



# STRATEGIC FILE

No. 10 (73), May 2015 © PISM

Editors: Marcin Zaborowski (Editor-in-Chief) • Wojciech Lorenz (Managing Editor)  
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## Brexit Just a Bugaboo: Unravelling the British EU “Wish List”

**Karolina Borońska-Hryniewiecka, Marta Stormowska, Patryk Toporowski**

*The lack of clarity about the British wish list for EU reform has long obfuscated the discussion not only about the potential Brexit ahead of the 7 May parliamentary election, but also about the plausibility of the UK’s demands regarding the Union. This strategic file fleshes out concrete Westminster postulates to Brussels and assesses their feasibility in light of the challenges facing the EU today. The evidence reveals that, while some of the claims are actually against the UK’s own interests, others are undertaken in practice by EU institutions.*

In the run-up to the most uncertain election in a long time, the Conservatives and Labour are neck and neck, meaning that either might form a government, or head a coalition. Such a state of affairs brings controversial issues back to the centre of debate, and one of them is certainly the British relationship with the EU. Since the very beginning of EU membership, London’s position on common policies has differed from those represented by most countries, and particularly by Brussels. This led to far reaching political demands and demonstrations of discontent, such as Margaret Thatcher’s campaigns and, earlier in the 1970s, the referendum on European Economic Community membership. The latter example ended with no change, for British citizens decided to stay in the community.

The situation today might be quite different. British prime minister David Cameron formulates harsh criticism towards Brussels policies, and has promised another EU referendum. At the same time, the Tories are deliberately vague about what concrete changes they seek within the EU, yet threaten a possible “Brexit” (British exit) if their postulates are not met. It is not difficult to hypothesise that, in such a political climate, British citizens, tired of Conservative-induced belt-tightening policy and systematically presented with a view of EU immigrants as taking jobs and abusing the welfare benefits system, might change their minds when it comes to casting a vote on Europe.

Regardless of the future scenario, a range of convincing arguments stands behind the thesis that the UK should not leave the EU. The geopolitical and economic benefits of membership are the most important. While various studies estimate that Brexit could cost the British economy a GDP decrease of 2.2% to 14% between now and 2030,<sup>1</sup> this strategic file focuses on another aspect of the UK’s EU membership. It reveals that, in most important areas, such as the institutional design of integration, economic policy, and foreign and security relations, the EU in fact bears the hallmarks of British design.

<sup>1</sup> [http://openeurope.org.uk/wp-content/uploads/2015/03/Open\\_Europe\\_Report\\_Brexit\\_What\\_If\\_Full\\_Version.pdf](http://openeurope.org.uk/wp-content/uploads/2015/03/Open_Europe_Report_Brexit_What_If_Full_Version.pdf);  
<http://www.bertelsmann-stiftung.de/en/topics/aktuelle-meldungen/2015/april/brexit-could-be-expensive-especially-for-the-united-kingdom>.

## Against an “Ever Closer” Union

In a televised debate with Labour leader Ed Miliband on 26 March 2015, Cameron said that many things about the EU drive people mad.<sup>2</sup> In his view, the EU is too bureaucratic, and not democratic enough, and it is precisely in the area of institutions and policy-making that all the evil resides. While the Tories and Labour tend to disagree about the benefits of staying in the EU, they are both on the same page with regard to postulates for less (European) bureaucracy and more (national) democracy.

The Conservative manifesto pledge to promote the flow of powers “away from Brussels, not to it” is dictated by two long advertised theses, namely that the EU is evolving into an encroaching superstate, and that an “ever closer union” is hampering British well-being. Consequently, Cameron has taken notice of voices within the ranks of his own backbenchers, as well as from the United Kingdom Independence Party (UKIP), in claiming that the UK should consider withdrawing from some parts of the *acquis*. In relation to the proposal for more national democracy, both parties, in their manifestoes, call for strengthening the position of national parliaments in controlling EU policy making.

Finally, in the context of recent institutional changes related to the governance of the Eurozone, the non-euro Brits express concerns about intensifying integration trends within the EMU area. Their claims, quite understandably, evolve around the “nothing about us without us” postulate, to prevent the creation of fiscal mechanisms outside British control that could have an indirect effect on the single market. The Conservatives, traditionally close to business and banking interests, are especially concerned that creation of a Eurozone banking union and further regulation of the financial system will have a negative impact the City of London’s financial interests.

### *The (Inconveniently) Positive Balance of Competences*

In order to assess whether the current balance of power between Brussels and Westminster is right for the UK or in need of change, as well as to detect those eventual parts of EU law that the UK should reconsider repatriating, the British government commissioned a comprehensive Review of the Balance of Competences (2012–2014), based on consultation with broad spectrum of economic and social players across the UK and abroad. The two years of data gathering and analysis, which ended on 18 December 2014, aimed to strengthen the case for renegotiating Britain’s membership terms.

To the perplexity of the Conservative camp, the conclusions clashed with Cameron’s claims of Brussels’ excessive powers and competence creep. For, what emerges from 3,000 pages of evidence obtained from more than 1,500 stakeholders, is that, overall, the present balance of power works well for Britain and a comprehensive change would be against the national interests.<sup>3</sup> The review confirmed that, in the majority of fields analysed, EU action is necessary and desired by businesses and social players operating cross-border, who benefit from a single regulatory regime. What is more, the review found no policy sector with a case for transferring powers back to London. It is therefore no accident that Cameron’s cabinet fell silent about the review when its conclusions appeared in print between July 2013 and the end of 2014. In this respect, at the end of March 2015, the British government faced fierce criticism from the European Union Committee of the House of Lords (HoL), accusing ministers of trying to cover up the findings of the review that prove uncomfortable for Cameron’s Eurosceptic campaign.<sup>4</sup>

The two most contentious areas identified in the document relate to the free movement of people and some of the EU’s employment and social policies. Yet even in those areas the review does not support the stereotypical argument of the detrimental effect of EU migrants on the British labour market. Another field in which Cameron’s claims for repatriating powers have been summoned back to earth is justice and home affairs (JHA). In this area, the review underlined the privileged British system of opt-outs and opt-back-ins, flexibly suiting the UK legal system, not only with regard to Schengen, but also to much contested judicial and police cooperation.<sup>5</sup> In this regard, the HoL published a report in March 2015, criticising the

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<sup>2</sup> BBC, Channel 4, 26 March 2015.

<sup>3</sup> <https://www.gov.uk/government/collections/review-of-the-balance-of-competences>.

<sup>4</sup> <http://www.theguardian.com/world/2015/mar/28/lords-accuse-tories-burying-eu-powers-review>.

<sup>5</sup> The UK has challenged five rulings under Protocol 21 of the Lisbon Treaty, which gives the UK the right to opt in or out of measures relating to justice and home affairs at the European Court of Justice. It lost them all.

government's confrontational approach to EU rulings about the British opt-ins in JHA measures. In the opinion of the upper chamber, Cameron's government policy raised serious questions about the UK's commitment to the "uniform application of EU law" without bringing tangible benefits to the UK. Consequently, the HoL recommended that the government reconsider its approach.<sup>6</sup>

### *A Strengthened Role for National Parliaments*

In the British debate, the problem of the EU's democratic deficit is closely intertwined with the postulate to enhance the principle of subsidiarity, according to which policy decisions should be taken at the most efficient level situated closest to the citizens. In the context of Brussels' bureaucratic and centralised reality, subsidiarity is therefore underpinned very strongly by legitimacy and oriented towards efficiency.

In this regard, the Treaty of Lisbon granted national parliaments a broader catalogue of rights regarding access to EU information, and equipped them with formal competences to control and execute the principle of subsidiarity in the EU legislative process. Yet, while the existing mechanism allowing them to issue "yellow" or "orange cards" on legislative proposals under the "early warning system" have been in place for a while, British politicians see the need to strengthen the parliamentary role in two directions. Firstly, they postulate equipping national parliaments with the right to take a proactive (as opposed to reactive) approach to EU policy making by proposing legislation. To this end, in its 2014 report called *The Role of National Parliaments in the EU*, the EU Committee of the British HoL proposed the introduction of a "green card," by which a number of national parliaments could make constructive policy suggestions, including for the review or repeal of existing EU legislation. According to the authors, such a solution could be achieved without formal treaty changes, through coordinated action agreed between the national parliaments, the European Commission, the European Council and the European Parliament.<sup>7</sup>

The initiative has been formally endorsed by the Dutch Tweede Kamer and Danish Folketing, and is currently being floated in the remaining EU capitals. Moreover, in responding to the HoL report, the European Commission indicated that it was ready to consider input from national parliaments on whether there is a need for new or modified rules in any policy field. The main opposition might come from the European Parliament, which perceives the green card as a certain danger to its institutional position.<sup>8</sup> It could, however, be expected that the European Commission leadership, which announced strengthened relations with national parliaments in its agenda, will create further opportunities to discuss these issues with national partners in the months ahead.

The second, more radical, postulate of both the Conservatives and the Labour Party is that national parliaments should be able to block unwanted EU legislation by using a "red card." This option, however, has been officially backed only by the Netherlands, and is unlikely to materialise since it would require treaty reform, very unlikely in the current political context. In the meantime, however, before any new powers are granted to national parliaments at EU level, the UK House of Commons should invest further to exploit the existing potential of the Lisbon Treaty provisions, and improve its practice of parliamentary scrutiny and government oversight in EU affairs. The empirical findings reveal that, while Cameron claims more powers for national parliaments, his government fails to pursue a fruitful dialogue with his own MPs over European policy.<sup>9</sup>

### *An Inclusive Governance Mode for the Eurozone?*

The British postulate to repatriate powers from Brussels to Westminster is also connected with concerns about the recent "creeping institutionalisation" of the Eurozone, a nucleus of economic EU decision making. In this sense, the UK finds itself in a rather inconvenient position. While it supports closer economic and fiscal integration in the Eurozone in order to strengthen the single currency, it is apprehensive of any reforms that might leave it with no influence over important policy making processes. By staying outside

<sup>6</sup> <http://www.publications.parliament.uk/pa/ld201415/ldselect/ldecom/136/13602.htm>.

<sup>7</sup> <http://www.parliament.uk/documents/Role-of-National-Parliaments.pdf>.

<sup>8</sup> K. Borońska-Hryniewiecka, "The 'Green Card' Opportunity: Time to Rethink Parliamentary Engagement in EU Affairs," *PISM Bulletin*, no. 41 (773), 23 April 2015.

<sup>9</sup> A. Gostyńska, "Not in front of the MPs: Why can't Parliament have a frank discussion about the EU?,"

<http://www.cer.org.uk/insights/not-front-mps-why-can%E2%80%99t-parliament-have-frank-discussion-about-eu>.

the single currency the UK has de facto destined itself to have only limited influence over the substance of policy solutions pursued in the Eurozone. That is why its main political efforts concentrate on protecting Britain's own interests from (negative) EMU decisional spillover.

The fear of lost influence has been exacerbated by formal changes to the voting rule in the EU Council of Ministers, effective since November 2014, enabling Eurozone Member States to form a qualified majority among themselves. In the same vein, German ideas for creating a separate set of institutions for the Eurozone, including a permanent president and a parliamentary body, met with strong British scepticism. Yet the feasibility of such prospect is limited since it would require a treaty change, and this is unlikely to happen in the near future as the European Commission has ruled out any changes to the EU treaty until the end of its current mandate.<sup>10</sup> Moreover, Eurozone leaders are aware that such a project will be unlikely to meet with the approval of the euro-outs. Consequently, in the latest analytical note on the future of the EMU, published jointly by Jean-Claude Juncker, Donald Tusk, Jeroen Dijsselbloem and Mario Draghi, there is no mention of separate Eurozone institutions. Finally, George Osborne, in a joint statement with his German counterpart Wolfgang Schäuble, announced that future EU reform and treaty change must guarantee fairness for those EU countries inside the single market but outside the single currency. In a joint article in *The Financial Times*, the ministers wrote that, while the Eurozone needs a common fiscal and economic policy, its reforms should not put EU countries that do not use the single currency, such as Britain, at a "systematic disadvantage."

One of the tests for this assurance has been the creation of a banking union, a project especially contentious for the naturally exposed City of London. Yet, as reality has shown, both at the negotiation phase as well as in the agreed decision making rules, the influence and interests of non-Eurozone countries in co-shaping the pan-European banking policy were largely preserved.<sup>11</sup> As regards relations between the EU's wider financial market system and the banking union, the UK has effectively negotiated a comprehensive system to ensure non-discrimination in Eurozone measures towards non-Eurozone Member States. Some specific protections concern the role of the London-based European Banking Authority (EBA) in relation to the Single Resolution Mechanism, and the EBA's relations with the European Central Bank as bank supervisor.<sup>12</sup>

## **The EU's Economic Order: Leaner, Open and Customisable**

The UK has been one of the strongest proponents of liberal approaches to EU economic governance. In the past decades, London supported "negative integration," meaning deregulation and openness in the single European market as a priority, while it was much more sceptical on creating new rules and redistribution mechanisms. Consequently, the British have long postulated reducing the size and cost of EU regulation, as well curbing the EU budget and its main areas, cohesion and agricultural policy. This fitted into the most distinct British demand regarding the EU, that it could keep its contribution to the EU budget lower thanks to a special abatement while keeping the overall EU budget as low as possible.

Today's approaches are at the first sight similar. Cameron and his Labour opponents perceive the EU single market as bringing clear net benefits to the British economy, and support its expansion and completion in the areas of finances and services. At the same time, the British leaders claim that the overall cost of its maintenance, named in the debate broadly as the "cost of the EU," is too high and should be one of the main reform agenda items in the near future.

There is, however, one very important difference in comparison with the recent decades of integration. Since the UK's economy experienced a downturn in 2009, an additional postulate regarding the EU, on the modification of the freedom of movement principle, has been voiced. The British population fears of an uncontrollable inflow of immigrants, worsening social standards, and higher unemployment made this issue a focal point of the current campaign. It also shows that the UK's enthusiasm towards the free market has its limits, and there is a clear urge to customise it.

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<sup>10</sup> <http://www.independent.co.uk/news/uk/politics/generalelection/david-cameron-accused-of-making-fictional-manifesto-pledge-on-eu-treaty-change-after-brussels-juncker-rules-out-negotiations-10177999.html>.

<sup>11</sup> P. Świeboda, "From Chasing Game to Symbiotic Relationship, the Position of Eurozone and Non-Eurozone Countries within the EU Institutional Framework," <http://www.demosservices.home.pl/www/files/FromChasingGametoSymbioticRelationship1.pdf>.

<sup>12</sup> M. Emerson (ed.), *Britain's Future in Europe: Reform, Renegotiation, Repatriation or Secession?*, CEPS, Rowman and Littlefield International, London, 2015.

## *Cutting Red-Tape: All Hands on Deck*

In the British understanding, an effective regulatory agenda should be evaluated by the extent to which it delivers genuine and noticeable benefits for businesses. In this vein, Cameron's overtly pro-business oriented campaign has been focused mainly on decreasing the administrative burdens of EU legislation on British businesses, and on creating a more competitive and growth-oriented economy. According to Open Europe's report, the cumulative cost of regulation in the UK between 1998 and 2009 was estimated at £176 billion, of which 71% was of EU origin.<sup>13</sup> Of this, the most costly were the EU employment laws (22%), environmental legislation (18%) and health and safety measures (5%). Despite their social acclaim, these regulations are often quoted by the Eurosceptics as an example as an excessive burden of an "ever closer union."

In order to address this problem, in 2012 Cameron asked a team of British and European businesses to develop a comprehensive reform plan for the British government and EU institutions, to decrease regulatory burdens. The 2013 "Cut EU red-tape: Business Taskforce Report," to which Poland also contributed, presented a set of recommendations to eliminate business barriers and make Europe more competitive.<sup>14</sup> This effort has, rather purposely than accidentally, converged with developments at EU level. Although EU commitment to better regulation cannot be characterised as novel, it has visibly intensified over the last several years. In this context, much to Cameron's satisfaction, in late 2012, the Barroso Commission took its scissors to EU red tape, with an initiative called the Regulatory Fitness and Performance Programme REFIT. Its aim was to make EU law simpler, more predictable and less costly. In its design, REFIT has taken much from the British report, including the "common sense filter" for new EU proposals based on competitiveness test as well as the one-in, one-out test. In this vein, in June 2014 the European Commission announced withdrawals of 53 pending legislative proposals and, in its 2015 work programme, it listed 80 more items of pending legislation for withdrawal or amendment.

British postulates have been also taken into account as regards the improvement of the EU Impact Assessment (IA) procedure, one of the main EU regulatory tools. The UK has long lobbied for IA reform in the direction of more transparency and factual independence. To this end, in December 2014 the IA Board, tasked with verifying the European Commission's IAs and issuing recommendations for improvements, was renamed the Regulatory Scrutiny Board and now comprises two external experts. Although the European Commission rejected British call for an entirely independent board, it granted the reformed one powers to carry out a "fitness check" review both pending and existing EU laws, a move strongly backed by the UK, Germany and France.<sup>15</sup> In general, the UK looks expectantly at the more self-critical stance of the new European Commission, especially its newly appointed vice-president Frans Timmermans, whose agenda within the EU Better Regulation portfolio generally placates British interests.

## *Keeping the EU Budget Low*

Since Thatcher's final premiership, consecutive British governments have complained greatly about the UK's "excessive" financial contribution to the EU's budget. In all negotiations on financial perspectives and annual budgets, the UK is one of the strongest opponents of any increase in the common budget.

But, looking calmly at EU developments, the British demands have not remained unheard. The common EU budget is around 1% of the EU's GDP, far from the respectable proportions of national budgets and far from the expectations of many Euro-enthusiasts. Moreover, during the Multiannual Financial Framework negotiations held in 2011–2013,<sup>16</sup> the UK gained much influence regarding the discussion on the common EU budget, supported by the "like-minded group" (rebranded as the "Friends of Better Spending" in 2012) including France, Germany, and the Netherlands, which are, like the UK, net contributors to the common accounts. As a result, the UK government could boast of a first ever nominal decrease in the seven-year financial framework.

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<sup>13</sup> "Still out of control? Measuring eleven years of EU regulation," Open Europe, June 2010.

<sup>14</sup> "Cut EU Red Tape: Business Taskforce Report—one year on," <https://www.gov.uk/government/publications/cut-eu-red-tape-business-taskforce-report-one-year-on>

<sup>15</sup> K. Borońska-Hryniewiecka, "The Black Box of EU Legislation: The Motivation (or Lack of It) behind Transparency in EU Policy-making," *PISM Policy Papers*, no. 4 (106), March 2015.

<sup>16</sup> A European Summit of last chance was held on 7–8 February 2013.

On top of that, the UK still preserves the abatement it gained under Thatcher, meaning that its contribution is lower. The maintenance of this abatement is an important item on the British wish list to reduce the “cost of the EU.”<sup>17</sup> Depriving the UK of its financial privilege is hardly possible as, it would require a unanimous European Council decision, and thus a vote in favour of abolition from Britain itself.

Finally, the British opposition to the introduction of any EU tax (including genuine VAT or the Financial Transactions Tax), has strong backing from the other big players (Germany, in a case of VAT, and Denmark, Sweden and the Netherlands in blocking the FTT). Due, among other things, to the British veto, the introduction of the EU-wide Financial Transactions Tax failed, forcing 11 Member States (including Germany and France) to only introduce it within the framework of enhanced cooperation.

### *The Single Market and the UK: Promising Expansion and Convenient Restrictions*

The UK has seen major benefits of being in the EU in the access to the European single market, thus it aims for its expansion and efficient governance. Of particular interest, from London’s perspective, is the capital market. It was evident during the financial crisis that, without an EU response, the downfall of the markets could have been much more dramatic and far-reaching. These EU stabilisation measures were also the best way to protect the City of London’s advantage over other financial centres.<sup>18</sup> That is why the capital markets union project—the framework of which is currently under negotiation among Member States—could be particularly beneficial for Britain. Having a strong political voice in Brussels in the person of European commissioner Jonathan Hill, the UK has good chances to safeguard its preferences with regard to the initiative. In addition, as host to the European Banking Authority, London has an opportunity to influence the financial sector in the EU.

London is also in the frontline for lifting cross-country barriers to trade in the area of services. Britain supports an intensified EU lead in the still incomplete single market of services, and calls for the replacement of the manifold diverging national regulations with single EU standards. In the UK, the main EU reforms of the services sector, such as the Bolkenstein Directive and the more recent public procurement legislation, have been perceived as positive, but there is a need for greater liberalisation. London is also lobbying strongly for a more integrated EU policy in the digital sector. That is why the 2015 European Commission legislative initiative for the creation of a Digital Single Market has been warmly welcomed in the UK, as has the creation of a separate commissioner portfolio for the project.<sup>19</sup>

The British enthusiasm towards the expansion of the single market has, nevertheless, some limits. The most contentious issue is the free movement of people. The main political parties highlight this freedom as needing thorough revision. Among Brits it is perceived as the second worst implication of EU membership (after EU law in general).<sup>20</sup> The Conservatives blame the EU for lack of control over migration, and have said they want to curb EU immigration if re-elected. The problem is that many British concerns linked with immigration are exaggerated or have roots in areas other than freedom of movement.

First of all, the studies reveal that intra-EU migration does not generate losses to the UK’s economy, but generates gains on the labour market, as, in several branches, such as the NHS, it is difficult to find qualified workers locally. No less important is the need to distinguish the right to take up employment abroad from the issue to receive welfare benefits or even a residence permit, which in fact lies in the competences of national authorities<sup>21</sup> and could be tackled separately. This angle is highlighted by Labour, which states that immigrant workers contribute to the British economy, and thus freedom of movement should be maintained, while reforms aimed at preventing welfare tourism should be secured (by toughening transitional controls). In the same vein, the Conservatives could, if re-elected, introduce certain measures to limit access to the benefits system for new migrants,<sup>22</sup> especially as similar claims about “welfare tourism” are made by Germany and the Netherlands. In Germany, for instance, Hartz IV social benefits are denied to jobless immigrants, and the European Court of Justice (ECJ) said it does not break the *acquis*

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<sup>17</sup> “In or Out? Britain’s Future in Europe,” Lansons, Cambre Associates and Opinium Research, 3 December 2013.

<sup>18</sup> M. Emerson (ed.), *op. cit.*

<sup>19</sup> M. Emerson (ed.), *op. cit.*

<sup>20</sup> “In or Out? Britain’s Future in Europe,” Lansons, Cambre Associates and Opinium Research, 3 December 2013.

<sup>21</sup> M. Emerson (ed.), *op. cit.*

<sup>22</sup> A. Gostyńska, C. Mortena-Martinez, “Voting on Brexit: The EU Issues Shaping the UK Election,” 11 March 2015, <http://www.cer.org.uk/in-the-press/voting-brexiteu-issues-shaping-uk-election>.

*communautaire*.<sup>23</sup> The ECJ declared that EU Member States must “have the possibility of refusing” social benefits to “economically inactive” EU citizens who moved to the country in order to claim welfare. In a similar vein, the ECJ distinguished the right to take up employment in an EU country from the right to reside there and enjoy the welfare benefits, paving the way to protect the Britain’s interests.<sup>24</sup> The judgment also seems to be in tune with the mindset of the first vice-president of the European Commission, Frans Timmermans, who in his latest speech at the Policy Network in London, in March 2015, confirmed that access to labour markets does not mean automatic access to social security systems.<sup>25</sup>

## Europe as a Global Player

Labour Party Leader Miliband’s Chatham House speech on foreign policy included strong criticism of Conservative EU policy, claiming that a diminished position for the UK in the EU means a diminished position in the world.<sup>26</sup> But, separating the EU renegotiation agenda and the election campaign, the two main parties have in fact a very similar view on the EU’s role in foreign policy. They are satisfied with the current balance of competences safeguarding British veto on matters of national sovereignty and allowing the UK to increase its clout in international relations through joint action. The Russian–Ukrainian crisis serves as a clear reminder of the necessity of EU unity, and the UK strongly supports the sanctions regime. It also highlights the interdependence of foreign and security policy with different areas of EU cooperation, most importantly in the case of energy policy. The discussion about a European army, provoked by the UK, shows, however, the limits of the London’s support for Common Security and Defence Policy (CSDP) development that is centred around maintaining sovereignty and a leading NATO role.

### “Power Multiplier”

With a pan-European call for better application of subsidiarity and proportionality rules, the UK’s appreciation of the EU’s external policies can easily be attributed to the intergovernmental mode of decision making in the Common Foreign and Security Policy. However, this is only part of the picture. The abovementioned Review of the Balance of Competences shows much evidence of the added value of the EU’s external action, also in areas of shared or exclusive EU’s competences, such as trade, energy or transport.<sup>27</sup> It is exactly the variety of instruments available in the EU’s external toolbox that proves to be so beneficial for the UK, in terms of providing both more policy options and financing. Naturally, the EU has also the advantage of uniting the voices of 28 Member States, and often of operating under the more neutral EU “brand.”

All in all, according to the review, the EU multiplies the UK’s power to an extent that could not be reached through unilateral policies or different organisations.<sup>28</sup> Moreover, if the cumbersomeness and often “least common denominator” policies are the price paid for achieving the unanimity necessary for EU action, the UK’s influence gives it a huge discount. According to the European Foreign Policy Scorecard, the UK provides leadership in 11 areas of EU foreign policy, including “developing sanctions towards Russia” and “pushing for the successful conclusion of TTIP negotiations.”<sup>29</sup> In spite of the British absence during the talks on Ukraine, between France, Germany and Russia, the UK remains an important and determined player in the Eastern Neighbourhood. At the EU Summit in March, Cameron announced that the UK is to launch a “Good Governance Fund” to help reforms in Ukraine, Georgia, Moldova, Serbia and Bosnia and

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<sup>23</sup> Dano case 3 C-333/13.

<sup>24</sup> M. Emerson (ed.), *op. cit.*

<sup>25</sup> [http://ec.europa.eu/commission/2014-2019/timmermans/announcements/transcript-speech-first-vice-president-timmermans-policy-network-london-fresh-start\\_en](http://ec.europa.eu/commission/2014-2019/timmermans/announcements/transcript-speech-first-vice-president-timmermans-policy-network-london-fresh-start_en).

<sup>26</sup> <http://labourlist.org/2015/04/full-text-of-ed-milibands-foreign-policy-speech-at-chatham-house>.

<sup>27</sup> “Review of the Balance of Competences between the United Kingdom and the European Union: Foreign Policy,” July 2013, <https://www.gov.uk/review-of-the-balance-of-competences>.

<sup>28</sup> *Ibidem*.

<sup>29</sup> “European Foreign Policy Scorecard 2015, <http://www.ecfr.eu/scorecard/2015>.

Herzegovina.<sup>30</sup> Alongside the economic, social and rule of law goals, the fund is also intended to strengthen the independence of the media, a priority highlighted in the summit conclusions.<sup>31</sup>

### *Security, not Defence Power*

With NATO perceived as the bedrock of national defence, the UK sees the EU role as purely complementary in the security area.<sup>32</sup> Whereas the UK appreciates the EU political role in the Ukrainian crisis, the “hard” security dimension is reserved for NATO. The UK committed 3,500 troops to military exercises in the Central and Eastern Europe to boost NATO’s deterrence capability, and to reassure its eastern allies. In 2017, and then, on a rotational basis, the UK will lead NATO “spearhead unit.” However, with economic pressure to cut the budget deficit, most UK political parties shy away from a clear commitment to spend 2% of British GDP on defence. In this context, cooperation between EU Member States can offer a chance to spend more wisely and strategically, with good consequences for both the EU and for NATO.<sup>33</sup> Having said that, any new CSDP initiatives are to be carefully assessed by the UK, and balanced against their influence on NATO. Despite declared support for pragmatic cooperation between the EU and NATO, the UK opposes any initiative that can even potentially undermine NATO’s leading role. In 2011, the UK vetoed the proposal on establishing a EU military headquarters based on the Weimar triangle initiative,<sup>34</sup> arguing that it would be an unnecessary and costly duplication of NATO structures and that certain reforms of operational HQs would be sufficient. This approach was indicative of the reaction to Jean Claude Juncker’s remarks on the need to create an EU army.<sup>35</sup> Even though the idea was generally downplayed as too far-reaching for the moment, it met with a strong UK response, with a government spokeswoman saying: “Our position is crystal clear, that defence is a national, not an EU responsibility, and there is no prospect of that position changing and no prospect of a European army.”<sup>36</sup> Opposition to the idea was also reiterated in the Conservative Party manifesto. However, as a European Army would need political support from all Member States, which cannot be expected in foreseeable future, there is no need for the UK to rally actively against this idea.

### *Energy Union—Common EU Goals and Flexibility for Member States*

The UK shares most of EU Member States’ concerns regarding energy prices, the security of energy supplies and climate change, and has been active in the field of EU energy policy from its very beginning.<sup>37</sup> According to the Review of the Balance of Competences, in general the UK benefited greatly from EU energy policy and influenced this field of cooperation substantially, especially with regard to liberalising the energy market.<sup>38</sup> Because of the UK’s advances in building the energy market, the EU plays an important role in assuring that it will not find itself at a comparative disadvantage because of others Member States’ delays in reforms. The Russian–Ukrainian conflict put the security of supplies higher on the EU agenda, and gave new impetus to EU energy cooperation, resulting in the proposal of the Energy Union. Although the UK is not dependent on Russian fossil fuels, it supports efforts to reduce this dependency across the EU. Cameron also used the security argument to make a case for shale gas exploration in the UK.<sup>39</sup> Attempts to reconcile different aims and approaches to the strategic interest sit well with UK policy, which has

<sup>30</sup> <https://www.gov.uk/government/news/new-uk-funding-to-help-build-stronger-and-more-democratic-nations-in-the-eastern-neighbourhood-and-balkans>.

<sup>31</sup> European Council, “Conclusions 19–20 March,” [http://www.google.pl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDMQFjAC&url=http%3A%2F%2Fwww.consilium.europa.eu%2Fen%2Fmeetings%2F-european-council%2F2015%2F03%2F-european-council-conclusions-march-2015-en\\_pdf%2F&ei=rdbkVZaWKcOOsgHZ7YLYDg&usq=AFQjCNEV8Sm8KGQduaQ2EYBpaQ6VPL\\_r5A&sig2=PIPLgMxqycHMsdTx\\_yHbCA&bvm=bv.90237346.d.bGg](http://www.google.pl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDMQFjAC&url=http%3A%2F%2Fwww.consilium.europa.eu%2Fen%2Fmeetings%2F-european-council%2F2015%2F03%2F-european-council-conclusions-march-2015-en_pdf%2F&ei=rdbkVZaWKcOOsgHZ7YLYDg&usq=AFQjCNEV8Sm8KGQduaQ2EYBpaQ6VPL_r5A&sig2=PIPLgMxqycHMsdTx_yHbCA&bvm=bv.90237346.d.bGg).

<sup>32</sup> “Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review,” October 2010, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/62482/strategic-defence-security-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62482/strategic-defence-security-review.pdf).

<sup>33</sup> I. Bond, “Security in the Age of Austerity: You Get what You Pay for,” <http://www.cer.org.uk/publications/archive/bulletin-article/2015/security-age-austerity-you-get-what-you-pay>.

<sup>34</sup> See: C. Major, F. Wassenberg, “Warsaw Ambitious CSDP Agenda: Polish Council Presidency Seeks Progress on Weimar Triangle Initiative,” SWPS Comments, September 2011.

<sup>35</sup> <http://www.welt.de/newsticker/news/1/article138177624/EU-Kommissionspraesident-Juncker-fuer-europaeische-Armee.html>.

<sup>36</sup> <http://www.ft.com/intl/cms/s/0/1141286a-c588-11e4-bd6b-00144feab7de.html#axzz3WtNDPKj8>.

<sup>37</sup> See: M. Emerson (ed.), *op. cit.*, pp. 44–49.

<sup>38</sup> *Review of the balance of competences between the United Kingdom and the European Union: Energy Report*, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/332794/2902398\\_BoC\\_Energy\\_acc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332794/2902398_BoC_Energy_acc.pdf).

<sup>39</sup> <http://www.telegraph.co.uk/news/earth/energy/fracking/10723294/David-Cameron-Britain-has-a-duty-to-frack.html>.



evolved from purely market-oriented to more interventionist for the sake for security, climate goals and lowering energy prices,<sup>40</sup> with the most recent example being support for the new power plant at Hinkley Point.

However, with the differences in the Member States' energy mixes and priorities, agreeing a common and coherent vision that would embrace all the main goals is a true challenge. Whereas, in consequence, some experts point out the need for stronger EU competences in the field,<sup>41</sup> the UK and the Czech Republic, in their non-paper on EU energy governance, called for giving the Member States necessary flexibility in achieving common energy goals.<sup>42</sup> The UK was very successful in promoting this kind of approach with regard to the EU 2030 framework on reducing the emission of greenhouse gases, for instance ensuring that the level of renewables in the energy mix is only binding on the EU level. Also, the UK's "less liberal" policies, pursued to favour the development of an increasingly low-carbon energy mix, met with EU approval.<sup>43</sup>

### **Mr. (Next) Prime Minister: "Don't Play with Brexit"**

A deeper look at the UK's wish list for EU reform, and a comparison between this list and EU reality, offers several conclusions. First, many of the British postulates do not, in fact, signify a reversal of the European integration, but offer pragmatic ways to improve the functioning of the EU. Second, while reflecting on the dominant tendencies in Brussels, the majority of the British claims are either already implemented at EU level or are at the stage of operationalisation. Third, an overview of the current European integration trends in the three areas analysed reveals that it is relatively easy to find arguments for EU proximity with London's demands, and that Brussels intends to serve Britain's interests well.

As regards the area of institutions and policy making, none of the reviewed chapters of the balance of competences demonstrated that too much power resided in Brussels. At the same time, there is a high probability that repatriating competences to the national level would make the UK worse off in numerous policy fields. Moreover, the current European Commission places strong emphasis on improving the EU regulatory agenda and its dialogue with national parliaments. As regards the UK's relation with the Eurozone, while enjoying a privileged opt-out from the single currency, London has effectively secured a comprehensive system of safeguards for its financial interests.

With regard to economic policy, the single market, Britain's main economic reason to stay in the EU, is becoming increasingly integrated in more and more aspects, such as services and capital. The hypothetical Brexit could therefore be detrimental to the City of London, forcing the financial headquarters based there to move elsewhere in Europe, possibly to Ireland. At the same time, the latest developments in EU jurisprudence make it easier for the UK to solve the problem of welfare tourism, an area in which the UK can find allies. Additionally, in line with British preferences, the EU financial framework has already been reduced, with prospects for further reduction in 2020.

Finally, the UK's engagement in foreign and security policy and energy cooperation is much more about realising its interests than trying to change the framework as such. Since London quite often treats EU foreign policy as its power multiplier, Brexit would quite likely diminish the UK's global stance, including its highly valued transatlantic link and the pursuit of global trade liberalisation.

Taking into account all of the above, it seems that the Brexit rhetoric seems to reflect populist tendencies of the British elites rather than a genuine social and economic dilemma. Yet, while it was still possible to ignore this some months ago, there are two reasons why its consequences should be considered seriously as election day approaches. First, by aggressively distancing itself from Europe, the UK risks losing its say on EU affairs, as its renegotiation agenda is alienating other Member States that would otherwise support pragmatic UK reforms. Second, unsubstantiated claims for Brexit generate disinformation among public opinion, which might backfire on British interests should "disinformed" Brits vote NO to Europe in 2017.

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<sup>40</sup> For details see: A. Gawlikowska-Fyk, Z. Nowak, "The UK as a Pioneer in Energy Market Reform," *PISM Bulletin*, no. 89 (542), 28 August 2013, [http://www.pism.pl/files/?id\\_plik=14496](http://www.pism.pl/files/?id_plik=14496).

<sup>41</sup> See: <http://www.energypost.eu/interview-jean-michel-glachant-get-energy-union-need-new-institutions>.

<sup>42</sup> "UK and Czech Republic Non-paper. European Governance of EU Energy Policy Goals," [http://europeanmemoranda.cabinetoffice.gov.uk/files/2015/02/5644-14\\_Min\\_Cor\\_8\\_January\\_2015\\_Rudd-Boswell\\_attachment.pdf](http://europeanmemoranda.cabinetoffice.gov.uk/files/2015/02/5644-14_Min_Cor_8_January_2015_Rudd-Boswell_attachment.pdf).

<sup>43</sup> See: M. Emerson (ed.), *op. cit.*, pp. 44–49.

Therefore, if Cameron wins the election and remains prime minister he will have to approach the EU topic with more clarity and more common sense. He will not only have to deliver the referendum on British EU membership, but also appease his Eurosceptic backbenchers and prepare the Brits to vote “reasonably.” This might not be easy, as no issue has divided the Tories more repeatedly or more destructively in this parliament than Europe. In the event of a Labour-led government, Miliband will have to repel strong pressure from the Tories and UKIP regarding his party’s “no referendum” policy, through demystifying and rationalising the image of the EU. This might, paradoxically, prove easier than it seems.