense spending benchmark of 2% of GDP (according to NATO, the UK's defense spending was expected to be 2.32% of GDP in 2020).[40] Annual defense spending increases since 2016 have sought to address concerns about declining UK military capabilities following several years of cuts that reduced the size of the armed forces and their combat capabilities.

The UK government's March 2021 *Integrated Review* document sets out ambitions for the UK to remain a world leader in security and defense issues, diplomacy and development, science and technology, cyber capabilities, and action to combat climate change.[41] The strategic framework

on-our-international-ambition and Jeremy Hunt, "Britain Has Been Shaping the World for Centuries. That Won't Change with Brexit," *Washington Post*, March 28, 2019.

[34] Reuters, "Britain to Become 'Second Rate' in the World After Brexit: EU's Tusk," November 13, 2019 and Emilio Casalicchio, "UK Will Be 'Diminished' After Brexit, Rutte Warns Tory Leadership Hopefuls," *Politico*, June 20, 2019.

[35] Robin Niblett, *Global Britain, Global Broker*, Chatham House, January 11, 2021.

[36] NATO, "NATO's Enhanced Forward Presence," factsheet, March 2021. Also as part of NATO's Enhanced Forward Presence, the United States leads a multinational battlegroup in Poland, Canada leads in Latvia, and Germany leads in Lithuania.

[37] NATO, *Resolute Support Mission (RSM): Key Facts and Figures*, February 2021.

[38] UK Government, *UK Action to Combat Daesh*, at https://www.gov.uk/government/topical-events/daesh/about.

[39] International Institute for Strategic Studies, *The Military Balance 2021*, p. 23.

[40] NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2013-2020)*, March 16, 2021.

[41] Cabinet Office, *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy*, March 16, 2021, at https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy.

provided in the *Integrated Review* portrays NATO as central to the UK's efforts to address security challenges, while also signaling an intention to pursue deeper engagement in the Indo-Pacific region. The document describes Russia as the "most acute direct threat to the UK" while framing China as a "systemic competitor."[42] The *Integrated Review* reversed a 2010 decision to reduce the UK's nuclear warheads stockpile from a ceiling of 225 to 180 by the mid-2020s; the UK now intends to increase its nuclear weapons stockpile to a ceiling of 260 warheads.[43]

Negative economic effects from Brexit or the COVID-19 pandemic, including a decline in the value of the pound, could exacerbate concerns about the UK's ability to maintain defense spending, investment, and capabilities. In November 2020, the UK government sought to alleviate such concerns with the announcement of a £16.5 billion (approximately $22.6 billion) defense spending increase over the next four years.[44]

Counterterrorism

Counterterrorism remains a national security priority for the UK. In the decade after four suicide bombers killed 52 people and injured more than 700 in central London on July 7, 2005, authorities reportedly disrupted about 40 major terrorist plots against the UK.[45] Between 2017 and 2019, there were at least seven terrorist incidents in the UK perpetrated by Islamist extremists, including car and knife attacks in London and Manchester and a suicide bombing at a music concert in Manchester.[46] As of March 2021, authorities reported that they had stopped 28 terrorist plots since 2017, although terrorism-related arrests in 2020 dropped to a nine-year low.[47] UK counterterrorism authorities are reportedly monitoring approximately 3,000 potential suspects.[48] In addition to violent Islamist extremism, far-right terrorism also has been a growing concern in the UK, following the murder of Member of Parliament Jo Cox in 2016 and an attack on a mosque in London in 2017.

The UK adopted a new Counter-Terrorism and Security Act in 2015 that enhanced the country's already relatively extensive body of counterterrorism legislation. Among other provisions, the act broadened the powers of police and border officials to confiscate the passports of terrorism suspects; introduced new powers to ban suspected terrorists with British passports from the country; required mobile phone and internet service providers to retain data for use in terrorism investigations; and placed a new legal duty on relevant institutions (e.g., prisons, universities, schools, and mosques) to report extremism and develop policies to deal with radicals and extremist speakers.[49]

In 2016, in response to concerns raised by civil liberty and privacy groups, the UK adopted a new Investigatory Powers Act intended to update the legal framework governing surveillance activities and clarify authorization procedures, privacy constraints, transparency requirements,

[42] Cabinet Office, *Global Britain in a Competitive Age*, p. 26.

[43] Cabinet Office, *Global Britain in a Competitive Age*, p. 76.

[44] *BBC News*, "What Has Happened to Army Spending and Size?," March 22, 2021; and Andrew Chuter, "UK to Boost Defense Budget by $21.9 Billion. Here's Who Benefits—And Loses Out," *DefenseNews*, November 19, 2020.

[45] Reuters, "UK Faces Biggest Terrorism Threat in Its History - Theresa May," November 24, 2014.

[46] *Sky News*, "Terror In The UK: Timeline Of Attacks," February 2, 2020.

[47] *BBC News*, "Covid-19: Three UK Terror Plots Foiled During Pandemic," March 4, 2021.

[48] *BBC News*, "UK Terrorism Threat Level Lowered to 'Substantial,'" February 8, 2021.

[49] See UK Home Office, *Counter-Terrorism and Security Act*, February 12, 2015, at https://www.gov.uk/government/collections/counter-terrorism-and-security-bill.

and other safeguards.[50] Critics have brought legal challenges against the law, charging that it also granted the government sweeping new powers to collect and retain data and force technology companies to share information.[51]

In 2019, the UK adopted the Counter-Terrorism and Border Security Act. The act includes provisions increasing the maximum penalty for certain offenses related to preparing a terrorist attack; updating the offense of downloading material useful to a terrorist to cover material that is viewed or streamed; and requiring those convicted of terrorism offenses to provide police with additional registry information after release.[52] In the context of the 2018 Skripal attack, in which UK officials charge that Russian intelligence operatives poisoned a Russian dissident and his daughter with a nerve agent in Salisbury, England, the Counter-Terrorism and Border Security Act grants authorities enhanced powers to stop and search individuals at ports and borders suspected of carrying out hostile activity on behalf of a foreign country.

In February 2020, the UK adopted the Terrorist Offenders Act blocking the automatic early release of prisoners convicted of terrorism offenses.[53] The legislation was prompted by terrorist attacks in November 2019 and February 2020 in London committed by prior offenders who had been released from prison on parole.[54] Prior to the new act, convicted terrorists had been automatically released at a fixed point in their sentence with no parole board assessment or oversight.[55] In May 2020, the UK introduced a new Counter-Terrorism and Sentencing Bill that would increase prison sentences for terrorism offenses and strengthen the government's powers to monitor convicted offenders after their release.[56]

U.S.-UK Relations

The UK's *special relationship* with the United States has been a cornerstone of British foreign policy, to varying degrees and with some ups and downs, since the 1940s. The UK often is perceived to be a leading allied voice in shaping U.S. foreign policy debates, and observers assert that the UK's status as a close ally of the United States has often served to enhance its global influence. British support, in turn, has often helped add international credibility and weight to U.S. policies and initiatives, and the close U.S.-UK partnership has served common interests in bodies such as the U.N., NATO, and other multilateral institutions.

The UK continues to look to the United States for close partnership and has sought to reinforce its U.S. ties following Brexit. Post-Brexit developments in relation to the UK's global role and

[50] See UK Home Office, *Investigatory Powers Act*, December 18, 2017, at https://www.gov.uk/government/collections/investigatory-powers-bill.

[51] *BBC News*, "Rights Group Loses Mass Surveillance Appeal In High Court," July 28, 2019.

[52] See UK Home Office, *Counter-Terrorism and Border Security Bill Given Royal Assent*, February 12, 2019, at https://www.gov.uk/government/news/counter-terrorism-and-border-security-bill-given-royal-assent.

[53] UK Ministry of Justice, *Terrorist Offenders (Restriction of Early Release) Bill*, February 11, 2020, at https://www.gov.uk/government/publications/terrorist-offenders-restriction-of-early-release-bill.

[54] Elian Peltier, "U.K. Promises Stronger Terrorism Laws After Knife Attack by Convict," *New York Times*, January 21, 2020.

[55] *BBC News*, Jamie Grierson, "UK Freed 42 Terrorists In Year Before Law To Detain Extremists For Longer," March 5, 2020.

[56] UK Parliament, *Counter-Terrorism and Sentencing Bill*, March 16, 2021, at https://bills.parliament.uk/bills/2740 and UK Government, *Counter Terrorism and Sentencing Bill Fact Sheet*, at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886136/cts-factsheet.pdf.

influence are likely to have consequences for perceptions of the UK as either an effective or a diminished partner for the United States.

Former President Trump was outspoken in repeatedly expressing his support for Brexit and a U.S.-UK trade deal.[57] During the Trump Administration, the United States and the UK remained broadly aligned on many foreign policy and security concerns. The two countries maintained close cooperation, for example, on issues such as counterterrorism, combating the Islamic State, and seeking to end the conflict in Syria. Prime Minister Johnson also expressed support for the Trump Administration's Middle East Peace Plan, reversing Theresa May's earlier criticism of the Administration's recognition of Jerusalem as Israel's capital.[58]

Despite the close relationship between President Trump and Prime Minister Johnson, however, there also were substantive U.S.-UK policy differences and backlash from the UK side over various statements made by the former president.[59] The UK government defended both the Joint Comprehensive Plan of Action agreement (known as the Iran nuclear deal) and the Paris Agreement to combat climate change, for example, and disagreed with the Trump Administration's decisions to withdraw the United States from those agreements.[60] UK officials also expressed concerns about U.S. policies and lack of consultation in instances such as the January 2020 U.S. strike that killed Iranian General Qasem Soleimani in Iraq and U.S. troop withdrawals in advance of Turkey's October 2019 military operation in northern Syria.[61]

UK policy toward Chinese telecommunications equipment company Huawei was a target of U.S. advocacy during the Trump Administration. In January 2020, the UK government announced that it would allow Huawei to build parts of the UK's 5G cellular network, despite U.S. calls to boycott Huawei due to security risks.[62] The UK position on Huawei moved toward a stricter ban over the course of 2020, however. Following new U.S. sanctions against Huawei in May 2020, the UK government announced in July 2020 that UK telecommunications providers should cease to procure any new equipment from Huawei after the end of 2020 and remove all Huawei equipment from 5G networks by the end of 2027.[63] In November 2020, the UK announced that no

[57] Sam Levin, "Donald Trump Backs Brexit, Saying UK Would Be 'Better Off' Without EU," *Guardian*, May 5, 2016 and Justin Wise, "Trump Says He Supports UK Leaving EU Without a Brexit Deal," *The Hill*, June 2, 2019.

[58] Rowena Mason, "Boris Johnson Praises Trump's Middle East Peace Plan at PMQs," *Guardian*, January 29, 2020.

[59] See, for example, Alexander Smith, "Trump Is So Unpopular in the U.K. That Some Are Lining Up for a Fight," *NBC News*, December 3, 2019; *BBC News*, "Sir Kim Darroch: UK Ambassador to US Resigns in Trump Leaks Row," July 10, 2019; Peter Baker, "Trump Renews Feud with London Mayor, Calling Him a 'Disaster,'" *New York Times*, June 15, 2019; Tom Embury-Dennis, "UK Government's Spy Agency Condemns Trump Statement as 'Utterly Ridiculous' and Says President 'Should Be Ignored,'" *Independent*, April 23, 2019; Guy Faulconbridge, "Trump Says He 'Would Apologize' for Sharing British Far-Right Videos," Reuters, January 26, 2018; and Karla Adam and Jennifer Hassan, "Trump Blames 'Bad Deal' for London Trip Cancellation. But Brits Think They Scared Him Away," *Washington Post*, January 12, 2018.

[60] Foreign and Commonwealth Office, *Foreign Secretary's Statement on the Iran Nuclear Deal Following Brussels Meeting*, January 11, 2018; and Rob Merrick, "Theresa May Rebukes Donald Trump For Pulling Out of Paris Agreement," *Independent*, September 20, 2017.

[61] Mark Landler, "Boris Johnson's Balancing Act with Trump and Europe on Iran" *New York Times*, January 6, 2020; and Dan Sabbagh, "UK Voices Concerns over a Turkish Invasion of Kurdish-Run Syria," *Guardian*, October 8, 2019.

[62] Jack Arnholz, "US Senators Urge UK to Boot Tech Giant Huawei from 5G Deal," *ABC News*, March 4, 2020; *BBC News*, "Huawei: US 'to Work with' UK over Chinese Firm," January 30, 2020; and Max Colchester, "U.K. Allows Huawei to Build Parts of 5G Network, Defying Trump," *Wall Street Journal*, January 29, 2020.

[63] Department for Digital, Culture, Media & Sport, *Factsheet 5: Policy Context and Background*, November 24, 2020, at https://www.gov.uk/government/publications/telecommunications-security-bill-factsheets/factsheet-5-policy-context-and-background.

Huawei equipment could be installed after September 2021 (i.e., equipment that was purchased and stockpiled prior to the end of 2020).[64]

President Biden and top officials in the Biden Administration maintain a skeptical view of Brexit.[65] (Prior to the 2016 Brexit referendum, then-President Obama conveyed his perspective that the UK leaving the EU was not in the U.S. interest.)[66] President Biden also has expressly stated the position that Brexit must not harm the Good Friday Agreement, and that any U.S.-UK free trade agreement is contingent on avoiding the establishment of a hard border on the island of Ireland.[67]

The U.S. presidential transition from President Trump to President Biden caused some advocates of close U.S.-UK ties to express anxiety about the relationship.[68] There have been some concerns in the UK that Prime Minister Johnson's close relationship with former President Trump, as well as past comments about former President Obama, might hurt his standing with the Biden Administration.[69] Some observers suggest that the Biden Administration is likely to place relatively strong emphasis on seeking to renew U.S.-EU ties, and that relations with the post-Brexit UK, including a trade deal, may not be a top U.S. priority.[70] Nevertheless, President Biden and Prime Minister Johnson have conveyed an intention to establish a pragmatic working relationship, and analysts suggest the two leaders are likely to move any personal differences aside and find common ground for cooperation on numerous issues.[71]

The Johnson government is likely to miss the Trump Administration's strong support for Brexit and a U.S.-UK free trade agreement, but the Biden Administration's emphasis on alliances and multilateralism, maintaining international norms, and combatting climate change appear more aligned with UK foreign policy preferences.[72] The Biden Administration's decision to rejoin the Paris Agreement appears to offer a particular opportunity for U.S.-UK cooperation, as Prime Minister Johnson seeks to promote ambitious climate policies and highlight UK leadership on climate issues.[73] Combatting the COVID-19 pandemic, potentially reengaging in diplomacy with Iran, and addressing a range of challenges posed by China are likely to be additional focal points for U.S.-UK cooperation. Following the April 2021 announcement that U.S. forces would withdraw from Afghanistan by September 11, 2021, the UK joined all the NATO allies in

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[64] *BBC News*, "Huawei Ban: UK to Impose Early End to Use of New 5G Kit," November 30, 2020.

[65] Vincent Wood, "Biden's Secretary of State Pick Compared Brexit to 'A Dog Being Run over by a Car,'" *The Independent*, November 24, 2020; and U.S. Embassy in Ireland, *Remarks by the Vice President to the Irish People*, June 24, 2016, at https://ie.usembassy.gov/vice-president-biden-speech-dublin-castle/.

[66] Tom McTague, "9 Takeaways from Barack Obama's Brexit Intervention," *Politico*, April 22, 2016.

[67] George Parker and Katrina Manson, "Joe Biden Warns Boris Johnson Not to Let Brexit Upend Northern Ireland Peace Process," *Financial Times*, November 9, 2020.

[68] Mo Abbas, "Britain Courted Trump. The Biden Era May Be a More 'Challenging Time,'" *NBC News*, February 13, 2021.

[69] George Parker, Jasmine Cameron-Chileshe, and Katrina Manson, "Boris Johnson on Back Foot as UK Tries to Reset Relationship with US," *Financial Times*, January 15, 2021.

[70] Ryan Heath, "Britain Braces for Not-So-Special Relationship with Biden," *Politico*, December 31, 2020.

[71] James Politi, "Biden Talks Up Transatlantic Ties in First Call with Boris Johnson," *Financial Times*, January 23, 2021; and Jon Allsop, "Why Boris Johnson Won't Clash with Joe Biden," *Foreign Policy*, January 20, 2021.

[72] Melissa Quinn, "British PM Boris Johnson Welcomes "Incredibly Encouraging" Early Moves from Biden," *CBS News*, February 14, 2021.

[73] Danielle Sheridan and Asa Bennett, "Britain Has a 'Responsibility' to Lead the Charge on Climate Change, Boris Johnson Says," *The Daily Telegraph*, February 4, 2020.

deciding to begin withdrawing their remaining forces from Afghanistan by May 1, 2021, and to complete the drawdown of all forces from the country within several months.[74]

Security and Defense Relations

U.S. defense planners have long viewed the UK as one of the most capable European allies—if not *the* most capable, alongside France—in terms of well-trained combat forces and the ability to deploy them. Observers note that the United States and the UK have long tended to have similar outlooks on issues such as the use of force, the development of military capabilities, and the role of NATO. Analysts believe that close U.S.-UK cooperation will continue for the foreseeable future in areas such as counterterrorism, intelligence, and the future of NATO, as well as numerous global and regional security challenges.

The UK hosts about 9,300 U.S. military personnel as well as airbases that support U.S. operations, equipment, radar sites, and intelligence centers.[75] RAF Lakenheath is the largest U.S.-operated base in the UK and home to an F-15 fighter wing; the United States also plans to base two squadrons of F-35s there starting in 2021.

In January 2021, the two countries announced plans to deploy a U.S.-UK combined carrier strike group later in the year.[76] The group is to be led by the UK's new aircraft carrier, HMS *Queen Elizabeth*, and is expected to include U.S. Marine Corps F-35s and a U.S Navy guided missile destroyer.

A 1958 U.S.-UK Mutual Defense Agreement established unique cooperation with regard to nuclear weapons, allowing for the exchange of scientific information and nuclear material. Additionally, since the signing of the 1963 U.S.-UK Polaris Sales Agreement, the United States has sold the UK equipment and associated services for a submarine-launched strategic weapons delivery system. The UK's nuclear deterrent consists of several Vanguard class submarines, each armed with up to 16 Trident missiles.

The United Kingdom and the United States are key partners in terms of defense industry cooperation and defense sales. The two countries are engaged in more than 20 joint equipment programs, including the F-35 Joint Strike Fighter. Most major U.S. defense companies have a UK presence; numerous British companies, most notably BAE Systems, operate in the United States. British defense companies' U.S. operations tend to be part of a larger supply chain, with sales consisting mostly of components and niche equipment rather than entire platforms.

In 2007, in an effort to address long-standing British concerns about U.S. technology-sharing restrictions and export controls, the countries signed a Treaty Concerning Defense Trade Cooperation.[77] The treaty eliminates individual licensing requirements for certain defense articles and services controlled under the U.S. International Traffic in Arms Regulations. The agreement is reciprocal and is intended to cover defense equipment for which the U.S. and UK governments are the end-users. It also calls for the creation of "approved communities" of companies and individuals in each country with security clearances to deal with technological transfers.

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[74] NATO, *NATO Allies Decide to Start Withdrawal of Forces From Afghanistan*, April 14, 2021; and "UK Troops Expected to Leave Afghanistan by September," *BBC News*, April 14, 2021.

[75] International Institute for Strategic Studies, *The Military Balance 2021*, p. 160.

[76] U.S. Department of Defense, *Statement on Carrier Strike Group 2021 Joint Declaration Signing*, January 19, 2021.

[77] The U.S. Senate passed a resolution of advice and consent to ratification of the treaty in 2010. The treaty is numbered 110-7.

While maintaining close defense cooperation with the UK, U.S. officials have expressed concerns about UK defense spending and reductions in the size and capabilities of the British military in recent years.[78]

Counterterrorism and Intelligence Cooperation

The U.S. government considers the UK to be "one of the strongest and most able U.S. partners in the global fight against terrorism" and describes counterterrorism cooperation with the UK as "excellent."[79] The two countries also have a close and well-established intelligence-sharing partnership, with personnel regularly embedded in one another's intelligence agencies.[80] The United States and the UK additionally cooperate through the Five Eyes partnership, an intelligence alliance that includes Australia, Canada, and New Zealand. Although many of the details and achievements remain undisclosed, U.S.-UK intelligence and counterterrorism cooperation reportedly has disrupted multiple terrorist operations against both countries, including a series of major plots in the decade following the 9/11 terrorist attacks.[81]

Economic Relations

The U.S.-UK bilateral investment relationship is the largest in the world. In 2019 (latest data available), U.S. foreign direct investment (FDI) in the UK was $851.4 billion, and UK FDI in the United States was $505.1 billion.[82] U.S.-based affiliates of UK-owned companies employed more than 1.27 million U.S. workers in 2018, and UK-based affiliates of U.S.-owned firms employed 1.46 million people in the UK. The UK is also a major U.S. trading partner. In 2020, U.S. exports of goods and services to the UK were worth $118 billion, and U.S. imports of goods and services from the UK were worth $100.3 billion.

The United States and UK conducted five rounds of negotiations on a bilateral FTA in 2020. While officials reported progress on issues such as investment and digital services, differences have yet to be resolved over issues such as food safety regulations and market access for U.S. pharmaceutical products.[83] The Biden Administration has not released a timeline for continuing U.S.-UK talks on an FTA, or indicated what priority the talks would receive in relation to other potential U.S. trade negotiations.

Northern Ireland

Many Members of Congress have supported the Northern Ireland peace process for decades. Over the last several years, congressional hearings have focused on the implementation of the Good Friday Agreement, policing reforms, and human rights in Northern Ireland. Some Members have

[78] See, for example, Steven Erlanger, "Austerity-Battered U.K. 'Retreating Behind a Nuclear Shield,'" *New York Times*, April 27, 2019; and Ewen MacAskill, "US Defence Secretary Intervenes in UK Military Budget Row," *Guardian*, July 2, 2018.

[79] Department of State, *Country Reports on Terrorism 2019: United Kingdom*, June 24, 2020.

[80] Jamie Gaskarth, "How US-UK Intelligence Sharing Works – And Why Huawei 5G Decision Puts It at Risk," *The Conversation*, February 5, 2020.

[81] See Prime Minister's Office, *US and UK Counterterrorism Cooperation*, at http://www.number10.gov.uk/news/counterterrorism-cooperation/.

[82] Statistics in this section are from U.S. Department of Commerce, Bureau of Economic Analysis, *United Kingdom – International Trade and Investment Country Facts*.

[83] Anna Isaac, "U.S.-UK Trade Talks Joe Biden Inherits," *Politico*, December 14, 2020.

been interested in the status of public inquiries into several past murders in Northern Ireland in which collusion between the security forces and paramilitary groups is suspected.

Some Members of Congress have demonstrated an interest in how Brexit might affect Northern Ireland and expressed continued support for the Good Friday Agreement. U.S. officials and many Members of Congress have asserted that Brexit must not damage the Northern Ireland peace process, and expressed support for the Ireland/Northern Ireland protocol amid implementation challenges and other difficulties that have emerged since it took effect in January 2021.[84]

Although many Members back a future U.S.-UK FTA, some Members also have tied their support to protecting the Northern Ireland peace process. In April 2019, House Speaker Nancy Pelosi said there would be "no chance whatsoever" for a U.S.-UK trade agreement if Brexit were to weaken the Northern Ireland peace process.[85] On December 3, 2019, the House passed H.Res. 585, reaffirming support for the Good Friday Agreement in light of Brexit and asserting that any future U.S.-UK trade agreement and other U.S.-UK bilateral agreements must include conditions to uphold the peace accord. S.Res. 117, introduced on March 16, 2021, would express support for the Good Friday Agreement and the Ireland/Northern Ireland protocol, and it would assert that any future U.S.-UK trade or other bilateral agreements must "take into account" whether obligations in the Good Friday Agreement are being met. Other Members of Congress have not directly tied their support for a bilateral U.S.-UK FTA to protecting Northern Ireland post-Brexit.[86]

In response to a question about the unrest in Northern Ireland in April 2021, White House Press Secretary Jen Psaki stated, "We are concerned by the violence in Northern Ireland, and we join the British, Irish, and Northern Irish leaders in their calls for calm. We remain steadfast supporters of a secure and prosperous Northern Ireland in which all communities have a voice and enjoy the gains of the hard-won peace."[87]

Conclusion

The UK is likely to remain a strong U.S. partner, and Brexit is unlikely to cause a dramatic makeover in most aspects of the U.S.-UK relationship. Analysts believe that close U.S.-UK cooperation will continue for the foreseeable future in areas such as counterterrorism, intelligence, economic issues, and the future of NATO, as well as on numerous global and regional security challenges. UK officials have emphasized that Brexit does not entail a turn toward isolationism and that the UK intends to remain a global leader in international diplomacy, security issues, trade and finance, and policies to address climate change.

Nevertheless, the future of the relationship still faces a number of broad concerns and uncertainties. As discussed above, observers hold differing views as to whether Brexit will ultimately reinvigorate or diminish the UK's global power and influence in foreign policy, security, and economic issues. UK officials had concerns about the direction of U.S. foreign

[84] See, for example, White House, *Readout of Vice President Kamala Harris Meeting with First Minister Arlene Foster and Deputy First Minister Michelle O'Neill of Northern Ireland*, March 17, 2021.

[85] Simon Carswell, "Pelosi Warns No US-UK Trade Deal if Belfast Agreement Weakened by Brexit," *Irish Times*, April 15, 2019.

[86] Senator Chuck Grassley, "Grassley Joins Colleagues in Letter Pledging to Back Britain After Brexit," press release, August 6, 2019.

[87] The White House, *Press Briefing by Press Secretary Jen Psaki and Secretary of Energy Jennifer Granholm*, April 8, 2021.

policy during the Trump Administration, including with regard to views toward NATO and multilateralism, as well as a lack of consultation and coordination in a number of decisions. In January 2020, UK Defense Secretary Ben Wallace expressed the view that the UK may be forced to rethink the assumption that its armed forces would always fight as part of a U.S.-led coalition, and that the UK may need to become less dependent on U.S. assets.[88]

Brexit could have a substantial impact on U.S. strategic interests in relation to Europe more broadly and with respect to possible implications for future developments in the EU.[89] Observers commonly regarded the UK as the strongest U.S. partner in the EU, a partner that frequently shared U.S. views, and an influential voice in EU policies and initiatives.

Brexit affects the EU's "influence and credibility as a security actor," given that the UK accounted for 20% of the EU's military capabilities and 40% of its defense-industrial capabilities.[90] Brexit appears to be a factor in prompting the EU to place renewed emphasis on moving ahead with developing shared capabilities and undertaking military integration projects under the EU Common Security and Defense Policy (CSDP). In the past, the UK essentially vetoed several initiatives to develop a stronger CSDP, arguing that such efforts duplicate and compete with NATO. U.S. officials generally have supported EU initiatives aimed at increasing European defense capabilities, but have urged that such efforts do not duplicate or compete with NATO activities and warn against excluding U.S. industry from participating in EU defense projects.[91]

Brexit also may affect the perceived influence of EU foreign policy on broader issues such as human rights and sanctions, and the EU's ability to be a robust, effective global partner for the United States given the UK's past prominent role in shaping and driving the EU position on many foreign policy challenges.

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Acknowledgments

The author thanks CRS Visual Information Specialists Mari Lee and Brion Long and CRS Geospatial Information Systems Analyst Calvin DeSouza for their work in creating graphics for this report.

[88] *BBC News*, "Ben Wallace: UK 'Must Be Prepared to Fight Wars Without US,'" January 12, 2020.

[89] Erik Brattberg, "What Can Europe Offer Biden on Security and Defense?," in *Working with the Biden Administration: Opportunities for the EU*, ed. Rosa Balfour, Carnegie Endowment for International Peace, January 26, 2021.

[90] Peter Round, Bastian Giegerich, and Christian Mölling, *European Strategic Autonomy and Brexit*, International Institute for Strategic Studies and German Council on Foreign Relations, June 2018, p. 2.

[91] Valerie Insinna, "US Officials Threaten Retribution for European Union's Restrictions on Defense Fund," *DefenseNews*, June 19, 2019; and Aaron Mehta, "US Cautiously Watching EU Military Proposal," *DefenseNews*, February 13, 2018.

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