

**Balance of Competences Review:  
The Foreign and Commonwealth Office**

**Submission by:**



The Freedom Association (TFA) is a non-partisan pressure group that believes in the freedom of the individual and national sovereignty. As such, we seek to challenge barriers to freedom and campaign against institutions that seek to restrict it.

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## **Introduction:**

The European Union's activities effects the role of the United Kingdom in diplomatic affairs through a wide variety of ways. Explicitly, the Treaty of the European Union (TEU) and the reformed TEU – the Lisbon Treaty – has given the EU competences that influence Foreign and Commonwealth policy. This includes its exclusive competency over the Customs Union and the joint competence over security and justice measures.

For the purposes of this review the Foreign and Commonwealth Office (FCO) has defined a competence as “everything deriving from EU law that affects the UK”<sup>1</sup>. Although this is not an exhaustive submission, it will look at some aspects of how EU law has affected the UK's ability to achieve its foreign policy goals, include the current three priorities of the Foreign and Commonwealth Office (FCO): **Safeguarding Britain's national security; Supporting British nationals around the world; Building Britain's prosperity.**

It will also attempt to answer as many of the questions posed in the FCO's call for evidence<sup>2</sup> as possible. To do so it first looks at some of the effects of the Treaty of Lisbon and the consequences on Britain's national security<sup>3</sup>. This will be illustrated by examples of where the EU has undertaken operations that have potentially jeopardised the UK's national security priorities. In highlighting the EU's involvement in countries like Syria and Belarus, this paper argues that the short-term assistance that has been given has led to longer term consequences which could potentially damage the long-term security of the UK.

Moreover, in looking at the consequences of the EU competences in foreign affairs, this paper considers the establishment and expansion of EU embassies across the world. In doing so, the second section highlights concerns over the funding and resources available to UK embassies amid the establishment of EU embassies, along with potential conflicts of interest between UK services and the EU's representation.

Finally, this submission considers how UK membership of the European Union affects the ability of the FCO to achieve its third goal - building Britain's prosperity. To achieve this, this paper looks at what membership to the EU's Customs Union has achieved and what the UK could achieve outside it. In doing so, current and predicted economic circumstances of the European Union and the UK are examined.

By providing examples of how the EU's decline and current structure is harming the UK in achieving its foreign policy goals, this submission illustrates how the UK would be better off out – able to harness its own creative enterprise and flexibility to achieve a stronger set of economic, political and social relationships than membership of the EU's institutional structure could bring both now and in the future.

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1 Call for Evidence on the Government's Review of the Balance of Competences Between the United Kingdom and the European Union: Foreign Policy Report:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/16118/call-for-evidence-foreign-policy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/16118/call-for-evidence-foreign-policy.pdf)

2 Ibid.

3 This paper does not suggest that security is an explicit competence, just that other competences – and the powers that they give the EU – result in effects to national security.

## Section one: The EU and safeguarding Britain's national security

The Lisbon Treaty established a new area of the European Union: the European External Action service (EEAS). In doing so it allowed the EU to take a view on 14 sections of foreign policy making<sup>4</sup> and, as a result, has allowed for the possibility that the High Representative and/or the Union President will be able to orchestrate a single set of policies to which all actors have bought in.<sup>5</sup> The agency had a budget of € 500 million in 2012 and launched a variety of projects and programmes in order to attempt to meet these goals.

One such set of projects has been the EEAS's activities through the European Neighbourhood Policy (ENP) and supporting framework. This project seeks to “to reinforce relations with neighbouring countries to the east and south in order to promote prosperity, stability and security at its borders”<sup>6</sup> and has attempted to do so through a policy of forming joint bilateral action plans to this effect.<sup>7</sup> It has, however, been unable to achieve these goals with regards to countries like Belarus and Syria, with the funding of these states holding long term consequences for UK security.

The ENPI states that it does not currently include Belarus, for example, because “the policies pursued by President Alexander Lukashenka's regime prevent the EU from offering a full participation in the neighbourhood policy.”<sup>8</sup> Nonetheless, this has not stopped the EU from giving extra support now and in the past through the *Eastern Partnership* and the European Neighbourhood and Partnership Instrument (ENPI). Through the former scheme, €38 million of EU taxpayers' money was given to Belarus in 2012-13<sup>9</sup> and came on top of “envelopes” for bilateral cooperation of €43.07 million for 2007-2011 and €41.5 million for 2012-2013 from the ENPI scheme itself.<sup>10</sup>

This is despite a statement made by the EU's Permanent Council in February 2012 that said the “European Union is deeply concerned by reports of continued mistreatment of political prisoners in Belarus”<sup>11</sup>, as well as a memo in May 2012 recognising that “since the violations of electoral standards in the 19 December 2010 Presidential elections, there has been a serious **deterioration in the respect for human rights, the rule of law and democratic principles** in Belarus.”<sup>12</sup>

It indicates that, far from being used to promote “good governance”, the money that was given by the European Union could have been used elsewhere. This is true in another example, however, the consequences of this mismanagement have already manifested themselves.

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4 Common Foreign & Security Policy (CFSP); Development and Cooperation – EuropeAid; European Neighbourhood Policy; Global challenges; Non-Proliferation and Disarmament; Crisis Response; Human rights; Humanitarian Aid; Cooperation with Industrialised Countries; Instrument for Stability; International and regional organisations; EU Special Representative; Conflict Prevention, Peace building and Mediation; EU Cyber Security Strategy

5 Hill, C. and Wong, R: “The meaning of Europeanization in the context of foreign policy” in *National and European Foreign Policies*, Routledge, London, p. 210

6 [European Neighbourhood Policy – Overview: www.eeas.europa.eu](http://www.eeas.europa.eu)

7 Ibid.

8 EuropeAid-Belarus: [http://ec.europa.eu/europeaid/where/neighbourhood/country-cooperation/belarus/belarus\\_en.htm](http://ec.europa.eu/europeaid/where/neighbourhood/country-cooperation/belarus/belarus_en.htm)

9 Ibid.

10 ENP Package – Belarus [http://europa.eu/rapid/press-release\\_MEMO-12-332\\_en.htm](http://europa.eu/rapid/press-release_MEMO-12-332_en.htm)

11 OSCE Permanent Council, Vienna, 2012

[http://eeas.europa.eu/delegations/belarus/documents/press\\_corner/pcdel0104\\_eu\\_on\\_belarus.pdf](http://eeas.europa.eu/delegations/belarus/documents/press_corner/pcdel0104_eu_on_belarus.pdf)

12 ENP Package – Belarus(a) [http://ec.europa.eu/world/enp/docs/2012\\_enp\\_pack/belarus\\_memo\\_2011\\_en.pdf](http://ec.europa.eu/world/enp/docs/2012_enp_pack/belarus_memo_2011_en.pdf)

The case of Syria shows how the EU incentive programmes have failed to achieve EU aims and stop humanitarian abuses from occurring. It is true that Syria is no longer part of the ENP, however, it has been receiving funds from the European Union since 1977, when the Cooperation Agreement<sup>13</sup> between the two parties was signed.

It should be noted that according to the Aid Management Information System (AMIS)<sup>14</sup> the UK has not contributed to funds to Syria through the aforementioned EU schemes; however, the EU has and the European Community and some of its Member States were the largest donors to Syria before the current crisis<sup>15</sup>. Since 1977, the EU has continued to provide funding and support to Syria through a number of mechanisms. Recently it has come through *The Barcelona Process*, which includes the *Euro-Mediterranean Partnership (MEDA)*, and the ENPI.

Money has come with a belief that “there is mutual benefit in a closer relationship between the EU and Syria”<sup>16</sup> with some of the main challenges facing Syria including: “Initiating a process of democratisation; improving institutional governance; improving economic governance; managing the economic transition; and pursuing the reform of human resources development”<sup>17</sup> The provisions given to Syria from the EU include MEDA I (1995-1999) that totalled €97.5 million, MEDA II (2000-2006) which was €189 million and, since 2000, a total of €925 million in loans from the European Investment Bank (EIB). A total of €130 million was ear-marked for the period 2007-2010 (see table 1).<sup>18</sup>

Table 1: Budget and the phasing of the programme

Priorities	2007	2008	2009	2010	Budget (€m)	% total
Support for political and administrative reform	-	-	(*)	30	30	23.00%
Support for economic reform	20	10	30	-	60	46.00%
Support for social reform	-	20	-	10	30	23.00%
Interest-rate subsidies	5	-	5	-	10	8.00%
Total	25	30	35	10	130	100.00%

(\*) Additional resources were made available for this priority.

However, even though the EU has imposed restrictive measures and sanctions on Syria since May 2011, which have been extended to mean it won't receive the €129 million for 2011-2013 (or an average of €43 million a year), the aid programmes that it has operated still have not prevented the crisis to happen. Indeed, despite giving money for administrative and political reform – along with other reforms – the EU has failed in its stated aim with regards to Syria. As a result of failed

13 Cooperation Agreement: EU-Syria 1977: <http://goo.gl/VRTyv>

14 Managed by the state planning commission with support of UNDP in “European Neighbourhood and Partnership Instrument – Syrian Arab Republic”: [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_nip\\_syria\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_syria_en.pdf) p.8

15 European Neighbourhood and Partnership Instrument – Syrian Arab Republic [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_nip\\_syria\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_syria_en.pdf) p.8

16 Ibid. p.4

17 Ibid. p.16

18 Ibid. p.37

diplomatic missions and schemes, the programmes have not stopped and have possibly helped to fund instability in the area and the region.

This is not to say that the funding of Syria by the European Union led to the current crisis in the country – far from it. The European Commission is even trying to address the situation by supporting Syrian refugees in Lebanon and Jordan with €21 million<sup>19</sup> and providing €100 million in total for humanitarian aid<sup>20</sup>. Nonetheless, this aid is currently being hampered by lack of access<sup>21</sup> and, after successive failures to reach a settlement, an agreement to resolve the crisis currently seems distant. It means that much of the money previously given to Syria through programmes covered by the ENP and European Investment Bank loans (to name just two) to provide infrastructure and prompt governmental reforms have either been wasted or – at worst – used illegally by the authorities. Moreover, the continuing nature of the crisis has also cost the UK at least £50 million in humanitarian aid focused on delivering food, medical supplies and medical care to people across Syria and the region.<sup>22</sup>

However the money, funding and support has been used in Syria, it shows the ineffectiveness and waste that the EU frameworks can produce. Indeed, the funding of Belarus also shows the wasteful nature of the EU and The Freedom Association feels, given that these countries rank among the least transparent and most corrupt in the world<sup>23</sup> and regularly ignore or disobey international agreements<sup>24,25</sup> and pressure<sup>26</sup>, that the EU's involvement has put at risk the stability and security of the region and, by extension, UK nationals at home and abroad.

What it also indicates is the ineffectiveness of the British voice within these processes. The United Kingdom, according to the tables produced by the UNDP<sup>27</sup>, did not contribute directly to these schemes, yet they went ahead regardless. Moreover, in the continuing mission to try and resolve the situation, it has been reported that British and French moves to lift the EU arms embargo to help Syrian rebels have been blocked by states including Germany<sup>28</sup>. This poses the question that the FCO and other departments must answer: for what end are we in the European Union? If it is to influence, then where is the proof that we are influencing? If it to steer, then – unless the UK wanted to fund these regimes - why hasn't the UK been able to steer in these cases? The reality of these two cases show an infrastructure within the European Union able to navigate itself against the will and interests of the United Kingdom. If set free from this competence, the UK can not only set its own agenda, towards states like these but also act as a powerful and independent voice for change that can be amplified, rather than muffled.

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19 ENPI-Info: <http://www.enpi-info.eu/medportal/news/latest/31603/EU-steps-up-support-for-Syrian-refugees-in-Lebanon-and-Jordan-with-%E2%82%AC21-million-measure>

20 World Food Programme – Syria Crisis: <http://www.wfp.org/content/syrian-crisis-eu-pledges-%E2%82%AC100-million-humanitarian-aid>

21 Lack of access in Syria hinders humanitarian aid: EU <http://www.reuters.com/article/2012/09/26/us-un-assembly-syria-eu-idUSBRE88P1SR20120926>

22 UK doubles funding for Syria crisis, Number 10: <http://goo.gl/ZrGrP>

23 Transparency International Corruption Perceptions Index 2012: <http://cpi.transparency.org/cpi2012/results/>

24 Syria Lets Arab League Deadline on Observers Pass, New York Times, 25 November 2011:

[http://travel.nytimes.com/2011/11/26/world/middleeast/syria-lets-arab-league-deadline-on-observers-pass.html?\\_r=0](http://travel.nytimes.com/2011/11/26/world/middleeast/syria-lets-arab-league-deadline-on-observers-pass.html?_r=0)

25 Syrian ceasefire crumbles amid clashes, The Financial Times, 29 October 2012:

<http://www.ft.com/cms/s/0/e390ecba-211b-11e2-babb-00144feabdc0.html#axzz2Koe1rSCy>

26 EU outraged after Belarus executes two men accused of Metro bombing, The Guardian, 18 March 2012:

<http://www.guardian.co.uk/world/2012/mar/18/belarus-executes-two-metro-bombing>

27 European Neighbourhood and Partnership Instrument – Syrian Arab Republic

[http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_nip\\_syria\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_syria_en.pdf) p.60

28 “EU battle over more to ease arms flow for Syrian rebels, Bruno Waterfield and Richard Spencer, Daily Telegraph, 15 February 2013



## Section two: The EU and supporting British nationals around the world

The FCO's second priority is “supporting British nationals around the world through modern and efficient consular services.”<sup>29</sup>

Yet in 2010 the European Union set up embassies around the world to facilitate the expression of its message. These include more than 50 European Union embassies through the European Diplomatic Programme (EDP), created as a result of the Lisbon Treaty, which are situated across the world, including in countries such as Afghanistan, China, India and in 33 African nations.

The decision to give 54 of the European Commission's 136 delegations full ambassadorial status was taken without any public announcement when the Lisbon Treaty entered into force.<sup>30</sup> The then Conservative spokesman on Europe at the time said: "It is crucial that these new EU delegations do not try to stray into the work of national embassies. The growth of the EU's diplomatic representation presents a stark and regrettable contrast to the financial crisis facing Britain's Foreign Office."<sup>31</sup>

Indeed, since the establishment of these embassies, the UK has chosen to save £100 million in FCO savings, with £30 million of savings through staff costs<sup>32</sup>. This may not have meant that the UK taxpayer had to pay more as a result; however, the fact that these EU embassies have cost £55 million in rent alone<sup>33</sup> illustrates that the EU is being given more funds to finance its activities despite savings being made by corresponding national governmental departments.

This marks one concern over the funding and resources available to UK embassies. If reports that the UK has planned new embassies for 30 countries, including 11 in Asia, are correct<sup>34</sup> then this should be welcomed. However, the financing of any EU embassies should never be to the detriment of the services provided for UK nationals living abroad.

It should be noted that the EU embassies seek to take a different role to those of UK embassies, as suggested by a British diplomat quoted in the *Daily Telegraph*.<sup>35</sup> However, these “super-delegations” take on the role previously carried out by the national embassies of the member state holding the six-month EU presidency at any given time.<sup>36</sup> Indeed, as they are described by the EEAS as “the eyes, ears and mouthpiece of the European Commission vis-à-vis the authorities and population in their host countries”<sup>37</sup>, what happens when the priorities of the European Commission go against those of the UK and the interests of British nationals in particular?

Moreover, tying in with priority number three as well, although there have been made more resources available for embassies in areas such as Brazil, Turkey, Mexico and Indonesia<sup>38</sup>, the UK FCO should not discount improving its presence in Africa and not shy away from enhancements on

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29 “What we do”: FCO Priorities: <https://www.gov.uk/government/organisations/foreign-commonwealth-office/about>

30 “More than 50 EU embassies open across the world”, Bruno Waterfield, Daily Telegraph 22 January 2010: <http://www.telegraph.co.uk/news/worldnews/europe/eu/7045354/More-than-50-EU-embassies-open-across-the-world.html>

31 Ibid.

32 Announcement: Foreign Secretary, 11 May 2011: <http://goo.gl/Z098u>

33 “EU diplomat's home costs £25,000 a month”, Bojan Pancevski and Lucy Fisher in *The Sunday Times*, 20 January 2013: [http://www.thesundaytimes.co.uk/sto/news/uk\\_news/National/article1197936.ece](http://www.thesundaytimes.co.uk/sto/news/uk_news/National/article1197936.ece)

34 “Britain plans new embassies in booming Asia”, Justin Harper, Daily Telegraph, 30 April 2012

35 “More than 50 EU embassies open across the world”, Bruno Waterfield, Daily Telegraph 22 January 2010: <http://www.telegraph.co.uk/news/worldnews/europe/eu/7045354/More-than-50-EU-embassies-open-across-the-world.html>

36 ‘EU commission 'embassies' granted new powers’, Andrew Rettman, *EU Observer*, 21 January 2010: <http://euobserver.com/foreign/29308>

37 EU Delegations: [http://eeas.europa.eu/delegations/index\\_en.htm](http://eeas.europa.eu/delegations/index_en.htm)

38 Announcement: Foreign Secretary, 11 May 2011: <http://goo.gl/Z098u>

the basis that the EU might carry out the same function.

Indeed, as pointed out by the former Minister of State for Africa, Henry Bellingham MP, because of the demographics and resources involved, Africa includes some of the fastest growing economies, with members sharing principles of democracy, rule of law, good governance and similar legal systems.<sup>39</sup>

It means that, whatever role is taken by the European Commission missions in these areas, the UK needs to ensure that it can provide the right services to UK nationals who either travel or work in Africa and, combined with FCO priority number three, help ensure further success in the building of UK relationships on the Continent.

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39 Minister for Africa speaks on growth and progress on trade integration”, 22 June 2011:  
<http://britishembassyinireland.fco.gov.uk/en/news/?view=Speech&id=620314382>

### Section three: The EU Customs Union and Building British Prosperity

As described in section two, the opportunities in continents like Africa are ready for the UK to take, if it chooses to. However, being tied to the European Union and its embassies could potentially make it harder for the United Kingdom to further its own diplomatic and economic objectives in the future.

There is also a concern that the UK is being restricted in achieving its third FCO policy priority because of its membership of the European Union. The concern comes in the form of the Customs Union, a trading area that “may have been economically beneficial when EU tariffs were relatively high. But tariffs are now low and moreover only pertain to the import of goods, whereas much of Britain’s trade relates to services.”<sup>40</sup>

This idea of a world of low tariffs is seconded by the think tank *Global Britain* which shows that the overall real average rate of duty on imports of goods from outside the UK shrank by 26% between 2002 and 2011 (table 2) and that over seventy-five per cent by value of all UK imports of goods from outside the EU bore zero customs duties in 2010 (see table 3)<sup>41</sup>:

Table 2: Real Rate of UK Customs Duties on Imports of Goods from outside EU

Year	Customs Duties (1)	Imports of Goods from non-EU £bn (2)	Rate of Duty change %
2002	1.9	97	1.98
2003	1.9	100	1.94
2004	2.1	109	1.97
2005	2.2	122	1.83
2006	2.3	136	1.71
2007	2.4	141	1.71
2008	2.6	164	1.61
2009	2.6	148	1.79
2010	2.9	178	1.65
2011	2.9	197	1.47

(1) Table 7:1.2, p243, *The Blue Book 2012*, [www.statistics.gov.uk](http://www.statistics.gov.uk) > Economy > National Accounts > *The Blue Book 2012*

(2) Table 9.4: Impacts: p.161 *The Pink Book 2012*, [www.statistics.gov.uk](http://www.statistics.gov.uk) > Balance of Payments > *The Pink Book 2012*

40 Lea, R. and Binley, B. (2012): *Britain and Europe: A New Relationship*, p.3, Global Vision, London

41 “UK Customs Duties: very low on average & reducing”, 28 September 2012:

Table 3: UK Customs Duties In 2010 by Type of Commodity<sup>42</sup>

Imports of Goods from non-EU	Value £bn	% value	Gross Duty charged £bn	Average Rate of Duty %
Bearing a positive duty	45	25	2.87	6.4
Bearing zero duty	133	75	Zero	Zero
All imports from non-EU	178	100	2.87	1.61

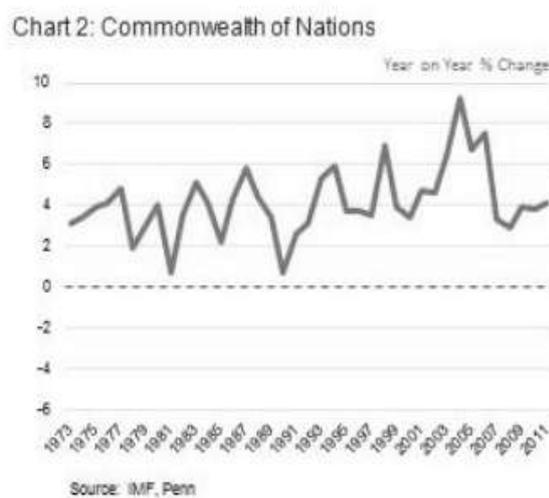
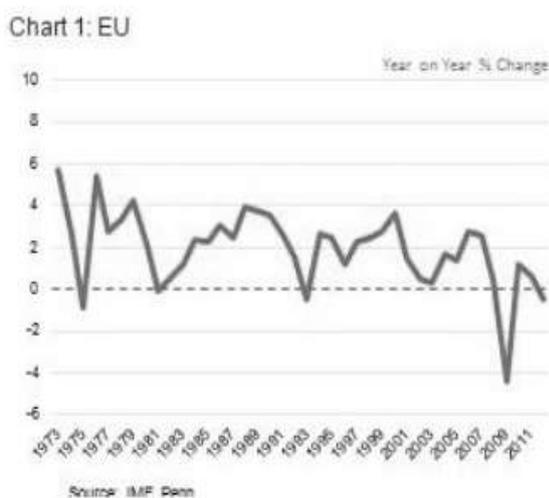
This demonstrates that the world in which there were external tariffs is increasingly over and that the Customs Union is becoming archaic. The result is that, despite lowering trade tariffs, the UK is not free to make its own arrangements and is bound together with 26 other nations that may have very different visions, and relationships, with the countries the UK wishes to negotiate with.

As described in Lea and Binley 2012:

*The costs to Britain of membership of the Customs Union, specifically the opportunity costs of being unable to negotiate its own free trade deals, are however substantial. Moreover these opportunity costs are likely to be increasingly significant, given the relative decline of the EU as an economic bloc and the rise of the Commonwealth, for example, where Britain has an advantage through ties of culture and history. The establishment of a Commonwealth FTA, including the UK, would almost certainly stimulate the development of trade links.*<sup>43</sup>

Indeed, they are quite right in pointing out the different economic projections that these two entities are currently faced with. As illustrated by graphs 1a, 1b and 2<sup>44</sup>, the EU is due for a decade of decline while the Commonwealth is on course for another decade of economic growth.

Graph 1a and 1b:



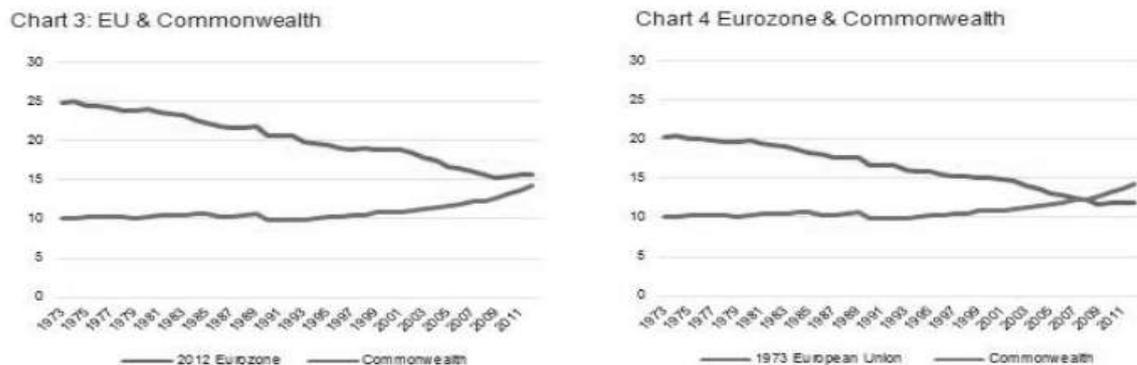
42 HoL Col WA 193, HL 989 &990, Lord Sasson to Lord Pearson, 5<sup>th</sup> July 2012 in *ibid*.

43 *Ibid*.

44 World Economics: Commonwealth GDP growth:

[http://www.worldconomics.com/papers/Commonwealth\\_Growth\\_Monitor\\_0e53b963-bce5-4ba1-9cab-333cedaab048.paper](http://www.worldconomics.com/papers/Commonwealth_Growth_Monitor_0e53b963-bce5-4ba1-9cab-333cedaab048.paper)

Graph 2:



It means that as part of the EU's Customs Union the UK is unable to make FTAs that might suit it with economies that are growing. Furthermore, as part of this EU competence the UK is missing out on growth opportunities.

Problems with tying the UK to the EU were also spelt out by Ruth Lea both in her evidence to the Foreign Affairs Select Committee in 2012<sup>45</sup> and in her *Daily Mail* article of 7 October 2012.<sup>46</sup> In her *Mail* article, Lea said:

*My enthusiasm for the Commonwealth has nothing to do with a romantic attachment to a fading dream of Imperial glory. In fact nothing could be further from the truth. Commonwealth countries do not have their best years behind them, as I fear many EU countries do, they have their best years ahead of them. And it's worth reminding us Commonwealth nations, taken together and including the UK, are an economic colossus comprising some 15% of world GDP, 54 member states (53 excluding Fiji, which is currently suspended) and two billion citizens. They will inevitably become more influential and powerful. The Commonwealth spans five continents and contains developed, emerging and developing economies. Crucially, the Commonwealth, in its richness and diversity, mirrors today's global economy in a way that the EU simply cannot start to aspire to.*

*The latest IMF forecasts show that the major Commonwealth countries have healthy growth prospects in the medium-term, significantly better than for major EU economies. And looking to the longer-term, they are blessed with favourable demographics. Their working populations are projected to increase to 2050 and, insofar as economic growth is correlated with growth in the working population, they will represent some of the most important growth markets in the longer-term. Specifically, the Commonwealth's demographics compare very favourably with some major European countries including Germany and Italy, where working populations will age and shrink. It is mistaken and old-fashioned to regard the Commonwealth as the 'past', an outmoded relic of Empire. Commonwealth countries are young and dynamic and should play a much bigger part in Britain's future.*

*It has moreover been estimated that business costs are 10-15% lower for Commonwealth countries trading with one another compared with Commonwealth countries trading with non-Commonwealth countries of comparable size and GDP. This benefit, the 'Commonwealth advantage', reflects shared history and commonalities of language, law and business practice. It should act, other things being equal, as a major incentive to intra-Commonwealth trade.*

45 "Inquiry: The role and future of the Commonwealth", Foreign Affairs Select Committee, 19 April 2012

46 "The Commonwealth should play a much bigger role in Britain's future", *Daily Mail*, 7 October 2012:

<http://leablog.dailymail.co.uk/2012/10/the-commonwealth-should-play-a-much-bigger-role-of-britains-future-an-interesting-snippet-of-news-slipped-out-recently-th.html>

Indeed, it is for practical business benefits that the UK should look to strengthen its ties with these countries – especially as this group of nations has “never been stronger”, according to the current Minister in charge of Commonwealth Affairs<sup>47</sup>. This includes some of the fastest growing economies in the world and includes many Commonwealth countries. Nonetheless, the EU's approach to trade deals are said to be harming relations between the EU and developing countries. This is highlighted in the 2012 publication, “*Common-trade, Common-growth, Common-wealth*” by Tim Hewish and James Styles.<sup>48</sup> In it the authors describe the “EU Solution for the Developing World”, in the form of “Economic Partnership Agreements” (EPAs). It is worth quoting at length:

*EPAs are defined as ‘development-friendly trade agreements between the European Union (EU), its member states and African, Caribbean and Pacific (ACP) countries’<sup>49</sup>.*

*Yet the EU Commission’s somewhat rose-tinted view of the EPAs conveniently omits to mention the damaging impact they have had upon some of the least developed countries of the world. EPAs require developing countries to eliminate around 80% of their tariffs on goods imported from the EU.<sup>50</sup>*

*Another issue with EU trade deals is its subjective morality. Robert Sturdy MEP explained to us that one nation with which it is looking to trade still has the death penalty and the socialist bloc of the EU is trying to obstruct a report into an EPA because of capital punishment. As he laments:*

*If it is about trade, then forgive me, but what on earth has the death penalty got to do with trade?*

*The double standards are further exposed when we see that the US is a major trade partner for the EU, yet the death penalty remains in a large number of US states. The same could be said for China. Will the EU therefore refuse to conduct trade with these nations? We think not.*

*Whilst EPAs have been broadly beneficial, the EU has been accused of ‘bullying’ developing countries into signing up to these agreements by threatening to reduce their preferential access to EU markets and to sharply raise tariffs unless they commit. Sturdy confirms this, as he has seen cases where the EU Trade Commission has tried to push nations into an agreement when they were not ready*

*Instead of helping developing countries to join the liberalised global trading system, the EU has adopted a negotiating style more reliant upon the stick than the carrot, which has left a bitter taste in the mouths of many premiers across the developing world. As the former Open Europe Director, Neil O’Brien, puts it:*

*The European Commission has inappropriately tried to shoehorn ACP countries into a model based on the EU, regardless of the situation on the ground.<sup>51</sup>*

*As we learnt from one source close to the Singapore High Commission, in part of the EU-Singapore trade negotiation, the EU Trade Commission asked Singapore to open itself up to more European*

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47 “The Commonwealth has never been stronger”, Hugo Swire, *Daily Telegraph*, 2 January 2013

48 Hewish T. and Styles J. (2012): *Common-trade, Common-growth, Common-wealth* (The Hampden Trust, Exeter)

49 Department for Business, Innovation and Skills, <http://www.bis.gov.uk/policies/trade-policy-unit/trade-negotiations/EPAs>

50 “Economic Partnership Agreements: is the EU rushing towards disaster on 31 December? And how will we sort out the mess afterwards?” Open Europe: <http://www.openeurope.org.uk/Content/Documents/PDFs/epaupdate.pdf>

51 O’Brien, N., Open Europe, Briefing Note: *Economic Partnership Agreements: is the EU rushing towards disaster and how will we sort out the mess afterwards?*

*banks and allow more EU lawyers to enter Singapore because it felt Singapore were allowing greater entry to UK banks and lawyers.*

*Singapore's response was that she had an ongoing understanding and trust with Anglophone banks, such as Standard Chartered, as they had been operating there for centuries and had very similar practices.*

*Therefore, she did not want European banks with what she saw as foreign practices, crowding the market. As for lawyers, Singapore has an English legal system so it was logical and sensible to allow more UK lawyers to practice there as opposed to European ones who did not understand and adopt Englishbased legal customs.*

*This explains why the majority of ACP countries have chosen not to participate, or have dragged their heels when being pressured into signing up to these onesided trade agreements. Indeed:*

*Ten countries have decided that EPAs are so unattractive that they would rather trade with the EU on the same basis as countries like Brazil and Argentina, whose exports to the EU face higher tariffs.<sup>52</sup>*

*Consequently, were the UK to form a looser trading relationship with the EU, it would be able to form more of its own trade deals with developing countries, on far more equitable terms.*

*In addition, the Tongan High Commissioner explained how British foreign policy is being severely damaged by a drift towards EU imperial mission creep:*

*Tonga does feel the difference, as everything must now be with the EU. We would love to get the answer from Westminster rather than Brussels. The situation we have now is Pacific Islands have set up in Europe, only Tonga, out of residual loyalty, is in the UK despite the fact most of my work is based in Brussels now. However, Tonga's High Commission will no doubt be leaving soon as the UK has given it little incentive to remain.*

This shows that the EU's approach is not only restricting its relations with developing nations but also that, as a result of EU membership, the UK's relationship with developing nations is being harmed. However, this relates not only to the Commonwealth. With EU embassies having been set up in China and other areas, the question should be asked whether the UK is able adequately to lobby for influence? With the Foreign Secretary stating that we can never rely on anyone else to advance the interests of the United Kingdom<sup>53</sup>, we should understand that being able to form free trade deals independently has benefited many nations around the world.

Countries like Switzerland, for example, have been able to strengthen their own relationship with the EU through EFTA while also being able independently to form trade deals with other nations. An example of this is the FTA Switzerland signed with Japan in 2009 and the FTA it is currently negotiating with China.<sup>54</sup> Furthermore, outside the Customs Union but within EFTA, Switzerland has been able to enjoy the benefits of a trade deal with Canada in 2009, the same year the EU started to negotiate one<sup>55</sup>.

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52 Ibid.

53 Announcement: Foreign Secretary, 11 May 2011: <https://www.gov.uk/government/news/foreign-secretary-for-the-first-time-in-decades-our-diplomatic-reach-will-be-extended-not-reduced>

54 "Free Trade Agreements", State Secretariat for Economic Affairs SECO: <http://www.seco.admin.ch/themen/00513/00515/01330/index.html?lang=en>

55 Ibid.

While there is currently no FTA agreement with the USA, the EU is currently engaged in negotiations. It should be recognised that the EU has faced problems with forming FTAs with both the USA in the past, especially with regards to agriculture. It has been argued that this is because the UK's view point is distorted by powerful lobby groups from other countries<sup>56</sup>, and with more countries in the EU the more vested interests in each country have an influence in negotiations. The same point regarding the amount of vested interests now involved has been made on the other side of the Atlantic (in relation to Obama's position and the current USA – EU FTA negotiations).<sup>57</sup> This barriers could be reduced if the UK negotiated trade deals bilaterally with other countries.

Nonetheless, these proposed FTAs could bring benefits to the UK. According to the *Pink Book*, the UK had a surplus with the United States of above £20 billion in 2011<sup>58</sup>. TFA think any lowering of tariffs for British goods being sold in the USA is a positive step. Along with the UK's trading links We also commend the Prime Minister for using his term as President of the G8 to lobby for reductions in tariffs<sup>59</sup> and hope that there will be zero trade tariffs between the UK and the USA as soon as possible.

In doing so, we recognise that, like argued by Dan Hannan MEP, an EU-USA trade deal strengthens the case for British withdrawal. He points to the Index of Economic Freedom which shows that the two most open and competitive economies in the world are Hong Kong and Singapore and that, free of the EU's Customs Union, Switzerland has a more liberal trade policy than the EU.<sup>60</sup> This has led to a number of benefits and, as research conducted by KPMG shows, being outside the EU has not stopped Switzerland from attracting FDI investment, with 86% of it coming from the EU itself<sup>61</sup>.

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56 “Cameron says that free trade is in the UK's DNA. Is it in his?”, Rory Broomfield in *The Commentator*, 13 November 2012:

[http://www.thecommentator.com/article/2043/cameron\\_says\\_free\\_trade\\_is\\_in\\_the\\_uk\\_s\\_dna\\_is\\_it\\_in\\_his](http://www.thecommentator.com/article/2043/cameron_says_free_trade_is_in_the_uk_s_dna_is_it_in_his)

57 “How Obama Can Win a European Free-Trade Deal”, by Ben Heineman Jr. in *The Atlantic*, 21 February 2013:

<http://www.theatlantic.com/business/archive/2013/02/how-obama-can-win-a-european-free-trade-deal/273279/>

58 Table 9.2 on page 154 of *The Pink Book* 2012

59 “David Cameron sets free trade agreement as his G8 priority” by Juliette Jowit and Ewen MacAskill, *The Guardian*, 1 January 2013: <http://www.guardian.co.uk/politics/2013/jan/01/david-cameron-free-trade-agreement-g8>

60 “An EU-US free trade deal is a good deal, though it strengthens the case for British withdrawal” by Dan Hannan, *Daily Telegraph*, 21 January 2013: <http://blogs.telegraph.co.uk/news/danielhannan/100199046/eu-usa-hold/>

61 “Investment in Switzerland” by KPMG: <http://www.kpmg.com/CH/en/Library/Articles-Publications/Documents/Tax/pub-20120425-investment-in-switzerland-en.pdf>

## **Conclusion:**

EU membership has not served in helping the UK achieve some of its foreign policy objectives. In fact, the policies and funding schemes put in place by the European Union and under the banner of “competences” have had detrimental effects in this regard.

With regards to **safeguarding Britain's national security**, EU aid is not achieving its desired objectives and the work of one programme is often been undermined by the actions of other agencies or bodies that are connected to the EU system. This submission also highlights that projects and funding are provided that are not in areas that the UK favours nor to governments that the UK approves of. It means that the UK is effectively left on the sidelines; that the work being done through the EU is not in the name of the UK and – given the consequences of these failures – has helped lead to situations that prove detrimental to UK national security interests.

This submission also looks at the FCO's second priority of **supporting British nationals around the world**. It finds that – regardless of EU embassies being provided with new finance when there is austerity measures put in place by EU Member States (including the UK) – there is concern over conflicts of interests with these “super-delegations”. Moreover, there is the continuing question over whether, given the direction that resources are being allocated (via EU over UK), that (a) the voice of the UK is being heard effectively in expansive parts of the world and (b) UK citizens in these countries are provided with / continue to be provided with the appropriate facilities by their home government.

Finally, this paper looked at the EU Customs Union in the context of the FCO's third goal: **building Britain's prosperity**. It concludes that this EU competence has become relic which the UK should abandon completely. With the lowering of trade tariffs, an enlarged EU with more vested interests that create distortions in the negotiations (which have disrupted FTAs in the past), and with the UK being unable to effectively reconnect with countries that have the same language, legal system, culture and growth, the UK should go its own way and, like its competitors outside of the EU, make trade deals faster and in its interest.