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BREXIT AND ITS POTENTIAL EFFECTS ON TRADE BETWEEN THE EUROPEAN UNION AND SELECTED COUNTRIES¹

INTRODUCTION

Great Britain, which is characterized by the distance to the concept of international economic and political integration, is considered to be a country that is slowing down the deepening of relations between the European Union member states and counterbalancing Germany and France, which are in favour of further intensifying their cooperation within the grouping. In terms of economic potential, measured by the country's share in EU GDP in 2016, the United Kingdom ranked second (after Germany), producing around 16% of the total EU output. Leaving the European Union by this country may lead to the weakening of the European Union both in the global economy and in global trade and the deterioration of the negotiating position.

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The aim of the article is to try to determine the potential Brexit effects on trade in the European Union (EU) in the context of relations with selected countries, which are important partners from both the point of view of the grouping and Great Britain.

THEORETICAL APPROACH TO BREXIT IN THE CONTEXT OF SELECTED CONCEPTS FOR EU DISINTEGRATION AND IMPLICATIONS FOR EUROPEAN ECONOMIC INTEGRATION

Integration is a long-term and dynamic process, making a new quality, in which the elements that integrate undergo a transformation and adjust to each other. As a result of this merge, both their structure and links connecting them change². In the literature, numerous attempts have been made to define the concept of economic integration, stressing the elimination of barriers and discrimination³, indicating the transfer of political competences and the establishment of institutions⁴. The integrating states care more about relations between entities within the grouping than outside it⁵. In contemporary relations between states, a phenomenon accompanying integration processes, mutually complementing and conditioning them, but having the opposite direction in relation to the former, is disintegration. It is understood as the disintegration of a certain whole, breakup, dissipation, deprivation of uniformity, fragmentation⁶. Disintegration is the process by which the previously unified entity is divided into components. As a process, like integration, it can be determined in relation to earlier levels of integration⁷. In the literature, much more space is devoted to the concepts of international integration processes that have positive connotations, rather than disintegration, which often causes negative associations. The latter is defined as loosening or cracking of the system, not only within the space and

² E. Polak, *Integracja i dezintegracja jako współzależne procesy współczesnych przemian cywilizacyjnych*, Gdańsk 2001, p. 14-17.

³ W. Goode, *Dictionary of Trade Policy Terms*, Cambridge 2003, p. 302; B. Mennic, K. Sauvant, *Emerging Forms of Transnational Community*. Lexington 1976, p. 75; A.M. El-Agraa, *The European Union. Economics and Policies*, 8 ed. New York 2007, p. 1; R. Baldwin, *Sequencing regionalism: theory, European practice and lessons for Asia*. CEPR Discussion Paper 2010, No. 7852, p. 2; J. Pelkmans, *European Integration: Methods and Economic Analysis*. Essex 2001, p. 2; F. Ilzkovitz, A. Dierx, V. Kovacs, N. Sousa N. (2007). *Steps Towards a Deeper Economic Integration: The Internal Market in the 21st Century*. European Economy. Economic Papers 2007, No. 271, p. 18 and 90.

⁴ E.B. Haas, *The Uniting of Europe: Political, Social and Economic Forces 1950-1957*. Stanford 1958, p. 16; L. Lindberg, *The Political Dynamics of European Economic Integration*, Stanford 1963, p. 6.

⁵ M.N. Jovanović, *The Economics of International Integration*, second ed., Cheltenham (UK), Northampton (MA, US) 2015, p. 7.

⁶ J. Ruzzkowski, *Wstęp do studiów europejskich. Zagadnienia teoretyczne i metodologiczne*, Warszawa 2007, p. 280-281; J. Ruzzkowski, J. Międzynarodowe procesy integracyjne i dezintegracyjne, [In:] E. Cała-Wacinkiewicz, R. Podgórska, D. Wacinkiewicz (Ed.), *Encyklopedia zagadnień międzynarodowych*, Warszawa 2011, p. 655.

⁷ A. Eppler, L.H. Anders, T. Tuntschew, Europe's political, social, and economic (dis-)integration: Revisiting the Elephant in times of crises, *Political Science Series, Working Paper* 2016, No. 143, p. 5

planes, but also its structure⁸. The causes of disintegration derive from reaction to the dynamic process of globalisation, as well as the pace of the transformations⁹. In economic terms, a reflection of the economic imbalance of the European Union as a result of the 2008+ financial crisis and the deep recession in the Eurozone that resulted from it, deepening inequalities between member states and growing discrepancies affecting the effectiveness of EU decisions have occurred¹⁰. In addition to economic problems, the crisis of the European Union integration also took other dimensions – migration and internal (institutional – democratic deficit), security system¹¹, and the structure of the euro area. Thus, the worsening condition of the European Union might hinder the progress of the integration process, trigger spill-back effects and, consequently, the process of disintegration within the grouping.

The results of integration and disintegration processes can be evaluated with the use of the same indicators, which, however, cannot imply that the causes and mechanisms of integration and disintegration are the same. The lowering of an indicator value means disintegration, while an increase in its value is associated with the integration. In the literature you can find various measures that can be used to measure the effect of taking into account the political, economic and social dimension of the ongoing integration process, or disintegration¹². In this study, only selected indicators for measuring changes in the economic integration process, which relate exclusively to trade, have been used to assess the potential impact of Brexit, and which represent the most widely perceived effect of the interdependencies between EU member states and their relations with non-EU countries. The situation in which trade from outside the EU is more important than within the grouping may indicate a higher probability of disintegration.

THE POSITION OF THE EUROPEAN UNION IN THE GLOBAL TRADE AFTER LEAVING THE GROUPING BY GREAT BRITAIN

The United Kingdom, likewise Germany and France, belongs to the group of the most important trade partners among the European Union countries, which is why Brexit may cause changes not only for the UK trade, but also for the entire grouping. The analysis covers the period from 2008-2016. On the basis of selected indicators, attempts were made to show changes that may affect the European Union trade after leaving the grouping by Great Britain. First of all, the development of both exports-to-GDP-ratio and imports-to-GDP-ratio were

⁸ Czachór Z., *Kryzys i zaburzona dynamika Unii Europejskiej*, Warszawa 2013, p. 548.

⁹ E. Polak, *Integracja i dezintegracja...*, p. 8.

¹⁰ H. Scheller, A. Eppler, European Disintegration – non-existing Phenomenon or a Blind Spot of European Integration Research? Preliminary Thoughts for a Research Agenda, Institute for European Integration Research, Universitaet Wien, *Working Paper* 2014, no. 02, p. 6.

¹¹ Z. Czachór, *Kryzys i zaburzona dynamika ...*, pp. 505-512.

¹² A. Eppler, L.H. Anders and T. Tuntschew, *Europe's political, social and economic ...*, pp. 11-14; E. Polak, *Integracja i dezintegracja...*, pp. 46-48.

taken into account. The analysis was conducted for two entities: EU28 (with the UK as a member state) and EU27 (without the UK).

Table 1. The UE28 and UE27
(without GB) exports and imports share in GDP in 2008-2016 (in %)

Specifi- cation	2008	2009	2010	2011	2012	2013	2014	2015	2016	Param- eter α_1	R ² Coefficient of determina- tion
Exports-to-GDP-ratio											
UE28	38.9	34.8	38.6	41.4	42.6	42.8	43.1	44.0	44.1	0.9804	0.7438
UE27 (with- outGB)	41.0	36.2	40.3	43.2	44.9	45.1	45.9	47.4	47.1	1.1911	0.7765
Imports-to-GDP-ratio											
UE28	38.8	33.8	37.7	40.4	40.7	40.3	40.3	40.4	40.6	0.5387	0.4280
UE27 (without GB)	40.3	34.7	38.8	41.7	42.2	41.8	42.3	42.8	42.6	0.6717	0.4949

Source: Own calculations based on the Eurostat data (<http://ec.europa.eu/eurostat/tgm>), [access: September 2017].

Values of the export and import rates confirm relatively high opening of the European Union to trade. As it results from the Brexit analysis, it may affect the increase in the importance of exports and imports in the GDP of the whole group of countries under study (Table 1). The conducted analysis also puts emphasis on the development trends of the European Union's trade in relation to GDP. For this purpose, the linear trend model was used.

$$Y_t = \alpha_0 + \alpha_1 t + u_t \quad (1.1)$$

where:

t – time index,

α_0, α_1 – parameters (the “intercept” and the “slope”)

Parameters of functions α_0 and α_1 were estimated using the least squares method. However, in order to verify the model, a coefficient of determination was used (R^2)¹³.

The analysis shows that over the period considered there was a slight increase in the degree of openness of the European Union economy to foreign trade, as evidenced by, as evidenced by the value of the coefficient α_1 . The upward trend was also recorded in the case of imports, but the degree of trend adjustment was at a much lower level compared to exports. A slightly higher increase in dependence on trade relations with foreign countries was noticed in the case of the European Union without Great Britain than in the current membership composition of the Member States. The stable market situation, the further process of globalization and regionalization and the related liberalization of trade may allow this trend to

¹³ A. Welfe, *Ekometria. Metody i ich zastosowanie*, Warszawa 2009, pp. 24-54.

persist in subsequent years, following the year 2016 (Table 1).

The UK's leaving the European Union also means changes in the share of the grouping in global trade. This analysis was carried out by the indicators obtained by the European Union to selected countries that play the largest role in global trade.

Table 2. The UE28 and UE27
(without UK) share in the global exports and imports in 2008-2016 (in %)

Specification	2008	2009	2010	2011	2012	2013	2014	2015	2016
Share in global exports									
UE28*	36.60	36.65	33.71	32.85	31.04	31.86	32.03	32.17	32.85
UE27 (without GB)*	33.59	33.73	30.91	29.98	28.42	28.96	29.32	29.33	30.26
UE28 third countries*	12.14	12.40	11.99	12.07	11.96	12.41	12.11	12.19	12.18
UE 27 (without GB) third countries*	10.78	11.08	10.65	10.63	10.61	10.75	10.68	10.59	10.81
China	8.86	9.57	10.31	10.35	11.08	11.65	12.32	13.79	13.15
United States	7.97	8.41	8.36	8.08	8.36	8.33	8.53	9.11	9.12
Japan	4.84	4.63	5.03	4.49	4.32	3.77	3.63	3.79	4.04
South Korea	2.61	2.90	3.05	3.03	2.96	2.95	3.01	3.19	3.10
Great Britain	3.02	2.92	2.80	2.86	2.62	2.91	2.71	2.84	2.59
Russia	2.92	2.42	2.62	2.85	2.86	2.75	2.61	2.07	1.77
Share in global imports									
UE28*	37.86	36.90	34.28	33.51	31.05	30.93	31.33	30.97	31.87
UE27 (without GB)*	33.55	32.52	30.19	29.60	27.32	27.45	27.66	27.16	27.90
UE28 third countries*	15.28	14.77	14.26	14.09	13.32	12.71	12.70	12.45	12.67
UE 27 (without GB) third countries*	13.08	12.49	12.14	12.04	11.36	11.08	11.03	10.74	10.76
United States	13.17	12.65	12.77	12.30	12.55	12.30	12.69	13.89	13.95
China	6.88	7.93	9.05	9.47	9.76	10.30	10.31	10.08	9.83
Japan	4.63	4.35	4.50	4.64	4.76	4.40	4.27	3.89	3.76
Great Britain	4.32	4.38	4.10	3.92	3.72	3.48	3.67	3.81	3.97
South Korea	2.64	2.55	2.76	2.85	2.79	2.72	2.77	2.62	2.52
Russia	1.77	1.51	1.61	1.76	1.80	1.80	1.62	1.16	1.19

* The table includes the EU's share in global exports and imports in the first two items, together with intra-Community supplies and acquisitions of goods, in items 3 and 4 the registered share in global trade refers only to countries outside the grouping.

Source: Own calculations based on the ITC Trade Map data (http://www.trademap.org/Bilateral_TS.aspx?nvpm=1|826||14719|TOTAL||2|1|1|2|1|1|1|1), [access: September 2017].

In 2008-2012, the European Union's share in global exports, and in the case of imports also in 2013, showed a decreasing trend. This situation was created as one of the effects of the global economic crisis, followed by the recession and instability in the eurozone countries. In 2016, all indicators of the European Union's share of global trade significantly deteriorated compared to 2008. Leaving the European Union by Great Britain can greatly affect the deterioration

of the European Union's position, taking into account the trends in the last decade. Considering the trade exchange of the European Union with countries outside the grouping, it can be noted that the share of exports in the case of China and US imports exceed the results achieved by the grouping, both including Great Britain and without it (Table 2). In the further part, the pace of changes taking place in the exports and imports of the European Union have been taken into account, comparing them with the data obtained by the same trade partners.

Table 3. The average rate of change in UE28 and UE27 (without the UK) exports and imports in the global trade in 2008-2016 (in %)

Specification	2008-2012	2013-2016	2008-2016	2008-2012	2013-2016	2008-2016
	Pace of changes in export			Pace of changes in import		
UE28	1.62	-1.93	0.03	1.11	-2.78	-0.64
UE27 (without the UK)	1.63	-1.79	0.10	0.97	-2.86	-0.75
China	10.92	0.60	6.21	13.72	-3.34	5.79
Japan	2.25	-5.20	-1.13	7.32	-9.02	-0.28
South Korea	8.08	-2.48	3.25	7.80	-5.97	1.45
Russia	8.35	-14.58	-2.51	8.46	-13.09	-1.71
United States	6.13	-1.51	2.66	2.95	-0.92	1.21
Great Britain	1.49	-3.54	-0.78	2.22	-2.21	0.23

Source: Own calculations based on the UNCTADStat data (<http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>) [access: September 2017].

The conducted analysis indicates that the UK's leaving from the European Union would have a limited impact on the pace of changes in the export and import of the grouping. In 2013-2016, as in the case of sales to foreign markets throughout the EU, there was a significant deterioration in the pace of changes in British exports, which also translated into the entire period under consideration. Contrary to Great Britain, in the years 2008-2016, the whole grouping noted a slight increase in export. In the years 2008-2012, an upward trend was recorded in imports of studied entities. However, in the next distinguished period (2013-2016) in the case of Great Britain, the rate of decline in imports was slightly slower than in the entire EU28 and EU27 (without the UK). It allowed to achieve a low rate of growth of Great Britain's imports in the entire analysed period (2008-2016) (Table 3).

When comparing changes occurring in intra-EU trade, it should be noted that the UK's leaving from the European Union may affect a significant deterioration in the situation in intra-Community supplies of goods (Table 4).

Table 4. Average pace of the UE28 and UE27 (without the UK) export and import changes in intra-EU trade and trade with third countries in 2008-2016 (in %)

Specification	2008-2012	2013-2016	2008-2016	2008-2012	2013-2016	2008-2016
	Pace of export changes			Pace of import changes		
Intra-EU trade change						
UE28	1.2	2.4	1.7	1.2	2.3	1.7
UE27 (without the UK)	-0.2	-1.3	-0.7	0.6	3.0	1.7
Great Britain	1.2	2.6	1.8	1.2	2.3	1.7
Foreign trade with third countries						
UE28	6.4	0.9	3.9	4.4	-1.2	1.9
UE27 (without the UK)	6.2	1.5	4.1	5.6	0.1	3.1
Great Britain	6.5	0.8	3.9	4.2	-1.5	1.6

Source: Own calculations based on the UNCTADStat data (<http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>), [access: September 2017].

During the period under consideration, the changes taking place in the trade with third countries were characterized by a much much higher growth rate of change compared to intra-EU trade. The obtained results may indicate an improvement in the competitiveness of export of goods of the studied groups of countries, especially in 2008-2012 (although it included the global crisis), compared to 2013-2016. In the recent period, a greater dynamics of changes was recorded in purchases made between EU member states. The exclusion of Great Britain from intra-EU sales would cause adverse developments in the single market during the period considered. The situation, however, is reversed when considering the trade relations of the European Union without the United Kingdom with countries outside the grouping (Table 4).

The obtained results indicate the creation of new connections and deepening of the existing ones primarily with countries not belonging to the European Union, which is why the next part of the study will cover countries that are the most important partners of the European Union and Great Britain.

BREXIT'S POTENTIAL EFFECTS ON TRADE BETWEEN THE EUROPEAN UNION AND SELECTED COUNTRIES

The starting point for consideration is the analysis of the geographical structure of trade and the distinguishing of countries that are significant partners of the European Union and Great Britain. The study took into account the volume of total exports and imports, and therefore the results differ from those assumed to be for intra-EU trade and for trade with third countries. Initially, the survey covered countries with a share of over 1% in the export and import of studied entities. The distinguished countries were divided into 2 basic groups: member states of the grouping, countries not belonging to it, with the latter identifying developed countries and developing countries. Brexit will mainly refer to changes in trade regulation. The exit of the United Kingdom from the European

Union will mean, a lack of trade regulations hence the conditions of access to the markets of the countries studied may change.

Table 5. The most important trade partners of the European Union and Great Britain (based on the data of 2016)

Specification	EU member states	Developed countries	Developing countries
Export			
European Union	Total share of countries in the EU exports: 12.14%	Total share of countries in the EU exports: 0%	Total share of countries in the EU exports: 1.48%
	Great Britain, Austria, Hungary, Slovakia, Romania	-	Russia
	Total share of countries in the EU exports: 45.42%	Total share of countries in the EU exports: 12.57%	Total share of countries in the EU exports: 5.12%
Mutual partners	Germany, France, Italy, Holland, Belgium, Spain, Poland, Czech Republic, Sweden, Denmark	USA, Japan, Switzerland, Norway	China, Turkey,
Great Britain	Total share of countries in the British exports: 44.60%	Total share of countries in the British exports: 14.6%	Total share of countries in the British exports: 12.1%
	Ireland	Canada, Hong Kong, Australia	South Africa, India
	Total share of countries in the British exports: 3.2%	Total share of countries in the British exports: 5.0%	Total share of countries in the British exports: 3.0%
Import			
European Union	Total share of countries in the EU imports: 8.02%	Total share of countries in the EU imports: 0%	Total share of countries in the EU imports: 2.51%
	Austria, Hungary, Slovakia, Great Britain	-	Russia
	Total share of countries in the EU imports: 46.01%	Total share of countries in the EU imports: 11.50%	Total share of countries in the EU imports: 10.20%
Mutual partners	Germany, Holland, France, Italy, Belgium, Spain, Poland, Czech Republic, Sweden, Ireland	Switzerland, Norway USA, Japan	China, Turkey
Great Britain	Total share of countries in the British imports: 46.29%	Total share of countries in the British imports: 17.94%	Total share of countries in the British imports: 11.30%
	-	Canada, Hong Kong, Australia	South Africa, India
	Total share of countries in the British imports: 0%	Total share of countries in the British imports: 4.42%	Total share of countries in the British imports: 2.89%

Source: ITC Trade Map, (<http://www.trademap.org>), [access: September 2017]

For all European Union member states, including those that are important partners, Brexit will be associated with the deterioration of the conditions of access to the British market, especially if the Norwegian model is not maintained, ensuring the regulation of cooperation on the conditions closest to the currently functioning common market. The adoption of the Turkish model and the creation of a customs union between the European Union and the United Kingdom may introduce incomplete liberalization in the field of trade. It is also worth mentioning that the UK is not interested in maintaining further relations with the European Union based on the principles of the common trade policy. The solutions adopted in the Canadian and Swiss model currently seem to be the most likely, but the adoption of this first solution will probably result in the introduction of tariff quotas for “sensitive” goods, as is the case in the solutions effective in the case of the above mentioned regional trade agreements. In contrast, the Swiss model, based on sectoral agreements, may prove to be not a very advantageous solution from the European Union’s point of view, aiming at introducing standardized agreements regulating the terms of cooperation with the countries not belonging to the grouping. The absence of a negotiated agreement at the time of leaving the European Union by the United Kingdom and the trade being based on the principles set out by the WTO, namely the return to MFN tariff, may contribute to the deterioration of the conditions of access of the EU goods to the British market¹⁴. The effects of Brexit can mainly be seen in the case of goods of agricultural origin. The products of the processing industry can be affected to a much lesser extent and they will mainly refer to products from the automotive, chemical, plastics, wood and paper industries. The change in the terms of importing goods from the United Kingdom to the European Union may be felt in industries producing „sensitive” products, including agri-food products, textile articles, materials and fabrics, motor vehicles and products of the automotive industry, and the deterioration of the conditions of access of British products to the EU market, may sometimes result in the reduction of links between the European Union countries and Great Britain. In the long run, there may also be a trade shift effect, especially in the case of the EU-UK regulations based only on the WTO rules. Trade links between the countries of the European Union and Great Britain developed over 44 years of membership of this country in the grouping. They are the result of international economic integration, but they also involve benefits resulting from the theory of trade and productive cooperation. In the case of the European Union as well as Great Britain, trade links with the member states play the most important role in the trade of both studied entities (Table 5).

Developed countries from outside the group, which are important trading partners, accounted for about 12% of the European Union’s trade and about 20% of British exports and imports. In the case of this group of countries, which

¹⁴ B. Pera, Brexit a wymiana handlowa Unii Europejskiej i Wielkiej Brytanii, *Horyzonty Polityki*, 2017, vol. 8 no. 22, p. 76-79; B. Barazandeh, M.H. Rafieisahaie, *Analysis on Brexit’s Possible Economic Outcomes*. Technical Report, 2017, November, <https://www.researchgate.net/publication/321171530>, [access: 25.11.2017].

include the United States, Japan, Switzerland and Norway, Brexit can only affect the terms of trade with the first of these countries. Although so far these are only political declarations, however, President Trump, despite his inclination towards protectionism, expresses full support for a free trade agreement between the United States and Great Britain, which may increase the likelihood of Brexit's success. On the other hand, it may also delay the resumption of suspended negotiations between the United States and the European Union on the new Transatlantic Trade and Investment Partnership. According to the Transatlantic Business Council, Brexit is perceived as a destructive phenomenon for the existing economic order. Its disruption can make a significant contribution to the threat by increasing the importance of China or a group of BRICS countries¹⁵. In the case of Norway and Switzerland, the European Union has, since the 1970s, regulated trade relations in the form of a free area in the field of trade in goods. EU27 (without the UK) trade with these two countries should not be exposed to adverse Brexit effects. The finalization of the Economic Partnership Agreement between the European Union and Japan will help to improve the position of the grouping not only on the global market, but also on the Asian continent¹⁶. The agreement reached with Japan may become the model for Great Britain to regulate by this country the conditions of economic cooperation after Brexit on similar terms (Table 5).

In export and import from Great Britain's point of view, important trading partners include Australia, Canada and Hong Kong, which belonged to the territories dependent on Great Britain and are still economically connected with it, but to a lesser extent than the most significant countries from the European Union. The share of these countries and the special administrative region does not exceed 1% of EU exports and imports. Considering the consequences of Brexit for this group of countries, it should be noted that the terms of cooperation between the European Union and Canada have been governed by the provisions of the Comprehensive Economic and Trade Agreement (CETA) since September 2017, and this country is a strategic partner for the grouping. Relations between the European Union and Australia are somewhat different. Despite a relatively low share in the EU trade, Australia is an important partner for the grouping. As a result of Brexit, EU-Australian relations may lose their importance, which is why the European Union should strive to negotiate and conclude an agreement on a free trade area. The relaxation of mutual relations between the European Union and these countries as a result of Brexit may also be associated with emerging proposals to strengthen cooperation within the framework of the Commonwealth and make attempts to create a free trade area and even a single market modelled on the EU¹⁷. In 2015, another initiative was launched to promote the deepening

¹⁵ R. Adler-Nissen, Ch. Galpin, B. Rosamond, Performing Brexit: How a post-Brexit world is imagined outside the United Kingdom. *The British Journal of Politics and International Relations*, 2017, vol. 19, no. 3, p. 583-584.

¹⁶ European Commission – Press release, EU and Japan finalise Economic Partnership Agreement, Brussels, 8 December 2017. (http://europa.eu/rapid/press-release_IP-17-5142_en.htm), [8.12.2017].

¹⁷ R. Adler-Nissen, Ch. Galpin, B. Rosamond, Performing Brexit ..., pp. 584-585.

of cooperation between Canada, Australia, New Zealand and Great Britain, also known as CANZUK. It assumes the introduction of free trade, freedom of movement of investments and movement of citizens as well as coordination of non-economic aspects of selected forms of cooperation as well as foreign policy¹⁸. It is only a concept that has a much larger political dimension than an economic one, taking into account the real connections of these countries.

In 2016, in the group of developing countries, the most important partners of the European Union and Great Britain were China and Turkey. Trade between the latter and the EU is based on an agreement on the customs union and Brexit should not have a significant impact on the existing relations between these entities. The situation seems to be different in the case of regulating relations with China. The Great Britain's leaving the European Union may, on the part of the grouping, affect the acceleration of the negotiations of the bilateral investment treaty initiated in 2012 (*Bilateral Investment Treaty*, BIT)¹⁹, the more that after Brexit it is planned to negotiate an agreement on the creation of a free trade area between the United Kingdom and China. It seems, however, that this agreement may be more interesting for the Middle Kingdom, although Great Britain is also an attractive partner for China in terms of the development of services, market for securities, absorption of Chinese investments. The developing countries, important from the point of view of Great Britain's trade, include the RSA and India. These two countries were colonies of the United Kingdom. Since 2007 the European Union has been conducting negotiations with India on free trade, covering not only the conditions of access to the market in terms of the flow of goods, services and capital, but also regulations concerning public procurement. Closer cooperation between India and the European Union could also contribute to strengthening the role of the grouping on the international scene as it is perceived as an area of economic and political stability in the modern world, despite the Brexit and eurozone crisis²⁰. Great Britain will also be interested to sign agreement with India, considering the opportunity to develop the exchange of services, mainly in the information technology industry. A serious barrier to talks may be the approach of both parties to the abolition of visas. The United Kingdom also undertakes diplomatic efforts to strengthen its position on the South African market, with which the EU has been carrying out exchanges since 2000 under the terms of the free trade agreement.

In the group of developing countries, the European Union has a fairly extensive relationship with the African, Caribbean and Pacific group of states, which were dependent colonies and territories of the United Kingdom, and are now members of the Commonwealth of Nations. That is why the European Union, even though these countries do not play a significant role in trade with the grouping, should

¹⁸ CANZUK, <http://www.canzukinternational.com>, [access: 25.11.2017].

¹⁹ W. Shan, L. Wang, The China-EU BIT and the Emerging "Global BIT 2.0". *ICSID Review*, 2015, vol. 30, no.1, pp. 260-267.

²⁰ EU Observer, *EU-India summit: slow progress, except for security deal*. <https://euobserver.com/opinion/139322>, [access: 11.12.2017].

also accelerate the negotiations on the Economic Partnership Agreements (EPAs) being negotiated with two African regions: the Commonwealth and East Africa and West Africa, as well as intensifying work on the ratification process, enabling them to enter into force to the full extent (South-East African States, Southern African Development Community)²¹.

The conducted research has shown that both in the group of countries belonging to the European Union as well as countries from outside the grouping, important trade partners were to a large extent the same countries in the case of both entities. Brexit, may change the position of the European Union countries in trade mainly with the partners, with whom trade negotiations on regional trade agreements have not been completed so far. Bearing in mind the average period of several years needed to negotiate conditions and the entry into force of preferential trade agreements, the European Union has an advantage over the United Kingdom in this respect.

CONCLUSIONS

In terms of the theory of economic integration, Brexit may have a broader, multilateral dimension and refer not only to the relations between the European Union and Great Britain, but also may indicate a possible disintegration between the states belonging to the grouping. The effects of integration and disintegration processes can be assessed by means of the same indicators. The obtained results make it possible to determine the range and direction of occurring changes. Those changes in the volume and structure of trade between the member and non member countries of an integration grouping can be a first sign of a disintegrating process. It can, for example, be revealed by the decreasing share of exchange within the group in relation to trade with countries outside it. This situation has partly occurred in the case of Great Britain, although the decision to withdraw from the European Union is much more complex.

Great Britain is one of the most important countries among European Union member states, therefore Brexit may cause changes not only in the trade of the country leaving the grouping, but also in the trade of other countries. The results of the analysis showed that in the case of the European Union without the United Kingdom, the degree of opening the grouping to exchange with foreign countries could increase slightly faster. In the analyzed period, the European Union's share in global export and import significantly decreased, therefore Great Britain's leaving the grouping could significantly affect further deterioration of these results. On the other hand, it would contribute to a small extent to the pace of changes taking place in the export and import of the grouping. In 2008-2016, changes in trade with third countries were characterized by a much higher rate of growth compared to the intra-Union trade. The exclusion of Great Britain from the intra-EU deliveries would cause adverse changes in the single market.

²¹ European Commission, (<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1395>), [8.12.2017].

Potential results of Brexit, both for the European Union and Great Britain, are currently the subject of analyses. In the area of trade leaving the European Union by the United Kingdom will be connected with the determination of new conditions of mutual relations and access to the markets of countries belonging to the grouping as well as those which are out of it. Among the analysed models used in relations with third countries, in the case of Brexit, a fairly probable solution is the creation of a deeper free trade area between the European Union and Great Britain. The choice of this solution will lead to an opportunity to introduce restrictions on “sensitive” goods in the form of tariff quotas i.e. for goods coming from the EU and supplied to the market of Great Britain. As Brexit may also influence the conditions of trade agreements and negotiations, mainly with countries and territories that were dependent on Great Britain, according to the conducted research. However, in the case of the United Kingdom, it will only be possible to start formal negotiations on trade agreements once the discussions on the conditions for leaving the integration grouping have been concluded and the country will exit the European Union. On the other hand, for the European Union, this period should be used to strengthen its position on the global market, intensify the negotiations started and make effective the agreements with the most important trade partners of both entities. The research is preliminary and requires a more in-depth analysis of the issues raised.

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Summary: Great Britain is an important member state of the European Union (EU), that is why its decision to leave the EU may weaken the position of the grouping in global trade and in negotiations of access to foreign markets. The aim of the article is to try to determine Brexit's effects on the European Union's trade with countries that are important partners from both the point of view of the grouping and the United Kingdom. The article presents the Brexit approach in selected concepts of international integration. Then the position of the European Union in global trade after Great Britain's leaving the grouping was determined. The initial analysis of the potential Brexit effects for the European Union's trade with selected countries belonging to the economics developed as well as developing countries allowed to determine the scope of changes and identify the directions of necessary actions.

Keywords: Brexit, trade exchange, foreign trade, economic integration, disintegration, the European Union, Great Britain

BREXIT I JEGO POTENCJALNE SKUTKI DLA WYMIANY HANDLOWEJ UNII EUROPEJSKIEJ Z WYBRANYMI KRAJAMI

Streszczenie: Wielka Brytania, jest ważnym państwem członkowskim Unii Europejskiej, dlatego też jej decyzja o opuszczeniu Unii Europejskiej może osłabić pozycję ugrupowania w globalnej wymianie handlowej i w negocjacjach warunków dostępu do rynków zagranicznych. Celem artykułu jest próba określenia skutków Brexitu dla wymiany handlowej Unii Europejskiej w kontekście relacji z krajami będącymi ważnymi partnerami zarówno z punktu widzenia ugrupowania, jak i Zjednoczonego Królestwa. W artykule zaprezentowano ujęcie Brexitu w wybranych koncepcjach integracji międzynarodowej. Określono pozycję Unii Europejskiej w globalnej wymianie handlowej po wyjściu Wielkiej Brytanii z ugrupowania. Przeprowadzona wstępna analiza potencjalnych skutków Brexitu dla wymiany handlowej Unii Europejskiej z wybranymi krajami należącymi do grupy rozwiniętych gospodarczo, jak również rozwijających się pozwoliła określić zakres zachodzących zmian i zidentyfikować kierunki koniecznych działań.

Słowa kluczowe: Brexit, wymiana handlowa, handel zagraniczny, integracja gospodarcza, dezintegracja, Unia Europejska, Wielka Brytania, Zjednoczone Królestwo.