‘I sense Brussels is ready to be bold and ambitious’: hope mixes with anger on Brexit’s fifth anniversary

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The union jack was lowered in Brussels this week in 2020. Today, despite the problems caused by leaving, a yearning for ‘Breturn’ flowers

Andrew Moss despairs, even now, when he thinks back to the end of January 2020. It was a painful, traumatic time for anyone building an export business in the UK.

On 30 January, the World Health Organization declared Covid-19 a public health emergency of international concern. The following day, the UK finally exited the European Union.

By the time the UK had also left the single market and a third lockdown loomed a year later, the brutal confluence of Brexit and the pandemic fully hit home.

“When we came in to work and we couldn’t ship all this stuff to Italy, I got in touch with our MP, Lucy Frazer,” Moss recalls. “She said she would try to get - people in Westminster and regional government to help us. But nobody could. Nobody had the answer. The world had fallen apart.”

The desperation of those times, the endless questions, the double horror of Covid and Brexit, remain all too clear in his mind. He and others running small and medium-sized British companies just wanted answers. “Show us the way. Tell us how we get out of this shitshow.

“Show us the way that we can do this frictionless trade you promised us.

But months went by and they didn’t. I had sleepless nights. Then I woke up and realised that ‘taking back control’ was absolutely right. But it was us who had to do it – we had to take back control ourselves, because those people in Westminster hadn’t got a clue.”

Five years ago, almost to the day, Brexit was marked in Brussels with a low-key ceremony, and a combination of relief and sadness. Around 5pm, a man in a dark suit and tie opened an upper-floor window at the office of the UK’s Permanent Representation to the EU. Without any fuss he began lowering the blue and gold-starred EU flag. A small crowd of journalists and passersby stood on the pavement, looking up as the flag was quickly bundled down, leaving a lone union jack fluttering in the breeze. The UK was no longer a member of the EU club of nations.

Georg Riekeles, a senior EU official at the time who had spent years working on the UK's tortuously negotiated withdrawal agreement, remembers that time well: "For me it was very important as a day – certainly a moment of regret, [a] regretful achievement of sorts." That day he tweeted an image of an EU flag he had drawn: one of the stars was slipping away and turning into a single golden tear.



For too many UK businesspeople, however, there is no melancholy as the anniversary approaches. The anger felt by many at the whole chaotic process will have been increased by the admission by the new Tory leader, Kemi Badenoch, that the Tory government of which she was latterly a member never had any real plan for Brexit in the first place.

Moss says that this is exactly how it has always felt. As a result he and others who run small businesses feel they have been left to fill the policy void for themselves. Moss is managing director of Horizon, a multi-award-winning company based in Ely, Cambridgeshire, which designs and sells packaging and point-of-sale marketing displays and whose fortunes this newspaper has been following since Brexit. "I have survived," he says, "but many, sadly, have not."

In 2021, he had no option but to set up a large depot in the Netherlands at huge expense to get around horrendous VAT problems caused by the UK leaving the EU.

Even now, he says, Brexit creates devastating aftershocks.

Recently he was told by tax inspectors that tax reliefs worth hundreds of thousands of pounds a year to his company, which has won awards for its innovative designs, will no longer be available because European funds for them have dried up. Government insiders dispute this, saying while applications are being looked at more carefully, there is no link to Brexit.

Moss has his reasons for disputing this. "This moving of goalposts has massively harmed my business and the decisions we are now making will harm future growth. Other businesses that I know of are already moving development facilities to friendlier territories – and I can see why."



Businessman Andrew Moss: 'I realised that "taking back control" was absolutely right. But it was us who had to do it, because those people in Westminster hadn't got a clue.' Photograph: Sonja Horsman/The Observer

In those early days, the Conservative government claimed its plan to "take back control" would all come good over time. Michael Gove, one of the prime movers behind Brexit, blithely referred to the difficulties small businesses were having in 2020 and 2021 as "teething problems". Remainers and journalists who highlighted them were dismissed as "remainiacs" and bad losers.

Five years on, however, the data is indisputable. According to World Trade Organization data for the third quarter of 2024 (the latest for which figures are available), UK goods exports had fallen by 9% compared with the last quarter of 2020. On average, advanced economies' goods exports had risen by 1%. The equivalent figures for imports show the UK's imports have fallen by 9%, while on average those of advanced economies have risen by 3%.

In the services sector the UK has done better, but so have other countries. UK finance and transport exports, however, were both down by about 20% on advanced-economy averages by the second quarter of 2023. These are the two sectors in which the EU single market did most to break down barriers before we eventually left when the transition ended in December 2020.

John Springford, an economist at the Centre for European Reform, says: "There is little disagreement among economists that Brexit has hurt trade and investment – the argument is only about how much. The Office for Budget Responsibility says it sees no reason to change its view that in the long run the -economy will be around 4% smaller than if Britain had stayed in.

"The data, which shows sizeable shortfalls in goods trade and investment compared to other advanced economies, suggests it is right to do so."

Today, Brexit still looms large in the in-trays of government ministers and those running companies across the UK. Under Keir Starmer's Labour administration, the first tentative moves are under way to find ways to reduce the very trade frictions that leaving the single market and customs union have caused.

On Friday in an interview with the *Observer*, the chancellor, Rachel Reeves, accepted Brexit had done significant damage to the UK economy. “What I want to do is to get some of that GDP back by having a better trading relationship with the EU,” she said. Her aim was “to reduce those frictions, particularly for smaller businesses.” She added: “There is a better deal to be had than the one we have got at the moment.”

She was also positive about looking at UK membership of a pan-European customs area, an idea floated last week by the EU trade chief, Maroš Šefčovič.

But, with Reform UK, the successor to Ukip, rising in the polls, there are political worries getting in the way. This government’s economic objective of promoting growth by getting closer to the EU does not sit well with its desire to avoid doing anything that might upset previous or current Brexit supporters, including those who now back Nigel Farage’s party.

Some in Downing Street are fearful of moving too fast in “resetting” the UK’s relations with Brussels. “There are people at the centre who you can feel pushing against this,” said one government source. “Rachel may want growth for all it’s worth, but some fear what Nigel Farage could do with this.”

Charles Grant, the director of the Centre for European Reform, who has close contacts with Brussels and in EU governments, says: “Among EU officials, there is some frustration with Starmer’s government. They welcome the more constructive tone from Labour ministers, but they worry that the government has not yet worked out what it wants in terms of the economic relationship with the EU. And they fear that, if it does come up with policies for a closer EU - relationship, the government could quickly be blown off course by anger and noise from Eurosceptics.”

He adds: “There are many reasons for the government’s caution over Europe, including the fact that it contains few senior figures who know much about the EU. Perhaps the most important reason is its – understandable – obsession with the risk of losing votes to Reform UK.”

In Brussels there are far bigger immediate questions to tackle than the UK’s future relations with an organisation it chose to leave, important though that is.

João Vale de Almeida, the former EU ambassador to London, says the future of UK/EU relations is now, as with so much else, being viewed in Brussels in the context of the far wider challenges thrown up by the return to the White House of Donald Trump. This, he says, “plays in favour of a deeper EU-UK security, defence, foreign policy, relationship, as well as better-coordinated action at international level at G7, G20 and beyond – particularly regarding Ukraine and Russia.

“I sense that Brussels is ready to be bold and ambitious. Everyone likes Starmer, who made a very good start. His attendance at the EU council retreat on defence on 3 Februarywill be a key moment.”

Vale de Almeida was less sure, however, about any substantial progress on the trade and economic aspects of a reset. “London is, maybe, taking a bit long to define what it really wants to do and how far it wants to go. While there is goodwill towards the UK, there is awareness that if it keeps its red lines the economic impact of the reset could be disappointing, because the scope of change is narrow.”



Remain campaigner Steve Bray outside parliament during the last days of EU membership. Photograph: Andy Rain/EPA

In a sign of positive intent, Starmer has been invited to join the EU’s 27 leaders at the “retreat” to discuss defence at the stately Palais d’Egmont in central Brussels. While precise agreements are not expected from the gathering, it will be the first encounter between a UK prime minister and all 27 EU leaders since Brexit. Later in the first half of 2025, the first UK-EU summit is expected.

Julian King, the British diplomat who served as Britain’s last EU commissioner, said that the 3 February meeting was “not going to yield instant results in terms of strengthening the economic relationship”, but was “part of a reinforced trajectory of trying to work constructively with like-minded partners”.

It is not hard to find EU countries hoping for closer UK ties, especially in central and eastern Europe. At a press conference with Starmer earlier this month, Poland’s prime minister, Donald Tusk, said he still dreamed of “a Breturn”. As Starmer listened impassively, Tusk said he would “rather be an optimist and harbour these dreams in my heart – sometimes they come true in politics”.

Virginijus Sinkevičius, a Lithuanian member of the European parliament’s delegation to the EU-UK parliamentary partnership assembly, said the UK was a core ally and that he saw “lots of possibilities” to improve cooperation, including on security and international climate negotiations.

Behind the positive intentions there are still plenty of areas of disagreement. The Commission has launched legal action against the UK government, including for alleged violations of the rights of EU citizens living in the UK. This week, the

permanent court of arbitration in The Hague will begin efforts to resolve another post-Brexit dispute over fishing sand eels in the North Sea.

Arguably more problematic, the EU has been disappointed by the Starmer government's rejection of its youth mobility proposal, which would give young people reciprocal rights to live, work and study abroad.

The government's reset could also run into trouble over fishing. EU officials have decided, according to a leaked document, that the reset "is only credible" if based on maintaining the status quo on EU fishing rights in British waters beyond June 2026, when current arrangements expire. An "early understanding" on fisheries "is needed for the facilitation of discussions on the other aspects under consideration", states the internal memo seen by the *Guardian*.

As for Moss, he is just proud to have built his company up despite it all. "Yes, *we* have managed, *we* have succeeded – but you don't see the dead bodies stood behind us, the collateral damage. You don't see the companies that failed in our wake."