

One glance at the EU's dismal trade policy simply destroys the economic argument for Remain

RISHI SUNAK

In July 2011, to the clink of Belgian beer glasses, the European Commission toasted a momentous day. 54 years after its founding members gave up the power to negotiate their own trade deals, the EU's Free Trade Agreement (FTA) with South Korea had come into force; its first ever trade deal with a major developed economy.

The fact that South Korea's economy is only half the size of Britain's, that it had taken the EU five years longer to sign the deal than Switzerland, and that – after half a century – the EU still does not have a free trade deal in place with a single top 10 economy was, no doubt, sensibly ignored.

As pundits begin to talk sagely about the Remain campaign having "won the economic argument", it's worth taking a moment to remember just how dismal the EU's record of international trade has been.

I'm the son of Indian immigrants and spent my business career working abroad, investing in companies from Silicon Valley to Bangalore. It's an experience that for me crystallised what EU's own figures predict: a decade from now, 90 per cent of global demand will be generated from outside Europe.

The scales of the global economy are tipping eastward and, as they do so, the EU's trade failings are taking an increasingly heavy toll on the UK. The reason for that is this is that Europe's major economies are primarily focused on the European market. Britain, meanwhile – the only major EU economy that exports more outside the EU than within it – is traditionally far more outward looking, with EU exports accounting for just 13 per cent of our GDP and falling.

The result is that our country's trade policy is now run by an organisation with fundamentally different trade priorities to our own. For Britain that means too few trade deals, too slowly, with mismatched partners.

Level these charges at the desk dwellers of Brussels and you will be confidently told that the EU has successfully implemented Free Trade Agreements (FTAs) with more than 50 different countries (a more formidable total than either Canada, Australia or Switzerland – countries often held up as potential models for a post-Brexit UK).

While this is technically true, not all FTAs are created equal. Deals struck by the EU with the Seychelles and the Faroe Islands are no doubt to be applauded, but to give them the same weight as, for instance, Switzerland's recent agreement with China is plainly absurd.

Dig around in the figures and what becomes swiftly apparent is that if you look at trade deals in terms of the size of the economies they're signed with (rather than just counting them, as the EU seem to prefer) Europe's numbers stop looking quite so rosy.

For instance, while the EU has yet to ratify a single free trade agreement with a top 10 economy, Australia has wasted no time in signing deals with all three of the world's largest economies: China, Japan and the US.

Crunch the numbers and what this amounts to is that medium-sized independent countries like South Korea, Switzerland, Canada and Australia have all successfully used FTAs to open up export markets twice as large as the markets opened up by EU membership.

Simply put, Britain is currently shelling out a £10 billion a year membership fee that gives our businesses tariff free access to a customer base only half the size of that enjoyed by Australian firms, where taxpayers don't have to pay a penny for the privilege.

Even the trade agreements the EU does have are not best for Britain. Of the UK's top 10 non-EU export markets, the EU has managed to secure FTAs with just two (Switzerland has managed 8). As a result, less of our exports benefit from preferential trade treatment than those from other EU nations.

Indeed, were further proof of Europe's protectionist instincts needed, Brussels' recent announcement that it plans to force Netflix to source at least 20 per cent of its content from EU TV makers makes the argument more eloquently than an Brexiter could.

People often ask me what an independent Britain would look like. It's not a hard question to answer. It looks like the other 170 nations around the world that manage their own trade policy, and in many cases do a much better job than the EU.

On every metric, the agility of independent, mid-sized nations has proven more effective at tapping into the global economy than the sluggish, horse trading between 28 different EU nations, each protecting their own special interests.

Britain has the potential to be the world's most dynamic, international economy. But the path to fulfilling that ambitious vision does not run through Brussels. Economically, Europe is the past; unable to reform and locked in stagnation. Our future lies elsewhere and it's time we seized the opportunity.