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# Brexit: The Norway option is the best available for the UK



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European Economic Area membership is the least economically damaging course for the UK to take



The situation in Britain is messy but the way forward is not. There are, in fact, few alternatives to choose from. The most sensible one is membership of the European Economic Area, otherwise known as the Norway option. This gives countries full access to the single European market, albeit with no say in EU politics.

It is the best that former Remain supporters can hope for. Many of them are backing the idea of another referendum. I can think of no single measure that would produce more acrimony, division and economic damage than a decision to ignore a democratic vote. The Remainers are still trapped in the second of the five stages of mourning: the anger phase. The first stage is denial, which is where they were during the campaign: they were in denial of the possibility that the other side might win; and of the political disaster of the Project Fear campaign.

The Norway option is also the most realistic political path for the moderates among the former Leave campaigners. It is the only one they may be able to deliver without destroying their divided parties.

The EEA has a large number of technical advantages. The first is that it exists. It does not need to be invented. There are draft treaties. The EU cannot really deny Britain this option; it would be a hostile act if they did.

It would be the least damaging to the British economy and would best minimise the transitional costs of Brexit. No British company would have to leave Europe. No City firm would have to transfer employees to Dublin or Paris. The City of London would keep its EU passport, the ability to do business throughout the Union from London. The Norway option is the economically most benign of all. It is economically almost neutral.

It would also reduce Scotland's appetite for another independence referendum. That desire could be reduced if the EU made it clear to Scotland, as I expect it will, that if it were independent it would have to apply for membership under Article 49 of the Lisbon Treaty. This means it would not inherit any of Britain's opt-outs. In particular, Scotland would be expected to join the eurozone.

The Norway option also has drawbacks. It would compromise several key messages of the Leave campaign. It would not allow Britain to curtail free movement of labour from the EU. The UK would still pay into the EU budget. That mythical £350m a week would not be available to spend on the NHS.

If a new prime minister wanted to keep those campaign promises, he or she would need to negotiate a bilateral trade agreement instead of joining the EEA. There would be no single passport for the City. The economic impact would be greater. But it is the solution if the priority is to get out of the EU and throw away the key that would unlock a potential future return.

Whatever the choice, you could impose a time limit — say, 10 years. Towards the end of that period Britain could decide, by referendum or parliamentary vote, whether to continue the arrangement indefinitely, opt out of the EEA and seek a bilateral trade agreement, opt back into full EU membership under Article 49 or back into the EU under another form of an associate membership that might exist by then.

For any of this to work, speed matters. I am relieved to hear that the Conservative party is bringing forward its leadership election to early September. The new government should then trigger the exit procedure under Article 50 as soon as possible. If elections were held, there would have to be a further small delay. But it would be in Britain's interest not to draw out the process unnecessarily. The longer the uncertainty lasts, the bigger the economic impact.

Also, think for a moment about the effect on other member states. Brexit has dramatically increased the probability of a victory for Marine Le Pen, the leader of the far-right National Front, in France's presidential election next year. If she wins, there would not be much of an EU remaining to leave any more.

A time-limited but speedily agreed Norway option would respect the will of the voters, the political reality in the UK and in the EU, prove economically least costly and it is flexible. It is not the best of

all worlds by any means. Before the referendum, there was a broad consensus that there is really not much point in leaving the EU in order to join the EEA. But if you have buyers' remorse now, or if you are seeking a transitional arrangement to a new regime, this is the best choice there is.

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