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BRITAIN

Stronger with Europe

This paper looks at some of the challenges and decisions facing the UK in the forthcoming negotiations with the EU. Open Britain is campaigning for the best deal between the UK and EU.

We outline the opening and ambitious positions we believe the UK government should adopt in the national interest. We are guided by our belief that co-operation extends our power and prosperity while detachment only leaves us weaker and worse off.

Our view is that the outcome of leaving will be second best to the arrangement we are giving up. We know that some will disagree, but we also hope many will unite around a priority of protecting the UK economy.

Introduction

The referendum exposed conflicting attitudes, economic concerns and patriotic priorities from people of different ages, social classes and regions. The divisions are real and must be addressed, but while division characterised the result we reject the idea that it needs to be the defining character of the United Kingdom today.

The national task is now to seek common ground between voters on both sides. Neither the call for change from those who voted Leave nor the sense of loss amongst those who voted Remain should be ignored.

We campaigned passionately and proudly for Remain. We believe leaving the EU puts our ambitions at risk, but we respect the vote and are now campaigning for the best deal for all, learning the lessons of the referendum campaign.

The central lesson must be that while Britain is at its best when it is open minded, open for business, open to trade and investment, open to talent and open to both Europe and the world, the benefits of an open economy and society have not been evenly shared. Openness must be balanced with greater fairness.

International co-operation is how we extend sovereignty, prosperity and power. We do this through global trade to open new markets and generate jobs; intelligence sharing to strengthen national security; fighting climate change through collective action; and in addressing global drivers of migration flows. But to ensure fairness we need protections and control. That means control over trade policy which will affect UK businesses, the ability to take action where immigration has costs as well as benefits, protections for workers and consumers, and leadership to protect our environment and climate.

For some the referendum result represents an outright rejection of globalisation and a return to a nostalgic yesterday by pulling up the drawbridge. Others see it as a chance to dismantle the drawbridge altogether and throw

open our borders and economy to unrestricted global forces. The best deal for Britain, however, is open trade but with a more equitable distribution of the benefits it brings, which necessitates a new commitment to economic reform to ensure all can share in a globalised economy.

We want to remain firmly outward-looking with a belief that interdependence is a source of strength, while valuing diversity and respecting tradition in equal measure.

As our relationship with Europe shifts, so too must our political culture. Too often in our public discourse 'Europe' has been seen as 'over there' rather than as an extension of our home market. Attacking Europe has too often been a short-term sugar hit for political leaders with long-term consequences. We need to make the positive case that in an increasingly uncertain and fast-changing world our values and interests are closely aligned with our neighbours'.

Our country is at a cross-roads. We can either choose to be open to Europe and open to the world, or we can turn away and turn inwards. In or Out of the EU, Europe is central to the future of our country: our economy, our environment, our cohesion. We are stronger with Europe.

Stronger with Europe: the best deal for Britain

Open Britain is campaigning for the best deal between the UK and EU. Below are our opening and ambitious positions we believe the UK government should adopt in the national interest.

- **Protecting the UK economy.** To minimise the cost of leaving and maximise national opportunities for trade, innovation, jobs and growth, the UK should be a member of the Single Market. This should be based on a bespoke UK-EU agreement which prioritises continued elimination of non-tariff barriers and continued influence over regulatory decision-making so the UK is a 'rule maker' not a 'rule taker'.
- **Valuing talent and hard work, with a fairer system.** The UK should 'mend not end' free movement, with an EU-wide debate on how the system works, looking at a range of reform options to mitigate negative economic outcomes if they arise. Domestic policy proposals include introducing a Migration Impact Fund, banning agencies advertising solely overseas, and guaranteeing the rights of existing EU citizens in the UK and UK citizens in the EU.
- **National security through deep co-operation.** Unprecedented co-operation over intelligence-sharing and security and defence policy is essential to protect ourselves against shared threats.
- **Billions in investment protected.** All EU funding to our regions, universities, businesses, agricultural sector and infrastructure must be protected until 2020, with no cuts at all, and greater clarity must be provided by the Government over funding beyond 2020.
- **Protecting our natural environment.** Continue to be a leader in Europe and in the world on environmental protection and climate change by committing to preserve the protections to which we are currently committed as a member of the EU.
- **Dignity and equality within the workplace.** Nothing must be done to undermine employment rights, and all rights guaranteed by the EU must be immediately translated into UK law.
- **Protecting the integrity of the United Kingdom.** It is critical that the Government places the constitutional stability of the UK at the forefront of its negotiating stance. Nothing should be done which threatens the integrity of the UK.

The Single Market

We believe the UK¹ must seek to negotiate the trading arrangement with the EU which minimises the economic cost of leaving, and that means remaining a member of the Single Market. This poses huge challenges, not least that there appears to be no existing model which would enable the UK to both respond to the messages sent on June 23rd and the needs of an economy of our size, and so a bespoke UK-EU arrangement appears necessary. This will, however, depend on both the UK and the EU being open to compromise in the forthcoming negotiations.

Why the Single Market matters

In independent analyses of the economic consequences of Britain leaving the EU Single Market membership has been shown to be the trading arrangement that is the least damaging and which offers the greatest opportunities for future growth.²

Uniquely, the Single Market removes tariffs, customs duties and quotas on all goods traded within the EU; it removes non-tariff regulatory barriers by harmonising rules and standards of products and having the principle of mutual recognition of laws so that these are accepted across the bloc. The Single Market also provides a guaranteed right to deliver services within the EU without national impediments. These conditions offer the best deal for Britain for services and manufacturing alike, in particular allowing British-based companies to be part of integrated European supply chains and incentivising overseas businesses to invest in the UK as a launch pad for export to the Continent.

But the Single Market is about much more than just freeing up trade and investment. It sets common standards in labour market rights, health and safety regulations and consumer and environmental protections, ensuring there

¹ It is important to note that throughout this paper where we reference the UK we refer to the UK and Gibraltar, save in the section relating to the Customs Union, which is not applicable to Gibraltar.

² HM Treasury analysis: the long-term economic impact of EU membership and the alternatives, April 2016; NIESR, 'The long-term economic impact of leaving the EU', May 2016; Centre for Economic Performance, Brexit analysis 2016.

are no competitive advantages in adopting lower standards in a race to the bottom. Its importance is underlined by the commitments in the 2015 Conservative, Labour and Liberal Democrat manifestos to the UK remaining within it.¹

The Secretary of State for International Trade² has already revealed that the Government is prepared for the UK to leave the Single Market and rely instead on basic World Trade Organisation (WTO) rules without preferential trade arrangements in place, which would be the most damaging outcome for the UK economy.³ Single Market membership must, therefore, be fought for.

Why Single Market membership is necessary

During the referendum campaign the country was blatantly misled by Leave campaigners. We were told we could leave the Single Market while retaining all its barrier-free benefits. We were told we could end free movement of people entirely, end budget contributions to invest £350m a week in the NHS, and simultaneously ensure no new barriers to trade. David Davis said it would be possible to “ensure that trade with Britain continues uninterrupted” and that “trade will almost certainly continue with the EU on similar to current circumstances”.⁴ Boris Johnson said “there will continue to be free trade.”⁵ Michael Gove said, “It should be win-win for us and it will be if we vote to leave and we can maintain free trade, stop sending money and also have control of our borders.” Vote Leave stated, “The idea that our trade will suffer...is silly.”⁶

1 Conservative Party manifesto 2015, p.72; Labour Party manifesto 2015, p.77; Liberal Democrat manifesto 2015, p.33

2 “If the UK does exit the European Single Market, it will be governed by World Trade Organization (WTO) rules until any new trade deals are negotiated”, Department for International Trade, 13 August 2016

3 IFS, ‘The EU single market: the value of membership versus access to the UK’, 10 August 2016.

4 David Davis, ‘The Economic Case for Brexit’, 26 May 2016.

5 Boris Johnson, *The Telegraph*, 26 June 2016.

6 Vote Leave, ‘What Happens When We Vote Leave’

With the campaign over, and with Leave campaigners taking to ground, these claims are no longer made. There is no way of fully benefitting from the Single Market without fully participating within it.

Leaving would erect trade barriers between the UK and EU since even under a comprehensive Free Trade Agreement (FTA) total tariff elimination cannot be guaranteed and, without the full, unfettered market access and policy-making influence that comes with membership longer term regulatory divergence would make UK-EU trade costlier for UK businesses. New barriers would reduce trade and deter investment, which is a price we cannot afford to pay given the EU is and will remain by far our largest trading partner.

The only realistic path to retaining the economic benefits of being in the Single Market is, therefore, to seek membership of it and argue for reform from within.

A new, bespoke UK-EU arrangement

Retaining Single Market membership of course raises the question of how and on what terms, and it is difficult to see an existing trade 'model' which suits the UK's needs.

Membership of the European Economic Area (EEA), as Norway has, would provide Single Market membership but may prove too inflexible in the conditions it imposes. An FTA, as Switzerland has and if modelled on existing agreements, might provide more flexibility but would offer insufficient market access, in particular in service sectors. Defaulting on to the World Trade Organisation would be the worst outcome of all and would see the UK facing stringent tariffs on 90% of the UK's goods exports to the EU by value.¹ including 10% on cars.²

This points, therefore, to the UK Government attempting to pursue a new, bespoke UK-EU arrangement. In determining the precise configuration of this arrangement, there are two principles against which it must be judged.

¹ *House of Commons Library, 'The economic impact of EU membership on the UK', September 2013*
² *HM Treasury analysis: the long-term economic impact of EU membership and the alternatives, April 2016*

- **Single Market Membership.** The UK requires an arrangement which goes beyond tariff-free market access alone and prioritises the continued elimination of non-tariff, regulatory barriers. This is particularly vital in service sectors, especially as the Single Market expands, and, at present, this can only be achieved through participation within the Single Market.
- **A 'rule maker' not a 'rule taker'.** Adopting EU rules and regulations with no say, as other non-EU countries do, would be inappropriate for an economy of our size and would create difficulties, for example in our financial service sector. The UK should therefore seek to negotiate continued influence over regulatory decision-making. Without such an arrangement we would have no way of shaping EU regulations which UK businesses exporting to the EU, our largest trading partner, would have to adhere to whether we remain within the Single Market or not.

Such a bespoke arrangement would of course depend on reform to free movement and limitations over EU budget contributions, but there are a number of wider issues that must also be considered.

Customs Union

In establishing the Department for International Trade the UK Government appears to have stated its intention to leave the EU's Customs Union come what may to pursue bilateral trade deals internationally, which would be compatible with Single Market membership.

This raises a number of challenges. The UK was promised by Leave campaigners that we would be able to secure all the equivalent international agreements to those previously negotiated by the EU.¹ Again, the Leave campaigners must be held to account on this. This is especially important as the Secretary of State for Exiting the EU has stated

¹ Lord Lawson, "Our trade relations with the rest of the world remain unchanged", BBC, 29 February 2016; Andrea Leadsom, "The two years will give us enough time to negotiate continued free trade with the EU; to ensure "presumption of continuity" with all those countries we currently have free trade with as an EU member; and to initiate free trade deals with key trading partners around the world, where average time to set up a deal is just over two years." *Telegraph*, 19 June 2016

that he expects many new trade deals to have been concluded within two years.¹ It is vital for Ministers to provide evidence that this timetable is achievable with clear evidence that they would be as valuable to Britain as the existing EU agreements.

Leave the Customs Union also raises the prospect of tariffs on agricultural products, over which the UK Government must provide future guarantees.

Making the Single Market work for everyone

While membership of the EU's Single Market has brought increased prosperity to the UK, one of the defining lessons from the referendum must be that prosperity has been unequally shared. Low employment rates,² lower wage growth³ and lower perceptions of future opportunities have all been shown to be important indicators of whether people favoured leaving the EU.⁴

Many of those who rejected economic warnings in the referendum campaign did so because they felt ignored by the political mainstream, faced by an economy that was failing to spread opportunity. Inequalities in growth and living standards have been laid bare but, in our view, people didn't reject the global economy – their vote was a call to share more equally in it.

After June 23rd an argument for a global economy must acknowledge the limits of free trade alone to deliver higher living standards for all. An open economy must be coupled with a national strategy for fundamental economic change to deliver more equitable gains through regional regeneration, investment in infrastructure and far wider educational opportunities.

¹ "So within two years, before the negotiation with the EU is likely to be complete, and therefore before anything material has changed, we can negotiate a free trade area massively larger than the EU. Trade deals with the US and China alone will give us a trade area almost twice the size of the EU, and of course we will also be seeking deals with Hong Kong, Canada, Australia, India, Japan, the UAE, Indonesia – and many others". *Conservativehome*, July 14 2016

² *Resolution Foundation*, 'The Importance of Place', July 2016

³ *Centre for Economic Performance*, 'Brexit and Wage Inequality', July 2016

⁴ *Lord Ashcroft Polls*, 'How the United Kingdom voted on Thursday... and why', 24 June 2016

Migration and free movement

Following June 23rd, efforts to retain Single Market membership must go hand-in-hand with recognition that a lack of public support for free movement and wider concerns about EU and non-EU immigration were key drivers of the vote to Leave.

Public concern is, however, complicated. For example, it is striking that areas with large immigrant populations tended to vote Remain while areas with few immigrants tended to vote Leave. It is true that areas that had seen a rapid change over the last decade voted to Leave, but these were few and far between relative to the overall population.¹

The vast majority seek a balanced debate which recognises the benefits as well as challenges of immigration² and this is now essential. For too long mainstream politics has not engaged adequately with the immigration debate. That was true in the referendum campaign but is also true of all major political parties over the last decade or more, with considerable negative consequences: untruths and myths about immigration have been allowed to prosper; attacks on immigration have gone unchallenged; and the balanced debate the majority seek has never materialised, so many have felt their legitimate concerns were being dismissed. This must now change.

Our starting point has three components.

First, we need an open and honest debate on immigration that makes a positive case and looks at immigration as a whole.

1 LSE, 'A tale of two countries: Brexit and the 'left behind' thesis', 25 July 2016, link; Resolution Foundation, 'The Importance of Place', 15 July 2016
2 British Future, *Disbanding the Tribes*, July 2016

Second, there are immediate and important steps the UK Government should take: guarantee the rights of existing EU citizens in the UK and UK citizens in the EU; commit to fully financing a Migration Impact Fund here at home to tackle any pressures on public services that arise from local influxes of immigration; and ban agencies from advertising solely overseas.

Third, the UK should seek to 'mend not end' the system of free movement, calling for an EU-wide examination of free movement and looking at a range of reform options to mitigate negative economic outcomes if they arise.

A wider debate

We want a positive argument about the benefits of EU migration. While we must address legitimate concerns about the scale, pace and management of immigration, it is also incredibly important to challenge and confront a toxic minority who see the vote to leave the EU as an opportunity for xenophobia and calls to 'send them back'. We must all unequivocally condemn hate crimes and must do all we can to expose and report them. Open Britain very much endorses the concept of a 'national conversation' proposed by British Future.¹

The overwhelming majority of EU migrants work, bring innovation and energy to our economy, help fuel growth and make a net fiscal contribution, which allows us to invest in the public services and infrastructure we need. They are vital to specific sectors of the economy, such as agriculture, hospitality and the auto industry, and help make our public realm stronger, for example the 250,000 EU nationals working in our public services.²

Vitality, free movement must be put in a wider context and not be allowed to become a catch-all term for concerns about immigration. Any new reform package must therefore focus in equal measure on EU and non-EU migration, which represents over 50% of net migration. This would make our approach more meaningful in meeting people's concerns about the pace of change but also to EU Member States, which must see any proposals as part of a gen-

1 *British Future, 'What Next After Brexit?', August 2016*

2 *ONS, 13 May 2016*

uinely comprehensive response to public concerns.

Areas to explore covering overall migration would include more action to tackle illegal immigration; strengthening cohesion and integration; supporting minimum wage enforcement; and investing in UK border forces. The failure to prevent unlawful entry into our country and to remove illegal immigrants has rightly angered many people.

Working closely with the EU must of course be an important part of our approach, including retaining existing beneficial arrangements such as the Calais and Dublin agreements; ensuring continued co-operation over securing and policing the EU's borders, where the UK has a clear national interest; working to tackle trafficking; and, more widely, working with the EU to tackle the drivers of large-scale migration shifts, such as conflict or climate change.

Immediate steps

There are immediate and important steps the UK Government should take.

- Guaranteeing the rights of existing EU citizens in the UK and UK citizens in the EU is an essential point of principle which can unite those who voted Leave and Remain as well as UK and EU Governments. There must of course be reciprocal agreement so at the very start of the Article 50 process being triggered the UK Government and EU Member States should make a joint declaration of principle that this will be resolved as a matter of priority. Ending uncertainty is essential for individuals and their families as well as businesses across Europe.
- The UK Government should commit to introducing a new Migration Impact Fund which would alleviate pressures on public services and local communities – notably in healthcare, housing and education – which can be tied to local levels of immigration. This idea has been proposed in the past but the time has come for adequate funding, and could draw on remaining EU funding streams.

- To ensure there is greater fairness in the system we must enforce, and examine legislating for, the principle that recruitment agencies and companies are barred from advertising for posts solely overseas. Just as we must more powerfully enforce the minimum wage, we must also now prevent this abuse of the system which is detrimental to communities here in the UK.

Mending not ending free movement

In exploring how free movement would apply to the UK, our principles should be to protect the economy and sectors which rely on EU labour; protect our public services which benefit from EU workers; tackle abuses wherever they exist; and protect opportunities for young people to study, work and travel freely across Europe. The challenge will be to balance our economic need for EU migrants' skills and Single Market membership with increased control to tackle concerns over localised impacts of rapid change.

There are a number of options the UK should initially explore, but, while the UK will be seeking to modify how free movement relates to the UK specifically, it will be essential to argue that this debate must now apply in an EU-wide context. We believe there is appetite for this debate within many European capitals as no-one will want an isolated tailored UK deal on free movement to act as a spur to populist European undercurrents. We must argue that policy innovation across the EU is now essential to reconcile the European public with the Single Market, a sentiment that has recently been aired by former Danish Prime Minister Helle Thorning-Schmidt,¹ amongst others.

One option is to examine tying the free movement of labour to offers of employment. This appears to be in line with the Treaty on the Functioning of the European Union, Article 46(d) of which explicitly states its intention to balance supply and demand within the labour market: 'by setting up appropriate machinery to bring offers of employment into touch with applications for employment and to facilitate the achievement of a balance between supply and demand in the employment market in such a way as to avoid serious threats to the standard of living and level of employment in the various regions and industries.'²

1 *ECFR's World in 30 Minutes: Brexit - Views from Europe, 28 June 2016*

2 *Treaty on the Functioning of the European Union*

Such an approach could ensure that the exchange of talent, skills and innovation continued to benefit the UK economy while simultaneously being true to the founding principles of the EU.

To strengthen fairness in the system further we should also look more widely at how free movement could be better managed. Prior to negotiations even having officially started it is too early to propose precise policy solutions, but there are precedents and developments which encourage the idea that reform could be achievable.

Within the terms of the EEA agreement countries can take unilateral 'safeguard measures' to address 'economic, societal or environmental difficulties' caused by being in the EEA.¹ Liechtenstein has an agreed number of residence permits for EU citizens.² Switzerland's free movement deal allowed for an emergency brake for up to a year³ and, while overall quotas have been rejected, discussions continue over proposed sector-specific quotas.⁴ It has been reported that the EU are considering an emergency brake of up to seven years for the UK⁵ and an influential European think tank has proposed the UK have full access to the Single Market without the free movement of people.⁶

These may not provide precise policy for the UK to replicate, but they do show that it may be possible to negotiate a tailored approach whereby free movement flows respond to specific economic conditions.

We will continue to explore policy options in this area and to encourage debate. It is vital that those who campaigned for Britain to leave the EU now outline how they will deliver their promises.

1 EEA Agreement, 14 October 2014

2 European Commission, *Liechtenstein Sectoral Adaptations – Review*, 28 August 2015

3 EU-Swiss agreement on free movement of people, 30 April 2002

4 *Guardian*, 3 July 2016; *Reuters*, 28 July 2016

5 *The Guardian*, 24 July 2016

6 Bruegel, 'Europe after Brexit: A proposal for a continental partnership', 25 August 2016

National Security

Serious warnings have been made about the risks posed by Britain leaving the EU. These predominantly concern UK-EU co-operation over policing and judicial affairs; diplomatic collaboration; intelligence-sharing; and defence and security policy. The referendum does not render the cautions given invalid, but means ensuring they are not realised is a top priority.

Our security and power are enhanced through close co-operation with our international allies. Whether over the application of sanctions (eg to Russia or Iran), fighting terrorism, the global migration crisis, the security situation in the Middle East, cross-border crime or piracy, UK-EU collaboration strengthens collective security. Indeed, the UK's assets in these areas should strengthen our hand in all areas we will be negotiating.

As an EU member the UK has an opt-out on Justice and Home Affairs (JHA) matters but decided to participate in a wide range of areas as these were judged to strengthen our national security. The referendum does not change that judgement or the nature of the threats we face and therefore, as much as is possible, we must continue to participate in these measures.

During the referendum Leave campaigners said security co-operation would continue as it is currently: "operational law enforcement cooperation with our European partners will continue, because it is in everyone's interests."¹ They went further to say that leaving "is the safer option ... [as] foreign and defence policy will also gain if we vote leave."² The UK Government must now ensure this is true.

A JHA agreement of unprecedented depth

Concurrently to negotiations over trade, the UK will need to agree measures on security co-operation of unprec

¹ *Dominic Raab, 8 June 2016*
² *Vote Leave briefing*

edented depth. Past precedents show that non-EU countries are able to negotiate involvement in EU security arrangements and agencies but with more limited participation compared to that of EU Member States. This will not be enough for the UK.

As a priority we must seek continued involvement with the European Arrest Warrant, or an advanced extradition Treaty that would be stronger than that negotiated with Norway and Iceland. Our co-operation with Europol should be close to current arrangements, particularly over direct access to databases and participation in joint cross-border investigations. The EU has given some non-EU states access to the Schengen Information System but in the past this has been for countries which were intending to join the Schengen Area so the UK will need a bespoke agreement.

Agreements over the exchange of passenger name records, the exchange of financial information over terrorist suspects and access to the European Criminal Records Information System will also be vital.

Wider Security & Defence collaboration

The UK's strength in the world derives from our historic commitment to internationalism, something many will see as having been weakened by our decision to leave the EU. It is therefore vital we reaffirm our commitment to our main defence partners – NATO, the United States and France. The UK should also seek ways of continuing to participate in inter-governmental aspects of the EU's Common Foreign and Security Policy, as RUSI¹ and the Centre for European Reform² have argued.

Any fallout from our leaving the EU, whether through weakening our public finances or a decline in our international standing, must not have a harmful impact on our wider defence and security policies. It is vital, therefore, that it does not result in the compromising of either our NATO spending commitments nor our planned investment in international development.

1 *RUSI, Brexit Decision: The UK Needs to Become the EU's New Best Friend, 24 June 2016*

2 *Centre for European Reform, 'Theresa May and Her Six Pack of Difficult Deals', 28 July 2016*

European Investment

The UK has benefitted hugely from European investment. Billions of pounds in European funding have been directly invested in this country to help create jobs, improve skills training, support regional development, boost our science, charity and agriculture sectors, and strengthen our universities and wider Higher Education sector. Billions more in EU investment is planned to 2020.

Such is the importance of European funding that the Leave campaign pledged to continue all EU funding programmes to 2020, saying that "if the public votes to Leave on June 23rd, we will continue to fund EU programmes in the UK until 2020, or up to the date when the EU is due to conclude individual programmes if that is earlier than 2020."¹ Indeed, the Leave campaign promised to increase overall levels of public expenditure with their fabled £350m a week extra for the NHS.

Delivering all European funding

We believe that all European funding levels planned to 2020 must be preserved, matched with substitute funding by the UK Government if EU funding streams cease.

The Government has promised to honour multi-year funding streams for projects that are signed before this year's Autumn Statement but not those beyond, which will be subject to 'arrangements for assessing whether to guarantee funding for specific structural and investment fund projects.'² These arrangements are also in place only for the period that the UK remains a member of the EU, which many want to end prior to 2020. It seems therefore that the overall levels of planned funding are not guaranteed until 2020.

Funding will not be in the form of simple subsidies, as the Government will want to ensure that investment supports wider policy priorities for specific sectors, but the Leave campaign's promise to guarantee overall levels of planned

1 *Joint letter from Vote Leave ministers, Vote Leave press release, 14 June 2016*

2 *HMT, 13 August 2016*

investment must be delivered.

Ensuring funding beyond 2020

Leaving the EU means the UK will not benefit from the next Multiannual Financial Framework between 2021 and 2027. The funding for sectors and programmes that would otherwise benefit from EU funding in this period has not yet been addressed and the UK Government should therefore provide greater certainty that leaving the EU will not lead to a longer-term reduction in investment.

Exploring continued involvement in the European Investment Bank

As part of the EU, the UK is a member of the European Investment Bank (EIB) – the largest multilateral lender in the world in terms of assets, which provides finance to projects across a range of sectors in EU member states. In 2015, EIB lending to the UK totalled a record €7.8 billion.¹ The UK should explore whether it is possible to remain a shareholder of the EIB and, if not, underwrite projects whose financing is rejected by the EIB due to our leaving the EU, with replacement financing schemes put in place.

¹ *HM Treasury analysis: the long-term economic impact of EU membership and the alternatives, April 2016*

The Natural Environment and Climate Change

The greatest legacy we can bequeath to future generations is not only a clean, green earth but also national recognition that a strong economy and society are dependent on environmental sustainability.

Protecting the natural environment and fighting climate change are not issues that any country can tackle alone. European leadership has shown that joint action helps to protect our most valuable assets.

Many Leave campaigners realised the significance of these issues and argued that leaving the EU would produce “better outcomes for our environment”.¹ With prominent climate change sceptics amongst those who campaigned for leave, however, we want strong reassurances that the green agenda will now not be downgraded.

Matching European protections

The UK should continue to be a leader in Europe and in the world on environmental protection by committing to preserving the protections to which we are currently committed as a member of the EU, which should continue to be applied in UK law. Key environmental targets and directives, whether over renewable energies, our natural habitat, clean air and water, climate change, including the recent Paris Agreement, must be retained.

The UK's world-leading climate and environment experts should be consulted on how these measures could be strengthened, so they act as a baseline from which to build.

¹ “I am convinced...we could deliver far better outcomes for our environment outside the EU where we would have the freedom to innovate, to try new ideas and to change things that didn't turn out as hoped.” Statement by George Eustice MP to RSPB

Retaining influence over regulations

The UK must seek to retain influence over environmental regulations set at EU level. Few want to see a race to the bottom with companies jettisoning high environmental standards. Equally, we do not want to hand control to European partners to set regulations that we would be compelled to adopt since this would hand their industries a competitive advantage. It makes sense, therefore, to seek continued collaborative decision-making wherever we can.

Supporting farming & fishing

The process of leaving the EU will necessitate an in-depth assessment of agricultural and fisheries policy and could present a chance to reshape them for the future. It would be a mistake not to view this as an opportunity for environmental reform. Agricultural policy could be used to boost biodiversity, wildlife habitats and waterways, while also continuing to ensure that UK farming continues to get the support it needs. Fisheries policy could be used to promote more sustainable fishing.

Workers' Rights

The Single Market has developed strong rights for workers which have been brought into UK law thanks to our membership of the EU. These rights are designed to prevent exploitation and discrimination, and promote opportunity, fairness and equality. They provide dignity and safety at work but also prevent 'social dumping', when one country can gain a competitive advantage over another through cost-cutting workplace practices.

With the UK leaving the EU, workers will no longer automatically enjoy the certainty that comes from having the EU set the floor for minimum rights and conditions. Given that many leading Leave campaigners have a history of arguing for a reduction in workers' rights and anti-discrimination legislation, the vast majority who value them will now consider them at risk. Other leading Leave campaigners pledged that the Social Chapter would remain,¹ and this must now happen.

Some of the rights UK workers enjoy are the result of UK rather than EU action but that is not the case with them all. It is vital, therefore, that nothing is done to undermine employment rights. As a minimum all rights guaranteed by the EU should be immediately translated into UK law.

Common cross-European standards should continue and we will campaign to prevent the undercutting of workers' rights with the same vigour with which we will approach the undercutting of workers' wages. Both are equally important to our commitment that a Social Europe must endure with the UK playing a part within it.

Ensuring employment & non-discrimination rights are not downgraded

EU law ensures that workers are entitled to paid holiday of at least four weeks a year and sets maximum working hours, with particular provisions for those working in road, rail and air transport and at sea. EU law also guarantees part-time workers rights equal to those enjoyed by full-time employees and that workers sent by their employers

¹ *"All of the EU legislation we have accepted since Tony Blair took us into the social chapter has been incorporated into UK law and will remain in place if we vote to leave", Andrea Leadsom and Gisela Stuart, The Times, June 14 2016*

to work in another EU country do not lose out through worsened working conditions. In addition, EU law provides employees with rights if firms plan collective redundancies, go bust or are transferred to new ownership.

EU law prohibits discrimination in the workplace on grounds of gender, age, ethnic or racial origin, religion or belief, disability or sexual orientation. The EU ban on discrimination strengthens the protections that UK workers enjoy as a result of other international and national law. Women in the EU are legally entitled to at least 14 weeks' maternity leave and to protection against being sacked for being pregnant. EU law also requires member states to provide for parental leave and encourage equality between working men and women and improve family life.

These vital rights must not be downgraded.

The Integrity of the United Kingdom

No-one on either side of the referendum debate voted for the destabilisation of the United Kingdom but undoubtedly a Leave vote has made the prospect riskier.

Voters were repeatedly told by Leave campaigners that the UK would not be affected by Britain leaving the EU. Michael Gove stated that "if we vote to Leave, then I think the Union will be stronger"¹ and the then Northern Ireland Secretary, Theresa Villiers, said she believed that "the land border with Ireland can remain as free-flowing after a Brexit vote as it is today."²

We believe it is critical that the Government places the constitutional stability of the UK at the forefront of its negotiating stance. Nothing should be done which threatens the integrity of the UK or undermines the Good Friday Agreement.

Minimising the damage to Scotland's interests

The Scottish people will determine Scotland's future, as they did in the 2014 referendum. They also voted to Remain in the EU in 2016. Nothing should be done in the negotiations that leads the Scottish people to feel their future cannot be within the United Kingdom because of the scale of the disadvantages imposed by leaving the EU.

The challenge facing the UK is to negotiate a settlement that minimises the economic cost of leaving for all nations and regions of the UK and to ensure the full involvement of the Scottish Government and other Devolved Administrations in negotiations.

1 *Michael Gove, Andrew Marr Show, 8 May 2016*

2 *Theresa Villiers, Sky News, 21 April 2016*

Avoiding the return of controls at the Irish border

The possible re-emergence of a hard border between Northern Ireland (NI) and the Republic of Ireland (ROI) could destabilise the United Kingdom. One of the Leave campaigners' key arguments was the need to "take back control of our borders", but the NI-ROI border is the UK's only land border and it will soon exist between the EU and a non-Member State.

The border exists legally but for practical purposes it has all but disappeared. The commitments made since the referendum to maintain current arrangements are welcome, since anything that strengthens a sense of separation between North and South has the potential to undermine progress that has been made. However, it will be essential to square the circle between potentially conflicting policies on free movement with Irish citizens within the Common Travel Area and people in the rest of the EU. The risk is an open border between Northern Ireland and the Republic becoming a gateway for what would then be illegal immigration from the EU into the UK, and a way for goods entering the EU from the UK to evade customs controls.

Rejecting joint sovereignty proposals for Gibraltar

Given its overwhelming vote to remain within the EU, Gibraltar's Constitution, its self-government and right of self-determination must remain protected as must its freely determined choice to remain British.

The outcome of the referendum runs contrary to the economic model which Gibraltar has followed and which has made it economically self-sufficient. Benefits from EU funding and those that arise from the UK's place within the Single Market must be preserved. There must be a level playing field on which to prosper.

Only the Gibraltarian people will determine Gibraltar's future, as they did in the 2002 referendum. Nothing should be done in the negotiations that leads the Gibraltarian people to be placed under political and economic pressures, or which could make the people of Gibraltar feel their future cannot be fully and viably retained with the United

Kingdom because of the scale of the disadvantages from leaving the EU. Spain's offers of joint sovereignty are unacceptable and should be fully and formally rejected by the UK, as they have been by the Gibraltarians.

Gibraltar should be fully involved in and represented at all negotiations which the UK carries out with the EU, to ensure its position within the EU is fully protected.

Involving the whole UK

The process of withdrawal before and after triggering Article 50 must involve full and ongoing consultation with the Devolved Administrations of Scotland, Wales and Northern Ireland as well as all UK Local Authorities and the Greater London Authority. Overseas Territories must also be closely involved where they have a direct interest.

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