

Rushing to a deal on the UK could be ill-thought-out for the EU

Vivien Pertusot

The European leaders are gathering this week to agree on a new settlement for the United Kingdom. The sudden peak of political interest, however, is coming late in the negotiations. The UK question has always been a European question despite the lackluster interest from European capitals. A failure to properly address the consequences of Britain remaining or leaving the EU would be very detrimental for the future of the Union.

European capitals have now woken up to the situation, but they have always considered that “Brexit” was highly unlikely and altogether an ancillary issue compared to other more pressing ones (Eurozone crisis, refugee crisis etc.). The risk is that they rush to get the British question out of the way. However, the draft deal poses serious questions over the consequences on the functioning of the EU, not just the relationship between the UK and the EU.

First, the section of the deal related to the relations between the Eurozone and the non-Eurozone members remains blurry. The core matter is that the UK has held a debate on one side of the relationship (how to avoid non-Eurozone members being discriminated against) without the debate on the future of the Eurozone taking place in parallel. This led, for instance, to the very vague wording regarding the possibility of the “single rulebook”, which should apply to all financial institutions across the EU, to contain exceptions for institutions located outside the Eurozone. In other words, it could create distortions within the single market in favour of British-based institutions – precisely of the kind the UK wanted to avoid from the Eurozone.

The section on “ever closer union” offers some creative language but, in essence, it would institutionalize the existence of second-class members,

Vivien Pertusot is the Head of Ifri Brussels.

The opinions expressed in this text are the responsibility of the author alone.

ISBN : 978-2-36567-538-3

© All rights reserved, Paris, Ifri

February 2016

ifri

something which in a way exists in practice, but not in law. Many member states have opt outs – the UK has a few of its own. But opt outs serve two main purposes: to allow for further integration among participating countries and to allow for the others to join in when they want. Moreover, opt-outs are limited to sectorial policies or parts of a deal. The settlement on the table would condone that some member states, such as the UK, could simply opt out of further integration altogether. Can the EU really handle this when 26 out of 28 member states are bound to enter the Eurozone at some stage? This is not a short-term consideration for sure, but the UK has already thought about it – the rest of the EU has turned a blind eye to this prospect and its consequences.

Lastly, the free movement of labour is put in jeopardy. The deal would provide for an emergency brake to any member state whose public finances cannot withstand a hike of intra-EU migrants and the associated social security costs. The mechanism to trigger this “emergency brake” looks intricate enough to let us think that it is an empty concession to the UK government as it is actually unusable. The fact is that in an annex discussing this Safeguard Mechanism, the European Commission considers that the UK would today legitimately be able to claim for the implementation of this “emergency brake”. These would represent the first two – out of three – steps for a country to put in place the mechanism. On what grounds, benchmarks, and with what information can the Commission make this claim is unknown. Those criteria should actually be debated, agreed upon and communicated across the EU. It may take time, but the decision to restrict the freedom of movement for European citizens – an EU fundamental pillar – is of too great importance to be handled lightly.

European and national leaders keep on saying that they want the UK to remain within the EU, but not at all costs. This is an empty phrase, because they have never actually weighed the costs of Britain remaining or leaving. If agreed in a hurry, several aspects of the deal as available today could come to haunt the Europeans in the future. And they will not be allowed to say that they did not see it coming – they just did not think it through.