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Brexit and the Future of Europe: The Implications for Sri Lanka and India

An LKI Roundtable with Geoffrey Van Orden
Member of the European Parliament for the UK

Discussants: Grace Asirwatham, Ambassador-Designate of Sri Lanka to Belgium
and the EU; and Dr. Ravinder Kaur, Director, Centre of Global
South Asian Studies, University of Copenhagen

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Three key takeaways from the round table discussion with Geoffrey Van Orden, Grace Asirwatham and Ravinder Kaur –

- 1. The turbulent Brexit process is likely to diminish the UK’s stature on the world stage and raise difficult questions about the future direction of the EU. Much will depend on the final Brexit deal achieved.**
 - 2. As the EU—including the UK—is an important economic partner of Sri Lanka and India, any negative economic consequences of Brexit could have a significant knock-on impact.**
 - 3. Brexit presents an opportunity to reassess relations with the UK and the rest of Europe. Sri Lanka should cultivate stronger links with other European partners and seek a stronger role for the Commonwealth.**
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Introduction

- Mr. Geoffrey Van Orden, Member of the European Parliament for the UK; Mrs. Grace Asirwatham, Ambassador-Designate of Sri Lanka to Belgium and the EU; and Dr. Ravinder Kaur, Director of the Centre of Global South Asian Studies at the University of Copenhagen; addressed a Foreign Policy Round Table (supported by The Asia Foundation) on ‘Brexit and the Future of Europe: The Implications for Sri Lanka and India’ on 4 April 2019 at the Lakshman Kadirgamar Institute (LKI).
- The three presentations were followed by a discussion moderated by Dr. Ganeshan Wignaraja, Executive Director at LKI.
- The round table was attended by Mr. Ravinatha Aryasinha, Secretary to the Ministry of Foreign Affairs; Mr. Thorsten Bargfrede, Deputy Head of the EU Delegation in Sri Lanka; and Mr. Tom Burn, Deputy Head of the UK Mission in Sri Lanka; as well as other government officials, diplomats, media and private sector representatives.

Takeaways from the Presentations:

Background and Consequences of Brexit

- The issues that appear to have led to the Brexit vote include concerns over immigration and loss of national sovereignty, as well as a broader discontent between the people and politicians.
- Surveys suggest that [many South Asian immigrants in the UK voted to leave the EU](#). Immigration may have been a motive as they may have feared losing jobs to Eastern European migrants.
- Divisions within British politics has stalemated Brexit negotiations. While the outcome is still unclear, a customs union may be the most likely final outcome.
- Brexit has caused a decline in the UK’s influence, both in Europe and on the global stage. It has also changed power dynamics within the Commonwealth.

Brexit and the Future European Union

- The UK's decision to leave has raised difficult questions about the future of the EU, as a whole. However, there is some evidence that the turbulent Brexit negotiations may have made some Europeans more supportive of the EU.
- The EU's negotiating position has been driven by the French and German governments which wish to maintain the integrity of the EU and discourage other states from leaving.
- As a consequence of the Brexit vote, there has been greater momentum towards increased political integration within the EU.

Implications of Brexit for Sri Lanka and India

- The UK and the rest of the EU are [important economic partners of Sri Lanka and India](#). For example, the EU (including the UK) is Sri Lanka's largest trading partner, a major source of foreign direct investment, and is the source of a large share of tourists that visit Sri Lanka.
- Negative economic consequences of Brexit for the UK or EU could have a knock on impact on South Asia. Further falls in the value of the pound would also impact remittances to the region.
- While the UK has committed to retaining tariff preferences for developing countries similar to those that the EU provides, a no deal Brexit could affect Sri Lankan exports to the UK due to the new most favored nation (MFN) import tariffs placed on imports from other countries.

The UK's Post-Brexit Relations with Sri Lanka and India

- The UK has been preoccupied with the EU for many decades and, as a result, has failed to create strong relationships with many countries outside of the EU. Brexit is an opportunity to remedy this situation.
- The UK could form a stronger strategic partnership with India and Sri Lanka. As a leading economy, the UK has much to offer India and Sri Lanka in the form of trade and investment.
- Commonwealth nations must strategically reframe their relationship, and determine the role of the UK in the Commonwealth in the long run. Sri Lanka and India could benefit from a system of tariff concessions designed to extend support for Commonwealth nations.

Takeaways from the Discussion:

- The UK recognises the importance of countries such as India and Sri Lanka, and hopes for a closer relationship. For example, the UK could work with Sri Lanka to develop a transparent and robust legal framework for the Colombo International Financial City.

- The UK's history and experience with South Asia was beneficial to the EU so now the EU must adjust its relations to fill this void after Brexit.
- Sri Lanka is prepared to deal with Britain outside the EU, but must also work to strengthen its other European relationships. Maintaining political stability, continuity, and confidence in institutions, is crucial to ensure continued European investment in Sri Lanka.

Suggested Readings:

Banga, R. (2016). *Brexit: Opportunities for India*. Emerging Issues Briefing Paper (7), September 2016. The Commonwealth Secretariat. [Online] Available at: <http://thecommonwealth.org/sites/default/files/inline/brexit-opportunities-for-india.pdf> [Accessed 2 May 2019].

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De Gruyter, C. (2018). *There Is Life for the EU After Brexit*. Carnegie Europe. [Online] Available at: <https://carnegieeurope.eu/publications/?fa=75876> [Accessed 2 May 2019].

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Wignaraja, G. (2018). *Britain's Asian Opportunity*. [Online] Financial Times. Available at: <https://www.ft.com/content/fe8329c2-2b99-325a-b042-1952c08d9735> [Accessed 2 May 2019].

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