

# BRITAIN STRONGER IN EUROPE

## ALTERNATIVES TO EU MEMBERSHIP ARE ALL WORSE

HM Treasury have analysed the three main alternatives and all show the UK would be worse off as a result. The Treasury's analysis shows that the UK would be permanently poorer if it left the EU and adopted any of these models. Productivity and GDP per person would be lower in all these alternative scenarios, as the costs would substantially outweigh any potential benefit of leaving the EU. This is backed by credible independent analysis from the LSE's Centre for Economic Performance, the OECD, Oxford Economics, the IMF, and PricewaterhouseCoopers.

The HMT analysis finds that UK economy would after 15 years be per household worse off by:

- £2,600 in the case of EEA membership
- **£4,300 in the case of a negotiated bilateral agreement**
- £5,200 in the case of WTO membership

The negative impact on GDP would also result in substantially weaker tax receipts, significantly outweighing any potential gain from reduced financial contributions to the EU. After 15 years, even with savings from reduced contributions to the EU, receipts would be £20 billion a year lower in the central estimate of the EEA, **£36 billion a year lower for the negotiated bilateral agreement** and £45 billion a year lower for the WTO alternative.

### The Norway model – “Pay but no say”

- Considerable but not complete access to the free-trade Single Market. Certain quotas still apply to fish products. We would lose access to all of the EU's trade agreements with 53 other markets around the world. Re-negotiating these would take years.
- Norway is obliged to accept the free movement of people and has chosen to be part of the Schengen border-free area – and has higher rates of immigration per head than the UK.
- Norway makes significant contributions to the EU, at similar levels to the UK, and is subject to EU rules, accepting 75% of EU regulations. We would be bound by many of the EU's rules, but would no longer have a vote or veto on the creation of those rules: we would pay but have no say.

### Negotiated bilateral agreements – hurt our services market

- A bespoke UK-EU trade agreement would be complex to negotiate. The EU-Canada agreement, for example, has taken seven years to negotiate and is still not in force. A UK-EU agreement could require the agreement of all 27 of the remaining EU Member States, with referenda in some countries. The European Parliament would also need to give its approval.
- No existing bilateral trade agreement would deliver the same level of access that the UK currently enjoys to the EU Single Market. None provide zero tariffs on all goods, equivalent access for services, which accounts for almost 80 per cent of the UK economy, and none permit influence over regulations.
- A trade agreement such as that between the EU and Canada would deny the UK the access we currently enjoy to EU financial services markets, which is vital to our economy and inward investment.
- The UK would lose the benefit of the EU's trade agreements with 53 other markets around the world. Renegotiating these would take years.

### WTO Model – tariffs on trade

- This would be the most definitive break with the EU, offering no preferential access to the Single Market, no wider co-operation on crime or terrorism, no obligations for budgetary contributions or free movement of people. Experts have shown that this is the model which would do most damage to the UK economy.
- If we did not manage to secure an agreement on better terms, we would be forced to revert to this model. This would cause a major economic shock to the UK, with serious consequences for companies, consumers, jobs and prices.
- The UK would face immediate and heavy costs to our trading relationships, both with the EU and with the wider world. If tariffs were introduced on imports from the EU, goods would become more expensive for businesses and consumers. If introduced on exports, this would hit overseas demand for UK goods.

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- Under WTO rules neither the UK nor the EU could offer each other better market access than that offered to all other WTO members.
- Our privileged access to 53 markets outside the EU through the EU's Free Trade Agreements would be terminated. We could seek to negotiate new agreements, but this would take years. It would be difficult to replicate the terms that we currently enjoy.

## Leave campaigners can't even agree on what out looks like

### Vote Leave have confirmed that they believe Britain should leave the single market:

**Andrew Marr.** 'Should we or should we not be inside in the single market. Do you want to stay in single market - yes, or no?'

**Michael Gove.** 'No. We should be outside the single market. We should have access to the single market. We should not be governed by the rules that the European Court of Justice imposes on us, which cost business and restrict freedom.'

*The Marr Show, BBC, May 9<sup>th</sup> 2016*

However, they have no plan for an alternative to Britain's full access to the EU's free trade single market of 500 million consumers. They have no clear or consistent view on immigration, EU laws or whether Britain should make EU budget contributions. They even disagree on whether the leave campaigns need to have a plan to have an alternative plan.

Leave campaigners have cited almost 30 different alternative arrangements they want to emulate:

Norway, Switzerland, Iceland, Lichtenstein, Macedonia, Andorra, The Isle of Man, The Channel Islands, Turkey, Australia, South Korea, Ukraine, Moldova, Morocco, Vanuatu, Brunei, Nicaragua, Canada, Mexico, Peru, Albania, Serbia, Montenegro, Bosnia, Columbia, WTO, WTO-Plus, Wiki-style arrangement, and UK-EU Free Trade Agreement.

### Boris Johnson has called for and dismissed the Canada option:

"What I think we should do is strike a new free trade deal on the lines of what Canada has just achieved."

*Boris Johnson, BBC News, 11 March 2016*

"I don't want to imitate the Canadian deal".

*Boris Johnson, Treasury Select Committee, 23 March 2016*

### Michael Gove has even named Albania:

"The core of our new arrangement with the EU is clear. There is a free trade zone stretching from Iceland to Turkey that all European nations have access to, regardless of whether they are in or out of the euro or EU.<sup>26</sup> After we vote to leave we will remain in this zone. The suggestion that Bosnia, Serbia, **Albania** and the Ukraine would remain part of this free trade area - and Britain would be on the outside with just Belarus - is as credible as Jean-Claude Juncker joining UKIP."

*Michael Gove, Vote Leave press release, 19 April 2016, [link](#)*

## Remember

**A vote to stay is a vote for certainty.** We'll be stronger, safer and better off in Europe because we'll get to keep access to the Single Market of 500 million people, with a say over the rules of doing business across Europe. That means more jobs, lower prices, and more financial security for British families.

**A vote to leave is a vote for risk.** Vote Leave say they'll walk away from the single market and negotiate a new deal, but they can't explain what it would be and how long it will take. The truth is if we left, the EU would not give us a better deal than they have for themselves. That means jobs aren't safe, prices will rise, mortgages will be at risk, and funding for your local school or hospital will fall. It is a risk not worth taking. We can't afford to leave the EU.