

Review of the Balance of Competences

Submission by David Campbell Bannerman MEP for HM Treasury: Single Market: Financial Services and the Free Movement of Capital

This Submission proposes a new relationship for the UK with the EU outside of EU membership entitled 'EEA Lite'; one which lies between Norway's EEA Agreement and Switzerland's bilateral agreements (closer to its proposed new framework agreement). EEA Lite would maintain access to the EU Single Market for UK Exporters whilst allowing the UK to save EU gross membership contributions of £20 billion a year and by leaving the EU Single Market, allow substantial reduction in EU red tape for the 92% of the UK economy that is not involved with trade with the EU (8% of UK economy is involved with trade with the EU and 12% with the Rest of the World and rising). The benefits of EEA Lite are tailored to each FCO request for submissions. Fuller details on EEA Lite are available on the www.timetojump.org website.

In their 2012 survey on the UK's attractiveness to foreign investors, Ernst and Young found Britain remained the number one FDI destination in Europe, owing largely to the attractiveness of London and the UK's close corporate relationship with the US. Indeed, the UK has now become the top choice for Japanese investors into Europe. On the subject of the EU, the report found that 72% of US and two-thirds of Asian investors believe that a looser relationship with the EU would actually make the UK more attractive in terms of FDI.

EU membership was not mentioned at all in their table of key investment factors, which were:

- UK culture and values and the English language
- Telecommunications and technology infrastructure
- Quality of life
- Stable social and political environment
- Education in trade and academic disciplines
- Transport and logistics infrastructure
- The entrepreneurial culture.

Respected political economist, Ruth Lea, points to UKTI 'Seven Reasons to Locate Your Business in the UK' as clear evidence that EU membership is not important to foreign investors into the UK.

The UKTI seven reasons are:

- A major domestic market
- The perfect base to access markets worldwide
- An unrivalled business environment
- An internationally competitive tax environment
- Europe's strongest research and development environment
- Great quality of life
- Return on investment for the long term

In any case, if the UK were to leave the EU; open access to the EU market would continue through a Free Trade Agreement in the manner of Switzerland and Norway whilst the UK would gain from higher growth, less regulation, more public spending and/or lower taxes and more suitable trade deals.

The Chair of Nei til EU ('No to the EU'), Heming Olaussen, noted that Norway was also threatened with the same myths. He said, "They said we would lose 100,000 jobs, nobody would invest in Norway, the interest rate would go to the skies, we would be isolated, and nobody would speak to us. They said all those kind of things, which have proved false, all of them because the Norwegian economy has really gone to the top after 1994, investments, interest rate is low; we have the lowest unemployment rate in Europe. So this was all false."

This is borne out by the fact that Norway took in US\$12.8 billion in FDI inflows in 2012. Membership of the EU is clearly an irrelevance for foreign investors who want a return on their money. EU directives and regulations are subject to a 'ratchet' effect – once they are in place they are highly unlikely to be reformed or repealed. Less than 10% of Britain's GDP (N.B The official figure of 11.1% is too high as this includes the Rotterdam-Antwerp Effect and the Netherlands Distortion) represents trade with the EU yet Brussels' regulations afflict 100% of the UK economy; an economy which is the world's sixth largest. More importantly, 80% of Britain's GDP is generated within the UK, such as Londoners buying Scottish whisky, so at least 80% (90% if trade to the Rest of the World is included) need not be subject to EU laws once the UK is free again.

There are well over 150,000 pages of EU laws in the form of regulations and directives, to say nothing of ECJ directives and decisions, which have legal force in the UK. In 2006, the then EU Commissioner for Enterprise and Industry, Gunter Verhuegen, estimated that the EU laws cost European business €600 billion a year in which it can be estimated that the UK share was £56 billion. This was EU regulation equivalent to 5.5% of the EU GDP or the size of the Dutch economy.

For the UK, the think tank Global Britain estimated in 2009 the cost of EU regulation was £98 billion or 7% of UK GDP. Open Europe noted that the UK Government's regulation had cost the UK economy a cumulative £176 billion by 2009 of which 71% had its origin in EU legislation. In 1994, the full impact was summed up by Ian Milne at £20 billion annually.

In 2004, Peter Mandelson put the cost of EU red tape at 4% of EU GDP or €421 billion. The UK share of this massive figure was estimated at £49 billion.

As Brian Binley MP and Ruth Lea point out, the Single Market is not intended to be a free trade market but follows the 'Continental Social Market Model, which is characterised by heavy employment regulations (social protection) and trade protectionism (especially in France)'. In 2009, the TaxPayers' Alliance put the EU regulations figure at £118 billion per year.

If the UK was to leave the EU and instead have an alternative set-up such as an EEA Lite Agreement that would mean:

- Leaving the EU Single Market, but retaining full access to that market for UK Exporters of Goods and Services, recreating a UK Customs Union and restoring British control over the UK Domestic Market, the sixth largest economy in the world. According to the EU Commission's own figures, the Single Market costs two and half times more than it benefits the member states, a 2009 book 'The Great European Rip-off' by Matthew Elliott and David Craig estimated that the Single Market cost some £118 billion a year. That is equal to £1,968 for every man, woman and child in UK and in every one of Britain's three historic applications to join the EEC the Treasury warned that this Single Market would be a cost to the UK;

- The ability to stop, repeal or amend up to 92% of EU laws that do not relate to access to the EU Single Market. This gives the UK the ability to slash much of the £118 billion cost of EU Regulation applying to the majority of the UK economy not related to exporting to the EU, as proposed under EEA Lite. Even the French acknowledge that EU over-regulation is damaging: according to the Conseil d'Analyse Economique - which reports to the French Prime Minister- over-regulation is a major factor in the EU's decline compared with the Rest of the World. The EU body of law (the 'acquis communautaire') now runs to 35 chapters and 150,000 pages;

- The ability to protect the City of London's financial services, the largest financial centre in the world and worth 12% of GDP and which generates £35 billion of net UK exports a year from being severely damaged by EU legislation such as the Financial Transactions Tax by EU regulators who wish to "downsize the City of London, because they do not like our Anglo Saxon methods." The ECJ at the time of writing is reviewing whether the ECB's demands for London-based clearing houses to be based in the Eurozone and supervised by Eurozone authorities are in line with the legal principles of the Single Market. The think tank open Europe states that it is a case which could well determine UK's role in the EU and the "trillions of euro worth of business conducted in London;"

- Most EU regulation of the City of London has sought to advantage competitive EU rivals such as Frankfurt and Paris, but in practice just loses business to the Middle and Far East. Britain will be free to quit the EU regulators EloPA (European Insurance and occupational Pension Authority) based in Frankfurt, the Paris-based European Securities and Markets Agency (ESMA) and the London based European Banking Agency (EBA).

- In his own report, former Bank of England Monetary Committee member Professor Tim Congdon queries the decision to base the European Securities and Markets Authority (ESMA) in France and European Insurance and occupational Pensions Authority (EloPA) in Frankfurt for "Paris's trading and underwriting volumes in securities are only a fraction those of London" and Britain has the largest pension assets of any European nation. Consequently the London pension fund management dominates the European pension industry. The only London-based EU regulatory financial institution is the EBA. The Author's view is that basing these three EU bodies in the EU's three largest economies is typical of EU horse-trading for spoils, but does not serve financial markets well or logically.

- Congdon adds that the disastrous Financial Transactions Tax (FTT) – which when applied to Sweden in the 1980s saw up to 99% of its financial companies leave (mainly for London) - is applied to Britain, the Commission has acknowledged in their impact analysis the FTT will cause “70% to 90% of trade in derivatives – in which London is the largest global player – to leave the EU.” The Commission estimates that 0.03% of the European labour force would lose their jobs as a result – which equates to 50,000 jobs, mostly in the City of London.
- If such regulations were applied to the City of London, Professor Congdon estimates that “the UK’s loss from EU-imposed regulation might be estimated at £1.7 billion in the first year, but increasing with time. The capital loss to the UK – on assumptions which discount the loss aggressively (i.e. make it smaller than it otherwise would be) – might be almost £60 billion.”
- In March 2013, EU Finance Ministers adopted a strict cap on Bankers’ Bonuses despite a UK fight back which only secured minor tweaks from the other member states. The UK has now had to resort to a legal case in the ECJ on the basis of this measure being illegal, despite claimed ‘Influence’. Only an independent Britain can ensure the prosperity of the City as the European Parliament is virtually certain to pass the measure.
- At the time of writing, the European Court of Justice is reviewing whether the ECB’s demands for currently London-based clearing houses to be based in the Eurozone and supervised by Eurozone authorities are in line with the legal principles of the Single Market. Open Europe states that this one case could well determine UK’s role in the EU and the ‘trillions of euro worth of business conducted in London’.

The AIFM Directive now regulates the practices of all EU-based Alternative Investment Fund Managers (rather than funds themselves). This law hurts the UK disproportionately as the UK is home to 23% of the EU’s AIF Management Companies. It will cost the UK economy £5.3bn (according to open Europe), and also 18,000 jobs. The UK has ceded its seat on the WTO to the EU Trade Commissioner, and it is only the EU (Trade) Commission which can negotiate free trade deals with trading partners on behalf of the UK and the other member states, including close Commonwealth partners. The EU Commission also constantly interposes itself on UN and other international agreements that should be left to the sovereignty of the member states.

EEA Lite Explained

The EEA Lite Agreement proposed is thus legally feasible. It parallels many aspects of the EEA Agreement in terms of institutions and relationships but contains fundamental differences in terms of its treatment of the EU acquis and free movement of persons.

I present here a new model of association with the EU, which I have called in somewhat marketing parlance, ‘EEA Lite’, in contrast to the existing, full ‘regular’ EEA Agreement. These sorts of models of association are legalistic, technical and not very people friendly, but EEA Lite is designed to sit somewhere between the

successful but over-prescriptive EEA Agreement launched in 1994 post the EU single market and the Swiss-style set of bilateral agreements, which are far more democratic but less structured, more idiosyncratic, and less clear institutionally in terms of surveillance and dispute resolution and provide only agreed sectoral access to the EU single market through additional agreements.

I am seeking to suggest a viable option, to show that the model is pretty much in existence and proven now and can be readily adapted, and to demonstrate how that option could unlock a great deal of benefits for the UK in terms of greater freedoms, opportunities and reduced costs - whilst maintaining friendly relations and full access to the EU single market for UK exporters of goods and services. What I have subsequently been surprised at is how comparatively straightforward the proposed amendments are. For example, the EEA Joint Committee between the EU and EFTA nations and the EU-Swiss Joint Committees are up and running and the notion therefore of an 'EU-UK Joint Committee' handling an EEA Lite Agreement would be comfortably based on proven practices and existing, successful operating institutions and procedures.

In setting out a strong case for a new Negotiated out relationship with the EU, I am not necessarily ruling out a Renegotiated In. It is true that I believe personally it is easier to negotiate an acceptable new deal for Britain under a legal exit framework agreed under EU law – Article 50 of the Lisbon Treaty – and using a revised version of an agreed and operating EU Agreement with European states – the EEA (Lite) model – than to seek to negotiate substantial return of powers from within the EU. Even avowed Federalists fear renegotiation and would prefer the UK to withdraw, their nightmare being that powers offered to one major member would open up a can of worms, which emboldens every member to seek some renegotiation of powers. But it is legally and technically feasible to renegotiate powers from the EU as part of a new Eurozone Treaty – after all it is a negotiated Protocol (an annexe or amendment) in the Lisbon Treaty that has allowed the UK the chance to opt out of 130 Justice and Home Affairs measures such as the European Arrest Warrant, and the effect is similar to taking the UK towards an EEA Agreement position in this one area of Justice and Home Affairs. So if the EEA Lite model and arguments here help deliver an EEA Lite position but carved out from within the EU, then that might be acceptable, though it is my belief that it is time for Britain to end all EU fudges and have the courage to opt for a sustainable and liberating form of independence.

EEA Lite is a more flexible version of the existing EEA Agreement signed between three EFTA states and the EU on 1st January 1994. This EEA Agreement I term 'EEA Regular'.

'EEA Lite' differs from EEA Regular in 3 critical respects:

- 1) The UK will remain a member of the European Economic Area but will leave the single market ('Internal Market') itself – i.e. the UK single market will no longer be part of the EU single market but will remain fully open to goods and services from the EU under this agreement, whilst UK goods and services exported to the EU will still be subject to EU single markets rules for the 8% of the British economy that trades with the EU, but the UK will be able to remove these rules for the 92% of the UK economy that does not relate to EU trade, and 80% of which is trade within the UK.

This is more relevant to the UK as the Norwegians export to the EU five times per head more than the UK, and the Swiss three times as much per head.

For these reasons and also for reasons of the sovereignty concerns expressed by the Swiss, the UK will no longer seek to be part of a 'homogeneous European Economic Area based on common rules' but be fully open to the rest of the EEA in terms of trade, but with only UK exporters adopting EU common rules and homogeneity. UK standards, such as imperial measurements, would be restored within the UK single market and UK trading standard officers would enforce UK standards and not be agents of the EU. The existing EEA Regular agreement already allows members to retain their own customs unions. Other non-trade and non-essential aspects such as over social policy would be removed from the agreement, and be decided at national level.

2) The UK will be able to repeal existing EU legislation (Acquis Communautaire) and no longer be required to enact new EU legislation, as the UK Parliament thinks fit for the 92% of the UK economy that is not concerned with trade with the EU. This will bring huge economic benefits within the UK from cutting back over-regulation assessed at £118 billion a year, such as excessive social, employment, health & safety legislation – a sum equivalent to the NHS annual budget. The UK would also end its membership contributions to the EU of £20 billion a year (£12.2 billion net), though it will make contributions separately through a new UK Grants body to assist Eastern European states to develop.

3) This agreement will bring the UK closer to the Swiss position on immigration opt outs, enabled by safeguard clauses in the 1999 EU-Swiss bilateral agreement, and also determined by Swiss referenda. These clauses allow restrictions on long-term residence permits for different EU nations (Bulgaria and Rumania are very strictly restricted, the newer 8 EU nations restricted from April 2012 to a cap of 2,180 for 12 months on B permits granting foreign nationals residence status for 5 years, but with older 17 EU nations much less restricted with a cap of 53,700 for 12 months) once a certain worker limit is reached. The caps do not apply to short term residence visas of up to a year, and is estimated to have reduced numbers of mainly low skilled East European workers by 4,000-5,000 plus some dependants. There are no such visa restrictions on citizens from 15 member states such as Germany, France, Britain, Italy, Spain (these countries have unrestricted access to the Swiss labour market). Reuters reported the reasoning was that, "Prosperous, non-EU Switzerland has seen the net influx of workers rise to up to 80,000 a year, contributing to a house price bubble and prompting criticism from right-wing parties." This shows what a helpful control lever the visa system provides, though the EU reaction was predictably hostile: Baroness Ashton claimed it was "a breach of the Agreement on the Free Movement of Persons as amended by the Protocol of 2004. The agreement does not allow for any differentiation between EU citizens." One in 4 people living in Switzerland is a foreigner, 1.87 million with over 1.2 million from EU states so the country is clearly not anti-immigration. EEA Lite would amend the 4 key freedoms to replace the Freedom of Persons by a Freedom of Workers.

This Freedom of Workers refers to those who contribute to national insurance and healthcare provision or who are studying in the UK, and allows for a visa system for individual EU countries, but removes any automatic right to entry to the UK or to receive UK benefits merely because they are EU citizens. There will also be more

restrictions on the self-employed where the intention is to evade UK visa controls and/or UK taxation. In addition, there will be quality checks from UK professional bodies, such as the British Medical Association (BMA), when it comes to the mutual recognition of diplomas, certificates and formal qualifications to ensure that British residents are not exposed to dangerous practices such as over the Dr Ubani case with the deaths of patients such as Mr Gray in my constituency, where the doctor concerned should never have been allowed to practice in the UK.

Key Points about EEA Lite

- EEA Lite builds on the existing freedom of control offered by the EEA Regular Agreement:
Freedom of control over Agriculture/ Fishing / Justice & Home Affairs (but opting in to special policing agreements such as over Europol co-operation separately, and leaving the European Court of Human Rights, which while being separate from the EU, membership of which is now required for members under the Lisbon Treaty) / Foreign Affairs & Defence / the Customs Union / over Economic and Monetary Affairs, and Trade (using EFTA). To these powers, EEA Lite adds back national control over Immigration and Borders, and control over many single market related areas such as Social policy, Employment, Health & Safety and Financial Services. EEA Lite confines the UK's relationship with the EU to that of trade and access to the 'common market'/EU Internal Market with friendly economic and cultural co-operation. These aims were all the British people wanted in the first place.
- The UK would rejoin the EFTA Council, its ruling body, as a member. The UK would sign the updated EFTA Convention, ensuring free trade between EFTA countries including Norway, Switzerland, Iceland and Liechtenstein (this the UK helped create in 1960), in a separate agreement to the EEA Lite model.
- The UK would regain its individual national seat and voice at the World Trade organisation (WTO), already enjoyed by EEA States and Switzerland, and which it is presently barred from doing by EU membership, thereby enhancing its international status and influence. The UK would either sign up to EFTA's range of 26 FTAs covering 36 nations (33 outside the EU including Canada, Gulf Cooperation Council, China (Hong Kong plus the mainland for Switzerland and Iceland), Singapore, South African Customs Union covering 680 million consumers outside the EU), or retain existing EU 53 FTAs amended for the UK and then negotiate new FTAs through EFTA but with the UK in control of the ultimate decisions on the negotiations. UK control of free trade agreements would ensure they are truly free trade, and remove the EU's increasing political and social control over trade agreements – such as the sustainability clause regarding human rights demands and emissions targets, which do not belong in agreements meant to further jobs and investment.
- The EU and UK would establish a new EU-UK Joint Committee - along the lines of the EU-Switzerland Joint Committee, founded in 1972 as part of the free trade agreement with Switzerland, and which has met nearly 60 times over 41 years - to handle issues of trade and relations between the EU and the UK.
- The UK would not join the existing EEA Council nor the EEA Joint Committee, as these bodies oversee the existing EEA Regular Agreement, but attend these

meetings as the Swiss do, both in a representational capacity when it comes to discussion of EEA Lite Agreement matters, and as an observer on EEA Regular Agreement matters.

- The UK would form a new, independent UK Surveillance Authority, similar to the EFTA Surveillance Authority and the proposed new Swiss Surveillance Authority (proposed on 20th March 2012), to oversee the implementation of the EEA Lite Agreement in the UK in a non-partisan manner, but without being subject to non-British remote oversight such as the EU Commission.
- The UK would establish a new UK Trade Court, similar to the EFTA Court, to rule on any trade, competition, Intellectual Property or similar disputes under this agreement. The Court may take into account judgements of the European Court of Justice (ECJ) and the EFTA Court by means of informed opinion, but would not be bound by those Courts. There shall be an ultimate appeal to the UK Supreme Court, building on the UK's fine international tradition of an independent judiciary. This is similar to proposed new arrangements in Switzerland.
- The EU and UK would form a new EU-UK Joint Parliamentary Committee, along the lines of the EEA and Iceland Joint Parliamentary Committees, which shall be composed of EU MEPs and British Westminster MPs and Lords to help oversee the smooth workings of the EEA Lite Agreement.
- The UK would in principle seek to continue to provide support for the 'reduction of economic and social disparities' within the EEA area but through a non-EU mechanism directly under UK control. Similar to the Norway Grants and EEA Grants body the UK would establish a new UK Grants body which would dispense UK grants to worthy causes directly and not be paid through the wasteful and fraudulent EU system. The value of these contributions would be negotiated in a separate agreement with the EU, just as Norway and the EEA negotiate such voluntary contributions. They would not be express terms of the EEA Lite Agreement.
- Just as EFTA countries sign up to certain EU Programmes and contribute expertise and financial contributions, so would the UK sign up to EU Programmes where the UK Parliament thought it desirable. A list of EFTA participation and proposed UK participation is shown below The EU Programmes the UK may decide to keep within are proposed to be:
 - The Seventh Research Framework Programme (FP7)
 - Competitiveness and Innovation Programme
 - Lifelong Learning Programme
 - Erasmus Mundus II (Actions 1 and 3)
 - European Statistical Programme
 - European Institute of Innovation and Technology
 - Intermodal Transport (Marco Polo II)
 - Civil Protection Financial Instrument
 - Implementation and Development of the Internal Market
 - Consumer Programme
 - MEDIA Mundus Programme
 - Drugs Prevention and Information Programme
 - Modernisation of EU Enterprise and Trade Statistics (MEETS)

It is not proposed to continue with EU programmes with current EFTA state participation in fields of: Lifetime Learning Programme (e.g. ending Jean Monnet scholarships), Galileo Programme (Norway only), Youth in Action, MEDIA programme, Employment and Social Solidarity (PRoGRESS), Culture Programme, Programme of Community Action in the field of Health, European Employment Service (EURES), Fight Against Violence (Daphne III), Interoperable Delivery of European eGovernment Services to Public Administrations, Businesses and Citizens (IDABC), Safer Internet Plus Programme, Marco Polo Programme.

- Just as EFTA countries sign up to certain EU Agencies and are involved in their operation and assist with financial contributions, so the UK would sign up to supporting certain EU Agencies where the UK Parliament thought it desirable. The EU Agencies the UK may decide to keep supporting are those primarily to do with trade or activities spreading across European borders, and these are proposed to be:

- The European Aviation Safety Agency
- European Centre for Disease Prevention and Control
- European Chemicals Agency
- European Food Safety Agency
- European GNSS Agency
- European Maritime Safety Agency
- European Medicines Agency
- European Network and Information Security Agency.

It is not proposed to continue with EU Agencies with current EFTA state participation in fields of: the European Agency for Safety and Health at Work, European Centre for the Development of Vocational Training, European Environment Agency, European Foundation for the Improvement of Living and Working Conditions, European GNSS Agency, and the European Railway Agency.

- The UK would seek to continue to influence the EU legislation now limited in effect to the 8% of the British economy that trades with the EU. As with EEA States, the UK would influence EU legislation at an early stage by participating in the EU Commission's comitology committees on new legislation – as EFTA states sit on 500 comitology committees and expert groups and who have 1,500 organisations, public bodies and entities participating in EU programmes (such as 15,000 students who have studied through Erasmus), but on a reduced scale owing to a reduced commitment to such programmes and agencies.

The EU Commission will also be duty bound under EEA Lite to seek advice from UK experts in as wide a participation as possible, and on the same basis as EU member states experts, and transmit this to the EU Council as necessary. The legislation will then be examined by an exchange of views at the EU-UK Joint Committee, and be further discussed at significant moments in what is described as a 'continuous information and consultation processes. The fact that the UK will be able to set its own legislation for the UK single market again, as the US, Japan, China and other nations do whilst trading with the EU without tariffs, will in itself be influential on EU legislation that departs greatly in scope and cost burdens from UK domestic legislation.

- The UK would also participate in the Standing Committee of the EFTA States and its working groups, as required. The main features of the EEA Lite Agreement, which include modifications to the EEA Regular Agreement, include: The UK will leave the European Union as a member and rejoin the European Free Trade Area (EFTA), which the UK co-founded in 1960 to counterbalance the formation of a more protectionist European Community. The UK and EU will enjoy the benefits of trade and economic cooperation.

The EEA Lite Agreement will remain true to the main features of the EEA Regular Agreement. It shall:

- Secure the main Objectives of the EEA Agreement: the 4 Freedoms: Freedom of Goods, Freedom of Services, Freedom of Capital and Freedom of Peoples - but with caveats that make Freedom of Persons essentially a Freedom of Workers, for workers and students, and introduce a new visa system for EU citizens, where required, and restrictions on welfare benefits limiting them to a contributory basis only.
- Ensure competition is not distorted and the rules are equally respected.
- Deliver close co-operation in other areas such as research and development, education and the environment.
- Work to World Trade Organisation guidelines such as the World Customs organisation's Harmonized Commodity Description and Coding System and Rules of origin (i.e. establishing where goods were made where multinational input).
- Be subject to a 2 year review period.
- Be a customs free area.
- Have no quantitative restrictions on imports or exports (i.e. no quotas).
- Allow prohibitions or restrictions based on grounds of public morality, public policy or public security, on health grounds, national treasures or protecting industrial or commercial property, but without arbitrary discrimination or disguised restrictions.
- Not allow internal taxation as means of protectionism.
- Not allow discrimination by State monopolies, or any unfair State trade practices.
- Simplify border controls and correct customs law application.
- Support Freedom of movement for Workers: to allow workers to accept offers of employment, to move freely in the EEA area for this purpose, to stay in a state for that purpose, though public sector employment is excluded, but not to remain in a state having being employed there automatically and no right to benefit unless entitled to by contributions made and not applying to self-employed if for the purposes of avoiding visa controls and UK taxation.

- Not discriminate against workers based on nationality.
- Ensure mutual recognition of diplomas, certificates and evidence of formal qualifications but subject to agreement of UK professional bodies as to what qualifies on mutuality to ensure proper standards are maintained.
- Not allow restrictions on right of establishment of companies in EEA member states, and have no discrimination on grounds of nationality, with exception of special treatment being allowed on grounds of public policy, security or public health.
- Have no restrictions on right to provide services within EEA states and pursue the provision of service under the same conditions as a State's own nationals.
- Allow no restriction on the movement of capital belonging to persons resident in EU Member states or EFTA States such as the UK, with exceptions where movements of capital could lead to disturbances in the functioning of the capital markets or if a state is in difficulties such as suffering disequilibrium in balance of payments.
- Support an exchange of views and information, and discussions, regarding integration of economic activities and the conduct of economic and monetary policies on a non-binding basis. This is in marked contrast to ongoing economic and fiscal union in the Eurozone region.
- Allow some transport coordination measures, where necessary, such as no discrimination against carriers on grounds of country of origin, or subsidised operations and no charges or dues for crossing borders.
- Not allow the prevention, restriction or distortion of competition by undertakings (businesses), such as through fixed purchase or selling prices, market limits or controls, unfair selling prices, limiting production or other such devices. Infringements by businesses or by a State are subject to investigation by the surveillance authority, such as by the proposed new UK Surveillance Authority. Concentrations are controlled.
- Not allow State Aid that distorts or threatens to distort competition by favouring certain undertakings or production of certain goods – these are considered incompatible with the agreement unless aid is social and non-discriminatory, for natural disasters etc. Aid is allowed to promote economic development in areas with low standard of living / high unemployment, to assist certain economic activities or areas, or where of vital national interest or in other special cases. This to be constantly reviewed by the surveillance authorities, including the proposed UK Surveillance Authority with appeals via the EU-UK Joint Committee to seek fast remedies. Rules apply to Public Procurement and to Intellectual, Industrial and Commercial Property.
- Delete the EEA's Social Policy provisions from EEA Lite on the grounds that this area is not directly about trade and should be left to the nation state to decide. Deletions include areas of health and safety law, labour law, employment law, pay discrimination and national minimum wage setting which are all to be decided in the

UK.

- Have consumer protection provisions.
- Agree broad environmental objectives such as preserving, protecting and improving the quality of the environment, on human health, ensuring a prudent and rational utilization of natural resources, based on principle of taking preventative action, reducing environmental damage and the polluter paying. But EEA Lite will ensure environmental action in the UK becomes a UK sovereign matter again, including setting of any UK environmental targets, in line with international agreements and not be dictated by EU-wide targets and agreements. Environmental and Energy policy will no longer be an EU competence in the UK.
- Ensure that the Contracting parties cooperate to ensure the production and dissemination of coherent and comparable Statistical information to monitor all relevant economic and trade aspects of the EEA. To this end, harmonised data and common programmes will be supported, where appropriate.
- Encourage friendly co-operation outside the 4 Freedoms. This covers a range of appropriate activities such as: research & technological development, information services, the environment, education and training, consumer protection, small and medium-sized enterprises, tourism, the audiovisual sector and civil protection.
- Encourage other co-operation including EU framework programmes, projects, co-ordination of activities, exchange of information, parallel legislation of similar content, and coordination with third parties / international organisations.
- Where the UK chooses to participate in EU framework programmes, it shall have access to all parts of the programme, shall have a sufficient status on those committees assisting the EU, and have its financial contributions recognised. At the project level, institutions, undertakings, organisations and nationals of the UK will have the same rights and obligations in an EU programme as their equivalents in other EU member states, as with exchanges, and also the same rights as regards to the dissemination of results, and information. Financial contributions shall be made according to commitment appropriations and payment appropriations entered each year into the appropriate budget line in the EU Budget, and agreed in the EU-UK Joint Committee.
- Establish a new EU-UK Joint Committee, in the manner of the EEA Joint Committee, to ensure the effective implementation and operation of the EEA Lite Agreement. It shall carry out exchanges of views and information, consultations and take decisions on cases provided for in this Agreement. The EU-UK JPC shall meet monthly; have a President alternating between the UK and a representative of the EU, such as an MEP or a Commissioner. It will set its own rules of procedure and may establish any subcommittee or working group to assist its tasks. The EU-UK Joint Committee will issue an annual report on the functioning and development of this Agreement.
- Establish a new EU-UK Joint Parliamentary Committee, composed of equal numbers of EU MEPs and UK MPs and Lords, and vary where it holds sessions

between the EU and the UK. Its aim shall be to contribute to a better understanding between the EU and the UK, express its opinions in the form of reports and resolutions, and examine the annual report of the EU-UK Joint Committee. It may hear presentations by the President of the EEA Council and EFTA representatives as appropriate. It shall determine its own rules of procedure.

- EEA Lite will not formalise co-operation between economic and social partners but handle this under the EU-UK Joint Parliamentary Committee business.

- Ensure continued influence over EU legislation that is of ongoing relevance to the UK, such as single market legislation affecting the 8% of the UK economy trading with the UK of consequence to UK exporters of goods and services. As with EEA states, who sit on 500 comitology committees and expert groups and who have 1,500 organisations, public bodies and entities participating now in EU programmes (such as 15,000 students who have studied through Erasmus), the EU Commission will be duty bound to seek advice from UK experts in as wide a participation as possible, and on the same basis as EU member states experts, and transmit this to the EU Council as necessary.

As soon as new legislation is drawn up in a field governed by this Agreement, it must informally seek advice from experts from the UK in the same way as it seeks advice from experts in the EU member states on the elaboration of its proposals. When transmitting its proposal to the EU's Council of Ministers, the EU Commission shall transmit copies to the UK. The legislation will then be examined by an exchange of views at the EU-UK Joint Committee. At the request of either Contracting Party, the legislation shall be further discussed at significant moments in what is described as a 'continuous information and consultation process'. The British opt out on the mass of EU legislation within the UK representing 92% of the economy means Westminster regains control over most laws, and claims of a lack of influence over EU laws in the EEA Regular Agreement ('faxed democracy' claims) will not apply. British organisations, public bodies and entities will also continue to participate in a number of EU programmes, as now.

- Confirm that the requirement for homogeneity on the UK side only applies to UK exporters of goods and services to the EU. As stated, the UK intends to regain control of its own core UK single market – 80% that is trade within the UK, and 12% being trade outside the EU. As a result, the UK would establish a new UK Trade Court, similar to the EFTA Court, to rule on any trade, competition, trade mark or similar disputes under this agreement. The Court may take into account judgements of the European Court of Justice (ECJ), the EU's General Court and the EFTA Court by means of informed opinion, but would not be bound by the decisions of those Courts.

There shall be an ultimate appeal to the UK Supreme Court, building on the UK's fine international tradition of an independent judiciary. This is similar to proposed new arrangements in Switzerland.

- Establish a new, independent UK Surveillance Authority, similar to the EFTA Surveillance Authority and the proposed new Swiss Surveillance Authority (in Swiss Confederation proposals of 20th March 2012) to oversee the implementation of the EEA Lite Agreement in the UK in a non-partisan manner and to provide a suitable surveillance procedure.

The UK Trade Court would be competent in particular for: (a) actions concerning the surveillance procedure regarding the UK (b) actions concerning decisions in the field of competition taken by the UK Surveillance Authority and (c) the settlement of disputes between two or more EFTA States. The UK Surveillance Authority will cooperate and both monitor aspects of this agreement. A pecuniary obligation on persons shall be enforceable if a decision reached by the UK Surveillance Authority and EU Commission, and be enforced using rules of civil procedure in relevant state.

- Regarding settlement of disputes, allow the EU or the UK to bring a matter under dispute before the EU-UK Joint Committee, which may settle the dispute using all information necessary for an in depth examination of the situation. An appeal may be made to the UK Trade Court or UK Supreme Court, as required, for a resolution of any impasse within 3 months after it has been brought before the EU-UK Joint Committee and has not been resolved - but not to the ECJ as with the EEA Regular Agreement.

- Make unilateral Safeguard and other measures available, if necessary. If serious economic, societal or environmental difficulties of a sectoral or regional nature are liable to persist, appropriate safeguard measures can be taken, but the EU-UK Joint Committee must be notified, and immediate consultations held. These measures would be subject to a three monthly review. Proportionate rebalancing measures that are strictly necessary are allowed, and that least disturbs the functioning of the agreement.

- On the Financial Mechanism side, confirm that the UK would in principle seek to continue to provide support for the 'reduction of economic and social disparities' within the EEA area but through a non-EU mechanism directly under UK control. Similar to the Norway Grants and EEA Grants body entitled the EFTA Financial Mechanism office, the UK would establish a new UK Grants body, the UK Financial Mechanism office, to work closely with the EFTA Financial Mechanism office, based in the UK which would dispense UK grants to worthy causes directly and not be paid through a wasteful and fraudulent EU system, one which the Norwegians used to use but stopped doing so for this reason. The value of these contributions would be negotiated in a separate agreement with the EU, just as Norway and the EEA negotiate such voluntary contributions. They would not be express terms of the EEA Lite Agreement.

- Allow the extension of relations between the parties, or their reduction, as desired by the parties. To extend or to reduce relations, a reasoned request to the other Contracting Party/Parties would be made and be submitted to the EU-UK Joint Committee for consideration.

- Allow Contracting parties to take any measures which it considers necessary to prevent the disclosure of information contrary to its essential security interests, or for products indispensable for defence purposes, providing they do not compromise competition, or if essential to its own security in the event of serious internal disturbances or in times of war.

- Include all the territories of the European Union, including Croatia as a recent accession nation, and include on the UK side the territories of the United Kingdom of

Great Britain and Northern Ireland. It may also include Crown dependencies such as the Channel Islands, if these dependencies opt to join the EEA Lite Agreement, as they are not members of the EU and are semi-independent within the UK.

- Specify a minimum 12 month notice of withdrawal from the Agreement. It shall also state that immediately after such an intended withdrawal, the other Contracting Parties shall convene a diplomatic conference to envisage the necessary modifications to bring to the Agreement.
- Allow for the EEA Lite Agreement model to be extended to other parties if they apply to join the Agreement, and are a European nation outside of the EU, including any EEA member - such as the Swiss Confederation - who wishes to apply, or non-EU and non-EEA European nations or indeed existing EU member states who also wish to leave the EU under Article 50 of the Lisbon Treaty, as the UK will have done. It may address its application via the EU and the EFTA Council.
- Give an anticipated date for signing of this EEA Lite Agreement (EEA Agreement (UK Variation)) as July 2018, post a UK In/out Referendum to be held by the end of 2017, with a proposed implementation date of 1st January 2019.