

## **Review of the Balance of Competences**

### **Submission by David Campbell Bannerman MEP for the Department for Business, Innovation and Skills: Social and Employment**

**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](http://www.timetojump.org) website.**

If Britain were to leave the EU, it will put in place of its EU membership a UK/EU Free Trade Agreement such as an EEA Lite Agreement to preserve the benefits of trade with the EU.

EEA Lite would delete the Social Policy provisions of EEA. By stripping out reams of unnecessary red tape in the form of EU laws, such as the Working Time Directive, Agency Workers Directive and related excessive Health & Safety and Employment legislation which bear most heavily on small businesses, the lifeblood of jobs and the economy, the British economy will be stimulated and many more jobs will be created. Major plants producing steel, chemicals and electrical power will be reprieved by the ending of excessive and unrealistic emissions targets.

Britain will also be free of EU State Aid provisions, unequally applied across the EU, so that if we choose to spend British taxpayers money saving a car industry (the EU prevented the UK saving Rover) or more post offices or the Royal Mail or helping a bank to survive, an unelected EU Commissioner will no longer have the power to veto such decisions. The agreement would not allow State Aid that distorts competition, but would allow State Aid to assist certain economic activities or areas or protect vital national interests. EU Procurement rules would also be removed, and the necessity to advertise UK contracts in the EU Journal.

Britain will also be able to return to 'Golden Shares' in major UK companies, banned under EU rules (except for defence companies), therefore enabling the UK Government to wield power where necessary to do so in order to safeguard British jobs and interests.

It should be noted that the UK will opt into agencies that will help British business such as the Seventh Research Programme, Competitiveness and Innovation Programme, European Institute of Innovation and Technology, Civil Protection Financial Instrument, Implementation and Development of the Internal Market, Lifelong Learning Programme and Modernisation of EU Enterprise, and Trade Statistic (MEETS).

The EU sells much more to us than we sell to them: currently, the UK's trade deficit in manufactured goods with the EU was £56 billion. So, in theory, if there was the very worst case of a trade war and no trade at all with the EU, the UK would lose the three million jobs which depend on trade with the EU (10% of all UK jobs (Note: The BBC quoted ONS statistics that there were 29.16 million in work. Three million jobs therefore represents 10% of the total), whilst the EU would lose some four million jobs. This simply won't happen, as the EU would not want to lose their biggest customer. Even the Lisbon Treaty requires the EU to make a withdrawal agreement (trade and political) with a nation that leaves the EU (under Article 50).

Under the EEA Lite model, the UK would guarantee the 3 million jobs through continued tariff-free access to the EU Single Market, just as the EEA Agreement currently gives Norway, which exports five times more than the UK per head Access to the EU Single Market and Swiss trade agreements do the same in agreed areas for Switzerland, which exports three times more per head to the EU than the UK. But whilst both these countries run a strong surplus with the EU, the UK now runs a massive deficit - some £43 billion deficit for goods, putting the UK in a stronger negotiating position.

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

- Remove the Temporary Agency Workers Directive, that has cost the UK some £245 million by July 2010 In 2008, an FSB survey found 98% of their members who have employed temps in the past, said that they would be less likely to bring in temporary workers as a result of the Directive's introduction. A later CBI survey found that 57% of firms which bring in temps had reduced their recruitment of such staff. The Foreign Policy Centre/FSB study also noted in their 2006 survey of small business that the Temporary Agency Workers laws made nearly 25% of businesses hesitant to employ part-time staff even though only "1 of the 1,131 respondents had actually been taken to a tribunal by an employee." This EU law is a full frontal assault on the flexible economy that is prevalent in the UK and Ireland by a Continental EU system that has a suspicion of anyone who is not fully employed or unemployed;
- Repealing up to 90% of EU-inspired UK Employment laws such as multi-million pound discrimination awards (see Employment section) and vexatious blackmailing or malicious Employment Tribunal claims to make the system fairer, faster and smaller;
- The extent of the EU's involvement in legislation on British industry has been established by a report by the House of Commons Library. The report quotes a remark made by Foreign office Minister Lord Triesman who in June 2006 admitted that "that around half of all UK legislation with an impact on business, charities and the voluntary sector stems from legislation agreed by Ministers in Brussels". The reality though is that EU regulations fall disproportionately hard on small businesses, which are less able to afford the time, application and costs involved to handle such a deluge of controls.

- In their round-up of the worst of the EU and UK regulations, the British Chamber of Commerce named the following as the worst examples of EU interference in the British economy and burden on British industry. They were in order:

- The Working Time Regulations 1999 (EU): £17.8 billion;
- The Vehicle Excise Duty (reduced pollution), amendment regulations 2000 (EU): £10.4 billion
- The Data Protection Act 1998 (EU): £8.0 billion

- In an independent Britain, Westminster would be free to set Britain's own employment laws and create a fair and lasting balance between the rights of employers and employees that can help Britain grow its SMEs and thus exploit new sector niches in the economy. It is estimated up to 90% of UK employment laws originates from the EU.

- Amending the EU's and EEA's Free Movement of Peoples principle which opens up the UK benefit system to every citizen in the rest of the EU - some 440 million people. The EEA Lite's Freedom of Workers principle is open to workers on UK visas from all over the world, but who must contribute in the UK to their own UK benefits while working in the UK but where there is no general right or presumption towards receiving benefits or healthcare as now;

- Ending the subjugation of UK Welfare law to EU control. In the 1998 Kohl and Decker cases, the ECJ established the supremacy of EU law over EU member states' national insurance laws. This is because the Court ruled that member states should comply with EU law when determining the organisation of their Social Security systems. Iain Duncan Smith has rightly challenged the EU over benefits rules impacting on the UK when he found that EU migrants have an automatic right to a number of British benefits without any prior contributions. Consequently, the Work and Pensions Secretary plans to introduce restrictions which will stop such migrants receiving

- UK welfare payments until they have paid into the welfare state for up to a year. With Romanians and Bulgarians poised to receive full freedom of movement rights in the EU at the beginning of 2014, benefits tourism could cost the UK more than £150million.

- Escaping an EU Pension Liability and Demographic Timebomb that the UK is likely to have to contribute to most - as the UK has far greater private pension provision. As a member of the EU, Britain will be liable for the other EU nations' trillion Euro 'black hole' of unfunded state pensions as workers number decline but retirees grow ever more numerous. Germany alone has a pension obligation of €7.6 trillion. Continued EU membership would mean that Britain will be increasingly subsidising other nations of the EU who have failed to invest in employer and private individual pensions as the UK has, and are thus increasingly crippled by their own demographics and ever increasing State Pension obligations;

- Amending the EU's proposed Solvency II rules to avoid an expected cost to the UK of 180,000 jobs, and the forced closure of the remaining final salary pension schemes - which would affect some 12 million people in the UK;

- The Social Chapter is part of the 1997 Treaty of Amsterdam and covers social rights in EU law. Rejected by the Conservative Government of 1979-97, the Chapter was finally extended to the UK by Tony Blair during the Labour Government of 1997-2010. Pádraig Flynn noted the failure of the EU's Structural Funds in April 1997 to deal with the fact that "poverty in our societies has actually increased" and "Figures issued this month leave the Union with double the unemployment rate of the USA and three times that of Japan."

- That failure hasn't daunted the EU. Under the banner of the 'European platform against poverty', the EU has set itself the laudable target of reducing poverty by at least 20 million by 2020, in terms akin to Soviet-style planning and undoubtedly with the same failed outcome. Citizens of European states outside the EU28, such as the Swiss and Norwegians, have the same right to live in the EU as the British. However, EU migrants to Switzerland must be employed, self-employed or have a private source of income under the terms of the Swiss bilateral agreement with the EU (and vice versa).

- If Britain were free of the EU, it would have the right to impose conditions on the eligibility of migrants to receive benefits such as a longer qualification period (currently three months) and tougher residency rules. The UK could also then require unemployed EU migrants to leave the country and return home.

- Switzerland has the freedom to impose visa restrictions on EU citizens. This is in spite of the fact that Switzerland is a signatory to the open borders passport-free area Schengen Agreement as are many EU nations - but not Britain.

- In 2008, the Guardian reported a Eurostat study that showed by 2060, almost one in three Europeans will be of pensionable age if the age of 65 remains the threshold.

- Currently, across the EU28 countries, there are four people of working age for every person over 65, but by 2060 that ratio will be two working people for every retired person. These are actually optimistic forecasts, as Bloomberg reports that the ratio for Germany in 2050 will be 1.6 workers to one retired person whilst France will have 1.9 workers per one retired person.

- 14 of the EU's member countries are projected to have smaller populations by 2060, with Germany losing nearly twelve million. Germany's working population will decline from 54 million today to 39 million by 2060. If pensions are the same across the EU, as they are across the UK, Britain will end up shouldering the burden for underfunded pensions across the EU.

- British Chamber of Commerce Burden Barometer attempts to estimate the actual costs of EU regulations across the board. In 2010, their report stated that the EU Working Time Regulation had alone cost the UK a staggering £17.8 billion since its introduction.

- A Binley and Lea report analysed the 2006 employment and statistical data of the then EU-25 and their findings claim that even greater jobs mismatch: that nearly six and a half million EU jobs are dependent on the EU trade with the UK whilst four and

a half million UK jobs depend on EU exports. This suggests that one million jobs in Germany alone depend on trade with the UK whilst for France, it is 800,000 and in Spain 700,000.

## **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 1<sup>st</sup> 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.