

'The best of both worlds?'

Contrary to prevailing opinion, the UK may have inadvertently stumbled across the 'best of both worlds' when it comes to our relationship with the EU, according to economist Catherine McBride CBE in an affiliate column which we republish below.

Not only do we have tariff-free agreements with the EU but we also have the flexibility to retain EU law if we choose, or amend to suit our own needs as appropriate.

*"For example, the EU introduced a Carbon Border Adjustment Mechanism last October on imports of iron and steel, aluminium, cement, fertiliser, hydrogen and electricity if they have been produced in countries without a local carbon tax. By contrast, the UK has proposed to introduce a similar carbon import tax, but not until 2027, and on almost the same commodities as the EU, but **also** on glass and ceramics but **not** on electricity."*

The same is true in relation to controlling the internet. The EU's Digital Services Act is similar to the UK's Online Safety Bill, but thanks to our new-found freedoms considerable changes were made to it in parliament in ways that are not open to debate within the EU27.

The UK government can nationalise the railways, open freeports which are outside EU state-aid rules and allow our farmers to grow what they want free from EU dictate.

As the author concludes, *"Why would our new Prime Minister or his cabinet want to give up all of their newly won power after 14 years on the opposition benches, when what we have is our own reformed EU?"*

Given the UK's record of self-harm however, any future negotiations with the EU will need to be put under the microscope and scrutinised. We will be on hand to do so.

Does our 'reformed EU' not give us the best of both worlds?

by Catherine McBride

AT THE TIME of the referendum, many Remainers, including Prime Minister David Cameron, and Nick Clegg, leader of the Liberal Democrats, were calling for the UK to Remain in a 'REFORMED' EU. The fact no one in the EU was even thinking about 'reforming' was not something that bothered Cameron or Clegg or, for that matter, the Remain-promoting UK media. They were all happy to lie about this.

Yet ironically, and I imagine more by accident than design, the UK does seem to have found itself in a 'reformed EU' even though we are the only member of this hybrid institution.

So, what is a 'Reformed EU' Brexit?

Well for a start, despite what you may read in the press, the UK has a tariff-free and quota-free trade agreement with the EU. The UK has retained the free trade part of the EU, which was all that the Britons who voted to join the EEC in 1975 thought they were joining. And since the end of the Brexit Transition Period, UK and EU trade has been relatively stable.

Freedom to make our own laws

The 'Reformed' part comes from the fact we can now either make our own rules or retain and tweak EU ones. Even if some lazy UK politicians simply want to follow the EU, they can do so in

a manner that suits the UK circumstances – economic, social or cultural.

This advantage of sovereignty is something we couldn't do as EU members but have been doing since Brexit.

Environment

For example, the EU introduced a Carbon Border Adjustment Mechanism last October on imports of *iron and steel, aluminium, cement, fertiliser, hydrogen and electricity* if they have been produced in countries without a local carbon tax. By contrast, the UK has proposed to introduce a similar carbon import tax, but not until 2027, and on almost the same commodities as the EU, but **also** on *glass and ceramics* but **not** on *electricity*.

I don't like the idea of carbon taxes, but if we are going to have one, we may as well have one that suits our economy.

Thanks to Brexit, the UK has 'reformed' EU regulations so we can apply them in a manner that suits the UK economy rather than being forced to apply regulations designed to suit mainly France and Germany.

Policing the internet

Another reform has been the ability of UK politicians to scrutinise and amend EU-style regulations. For example, the EU's Digital Services Act is similar to the UK's Online Safety Bill. Both regulations attempt to control content on the internet. In the UK, however, the Online Safety Bill underwent vigorous debates in both the Commons and the Lords – *leading to numerous changes and amendments to the bill*. EU member states could not do this for their Digital Services Act (DSA). They had to apply it as handed down to them by the EU.

Elon Musk recently exposed how the EU uses its DSA to restrict free speech on the internet by threatening to fine X (formerly Twitter) 6% of its global turnover unless it allows EU censors to suppress any content on X the EU disagrees with. Just as this fight was getting publicity, President Trump was shot at a campaign rally.

While X users in the UK could see photos of the assassin, the injured by-standers and the now famous pictures of Trump being bundled off the stage with a bleeding ear and a raised fist, many EU approved media outlets were falsely claiming Trump had simply fallen over at the rally. This wasn't true, but it probably complied with the DSA.

Hopefully, UK Members of Parliament will embrace this Brexit freedom to scrutinise legislation similar to the EU's to search for unintended consequences and to tailor any new laws to suit the United Kingdom.

But Brexit allows much more than just tweaking EU laws.

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Agriculture

The UK can now renationalise its rail services, as the Labour government intends to do. The Labour Government is also proposing a National Wealth Fund to invest in new technologies while the previous government committed to subsidising the replacement of steel company blast furnaces with electric arc

furnaces. Before Brexit, the European Commission would have had to approve both subsidies as they use state funds to provide a selective advantage and would have distorted competition in the EU market. As a result, they would have probably been refused, even though both subsidies would have helped the UK economy.

The UK now has Freeports that are outside the EU's State Aid Rules. And the Labour Government is proposing to invest £1.8 billion in port infrastructure. This would have been against the EU's Port Services Regulation (EU2017/352) which forbids government subsidies of ports and port infrastructure by EU member states.

Once outside the EU, the UK removed regulations on consumer goods pricing, while the new government is proposing to reform employment regulations.

UK Farmers with more than 30 hectares of land no longer need to grow three different crops – an EU regulation that hurt UK farmers more than any other group in the EU because the average UK farm is 81 ha, the second largest in the EU after Sweden.

The EU's Common Agricultural Policy (CAP) payments, based on land ownership, are being replaced in the UK by Environmental Stewardship subsidies. A more suitable environmental solution for the UK than the EU's requirement for farmers to cull 25% of their livestock to meet the EU's Green New Deal targets. At least that was the EU's plan – until their farmers blocked the roads with their tractors and sprayed the EU parliament buildings with slurry.

UK scientists can now develop, and UK farmers can now use, gene-edited plants and animals to reduce diseases and lower veterinary prescriptions and pesticide use.

Artificial Intelligence

The UK can exploit the economic potential of AI, while the EU is restricting AI development with micro-regulations on digital companies and social media providers.

Financial Services

The UK's financial service industry is no longer restricted by the EU's Double Volume Caps, financial reports on small-cap companies can be distributed without research payments and bankers' bonuses are no longer capped, enabling London to compete with New York for financial service jobs.

The UK's Competition and Markets Authority is now solely responsible for UK mergers and acquisitions, rather than the EU making any monopoly decisions based on a merger's effect on the whole EU market, *regardless of its effect on the UK*.

Nor does the UK have to allow the EU to encourage UK manufacturers to move their factories to eastern EU countries with development grants.

Foreign & Defence policy

Additionally, the UK has signed the AUKUS security partnership with Australia and the US.

'Best of both'

Yes, what we now have is much like what David Cameron hoped for – a reformed EU – one that looks like the EU but with regulations designed to suit the UK economy, one that embraces new technology and international trade.

Why would our new Prime Minister or his cabinet want to give up all of their newly won power after 14 years on the opposition benches, when what we have is our own reformed EU? The unreformed EU might not like it, but so what? If our new government's proposals to revive the UK economy work, then we may find that the rest of the economically sclerotic EU starts to follow our lead. Not the other way around.

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