Blueprint for UK to leave EU shows just how hard it would be

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Things could get messy. Brexit is risky business. Christopher_Hawkins, CC BY-SA

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Congratulations to Iain Mansfield for winning the "Brexit" essay competition. He is an old friend. We have a high regard for him, and even commented on an early draft of the paper. But we think his analysis of how the UK might leave the EU is deeply misleading.

His essay is designed to be a concrete plan for how to leave. In it, he spells out a series of conditions for the UK to be able to retain full access to the EU single market while reasserting regulatory sovereignty, and which, if satisfied, might yield an economic gain of 0.1% of GDP. In fact this is best seen as a set of aspirations for a deal that is unlikely to be available. We would argue that, read carefully, the essay exposes not so much how a straightforward strategy is available, but rather how unlikely it is that this could ever be achieved.

The key point is that while the EU's tariffs are low, it does not permit goods to freely enter the single market unless they comply with all its mandatory standards. Countries such as Norway that have joined the EU in the European Economic Area not only have duty free market access but are also exempt from certain technical barriers to trade. However, the condition of this is that European

Economic Area members agree to apply all relevant EU legislation without having any say in its design.

Striking deals

In contrast, a country in the European Free Trade Association but not in the EEA has to negotiate individually for market access. For this reason Switzerland felt obliged to sign a series of "bilateral agreements" after voters rejected EEA membership back in 1992.

These commit Switzerland to adopting EU laws (outside agriculture), seemingly a-la-carte but actually as a package, if it is not to lose fully free access to the single market. Its recent rejection of the free movement of workers allows the EU to repudiate other parts of the deal, and even before any quotas have been put on, the EU has taken measures on higher education and research policy cooperation.

Mansfield's Brexit essay calls for negotiation of a deal "midway between Switzerland and Turkey" (Serbia perhaps?). Turkey has a customs union agreement that obliges it both to accept the EU non agricultural acquis – the collection of common rights and obligations – and the EU's external trade policy. We think he really means he wants a variant of the Swiss option, not a variant of Turkey. Only a country that signs up to most of the EU acquis can get free access to the single market for its goods and services and Mansfield accepts on financial services the need for "potentially accepting a certain degree of regulatory cooperation".

Worth noting too that members of the Eastern Partnership countries (a model to be copied, according to Mansfield) have to accept two thirds of the acquis, which of course they have no say in setting, and it is the EU not the partner who decides which rules have to be accepted.

Too many assumptions

The deal he is proposing is for the UK to keep access to the single market while deciding which EU rules it wants to keep and which it does not. No-one has ever been able to this, not even Switzerland. It is a maximalist negotiating goal that is not for the UK to choose at will. The implication is that the UK could choose which EU rules it would accept and secure free access to the EU market.

Tied to this is the assumption that the UK could choose which EU external Free Trade Agreements it would remain a party to, and that any country negotiating a new agreement with the EU would give Britain the same deal. Mansfield assumes that all countries that have a free trade deal with the EU would treat a post-Brexit UK as if it still were a member. Mansfield states: "For countries with which the EU is close to concluding negotiations the UK should seek to negotiate a side-agreement with the country concerned, whereby the UK was treated as part of the EU for the purposes of that specific trade agreement." And what if the US declined to make such a side-agreement?

Mansfield is very frank in saying that a case for Brexit rests on the politics, not on the predicted 0.1% of GDP gain which is in his quantitative analysis, but he is making some very optimistic political judgements about the willingness of the other EU member states to give a Brexiting UK what it wants, and the willingness of the rest of the world to treat the UK as if it were still in the EU. And as Iain points out for most of the acquis and financial regulation we'd have lost our voice in legislation but still have to comply. Iain has done a good job in demonstrating how hard it would be to generate his "best case" option.

Trade **European Union** **Britain** **EU** **EU referendum** **Free trade agreement** **Brexit**