

Why the EU's 'level playing field' stance is unreasonable

ClB affiliated organisation the Labour Euro Safeguards Campaign (LESC) explains the level playing field issue that is currently the main stumbling block in the UK-EU future relationship negotiations. This article is taken from LESC's latest bulletin, the full version of which can be downloaded at the end of the article.

The summer has slipped by, during which progress in the talks between Michel Barnier and David Frost on the UK-EU future relationship have made little progress.

The two major outstanding issues remain the same fishing and the so-called level playing field. If agreement could be reached on this second major issue it seems unlikely that fishing would be allowed to block an overall deal being reached, although this would cause a major upset in countries such as France and Spain.

The really fundamental area of disagreement is on the extent to which the EU should be allowed to oversee and control UK policy on issues such as state aid once the UK is outside the Single Market and the Customs Union.

The EU's stance on the level playing field issues is that if the UK is to have the benefit of low-friction access to the Single Market, it should be within a framework which will preclude the UK from securing unfair competitive advantages by adopting standards below those in the EU, or by using government subsidies to provide UK companies with unfair competitive advantages. The EU admits that it has not applied these tests when negotiating deals with countries such as Canada or Japan, but claims that the UK has to be an exception

because of the scale of our trade with the EU generated by our proximity to the European market.

The UK's case is that there is no reason why the UK should be treated by the European Union any differently from any other country which is outside the EU and that, as an independent nation, it is not appropriate for the EU to have legislative control through the European Court of Justice (ECJ) over whatever economic policies the UK decides to pursue. If the UK decides to adopt policies which are outside those generally accepted as being reasonable, the remedy which the EU should adopt ought to be for it to appeal against them through World Trade Organisation (WTO) dispute resolution procedures and not via the ECJ. The UK will have no representation on the ECJ once the transition period is over, opening up questions as to its impartiality and appropriateness to act in a judicial capacity.

There are other reasons too why the EU's level playing field stance is widely held by those taking a relatively dispassionate view to be unreasonable. The benefits from international trade do not depend on participants running their economies in similar ways. They depend on the comparative advantage which some countries have in producing particular goods, services and commodities compared to the production of other exports which different countries can produce more cheaply. The benefits to be secured by international trade do not therefore depend on level playing fields. Countries with very widely varying wage levels, industrial practices and regulations can trade with each other to their mutual benefit.

This does not stop some countries trying to seize unfair advantages, for example by selling exports at below cost, and there needs to be an international mechanism to stop this happening. But this needs to be done, through even-handed resolution disputes procedures between equally sovereign states (e.g. through WTO dispute resolution procedures), not

by one country or union of countries having control over the economic policies of another.

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