

Navigating uncertainty: Understanding the impact of Brexit on EU migration to the UK

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POLICY BRIEFING

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How did the Brexit referendum in June 2016 affect the migration of people from EU countries to the United Kingdom? This policy briefing shares the results of a study that looked at the time immediately after the referendum and before the official exit. While the referendum's result provided a mandate to leaving the EU, there was no clear agreement on the future relationship between the UK and the EU. This created a period of uncertainty about what the migration policy would be after Brexit, which lasted until the actual withdrawal in January 2020.

During this waiting period, both potential EU immigrants planning to move to the UK and EU nationals already living in the UK were unsure about the specific rights they would have once the UK left the EU. This represented a significant negative shock given that EU nationals had enjoyed similar rights to UK citizens and the freedom to move between countries, which had led to a large increase in EU immigration to the UK since 2004. In fact, EU immigrants made up 5.5% of the total UK population at the time of the referendum, so examining how the Brexit referendum and subsequent uncertainty affected the migration of EU citizens to the UK is vital.

Key Points:

- *The Brexit referendum created a period of uncertainty leading to a decline in migration flows between EU countries and the UK.*
- *The attractiveness of the UK as a destination for EU migrants had already decreased prior to any changes in rights and freedom of movement. This indicates the need to address underlying factors that contributed to this decline.*
- *Anticipating negative policy changes significantly influences migration flows. Clear and well-communicated migration policies are crucial for managing migration effectively and mitigating uncertainties that deter potential migrants.*
- *To ensure the UK remains attractive as a destination to talents and migrant workers, policymakers should ensure that the UK is a more welcoming society.*

Introduction

The UK held a referendum on 23 June 2016, and the majority voted in favour of leaving the European Union (EU). This decision created a prolonged period of uncertainty regarding how migration between the EU and the UK would be regulated and what rights would be granted to new and existing EU immigrants. Although the referendum’s result provided a popular mandate to leaving the EU, there was no clarity or agreement on the form of the future UK-EU relationship. Additionally, migration was used as a potential bargaining tool for negotiations from the UK’s perspective. This meant that the referendum could have resulted in either no change to pre-Brexit migration policies (if a deal was reached between the UK and the EU or if Brexit didn’t happen at all) or, in the case of no deal, more restrictive migration policies. The uncertainty revolved around how unfavourable those policies might be.

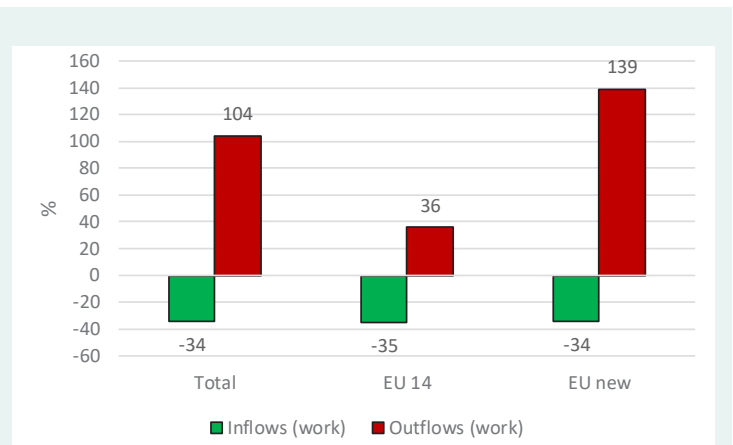
Between 1995 and 2015, the number of EU immigrants residing in the UK tripled from 0.9 million to 3.3 million. The significant increase in net migration from EU countries started after the EU’s enlargement in 2004, with a peak of around 200,000 EU migrants in June 2016. This influx was made possible by the principle of freedom of movement, a fundamental concept of the EU that granted all EU nationals the right to live, work, and receive equal treatment in terms of employment, working conditions, rights, and social care in any EU member state. Prior to Brexit, EU workers residing in the UK had full access to welfare benefits, while non-EU migrants faced stricter immigration policies and had limited access to benefits and public funds during their initial years in the UK. It is important to note that the UK was not part of the Schengen agreement and therefore managed non-EU migration independently from the rest of the EU.

The study

We conducted a study to understand how the Brexit referendum affected the inflows, outflows, and net flows of migrants coming from EU countries to the UK. We compared the EU flows to non-EU flows before (2013–2016) and after the Brexit referendum (2016–2019) during the waiting period for Brexit. To control for other factors that might have affected migration, we analysed the differences in migration behaviour between the two groups before and after the referendum. We used various data sources, such as the UK Labour Force Survey and Quarterly Long-Term International Migration Data.

Main findings

Our findings indicate that after the referendum, migration inflows from the EU declined, while emigration of EU migrants increased, resulting in a fall in net migration flows from EU countries to the UK. Specifically, there was a 27% reduction in the inflows of immigrants coming from EU countries compared to inflows from non-EU countries. This effect was even greater (34%) for economic (work-related) EU inflows. Additionally, out-migration of EU migrants doubled after the referendum, and migrants from newer EU countries were twice as likely as those from EU14 states to leave the UK. Net EU migration was 63% lower than non-EU migration after the referendum. However, this decline was primarily driven by a sharper decrease in net flows from newer EU member states compared to EU14 states.¹



Source: Authors’ elaboration of LTIM data, Q1 2013 – Q4 2019

Figure 1: Estimated Difference-in-Differences effects for EU work inflows and outflows

Also examining the difference in inflows between EU and non-EU countries before and after the referendum, Figure 2 shows the impact on regions, skills and sector. First, the referendum had a much larger negative impact on the low-educated EU inflows (37%) compared to the high-educated (17%) EU inflows. This is also reflected when comparing skill levels and distinguishing between high- and low-skilled inflows. Although there has been a fall in the inflows, London has experienced the smallest drop (19%), though this was driven by a bigger drop for EU14 immigrants relative to EU new immigrants.

1. EU new countries are members that joined in 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia. EU14 are members of the EU prior to 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Republic of Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden.

Examining the impact on different sectors, the construction sector had the lowest decline at 12% in EU inflows. On the other hand, the hospitality sector experienced the largest drop at 35% in EU inflows, driven by a sharper decrease in inflows from EU new countries (39%) compared to EU14 countries (23%).

Overall, the findings indicate that migration in the UK decreased after the Brexit referendum, even before any policy changes were implemented.

Policy implications

Our findings show that migrants do not like uncertainty in migration policies. The period of uncertainty during the Brexit referendum had a clear impact on migration flows, with EU migrants becoming less inclined to choose the UK as their destination.

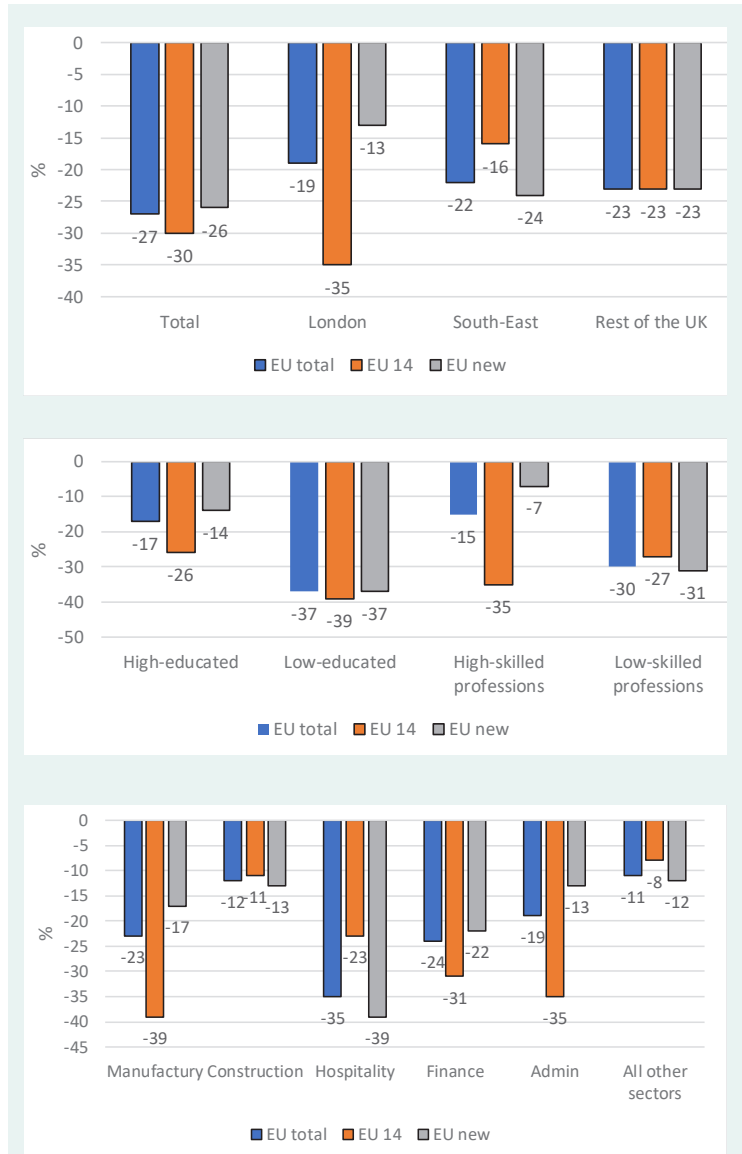
This emphasises the need for clear and well-defined migration policies to provide stability and reassurance to potential and current immigrants, helping to mitigate negative anticipations and uncertainties.

Even before any changes were made to EU migrants' rights and freedom of movement, the attractiveness of the UK as a destination for EU immigrants had already diminished.

This indicates the importance of ensuring that the UK remains a welcoming society.

Policymakers should examine the implications of Brexit on the labour market. Consideration should be given to how the UK can attract talents and migrant workers to fill labour shortages, and how the overall appeal of the UK as a destination for migrants can be enhanced.

By doing so, policymakers can manage migration effectively and create an environment that is conducive to attracting and retaining migrants who contribute to the social and economic welfare of the UK.



Source: Authors' elaboration of UKLFS data, Q1 2013 - Q4 2019

Figure 2: Estimated Difference-in-Differences effects of EU migrants' stocks by region, education and skills, and sector

Authors

Valentina Di Iasio

(University of Southampton, CPC, CG)

Jackline Wahba

(University of Southampton, CPC, CG)

Edited by Becki Dey

(University of Southampton, CPC, CG)

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ESRC Centre for Population Change Connecting Generations

Building 58
Faculty of Social Sciences
University of Southampton
SO17 1BJ

Tel: +44 (0)23 8059 2579
Email: cpc@southampton.ac.uk

 @CPCpopulation @ConnectingGens
 /CPCpopulation