

# Open Europe goes native

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*Open Europe have asked me (quite rightly) to clarify their position: they presented four scenarios, two negative, two positive, for Brexit. They are quite right to point out that it was the choice of the media, and especially of the Telegraph and the FT, to lead on the down-side. The media could just as well have headlined their articles "Report shows that Britain could prosper outside the EU". I apologise to Open Europe if I misrepresented them in the heat of the moment.*

I used to think of Open Europe as a half-way sensible, reliable, euro-critical think tank. Some of their reports were quite helpful, at least for their data if not always for their conclusions. So it is disappointing just before a General Election to see them going into over-drive as apologists for Brussels .

First there was their report, a few days ago, claiming that leaving the EU would save only a tiny fraction of the regulatory costs of EU membership, so we'd do better to stay in and renegotiate – a proposition that could have come straight from the spin doctors at Conservative Central Office. They said that EU regulation currently costs £33 billion a year (a serious under-estimate, but let that pass). But if we left, and (say) adopted the Norway model, as many recommend, we should still be subject to EU rules costing 90% of the current figure. So stay and fight.

What they have done is to make a great case against the Norway option (which in any case UKIP could never accept, since it involves keeping the EU's "free movement" rules). They have not, however, made any case at all against Brexit. And they've sought to give credence to the idea that significant renegotiation is possible. If you can't take the word of Jean Claude Juncker and other EU leaders that they will not give

way on basic elements of the Treaties, then look at the history. For over forty years British politicians have been declaring that they would win key concessions in Brussels, but they have failed over and over again, and we are ever deeper in the mire.

Then we had Dominic Grieve saying that any post-Brexit Free Trade Deal with the EU would necessarily imply free movement. Plain ignorant nonsense, Dominic. The EU has dozens of free trade deals around the world, and is negotiating dozens more, and only a handful – the EEA deals – involve free movement.

Now Open Europe does it again, headlining the news that “Brexit could lose the UK 2.2% of GDP”. Even the headline is misleading – it cites the worst-case outcome from four scenarios. The headlines ignore the best-case scenario, in which Britain gains 1.55% of GDP. This report (say the media) “represents a significant challenge to Nigel Farage’s demand for Britain to leave the EU”. OK. So let’s respond to the challenge.

Of Open Europe’s four scenarios, only one bears any relation to UKIP policy, and that (surprise surprise) is the best-case scenario. Let’s look at the four approaches:

1           **“A hostile exit”**: Britain would introduce “strict immigration controls and protectionist trade policies”. UKIP wants managed immigration, not “strict immigration controls” (I assume Open Europe mean “closing the borders”). And we are a free-trading party, absolutely opposed to protectionism. This worst case scenario, that the Tory press has rushed to headline, is wholly unrealistic. Nor do we anticipate a “hostile exit”. Our trade with the EU will continue to be covered by WTO rules, and it is inconceivable that we should not negotiate an FTA with the remainder of the EU.

2           **The Swiss model**: According to Open Europe, this would still be negative (despite Swiss government studies showing

that if they joined the EU as full members, like the UK, Switzerland would be much worse off). But we don't want the Swiss model, for much the same reasons that we don't want the Norway model.

3 **"Britain would begin to benefit if it signed FTAs with countries such as China".** Exactly. And that's what UKIP would plan to do. Outside the EU, we should be free to do so. If little Iceland can negotiate an FTA with China, it beggars belief that the UK would be unable to do so.

4 **"Unilateral free trade" with deregulation.** We're not sure we'd prioritise *unilateral* free trade, but free trade and deregulation are a main part of our agenda, and here we agree with Open Europe that the effects would be positive – though we think that they under-estimate the benefits (including the massive competitive benefit of reforming our energy markets free of EU rules).

In summary, the Open Europe report is partly wrong, partly misleading, and wholly unhelpful.

One final point, particularly relevant in the context of my remark about Iceland. We are constantly told that EU membership puts us in a much stronger position to negotiate trade deals. It gives us "clout". But those familiar with such negotiations know that exactly the opposite is true. The EU negotiators are ham-strung by the need to juggle the conflicting interests of 28 member-states, whereas their interlocutors on the other side of the table have to focus on just one country's interests. The EU negotiates from a position of invincible structural weakness.

I know this from my own experience in Korea in the early 90s, when I was MD of a Diageo/United Distillers subsidiary. The EU representative office (I won't call it an Embassy) back-pedalled on market access for Scotch (and Cognac and other European spirits) so as not to queer its pitch in trying to

sell French or German high speed trains for the Seoul/Pusan route. So much for "clout".