

# **Speech by Prof. Ivar Raig**

## **Bruges Group International Conference 2013**

### **WHICH WAY OUT?**

#### **How Britain can withdraw from the EU?**

#### **Britain's role in New Transatlantic Cooperation**

Honourable the Bruges Group members, participants of today's conference.

I am very pleased and thankful for opportunity to speak for you today.

Many of you helped to built up EU critical movement in Estonia before Estonia joined into the European Union. Today I am with you second time and now you probably need also a view from outside to prepare for next steps in relations with the EU. Which way out is a billion pound question. You should take a right way; probably there is only one right way. I found in big Webster's College Dictionary of the English Language 34 different meaning for word "way". In the context of "how Britain can withdraw from the EU" this might mean "plan", "method", "mode", "course", "condition", "road" etc.

To exit the EU Britain can use sideway, subway or skyway, slow way or speedway. I do not recommend these. Great Britain should build and take a new highway, bridge to connect closer Europe and North America, London and Washington.

#### **1. Importance of the transatlantic relationship.**

Northern-America and Europe are different, but the basic values that underpin the transatlantic relationship remain intact. Very few can deny that transatlantic relationship remains vitally important to both sides' interest.

The threat of international terrorism and the spread of weapons of mass destruction make transatlantic cooperation even more important. In spite of that USA and some European big states increasingly do not agree on the nature of the international challenges they face, let alone on the solution.

The history of transatlantic relations underscores both the importance of cooperation and the dangers of transatlantic bickering. Today progress in nearly all areas of international affairs depends critically on the USA and EU big states pulling in the same direction. Therefore strategic competition between the USA and European big powers would be disastrous in many aspects and favours the other major powers of the world, including international terrorist's organisations. Open competition between America and Europe would accelerate the trend in international relations away from multilateral co-operation and towards great power competition.

Today both - American unilateralists and European Gaullists risk pushing the debate on transatlantic relations to such an extreme that a transatlantic divorce could take place. During the last decade, the USA has become the only global superpower, with unmatched military and economic recourses. The EU by contrast, despite being an important international player, is far from being a coherent international actor. At the same time it becomes clearer that USA strategy, which is based on military strength, is less effective than one that uses diplomatic and economic tools first, with military

power in the background. Equally, European attempts to influence international events without the potential to use force could lack credibility.

## **2. Structure of Divisive Issues in Transatlantic Relations**

The transatlantic relations have been in the top agenda of USA and EU foreign policy since September 11th 2001 events in New York and Washington, but only this year negotiations about free trade agreement between USA and EU started. It is very difficult to overcome some divisive issues between transatlantic partners. Some tensions were rising already long before terrorism moved up the World agenda. The most divisive issues have been as follows:

- The growing gap in economic performance;
- The increasing mismatch in military capabilities;
- Disagreements over the solving problems in Middle East;
- Terrorism and weapons of mass destruction;
- World trade, development and fight against poverty;
- Global climate change;
- International Criminal Court

From 1980 the USA economic growth is much higher than in the EU- 25. In employment, USA has out-performed the EU, also. These imbalances have strategic implications, because it affects the social and psychological aspects of transatlantic relations. The Americans believe that they are superior even in economics, the principal area, where the Europeans have succeeded for a long time so far in pooling their interest and defending their advantage as a region with high levels of social capital. In the same time Europe is becoming smaller as a share in the world population and economy.

The ratio of defence spending between NATO's European members and USA was relatively constant till 1999, while Europeans spent about 60 per cent as much as USA alone. During economic crises Europe's role decreased below 40 per cent. But this is only part of the problem. Most European armies lack the new communications technologies and most of them cannot move outside the EU at any point in time. In Iraq the Americans were relieved that they only had a real military cooperation with the British troops. The bigger this gap grows, the easier it is for Washington's unilateralists to argue that if USA need to assistance of other countries, it is better off with ad hoc coalitions than long-term alliances.

## **3. Britain's role in developing New Transatlantic Relations.**

A confident and outward-looking Great Britain is vital for the stability of the Europe – and of Great Britain itself. This should be a Great Britain which is more open and cooperative, a democratic kingdom whose openness to global change and its strategic global partners is made possible by the assurance that comes from making its own policies and inspirations more open, more responsive and more credible to its citizens. No European State, even biggest or powerful, can by itself mount an effective response to the unprecedented threats and challenges that face us today in a more and more globalized world.

American support for Europe after World War II was influenced by the belief that a more prosperous and free Europe created a secure bulwark against the advance of communism. Globalisation and today's political situation creates even more reasons for transatlantic cooperation and not only in the field of defence and security, fight against terrorism, but also in economy, environment and other issues.

Today Trans-Atlantic economy accounts about 50 % of world GDP and 40 % of world trade. But already more than two third of growth in global economy comes from Asia. China and Japan are already among three biggest economies in the world.

Great Britain should take the initiative for a closer cooperation between USA, Canada UK and Germany with the aim of creating **North-Atlantic Trade Area (NATA)**, where they should agree on free trade agreement and should afterwards work together in many other fields on the basis of intergovernmental cooperation and mutual respect.

Northern European countries represents mostly so called New Europe with one of the most competitive economies in the world (Finland and Sweden), as well one of the most rapidly growing regions in Europe (Baltic Sea Region). For strengthening of Transatlantic cooperation there is urgent need to find a new formula to combine American military and economic strength with European soft powers and high level of human capital. This is possible by writing of a new Transatlantic Treaty with the aim to create **North-Atlantic Security and Economic Area (NASEA)** with common transatlantic institutions. This might help to overcome stagnation and stimulate reforms in old EU and also UN institutions. North-Atlantic cooperation should become a new form of regional cooperation in globalize world, as European integration played crucial role in keeping peace and developing prosperity in Europe after II World War.

Withdrawal of Great Britain alone from EU is not in an interest of many European States. For example Estonia can work together with Great Brittan and other free economy countries in preparing and implementing free trade and other reforms in North-Atlantic Trade Area. Implementation of new EU legislation for banking and fiscal union in Estonia has tendency to eliminate the factors of Estonia's competitive advantages. Not only Britain's and Estonia's present economic models are in deep contradiction with the ideas of further federalization of European integration. To keep at least part of present competitiveness there is need to reduce EU competences in accordance with subsidiarity principle in many fields of economy (agriculture, fisheries, regional development etc).

Great Britain government should push strongly and continuously economic reform in Europe. Stronger European foreign and security policy is impossible without trade liberalization, stronger competition, including tax competition, technological innovation, efficient open governance, partnership with civil society and other factors of high competitiveness. European nations will also need to pass painful pension and other social policy reforms to tackle better new demographic situation. Most of these issues were already mentioned in a David Cameron's Europe speech in January 2013. Now is time to fulfill these main principles for cooperation with concrete steps and plans. Europe needs a new more democratic and efficient model, new Treaty for cooperation between European and American nations.

I hope that British-German-Czech-Polish-Estonian cooperation should become the driving force for reforming of European economy and British-German-American cooperation should stimulate North-Atlantic security and economic cooperation, as

Franco-German reconciliation played crucial role for European economic integration so far.