



EVOLUTION NOT REVOLUTION

The case for the EEA option

By Roland Smith

BRIEFING PAPER

EXECUTIVE SUMMARY

- Britain needs to leave the European Union, which over 43 years of membership has proven to be sclerotic, anti-democratic and immune to reform. It is a political relic of a post-war order that no longer exists.
- Globalisation has recast the entire debate and the legislative landscape, such that leaving the EU is now a compelling proposition to the liberal-minded.
- The best exit route is for the UK to step back to a position in the European Economic Area ('EEA') and the European Free Trade Association ('EFTA'), thereby wholly maintaining the open trading arrangements of the single market and related economic integration.
- This EEA option allows the public to judge 'what out looks like' and simultaneously reassures them that disruption will be minimal. Once out, the dynamics of the move would prompt a recalibration of the EEA agreement and indeed the political map of Europe such that other liberal, trade-oriented EU nations would join the UK, leaving the Eurozone to politically integrate.
- The paper contends that after a Leave vote, the EEA option would be the preferred option of the British government advised by the Civil Service, and would find much consensus among commentators, EFTA, the European Union itself, allies across the world and international bodies.
- The arguments against Britain moving to the EEA, as constituted - even as an interim position - are confronted and addressed. In particular the traditional arguments, about EEA countries having 'no say' in the creation of EU law and of then having to passively accept EU law, are undermined by the reality and also by the new globalised landscape.

Why should we want to Leave the European Union?

That question will prompt multiple answers, covering immigration, regulation, sovereignty, and money. But the real answer boils down to two points – one very old and one very new.

Firstly the old one - self-government also known as democracy. The need for a self-identifying people – the British people in this instance – to hire and fire those who represent them. And given that foundation, for the elected to take control of all the levers of power on behalf of the electors, and be accountable to them.

The EU, with no self-identifying demos, steered and developed by unelected officials, stands in the way of that to the extent that any member state government is now completely bound up by the EU and constrained in what it can do on behalf of its people. Ask anyone with experience of running a government ministry.

While some may find the EU's role reassuring because, depending on your viewpoint, it prevents “those Tories” or “those socialists” from doing too much, it is fundamentally anti-democratic.

Indeed it is famously anti-democratic. It is not a “bottom up” organisation but a “top-down” one, ignoring national votes and preferences at will (especially national referendum votes that go against it) and regularly thwarting the will of the people through its institutions. Even its biggest cheerleaders are not immune from the reach of EU institutions, as Nicola Sturgeon found to her cost when the European Court of Justice (‘ECJ’) intervened to stop the SNP government over minimum alcohol pricing.¹

Indeed the ECJ - a body that operates under Roman jurisprudence, at odds with Britain's system of Common Law - is largely a law unto itself and asserts interprets the Treaties in a way that generally moved the ratchet forward towards greater European integration. That will continue regardless of what David Cameron's deal says about “ever closer union”. There are many examples of the Court's reach, from imposition of higher VAT on energy-saving ‘green’ products to raising the price of women's car insurance.

While all nations are constrained to some degree by circumstance and by the need to get along with others, the EU and its institutions take that further than any other region on Earth and beyond what is acceptable or justifiable.

And that brings us to the second reason: globalisation. While democracy has been a mainstay of so-called ‘eurosceptic’ argument as long as Britain has been discussing the EU and EEC (augmented by those arguments about costs and

¹ <http://www.theguardian.com/society/2015/sep/03/scotlands-minimum-alcohol-price-plan-dealt-huge-blow>

regulation), globalisation has recently recast the whole debate. Because while there was some logic for a customs union 'bloc' back in the 1950s, 1960s and 1970s when global tariffs were high and geographic proximity mattered, that logic has all but disappeared in a world where people can buy things from the other side of the world using their smart phones.

the launch of the World Trade Organisation; the opening up and commercialisation of the world wide web; and the coming of environmental politics. As well as opening global trade to a much greater degree than we had known before, law and standards-making correspondingly moved upwards to the global level. Countries of the world now participate in rule-making at the global top table. EU member states can do this but their voice is often muffled by the 'common position' of a European Union still driving towards statehood. The way trade now works is less about tariffs as it is the removal of technical barriers to trade and harmonisation of systems, where virtually every nation on earth outside the EU has a direct line to the real top table in order to set and shape the agenda.

That makes the EU stick out like the 1950s anachronism that it is: Taking laws from the global level and passing them to its members while also constraining its members' voices and their freedom to act on their own account in the wider world. As for the argument that the EU's size gives us greater clout on the world stage, the EU's inertia more than cancels that out. No other bloc seeks political union – the creation of a new country – and the normal state of affairs is for self-governing nations to cooperate with each other and at global level. The EU stands out as an anomaly that no one else has any intention of following.

Therefore it is time to change our relationship with the EU that, through David Cameron's failed renegotiation, has again proved to be unreformable. But to do so in a way that maintains liberal values, trade, and keeps the good that the EU has achieved – not least the level of economic openness we enjoy via the single market. We cannot however be subordinate to a supranational institution of this nature. Nor should we make do with a semi-detached position inside the EU that also gives us semi-detached influence and still constrains the UK in the wider world. We are not in the euro or Schengen - the advanced guard of EU integration. And if we cannot or will not participate fully - and we cannot - then we have to leave and reform the relationship in a characteristically British, outward-looking and open way.

It was in the early 1990s that the world changed dramatically with the collapse of Communist federations and emergence of new nations; the opening up of China; the launch of the World Trade Organisation; the opening up and commercialisation of the world wide web; and the coming of environmental politics. As well as opening global trade to a much greater degree than we had known before, law and standards-making correspondingly moved upwards to the global level. Countries of the world now participate in rule-making at the global top table. EU member states can do this but their voice is often muffled by the 'common position' of a European Union still driving towards statehood. The way trade now works is less about tariffs as it is the removal of technical barriers to trade and harmonisation of systems,

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HOW EXIT WOULD HAPPEN

The UK therefore requires something of a “soft” exit that maintains open trade but removes Britain from political union and from all that Britain has consistently struggled with – the Common Agricultural Policy, the Common Fisheries Policy, the hollowing out and the outsourcing of democracy, the constraints on global trade deals, and now the constraints on our global voice.

But leaving the EU would still be a significant change and Britain doesn’t do revolution.

Actually that’s not quite true. The Glorious Revolution of 1688 is cited by the Professor Robert Tombs in his excellent book “The English and their History” as a more significant event than the often-discussed civil wars that preceded it. But as revolutions go it was a peaceful one. And since that time, British political life has been marked by an astonishing continuity, unlike the experience of some of our friends and neighbours.

It is a continuity that has served us well, establishing very deep-rooted institutions, culture and the rule of law.

The same continuity theme would be the basis of government action if the UK voted to leave the European Union on 23rd June. The UK would still have a Conservative government with a small majority, but one that was badly bloodied by the referendum campaign. Over half of Conservative MPs and most of the Cabinet would have voted “the wrong way” – for Remain. The other half would have supported Leave but would recognise the need to bring the party’s Remainers and Leavers together as the party once again turns its collective mind to uniting against what it sees as The Corbyn Terror. Any Leave plans or intentions that were aired in the referendum campaign will fall away on 24th June and it will then be in the interests of the entire governing party to strike a pragmatic Leave deal that most of them, and indeed the wider House of Commons, can accept. That’s whether or not a top Leaver politician becomes prime minister.

The Civil Service will become very important in this process. Civil Service analysts will be clear that Brexit can be complex and risky if bungled and they will advise ministers that only evolution, not revolution, can work.

And they’ll be seriously up against the clock. Not only from the two year time limit set by Article 50 (plus any preliminaries before it is invoked) but also the political need to achieve a deal within the electoral cycle and the pressing need to address “uncertainty”.

All of that would kill any prospect of a bespoke deal – desirable though may be – particularly considering the depth of the UK’s EU entanglements. Instead they

would look at existing “off the shelf” and de-risked models and quickly conclude the most optimal way to exit would be to take up a position outside the EU but inside the European Economic Area (‘EEA’), which very likely means re-joining the European Free Trade Association (‘EFTA’).

As Britain is already a contracting party to the EEA Agreement there would be no serious legal obstacle and it would mean no regulatory divergence or tariffs but it would mean retaining freedom of movement for EU/EEA nationals. There have already been hints in the press that officials are quietly looking at exactly this option and of course it would be in all interests (including the EU) to agree to a de-risked exit². Such a deal would require agreement from the EU and EFTA but both would have strong reasons for allowing it: for the EU, the UK would not be cutting off in a way that the EU sees as disastrous, while EFTA would be gaining a major economy and a global player that could reinforce their open, trade-based approach yet also recast the association as a grouping with much greater global reach. Indeed with the UK on board, EFTA would instantly become the fourth largest trade grouping in the world.

The economic risks of leaving would thus be neutralised – it would be solely a disengagement from political integration which is what the British, including even some in the Remain camp, object to. All the business scare stories about being cut off from the single market would fade away, as would the scares around UK participation in various programmes such as the Science and Erasmus programmes. The concerns about British Expats on the continent, the position of Gibraltar, and also the Northern Ireland question would immediately recede and the SNP would find it more difficult to get agitated by an EEA-only position.

The exit would still have a centrifugal effect on the EU – any exit will do that – and it is then possible that other countries would consider leaving to join Britain. Sweden, Denmark and the Czech Republic all look like possibilities; perhaps even the Netherlands on a longer view. That realignment would recast the EEA position and would also set off a dynamic that turns the single market into a genuine Europe-wide market decoupled from the EU that all of Europe could then be a part of on reasonable terms. And that includes the accommodation of better democratic checks on free movement.

Forty years of integration cannot be undone overnight but with a Leave vote, the journey will at least have started.

It is not therefore difficult to imagine a semi-Remain/semi-Leave Conservative Party cheering an EEA deal to the rafters. Coming together as one, they will then handle the transition pragmatically and present a strong, united front just in time for the 2020 general election.

² <http://www.telegraph.co.uk/news/newstoppers/eureferendum/12197894/Brexit-to-trigger-revolution-in-better-laws-officials-expect.html>

That brings us to the position of those who see this referendum as a proxy vote on limiting free movement. In the event of a Leave vote, Conservative Leavers will repeat that this is their goal but getting there will be “a process” to ensure a “safe ordered exit” (as Senior Conservative Leaver, Owen Paterson, described it in a speech on 25th April 2016). However for now, democracy has spoken on the matter of EU membership, and it is EU membership that we will relinquish as a first step. Further checks on free movement will be addressed as part of a next step. And that will become possible as the wider dynamics of Brexit play out.

One could explore what this approach means for UKIP and for some in the Conservative Party but firstly there is more support within those parties for such an EEA move than is commonly imagined. And secondly, that is not the purpose of this article.

Instead let us explore why taking a step back to an EEA position is a good move in itself, not just a natural and convenient fallback position.

THE EEA POSITION

The EEA position is one currently adopted by Iceland, Liechtenstein and Norway. It involves participation in the Single Market but from a position outside EU membership. At this point, for reasons of terminology, it should be noted that EU members are also members of the EEA but their EU membership means they are primarily subject to the EU treaties, whereas Iceland, Liechtenstein and Norway are not. Discussion of “EEA countries”, the “EEA position” or even just “the EEA” therefore usually focuses on the three Outs and this article is no different.

The EEA agreement was originally signed in 1992 and was constructed as a waiting room for those countries outside the EU but who were candidates for eventual membership. Some of those candidates – Austria, Finland, Sweden – subsequently went ahead and joined the EU, however others did not, and the ‘waiting room’ function of the EEA has effectively now ceased as the remaining EEA countries have no intention of joining the EU. The centripetal forces of the Eurozone and the opposing centrifugal forces of non-euro countries have played into this situation – forces that are also causing a rise in euroscepticism across the continent and prompting calls from some voices in the EU for a new type of associate membership.³

The EEA has thus become a state of existence attuned to the times and one that these EEA countries are very happy to maintain, despite a small number of their own leading politicians still wanting to join the EU.⁴ Indeed it has been noted that “the majority of Norwegian government and business literature is positive or balanced about the EEA agreement – it is hard to find anything clearly negative.”

³ One example here: <http://www.politico.eu/article/an-eu-for-full-members-only/>

⁴ <http://www.telegraph.co.uk/news/newsttopics/eureferendum/11963908/Actually-Mr-Cameron-we-Norwegians-are-happy-rich-and-free-outside-the-EU.htm>

⁵This may come as a surprise to some Britons, considering the Remain campaign's use of some pro-EU Norwegian politicians.

ADVANTAGES

In short, EEA countries have a market-based relationship with the EU by having full single market access. They are free of the EU's political union ambitions, and can class themselves as self-governing nation states. The EEA position is outside the 'Common' policies: Common Agricultural Policy, Common Fisheries Policy, Common Foreign and Defence Policy, and Justice & Home Affairs measures, yet maintaining so-called passporting rights for financial services companies along with continued participation in some useful science and education programmes.

The EEA position also opens up the ability to make trade agreements with third countries (something the UK cannot do now), would provide the UK with the freedom to set its own levels of VAT, and would allow the UK to step away from its joint liability of EU debts.

That would be very attractive to Britain seeking a liberal soft exit.

Here is the summary boiled down into a quick-reference table:

	UK as EU member	EEA nations
Single Market participation	Yes	Yes
Financial services access	Yes	Yes
Free/low tariff barrier	Yes	Yes
Freedom of movement	Yes	Yes
Free movement controls	No	EEA emergency brake
Saving on EU payment	No	c.50% per head
Independent veto on global bodies	No	Yes
Single Market acquis (21% of EU law)	12% QMV	Most are global rules
Remaining acquis (79% of EU law)	12% QMV	Exempt
Can agree independent FTAs	No	Yes
Common External Tariff	Applies	Exempt
EU VAT policy	Applies	Exempt
CAP and CFP	Applies	Exempt
Common Foreign/Defence policy	Mix of unanimity and 12% QMV	Exempt
Justice and Home Affairs Policy	Selected Opt-Ins / 12% QMV	Exempt
European Court of Justice	Subordinate	Exempt
European Commission	Subordinate	Exempt
Joint and Several liability of EU debts	Applies	Exempt
Ever closer union applies	Possibly	Exempt
Charter of Fundamental Rights	Applies	Exempt
EU Science/Education Programmes	Participates	Participates

Notably, freedom of movement for EU/EEA nationals is shown in green, indicating that it's a good thing.

That's because, largely, it is.

⁵ <http://www.civitas.org.uk/content/files/TheNorwegianWay.pdf>

One may argue that past transition arrangements for new EU countries were mismanaged, however Britain does actually retain control of its borders – the most visible manifestations being the blocking of migrants at Calais and the somewhat tiresome EU/EEA queues at the UK border inside Heathrow airport. There are indeed weaknesses at the UK border, and in visa enforcement, and also in policing illegal migrant accommodation and employment but these are all within the power of the British state to correct, even while inside the EU. The British state is also responsible for other “pull factors” such as, arguably, the creation of a living wage. Setting aside that specific debate, the point is that domestic policy choices can have impacts on immigration.

So there are things a British government could do about immigration now, today, but they choose not to. Indeed it may suit them for the EU to take all the blame on this subject. In that sense, UKIP may be doing them a favour.

But moving the UK to an EEA position would not change British responsibilities.

ALLEGED DRAWBACKS

An EEA country’s full participation in the Single Market means, by definition, being part of the four freedoms – of goods, services, capital and people. Most Leavers appear to accept the first three of these freedoms. Liberal Leavers are quite relaxed about the fourth.

Of course, such access does not come for free but has certain costs and obligations attached to it. It is these that the Remain lobby point to as disadvantages of the EEA position.

The Remain lobby’s allegations against the EEA position can be roughly paraphrased as:

1. Unlike EU members, EEA countries have “no say” in making the laws that apply to the Single Market. They are subject to such laws without representation “at the top table” - sometimes called “fax democracy” whereby an EEA government is said to stand passively by their fax machine awaiting orders from Brussels.
2. Furthermore, EEA countries end up adopting “75% of EU law” this way.
3. EEA countries “still pay” almost as much into EU coffers as Britain does as an EU member, yet suffers the two big drawbacks above.
4. The EEA doesn’t address the issue of free movement which is wanted by some Leavers.

Let’s take each of those allegations in turn plus a few others.

1. “NO SAY”

The argument about having “no say” in EU law-making requires some explanation and can be addressed on several levels.

Firstly, “So what?” We have no say in making American laws either, yet we don’t complain about that and the USA is Britain’s single largest national trading partner.

If that feels a bit glib - and it does - the next level of argument is that the “no say” argument is factually incorrect.

Formal EFTA/EEA influence comes from a complex system of consultative structures, the foundation of which is the “two-pillar” system between EFTA/EEA and the EU.⁶ In this system, there is formal consultation and participation between the EU and EFTA/EEA, particularly in the crucial early stages of the law-making process. For example, Norwegian officials take part in over 200 committees in the European Commission. The EEA countries don’t however get a final vote in the EU’s institutions and that is what the Remain lobby actually means. A more accurate Remain statement would therefore be that they have “no say when it comes to the final EU vote on a particular matter”. Shortening this to “no say” makes for a good sound bite but it is false.

Some Norwegians are clear on Norway’s influence in the EEA and the opportunities to advise and influence the EU. This is verified by the Norwegian Foreign Ministry, which acknowledges that Norway does not have a formal vote in the decision making process but:

*“Experience has shown that this is less important than the opportunities we have to influence other countries by putting forward effective, coherent arguments”.*⁷

...with the emphasis on “this is less important than...”.

Participation in the early stages involves providing experts to give their input. The extent of influence at this stage depends on the quality of the expertise provided but clearly influence can be considerable. Norway has played a key role in shaping directives and influenced amendments to the Consumer Rights Directive in 2008 by lobbying the European Commission. It has also fought off challenges from the British bookmaker, Ladbrokes, over state control of gaming machines (which itself influenced an EU member state to make a similar challenge via the ECJ).⁸

Therefore the “no say” allegation is not only false, but even when it is corrected to the more accurate “no vote”, it still doesn’t tell the full story and one can still demonstrate that influence is exerted.

The next level of argument surrounding “no say” is that despite not having a vote in EU institutions, EEA countries have some ability to protect their own interests from EU law. They retain a “right of reservation” - a veto - as set out in Article 102

⁶ <http://www.efta.int/eea/eea-institutions>

⁷ <https://www.regjeringen.no/contentassets/fc5aa7428fd04f23af2a251d1c8c6710/en-gb/pdfs/stm201220130005000engpdfs.pdf>

⁸ <http://www.telegraph.co.uk/business/2016/03/06/what-if-britain-left-the-eu-and-could-be-more-like-norway/>

of the EEA agreement and thus have the right to opt out of new EU legislation. This is a right that the UK as an EU member does not have.

The EFTA Secretariat has identified more than 1,200 EU acts considered EEA relevant by the European Commission that have then been contested by the EEA/EFTA Member States.

⁹Examples for Norway include postal services and oil & gas, while Iceland was responsible for one of the biggest rejections of the EU in history when the Icesave bank's online savings account collapsed.

And that brings us neatly to the next level of argument about EEA countries having “no say”, which is that we must recall the UK's own influence inside the EU is itself severely constrained in a community of 28. Even the big fanfare over David Cameron's “veto” in December 2011 came to nothing – the other members just went ahead anyway without Britain. One can now add the recent failed EU renegotiation, which further showed starkly the limits of Britain's influence inside the EU. That's perhaps why the government quickly stopped talking about it.

The UK does not have anything like the level of freedom of EFTA members, and has the additional constraint of the UK not being able to conduct its own international trade negotiations/policy. These are conducted by the European Commission after agreeing a “common position” with Member States via the Council.

It is also worth noting that the powers of the Parliament and the Council are strictly limited. The ever increasing number of EU laws originating from global standards are increasingly implemented as “delegated legislation” using the EU's “comitology” procedure. These committees consist of anonymous officials from member states with absolutely no power to amend or reject Commission proposals. They can only approve them or refer them to the Council.

The UK's influence in the EU is therefore diminishing as the Union further centralises and quashes democratic protections in its pursuit of full supranational government – its ultimate objective.

That just leaves the final level of argument against “no say”: that EEA countries play a fully independent role in global bodies where the majority of Single Market legislation now originates. In other words they are exerting their influence “upstream” in a way the UK cannot because of its EU membership.

2. “THEY ADOPT 75% OF EU LAWS”

The “no say” argument is an important one, however the allegation about “75% of EU laws” is arguably even more misleading than “no say” and has been completely discredited on more than one occasion. The 75% is derived from single market-related directives being applied to EEA countries. What isn't accounted for are the far more numerous regulations that come from Brussels but have little EEA

⁹ <http://www.efta.int/~media/Files/Publications/Bulletins/EFTA-Bulletin-2012.pdf>

relevance. When looking across the number of directives and regulations that constitute the full EU body of law in force and comparing that to what EEA countries have actually implemented, the figure is only 21%.¹⁰ Using different methods of calculation, it is anywhere between 10% and 28%.¹¹ And the majority of this covers standards originating at global level where EEA countries exert their influence. The allegation is therefore not only wrong but wildly so.

3. "STILL PAY"

EEA/EFTA members pay a small amount for Single Market access but when discussing this subject, the Remain lobby tends to focus on Norway specifically and then conveniently include the "Norway Grants" (that aren't paid to the EU) into the calculation. This creates an inflated figure which is then misrepresented as the fee Norway pays to the EU for market access. When that distortion is removed, Norway pays significantly less than the UK's net membership contribution and can be seen as a very reasonable contribution for market access and joint action with neighbours.¹²

On a pessimistic view, Brexit Britain could easily end up paying something like half of its current net contribution to the EU, not least because payments are likely to become a negotiating point (the EU extracting its pound of flesh on exit). That would be a significant saving on where we are now but it should be noted that while many Leavers see EU contributions as an argument for Brexit, this Leaver does not. Even if net contributions dropped to £7.99 a year, the real arguments for leaving would be unchanged. The saving would be very useful, but generally de-risking Brexit via the EEA is much more valuable.

4. NO CHANGE TO FREE MOVEMENT

This is very nearly true but for the fact that the EEA countries have a permanent "emergency brake" on the four freedoms including free movement that they have the full sovereign power to pull.¹³ Such a brake on free movement is something David Cameron attempted to win during his renegotiation but ended up getting in a bit of a muddle over it. So once again, the EEA countries are in a stronger position while the UK's much-vaunted influence inside the EU turns out to be very limited. And if EU leaders are unwilling to demonstrate UK influence on such a key point when the UK is threatening to leave, how much weaker will our influence be if we choose to Remain?

5. RULES OF ORIGIN

Because EEA countries are not part of the EU Customs Union and are free to negotiate their own trade deals with third countries, exported goods from such countries to the EU need to have their true origins certified to understand whether duties or restrictions apply. While this causes some upfront administrative burden

¹⁰ <http://eureferendum.com/blogview.aspx?blogno=85798>

¹¹ http://icelandmonitor.mbl.is/news/politics_and_society/2015/10/21/iceland_has_adopted_10_prosent_of_eu_laws/

¹² <http://www.euquestion.blogspot.co.uk/2016/04/the-cost-of-eu-membership-versus-efta.html>

¹³ Iceland pulled the emergency brake (for freedom of capital movement) to stop capital flight during the 2008 crisis. Liechtenstein has also invoked it to restrict free movement into the country.

(and that is what raises the objections), it is important to note that Rules of Origin ('ROO') are not generally considered by the EEA countries to be a problem with the EFTA-EEA agreement.¹⁴ Indeed they can incentivise use of local/national suppliers. Also such rules are commonplace all around the world. And just to complete the picture, changes coming into force in January 2017 will significantly reduce the ROO burden.

This has not however stopped the government, in a Treasury report published on 18th April, from suggesting an EEA exit would still result in lower GDP over a 15 year time span largely because of ROO.¹⁵ However the report conveniently takes a figure for ROO's impact (3.4%) that is higher than other studies on this subject and indeed higher than an earlier government paper released under Freedom of Information that suggested 2%.¹⁶ The Treasury report takes no account of the coming reforms to ROO which will reduce administration costs further and also appears to suggest that Britain's trade profile is the same as Norway's, which has a greater percentage of exports going to the EU. But Britain is not the same as Norway and the report has therefore over-stated the ROO effect by a considerable margin.¹⁷

6. ANTI-DUMPING MEASURES

The EU has previously pursued an anti-dumping measure against Norwegian fish in 2006. But this was later withdrawn when the WTO ruled against the EU (Norway of course has a thriving fishing industry outside the Common Fisheries Policy). In ten years, this is the only case of EU anti-dumping action taken against an EEA country and more recently it has been noted that "As a result of the strict competition rules incorporated into the EEA Agreement, anti-dumping measures, countervailing duties and other trade measures are, as a general rule, forbidden."¹⁸

ALTERNATIVES TO THE EEA POSITION

No other exit deal is likely to offer the speed of exit that an EEA deal can, and as noted above, the UK government would be under time pressure to strike a deal. Other models of engagement with the EU could take ten years and more to negotiate. Some, like the Canada 'CETA' agreement, are very limited and simply not appropriate to Britain's needs.

Indeed, the regular suggestion that many other countries have agreements to trade with the EU without needing to be inside the single market and without needing to sign up to free movement, generally misses the fact that those countries do not have the level of economic integration that Britain has and so did not have the

¹⁴ http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_duties/rules_origin/preferential/handbook_en.pdf

¹⁵ <https://www.gov.uk/government/publications/hm-treasury-analysis-the-long-term-economic-impact-of-eu-membership-and-the-alternatives>

¹⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220968/foi_eumembership_trade.pdf

¹⁷ More detail here: <http://euquestion.blogspot.co.uk/2016/04/osborne-wheels-out-big-gun.html>

¹⁸ <http://www.efta.int/media/publications/fact-sheets/EEA-factsheets/GoodsFactSheet.pdf>

vast task of trying to disentangle over forty years of EU membership. Because one can't on the one hand say that the EU is sclerotic and 60% of our laws come from there, and in the next breath say the EU will leap into action and agree a very good bespoke trade deal in two years. This is an organisation that needed over a year and multiple meetings to agree a trivial change on migrant benefits. And it has taken seven years to agree a limited deal with Canada. One might add that the EU wants to give its focus to fixing the euro and Schengen without a decade of distraction helping the UK unwind its membership. In other words, the very issues that the Leavers correctly highlight as being reasons to leave are also obstacles to leaving, and therefore have to be considered and confronted.

We are a near neighbour to the European continent, and would need to do much more than conclude a mere trade agreement. Again, Leavers correctly and often point out that the EU is far more than just trade, but in the next breath suggest that a trade deal is all that's needed to leave. Their concerns about the depth and breadth of integration need to be followed through into considerations for the Brexit process.

Examples of UK/EU entanglements are:

- a) The EU and UK have a joint interest in managing airspace for civilian airliners
- b) We cooperate on maritime surveillance
- c) We jointly regulate radio and television frequencies and mobile telecoms generally to avoid conflict between services and to manage limited resources
- d) We have integrated approval systems for medicines, medical appliances, pesticides and hazardous chemicals
- e) We have also integrated systems for the approval of road vehicles and aircraft, and both road and aviation safety are areas for joint action.
- f) Our consumer safety systems and approvals have been harmonised, so has food safety.
- g) For better or worse, we are fully involved in the Galileo GPS programme, with a very heavy investment in the system – withdrawal from which would involve heavy losses.
- h) We are also deeply embedded in the European Defence Agency, which is managing the Airbus A-400 project, on which we depend for our next generation of military transport aircraft.
- i) We work together formally on monitoring the flow of illegal drugs into the region, and on drug addiction.
- j) We cooperate on occupational health and safety systems, research and enforcement, and on improving work environments.
- k) We work together on weather (and climate) research and monitoring.
- l) We have joint science programmes
- m) We have joint schools/university exchange programmes (which don't actually require EU membership, as it happens)
- n) We are building a system of mutual recognition of professional qualifications – with a harmonisation programme in some specialities.

All these programmes, and many more – including joint action through the numerous executive agencies – far transcend the limited scope of a free trade deal. It is an extraordinarily complex relationship, with massive areas of cooperation and joint action, some of which we may want to continue after we leave the EU.

The trade deal alone is therefore barely the half of it, and that is without taking account the high-level arrangements on defence and foreign affairs, overseas aid, police and customs cooperation, and matters like extradition, currently managed through the European Arrest Warrant.

So there are obstacles and opportunities to be addressed that require great care and time. A step back to the EEA provides that.

CLOSING THOUGHTS

Much of the case for staying in rests on being able to influence and reform the EU – which is also where the case collapses. Our influence is severely constrained and much more so than when the UK first joined the EEC. After the limp renegotiation outcome, the UK could never again credibly argue for EU reform if we stayed in.

At a deeper level still, the question of why we would want to stay in is rooted in the idea that the EU, through its size, has ‘clout’ in the world and that we should ‘piggy-back’ on that. The issue is that any ‘clout’ the might be gained is more than lost by the EU’s in-built inertia.

The core of the Remain argument is therefore flawed and by extension the need to Leave becomes compelling. But given the depth of the UK’s entanglement with EU – at political/legal level but also at an every-day level in company supply chains and in people’s lives – leaving will be all about the transition.

As argued near the start of this article, after a Leave vote, the UK government supported by the civil service is very likely to take the EEA route out because of its obvious benefits and evolutionary nature. Any alternative plans pitched by the Leave campaigns in the run-up to June 23rd will fall away on June 24th even if Britain votes to leave.

In contrast to other exit plans that seek varying degrees of cut-off from the EU, the EEA option starts from a very liberal, cooperative agenda that is practical and realistic, and evolves the UK away from EU membership. This will be the first step of an ongoing evolutionary process that ultimately promises the start of a reinvigoration and re-maturing of Britain’s wilting democracy that is increasingly and worryingly held in contempt by many voters. And all the while, maintaining the very open trade and free exchange we have with our nearest neighbours and friends.

This route would answer the call from a popular vote to leave – the proposition on the ballot paper – and is also relatively quick and painless, killing off a mountain of

fear-mongering and uncertainty suggested by the Remain side. Such an exit would also enable Britain to make an early start on retaking control of its affairs in key policy areas.

It would keep the good things from the EU – genuine cooperation in a series of areas, and yes even free movement. Because freedom of movement for EU/EEA nationals would be only marginally addressed by this move and would essentially stay in place. That is a positive thing and would allow trade with the EU to continue uninterrupted.

Europe, however, is always changing – nothing is ever static. And the UK's moment of exit from the EU is a big change that would bring about other changes, not least with some other liberal and sceptical EU countries reconsidering their positions. That will change the nature of both the EEA and the EU. Knock-on effects from such a Brexit are therefore probable, such that the structure of the single market and the four freedoms may have other checks and balances added that befit the many countries who reject the journey to political union.

Over time the UK and indeed Europe will shift to an amended settlement - a liberal one where democracy is nurtured not neutered; where Europe's diversity is genuinely celebrated and not constantly shoe-horned into a political one-size-fits-none structure born in a bygone age. It will focus much more on a single open trading area and not on a single government.

Brexit could be the catalyst. And an EEA position the first step.

It could be our very own Glorious Revolution.