



# The cold hard reality of EU renegotiation

**Robert Oulds is Director of the Bruges Group**

**D**avid Cameron has promised a referendum on EU membership. This, according to his timetable, is set to take place in 2017 following the conclusion of negotiations on reforming the European Union or changing Britain's terms of EU membership.

In the Prime Minister's so-called Bloomberg Speech, David Cameron set out his commitment to staying in the EU's single market but through negotiations delivering five significant changes. These are competitiveness through less regulation, flexibility by allowing countries to opt-out of EU rules, a return of powers to member states, democratic accountability with a greater role for national parliaments and finally fairness.

In short exiting from the political aspects of the EU and only keeping the economic links. On a political level this will appeal to many. The date earmarked for the referendum, 2017, is however not only impractical but indeed impossible, this is if he really does want to present to the public the results of his proposed renegotiation.

The timescales, with discussions in earnest beginning after the general election, does not allow for any negotiations to deliver any tangible results by 2017. What is more, to change the terms of membership requires treaty change and under EU on how this is conducted it is highly unlikely that Cameron's objectives will even be on the table. He will not control the agenda of an Intergovernmental Conference, the convention that is required to change the EU's constitution.

And even if other EU leaders were like minded any cursory understanding of treaty negotiations shows that they take years to complete. The process of discussions between the heads of state and government in the EU will alone take three years and that is before the equally lengthy process of ratification begins in each member state.

Surely David Cameron understands this. Why then has David Cameron settled on the date of 2017?

In the second half of that year the British government takes over what is known as the Presidency of the Council. This six monthly rotating responsibility puts the relevant British minister for each area being discussed in the chair of Council meetings, one of the two legislatures along with the Parliament in the EU. It will also be incumbent on the British civil service to co-ordinate discussions between the bureaucrats of the EU's 28 member states on draft legislation.

Whilst holding the rotating Presidency is essentially a powerless position, the unelected Commission has the sole right to propose legislation, it will allow for British ministers to grandstand. They can claim to be at the heart of Europe and spin the conclusions of meetings hosted in the UK to give the appearance of Britain winning in Europe.

If a referendum is held, and it is just an if as the in/out referendum pledge is not locked in and can be opted out of, then it will be against the backdrop of the little understood but essentially impotent British presidency.

If David Cameron wants to stick to his pledge he must start now. The reason he does not try and begin serious discussions with other EU leaders is that reform has already been tried and rejected. Guido Westerwelle, the German Foreign Minister dismissed the idea that terms can be significantly changed. He warned that *"cherry-picking is not an option."* Furthermore, President François Hollande of France ruled out the possibility of an *"à la carte"* Europe. David Cameron's attempt to return the national veto over financial services regulation in exchange for his signing the Fiscal Compact was rejected out of hand in December 2011.

The charade of the British Presidency will be used to offset the cold hard reality of EU membership. The EU cannot and will not be reformed. Yet this does not mean that the principles as set out in Cameron's Bloomberg Speech calling for a new relationship are unobtainable?

There is hope for David Cameron's alternative vision for Britain and the EU. He can deliver the new relationship with other EU states, involving all of what he set out in his Bloomberg speech, but not through staying in the EU but by exiting.

This need not be difficult. The UK is a member of the EU and the European Economic Area (EEA) this is essentially the EU's Single Market. Leaving the political EU, which entails cancelling our commitment to ever-closer union, whilst retaining access to the internal market will deliver in a stroke the practical results of what Cameron hopes to deliver through impossible negotiations.

Leaving the EU need not be difficult, nor does it actually require a referendum. Through using the Royal Prerogative the Prime Minister can invoke Article 50 of the Treaty on European Union which is giving notice to leave the European Union. This will automatically happen after two years after

notifying that we wish to leave and sooner if a withdrawal agreement is concluded.

It is time that David Cameron stopped making politically points about the EU and started delivering practical measures. It is within his power.

How will all this affect the general public? At this time when the cost of living remains an issue, especially as the Prime Minister has ruled out tax cuts until the end of this decade, exiting the EU can help solve this problem. It can give the treasury the room for manoeuvre that it needs. Leaving the EU has the potential to save the £13.5 billion the UK has to pay to the EU each year and freeing business from excessive regulation will increase economic growth and tax receipts by a further £10.83 billion per annum. Exiting the EU can therefore give George Osborne as much as £24.3 billion of our money.

This can allow him to cut nearly 6.58p in the pound from the basic rate of income tax. David Cameron and needs to understand that there are simple solutions to the great question of our age, EU membership, which can help lift the cost of living crisis from its citizens. ■

#### ABOUT THE AUTHOR

Robert Oulds is author of 'Everything you wanted to know about

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*the EU but were afraid to ask’ published by Bretwalda Books.*

*He is also the Director of the Bruges Group, Margaret Thatcher’s think tank on European issues. The Group’s current President is Lord Tebbit. As one of Europe’s leading analysts on the EU Robert Oulds is a finalist in the prestigious IEA Brexit prize competition about how Britain can leave the EU.*

Source for calculations: HMRC Tax expenditures and ready reckoners 2013-14  
eurostat, Taxation trends in the European Union, 29th April 2013