

'Reversing Brexit?'

We are grateful to *Briefings for Britain* for drawing attention to the following article by leading German commentator Wolfgang Münchau, who believes the likelihood of Britain ever rejoining the EU is unrealistic.

The main obstacle he believes lies in the EU's hyper-regulated economic model which has diverged even further from the UK since our departure in 2020. Re-joining now would not only be difficult but actually self-harming.

"All EU regulation and legislation is the result of lobbying and compromise. The UK could do some serious damage to its industry if it adopted legislation or regulations made by third countries for themselves, and which it was not able to influence at all."

The one exception Münchau argues, is co-operation on defence procurement which would make logistical and financial sense for the whole of Europe.

Beyond that he sounds as sceptical as any Brexiteer. The UK would not be rejoining the EU but something very different.

"My advice to those in the UK who want go beyond co-operation on joint projects, is to understand the sheer magnitude of what they are up against. It would not be a Brexit reversal. It would be something completely new. Something that would have to happen after Starmer."

The article can be read in full below with a link to the original beneath it.

How likely is a Brexit reversal?

Starmer is right that the UK will not return to the EU in his lifetime, but for the wrong reasons

By Wolfgang Münchau

Sir Keir Starmer, the newly elected UK prime minister, has closed the door on a full or partial Brexit reversal in the next parliament. He said it would not happen in his lifetime. Is he bluffing?

EU Hyper-regulation

I think not. I see the main constraint not in UK politics, but in regulatory divergence. Of the two, it is the EU that diverged the most. It has been a hyper-active regulator and lawmaker since Brexit in 2020. The Green Deal is a massive collection of laws – more than 50 depending on how you count them. Led by Thierry Breton, the French industry commissioner, the EU has also become more protectionist and more anti-digital.

The EU is the first region in the world to come up with a restrictive regulation of AI. The Digital Markets Act, which came into force a year ago, constitutes a bulwark of micro-regulations of how digital companies and social media providers are allowed to operate. The EU is in the process of imposing tariffs on Chinese electric cars. I don't think it would make sense for the UK to emulate most of these rules.

Starmer is seeking only minor tweaks to the existing EU-UK trade and cooperation agreement: a veterinary deal to reduce unnecessary border checks and the mutual recognition of professional qualifications. This falls into the nice-to-have category, but economically irrelevant. For now, the gap is

still widening. From this autumn onwards there will be more border controls for goods.

Folly of EU alignment

If a country wants to become an EU member, it must align with EU regulation. This is the most difficult part of the accession process. I struggle to see how a country that is not asking to become an EU member would do this voluntarily.

All EU regulation and legislation is the result of lobbying and compromise. The UK could do some serious damage to its industry if it adopted legislation or regulations made by third countries for themselves, and which it was not able to influence at all.

The Starmer government would not only have to shadow what the EU is doing now, but also cover the large mass of legislation passed in the EU between 2020 and now – all this in addition to its own legislative agenda.

EU structural economic slump

Another reason to be sceptical about UK-EU rapprochement is the unaddressed issue of the EU's structural economic slump. I see the deep causes in fragmented capital markets, uncoordinated R&D spending by governments, and a built-in bias towards mostly mid-tech companies. I don't see the EU fixing these problems in the next five years. The UK shares some of the problems but has the advantage of a functioning capital market and a generalised absence of old-industry corporatism. A stagnating EU would be less attractive for UK voters. So is an EU in which right-wing governments are in charge.

UK cannot “pick and choose”

Also consider that the UK could not pick and choose which parts of European integration to adopt. The EU offers five big services to its members: freedom of movement; a single market for industrial goods; a customs union and a joint trade policy; the euro; and the Schengen passport-free travel zone. The UK was not part of the euro and Schengen. Labour is not in favour of freedom of movement.

That would also rule out membership of the single market. It would leave some accession to a customs union as the maximal possible ambition. This would not be such a big deal, and hardly noticeable in day-to-day life.

Border checks would still be needed. The benefits would be marginal. The UK is not an industrial powerhouse like Germany. Its specialisation is the export of services, but services have not much to gain from a customs union.

Defence Procurement

There is, however, one area where the two sides can work more closely together. The UK and the EU could form a military procurement union. There is a lot of duplication going on like the 14 different battle tanks systems in Europe. The UK is already part of a group of 21 NATO countries that cooperate on a joint air defence system in the European Sky Shield Initiative.

A European defence procurement union would produce more bang for the buck, and ease pressure on military budgets. The European Commission could play a role as it knows a thing or two about running a single market and setting rules for public procurement tenders. But beyond the military, I struggle to see any substantive areas of cooperation.

My advice to those in the UK who want to go beyond co-

operation on joint projects, is to understand the sheer magnitude of what they are up against. It would not be a Brexit reversal. It would be something completely new. Something that would have to happen after Starmer.

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