

UK REFERENDUM ON EU MEMBERSHIP

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Welcome

On 23rd June 2016, voters in the UK will go to the polls to take what has been described as one of the most important constitutional decisions for decades: should the UK remain in the EU, or leave? Since the idea of a referendum was first mooted over three years ago, Jersey's consistent position has been that we are not ourselves seeking any change in our relationship with either the UK or the EU but that, whatever the result of the UK referendum, we will seek to ensure that our interests are protected.

The UK Government, the polls, and the bookies, all predict that voters will choose to remain in the EU. From Jersey's narrow perspective, it is earnestly to be hoped that they are right, but as a responsible government we cannot assume that that will be the case, and we have therefore to plan for the alternative.

As we all know, the vote matters for Jersey because, if UK voters are in favour of leaving the EU, the protocol which governs our relationship with the EU, Protocol 3, would eventually cease to have effect. The consequence of that would be that our right to export goods freely to the EU, and our membership of the European Customs Union, would go. It is expected that we would continue to have the right to export agricultural produce (e.g. Jersey Royal potatoes) and other goods freely to the UK, because there are Royal Charters going back centuries which confer those rights. But the right to export goods to France and to the continent free of tariff, businesses would require a new agreement with the EU.

We have been working on these matters for the last two years. The Ministry of External Relations took part in the Balance of Competences Review by the previous UK coalition government. The object of that review was to ascertain whether, in relation to the UK, the legal powers and responsibilities of the EU in different areas were excessive, insufficient or about right. However, for Jersey's purposes it was a useful means of ensuring that our position, and our interests, were more widely understood in the UK Government. We have been talking to ministers, key members of the UK Parliament and to other opinion formers to explain that our rights under Protocol 3 are important and would need to be protected in the event that the UK voted to leave.

In Europe, through ministerial visits and work by officials in the Channel Islands Brussels Office, we have built greater understanding amongst MEPs, the European Commission, and diplomats. We are in a much stronger position than we were when the UK negotiated to enter the European Communities in

1970-71 and Jersey's interests were something of an afterthought. For those who have the inclination to do some research, there is an article in the Jersey and Guernsey Law Review by Phillip Johnson which traces the history of the discussions and ultimately negotiations that took place between the UK and the authorities of the Three Crown Dependencies

We have been working closely with Guernsey too. History tells us that it is important to do that — the UK will treat all the Crown Dependencies in the same way — but also that working together, and reconciling different interests, can be quite difficult.

In very broad terms, the Government's position is that Jersey's interests are best served by the status quo — that is, by the arrangements which are set out in Protocol 3. That means that we should continue to enjoy free trade in goods with the EU and that we should remain a 'third country' in terms of trade in services, including access to EU markets for financial services. That has served our financial services industry well during the last 40 years. We want to remain in monetary union with the UK, and to continue as part of the Common Travel Area so that we can move freely between different parts of the British Isles and Ireland. Our current controls on housing and employment should also continue to apply. Most importantly, we do not want to lose any of the fiscal or constitutional autonomy, which has been developed over the last 800 years.

We have produced a summary of what the status quo means. **[Distribute]**

We are engaging with different representative bodies in the Island to ensure that this broad position is generally supported. If the Government's provisional position is supported, and there is a vote to leave the EU on 23rd June, we intend in short order to publish a paper which sets out clearly what we will seek to achieve in our negotiations with the UK Government and, indirectly, the European Union.

Of course, setting out political objectives is one thing; achieving them is another. If the British public vote to remain in the EU on 23rd June, there will be no change in Jersey's position. The reforms negotiated by the UK Prime Minister David Cameron in February will not affect us. The tectonic plates will have shuddered, but the Jersey landscape will be unchanged. Some bridge-building between the UK and its European partners may be required, but the generally good relationships between Jersey and member states will continue.

If, however, the British public were to vote to leave the EU, experts predict that a period of economic and political uncertainty would follow. The eventual outcome may or may not be beneficial, but the immediate aftermath of a 'leave' vote is likely to involve recriminations and turmoil both in the UK and in Europe. We would not be immune from such turmoil, because the interests of our financial services industry are closely linked to those of the City of London. Nonetheless, in relative terms, the Channel Islands should be oases of calm.

There are several reasons for this confidence. First, if notice were to be given by the UK under Article 50 of the Treaty to withdraw from the EU, a period of at least

two years would be set out for negotiation of the terms of that withdrawal. Protocol 3 would remain in place. There would be no formal change in Jersey's relationship with the EU for at least that period of time. Secondly, and more importantly, it must be remembered that Jersey is already outside the EU. That position would not change. Jersey is already a 'third country' in terms of its relationships with the EU. Market access for some financial products has been agreed on the basis of the Island's regulatory equivalence, and that would not change. The movement of personal data between Jersey and the EU is a 'third country' agreement which is independent of the UK, and that would not change. In terms of security, the Jersey police have understandings with their colleagues in Europe for mutual assistance, and that would not change. In many respects it would be 'business as usual'. Whatever the outcome of the referendum, it can therefore be asserted that the direct effect upon Jersey would, initially at least, be limited. We will remain in the sterling zone, and in the Common Travel Area, and will maintain our close political and economic relationship with the UK. Electricity will continue to flow along the interconnector from France, and our strong regional relationships with Normandy and Brittany will continue.

It is of course possible to anticipate challenges further down the road. In the event of a 'Brexit', we would need the support of the UK to recreate our current relationship with the EU. Jersey has the right to act independently in all respects other than in the conduct of international affairs. Our relationship with the EU is an international affair. We would therefore need the UK to negotiate on our behalf in order to achieve the objective which the Government has set out. The UK would have other objectives of its own, and we would need to deploy our diplomatic skills, and probably to stiffen our backbones, in order to ensure that the interests of Jersey are protected. Otherwise our autonomy would be at risk.