

# CER Bulletin

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# Britain's populist arms race over immigration

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Britain's immigration debate is damaging the country's economic and political interests. It will also make it harder for David Cameron to renegotiate the terms of Britain's EU membership in a way that satisfies Tory eurosceptics. While seeking reform in the name of opening Europe to the rest of the world and boosting its competitiveness, the UK government is pushing for limits on immigration from other member-states. This confirms the worst stereotypes about the British in other capitals: that they are not committed to the founding principles of the EU; have a tendency towards nationalism; and preach free enterprise, but are selective about what enterprise should be free and what should be limited. Britain's stance on EU migration risks alienating countries – such as Poland – that might otherwise support its suggestions for reform. Somehow, Cameron will have to bridge the gap between anti-immigrant populism at home and realism abroad.

Why has EU immigration become such a toxic issue in Britain? According to conventional wisdom, it is because of the unexpectedly large numbers of Central and Eastern Europeans that migrated to the UK following the lifting of restrictions in 2004: there are now around 650,000 Poles living in Britain. But the EU estimates that there are over 900,000 Romanians living in Italy and approximately 750,000 in Spain (both countries opened up their labour markets to Bulgaria and Romania in 2007). Indeed, the number of people from other EU countries living in the UK (excluding the Irish) stands at around 1.8 million, a lower figure than in France, Germany or

Spain in absolute terms and proportionately lower than in many other EU member-states. And there is scant reason for the UK to expect large numbers of Bulgarians and Romanians now that it has fully opened its labour market to these member-states, for the simple reason that many that want to move elsewhere have already done so. So far, only a small number have moved to Britain.

At first sight, Britain's nervous breakdown over EU immigration is therefore puzzling: why is it a bigger issue in Britain than in Spain, which is suffering from mass unemployment? The British public's hostility to immigration has been on



the rise for a decade: according to the British Social Attitudes Survey, the proportion of Britons advocating a large reduction in immigration has grown by more than 40 percentage points since the EU's 2004 enlargement. For years, politicians responded by competing to look tough on the issue, but eschewing any attempt to clamp down on immigration. But now politicians have moved from sounding tough on the issue to acting tough.

David Cameron believes that calling for limits on free movement will help convince Britons to stay in the EU, soothe British hostility to free movement, and head off UKIP, a populist nationalist party, which is threatening to deprive the Conservatives of a majority at the 2015 general election.

But the arms race British politicians are contesting to scapegoat immigrants is upsetting Cameron's balancing act. Both left-leaning as well as right-leaning voters are hostile to immigration, and the opposition Labour Party is trying to compete with the Tories by taking an increasingly hard line. Politicians have fallen over themselves to stress what a huge mistake it was to open up the UK's labour market to the new member-states in 2004 – it is now difficult to find a Labour or Conservative politician willing to defend this move.

Until recently, politicians competed to look toughest on immigrants' benefits and other entitlements, to divert attention from the fact that all three main political parties want to safeguard the free movement of labour. The economic evidence politicians receive from civil servants, academics and think tanks is almost all positive about the benefits of EU immigration for public finances, for filling holes in Britain's patchy skills base and thus for the country's productivity. There is little evidence that low-skilled immigration from the EU has any effect on wage levels or the availability of jobs for Britons. So politicians have tended to focus on migrants' access to benefits, and hope that it can act as a pressure valve.

But in a second, much more worrying phase of the debate, politicians have started to call for limits to the free movement of labour, not just EU migrants' access to benefits. David Cameron has called for restrictions on the rights of workers from countries that join the EU in the future to migrate to other member-states in search of work. Labour's business spokesman, Chukka Umunna, recently said that his party was considering reforms to prevent workers from entering Britain unless they had a job offer – although he later retracted, under pressure from his party. Theresa May, the home secretary, has delayed the publication of a government review of EU migration, because the evidence within it is too positive on the benefits.

Inevitably, political populism is further inflaming anti-immigrant sentiment.

The danger should be obvious: public hostility to EU migration may be aroused to such an extent that it becomes difficult for Britain to stay in the Union. If Britain's politicians promise reforms to free movement that are impossible to negotiate with the European partners, they may return to London empty-handed.

“*Britain's natural allies that share a liberal vision for the EU, are the very countries it is currently antagonising.*”

David Cameron no doubt derives some consolation from the supportive noises he has received from the Netherlands, France and Germany on restricting access to benefits. But the German government will not compromise on the rights of workers to move freely across the EU; indeed, Germany's dire demographics mean that the German authorities are working hard to attract more immigrants, not repel them. Frank-Walter Steinmeier, the new German foreign minister, has already made clear that Germany would not support attempts to limit the rights of workers from future accession countries to migrate. The Polish foreign minister, Radosław Sikorski, has reacted furiously to British plans to tighten benefit criteria in the UK, pointing out that Cameron is happy for Polish workers to pay taxes in the UK but unhappy about paying child benefits for their children left in Poland. For their part, Bulgarian and Romanian politicians have been angered by British politicians and newspapers, and an array of senior EU figures, including Martin Schulz, the possible next head of the Commission, have expressed frustration.

The British government is vague about what reforms of the EU it wants, but if a deeper single market, less regulation, and more free trade agreements are among them, many of its natural allies are the very countries it is currently antagonising. The distance between what other member-states will accept and what the British public want is widening. If Cameron tries to close it by escalating his demands on migration policy, he will fail. Instead, he must try to shift public opinion at home by coming clean on the economic benefits of free movement.

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# EU-Russia relations: Partnership on ice?

by Ian Bond

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When President Vladimir Putin comes to Brussels for the EU-Russia summit at the end of January, his mind may be elsewhere. Ten days later he will open the Winter Olympics in Sochi. The EU-Russia Summit will have a slightly lower profile. It was postponed from November 2013, so this year there will be three such meetings. That is two too many. The EU has one summit a year with other major powers, including the US. Russia alone gets two, for no added value.

The relationship is process-heavy, but substance-light. From summit meetings to dialogues on 'forest-based industries', EU-Russia encounters generate progress reports reporting no progress. One from March 2013, for example, notes that the last meeting of an EU-Russia dialogue on industrial products in May 2012 discussed (apparently without agreement) Commission proposals to wind up non-operational working groups – hardly a major problem in trade relations. The recommendations from the EU-Russia Industrialists' Roundtable – where major companies on both sides meet – have an air of déjà vu about them: before every summit they urge removal of barriers to trade, improved conditions for investors and an end to discrimination against foreign investors. Leaders congratulate themselves on constructive talks but take no decisions on the recommendations.

In the real world, however, the EU-Russia relationship is going badly, despite regular repetition of the mantra of 'strategic partnership'.

In recent months Russia has held military exercises to practise invading its EU neighbours; it has obstructed EU exports and strong-armed Ukraine into not signing an association agreement with the EU. It is time that the EU adopted a new approach to its difficult neighbour.

There is a fundamental divergence in the objectives of the two parties. In the immediate post-Soviet period, both sides expected Russia to become more like the rest of Europe. In its 1999 Common Strategy for Russia, the EU welcomed "Russia's return to its rightful place in the European family". Putin spoke in 2003 of Russia "becoming truly integrated with Europe". That is no longer his aim. Russia is challenging the EU across the board.

In trade relations, despite its 2012 accession to the WTO, Russia was responsible for one third of all the protectionist measures introduced by members of the G20 in 2013 and has failed to implement WTO pre-accession commitments, in particular to

abolish royalties paid by foreign (but not Russian) airlines to fly over Siberia. It remains a difficult place to do business, and not just for European companies, it is in joint 127<sup>th</sup> place in Transparency International's 2013 Corruption Perceptions Index and 92<sup>nd</sup> place in the World Bank's Ease of Doing Business index. A member of the International Olympic Committee has said publicly that a third of the \$55 billion budget for the Sochi games has been corruptly siphoned off. One of the few helpful institutions for foreign businessmen seeking redress, the Supreme Arbitration Court, dealing with commercial disputes, is under threat since Putin proposed merging it with the (less independent-minded) Supreme Court.

The roadmap for the EU-Russia Common Space of Freedom, Security and Justice (one of four "common spaces" setting out objectives in the key areas of the EU-Russia relationship) speaks of a partnership based on common values; but in his December 2013 address to the Federal Assembly Putin contrasted Russia's "great history and culture" with "so-called tolerance, barren and neutered", in the West. Despite the pre-Christmas amnesty for some prominent regime opponents, the human rights situation remains poor, with Russia accounting for more than 20 per cent of the pending applications to the European Court of Human Rights.

In external security, Russia is ever more hard-nosed in defence of what it sees as its interests, particularly in its neighbourhood. Apart from seeking to entice or coerce former Soviet states into the Russian-led Customs Union, it is even trying to establish footholds within the EU, for example through access for its armed forces to an airbase and a port in Cyprus. And though it has played a positive role in securing the removal of chemical weapons from Syria, Moscow has continued to arm the Assad regime and protect it from UN Security Council condemnation.

The Russian government has decided that its interests and values are not the same as the EU's. The EU should accept this. In some areas, notably energy supply, Russia will continue to be a key partner for many member-states. But the EU should look for ways to rebalance the relationship, so that the leverage is not all on one side.

The Commission's efforts to force Gazprom to abide by EU rules are a good start. It should ignore the suggestion from the Russian ambassador to the EU that an exception should be made for the state-controlled monopoly; it should be as firm with Gazprom as it has been in the past with Microsoft. And the EU should reduce its dependence on Russian energy through greater energy efficiency, diversifying

sources of supply and improving intra-EU pipeline infrastructure.

“*The EU-Russia relationship is going badly, despite regular repetition of the mantra 'strategic partnership'.*”

The Commission should also be tough in pursuing Russia in the WTO. It has already persuaded the country to change its discriminatory automobile recycling fee (applied to cars imported from outside the Customs Union of Russia, Belarus and Kazakhstan); it should use the organisation's dispute settlement process again if Russia, as it has threatened, retains over-flight royalties.

The EU cannot stop corruption in Russia, but it can do more to prevent the proceeds being laundered through EU banks. The latest EU anti-money laundering directive, likely to take effect in 2016 at the earliest, should ensure that governments apply the rules more consistently than at present. But the UK (among others) could step up its scrutiny of the real ownership of brass-plate companies in its overseas territories, to make it harder for Russian officials to hide bribes and embezzled funds in the European financial system.

Finally, the EU should ensure that its eastern neighbourhood is not sucked into Russia's self-proclaimed zone of privileged interest. Leaders like Ukraine's President Viktor Yanukovich may prefer the familiar embrace of Moscow. But it is clear that many of the region's people would prefer a European future; and that Europe's interests will also be better served by having stable and prosperous democracies as neighbours rather than corrupt oligarchies. Moldova and Georgia, which have initialled association agreements with the EU, are likely to come under intense Russian pressure in the coming months. The EU will need to engage with them equally intensively to keep them on the European path.

Putin (along with soul-mate Aleksandr Lukashenko, the Belarusian president) has already tried out the Olympic rink in Sochi. In his foreign policy as well as on the ice, Putin's preferred sport is ice hockey, not ice dance. The EU should be ready with helmet, stick and pads: it will be a tough match.

Ian Bond  
Director of foreign policy, CER





# Why Europe should broaden its horizons in the Sahel

by Rem Korteweg

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The Sahel stretches from the Atlantic to the Red Sea, touching on 13 countries from Senegal to Eritrea. Turmoil is spreading across the region, putting European security interests at risk, yet Brussels is scrambling to respond. As the EU prepares for a new military mission to the Central African Republic (CAR), it should review its Sahel policy. The EU needs a more integrated approach to the broader Sahel if it is to deal with the humanitarian and security crises emanating from the region.

In 2013, the chaos in Mali revealed to Europeans that the Sahel, in spite of its geographic distance, was connected with the EU's neighbourhood. France's robust military intervention was followed by an EU training mission to help Mali's armed forces, and eight member-states are contributing to a UN mission there. In spite of a successful presidential election, Mali's problems remain: reconciliation between the northern Tuareg groups and the government in Bamako is moving slowly, and as UN troops replace the French, militant groups threaten to return.

But Mali's troubles are part of a broader pattern of volatility afflicting the Sahara and the Sahel. From the Mediterranean to the equator, states in northern and central Africa face lawlessness and conflict. The Sahel acts as the region's transmission belt for instability, affecting the countries in and around it. Trafficking in arms, drugs, contraband and people is rife. In the north, the collapse of post-Gadhafi Libya has created a de facto division of the country; east

Libya's self-proclaimed 'government of Cyrenaica' is blocking oil exports, starving Libya's treasury and driving up oil prices. Its ungoverned south forms a refuge for militant Islamist groups. Northern Nigeria faces increasing sectarian tensions, triggered by the terrorist group Boko Haram. In January, they killed 30 people in a bomb-attack in the country's north-east. Nigeria's violence regularly spills into Cameroon. Towards the east, the CAR is a new flashpoint. As the crisis in South Sudan remains, it may affect its neighbours.

In the wake of Libya's collapse and the chaos in Mali, Chad is emerging as one of the Sahel's kingmakers. In 2013, its government gave crucial military support to France in northern Mali. But in the CAR, Chad backed the (Muslim) Seleka rebels who pushed out President François Bozizé, precipitating a conflict that now threatens to spin out of control. The UN has warned of genocide. At the crossroads between the Sahel, the Great Lakes and the Horn of Africa – and rich

in natural resources – the country could draw in other actors including militant Islamists or the Lord’s Resistance Army, a cult-like terrorist group.

France has a large military presence in the region, including 1,600 troops in the CAR. Paris, however, says its forces are insufficient and is increasingly frustrated, perceiving itself as Europe’s only fireman. In December, other leaders dismissed France’s proposal that they should support its intervention with EU funds. Despite initial reluctance, a humanitarian emergency has forced the EU to act. It is planning to send up to 600 troops to the capital Bangui. Deployed for six months, they will protect the city and its airport (where tens of thousands have sought refuge) and support humanitarian relief operations. France will provide the majority of the forces, along with Belgium, Greece, Estonia, Poland and possibly Sweden.

This limited mission alone will not solve the CAR’s problems, but it will make the EU somewhat responsible for the country’s fate. It may also convince policy-makers that they should update the EU’s approach to northern and central Africa.

Despite having four other missions in northern Africa – in Mali, Niger, South Sudan and Libya – the EU does not have a coherent approach to promoting security in the broader Sahel-Sahara region. The EU’s ‘Sahel strategy’ focuses on only five countries; Mali, Niger, Mauritania, Burkina Faso and Chad. It does not take sufficient account of the importance of interaction between coastal Arab states of the Maghreb, the arid, landlocked

interior and the borderlands of central Africa; and the way in which instability in one of these regions can destabilise the others.

A forthcoming update of the EU’s strategic framework will include Algeria and Morocco; two states that are crucial to the region’s politics but whose mutual distrust is a complicating factor. But Brussels must do more. Libya should be an integral part of the strategy, along with central African countries. Nigeria should also feature: the EU agreed on a security dialogue with Abuja in 2012, but no meetings have taken place.

A central problem is fragmentation in EU external policy structures. The broader Sahel-Sahara region is covered by multiple senior EU officials. The EU special representative for the Sahel focuses mostly on Mali and its neighbours; the Maghreb falls under the EU special representative for the southern Mediterranean; while Sudan, South Sudan and the CAR are covered by yet another EU special representative and a senior official for the Great Lakes. Besides, most of the resources the EU could use in the region are controlled by the Commissioner for Development, not the External Action Service. The High Representative, Catherine Ashton, should take the lead to ensure efforts in the broader Sahel are better co-ordinated. The Sahel will produce more strategic surprises, so the EU should be prepared.

Rem Korteweg  
**Senior research fellow, CER**

## CER in the press

### **The New York Times**

21<sup>st</sup> January 2014  
 “The sheer scale of the violence [in the Central African Republic] and the chaos of the last couple of weeks has astonished a lot of Europeans and forced them to pay attention,” said Rem Korteweg of the CER.

### **Reuters**

20<sup>th</sup> January 2014  
 John Springford of the CER said, “Any decision about leaving the EU must be based on an appraisal of what Britain would be leaving: the EU has successfully reduced trade barriers with the many rich economies on Britain’s

doorstep. An exit would imperil those gains.”

### **The Irish Times**

19<sup>th</sup> January 2014  
 “We are likely to see strong showings in the European elections for eurosceptic or far-right parties in the UK, Germany, the Netherlands, Finland and Italy,” says Hugo Brady of the CER in London.

### **The Financial Times**

18<sup>th</sup> December 2013  
 “Instead of diversifying Ukraine’s gas supplies and increasing its energy efficiency, this agreement is likely to ensure that Ukraine continues to be tied to Russia,

subject to the threat of gas supplies being turned off for political or economic reasons,” says Ian Bond, director of foreign policy at the CER.

### **The Financial Times**

18<sup>th</sup> December 2013  
 Clara Marina O’Donnell at the CER, notes the “startling level of panic” unleashed across nations this summer when the European Commission revealed it wanted to extend its influence over European military co-ordination and procurement.

### **The Daily Telegraph**

17<sup>th</sup> December 2013  
 “Merkel might decide that

fighting Britain’s corner is not worth undermining relations with the SPD, who are very much opposed to making anything that could smack of a concession to Britain,” said Simon Tilford, deputy director of the CER.

### **The New York Times**

5<sup>th</sup> December 2013  
 “The EU shouldn’t feel too responsible for what’s going on in Ukraine,” said Charles Grant, the director of the CER. Mr Yanukovich was bluntly telling European and American diplomats that he needed \$20 billion to seal the deal in the face of Russian opposition.

## Recent events



George Lakkotrypis

### 16 January

Roundtable on 'Can Cypriot energy hopes match expectations?'; London  
With George Lakkotrypis, Cypriot energy minister

### 15 January

Breakfast on 'Is EU competition policy making us less competitive?'; Brussels  
With Alexander Italianer, director-general for competition



Alexander Italianer

## Obituary: Clara Marina O'Donnell 1983-2014



On January 16<sup>th</sup> we lost our dear friend and colleague, Clara Marina O'Donnell, at the age of 30. She had joined us as a defence analyst in 2007, having previously worked at NATO and at Chatham House. Brought up in Brussels, with Spanish and Anglo-Irish parents, she spoke five European

languages. She thought it obvious that European countries could achieve more by working together.

She applied that principle with rigour to the world of defence. She advocated not only the pooling and sharing of military capabilities, but also the forging of a single market for defence equipment. For all the difficulties of EU defence co-operation, she saw the glass as half full, pointing to the many examples of progress, such as the current Franco-British arrangements. She also suggested other areas where co-operation would make sense, such as a European drone programme.

In her early years at the CER, Clara focused on the Israel-Palestine problem. She believed that there could never be peace in the Middle East unless Hamas was brought into the negotiations. She also called for the EU to play a bigger role, both in persuading Hamas to renounce violence and

accept a two-state solution, and in urging the US and Israel to talk to Hamas.

Clara was ambitious, without having sharp elbows, and she was keen to spend time in Washington DC. She got her chance in the summer of 2011, when she won a Fulbright fellowship and our friends at the Brookings Institution offered her a home. She stayed on in Washington when the fellowship ended, as the CER's US representative and as a senior research fellow. Clara proved a great hit in the US, dazzling people with her knowledge, public-speaking skills and charm.

Last August she was diagnosed with an incurable illness, and she moved back to London. She was adamant that she wanted to keep on working. During Clara's final months we learned new things about her, notably her astonishing bravery. She never complained about her predicament or felt sorry for herself. Her philosophical approach was extraordinary for such a young woman. She was keen to lead as normal a life as possible, given the constraints of her health, and went on working until Christmas. We will never forget Clara's passionate belief in the European cause, sharp intelligence, cheerfulness, strength of character, determination and courage. Our thoughts are with Clara's family and many friends.

Charles Grant

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[www.cer.org.uk](http://www.cer.org.uk)