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## Britzerland: The UK's relationship with the EU needs some Alpine air

**A**S THE Eurozone staggers from crisis to crisis, it is time to take a longer-term view of the relationship Britain should be developing with the EU in the twenty-first century.

Firstly, there is the idea that Britain should use its influence to "reform" the EU as a glorified trading relationship, along the lines of the original Common Market. Much energy has been spent on this fiction. Even proponents of this option should realise that it is now dead for at least two inter-related reasons. Firstly, we have pathetically little influence in the inner sanctums of the EU and, secondly, the Franco-German axis has never had the slightest interest in such a "vision". Their vision is and always has been the "ever-closer union of the peoples of Europe," as expressed in the 1957 Rome Treaty. Almost as much energy has been spent on the idea that we should repatriate powers from the EU, in return for being cooperative in troubled times. This option currently has considerable currency in Westminster. But there is no evidence that our EU



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partners would accept such a move, and plenty that they would block it. German minister of finance Wolfgang Schäuble said last October that Britain should forget any attempts to use the Eurozone crisis to repatriate EU social and employment laws.

Getting a "better settlement for Britain," while remaining an EU member, is fantasy at best and a gross deception at worst. We must work on an entirely new relationship, which Brian Binley MP and I discuss in a recently released paper. We conclude that a Swiss-style relationship, based on free trade and mutually beneficial bilateral agreements outside the EU, was the most promising way forward. Switzerland, moreover, has chosen to remain outside both the EU Customs

Union (which includes Turkey) and the Single Market (which includes Norway). There are distinct advantages of being free of both.

The Customs Union is an anachronism in today's world of low tariffs. But the real drawback of membership is that we rely on the EU to negotiate trade deals with non-EU countries that the EU considers appropriate. The EU's list excludes, for example, the US, Australia and New Zealand, which would surely be on a UK's list of preferences if we were free to conduct our own deals. As the EU's share of the global economy shrinks, Britain must be free to conduct its own trade deals with favoured, growing markets.

If we adopted a Swiss-style relationship with EU countries and closer trade links with the Commonwealth, the US and other favoured nations, we would be far better positioned to realign our trade patterns towards growing economies, thus stimulating economic growth, than we are now.

The Single Market still tends to be perceived in the UK as a free trade area, with a few regulations added as

an afterthought. But this is to misunderstand the Single Market, which was designed to be a harmonised (regulated) market from its inception. Extensive employment regulations, influenced by the continental Social Market Model, and now a flood of financial regulatory proposals are affecting the way business, in general,

**A** better settlement while remaining an EU member is fantasy or gross deception

and the City, in particular, operates.

The think-tank Open Europe recently concluded that EU "regulation is now less geared to financial services growth but more towards curtailing financial market activity, irrespective of whether such activity is good or bad". It reported that there were 49 new EU proposals potentially affecting

the City, with few aimed at promoting financial services trade. The UK was, moreover, already losing influence on the legislative agenda and this was happening at a time when opportunities in EU markets were limited while global opportunities were "exploding." Suffice to add that financial regulations are agreed by Qualified Majority Voting (QMV), where the UK, home of the world's premier financial centre, has a paltry 8.5 per cent of the vote.

I have heard many times that we must stay in the Single Market so that "they will trade with us." But Switzerland's trade is more dependent on the EU than ours is and EU countries have the incentive of an enormous trade surplus with Britain. Of course they would "trade with us".

There would be many other advantages of "going Swiss", including reduced budget contributions and national control over agriculture and fisheries. I struggle to think of any disadvantages. What are we waiting for?

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