



The Brexit equation: EU minus UK = ?

by Ian Bond

Most discussions of the UK's possible exit from the EU focus on what Britain would be like afterwards: whether it could trade more freely with the world, escape EU regulations and reduce immigration. Equally important, however, is what the EU would be like afterwards; and how in turn this might affect post-Brexit relations between the UK and the EU.

Former EU legal adviser Jean-Claude Piris set out seven possible models for this relationship in his recent policy brief for the CER, 'If the UK votes to leave: The seven alternatives to EU membership'. He concentrated mainly on the UK's urgent need to have continued access to the single market.

If Britain left the EU it would have to negotiate a trade agreement with a group that had just lost one of its more economically liberal members. The gap between the *laissez-faire* British and the dirigiste continentals is smaller than the British imagine, as John Springford showed in 'Will the eurozone gang up on Britain?' But the biggest question is whether the EU would be willing to give the UK the market access it currently enjoys – and whether, over time, the market might become more closed to non-EU countries. The UK has consistently pushed for an open EU – especially in financial services, since the City of London is a global financial centre, not just a European one. Without the UK, would any other member-state resist ECB pressure to confine euro clearing to the eurozone, for example?

The centre of gravity in the EU would shift in areas other than the single market, however,

including justice and home affairs (JHA), and foreign and defence policy. Though the UK is often caricatured as Europe's perpetual nay-sayer, the reality is more nuanced. In some areas the UK has indeed been the main obstacle to European co-operation, but in others it has actively promoted it. The EU minus Britain would not automatically become the federal state that eurosceptics fear, but it might not reflect UK preferences as closely as it now does.

In the Justice and Home Affairs area, the UK's opt-in means that it is already less than a full partner. It has, however, opted in case-by-case to important JHA measures including Europol and the European Arrest Warrant (EAW). The UK has actively employed the EAW, submitting more than a thousand requests to other member-states from 2010-14. Once outside the EU, the UK would have to negotiate a bilateral extradition agreement with the Union, or individual bilateral agreements with each of the EU's 27 member-states. If the UK were also to reject the European Convention on Human Rights, however, as a result of the government's proposed 'British Bill of Rights', would all EU member-states be able to extradite suspects to

the UK? And would the European Parliament (minus UK MEPs) ratify an EU-UK agreement, or reject it on human rights grounds?

In foreign policy, the UK has frequently used EU machinery to pursue its own foreign policy objectives. In an EU without the UK, only France, as a permanent member of the UN Security Council, would have a truly global foreign and security policy outlook. If the UK wanted EU support for foreign policy initiatives, therefore, it would have to contend with a more parochial EU. Would an EU at 27 have imposed sanctions regimes on Burma (where other member-states had economic interests vulnerable to sanctions)? Or become as heavily engaged in Somalia – a UK priority before it became an EU issue? Would the UK outside the EU act unilaterally, and if so with what effect? And would the EU, having lost one of its major economic and diplomatic powers, carry the same weight with interlocutors like Iran?

The UK's departure would also affect transatlantic relations: the EU might become a more difficult foreign policy partner for the US (forcing the US to make more efforts to cultivate other member-states). Despite continued military and intelligence links, would the US pay less attention to UK views?

In defence, the UK has sometimes been an active participant in EU operations and is a staunch defender of the need for EU defence policy to be compatible with NATO. Only Britain and France among EU member-states have full-spectrum military capabilities and a tradition of overseas deployments. Post-Brexit, France would probably continue to promote EU operations in Africa and elsewhere; but the UK would struggle to get the EU to reflect British priorities. And while the EU at 27, even more heavily influenced by Germany than it is now, would be more reluctant to conduct operations, it might be more willing to set up European structures completely outside NATO, at the risk of putting EU symbolism ahead of military effectiveness. Would the UK, which has always resisted such gestures, be able to do anything from outside the EU to prevent them?

Brexit would have important implications for the future direction of the EU, not just the UK. Eurosceptics might be right that, all things being equal, the UK would be fine outside the EU. But in reality all things will not be equal.

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CER in the press

The Economist

15th January 2016
 The effects of EU membership on trade patterns are difficult to measure, but John Springford of the CER and colleagues have carried out a modelling exercise which concluded that Britain's trade with the rest of the EU was 55 per cent greater than it would have been if outside.

The Washington Post

3rd January 2016
 "Given that by any objective measure the EU is in a terrible mess, I'm shocked that the 'in' campaign is still getting half," said Charles Grant director of the CER. Grant said he wants to see Britain remain part of the EU, but he is pessimistic that it will. Fears about immigration explain why. "It's always quite easy to scare people," Grant said.

The Christian Science Monitor

29th December 2015
 Agata Gostyńska-Jakubowska of the CER, says that PiS will use anti-European rhetoric at home, while being more consensual in Brussels, likely following mainstream EU policies.

The Wall Street Journal

22nd December 2015
 "As terrorists slip across borders and hide on the Internet, Europe and America must learn to share intelligence better", wrote Camino Mortera-Martinez of the CER.

The Telegraph

21st December 2015
 Simon Tilford, deputy director of the CER said Spain is not out of the woods and the eurozone's elites are "mistaking a modest cyclical

upturn for something more profound".

The New York Times

17th December 2015
 "The four horsemen of the apocalypse are circling," said Charles Grant of the CER, referring to the security threat raised by a newly assertive Russia, the chaotic influx of asylum seekers, Greece's calmed but far-from-solved financial crisis and Britain's future direction.

The Guardian

16th December 2015
 At a meeting organised by the CER this week, Conservative speakers from all wings of the party argued that, irrespective of what the pro- or anti-Europeans may want, the vote will in fact be shaped by the migration issue. It is hard to disagree with that.

The New York Times

15th December 2015
 "There has been a tug of war between eastern and southern members about priorities, but now the east sees a Russian threat in the south, too, while the south sees a new conventional threat, as in the east," said Rem Korteweg of the CER.

The Financial Times

9th December 2015
 There is certainly a problem in insisting on running a large surplus while simultaneously wanting others to reduce their deficits. ...If that again means Germany will fund reckless loans to the euro periphery (the CER's Simon Tilford has calculated that Germany has lost half a trillion euros on its foreign investments since 2000), so be it.