

Leaving the EU

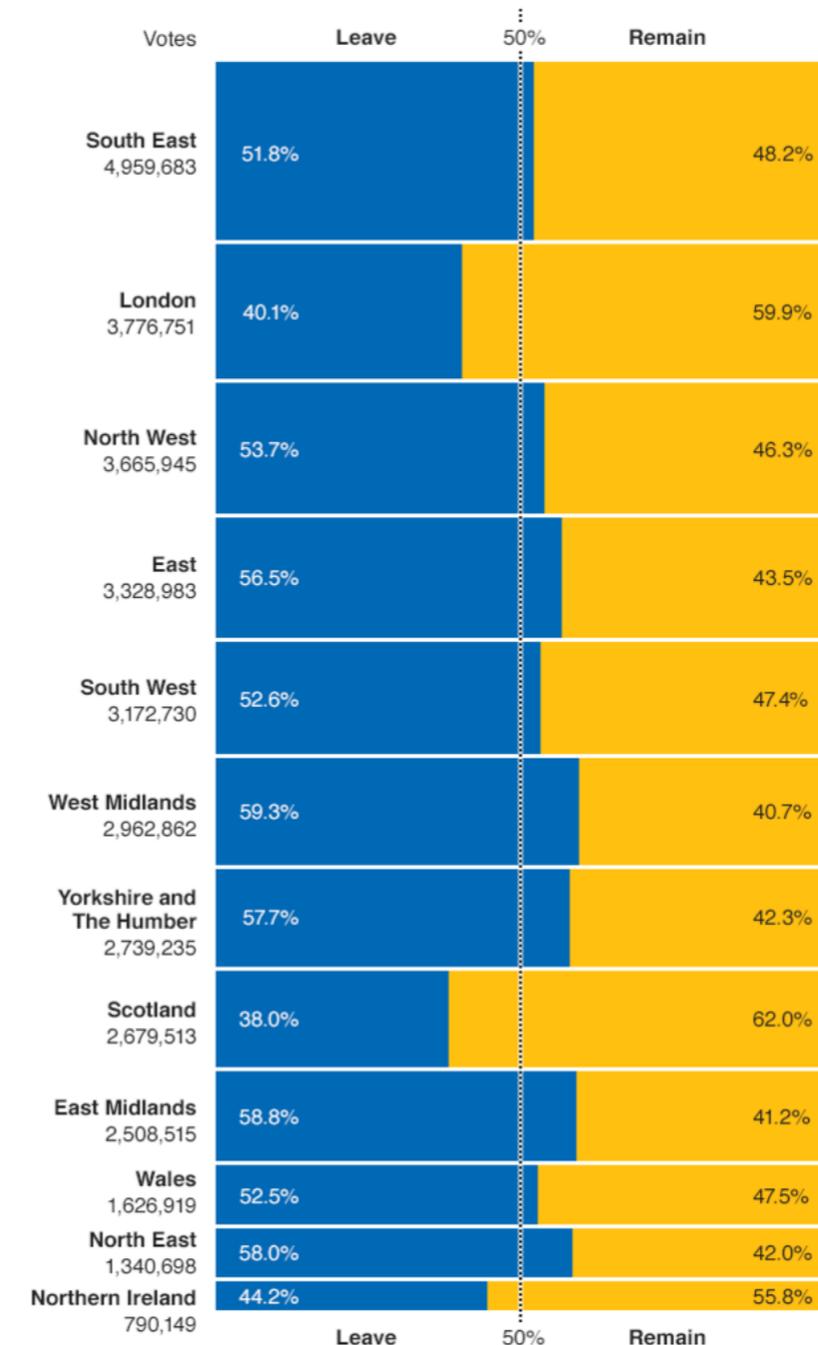
A personal perspective – Steve Baker MP

Recent political events

- The Referendum
 - Leave 52% – 48% Remain
- Consequences
 - Former PM
 - Leadership contest
 - New Government
 - International

How Leave won the referendum

Depth of bars is proportional to votes cast, largest areas shown first



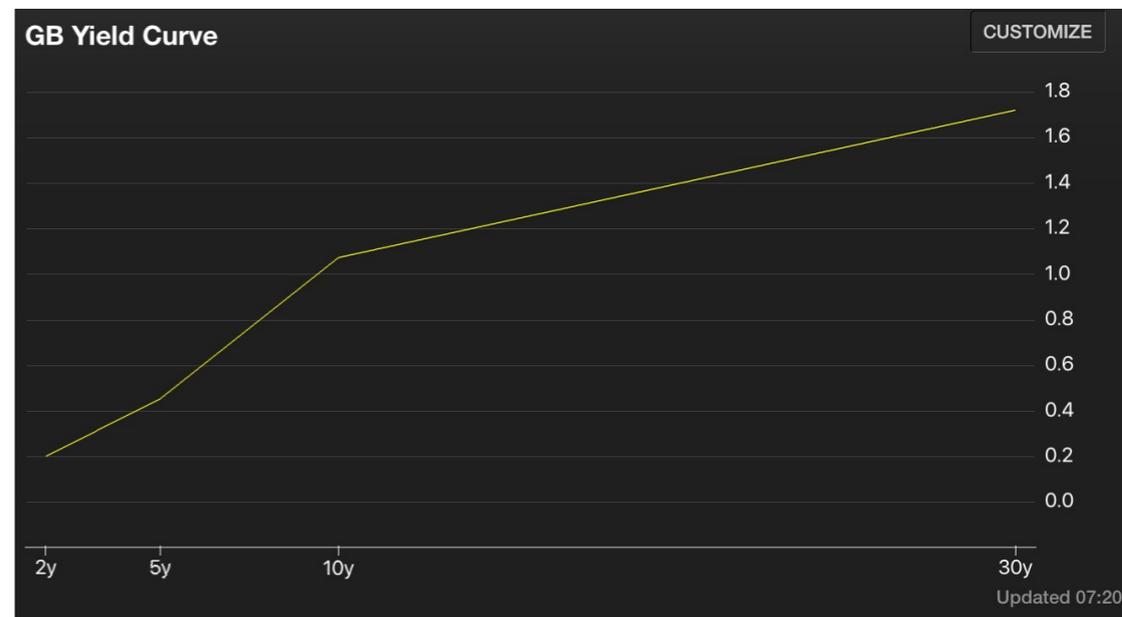
GBP to EUR Chart

1 Mar 2010 00:00 UTC **GBP/EUR** close:1.10516



GBP to USD Chart

17 Jul 2014 00:00 UTC **GBP/USD** close:1.70940



Mervyn King's reaction

- "The whole thing has generated reactions which are over the top."
- "During the referendum campaign, someone said the real danger of Brexit is you'll end up with higher interest rates, lower house prices and a lower exchange rate, and I thought: dream on."
- "Because that's what we've been trying to achieve for the past three years and now we have a chance of getting it."
- "I don't think we should fear (Brexit). It's not a bed of roses, but nor is it the end of the world."

Lower pound a 'welcome change', chief Lord King

Despite last week's "flash crash", the former Bank of England chief says reaction since the Brexit vote has been "over the top".



King: Pound plunge a 'welcome change'



Vision and goals

- **Vision:** “a common market with the world, not a common European government without the consent of the people within its jurisdiction”
- **Goals:**
 - End the supremacy of EU law
 - Control cost and regulation
 - Make trade deals
 - Control EU migration

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Conservatives will stand up for Britain if the EU lets us down

Our new group, Conservatives for Britain, will prepare the ground for a campaign to leave the European Union, if Brussels refuses to give us the radical new terms that Britain needs, says Steve Baker MP

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Photo: Alamy



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By Steve Baker, Conservative MP for Wycombe

8:26PM BST 06 Jun 2015

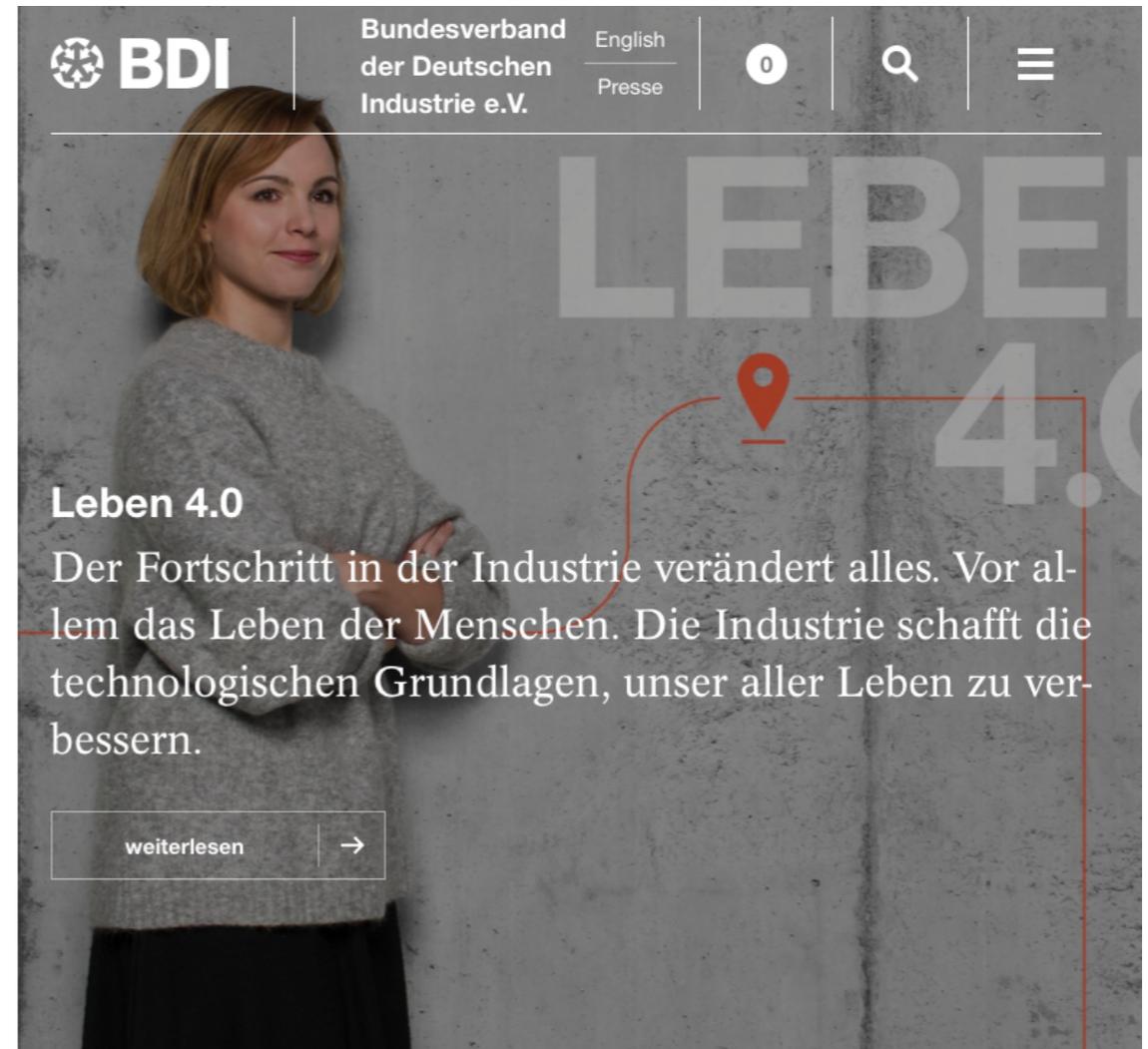
Conservatives for Britain **has been formed among Tory parliamentarians** to discuss the criteria by which to judge the Government's EU renegotiation. We are willing to consider how to prepare for an "out" campaign if, lamentably, the European Union establishment will not allow the UK a new relationship of trade and co-operation.

Some good news

- It is easier legislatively to leave than to join
- Head of BDI (German CBI) has said they would oppose trade barriers
 - "Imposing trade barriers, imposing protectionist measures between our two countries - or between the two political centres, the European Union on the one hand and the UK on the other - would be a very, very foolish thing in the 21st Century," Mr Kerber told the BBC's World Service.

"The BDI would urge politicians on both sides to come up with a trade regime that enables us to uphold and maintain the levels of trade we have, although it will become more difficult."

- Informal negotiations have started and the mood is positive



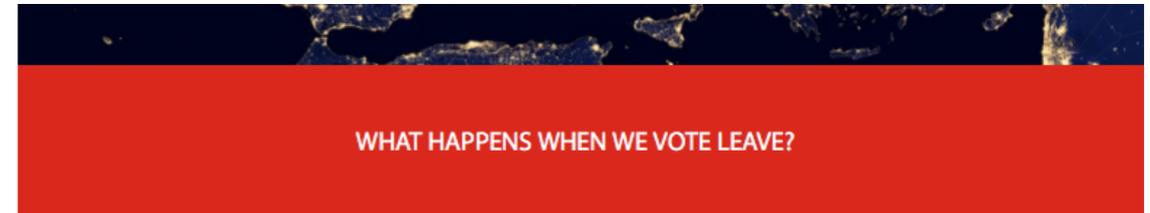
Meldungen

Österreichs Wirtschaft ist

Digitale Infrastrukturen

Process

- Nothing yet changed in law
- Take control: establish a broad vision and capacity
- Preparation/informal negotiations
- Act of Parliament
- Formal negotiations
- Implementation



A summary

- **We end the supremacy of EU law and the European Court.** We will be able to kick out those who make our laws.
- **Europe yes, EU no.** We have a new UK-EU Treaty based on free trade and friendly cooperation. There is a European free trade zone from Iceland to the Russian border and we will be part of it. We will take back the power to negotiate our own trade deals.
- **We spend our money on our priorities.** Instead of sending £350 million per week to Brussels, we will spend it on our priorities like the NHS and schools.
- **We take back control of migration policy,** including the 1951 UN Convention on refugees, so we have a fairer and more humane policy, and we decide who comes into our country, on what terms, and who is removed.
- **We will regain our seat on international bodies** where Brussels represents us, and use our greater international influence to push for greater international cooperation.
- **We will build a new European institutional architecture** that enables all countries, whether in or out of the EU or euro, to trade freely and cooperate in a friendly way.
- **We will negotiate a new UK-EU Treaty** and end the legal supremacy of EU law and the European Court before the 2020 election.
- **We do not necessarily have to use Article 50** - we may agree with the EU another path that is in both our interests.

Strategy

- **Overall:** maximise free trade - minimise market distortions
- Non-EU countries
 - Prosperity zone
 - Bilaterals
 - Grandfathering
- The EU
- Enhancing competitiveness



Strategy – Non-EU

- Retake WTO seat - own schedules
- Towards a global *Prosperity Zone*: shared values among market economies
- Pursue USA, Australia, Canada, New Zealand, Singapore, Switzerland and Japan first: some have offered agreements already
- Aim: border barriers to zero, lower anti-competitive market distortions but allow “tariffication” of distortions and agree regulatory promulgation
- Consider applying for TPP, if it remains free trade
- Begin Commonwealth Free Trade discussions
- Pursue FTAs with non-Prosperity Zone nations

Strategy - grandfathering

- Existing EU FTA apply to the UK as an EU member
- A small number represent significant UK export markets
- Both the EU *and* the member states (including the UK) are usually parties to these agreements
- The UK can continue to apply the substantive terms of these agreements on a reciprocal basis after exit by mutual acknowledgement



Strategy - the EU

- One Act of Parliament:
 - End supremacy of EU law - repeal ECA
 - Transpose existing EU law into UK law
 - Provide for amendment
- Negotiation built on shared interests for mutual market access
- No tariffs and minimise market distortions
- Maximise services access
- Full freedom of movement would imply political union but economic co-operation allows restrictions: consider expedited migration for some EU workers (and compare to Lichtenstein arrangements)
- Agree common approach to EU trade agreements

Competitiveness

- Enhancing competitiveness
 - First, transpose EU law then revise
 - EG: anti-dumping plus countervailing duties and competition law
 - Promote UK trade *and* protect from foreign market distortions
 - Better regulatory promulgation
 - Other bilateral deals

Conclusion

- A good working assumption: *trade will continue*
- Leaving while preserving full trading relations could be straightforward
- Our pivot outwards towards the world already looks set to generate opportunity
- Our new Government will generate stability



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<https://www.gov.uk/britainisgreat>