



The Political Institute
of Action Research

Brexit's Bitter Aftertaste

The Negative Economic Implications on St Andrews and Fife

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EXECUTIVE SUMMARY

This research paper analyses the economic implications of Brexit on Fife and St. Andrews. Three sectors will be discussed: small local businesses, large firms, and the University of St. Andrews.

- Small and local businesses in Fife and St. Andrews were negatively impacted by Brexit due to importation and exportation regulations, worker limitations, and decreased business confidence. These impacts have led to higher costs and decreased profits. However, some SMEs have turned to new strategies and markets resulting in stronger branding.
- Larger firms in Fife and St. Andrews were affected negatively by import and export regulations, and worker limitations. However, given their expansive resources and capacity, their strategies remained almost consistent even after increased costs.
- The University of St. Andrews was negatively impacted given the decrease in EU applications, termination of Erasmus, and significant increase in administrative workload.
- Whilst there may have been positive impacts, they do not outweigh the negatives. Possible policies that would benefit St. Andrews and Fife are relaxing immigration regulations, aligning with Europe on trade deals, or discussing further the implications of independence and reuniting with the EU.

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1. INTRODUCTION

Great Britain's bold declaration to withdraw from the European Union in the 2016 referendum stunned the world. A slim margin of 52% confirmed the controversial split, with the majority of support coming from Britain (BBC 2016b). Scotland, however, voted 62% to 38% to stay (BBC 2016b). Grievances with the EU reached a tipping point in 2016. The attractive promises of taking back sovereignty, control over immigration, and the ability to spend membership money on the NHS convinced UK voters to leave (BBC 2016a).

Britain's relationship with the EU has historically been bumpy, partially since British identity has always been distinct and separate from a European identity (BBC 2016a). In 1973, under mounting economic pressure, Britain officially became a member of the European Economic Community (EEC), precursor to the EU (Sandbrook, 2011). The acceptance of Britain into European integration was hailed in the press as a pivotal turn towards international cooperation and economic growth (Sandbrook, 2011, pp. 167). Since its inception, the controversial decision to join remained in question for decades. Shortly after, the 1975 referendum in favour of staying was characterised as a begrudging backing for economic reasons rather than enthusiastic support of the EEC's mission (BBC 2016a). In joining later, the UK was forced to accept rules in place which were not formulated with British interests primarily in mind.

Before unpacking Brexit's impact, the external economic influences which created the perfect storm must be taken into account. Firstly, the overlapping timing of Covid-19 lockdowns coincided with the Brexit withdrawal, complicating the isolation of Brexit as a variable (Chadhua, 2020). Secondly, the Russo-Ukrainian war in 2022 led to higher commodity prices in Europe (Williams, 2023, pp. 18). A commodity shock was created when the already high inflation of COVID-19 was combined with conflict in Ukraine. These external factors make it impossible to study the economic results of Brexit without acknowledging other sources of instability in the world and the broader European region.

Brexit led to unwanted and unexpected impacts on Fife and St. Andrews in particular. This research aims to understand the range of economic impacts on St. Andrews and Fife, specifically exploring the ramifications on the small businesses, large firms, and the University of St. Andrews.

2.0 Methodology

The research question of *What are the Economic Implications of Brexit on Fife and St. Andrews* was conducted through qualitative data. We interviewed representatives from SMEs, large firms, and a member of Scottish Parliament within Fife and St. Andrews to understand important sectors of the local economy and the impacts of Brexit. Once divided into interview groups, each of us created questions for the specific sector. Tailored to our literature research, we were able to create insightful questions which discovered how the interviewee may or may not have differed from our original expectations. We would then conduct interviews with our interviewees in person or through Zoom.

A possible issue within our research is volunteer bias. Those who agreed to speak with us may have a stronger opinion on the economic impacts of Brexit in comparison to those who disregarded our request to interview them. In addition, while we wrote questions with the hopes of eliminating bias, it is possible our interviews had sources of bias leaning towards the negative impacts of Brexit rather than the positive side.

When taking into consideration the privacy of the sources, we ensured to be upfront with who we were, and what we would use this information for. We clearly defined our goals from the interviews in our email requests, and restated them in our live interviews as well. When taking the interview, we recorded the audio with consent in order to ensure all information was thoroughly combed through and quoted correctly.

This was the best approach to answer our research question given we were able to analyse and directly quote the way in which the interviewee was directly economically impacted or understand their knowledge of how St. Andrews and Fife were economically impacted by Brexit. We believe our qualitative data was collected and analysed with little to no bias.

3.0 Small and Local Business

This section dives into the economic impacts on small and medium enterprises in St. Andrews and Fife. SMEs are “considered the backbone of the modern economy” (Brown, Liñares-Zegarra and Wilson, 2018, p. 5). Small businesses are embedded in the success of communities, providing employment, investment, and giving communities a unique sense of identity and authenticity. SMEs account for over 99% of firms, and 60% of total UK private sector employment (Brown, Liñares-Zegarra and Wilson, 2018, p. 5). Our research suggests, on economic grounds, that SMEs both within St. Andrews and the county of Fife are primarily negatively impacted by Brexit. Brexit creates barriers to trade, worker shortages, and decreased business confidence. Brexit promised a more nationalised, thriving economy—but five years later, the results do not match the guarantees. However, some SMEs have responded to the Brexit shock with resilience and new strategies.

3.1 Exports and Imports Regulations

A primary challenge SMEs face due to Brexit stem from export and import regulations. Reports in 2023 by Aston University estimate annual exports to the EU have fallen by 17 per cent, and imports from the EU have fallen by 23 per cent. According to the London School of Economics, the decrease in exports as a result of Brexit caused a 27 billion hit to exports and 20 billion imports in 2022 (Foster, 2024). Overall, more than 16,400 SMEs quit exporting to the EU after 2021 (Barrett and Foster, 2025). Ross Brown, a St. Andrews professor specialising in entrepreneurship, innovation and public policy, also defined how SMEs across the UK have ceased trade with the EU, given an increase in prices of around 15% (Brown, 2025).

Luvians Bottle Shop on Market Street, a town staple, demonstrates the negative effects Brexit created. Founded in 1981, Luvians specialises in wines, spirits, and ice creams. Archie McDermott, the Luvians Bottle Shop manager,

claims the shop was impacted “negatively across the board” by Brexit (McDermott, 2025). The shop ran into challenges immediately, given that their business model depends heavily on importing and exporting. As their “French wine always comes from France, [and their] Italian wine always comes from Italy,” they were unable to swap out their products with domestically produced bottles (McDermott, 2025). Now, their direct importation is almost nonexistent, limiting their supply and jacking up prices. However, through importers, they can access their products (with the condition of a hefty price tag). As for Luvians’ exportation, given the large international golf crowd, pre-Brexit, they were able to ship products to customers’ doorsteps. This is now almost impossible, if not incredibly regulated and taxed in customs. In addition, McDermott states that Luvians’ ice cream shop also faces a significant increase in prices due to importation regulations on their ingredients and equipment (McDermott, 2025). SMEs in St. Andrews and Fife, such as Luvians, are negatively impacted by Brexit’s import and export regulations. As a result, higher costs are damaging business demand and profits: at the same time, prices are rising for consumers.

3.2 Worker Limitations

Worker limitations, one of the most impacted and crucial dimensions of Brexit, halt EU workers from working freely in the UK. Pre-Brexit, the UK had access to EU workers with few restrictions for primary industries such as farms and hospitality. Now, with Brexit’s worker limitations, EU citizens are no longer easily able to work in the UK, creating a labour shortage. Henceforth, Brexit is restricting the workforce in Scotland and the Fife community. Currently, SMEs are likely to struggle with access to raw materials/labour inputs (Brown, Liñares-Zegarra and Wilson, 2019, p. 2). In addition, the restriction of the labour force in the EU negatively impacts SMEs given “most of them depended on skilled EU migrants [due to] their competitive skills and low labour cost” (Gao, 2022). The biggest impact on Fife from the new immigration rules resides with the hospitality sector and fruit farmers, who now must seek out different sources of labour.

Within Fife, there were over 1,300 agricultural holdings in 2023, which were impacted by the worker limitations of Brexit (The Scottish Government, 2024). Andrew Faichney, a Chairman and Director for varying farms in the Fife agricultural community, states Brexit’s “impact would be catastrophic if we can’t get workers, given the industry will simply not grow without a workforce” (Watson, 2017). Faichney also claims workers will find better opportunities in other European countries, such as Belgium and Germany, given the ease of movement and the hassle of documentation and bureaucracy in the UK (Watson, 2017). This increases the labour supply for the EU, decreasing their labour costs, while the UK’s labour costs increase along with their prices. This results in higher demand for EU SMEs and lower demand for UK SMEs, negatively impacting economies such as Fife and St. Andrews. Therefore, with limited labour due to Brexit’s worker restrictions, input prices have increased due to domestic labour sourcing. Fife and St. Andrews farms are struggling to find a cost-efficient workforce, decreasing productivity and profit.

The hospitality industry in St. Andrews has been hard hit with labour shortages, especially given the tourist economy. St. Andrews has small to medium-sized hotels around every corner, such as Hotel Du Vin, the Rusacks, and Greyfriars Inn. Concerning the immigration regime per Brexit, the National Scot defines that many roles within the hospitality sector will not be filled (The National, 2021). Unfortunately, Brexit wishes to “develop its domestic workforce,” whereas Scotland’s geographic spread and demographics create gaps within the hospitality industry that can no longer be easily filled by EU workers (National, 2021). Some EU demographics are particularly drawn and successful in the UK, adding to productivity. Professor Ross Brown explains, “Eastern European people are extremely hard working and gravitate towards the hospitality industry,” and with Brexit, their worker presence in St. Andrews is now limited (Brown, 2025). Therefore, as Brexit aims to develop a more local labour-oriented workforce, St. Andrews and Fife are not equipped to handle the significant decrease in hospitality labour.

3.3 Decreased Business Confidence

In addition, Brexit significantly decreased business confidence—a business's outlook for the future, which impacts their present actions. Given their limited resources, SMEs are disproportionately impacted by uncertainty caused by Brexit. For SMEs, the largest factor of uncertainty (73.9%) is regulatory change, specifically Brexit (Brown, Liñares-Zegarra and Wilson, 2019, p. 4). Professor Ross Brown states, “big firms are able to ride the waves when it comes to political uncertainty and regulatory changes like Brexit, whereas small firms don’t or can’t” (Brown, 2025). We see this with Luvians, where they are unable to stop importing wines and spirits from the EU, given that their business depends on these products. With Brexit, there is a broader effect given its length, breadth and political complexity, which are unlike typical uncertainty shocks (Bloom et al., 2018, p. 2). The results of uncertainty caused by Brexit include some SMEs ceasing trade with the EU. As firms have lower confidence, their investment decreases, as seen by the 11% reduction in investment across the UK (Bloom et al., 2019, p. 4). With decreased investment, there has been a 2-5% decrease in productivity (Bloom et al., 2019, p. 4). In addition, overall levels of concern are higher in areas such as Scotland and Ireland (Brown, Liñares-Zegarra and Wilson, 2019, p. 2). As SMEs have lower confidence, so do possible entrepreneurs, stunting economic growth in the St. Andrews and Fife region.

3.4 New Strategies

While research presents varying negative impacts of Brexit, there are positive outcomes as well. Successful SMEs were able to pivot and target new markets and develop resilient business strategies. Luvians first invested in developing

their website. What was originally Luvians' landing page, a webpage to simply view their products, is now a primary contributor to their sales, as customers can buy and ship products online. In addition, Luvians now uses different product mixes from domestic markets to reduce the increased pricing caused by Brexit. Finally, Luvians has contacted their direct importers, requesting that they find a distributor to make importing from certain EU businesses possible again. Currently, Luvians has bounced back to pre-Brexit sales because of their strategic decisions. While they may have been negatively impacted in varying ways, Brexit forced Luvians to develop different strategies, which will continue to aid them in the future (McDermott, 2025).

According to Ross Brown, many entrepreneurs in the UK were able to target new international markets altogether, such as North America. UK businesses are now able to focus on trade relationships with historical ties and linguistic commonwealth (Brown, 2025). In addition, when Fife and St. Andrews begin focusing on higher domestic trade, commonwealth markets, and North American markets, the imports from the EU decrease even more. SMEs are pivoting to find new markets and strategies to keep their head above water.

3.5 Conclusion

Primarily, SMEs in St. Andrews and Fife are negatively economically impacted by Brexit as their imports, exports, and labour force are restricted, creating uncertainty throughout the community. However, many SMEs in St. Andrews have been able to pivot and develop stronger business strategies due to Brexit's challenges.

4.0 Larger Chains and Firms

There are an estimated 16,000 large businesses in the United Kingdom. A large business is defined as a business with more than 250 employees (Large Business Methodology Review Stage Two Report, 2010). According to Scotland's government, Brexit has "damaged trade with 44% of businesses in Scotland" naming "Brexit as the main cause of difficulties trading overseas" (Scottish Government, 2023). This section will dive into the struggles that large businesses face with new Brexit trade complications, employment rules, and greater regulations.

4.1 Exports and Imports Regulations

Firstly, Brexit creates trade complications that large businesses must navigate. In 2021, 37% of firms reported delays due to new regulations in importing and exporting (Large Business Methodology Review Stage Two Report, 2010). Tennant Company is a leader in the cleaning industry, manufacturing cleaning machines for large spaces, such as ride-on scrubbers. In 2025, Tim Collins, purchasing manager of Tennant Company UK, confirmed this. Collins noticed: "Red tape

causes delays, the ports don't have the infrastructure in place, which Brexit makes them deal with. There aren't enough x-ray machines to scan through all the containers that arrive. Each container is delayed 30 seconds which adds 2 days to delivery times,". Even if the containers were ready to be transported, there are "large shortfalls [in employment]" in six key sectors. Transport and warehousing was the worst hit, with a reduction of 128,000 of EU workers, or 8% of total employment in that sector," (O'Carroll, 2023). These sectors, being impacted the most, add to the importing and exporting issues that the UK is facing, given that they are essential for delivering products. Timing setbacks caused the Tennant Company to store parts and products more locally in the United Kingdom to shorten the possible time frame of goods arriving. If goods arrive late at Tennant Company, quarterly reviews are delayed, further impacting production and productivity (Collins, 2025). Tennant Company is not the only large business that would be affected by the delay of goods arriving. For example, given that "the UK imports about 30% (by value) of all its food from other EU Member States (more if measured by tonnage) [and] many of those food products are perishable," supermarkets would receive rotten food or not receive food at all affecting not only the business, but also consumers (The University of Edinburgh, 2025).

Due to the change in import and export policy, the resulting shipping delay creates tedious work and decreased profits for Tennant Company UK. Peter Tye, Tennant Company UK manager, explains that shipping large items (sweepers, scrubbers) has not proven to be beneficial since Brexit. Due to added paperwork, it is not cost-effective to return parts. The necessary paperwork for their company to accept returned goods is approximately 200 pages long. Given the excessive amount of time and effort that would have to be dedicated to that tedious task, Tennant Company would rather eat the cost. Mr. Collins also highlighted that approximately 150,000 extra Euros were paid in tariffs to import the same goods as before Brexit (Collins, 2025). This reduces Tennant Company's revenue. Continuing to trade in Euros has also been an inconvenience for Tennant Company. Given that in 2016, the pound was down 7% (Treanor, Goodley and Allen, 2016) and in 2021 the Pound was approximately 15% weaker than the Euro (Coyle, 2021). In other words, as the Pound depreciates, Tennant Company loses revenue while trading in Euros.

4.2 Employment

For large businesses to hire workers from the European Union, large businesses require a certificate for sponsorship costing £1,476, and detailed documentation verifying the role meets the necessary skills requirement and pays a salary of at least £25,600 or the going rate for the job offer (March 2021, n.d.). The business then needs to wait almost four months before a new employee can start working for the company: once the employer starts working for them, they need to pay another £199 to the government (March 2021, n.d.).

This issue however, has not been significant for Tennant Company Company given that it is a large global company with its own EU offices.

4.3 Conclusion

Overall, large businesses must deal with extra Brexit red tape but have not significantly shifted their business models. Most commonly, difficulties stem from import and export regulations with the EU, combined with new employment rules and expenses for hiring EU workers. Unlike small businesses, larger firms struggle to shift their overall models given their size lends to less flexibility. However, there have been slight tweaks in areas of processing and shipping to maximise profits.

5.0 University of St Andrews

The University of St. Andrews lies at the heart of the town. An especially international demographic, almost half of the St Andrews' population comes from outside the UK (Times Higher Education , 2022). However, Brexit shifted St. Andrews's student demographics in regard to reduced EU students. Overall, the University of St. Andrews and other UK universities are negatively impacted by Brexit: a UK degree is more expensive, student exchange funding and research grants have decreased, and EU diversity has fallen.

5.1 Increased Tuition Fees

A major obstacle for EU diversity in UK universities stems from the increased tuition fees. Brexit made UK education unaffordable for EU students, as costs range beyond “£40,000 for a single year at a prestigious university” (Highman, Marginson and Papatsiba, 2023, p.13). In Europe, other comparable universities are attracting students with lower tuition fees, drawing talent away from the UK. Although unmeasurable, the cultural implications of Brexit may send a subtle message that Europeans are unwelcome to the UK. When the Brexit tuition fees officially came into effect, the number of UCAS applications dramatically dropped. University applications from Europe to UK universities fell by 40 percent for the 2021-2022 term (Highman, Marginson and Papatsiba, 2023, p.4). This may prove to be a long term challenge for the UK. International students, including EU students, are beneficial to the UK economy. It is estimated that in 2018-2019, international students contributed a total gross benefit of £28.8 billion” (Highman, Marginson and Papatsiba, 2023, p.2). EU students add diversity, talent, and also financial benefits to the UK.

5.2 Decreased Grant Funding

Brexit also has withdrawn Great Britain from valuable grant eligibility that benefits Universities. Two EU funding schemes for research are the European

Research Council (ERC) and the Marie Skłodowska-Curie Actions (MSCA) (Highman, Marginson and Papatsiba, 2023, p.9). The UK previously led many innovation initiatives through this funding. Now ineligible, UK universities are left to deal with the loss. Aside from specific grants, the UK overall lacks the same resources pre- Brexit. In 2015, the EU had €1.484. billion in grant income; this dropped by 38% to €0.919 billion in 2020 (Highman, Marginson and Papatsiba, 2023, p.10). For UK universities this means the potential loss of international students and staff who may see a lack of opportunity in the UK. It also has the implications of lowering research outputs from Universities in the UK.

5.3 Erasmus to Turing Scheme

A decline in EU students in the UK also originates from the replacement of Erasmus to the Turing Scheme. Erasmus, an EU program which supports higher education, is no longer available in the UK due to Brexit (European Commission, 2021). The replacement program, the Turing Scheme, lacks the same level of capacity and funding compared to Erasmus. The disappearance of Erasmus in the UK has created a £22m decrease in funds towards higher education exchange (openDemocracy, 2023). Universities and students across the UK have felt the decrease in funding (openDemocracy, 2023). This leads to less motivation in exchange participation across the UK and beyond.

Students applying for the Turing Scheme have had to “commit to costly placements” before receiving confirmation that they have received funding from the Turing Scheme (openDemocracy, 2023). This creates financial stress if the Turing Scheme is unable to provide financial aid. In comparison, Erasmus “sets out budgets for six or seven years” ensuring financial support before students commit to offers (openDemocracy, 2023). The Turing Scheme’s financial loan response time is debilitating towards students’ decisions to study abroad. Whereas Erasmus ensured financial support before students committed, increasing the flexibility of studying abroad.

The Turing scheme lacks the reciprocal benefits in student exchange of an influx of EU students. The Turing Scheme focuses entirely on “the outward movement of UK students,” lacking the exchange of EU movement towards the UK (Highman, Marginson and Papatsiba, 2023). The program does not follow core values of student exchange as a two way street (Highman, Marginson and Papatsiba, 2023). Erasmus supported both UK students studying in foreign countries, and foreign students studying in the UK, yet the Turing Scheme only supports UK student movement. In the example of St Andrews, UK students are supported financially in exchanging towards the EU, however EU students are not given the same opportunities.

Despite pitfalls, the Turing scheme does create a more equitable experience for UK students. The Turing Scheme stands out as significantly more inclusive to a

variety of socio-economic backgrounds. The most privileged students in the EU and UK were 1.7 times more likely to benefit from Erasmus compared to those less privileged (Highman, Marginson and Papatsiba, 2023). Whereas, 48 percent of [Turing Scheme] participants [are] from disadvantaged backgrounds (Highman, Marginson and Papatsiba, 2023). While the Turing Scheme successfully aids students across the UK, there is simultaneously a gap of funding and opportunities given Erasmus has been dismantled.

6.0 Policy Recommendations

Politics and economics are often intertwined, and in this case, pressure is forcing policymakers to confront Brexit failures. Willie Rennie, a leading liberal democrat and member of Scottish parliament for North East Fife, depicts future policy solutions to Brexit's limitations. Elected in 2016, Rennie oversaw the Brexit transitions in Fife. From talking to Fife constituents, Rennie explains the freedoms Brexit promised are not materializing and the economic downsides are certainly felt by the community. Rennie described the challenges to Scottish industry, farmers, fisherman, and small business owners. Immigration and the retention of EU workers creates shortages and challenges in Fife combined with the pandemic.

One solution Rennie proposes to the shortage of EU workers is the relaxing of immigration rules. According to Rennie, increasing immigrants is a relatively cost free policy that will improve the loss of EU workers. This policy would be aimed to relieve the pressures on fruit farms and other industries that rely on a heavy foreign workforce.

A solution to trade barriers is a gradual alignment with Europe. The EU and UK's relationship is not a parasitic one: in fact, the UK is the EU's second largest trading partner in goods and services (Henig, 2024). A better relationship with the EU is a top priority for the UK Labour party, whose goal is to "work to improve the UK's trade and investment relationship with the EU, by tearing down unnecessary barriers to trade" (García-Bercero, 2024, pp.3). In addition, Keir Starmer is set to have the EU-UK summit in May 2025 (García-Bercero, 2024, p. 3), showing the commitment of both sides to reaching a more prosperous trade agreement.

Surprisingly, a second term of Trump may be just the push for the EU to accept UK cooperation for collective economic security while saving face. Trump's threats on the international stage create an uncertain future of US allyship. Economists have warned the prospect of a potential trade war could damage economic development with Goldman Sachs "cutting its forecast for UK economic growth next year from 1.6 to 1.4 per cent, citing US tariffs" (Pickard, 2024). The war in Ukraine has also aligned Europe and the UK more closely as the

Trump administration wanes on their commitment to Ukraine. The overall environment of uncertainty may have the unintended consequence of forcing British and European cooperation out of necessity, strengthening UK-EU communication and relations.

Conversely, the possibility of an independent Scotland is also gaining popular traction. As an independent nation from the UK, Scotland would be free to rejoin the EU and receive the economic incentives they enjoyed before Brexit (Curtice, 2024). The Brexit referendum, which Scotland overwhelmingly voted no for, resurged desire for the independence movement which the Scottish national party has championed in their rhetoric (Cochrane, 2023). Public opinion in Scotland has shifted from a minority supporting independence in 2014 to consistently above 50% of the population in 2023 pushing for independence (Curtice, 2024).

In conclusion, a relaxation of immigration regulation, a closer alignment with the EU, or an independent Scotland is recommended as future policies one could enact to reduce Fife and St. Andrews negative Brexit impacts.

7.0- Conclusion

For the broader community of St. Andrews and Fife, Brexit has upended traditional trade relationships, immigration patterns, and long established business practices. Combined with the effects of the Covid-19 pandemic, the addition of investment uncertainty, red tape, and worker limitations weakens Scotland's economic growth. Small businesses were negatively impacted due to limited resources. Successful small businesses were able to pivot and update their business strategy that target new markets or focusing on domestic sections. On the other hand, large businesses, given their size, only had to adjust a few things such as where they store their products and processing time. The University of St. Andrews saw a decline in EU student applications and has thus shifted focus on domestic students and alternative opportunities. These new opportunities, however, have proved not as successful or useful for current students. Through these findings, it is apparent that St. Andrews and Fife are particularly vulnerable to Brexit's changes due to the abundance of SMEs, the reliance on a large foreign workforce, and a diverse, international student body. Moving forward, Scotland is dedicated to remedying these setbacks through policy actions. The relaxation of immigration laws and a gradual alignment with the EU on trade is recommended. An independent Scotland rejoining the EU is drastic, but becoming more popular.

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