

The Impact of Brexit on International Cultural Relations in the European Union

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ifa Edition Culture and Foreign Policy

The Impact of Brexit on International Cultural Relations in the European Union

Stuart MacDonald

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Stuart MacDonald, FRSA

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Foreword

On 23 June 2016, a majority of the population in the UK voted in favour of leaving the European Union. Brexit will have far-reaching consequences for the UK and Europe. Student exchange, cooperation in scientific research, the British creative industry's access to the European market, European cultural funding for cooperation projects, and cultural networks with British partners may all be jeopardised.

What will be the consequences of Brexit for cultural collaboration? How should Germany's foreign cultural policy respond in the initial stages of this process? How can intercultural exchange be secured in the long run, despite Brexit?

The author of this study, Stuart MacDonald, develops a range of potential scenarios and corresponding actions for future international cultural relations with the UK. The study forms part of ifa's Research Programme "Culture and Foreign Policy", in which experts address topical issues relating to culture and foreign policy with the aim of involving academics, practitioners, policymakers and the public.

I would like to thank Stuart MacDonald for his excellent work and commitment to this research project. Special thanks also go to three ifa colleagues: Odila Triebel for her invaluable conceptual input, and Sarah Widmaier and Isabell Scheidt for their work on the conception and editing of this project.

ifa is committed to peaceful and enriching coexistence between people and cultures worldwide. We promote art and cultural exchange in exhibitions, dialogue and conference programmes. As a competence centre for international cultural relations, ifa connects civil societies, cultural practices, art, media and science. We will continue our work in the UK and strengthen our ties in order to ensure the furtherance of our innovative and inspiring bilateral cultural relations.

Ronald Grätz

Secretary General, ifa

Abstract

The report describes the current status of international cultural relations between Germany and the UK, and assesses how that will be impacted both directly and indirectly by Brexit. This description of the current position will form, as far as possible, a baseline that can be used to assess impacts both in terms of numbers and in policy (political and qualitative) aspects. The report proposes options for a German policy response within the EU and bilaterally, between Germany and the UK. It proposes mechanisms for the future. These mechanisms are (where possible) costed.

Executive Summary

There is a great deal of common ground and existing collaboration between Germany and the UK in the main areas of international cultural relations: culture and creative industries; education and young people; co-operation on research and innovation; in intellectual and civic life.

This collaboration is supported by a range of instruments, some of which are dependent on EU funds and are therefore at risk from Brexit, some of which are bilateral, and some of which take place between non-state and sub-state actors in the economy and civil society and are not directly impacted by Brexit.

These instruments take place within an overlapping set of frameworks:

- EU policies and funds which directly impact on, or support, collaboration in **specific sectors**;
- The **foreign policies** of the UK and Germany, and the External Relations Strategy of the EU;
- **Economic and trade** arrangements which are affected by EU legislation and regulation; and
- The policies, strategies and actions of **sub-state actors** which operate at varying degrees of independence from EU policies and initiatives, and from national foreign policies, but are nonetheless important for relations between the UK and Germany.

The impacts of Brexit can be understood therefore in two ways:

- Its impact on defined areas of activity, which may take place within all of the above frameworks, requiring a holistic view of the sector in question, and
- Its impact on policies which will require to be modified in the light of Brexit in order to meet wider policy goals which have relevance beyond specific sectoral concerns.

At the time of writing, it is possible to describe a baseline of the main areas of existing activity, but there are insufficient data to describe the sum total of activity.

This summary brings together the main findings of the report and summarises the current position at May 2017:

For the UK there are risks:

- A reduction in free movement for cultural and creative industries and in Higher Education could have a serious impact on the UK's global reputation and economy;
- There could be an adverse impact on sectors which have a significant level of dependence on EU-funded activities;
- Domestic policy (e. g. on immigration), could be as damaging to the UK as an unfavourable outcome to negotiations with the EU;
- Higher Education could lose access to EU funds for research, mobility and strategic collaboration resulting in a serious erosion of the UK's science and innovation base; and
- The reputation and competitiveness of the UK's cultural and creative industries is a main driver of the UK's global attractiveness – if Brexit impacts adversely on the sector and its reputation, it would reduce the UK's soft power (which is largely based on the perceived “cool” generated by the sector), at a time when the UK needs it most.

The UK approach to Brexit negotiations remains unclear, and will be affected by the outcome of the General Election, due to take place on 8 June 2017. There are indications, however, that the UK will prioritise the maintenance of collaboration on research and innovation, and attempt to find favourable arrangements for specific sectors (such as cultural and creative industries) which are seen to be valuable to the UK's economy and reputation.

For the EU, there are risks of:

- Loss of access to the UK's research and innovation base;
- Reduced opportunities for study and work in the UK;
- A loss of capability, expertise and networks in the theory and practice of international cultural relations.

For Germany, questions are:

- The extent to which Germany wishes to maintain current policies and programmes which support international cultural relations with the UK, and the extent to which Germany is prepared to take an active part in doing so in the Brexit negotiations;
- How that might relate to Germany's desire to strengthen the future development of the EU through creativity and innovation, civilian power, and in external relations, possibly involving non-EU partners;
- The extent to which Germany would wish to maintain, or develop, bilateral arrangements with the UK post-Brexit; and
- The potential costs of loss of EU funds to support continued collaborative activity with the UK.

Brexit has also highlighted that impacts will be differential within countries. In the UK, devolved administrations have policy and funding responsibility for all of the sectors involved in international cultural relations, but have to operate within the UK framework for international relations. This adds a level of complexity.

There are differences between UK and German foreign policy goals. The UK appears to be seeking a "special relationship" with Germany, but German foreign policy is oriented towards preserving the unity of the EU. This is unlikely to change after the German elections.

Despite this, there is strong political support from both countries for the future development of relations, especially through sub-state and non-state actors in civil society. While "elite" level links need to be maintained, the existing frameworks for collaboration need to be rethought. Cities and regions could play an important role.

The impact on European policy on culture in external relations is likely to come through withdrawal of the UK from arrangements which require EU membership (e. g. EUNIC), or are supported by EU funds (the UK is a net contributor). It is also a possibility that the UK becomes a competitor to the EU in international cultural relations.

1. Introduction

The people of the UK voted to exit from the European Union in a referendum held on 23 June 2016. The report considers the impact of the UK's decision on the conduct of international cultural relations in Europe.

There is a great deal of common ground and existing collaboration between UK and European partners in the main areas of international cultural relations: culture and creative industries; education and young people; research and innovation; intellectual and civic life. This collaboration is supported by a range of policies and instruments, some of which are dependent on EU funds and therefore at risk from Brexit, some are bilateral, and others take place between sub-state and non-state actors in the economy and civil society.

The impacts of Brexit are currently “known unknowns”, which can be considered in two main ways. Firstly, impacts on defined areas of activity (culture, creative industries, education, young people, civic links), and secondly, impacts on policies which address wider policy goals with relevance beyond specific sectoral concerns. These impacts are subject to externalities which generate additional uncertainties. These include political changes in EU Member States, changes to domestic policies (especially on immigration), and the actions of third parties beyond the EU.

A further impact of Brexit can be seen in the lessons which can be learned from it and other recent political campaigns for the way in which politics are done, using social media, artificial intelligence (AI), and with the involvement of new forms of private funding for campaigns, which can escape from traditional arrangements for democratic scrutiny.

The report argues that Brexit creates risks for the UK as it is directly exposed to economic, intellectual, reputational, and cultural damage e. g. from reduced levels of international cultural exchange, at a time when it needs to develop a strategy for post-Brexit global engagement, including with the EU. The EU, likewise, is exposed to loss of innovation and creativity, and potential loss of a key partner in the global promotion of shared norms and values.

The report recommends that these risks can be addressed to mutual benefit through both sides taking a constructive approach to maintaining UK access post-Brexit to relevant EU programmes and structures, particularly Erasmus+ and H2020. It also suggests that the EU and the UK should continue to collaborate in the global promotion of shared val-

1. Introduction

ues and norms. That will require fresh thinking and a willingness on both sides to engage actively and flexibly, at both state and sub-state levels. A new geography of collaboration will be required.

The report describes the current status of international cultural relations between Germany and the UK, and assesses how that will be impacted both directly and indirectly by Brexit. This description of the current position will form, as far as possible, a baseline that can be used to assess impacts both in terms of numbers and in policy (political and qualitative) aspects. The report proposes options (specific recommendations) for a German policy response within the EU and bilaterally, between Germany and the UK. It proposes mechanisms for the future. These recommendations and mechanisms are (where possible) costed.

2. Methodology

The scope of the report includes likely **direct impacts** of Brexit on sectors and policy areas.

- Sectors:
 - Cultural and creative industries, including media;
 - Young people: Erasmus+; schools; Higher Education; language teaching;
 - Research and innovation;
 - Tourism.

- Policy areas:
 - Culture (broadly defined to include the sectors above) in the foreign policy of Germany and the UK;
 - The EU's strategy for culture in external relations.

The report attempts where possible to quantify the baseline and identifies the costs and numbers of people directly impacted by any change to existing areas of UK-German cultural relations activities in three types of programme:

- Programmes supported by EU funds;
- Programmes which implement EU policies and strategies, but are not in receipt of regular EU funds (e. g. EU Cultural Diplomacy Strategy); and
- Programmes which are not dependent on EU funds (e. g. sub-national civic relationships such as town twinnings).

By doing so, the report gives an estimate of the costs to Germany, and the impact of the loss of EU support for existing programmes of collaboration, exchange and trade as it affects cultural goods and services.

The report also covers wider questions for international cultural relations raised by the Brexit process, i. e. changes in the way in which democratic contests are conducted (social media etc.), and narratives and strategies developed in the Brexit context which reflect and contribute to populism, fake news and loss of confidence in both internationalism and in multilateral institutions.

The report's methodology comprises a literature review; structured interviews with intermediary organisations directly involved in international cultural relations between the UK and Germany, and a monitoring of the evolving media coverage of Brexit. As the interviews were not sufficiently large in number to allow for quantitative analysis, the results are included in the relevant sections of the report e. g. the results of the interview with VisitBritain are included in the section on tourism.

3. The Brexit referendum

“Brexit is government of the old, by the old, for the old - and it will perish with the old.”
(Barnett 2017)

The vote – explanations for the vote – demographics – developments since – the Brexit process

“As the UK government hands across its letter to the EU triggering Article 50, a poll was published showing that the judgment British voters made on 23 June last year has remained steady. There has been a very slight movement of opinion in support of leaving. Within the generations, the differences remain as striking as they were in the vote itself: there is no majority for leaving the EU amongst those under 55. Those between 55 and 64 favour Brexit by a mere 52%. It is the over 65’s who swing the outcome as they break 59% for Leave. In contrast, the under 25s are 55% for staying in the EU and only 32% for Leave.” (Barnett op. cit.)

It is clear from numerous analyses, that the factors which most influenced the vote were age and educational attainment. However, it is also clear that despite the predictions of many commentators in politics and the media, support for Brexit has remained relatively steady in the UK since the vote in June 2016.¹

In the context of cultural relations, it should be noted that the sectors of UK society which were most opposed to Brexit, were those most active in international cultural relations, i. e. academia, culture and science. The UK Higher Education sector was perhaps the most vocal of these. While the popular mood seems to have remained steady, it is also true that these sectors have remained very committed to their opposition to Brexit, even while they have been busy developing strategies to mitigate the impact, and even, in some cases, identifying new opportunities for the future which are less dependent on EU collaboration and financial support.

The referendum campaign was itself a subject of major controversy. In particular, there were accusations of “fake news” and voter manipulation which were linked to new forms of influence through social media and online political advertising. These went far beyond the “traditional” forms of exaggerated promise which characterise election cam-

¹ YouGov.co.uk, 2017, Attitudes to Brexit: Everything we know so far. Available at: <https://yougov.co.uk/news/2017/03/29/attitudes-brexit-everything-we-know-so-far/> [16 July 2017].

3. The Brexit referendum

paigms. They used techniques for the high-tech targeting of voters, developed by private companies, funded in ways which are not transparent to existing forms of scrutiny of the conduct of elections. As the Guardian newspaper reported:

“This combination of digital marketing firms that are required to reveal little about what they do, and digital ads that are different for each segment of the population, make political advertising online opaque in way traditional ads were not. And the approach seems to work. A more sophisticated digital strategy is regularly cited by (...) Leave campaigners as example of how they outsmarted Remain.” (Jackson 2017)

“In the networked politics of the future, the deployment of advanced automation strategies will become standard fare for campaigns seeking to shape public sentiment.” (Albright 2016)

The reaction of European politicians to Brexit was mostly a mixture of hostility and disappointment at the decision of the UK electorate. Frank-Walter Steinmeier, in his first speech as President of Germany to the European Parliament on 4 April 2017, reflected this response as he reinforced his (and Germany’s) commitment to the EU, while criticising the actions of UK politicians who had campaigned for Brexit:

“It is irresponsible, in a world that is becoming more complicated, to lead people to believe that the answers are becoming simpler. It is wrong to say that a European country can make its voice better heard or can better assert its economic interests in this world on its own and without the EU.” (Steinmeier 2017)

4. Sectoral impacts

In general, cultural cooperation will inevitably suffer from reduced freedom of movement, less money from loss of access to EU programmes, tariffs on trade in cultural goods and services, and increased bureaucracy from the introduction of customs checks. Specific impacts are included in each sector text below.

4.1 Cultural and creative industries, including media

The creative industries in the UK account for a significant part of the UK economy. According to figures produced by the Department for Culture, Media and Sport (DCMS), the gross value added (GVA) for the creative industries in 2014 was £84.1 billion, which accounted for 5.2 percent of the UK economy. The GVA for the creative economy – which includes the contribution of all those employed in the creative industries, as well as those who work in so-called creative occupations outside the creative industries (for example freelancers working as designers in sectors not regarded as creative, or in new and emerging industries such as videogames which were not captured by the official statistical codes for the creative industries) was worth £133.3 billion, accounting for 8.2 percent of the UK economy (Bakshi 2014).

In 2014, there were 1.8 million jobs in the creative industries, and employment increased by 5.5 percent between 2013 and 2014. Similarly, the DCMS found that total employment in the creative economy in the UK was 2.8 million jobs, a 5 percent increase since 2013. Further, UK creative industries accounted for £17.9 billion in exported services and comprised 8.7 percent of total exports of services from the UK in 2013.

The sector, currently heavily based in London but spreading rapidly to other major parts of the UK, is critically dependent on labour from the EU and elsewhere. Any move to cut immigration from the EU would be a body blow to this sector and would have a significant impact on UK GDP growth (see Appendix A).

The main source of information on the likely impact of Brexit on the sector, is the **Creative Industries Federation (CIF)'s *Brexit Report*** (October 2016) which identified 4 main areas of concern:

- **Talent and skills** – including access to specialist workers, skills shortages, touring, festivals, visas, freelancers, Erasmus+ programme;
- **EU funding** – including access to pots such as Creative Europe and Horizon 2020, cultural exchange, export opportunities, regions, eligibility in the run-up to Brexit

4. Sectoral impacts

- **Trade and investment** – including EU as main market, regulated services, new markets, ‘country of origin’ principle, tax credits, World Trade Organisation (WTO) terms
- **Regulatory frameworks** – including Digital Single Market (DSM), intellectual property (IP) rights, copyright protection, influence on new regulations, respect for IP in potential new markets.

Talent and skills: The UK’s creative industries have long-standing skills shortages which are partly addressed through the employment of international workers as a substitute for inadequate school education and lack of training in the UK. The sector is also dependent on forms of innovation which tend to be understood by only a small number of people. The sector therefore sees a risk that skills shortages in the UK will be made worse - at least in the short to medium term - by any restriction on freedom of movement that comes with the UK leaving the European Union.

EU funding: has supported a wide range of commercial, creative and infrastructure projects and loss of access will have serious consequences in every part of the UK. EU funds, including Creative Europe, Europe for Citizens, Horizon 2020, European Regional Development Fund (ERDF), European Social Fund (ESF) and the European Cultural Foundation, have played an often critical role in facilitating infrastructure developments; business support; innovation; research and development; exports; diversity, and cultural exchange. A good example is the European Capital of Culture programme, which has helped develop the UK’s creative economy, with success stories including Glasgow in 1980 and Liverpool in 2008

Case study: Creative Europe

Creative Europe is the European Commission’s framework programme for support to the culture and audiovisual sectors. According to Creative Europe Desk UK, in 2014 and 2015, the UK received grants totalling €40 million amounting to 13% of Creative Europe’s budget of €319 million for those years.

An independent survey of the impact of Creative Europe in the UK found that:

The funding, opportunities and ways of working it offers helped creative organisations to grow;

- Creative Europe support helped to develop meaningful international partnerships in the majority of cases for Culture (91%) and MEDIA beneficiaries (68%);
- 87% of respondents believe the audiovisual, creative and cultural sectors would benefit from continued participation in Creative Europe and its successor programme.

(Creative Europe Desk UK 2017)

Trade and investment: Creative exports including books, television, film, and popular music, are seen as “the UK’s calling card to the world”. They are valuable in their own right, but also promote the broader trading interests of the UK as a symbol of the country’s imagination, innovation and diversity. The UK is an international hub for the creative industries and attracts significant inward investment. The country’s appeal rests on a number of factors, including its role as a gateway to the EU.

As the sector trades more in services than goods, there are particular areas which the sector argues require special consideration when considering any new trading relationship with the EU. There is a particular concern that the EU would be able to impose discriminatory provisions on the UK, particularly with regards to the audiovisual sector, under the exemptions it has carved out for these areas from the ‘most favoured nation’ requirements in trade agreements. The sector is also concerned about non-tariff barriers, and legislation of all sorts which inhibits or restricts market access. This is a particular issue for most of the UK’s creative sectors which predominantly trade services rather than goods.

Regulatory frameworks: A regulatory framework with strong enforcement of intellectual property rights including copyright and trademarks is crucial to enabling creative industries to capitalise on their ideas and talent. The UK has been at the forefront of developing this framework in Europe and the sector strongly desires to see the UK continuing to play an active role in the future, particularly in relation to the digital single market (DSM). The CIF argues that with the creative industries “increasingly operating in and reliant on the digital world” a lack of UK involvement in the creation of the DSM might “risk that new legislation could have a detrimental impact on the UK’s interest and future trade with EU countries”.

The **Arts Council of England**, in giving evidence to the House of Lords reported similar concerns:

- **Free movement:** 70.8% of respondents to a survey of arts organisations felt that any barriers on ease of movement could affect their future touring work with and in the EU;
- **EU funding:** The arts sector utilises EU funds for small and large-scale projects and programmes and that “a number of our small organisations are particularly reliant on EU funding, and the loss of these funds would have an impact”;
- **Regulations:** The “sector benefits from EU laws and regulations relating to copyright, intellectual property, artist re-sale rights, VAT exemption as well as employment legislation”;

4. Sectoral impacts

- **Trade:** Trade with the EU and other countries was also an issue, given that “EU countries make up 59 percent of the market for our arts and culture industry”.

In its most recent report on the international activity of arts organisations in England, the **Arts Council of England** found that while the USA was the most popular individual country destination for English arts organisations, France and Germany were a close second and third. Overall, 59% of international projects took place in Europe, making Europe the most significant area of activity by far (by contrast, only 13% of projects took place in the USA). While the report did not specifically address the question of Brexit, it did suggest that any reduction in international activity would be likely to lead to loss of innovation, artistic development and opportunities for exchange.

Similarly, for film and television, the **Independent Film and Television Alliance** are concerned about loss of certainty:

“Producing films and television programmes is a very expensive and very risky business and certainty about the rules affecting the business is a must. This decision has just blown up our foundation – as of today, we no longer know how our relationships with co-producers, financiers and distributors will work, whether new taxes will be dropped on our activities in the rest of Europe or how production financing is going to be raised without any input from European funding agencies.”

Today, according to the **British Film Institute (BFI)**, the total filmed entertainment market in the UK in 2015 was worth an estimated £4.1 billion, up from £3.8 billion in 2014, and the UK had the third largest film entertainment market in the world after the USA and China. The UK film industry receives a significant amount of public funding with the industry receiving an estimated £414 million in 2014/15. It also receives EU funding through Creative Europe’s MEDIA sub-programme. In 2014, Creative Europe invested £3.8 million in UK-based film activity, and nearly half of this (47%) went into film distribution. Without this money, there is a risk that European films may disappear from UK cinemas:

“British distributors buy rights to European films in Euros—and now they have become much more expensive. Few European films are serious commercial propositions in the UK, and the companies that release them operate on wafer-thin margins, if at all. If barriers or tariffs intervene, or cultural subsidies from the EU disappear, the supply could dry up rapidly.”

4. Sectoral impacts

Conversely British films could disappear from European cinemas. 40% of the UK's film exports go to the EU. There is concern that "Brexit will hinder British producers' ability to sell their products in a giant trading area".

In May 2017, the work of the **Creative Industries Federation** has shifted from Brexit per se, to the UK Government's new Industrial Strategy. The Prime Minister of the UK, Theresa May, says in her introduction to the Industrial Strategy Green Paper:

"(...) our Plan for Britain is not just a plan to leave the EU, but a plan to shape a new future for the kind of country we will be when we have left." (HM Government. 2017)

While the Industrial Strategy is explicitly addressed to the UK's post-Brexit future, and the Federation continues to stress the importance of the sector, Brexit is not mentioned in the Federation's response to the Green Paper. The Federation does continue, however, to be concerned about the issues they identified in their Brexit Report. They are merely shifting their focus to address the future needs of the cultural and creative industries.

4.2 Education: schools, Higher Education, young people, and language teaching

This section deals with the impact of Brexit on the range of sectors which mostly affect young people. As already noted, there was a demographic split in the Brexit referendum vote – the young overwhelmingly voted to remain in the EU. It is young people, and the institutions through which they gain access to education, culture and international experience, which bear the highest risk of adverse consequences from Brexit.

The UK has a successful HE sector. It is clear that loss of access for that sector to Erasmus+ programmes would have a seriously adverse impact not only on the UK, but also on the EU's educational and research capacity.

Erasmus+

Erasmus+ is the EU programme for education, training, youth and sport. As such it is a vital contributor to international cultural relations for education and young people. The Erasmus+ programme supports across all sectors of lifelong learning including Higher Education, Further Education, adult education, schools and youth activities.

Erasmus+ - the impact on the UK of loss of access

The impact of withdrawal from Erasmus+ for the UK would be to reduce greatly the opportunities available to young people to participate in international exchange programmes across the EU. The cost to the UK of making alternative provision would be very significant.

In 2016 prices, the total value of Erasmus+ investment in the UK in the 3-year period 2014-16 was €363m, funding 2,910 projects. Annually, the UK Government would have to find some €129m to maintain the current level of activity in Erasmus+ programmes which deal with **Mobility** (exchanges), Strategic Partnerships, and Structured Dialogues, for programme sectors concerned with HE; adult education; Schools and Vocational Education and Training (see Appendix B, table 1).

The impact of exit from Erasmus+, would mostly be felt in HE which is the largest share of Erasmus+ activity, as placements tend to be longer term covering the majority of an academic year. The numbers of people involved is significant. In 2016, 235 Erasmus+ Mobility projects in UK HE benefited 86,588 participants, including some 10,515 placements for staff, mostly from HE (see Appendix B, table 2).

The other most significant area of impact on HE would come through the loss of support for **Strategic Partnerships**. A Strategic Partnership offers universities and organisations from business and society who are, or will be, active in the field of higher education, the possibility of structurally addressing their internationalisation within the framework of a European project. They can create innovative, thematic or regionally oriented networks and flexibly carry out various activities (for example, joint curriculum development, summer schools, e-learning activities) to deepen the level of cooperation.

Cross-sectoral cooperation with schools, businesses, facilities for adult education and youth associations is also possible. As a result, higher education institutions are able to develop and become more broadly orientated and more open. Supported activities typically include the modernisation and diversification of education provision, and the opening up of universities to new target groups (see Appendix B, table 3).

Strategic Partnerships are important to Germany. In the 2014 and 2015 competitions, a total of 27 projects in Germany were selected in the field of higher education. 12 of these projects coordinated by the German side included 16 institutions from the United Kingdom.

4. Sectoral impacts

There are two other strands of Erasmus+ where Brexit is likely to have an adverse impact:

Knowledge Alliances: HE institutions can co-operate with universities from one or more partner countries of the European Union in a Knowledge Alliance. The aim is to support universities and HE systems in the partner countries in their reform processes. The Alliances involve Education Ministries in partner countries in structural projects to modernise strategy development, the management of higher education systems and the strengthening of links between universities and society. Alliances also support student and staff mobility.

Knowledge Alliances also promote important long-term and structured cooperation between universities and enterprises. They are large-scale projects, involving institutions from at least three European countries which aim to strengthen the innovative power of Europe through the exchange of knowledge between universities and enterprises, the strengthening of the entrepreneurial abilities of students, university and business personnel and the development of multidisciplinary teaching and learning methods.

In the 2015 competition, 140 capacity building projects were selected, 48 of which involved universities from the UK and Northern Ireland. German universities were involved in 16 of these 48 projects.

Erasmus Mundus Joint Master Degrees: The programme promotes international master's degree programs, which are offered by at least three European universities and are concluded with a joint degree. Co-operation with universities from non-European countries are also possible. The study courses comprise at least two mobility phases at different universities in the consortium. Highly qualified international students selected for this program receive a full scholarship.

A total of 26 projects were selected in the 2014 and 2015 competitions, one of which is a joint consortium of universities from Germany and the United Kingdom.

Schools

The Pedagogical Exchange Service (PAD) of the Secretariat of the Conference of Ministers of Education and Cultural Affairs in the Secretariat of the Standing Conference of Ministers of Education and Cultural Affairs is the only state institution commissioned by the German Council Countries for international exchange in the school sector.

4. Sectoral impacts

The PAD currently operates nine exchange programmes involving the United Kingdom. However, it only keeps statistics on the programmes which it manages. There are no statistics on school partnerships and other exchanges which are not supported by the PAD.

For the School Year 2016/17, PAD's programmes supported 1,222 people, 930 from Germany to the UK and 292 from the UK to Germany. In addition, the programme supported 181 projects, 52 of which were funded from Erasmus+ (key action 2), and 129 under the e-twinning programme (see Appendix C).

While loss of Erasmus+ would have a serious impact on levels of project activity, it is the case that the bulk of the PAD's activities are bilateral in nature, so they are less likely to be impacted negatively by loss of access to EU Funds.

Higher Education

Higher Education (HE) is seen as a British success story. The UK has world-renowned, internationally competitive universities and the sector is a major economic asset, generating annual output of £73 billion for the British economy and contributing 2.8% of UK GDP (Universities UK).

Universities generate over 750,000 jobs and around £11 billion of export earnings for the UK annually. Through research, teaching and other activities, universities make a major contribution to society, to individuals and to social cohesion. This positive impact is felt by local communities in every region of the UK (Universities UK).

The sector is likely to be adversely impacted by Brexit, and the sector's representative body, Universities UK, has been active in gathering data on the sector's views of the likely impacts of Brexit. The sector is concerned at potential impacts from:

- Any reduction in mobility for students and faculty:
 - Increased barriers to recruiting talented European staff;
 - Increased barriers to recruiting European students;
 - Reduced outward mobility opportunities for staff and students;
- Loss of EU funding;
- Obstacles to collaboration on research; and
- Loss of global attractiveness and influence.

The concerns of Universities UK are shared by the German Rectors' Conference (HRK). The HRK is particularly concerned about the loss of the UK as a key contributor to

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research excellence. While Brexit may mean that UK Universities no longer compete with German Universities for EU funds, potentially leading to an increase in funds available to German universities, the HRK considers that the loss of UK research quality would outweigh any short-term gains.

The HRK's hope is that agreements will be reached between the EU and Great Britain in the near future to allow the funding needed for research collaborations and student exchange to continue. They urge political decision-makers to come to viable agreements in order to limit the damage to the European Higher Education Area as much as possible (Hippler 2016).

The UK HE sector is exposed to negative fluctuations in international student flows and staff mobility:

- One in every six students at UK universities is from outside the UK – over 436,000 students;
- 125,000 EU students are currently studying at UK universities – 5% of the entire student body;
- Among undergraduate students from outside the UK, the highest proportions came from Asia (42.0%) and the EU (34.5%);
- Half of the UK's PhD students are from outside the UK – 14% are from other European countries;
- In 2015-16, 46,230 (11.27%) staff in UK HE were from other EU countries: 33,735 (8.23%) were academics, and 12,490 (3.05%) were non-academic.

That leads Universities UK to conclude that the positive contribution of UK higher education to the UK economy and society will be greatest if British universities are magnets for international talent, are welcoming to international students and are leaders in international research collaboration. They are therefore advocating to the UK Government that it takes steps to protect the sector in the Brexit negotiations.

It should be noted however, that the internationalisation of HE in the UK is one-directional: for every individual student from the UK studying abroad, 16 overseas students come to the UK. Many more German students study in the UK than do UK students in Germany. Similarly, UK participation in international programmes is relatively low, although significant.

The lesson is clear. If Brexit makes it harder for overseas students and staff to study and work in the UK through the introduction of immigration controls and loss of access to

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Erasmus+, the loss of student fee income to UK Universities (not capped for overseas students) will hit some universities very hard, while leaving others untouched. The loss of academic staff for UK Universities will be an extremely serious concern, as will the potential loss of long-term networks and knowledge flows.

Bilateral exchange

In addition to Erasmus+ funds, however, there is a significant level of existing bilateral exchange between German and UK HE. Germany is in 7th place in the list of countries of origin of overseas students in the UK (behind China; India; Nigeria; Malaysia; USA, and Hong Kong).

In Germany, the **DAAD** carries out the tasks of a National Agency (NA) for Erasmus + on behalf of the Federal Ministry of Education and Research. Under Erasmus+, the DAAD also has an involvement in Strategic Partnerships and Knowledge Alliances. While these are centrally managed in Brussels, they are supported through partnerships and cooperation projects.

In 2015, the DAAD provided from its own resources 229 scholarships for German students in the UK from a total (including those supported by EU mobility programmes) of 6,648 scholarship holders from Germany.

Throughout the United Kingdom the DAAD, in co-operation with local universities, supports 27 lecturers for German language, literature and national studies, and 13 specialist lecturers (5 in history, 6 in law and 2 in political science).

In the other direction, Germany is the 3rd most popular destination country for UK students who study abroad (behind USA and France). In 2015 there were 2,926 UK students in Germany, and the DAAD supported 669 students and scholars from Great Britain and Northern Ireland to study, teach or research in Germany.

German Historical Institute

The **German Historical Institute London** (GHIL) is an academically independent institution and part of the Max Weber Foundation German Humanities Institutes Abroad. It promotes research on medieval and modern history, in particular on the history of Britain, on the British Empire and the Commonwealth, and on Anglo-German relations. Its public library specialises in German history.

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Each year the GHIL awards a number of research scholarships to post-graduate students, Habilitanden and post-Docs at German universities to enable them to carry out research in Britain, and in some cases to post-graduates at British universities for research visits to Germany.

The GHIL will not be directly financially impacted by Brexit as its work is not dependent on UK or EU funding. It is likely, however, that reduced freedom of movement post-Brexit will have a negative impact on the GHIL's ability to recruit or train post-doctoral students. The Institute is concerned that they will find it harder (if not impossible) to find teaching posts at UK Universities, making it difficult for them to support their research, as is the case at present in the USA. As GHIL supports students who study and teach German history or Anglo-German relations, that would have an adverse impact on the teaching of these subjects in UK Universities, as well as on research.

Language teaching

The implications of any reduced level of Modern Foreign Language (MFL) teaching due to Brexit are considered to be severe. The position of MFL was already considered to be severely negative for the UK economy. This was stressed by the All Party Parliamentary Group (APPG) prior to the 2015 General Election:²

- our economy will suffer as British firms are held back from trading across the world,
- our young people will suffer as they lose out in a global jobs market,
- our international reputation and capacity for global influence will suffer,
- our defence and security interests abroad will be damaged, and
- our cultural capital at home will be impoverished.

The APPG on Modern Languages published an update - Brexit & Languages in 2016, calling on the Government to take specific actions to ensure Brexit negotiations protect the UK's urgent strategic need for language skills, if the UK is to succeed as a world leader in free trade and international relations:

- Guaranteeing residency status for EU nationals already living in the UK and safeguarding future recruitment of EU citizens to address the shortage of language skills;

² All Party Parliamentary Group on Modern Languages. (2014). Available at: https://www.britishcouncil.org/sites/default/files/manifesto_for_languages.pdf [31 May 2017]; All Party Parliamentary Group on Modern Languages. (2016). Available at: https://www.britishcouncil.org/sites/default/files/appgmfl-mflbrexit_oct16.pdf [31 May 2017].

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- Continuing full UK participation in the Erasmus+ programme (noting the examples of Norway and Switzerland);
- Committing to legislate to replicate the rights enshrined in the 2010 European Directive on the Right to Interpretation and Translation in Criminal Proceedings; and
- A post-Brexit plan in education (from primary school to post-graduate research, including apprenticeships), business and the civil service, with specific actions to ensure the UK produces sufficient linguists to meet its future requirements as a leader in global free trade and on the international stage.

In addition, Katrin Kohl, Professor of German Literature at the University of Oxford, commenting on Brexit and MFL says:

“The overall picture is that we are losing the academic infrastructure that is necessary to equip our young people right across the UK with the language skills and cultural breadth they will need if they are to be confident citizens of a global world in which EU citizens from other countries can often move with greater ease.” (Kohl 2016)

Modern Foreign Language (MFL) teaching: schools

MFL learning in UK schools is in long-term decline. In 2002, 78% of English pupils took an MFL General Certificate of Secondary Education (GCSE) examination in a second language, compared to 48% in 2016. Language skills will, however, be an essential component of achieving the prosperity aims of the UK’s ‘Global Britain’ drive. MFL learning beyond GCSE or equivalent is much lower and declining.

The UK is not producing enough languages graduates to fill the teacher shortage – the Department for Education (DfE) estimates the system needs 4,000 more MFL teachers if the DfE is to meet its European Baccalauréat target for England alone. There are similar issues in the devolved administrations. The British Council is working with all four countries to support teacher supply issues but the challenge to MFL learning is greatest in England.

The UK depends on EU nationals for MFL teaching. An estimated 35% of MFL teachers and 85% of modern foreign language assistants in UK schools are non-UK EU nationals. Without them, MFL teaching would collapse.

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The UK's language skills deficit is currently estimated to cost 3.5% of GDP. Employers in 83% of SMEs operate only in English, yet over half say language skills would help expand business opportunities and build export growth (All Party Parliamentary Group. op. cit.).

At school level, in addition to the PAD programmes for language learning described above, the UK-German Connection is a bilateral government initiative for school and youth links. It was established in 2005 and is funded and governed by the UK and (Federal) German governments, British Council and the PAD.

The UK-German Connection offers two opportunities for young people learning German:

- The German Pupil Courses are a two-week opportunity for UK students; and
- The German Scholarships Programme is a four-week opportunity for UK students aged 16+.

Taking part provides students with the opportunity to gain first-hand experience of German life and culture and improve their German language skills at the same time.

The *Schulen Partner der Zukunft programme (PASCH)* is an initiative of the Federal Foreign Office in cooperation with the Central Office for Foreign Education (ZfA), the Goethe Institute (GI), the German Academic Exchange Service (DAAD) and the Pedagogical Exchange Service (PAD). There are five participating schools in the UK, four in England and one in Wales. The aim of the initiative is to "strengthen and connect a worldwide network of more than 1,800 partnerships with a special commitment to Germany. In the case of young people, this is intended to arouse lasting interest and enthusiasm for modern Germany and the German language – particularly in the main regions of Asia, the Middle East and Central and Eastern Europe."

Modern Foreign Language (MFL) teaching: Higher Education

In Higher Education (HE), the position is more encouraging. The proportion of institutions offering both accredited and non-accredited institution-wide language courses (IWLP) was around 60% of the total.

Nearly all HE institutions offer courses in German (the most frequently offered language offering, along with French). Despite the prevalence of French and German language courses, Spanish is the most popular language for students, followed by French, then by German. The popularity of German is, however, increasing. The growth of Ger-

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man seems to be an on-going trend since the position of German in 2016 is consistent with growth in previous years. In responding to a question about why German was proving popular, respondents cited the economic importance of Germany, employability, and also the popularity of German with Engineering students and with some groups of international students.

Modern Foreign Language (MFL) teaching: adults

There is a wide range of opportunities for adults in the UK to learn German. There are many courses available from universities, private language schools, local authorities and even from media organisations such as the BBC or the Guardian newspaper. Learning is available through a wide variety of channels ranging from traditional classes to online learning and podcasts.

The Goethe-Institut is the main German organisation in the UK concerned with offering German language to adults. Their remit goes beyond language learning as they also promote knowledge of the German language abroad and foster international cultural cooperation. They aim to:

- Convey a comprehensive image of Germany by providing information about cultural, social and political activities;
- Encourage intercultural dialogue;
- Enable cultural involvement, and
- Strengthen the development of structures in civil society and foster worldwide mobility.

They offer German language courses in London and Glasgow and they manage six examination centres (see Appendix E).

There is also a wide range of opportunities for UK adults and young people to learn German in Germany. However, there are no statistics on this. Provision is offered by a wide range of public and private organisations and there is no centrally-held source of statistics.

4.3 Research and innovation

Research is important to the UK and the potential adverse impact from Brexit is viewed with great concern, especially by the HE sector. The UK's scientific research institutions are ranked second in the world for quality. With 0.9% of the world's population, the UK produces 15.9% of the world's most highly-cited articles. The UK ranks first in the world by field-weighted citation impact (an indicator of research quality). Universities support the UK's soft power and global partnerships. Many leading international figures are alumni of British universities and UK universities are connected with businesses, governments and research partners worldwide.

It is worth noting, however, that the share of GDP spent by the UK on Research and Development (R&D) (1.70%), is less than that spent by Germany (2.87%), and less than the average of the EU28 (2.03%). While UK HE is strongly focused on research, the same is not as true for UK industry. There are also wide regional disparities between regions of the UK.

Perhaps as a result of this pattern, international collaboration is key to the UK's leadership in research productivity. Over half of the UK's research output in 2015 was the result of international collaboration and 60% of that included EU partners.

While UK researchers most frequently collaborate with the USA, the rate of collaboration with EU partners is increasing at a faster rate. Freedom of movement is often integral to collaboration, and at present, this is easier within the EU. The strength of the UK's science base has been helped by being able to attract the best international talent to the UK and currently 16% of scientific academic staff in UK universities are from other EU countries with 12% from non-EU countries.

Up until now the UK has played an important part in shaping EU policy on issues relevant for research and innovation, such as experimentation on animals and data protection, as well as issues of global importance such as Climate Change.

Access to EU research funding

The UK at present is a net beneficiary of EU support for research. It is estimated that the UK received €8.8 billion from the most recently completed EU research programme (FP7, from 2007-2013), having contributed an estimated €5.4 billion. Despite a reduction in UK government research funding to universities between 2009/10 and 2013/14, university

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research income increased over that period, largely due to increases in funding from the EU.

Today, universities in the UK get 11% of their funding for research from the EU. £836 million in research grants and contracts comes from Horizon 2020 and other funding streams, and the UK receives €1 billion for 3,000+ researchers through talent-focussed Marie Skłodowska-Curie Fellowships and European Research Council grants.

UK-German research collaboration

Horizon 2020 is by far the largest EU research funding programme, and the majority of this funding requires international collaboration. Since 2016, the DAAD has been promoting the “DAAD University of Cambridge Research Hub for German Studies” at the University of Cambridge. The Centre is the first dedicated research centre within a network of centres that supports interdisciplinary projects of high-calibre scientists.

The Centre promotes European research within the United Kingdom’s scientific landscape, and enhances the visibility of Germany’s research at the University of Cambridge and beyond. The project is initially planned for five years with a budget of up to 200,000 Euro p.a. (DAAD).

Regulation and policy

International collaboration is aided by consistent policy and regulation and the UK currently plays a strong role in helping shape effective EU policy, such as the directive governing the use of animals in research. In many cases such as this, the EU has set regulation that supports effective collaboration (Royal Society).

4.4 Tourism

The tourism industry is economically very important to the UK:

- **Inbound** (to the UK): In 2015:
 - 36 million visitors went to the UK, spending £22 billion, with projections for further growth of 4% for 2016.
 - The tourism and hospitality industry employs 3m people (just under 10% of the UK’s workforce);
 - 30% of employees are EU migrants and many business owners have said that the loss of this highly valued workforce would be a body blow to the industry;

- **Outbound travel (from the UK):** In 2015:
 - £11.3bn in direct economic contribution to the UK, generating in excess of £28bn in GVA;
 - The outbound travel sector offers direct employment to 214,000 people, supporting a total of more than 450,000 jobs across the UK.
 - Pre-trip expenditure on overseas travel within the UK is worth some £35bn annually (ONS) making outbound travel arguably more important to the UK than inbound.

Industry concerns

Tourism organisations are primarily concerned with the economic value of tourism, rather than with numbers of visitors. Since Brexit, the value of the GBP fell by some 15%, making a visit to the UK cheaper than before. This change was seen as the main driver of an unexpected rise in the number of inbound tourists in Q3 of 2016 (the last period for which statistics are available). Visitor spend rose even faster, up some 3% on the same period in 2015. It can be argued therefore that the short-term impact of Brexit on UK tourism has been positive.

Culture plays a major role in attracting tourists to the UK. The Anholt Nations Brand Index 2008-2015, ranks the UK's strengths in history and culture. In 2014, the UK was ranked 3rd (of 50 countries) for contemporary culture, 5th for historic buildings and 7th for cultural heritage. Germany is the UK's third largest country of origin for tourism, both in terms of numbers of visitors and in terms of how much they spend. In 2015, German visitors spent £1,378m in the UK.

Despite the overall health of tourism in the UK, the industry has concerns about the long-term impact of Brexit:

- **Continuing access to the single aviation market and Open Skies Agreement.** 73% of the UK's international visitors arrive by air and the open skies agreements the UK has with the EU, and through the EU the US, are vital to connect the UK to international markets;
- **Free movement and visa free travel.** Two thirds of inbound visitors to the UK were from EU countries in 2015 (Visit Britain). The industry does not want to see visas required for holidays, business trips or visits to see friends and family. The industry does not want delays at the Border, or Visas for visitors from the EU. This would, in their view, give a message that the UK was becoming less welcoming to visitors, and add cost and bureaucracy to a destination that is, for many, already perceived as expensive.

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- **Workforce.** Britain's travel and tourism sector relies heavily on a significant number of EU nationals who bring language and service skills into the industry. 50% of visitors from the UK's top ten inbound countries are not native English speakers. Currently many of those skills are best provided by workers from other countries including those in the EU, due to a lack of language skills in the British working population;
- **Loss of EU funding.** In an interview with VisitBritain, it was claimed that many Destination Management Companies benefit from European Union Funding, including ERDF, Cultural funding etc. This has compensated for reduction in domestic support;
- **National brand.** Negative consequences of the referendum debate on the UK's image and perception overseas, and the possible impacts on the employment market.
- **Trade environment.** Much of the regulatory environment that the travel industry operates within is predicated on mutual recognition and cooperation between Member States. This is important in consumer protection or enforcement in cases of cross-border disputes, where these rules are currently stipulated by EU regulation; and
- **Taxation.** The UK's position within the EU Customs Union is important for travel businesses, as this enables companies to access harmonised rules in relation to taxation. For UK travel businesses operating cross-border within the EU, the future of import and export duties, as well as cross-border taxation is a major consideration.

The immediate priorities for the sector are:

- **Marketing:** sending out a clear message that the UK is open for business and remains a welcoming destination for inbound visitors. It is worth noting that Germany is one of VisitBritain's priority GREAT markets, which receives significant amounts of marketing investment;
- **Lobbying the UK Government** to ensure continued access to the Single Aviation Market and the Open Skies Agreement in the Brexit negotiations;
- **Tax:** minimising the impacts of any future UK-EU trading deal. This is particularly important for how the VAT system operates. Operating a UK VAT system in isolation could result in UK businesses being exposed to double taxation;
- **Access to the Single Market:** to reduce the risks of increased bureaucracy for frequent cross-border transactions. Applies to trade regulations on the provision of services between the EU and UK, and to fiscal and educational regulations including recognition of professional qualifications between EU members states and the operation of a common VAT system; and
- **Protection for EU migrant workers.**

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In evidence to Parliament, the industry stressed that there was a pressing need to provide reassurance to the approximately 900,000 EU nationals who currently work in the tourism and hospitality industry. EU nationals are employed at all levels of the industry – from low-skilled entry-level roles, to front of house and management. In many cases, their language skills are critical to an industry whose priority it is to welcome inbound visitors.

5. Policy impacts

5.1 The European Union

5.1.1 Existing policies and funding instruments

The EU budget³: In 2015, the UK received €7.46 billion in EU funding and contributed €18.21 billion. The UK therefore made a net contribution to the EU budget of €10.75 billion. Germany is also a net contributor, giving €24.28 billion to the EU budget, and receiving €11.01 billion in EU funding, a net contribution of €13.27 billion.

The UK could therefore be said to profit from Brexit as it no longer has to make a net contribution to EU budgets. The Institute for Fiscal Studies in London calculates the UK's net contribution, at 0.3% of national income, or €110.14 per person per annum. An average German, by contrast, contributes €218.63, behind only the Netherlands and Sweden.

After 2020, the UK's net contribution of some €10 billion will no longer be available for redistribution. It can probably be assumed, however, that the UK will continue to meet existing commitments to the EU's long term budget (Multiannual Financial framework, or MFF) until the date of exit (2019) and possibly until the budget period ends in 2020.

It is impossible, from official statistics, to calculate exactly how much the UK contributes to the policy areas and programmes covered by this report. If one deducts the 40% or so which goes to Preservation and Management of Natural Resources (mainly Agriculture), that would leave a hole of some €6 billion in other budgets including those which support innovation, higher education, culture and external relations. A percentage of that hole will have to be filled (or not) by the 9 other countries which currently are net contributors.

Finally, the likely impact on trade in CCI products and services between the UK and the EU is impossible to calculate. In 2015, the EU's revenue from customs duties was €18 607 million (12.7 % of its total revenue). If the UK negotiates successfully to remain within

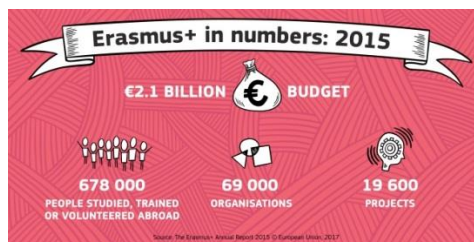
³ Sources: European Commission (2016). EU Budget 2015, Financial Report. Available at: http://ec.europa.eu/budget/financialreport/2015/lib/financial_report_2015_en.pdf [31 May 2017]; European Parliament (2017). EU budget explained: expenditure and contribution by member state. Available at: <http://www.europarl.europa.eu/news/en/news-room/20141202IFG82334/eu-budget-explained-expenditure-and-contribution-by-member-state> [31 May 2017]; Institute for Fiscal Studies (2016). The Budget of the European Union: a Guide. Available at: https://www.ifs.org.uk/tools_and_resources/budget-european-union [31 July 2017].

the Customs Union, there will be no impact at all. If the UK remains outside the Customs union, there will undoubtedly be an effect, but at present, it is impossible to estimate.

Higher Education and Training: National governments are responsible for their education and training systems and individual universities organise their own curricula. However, the challenges facing higher education are similar across the EU and there are clear advantages in working together.

The key policies are:

- The Education and Training Strategy 2020, which has support for “learning mobility” as one of its key goals – in 2011 EU Ministers agreed to double the proportion of higher education students completing a study or training period abroad to 20% by 2020 and support for mobility is a core focus of the EU programme for education and training;
- Promoting the mutual recognition of academic qualifications gained abroad (though this is still difficult);
- The European Higher Education Area (Bologna Process) has brought about far-reaching changes which make it easier to study and train abroad: the bachelor-master-doctorate structure and advances in quality assurance have facilitated student and staff mobility and strengthened institutions and systems;
- The use of European mobility and quality assurance tools such as ECTS, the Diploma Supplement and the European Quality Assurance Register to facilitate mutual trust, academic recognition, and mobility, and
- The Erasmus+ programme which provides direct support to people wishing to study or train abroad and to projects which support cross-border cooperation between higher education institutions⁴:



Source: European Commission (2017)

http://ec.europa.eu/programmes/erasmus-plus/about_en#tab-1-5

⁴ European Commission. (2017). Erasmus+. Available at: http://ec.europa.eu/programmes/erasmus-plus/about_en#tab-1-5 [31 May 2017].

The UK Government gave an assurance on 28 June 2016 that there would be no immediate changes to:⁵

- EU students' eligibility for loans and grants from the Student Loans Company;
- The circumstances of British citizens living in the EU, and European citizens living in the UK. This includes those studying or working at UK universities;
- Erasmus+;
- those applying to or participating in Horizon 2020.

Cultural and Creative Industries (CCIs): In line with the Europe 2020 strategy for growth and jobs, the European Commission's role is, in general, to ensure that the culture sector is able to contribute increasingly to employment and growth across Europe. (European Commission (2017). Supporting cultural and creative industries. Available at: https://ec.europa.eu/culture/policy/cultural-creative-industries_en).

The European Union's action in the field of culture supplements Member States' cultural policy in various areas: for example, the preservation of the European cultural heritage, cooperation between various countries' cultural institutions, and the promotion of mobility among those working creatively.

Since 2007 the European Agenda for Culture has been the strategic framework for EU action in the cultural sector. It is based on the promotion of three strategic objectives:

- Cultural diversity and intercultural dialogue;
- Culture as a catalyst for creativity; and
- Culture as a key component of international relations.

Specifically, this involves the provision of direct financial and technical support, whether in the form of grants or the establishment of networks and platforms to support the sector.

⁵ HM Government (2016). Statement on higher education and research following the EU referendum. Available at: <https://www.gov.uk/government/news/statement-on-higher-education-and-research-following-the-eu-referendum> [31 July 2017].

Current action programmes are:

- The Creative Europe programme (2014-2020) has a budget of €1.46 billion for the programming period;
- European Capitals of Culture (ECoCs);
- European Heritage Label;
- European Year of Cultural Heritage 2018;
- Directive 2014/60/EU, is a recast of Directive 93/7/EEC, through which the EU aims to protect national treasures and reconcile their protection with the principle of free movement of goods, and
- EU prizes in the fields of cultural heritage, architecture, literature and music.

The Commission's priorities in the field of CCIs include:

- Responding to changing skills needs by promoting innovation in education;
- Supporting the mobility of artists;
- Coordinating with Member States to reform regulatory environments;
- Developing policies and initiatives to promote market access for and investment in CCIs.

These are complemented through a variety of actions and initiatives, as well as the Creative Europe Programme, and funding from other Commission sources. Specific activities undertaken recently include:

- A pilot project on the economy of cultural diversity;
- The publication of a green paper on the potential of cultural and creative industries;
- The work and reports of the expert groups under the Open Method of Coordination.

5.1.2 The EU's capacity for innovation

Innovation is seen to be vital to European competitiveness in the global economy. The EU implements policies and programmes that aim to increase investment in research and development, and to better convert research into improved goods, services, or processes for the market (European Commission 2017).

The latest Policy Communication (June 2014) sets out the European Commission's priorities for innovation. In this context, the EU, through the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs:

- Supports innovation development in priority areas and in SMEs, mainly through Horizon 2020;
- Encourages the commercialisation of innovation in the EU;
- Develops sector policies to modernise the EU's industrial base and accelerate the market uptake of Key Enabling Technologies;
- Monitors innovation performance and innovation uptake in order to identify developments that require policy changes;
- Improves regulatory conditions for innovation with measures including digital transformation, intellectual property and standards, and
- Supports the development and cooperation of clusters to boost SME innovation.

EU funding for Innovation comes through a range of budgets:

- Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly EUR 80 billion of EU funding available over seven years (2014 to 2020);
- The new European Structural and Investment Funds (ESIF) will dedicate around EUR 110 billion to innovation activities.

The EU's flagship Innovation Initiative is the Innovation Union. The Innovation Union plan contains over thirty actions points, with the aim to do three things:

- Make Europe into a world-class science performer;
- Remove obstacles to innovation; and
- Revolutionise the way public and private sectors work together, notably through Innovation Partnerships between the European institutions, national and regional authorities and business.

The UK Chancellor of the Exchequer announced on 13 August 2016 that British businesses and universities would have certainty over future funding and should continue to bid for competitive EU funds while the UK remains a member of the EU (HM Government 2016).

As already noted, around 11% of the UK's public funding for science comes from the EU. In order to assess the likely impact of Brexit on funding the UK receives from Horizon 2020, it is necessary to look at the UK's success rate from the previous innovation funding programme known as FP7. According to a report by consultants at Deloitte, 14.9% of FP7 funding came to the UK. And an analysis of early awards under Horizon 2020 suggests that it's about the same for Horizon 2020. Only Germany receives more (Barnes 2016).

5.1.3 EU Strategy for International Cultural Relations – the prospects for future collaboration

The Joint Communication 'Towards an EU Strategy for International Cultural Relations' presented by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy in mid-2016, aims to encourage cultural cooperation between the EU and its partner countries and promote a global order based on peace, the rule of law, freedom of expression, mutual understanding and respect for fundamental values. (European Commission (EUR-Lex) 2016).

This Joint Communication proposes an EU Strategy for International Cultural Relations that focuses on advancing cultural cooperation with partner countries through three main strands:

- Supporting culture as an engine for sustainable social and economic development;
- Promoting culture and intercultural dialogue for peaceful inter-community relations; and
- Reinforcing cooperation on cultural heritage.

In pursuing these 3 objectives, the EU's International Cultural Relations will contribute to making the EU a stronger global actor. The objectives also specifically aim to:

- Strengthen cultural and creative industries;
- Support the role of local authorities (cities) in partner countries, including support for cultural city twinning; and
- Foster peace-building through Inter-Cultural Dialogue.

The Joint Communication supports inter-cultural exchanges of students, researchers and alumni through existing programmes such as Erasmus+. It also aims to support the development of a concerted approach to allow European actors to pool resources and achieve economies of scale by working together in non-EU countries. One way of doing this is via enhanced cooperation between EU Delegations and National Institutes of Culture through the EUNIC network.

Brexit will have an impact on this approach. There are two categories of EUNIC membership: full and associate. In order to be a full member (to vote at General Assemblies (GAs) and hold office in EUNIC), a member needs to be based in an EU member state.

When Brexit happens, the British Council, the founder of EUNIC eleven years ago, will thus either have to leave EUNIC or become an associate member. In either case, the future implementation of the EU strategy for international cultural relations, which is based largely upon a partnership between EUNIC, the EEAS and the EC, will be significantly weakened without the funding and leadership provided by what is arguably the world's most successful and innovative cultural relations agency. The EUNIC Board of Directors has discussed how to mitigate this risk by changing the Statutes of EUNIC to allow for continued British Council membership. At the time of writing (April 2017) such is the goodwill towards the British Council among the EUNIC membership that this option seems likely to be taken up.

5.1.4 The EU as a Global Actor: Brexit and the EU's (normative) approach to (culture in) external relations

When the German President gave a speech to the European Parliament on 4 April 2017, he said:

“[...] when we in Europe argue, we do so on a firm normative foundation. Many questions may be complicated, but we must keep our sights set firmly on our most fundamental and important principles: freedom and democracy, the rule of law and human rights are not negotiable. It's at the very core of what Europe stands for. It's what the rest of the world sees in us, and what many may even be envious of.” (Steinmeier, F. op.cit.)

This speech raised the question of what possible impact Brexit could have on the EU's external policies and perceptions of the EU. “Europe as a Stronger Global Actor” was the name given to one of Jean-Claude Juncker's early initiatives as the incoming President of the European Commission. The title was bestowed upon one of several project teams, with the remit to emphasise coherence across the EU's external actions with the objective of strengthening the Union as a global actor. Has this been affected by Brexit? What are the consequences for international cultural relations as practised by the EU in its external relations?

The UK and the remaining EU face a fraught and potentially lengthy period of negotiations to settle Brexit. How might this change Europe? And how might it change the rest

of the world's views of Europe? External perceptions of Europe, the UK and Brexit matter because they will determine the strategic context in which the Brexit negotiations unfold.

What is clear from the EU's own research, however, is that the EU is not actually seen as particularly normative by the rest of the world, being judged by its market power rather than by its principles. In that case, it seems likely that the way the EU acts towards the UK in the Brexit negotiations will be judged by how it acts towards the UK as a trade partner – the world is not watching how closely the EU abides by its stated values and norms. EU Member States, however, if President Steinmeier's speech is anything to go by, will no doubt be interested to observe how consistently with its norms the EU acts in the Brexit negotiations (European External Action Service 2016).

It is too early to say what the impact of Brexit on the EU's external policies will be, including on the EU's conduct of external international cultural relations, but it is argued by the Jacques Delors Institute that a clear-cut Brexit would significantly reduce the EU's soft, civilian (and hard) power potential. This is principally because the UK is one of the EU's two most significant diplomatic players with France, and the UK has important soft power resources including the English language, the BBC International Service, the British Council, and a web of special relations with partners such as the US as well with the Commonwealth of Nations (Koenig 2016).

The UK has also been an important political driver behind EU foreign policy. According to the European Foreign Policy Scorecard issued annually by the European Council on Foreign Relations, it has been among the EU's four top leaders across different policy areas throughout the past five years (European Council on Foreign Relations. 2016).

The UK is also an important contributor to the EU's civilian power through its official development aid (ODA) programme. The UK is the world's second largest bilateral donor of ODA behind the USA and ahead of Germany, and in 2015, Britain accounted for one quarter of the EU member states' combined bilateral ODA. There is no doubt that post-Brexit the EU will lose a donor with expertise as well as significant financial and political clout, but the UK's exit will still leave the EU as the world's largest provider of ODA. Only around 10% of the UK's ODA budget was channelled through the EU's 'Global Europe' budget and the European Development Fund. In short, the EU will still be a civilian power after Brexit.

5.2 Bilateral German-UK policies

There are a wide range of issues where the UK and Germany have been working bilaterally for many years on the basis of mutual trust. These include bilateral cultural relations between Germany and the United Kingdom, based on public, private and civil society contacts and activities.

On 4 April 2017, Foreign Minister Gabriel travelled to London for the first time since assuming office, where he met his opposite number Boris Johnson, and David Davis, the UK Secretary of State for Exiting the European Union. The main focus of Gabriel's visit was not, however, on Brexit. Rather, he discussed security cooperation and cultural relations between Germany and the United Kingdom, and he met representatives of the British Museum and the *Staatliche Kunstsammlungen Dresden* (Dresden State Art Collections), who are organising a joint programme of events in London and Dresden entitled "London Arts Festival: Europe and the World".

German nationals play an important role in the UK's cultural life, as do UK nationals in Germany. Youth exchanges via UK-German Connection promote contacts and mutual understanding between young people in Germany and the United Kingdom. Germany is the first and only European country with which the United Kingdom has set up a youth exchange office.

With regard to the future, Gabriel stressed that negotiations on future bilateral relations could only begin when the conditions for the UK's withdrawal from the EU had been "more or less" clarified. This means after "sufficient progress" has been made in stage 1 of the Brexit negotiation process.

Some discussions have, however, already taken place. The *Deutsch-Britische Gesellschaft* organised the 67th Königswinter Conference between 30 March and 1 April 2017. The Königswinter Conference was established in 1950 as an annual forum which brings together politicians, intellectuals, high-ranking officials and business leaders for an exchange of view on German-UK relations. Both German and British Ministers called at this year's conference for an expansion of the conference so that it can become the "crucible in which new relationships would flourish". Relevant to this report, was a specific call for an enhanced investment in the bilateral relationship which took account not only of Brexit, but of wider challenges to political systems and society. New ideas which recognised the role of civil society were needed. This theme is explored further in the conclusions and recommendations of this report.

5.3 Economic, trade and regulatory policies

The European Union (EU) is the UK's largest trade partner. Around a half of the UK's trade is with the EU. EU membership reduces trade costs between the UK and the EU. This makes goods and services cheaper for UK consumers and allows UK businesses to export more.

Leaving the EU would probably lower trade between the UK and the EU, especially if (as noted above) the UK could not continue as a member of the Customs Union, because of higher tariff and non-tariff barriers to trade.

The London School of Economics is one of many organisations which has tried to estimate the economic consequences of Brexit, and their outlook is bleak:

- UK GDP would fall by between £26 billion and £55 billion;
- EU GDP would fall by between £12 billion to £28 billion;
- In the long run, reduced trade lowers productivity.

The costs of Brexit from a loss of 6.3% to 9.5% of GDP, would imply a reduction in household incomes of about £4,200 to £6,400.

Such figures would undoubtedly impact negatively on the prospects for the UK Government's ability to plan to offset these losses and loss of EU support, for CCIs, for people's choices in relation to the costs of Higher Education and for their cultural consumption. These reductions more than offset any likely gains from not having to contribute to the EU budget. To some extent these reductions and the loss of the UK's net contribution, will impact (though much less) on EU countries (Dhingra et al. 2016).

As the UK's future trade and regulatory links with the EU are the principal topics of discussion in the Brexit negotiations, it is impossible to say at present, with any confidence, what the impacts will be on the sectors covered in this report.

As noted previously in the report, there are some concerns about possible changes to regulatory regimes. The UK sectors surveyed in this report are, however, making plans to hedge against these risks by active lobbying of the UK Government, and by actively pursuing plans to diversify their patterns of trade towards global rather than EU markets. On the one hand, there is concern about the effects of reduced freedom of movement, and on the other, a vision of new opportunities. Concerns about regulatory changes similarly balance concern about loss of certainty against possible gains from deregulation.

Finally, the Institute for Government in London has identified the available options for the UK's future trade relations with the EU:

- World Trade Organization (WTO) terms: the UK would not have any specific deal with the EU. It would face the same tariffs and barriers that other countries without an EU trade deal or bilateral agreements do.
- Free Trade Agreement (FTA): the UK would sign a bilateral deal with the EU that would provide 'preferential access' to the EU market in goods. Tariffs and quotas on 'substantially all trade' (in goods) would be largely abolished (though some categories of goods – for example, agricultural – may be excluded); some barriers to trade in services could also be removed.
- Customs Union: the UK would sign a bilateral deal with the EU that abolishes tariffs and quotas on trade in agreed categories of goods – integrating its trade more deeply than through an FTA. The UK would be required to apply the EU's common external tariff to trade with all third parties.
- The Single Market: the UK would abolish tariffs and quotas on trade in all categories of goods with the EU, sign up to free movement of capital and labour and have access to the Single Market in services. This is the option closest to current EU membership status.

The impact on trade in cultural goods and services will depend on the outcome of the negotiations. The WTO outcome would certainly be the most negative, and the Single Market outcome (ruled out by the current UK Government) the most favourable. A FTA or continued membership of the Customs Union could maintain the advantages of the current arrangements, but for that to happen, detailed negotiations would have to take full account of the specific needs of the relevant sectors (Institute for Government 2017).

5.4 Sub-national collaboration

The EU's Joint Communication (Towards an EU strategy for international cultural relations, op. cit), stresses that local authorities in partner countries have an important role to play in international cultural relations. Culture-led development strategies at regional and local level are claimed to have direct and indirect impacts on social inclusion, social innovation and intercultural dialogue, and there is a range of activities taking place at EU level (and globally) which recognise this and are relevant to this report. Brexit, if it restricts freedom of movement of people, goods and services creates risks to these vital subnational areas of cultural collaboration:

- The Shanghai Consensus on the Role of Cities in International Relations organised by the Charhar Institute (China); ifa (Institut für Auslandsbeziehungen) and Robert Bosch Stiftung (Germany), and Netherlands Institute of International Relations 'Clingendael' (Netherlands) agreed that:

"City diplomacy embodies the requirement of governmental reconnection with their citizens, as for instance expressed by local attention for transnational issues and global public goods. City diplomacy is dynamic; it puts a premium on collaborative frameworks and is driven by a variable mix of both top-down and bottom-up dynamics."⁶

- The Committee of the Regions organised a conference on 2 May 2017 which addressed the issue of international cultural relations, focusing on the leading role of the regions;
- EUROCITIES has launched a survey into external cultural relations at a city level to understand how cities use culture in their external relations, the challenges they face and their priorities for the future;
- The Commission's Joint Research Centre is developing a tool for monitoring cultural and creative initiatives at city level, which will support more targeted investments and learning from best practices;
- Between the UK and Germany, there are 551 town twinnings.⁷ The data are self-reported, so cannot be said to be complete. Berlin alone is twinned with London and with seven London Boroughs; Leipzig is twinned with Birmingham; Edin-

⁶ Charhar Institute (China), Institut für Auslandsbeziehungen and Robert Bosch Stiftung (Germany) and Netherlands Institute of International Relations 'Clingendael' (Netherlands), 2014. Shanghai Consensus on the Role of Cities in International Relations. Available at: http://www.ifa.de/fileadmin/pdf/fopro/Shanghai_Consensus_11_2014.pdf [31 July 2017].

⁷ Rat der Gemeinden und Regionen Europas. (2017). Available at: <http://www.rgre.de/partnerschaften0.html> [31 July 2017].

burgh with Munich; Glasgow with Nuremberg; Cardiff with Stuttgart; Heidelberg with Cambridge; Belfast with Bonn...

There is thus a *prima facie* case to be made that the importance of city, regional, and local authority relationships and para-diplomacy is increasingly recognised within the framework of international cultural relations in Europe.

Devolved administrations

Recent decades have been dominated by discourses describing a resurgence of regions. The emergence of city-regions, cross-border regions, and European Metropolitan Regions is leading some scholars to suggest the formation in this century of a brave new 'regional world'. Yet, while there are theoretical and policy rationales for relational approaches to regions and regionalism, little has been written about how the politics of that would work.

This is despite the importance of regions:

“(...) belief among economic geographers, institutional economists, and economic sociologists that regions are focal points for knowledge creation, learning and innovation. (...) belief across the social and political sciences that regions are important sites for fostering new postnational identities, increasing social cohesion, and encouraging new forms of social and political mobilisation in the era of globalization.” (Harrison and Grove, op. cit)

Regions also matter for this report:

- In the UK, many areas of policy which constitute international cultural relations are devolved from the national Government to Devolved Administrations (DAs) in Scotland, Wales and Northern Ireland. However, the UK Government retains control of international relations – this means that in international cultural relations, the DAs have to work closely with the UK Government, and they rely on the British Council for many of their international relations activities.
- In Germany, the Constitution assigns most competencies to the *Länder*, except where the Constitution gives competency to the Federal Government. At the moment, there is no clause giving the Federal Government responsibility for culture or education, so the federal *Länder* are the main public actors in the cultural field and are responsible for setting their own policy priorities, funding their respective cultural institutions and for supporting projects of regional importance.

Firstly, in the Brexit referendum, both Scotland and Northern Ireland voted, with significant majorities, to remain in the EU. This report is not concerned with the constitutional and political issues that continues to provoke, but the positive sentiment towards the EU in these regions is having an impact on cultural relations.

Northern Ireland⁸: The importance of a Brexit settlement that supports the continuation of Northern Ireland's Peace process has been underlined in every EU published negotiation position – from the Council, the Commission and the Parliament and once again in the so-called 'Non-paper on key elements likely to feature in the draft negotiating directives' that appeared on 20th April.

From the point of view of international cultural relations, there are concerns as to the future of EU funding for cross-community people-to-people projects between nationalist and unionist communities, known locally as "peace money". Many of these were also cross-border projects between the UK and the Irish Republic. Northern Ireland received almost £2.5bn from the EU in the last funding round and it is not clear if this money will be replaced. The EU is a crucial underpinning of the peace process, not least in making the old Irish border redundant. If a hard border has to be restored, cross-border cooperation will inevitably suffer.

Northern Ireland has suffered greatly from identitarian politics. Most people there, however, were content to live with the pre-Brexit status quo, i. e. as a province that has British, Irish and local identities, that respects them all, and that comfortably shares the island with the Irish Republic because both are in the EU. And the central question is, how much of this status quo can be salvaged?

Scotland voted by an even larger majority than did Northern Ireland to remain in the EU. This result has been used by the Scottish Nationalist Party (SNP) to justify preparations for a second independence referendum on the grounds that Scottish voters were being faced with a constitutional change (to leave the EU) which they had not voted for.

The position in Scotland is complex, however. Surveys have also shown Scots as mildly Eurosceptic but not in favour of leaving the EU, as was confirmed in the Brexit referen-

⁸ O'Toole, F. (2017). After Brexit, the two tribes recede – and a Northern Irish identity emerges. Available at: <https://www.theguardian.com/politics/2017/mar/12/brexit-own-goal-changes-politics-northern-ireland> [31 May 2017]; Morphet, J. (2017). Brexit and the Island of Ireland. Available at: <http://www.centreonconstitutionalchange.ac.uk/blog/brexit-and-island-ireland> [31 May 2017].

dum. They also show that attitudes to the EU are not at all correlated to those on independence. The SNP remain pro-Europe but are conscious that about a third of their voters supported Brexit (Keating 2017).

Wales voted leave, and there is today no evidence of serious pressure for Wales to challenge the UK's current constitutional arrangements. There are therefore fewer specifically Welsh issues for international cultural relations relating to Wales, then to either Northern Ireland or Scotland. While one of the main driving factors behind the Welsh vote in favour of Leave appears to be dissatisfaction with high levels of immigration into Wales from Eastern Europe, to say that the result in Wales was influenced primarily by anxieties relating to immigration would be false. The vote for Brexit in Wales can just as equally be said to have been a rejection of the politics of Westminster and Cardiff. Wales, however, unlike Scotland, failed to convert dissatisfaction with Westminster politics into a sense of Welsh unity (Evans 2017).

International cultural relations: To varying degrees, the Devolved Administrations in the UK are seeking to develop an international profile distinct from that of the UK. That reflects the varying pattern of devolution in areas which are important for international cultural relations, and their activities are in support of areas already devolved, where they consider that their international interests are not entirely, or adequately, represented by the UK Government.

Despite the centrality of **Northern Ireland** to the Brexit process, as noted above, there are two major obstacles for the Northern Irish to direct interaction with the EU. It has limited resources to approach the major task of creating a para-diplomatic presence, and the divided nature of its government poses particular challenges to developing a coherent external image.

Scotland, on the other hand, has developed a para-diplomatic presence in Brussels and European capitals. Since the EU referendum, it has built on its pre-existing strategy to represent its interests and preferences to actors outside of the UK on matters such as the single market, free movement of people and fisheries.

The Scottish Government has a Cabinet Secretary for Culture, Tourism and External Affairs, and the First Minister has been very active internationally. The Scottish Parliament also has a long-established External Affairs Committee. Both the Government and the Parliament take a keen interest in international cultural relations, and the constitution-

al challenges are acting as a stimulus to the formation of academic research projects, centres, and events with a focus on international cultural relations.

Scotland also hosts the UK's major cultural attractions and institutions outside London. These continue to play a major international role, including the Edinburgh Festivals, which started in 1947 as a reconciliation initiative post World War 2, at approximately the same time as other major international cultural initiatives: UNESCO, 1945; Avignon Festival, 1947; Salzburg Global Seminar, 1947 etc.

Wales also has an established presence in Brussels. Since the referendum, it has made institutional changes within its government and National Assembly for such para-diplomatic activity, including the creation of an External Affairs Committee (Whitman 2017).

As noted by the House of Commons, "the role of the devolved administrations in Brexit preparation is as uncertain at the moment as the role of the Westminster Parliament, but the new Prime Minister has pledged that the devolved administrations will be involved in the Brexit preparations – the question is: how?" These comments were made in July 2016, but the position remains unclear (House of Commons Library 2016).

5.5 Frameworks for the Future

Negotiations on the nature of the future relationship between the UK and the EU can only take place once "sufficient progress" has been made on phase 1 of the talks, which deal with the terms of separation. The EU's draft guidelines for Brexit negotiations state that:

"While an agreement on a future relationship between the Union and the United Kingdom (...) can only be concluded once the United Kingdom has become a third country (...) an overall understanding on the framework for the future relationship could be identified during a second phase of the negotiations (...). The Union and its Member States stand ready to engage in preliminary and preparatory discussions to this end (...) as soon as sufficient progress has been made in the first phase towards reaching a satisfactory agreement on the arrangements for an orderly withdrawal."

The Guidelines also recognise the unique importance of Northern Ireland:

"In view of the unique circumstances on the island of Ireland, flexible and imaginative solutions will be required."(European Council 2017)

Many suggestions are already being made for what a future framework would look like. These include proposals for using currently available forms of agreement such as a Cooperation Agreement, or developing a wholly new Continental Partnership model. (Institute for Government 2017, Pisani-Ferry et al. 2016).

All of these suggestions share one common approach – they wish to preserve as many of the current benefits of UK membership of the EU as possible, while recognising that the UK cannot “cherry pick” specific areas of cooperation as this is inconsistent with the four freedoms of the Single Market.

From the point of view of international cultural relations, the evidence suggests that it will not be possible to maintain these four freedoms, and that the issue which poses the biggest single challenge is the potential loss of freedom of movement for people and ideas.

This would have consequences for a wide range of actors in international cultural relations including:

- Young people would find it harder to develop cosmopolitan internationalist understandings. They would lose out on study opportunities. Their career prospects would be reduced if labour market access was denied to them;
- Higher Education would suffer from reduced mobility of staff and students. Research excellence would be threatened, with knock-on adverse impacts on innovation – at the European level;
- Those involved in cultural and creative industries - key drivers of economic growth – would be less able to access the specialist talent they need to develop their innovative businesses and take part in cultural exchange and activities which depend on international flows of ideas and people;
- People living and working on the island of Ireland would find it harder to continue the vital people to people contacts and cooperation facilitated by the Good Friday Agreement, with possible consequences for the peace process;
- Those involved, such as cities, in the vast range of civic relationships which currently take place between the UK and other EU Member States.

This analysis would suggest that early attention should be given in considering future frameworks to mobility as the essential underpinning of international cultural relations and trust between peoples.

Secondly, frameworks need to allow both sufficient flexibility for innovation and creativity to continue to develop, for the benefit of the people and economies of Europe, as

5. Policy impacts

President Steinmeier suggests, and to support the development of a mutually beneficial international order.

Finally, frameworks should aim to be facilitating, rather than restricting, towards the development of cooperation and collaboration in tackling common global challenges, and political and social challenges to the values shared by the UK and the EU.

There is little time available for negotiation. If progress is to be made, it would help to be ready to engage in the preliminary and preparatory negotiations on these issues referred to in the Guidelines as soon as possible.

6. Conclusions

General

- Brexit was a major part of an international upsurge of anti-cosmopolitan, anti-globalising, anti-immigration sentiment fuelled by inequalities, and a sense of loss of (national) identity and control. These feelings were mostly felt by older and less well-educated people;
- The referendum outcome was affected by the use of new campaigning tools and techniques which bring private finance together with big data to influence sentiment and avoid democratic scrutiny. This phenomenon has also played a part in the US and French presidential elections;
- Brexit has many specifically British features which derive from a long history of relations between the UK and the “Continent”; the UK experience of EU membership, and decisions taken by UK Governments in the medium-term past (e. g. allowing unrestricted immigration by people from accession states in Eastern Europe);
- Young people, especially in the UK, will be worst affected by Brexit. They will suffer most from any loss of EU funds for exchange or study in 27 other countries. Their exposure to other cultures, to opportunities for study, work and exchange will be reduced.
- Brexit therefore raises many questions which impact directly on future policies and practices for international cultural relations.

Policy

The principal policy challenges raised by Brexit for the German Government are:

- International Cultural Relations in Europe:
 - Brexit’s impact on Europe as a real or perceived rejection of the EU and its values, in particular on the principle of free movement;
 - The impact of Brexit on external perceptions of the EU;
 - More realism – an “(...) opportunity to finally see Europe for what it is. We can strip away illusion and false optimism, to instead see all of Europe’s strengths and weaknesses. It forces us to answer the question: what kind of European Union – and how much European Union – do we want?” (Steinmeier, F. Op. cit.);
 - The future role of post-Brexit UK in tackling global challenges through soft and civilian power;
 - Addressing the concerns generated by globalisation, specifically inequalities and negative perceptions of the impact of free movement. This is also true in relation to other countries;

- The impact of new digital propaganda, fake news and the hacking of democratic processes and institutions;
- The need for cultural relations frameworks that are resilient to policy pressures, new forms of propaganda and the fragmentation of power, specifically which involve regional, civic and other sub-state and non-state actors in international cultural relations;
- Germany's EU policy: i. e. what outcome Germany seeks to achieve from the Brexit negotiations? If Germany wishes to maintain the current benefits of UK membership of the EU (for Germany), it is not in Germany's interest for talks to break down without a deal. Nor can the status quo be maintained. Therefore, it would be in Germany's interest for there to be a negotiation which resulted in a pragmatic arrangement which allowed current benefits to be maintained in relation to innovation, higher education and other opportunities for young people. Such sectoral arrangements should be possible within the framework of a Free Trade Agreement (FTA);
- In practice, it would be in Germany's interest for the UK to continue to be able to participate in relevant EU frameworks and programmes which directly support international cultural relations (the Education and Training 2020 framework for cooperation in education and training, the Bologna process, Erasmus+, H2020, other programmes which support innovation, Creative Europe and other programmes which support cultural collaboration). Many of these schemes already allow non-members of the EU to participate;
- It is beyond the scope of this report to conclude whether the UK should continue to be able to access Structural and Investment Funds which currently benefit sectors in the UK which are relevant to this report. Non-EU members can access these funds via the Instrument for Pre-Accession Assistance (IPA) for purposes including cross-border cooperation with EU Member States and other countries eligible for IPA, so in principle it may be possible, but this report does not come to any conclusion as to whether this is desirable;
- The economic benefits of current trade in cultural and creative goods and services could also be maintained if there was to be a "cultural exception" within such an FTA, and/or through the UK's continued membership of the Customs Union;
- EU Cultural Diplomacy Strategy: also in relation to the EU, it would be in Germany and the EU's interest for the UK's major global networks, foreign policy and international cultural relations capability to be available to contribute effectively to Germany's foreign policy goals and strategies to tackle shared global challenges through the EU and through other multilateral bodies;

- Bilateral arrangements: the approach Germany takes to future bilateral arrangements depends on policy priorities. These in turn will depend on which Brexit scenario plays out. One clear area where this research identified a clear desire for the maintenance of current levels of bilateral collaboration (whatever the Brexit outcome) is in relation to scientific research and innovation. This was seen to be vital to the maintenance of research excellence in Europe.
- There is also a strong desire to continue to support the free movement of researchers, young people (including students) and cultural practitioners. If these are to continue at present levels, new forms of collaboration will be needed to replace existing EU-funded mechanisms. Given imbalances in existing bilateral exchange programmes, however (see below), these would have to be fully reciprocal to be justifiable.
- Germany has existing bilateral international cultural relations with the UK. A desire for these to be developed was expressed at the 2017 Königswinter Conference, particularly in the area of civil society. There is significant potential for Germany to develop its existing networks of collaboration in the UK, particularly through its existing bilateral mechanisms for exchange between young people, at academic level, through support for the German language, cultural collaboration and civic society (sub-national and city links in particular). There is certainly goodwill towards this from the UK, though it should be noted that current bilateral arrangements tend to be supported more by Germany than by UK;
- The changing UK constitutional context poses a challenge to Germany's foreign and international cultural relations policies. While foreign policy is the responsibility of the national governments, the topics of international cultural relations are largely the responsibility of sub-national bodies in both countries. This makes it hard to build a relationship through traditional foreign policy channels without being seen to interfere in the domestic affairs of another country. However, international cultural relations can flourish at the people-to-people level if appropriate facilitatory frameworks are put in place;
- There is a specific issue relating to Northern Ireland where the EU will have its only hard border with the UK and where there are real risks of current people to people relations breaking down, and therefore a need for continued investment in cultural relations. Northern Ireland is a priority for the Brexit negotiations.

Sectoral impacts

- **Innovation:** the impact of UK non-participation in EU innovation programmes would have a seriously negative impact on the EU's and Germany's current leadership position in research excellence. President Steinmeier said to the European Parliament in April (Source: op. cit.), that Europe should: "(...) focus our efforts on innovation and creativity, so that Europe actively shapes, instead of being on the receiving end of, change (...)" In his view, this would enable Europe simultaneously to combat populism and support growth. His concern about the impact of Brexit on EU innovation is shared by the academic and research communities in both Germany and the UK;
- **Higher Education:** is the sector which stands to suffer the most from Brexit. Reduced student and faculty mobility will adversely impact on research quality, innovation, university income and collaboration;
- **Cultural and Creative Industries (CCIs):** Brexit will adversely impact GDP in both the UK and (to a lesser extent) in the EU. A major part of this negative impact will come from reduced trade in cultural and creative goods and services and from reduced activity in the CCIs caused by the loss of free movement. The CCIs are drivers of economic growth and create employment, especially in SMEs. They also play a vital role in innovation. Loss of mobility for talented specialist staff, loss of creativity, and loss of business through reduced opportunities to access EU markets for their products and services are major concerns, though in the UK mitigating strategies are being developed;
- **Tourism:** is unlikely to be adversely affected unless there is a significant increase in bureaucracy needed to visit the UK or for UK nationals to visit the EU. Indeed, the sector in the UK is currently benefitting from the reduction in the value of the Pound Sterling;
- **Youth exchange:** not specifically a sector, but there should be a focus on young people while recognising that it was older voters who voted for Brexit, and who felt that their voices were not heard.

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Appendices

Appendix A: Cultural and Creative Industries

UK: GVA added by the Creative Industries								
Group	GVA (£ m)							Percentage change between
	2008	2009	2010	2011	2012	2013	2014	
1. Advertising and marketing	8.347	6.967	6.840	8.128	9.268	11.946	13.250	58,7%
2. Architecture	3.565	3.205	2.638	3.235	3.480	3.718	4.326	21,3%
3. Crafts	195	218	268	264	248	135	288	47,7%
4. Design: product, graphic and fashion design	1.856	1.886	2.049	2.504	2.502	2.775	3.235	74,3%
5. Film, TV, video, radio and photography	8.222	6.296	7.973	9.987	9.792	9.500	10.807	31,4%
6. IT, software and computer services	26.018	26.403	26.991	27.672	30.713	34.055	36.578	40,6%
7. Publishing	9.255	8.968	9.580	9.286	9.504	9.902	10.180	10,0%
8. Museums, galleries and libraries	-	-	-	-	-	-	-	-
9. Music, performing and visual arts	3.740	3.779	3.434	4.184	4.492	5.163	5.444	45,6%
Total	61.145	57.618	59.753	65.180	69.849	77.187	84.067	37,5%
Wider UK Economy Total (Blue book, ABML)	1.369.505	1.348.507	1.397.744	1.443.281	1.485.776	1.546.914	1.618.346	18,2%

Appendix B: Erasmus+

Erasmus+ Projects in the UK, 2014-16

Project type	Number of projects	Cost (€m)
Mobility	2,439	263
Strategic Partnerships	431	98
Structured Dialogue	40	2
Total	2,910	363

(Department for Education, British Council, ECORYS, Erasmus+, (2017). Projects in the UK 2014-16. Available from: <https://tinyurl.com/kvvozc7>).

In 2016 prices, the UK Government would have to find some €129m to maintain the current level of activity. In order to maintain the current funding position and level of activity, the UK Government would have to find an annual sum of:

Programme sector	Cost (€m)
Higher Education	63
Adult education	5
Schools	17
Vocational Education and Training	32
Youth	12
Total	129

Number of people involved in Erasmus+ projects in the UK in 2016

Programme sector	Students and young people	Staff	Total
Higher Education	32,385	7,372	39,757
Adult education	-	819	819
Schools	-	3,010	3,010
Vocational Education and Training	12,035	2,650	14,685
Youth	20,705	7,609	28,314
Total	65,125	21,463	86,588

Strategic Partnerships in the UK in 2016

Programme sector	Number of projects	Cost (€m)
Higher Education	32	10
Adult education	46	12
Schools	200	37
Vocational Education and Training	113	31
Youth	40	8
Total	431	98

Appendix C: Schools

Programme	School Year 2016-17	
	Numbers of people involved	Cost
Programmes for teachers and educational professionals,		
Teacher training in Great Britain. <i>Financed from the participants' own resources</i>	60 DEU - GBR	
Pestalozzi: teacher training programme for German and foreign teachers. <i>Funding from the funds of the Council of Europe and the course organiser.</i>	0	
Erasmus + / Key Action 1: Mobility projects for school staff <i>Financing from EU funds</i>	735 DEU - GBR	
Teacher training programmes		
Exchange of foreign language assistants <i>Financing from the host country</i> (On the German side: from the funds of the Länder)	135 DEU - GBR 245 GBR - DEU	
Programmes for Individuals and Schools		
Internationales Preisträgerprogramm (Programme for the promotion of education of foreign students in the German Language): International award programme <i>Financing from AA funds</i>	8 GBR - DEU	24.118,08 € (IST-Zahl 2016)
Deutschland Plus (Germany Plus) (German language courses for foreign students) <i>Financing from AA funds and</i> <i>(Travel expenses) from the British side</i>	39 GBR – DEU 36 students + 3 accompanying teaching staff	20.946,88 € (IST-Zahl 2016)
Partnerships and projects		
Erasmus + / Key Action 2: Strategic school partnerships <i>Financing from EU funds</i>	45 <i>Newly granted</i> <i>Projects with</i> <i>DEU-GBR Participation</i>	
Erasmus + / Key Action 2: Strategic partnerships (consortium principle) <i>Financing from EU funds</i>	7 <i>Newly granted</i> <i>Projects with</i> <i>DEU-GBR Participation</i>	
e-Twinning - The network for schools in Europe <i>Financing from EU funds</i>	129 <i>Newly granted</i> <i>Projects with</i> <i>DEU-GBR Participation</i>	

Source: Educational Exchange Service (PAD) German-British exchange in the school sector: Programs of the Educational Exchange Service (PAD) of the Secretariat of the Conference of Ministers of Education and Cultural Affairs with the United Kingdom of Great Britain and Northern Ireland (12.04.2017)

Appendix D: Higher Education

There is a significant level of HE exchange between the UK and Germany. All figures supplied by the DAAD.

Table 1: Numbers of UK students in Germany, 2007-16:

Studierende aus dem Vereinigten Königreich in Deutschland, 2007-2016

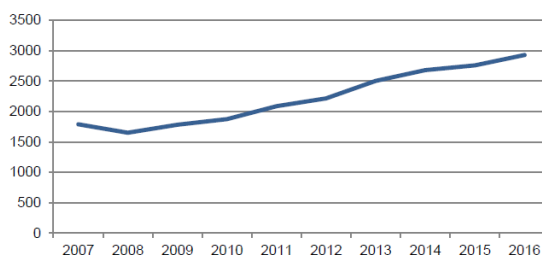


Table 2: Activity funded by the DAAD in the UK in 2015:

Programme sector	Outward: Germany to UK	Inward: UK to Germany
HE: mainly students, researchers	615 ⁽¹⁾	669 ⁽²⁾
HE: <i>Lektoren</i>	27	
HE: specialist lecturers	13	
Adult education		
Schools	27	
Vocational Education and Training		
Youth		
Total	682	669

¹ 229 individual DAAD grants + 386 PROMOS grants (funded by the DAAD but administered by individual German HE institutions).

² Figures do not include Germans going to the UK and funded within EU-mobility programmes, mostly "Erasmus plus" (+5,464)

Total number of DAAD funding recipients in the UK in various DAAD programmes:

a) 344 individual DAAD grants for UK based UG and PG students, researchers and artists,

b) 325 mostly project related funding recipients, i. e. activities of the Institute of German Studies (IGS) at Birmingham University or the "Promoting German Studies" (PGS) programme, both funded by the DAAD.

Figures do not include EU-mobility programmes for UK based students and researchers, going to Germany, mostly "Erasmus plus" (+2,475)

About the author

Stuart MacDonald, is a specialist in international cultural relations. He founded the Centre for Cultural Relations at the University of Edinburgh to develop both the theory and practice of cultural relations through an innovative, interdisciplinary, approach to research, study and knowledge exchange. He has conducted numerous consultancy research projects on cultural relations for the EU, the UK and Scottish Governments. He has developed cultural exchange programmes in China, the USA, France, Germany, Sweden and Italy. He served as a senior civil servant in the UK and Scottish Governments on cultural, constitutional and educational policy, and as Head of Arts in the Scottish Arts Council. He is a Fellow of the Royal Society of Arts in London and is currently advising Universities in Germany and the UK on their EU strategies.

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The Impact of Brexit on International Cultural Relations in the European Union

"Cultural cooperation will inevitably suffer from reduced freedom of movement, less money from loss of access to EU programmes, tariffs on trade in cultural goods and services, and increased bureaucracy from the introduction of customs checks."

There is a great deal of common ground and existing collaboration between Germany and the UK in the main areas of international cultural relations. This collaboration is supported by a range of instruments, some of which are at risk from Brexit, some of which are not directly impacted by Brexit. Which consequences will Brexit have for cultural cooperation between Germany and the UK? Which consequences are actual, which are only potential? How can Germany's foreign cultural policy react at the initial stage of this process? How can intercultural exchange be secured with a long-term perspective despite Brexit?