IAI briefs
No. 26|32 (July 2026)

Luca Cinciripini

Ten Years after the Brexit Referendum, Britain Remains an Isle Full of Noises: Prospects for an EU-UK Reset

- Ten years after the referendum, the UK-EU relationship has moved away from confrontation but remains far from a stable post-Brexit settlement.
- The reset is advancing through pragmatic sectoral deals, but the core dilemma remains: UK closer cooperation with the EU requires rules, obligations and financial contributions.
- The coming phase will test whether both sides can turn pragmatic cooperation into concrete results without reopening the most divisive questions of Brexit.

Ten years after the Brexit referendum, the UK's relationship with the EU remains unsettled. Brexit continues to generate frictions within British society, reshape the country's political landscape and complicate the UK's search for stability, both domestically and in its external relations. The tenth anniversary comes at a moment of cautious rapprochement with the EU, but also of renewed political turbulence in Westminster due to Keir Starmer's decision to step down as Prime Minister on 22 June.[1] The next EU-UK summit, initially scheduled for 22 July, has been postponed, underscoring how domestic instability in the UK is affecting the reset's timetable.

Starmer's resignation projects the UK into another leadership transition, with former Greater Manchester Mayor Andy Burnham widely seen as the frontrunner to succeed him. At this point, the question is whether Burnham will be able or willing to move beyond the three red lines fixed by Labour's manifesto: no customs union, no single market and no free movement of people. Under Starmer's government, the UK has adopted a less confrontational approach towards the EU, seeking practical cooperation in areas such as energy, education, sanitary and phytosanitary rules, security and mobility. However, results so far have remained below expectations, and the reset remains politically fragile and institutionally constrained. For its part, the EU has shown little appetite for bespoke arrangements that could undermine the integrity of its internal rules.

A new Labour leadership may enjoy stronger public support both domestically and in the EU in the coming months, but it will still face a core dilemma: how

1 Crerar, Pippa, "Keir Starmer to Step Down as Prime Minister Two Years after Historic Election Victory", in *The Guardian*, 22 June 2026, https://www.theguardian.com/p/x4ap7j.

Luca Cinciripini is Research Fellow in the "EU, politics and institutions" and the "Energy, climate and resources" programmes at IAI. ✉ l.cinciripini@iai.it

to pursue a more ambitious approach towards Brussels while preserving enough of the Brexit red lines to avoid alienating voters still sympathetic to the logic of leaving the EU. Deeper cooperation will continue to depend on difficult trade-offs between access, obligations, financial contributions and regulatory alignment. At the same time, the international context has changed profoundly. Russia's aggressiveness and renewed uncertainty over the transatlantic relationship make closer strategic alignment within the European continent increasingly urgent. The next EU-UK summit will be a test of whether the relationship can move beyond symbolic steps towards a more structured and sustainable partnership with a clear political direction.

The 2025 summit agenda: Progress, trade-offs and unfinished business

» High expectations and considerable political ambition preceded the long-awaited EU-UK summit held on 19 May 2025

High expectations and considerable political ambition preceded the long-awaited EU-UK summit held at Lancaster House on 19 May 2025. After years of confrontation and mistrust, the meeting was presented as the beginning of a more pragmatic phase in the post-Brexit relationship. It also produced some tangible political signals, including an extension of EU access to UK fishing waters until June 2038 and a commitment to explore the UK's association with Erasmus+ from 2027 (which has since been translated into a formal agreement).

The summit resulted in three main documents: a Joint Statement, a Common Understanding and a Security and Defence Partnership (SDP).[2] While the Joint Statement set out the broader geopolitical rationale and shared values underpinning the reset, the Common Understanding and the SDP contained most of the substance. Nonetheless, they were not comprehensive new agreements replacing the post-Brexit framework. Rather, they created political commitments and negotiating tracks that would have to be translated into detailed arrangements through subsequent talks. Crucially, the Trade and Cooperation Agreement (TCA), which remains the core legal framework of the post-Brexit relationship, was not reopened.

For the purposes of economic and regulatory reset, four workstreams stood out: a sanitary and phytosanitary (SPS) agreement; the linking of the EU and UK emissions trading systems (ETS); the UK's possible participation in the EU's internal electricity market and a youth mobility scheme. Over the past year, all four have moved forward to varying degrees. However, in most cases negotiations have only recently entered their decisive phase, and significant political and institutional obstacles remain.

The SPS deal is the most advanced workstream. It is also the one most closely associated with a clear timeline, with implementation expected starting in 2027 if negotiations are successfully concluded. An SPS deal would reduce checks and paperwork on agri-food trade, easing friction for exporters and helping to address some of the practical difficulties created by Brexit, including those affecting movements between Great Britain and Northern Ireland. In return, the

2 European Council, *EU-UK Summit 2025: Outcome Documents*, 19 May 2025, https://www.consilium.europa.eu/en/press/press-releases/2025/05/19/eu-uk-summit-2025-outcome-documents.

» For the purposes of economic and regulatory reset, four workstreams stood out: SPS agreement, ETS linkage, electricity cooperation and youth mobility

UK would need to accept dynamic alignment – under which the UK would be required to adapt its domestic rules to relevant future changes in EU legislation – with relevant EU rules on food, animal and plant health standards, as well as financial contributions.[3] In March 2026, the UK government published a list of EU legislation it considers to be within the scope of the agreement, covering areas such as food and feed safety, animal health, plant health, food labelling, organics, pesticides and biocides. While the government has stressed that many of these rules would replace, rather than add to, existing UK rules, obstacles remain. London is still seeking exemptions, while affected sectors have asked for transition periods to adapt to the new framework.[4] This could complicate or delay full implementation.

ETS linkage is an important, though still unfinished, component of the reset. If the UK and EU systems were linked, firms operating in highly exposed sectors (including steel and chemicals) could be shielded from some of the additional costs associated with the two sides' respective Carbon Border Adjustment Mechanisms (CBAMs).[5] Politically, however, the issue is more demanding than its technical profile might suggest. After the May 2025 Common Understanding identified ETS linkage as a shared objective, the EU moved to a formal negotiating position in November 2025, with talks getting under way in early 2026. The issue is therefore sufficiently mature to be considered a possible deliverable for the next EU-UK summit, but not yet close enough to be treated as settled.[6] Its conclusion will depend on unresolved questions over the degree of UK alignment with future EU rules, and the governance arrangements needed to ensure that the two systems remain compatible over time.

Electricity cooperation remains at an earlier stage. In March 2026, the EU Council authorised the Commission to open talks with the UK on its possible participation in the EU internal electricity market. The EU's mandate envisages UK participation in both the wholesale and retail components of the internal electricity market but only based on dynamic alignment with relevant EU rules and appropriate governance arrangements. More sensitive still, Brussels has linked this form of market access to a UK financial contribution to EU cohesion funds. This goes beyond the narrower cost-covering logic attached to SPS and points to a broader "pay-to-play" principle for any future UK access to parts of the internal market. While comparable arrangements exist for other third countries closely integrated with the single market, such as Norway and Switzerland, this remains difficult for London to accept politically.[7]

Youth mobility is even more sensitive. For the EU, a youth experience scheme is one of the most visible ways to rebuild people-to-people links after Brexit and has become a central demand in the wider reset package. Negotiations have

3 Watson, Kathryn et al., "10 Years since Brexit – What to Expect from UK-EU Relations in 2026", in *Flint Global Insights*, 1 June 2026, https://flint-global.com/?p=16224.

4 Kassim, Hussein, "A Year since the EU-UK Summit: Where Are We Now?", in *UK in a Changing Europe Blog*, 21 May 2026, https://ukandeu.ac.uk/?p=62009.

5 Reland, Joël, "Linking Emissions Trading Schemes: Key Challenges", in *UK in a Changing Europe Insights*, September 2025, https://ukandeu.ac.uk/?p=61144.

6 Abnett, Kate, "EU, UK to Start Carbon Market Negotiations Next Week", in *Reuters*, 14 January 2026, https://www.reuters.com/sustainability/eu-uk-start-carbon-market-negotiations-next-week-2026-01-14.

7 Reland, Joël, "UK-EU Regulatory Divergence Tracker: Q1 2026", in *UK in a Changing Europe Reports*, April 2026, https://ukandeu.ac.uk/?p=61887.

therefore focused on a more limited and time-bound scheme, with London insisting on caps on participant numbers and resisting EU demands on "home" tuition-fee treatment for European university students. The issue is politically exposed because it could easily be presented by UK domestic Eurosceptics as a partial return to free movement of people. At the same time, the issue is not only a UK problem. Some European governments may also be cautious about endorsing mobility arrangements for UK workers that could be attacked by populist forces at home. As a result, youth mobility has become one of the main obstacles to a broader summit package.[8]

At this stage, SPS and ETS appear to be the most likely items to see concrete progress, while youth mobility remains the most politically difficult obstacle. The electricity dossier indicates how the EU is likely to approach any future British requests for integration in parts of the internal market: access may be possible, but in exchange for financial contributions. Further sectoral agreements, including in areas such as pharmaceuticals, chemicals or electric vehicles, are unlikely to move quickly unless the UK is willing to accept the same logic of access in exchange for alignment, governance and financial contributions.

Defence as the reset's hardest, and most necessary, test

» The Security and Defence Partnership was one of the most significant outcomes of the 2025 EU-UK summit

Alongside the Common Understanding, the SDP was one of the most significant outcomes of the 2025 EU-UK summit. Its importance lies partly in what had been missing from the post-Brexit framework. At the UK's insistence, the TCA did not include a structured foreign, security and defence policy pillar. This institutional gap did not prevent London, Brussels and key European capitals from intensifying cooperation after Russia's full-scale invasion of Ukraine, but it was nonetheless clear that the existing cooperation structure was not sufficient. Coordination on sanctions, intelligence-sharing, military support and the training of Ukrainian forces expanded significantly, while formats such as the European Political Community and the "coalition of the willing" helped sustain political dialogue. What was lacking was a permanent framework capable of turning ad hoc coordination into a more predictable and structured relationship.[9]

The SDP was designed to address this gap, providing an architecture for cooperation. This includes biannual foreign and security policy dialogues, a dedicated annual security and defence dialogue, possible UK participation in high-level EU meetings where appropriate, and closer engagement in strategic areas. The Partnership also leaves open the possibility of UK engagement with the European Defence Agency (EDA) and participation in individual Permanent Structured Cooperation (PESCO) joint projects, subject to the relevant EU procedures.[10]

8 McElvoy, Anne, "UK-EU Summit at Risk as Youth Visa Talks Hit Fresh Obstacle", in *Politico EU*, 10 June 2026, https://www.politico.eu/?p=8574929.

9 Cinciripini, Luca, "If London Is Calling, Is Brussels Answering? The Future of EU-UK Foreign and Security Cooperation", in *IAI Commentaries*, No 24|33 (June 2024), https://www.iai.it/en/node/18664.

10 Barana, Luca and Luca Cinciripini, "Ambitious, but Realistic: How the EU and UK Are Getting Closer Again", in *IAI Commentaries*, No. 25|33 (June 2025), https://www.iai.it/en/node/20185.

An important test of the SDP has been SAFE, the 150-billion-euro loan instrument designed to support joint procurement and strengthen the EU's defence industrial base. SAFE is part of a broader effort to increase European defence readiness, respond to urgent capability gaps and channel demand towards European and Ukrainian industry. For the UK, participation would give British companies wider access to a major EU-backed defence procurement scheme at a time when European rearmament is accelerating. The SDP created a political opening for this, since SAFE allows for third-country participation where a partner has concluded a security and defence arrangement with the EU. But access was always conditional on a follow-up agreement and a financial contribution.[11]

» *In November 2025, talks on UK participation in the first SAFE round broke down*

It is precisely on this point that the reset suffered a setback. In November 2025, talks on UK participation in the first SAFE round broke down after the two sides failed to agree on the scale and terms of the British financial contribution.[12] London judged the EU's financial request disproportionate, while Brussels insisted that access to a common EU instrument could not be granted without a meaningful contribution and respect for its rules. The failure did not exclude UK industry from SAFE altogether, but it left British firms subject to the standard third-country ceiling: without a dedicated agreement, non-EU or non-participating-country components can account for no more than 35 per cent of the total value of a finished product. This sharply limits the benefits that the UK could derive from the instrument.[13]

The political significance of the breakdown goes beyond defence procurement. It showed that even in the area where EU-UK interests are most clearly aligned, cooperation remains constrained by the same questions that shape the broader reset: who pays, who gets access, who sets the rules, and how much influence a non-member state can have over EU instruments. This was a particularly damaging signal because security and defence had long been seen as the easiest area for closer EU-UK cooperation. Unlike trade or mobility, defence does not directly reopen the most divisive debates of Brexit.

In recent months, the picture has slightly improved. European Council President António Costa signalled in March 2026 that an agreement on UK participation in SAFE could still be possible, suggesting that the door had not been definitively closed. More importantly, the EU's 90 billion-euro Ukraine Support Loan has created a potential alternative route for UK participation in European defence procurement. A large share of this package (60 billion euros) is intended to support Ukraine's defence needs and military procurement. Spending is expected to favour EU, European Economic Area and Ukrainian industry, leaving the UK out; the framework also allows for procurement from third countries that either have a SAFE participation agreement or provide substantial financial and military support to Ukraine and agree to make a

11 Cinciripini, Luca, "Rethinking the EU-UK Reset in a Shifting Global Context", in *IAI Commentaries*, No. 26|19 (April 2026), https://www.iai.it/en/node/22046.

12 Martill, Benjamin, "The UK Will Not Join the EU's New Defence Fund. Can the UK-EU Security Reset Still Succeed?", in *Chatham House Expert Comments*, 15 December 2025, https://www.chathamhouse.org/node/37705.

13 von Ondarza, Nicolai, "After SAFE: Consequences for EU-UK Defence Industrial Cooperation and Potential Ways Forward", in *UK in a Changing Europe Blogs*, 18 February 2026, https://ukandeu.ac.uk/?p=61701.

fair and proportionate contribution to the EU's borrowing costs.[14] This could provide a more politically manageable opening for the UK. London has already explored participation in the Ukraine loan initiative, partly to ensure that British defence companies are not excluded from contracts financed through EU borrowing. In June 2026, the UK government confirmed its intention to begin negotiations with the EU on participation in the loan scheme, while making clear that the precise terms remain to be negotiated.[15]

Domestic constraints and asymmetric priorities

» The negotiations reveal an asymmetry in how the two sides approach the reset

More broadly, the negotiations reveal an asymmetry in how the two sides approach the reset. The UK has strong economic and strategic reasons to deepen cooperation with Brussels. Yet the expected economic gains from the current package remain modest, with UK estimates pointing to an increase in GDP of around 0.3 per cent by 2040.[16] This is a limited return when set against analyses suggesting that UK GDP may be up to 8 per cent lower than it would have been in the absence of Brexit.[17] If strengthening the security and defence partnership responds to strategic (and, to some extent, economic) imperatives, the UK's commercial relationship with its European partners also carries an electoral urgency for any British prime minister. Years of economic stagnation, soaring energy prices and high inflation, compounded by a deteriorating international environment, have rapidly eroded the popularity of the Labour government in a country that has spent the past decade grappling with the political convulsions triggered by the decision to leave the EU. Starmer's difficulties in finding a way out of this impasse, the continuing uncertainty surrounding relations with Brussels, and a series of domestic controversies (above all the revelation that Labour heavyweight and former UK ambassador to the United States Peter Mandelson had ties with the disgraced child molester Jeffrey Epstein) have weakened his ability to rebuild public trust.

Starmer was the sixth prime minister to serve since the 2016 referendum, a figure that points to a now structural pattern of political instability in the UK. Over the past decade, British politics has consumed leaders at a rapid pace, eroding their authority and public support within ever shorter political cycles. Recent electoral setbacks, including Labour's sharp losses in Scotland and Wales and its defeat in the Gorton and Denton by-election, did not look like the ordinary mid-term difficulties of a governing party facing predictable unpopularity. Rather, they point to a British political system entering a largely uncharted phase, beginning with the erosion of the two-party structure that, with few exceptions, has shaped the country's political life for centuries. The challenge no longer comes only from Nigel Farage's radical right, which now leads in the polls and has hollowed out much of the Conservative Party's traditional support. Labour is also under pressure from the left, with the

14 Ibid.

15 Tidey, Alice, "UK Seeks to Join EU's €90bn Ukraine Loan after SAFE Talks Collapse", in *Euractiv*, 4 May 2026, https://www.euractiv.com/?p=2395674.

16 Dharshini, David, "What Will Reset Deal Mean for UK Economic Growth?", in *BBC News*, 19 May 2025, https://www.bbc.com/news/articles/cgmj8l3ndlno.

17 Partington, Richard, "How Brexit Has Made Britain Poorer – in Charts", in *The Guardian*, 14 June 2026, https://www.theguardian.com/p/x55pag.

Greens tightening the electoral squeeze and casting doubt on Labour's ability to secure future victories.

Burnham is now expected to confront these challenges. His return to Westminster as a member of parliament and his strong position within the Labour leadership debate reflect the degree of support he commands within parts of the party and among voters. Yet popularity is a double-edged sword in a country marked by deep distrust and increasingly compressed political cycles. This is even more true for a leader who may arrive in Downing Street without a direct electoral mandate, but through an internal party transition. At the first signs of difficulty, or in the event of a decline in the polls, this representational deficit would become a serious political vulnerability. Burnham would also face difficult choices of his own. The contours of his political platform remain relatively broad. He is likely to place greater emphasis on domestic issues, including higher public investment in health, housing, education and transport. At the same time, his record as mayor of Greater Manchester suggests a degree of pragmatism and openness to private investment. The relationship with the EU will certainly test him hard. A more effective political and economic relationship with Brussels will be difficult to avoid if a future Labour leadership wants to revive growth and create the fiscal space needed to sustain such an ambitious domestic agenda.

The EU, by contrast, does not see the UK relationship as its overriding priority and considers that it has leverage, especially in trade-related areas. Brussels also remains wary of British red lines that it sees as difficult to reconcile with the integrity of the single market and reminiscent of past habits of cherry-picking. From the EU's perspective, SPS, ETS and electricity deals would benefit the UK significantly and should therefore come with corresponding obligations. The result is a reset that can advance, but only under conditions that London may find politically uncomfortable: dynamic alignment, institutional oversight and financial contributions. Domestic politics also matters from Brussels' perspective. The EU has little room to offer London excessive concessions without weakening the value of EU membership at a time when Eurosceptic populist movements remain influential across the continent and could, by 2027, come to power in one of the Union's core countries, France. Preferential treatment for the UK could also create difficulties in relations with other closely associated third countries, most notably Switzerland, whose new package of agreements with the EU still needs to complete the ratification process.[18]

The next summit needs to go beyond symbolism

Following talks with European Council President Costa, Starmer had announced that the next EU-UK summit would take place on 22 July, after weeks of hesitation and delays linked both to growing political uncertainty in the UK and the need to secure concrete results ahead of the meeting. In the hours following Starmer's resignation, however, the EU announced that the summit was postponed. The risk was that holding the meeting with a newly

» The next EU-UK summit will be a test of whether the relationship can move beyond symbolic steps towards a more structured and sustainable partnership

18 Menon, Anand, "Why Brexit Still Haunts British Politics", in *Time*, 13 June 2026, https://time.com/article/2026/06/13/why-brexit-still-haunts-british-politics.

installed prime minister would have weakened its political significance and complicated the finalisation of any agreement.

The summit was meant to deliver tangible results, starting with the finalisation of the commitments launched in 2025. Yet the decisive variable will now be the political direction taken at Downing Street. On these issues, and more broadly on foreign policy, Burnham's position remains only partly defined. If he is confirmed as Labour leader and then voted in as Prime Minister, relations with Brussels are likely to move quickly up his agenda. For Labour, the political challenge may no longer be primarily about winning back Leave voters, many of whom now appear firmly within Reform's orbit. It may increasingly be about preventing pro-European voters from drifting towards the Greens and the LibDems, whose positions on Europe are clearer and more assertive.

If the EU continues resisting any far-reaching bespoke model for the UK, London will be left with few options, none of them politically cost-free. A customs union with the EU would reduce trade frictions but would limit the UK's ability to pursue autonomous trade deals. Rejoining the single market would offer deeper economic benefits but would also turn the UK into a rule-taker, requiring alignment with EU legislation without participation in EU decision-making, as well as the reintroduction of free movement. This would carry major electoral risks. The most radical option, rejoining the EU, would present even greater difficulties. Any future accession would not automatically restore the terms the UK enjoyed before Brexit, including the opt-outs and favourable arrangements accumulated during its membership such as the budget rebate. The UK would be expected to rejoin on terms that would more closely resemble those all other EU countries abide by. In other words, Britain faces an exceptionally difficult choice: maintaining a status quo that is widely seen as unsatisfactory; pursuing limited intermediate solutions with modest impact; or moving towards more ambitious arrangements that could bring greater benefits but would require significant political sacrifice and risk reopening deep divisions in public opinion.

This apparent EU advantage, particularly visible in trade-related negotiations, should not lead Brussels to underestimate what is at stake. Limiting economic and regulatory concessions to London is essential to preserve the integrity of the single market and the value of EU membership. Yet building an effective and durable security and defence partnership with the UK is equally important. Ignoring Britain's central role in European security, or the importance of British industry for defence cooperation, could weaken the continent's ability to respond to a deteriorating strategic environment.

If the next summit takes place in the coming months, it will therefore have to address more than technical and legal questions. The real test will be political: whether both sides can avoid being trapped by the disputes that have shaped relations across the Channel for the past decade. The next EU-UK summit will not determine whether Brexit can be reversed, but whether the reset can move from political symbolism to institutionalised and effective cooperation. Its success will depend on whether both sides can manage the core trade-offs of the post-Brexit relationship: closer cooperation requires obligations, but political sustainability still depends on making those obligations acceptable on both sides of the Channel.

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas. IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*AffarInternazionali*), two book series (*Trends and Perspectives in International Politics* and *IAI Research Studies*) and some papers' series related to IAI research projects (*Documenti IAI*, *IAI Papers*, etc.).

Via dei Montecatini, 17
I-00186 Rome, Italy
T +39 06 6976831
www.iai.it

Latest IAI Briefs

Interim Editor: **Riccardo Alcaro** (r.alcaro@iai.it)
ISSN 3103-4071 | DOI 10.82088/IAIbrief2632

26|32	Luca Cinciripini, *Ten Years after the Brexit Referendum, Britain Remains an Isle Full of Noises: Prospects for an EU-UK Reset*
26|31	Alessio Sangiorgio, *Strategic Autonomy and Europe's Industrial Vulnerabilities: Clean Technologies and Critical Raw Materials amid Supply Disruptions*
26|30	Rafael Ramírez, *"The Venezuela Model" and the New US Doctrine*
26|29	Nona Mikhelidze, *Strategic Communication on Ukraine's Accession to the EU: Countering Disinformation and Building Public Support in Italy*
26|28	Etienne Soula, *The Other I in FIMI. How Foreign Interference Undermines European Strategic Autonomy*
26|27	Federico Petrangeli, *Supporting Kyiv: Italy's Military Assistance between Strategic Continuity and Political Division*
26|26	Anselm Küsters and André Wolf, *Europe's Twin Dependencies: Building Energy and Digital Autonomy in a Fragmented World*
26|25	Anselm Küsters, *Making Enforcement Negotiable? The Digital Markets Act under US Pressure*
26|24	Daniele Fattibene, *A New Era of Aid: Acting Together, from G7 2026 to G20 2027*
26|23	Elio Calcagno, *European Strategic Autonomy and Defence Cooperation: Not an Inevitable Outcome*