

# How Much Does the European Union Cost Britain? 2008

Gerard Batten MEP





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Published in November 2008 by  
The Bruges Group, 227 Linen Hall, 162-168 Regent Street, London W1B 5TB

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## 1. A Message from the Author

*Dear Reader,*

This is the third annual edition of my pamphlet which seeks to put a price on Britain's membership of the European Union: Something which has been neglected by those politicians and political parties most in favour of British membership.

This pamphlet was originally published by the Bruges Group and its contents were the subject of my speech at the Bruges Group conference in London on 22nd November 2008.

The cost of EU membership is inexorably rising and Britain will bear an ever-increasing burden of direct and indirect costs – for no discernable benefits. This pamphlet is one of the few serious attempts to quantify the cost of EU membership to Britain and I have made every effort to keep its contents fair and accurate.

If anything I have erred on the side of caution and quoted only those figures which are quantifiable and verifiable from official or respected sources. The real cost of EU membership is in all likelihood much higher than my estimates.

*Yours sincerely,*

*Gerard Batten*



## 2. Summary of Main Costs

- By 2008 Britain will have made total contributions to the European Community (EC) Budget of **£230.4 billion** gross or almost **£68.2 billion** net.
- By the end of the current EC budget period Britain will have made estimated total contributions to the EC Budget of **£315.4 billion** gross and **£101.4 billion** net.
- By 2007 Britain had an accumulated trade deficit with the other EU member states of **£383.7 billion**.
- The Common Agricultural Policy costs Britain at least **£16.8 billion** per annum.
- The Common Fisheries Policy costs Britain at least **£3.275 billion** per annum.
- Over-regulation on business costs Britain at least **£28 billion** per annum.
- In 2008 membership of the European Union costs Britain almost **£65.675 billion** per annum gross or almost **£55.775 billion** per annum net.

This equates to:

<b>Gross</b>	<b>Net</b>
<b>£ 5.472 billion</b> per month	<b>£4.648 billion</b> per month
<b>£ 1.263 billion</b> per week	<b>£1.073 billion</b> per week
<b>£ 180 million</b> per day	<b>£152.8 million</b> per day
<b>£ 7.5 million</b> per hour	<b>£6.367 million</b> per hour
<b>£124,952</b> per minute	<b>£106,117</b> per minute

- That is the equivalent for every man, woman and child in Britain of **£1,077** per annum gross or **£915** per annum net.
- Or the equivalent for every tax-payer in Britain of **£2,119** per annum gross or **£1,799** per annum net.

**As Britain enters what could be the most serious economic crisis since 1929 this money would be much better spent in Britain for the benefit of the British economy and people.**

**Note:** Throughout the text amounts have been rounded up or down as appropriate.



### 3. Direct Costs

#### 3.1 The EC Budget

Under the existing treaties the European Community (EC) has legal personality and is controlled by the European Commission. The EU is controlled by the European Council (heads of member states) and does not have legal personality. If ratified by all 27 member states the Lisbon Treaty will give the EU legal personality and will create a single political entity.

The European Community's financial year runs from 1st January to 31st December. The rules governing decisions of the EC Budget are set out in Article 272 of the Amsterdam Treaty, June 1997. Expenditure is defined as follows:

- **Compulsory expenditure**,<sup>1</sup> defined as that necessary as a result of the Treaty establishing the European Community (TEC) or the Acts adopted in accordance with it. The Council has the final say on the amount and structure of compulsory expenditure. Compulsory expenditure in 2007 amounted to 38.5% of the Budget.
- **Non-compulsory expenditure** consists of that expenditure decided on by the European Parliament: 61.5% of the 2007 budget. The European Parliament has the final say on the amount and structure of non-compulsory expenditure. The amount is set by the European Council in the Financial Perspective but how it is spent is decided by the Parliament.
- Britain's gross contributions to the EC Budget are made up of three elements: **Traditional Own Resources (TOR), Value Added Tax**, and a proportion of **Gross National Income (GNI)**.<sup>2</sup> These different revenue sources are used in a sequential way: first TOR, secondly VAT, and thirdly GNI. The residual GNI contribution offsets the difference between the total expenditure and the other revenue.<sup>3</sup>

The ceiling for own resources used is specified in terms of a percentage of Gross National Income,<sup>4</sup> i.e. **1.24%**.

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1 HM Treasury: *'European Community Finances: Statement on the 2007 Budget and measures to counter fraud and financial mismanagement'*. May 2007.

2 Gross National Income at market prices represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable) operating surplus and mixed income. GNI has widely replaced GDP (Gross Domestic Product) as an indicator of income. With regard to the EC Budget this took effect from 2002.

3 [http://ec.europa.eu/budget/budget\\_detail/revenue\\_detail\\_en.htm](http://ec.europa.eu/budget/budget_detail/revenue_detail_en.htm)

4 Gross National Income has widely replaced Gross National Product as an indicator of income. In the area of the EU budget this changed took effect as from 2002. In order to maintain unchanged the cash value of the ceiling of EU revenue, referred to as the Own Resources Ceiling, the ceiling had to be recalculated in percentage terms. It is now established at 1.24% of GNI instead of the previous 1.27% of EU GNP.



### **Traditional Own Resources (TOR)**

These consist of customs duties, agricultural duties and sugar levies collected by the member states on behalf of the EC. They are viewed by the EC as ‘pure community revenue’,<sup>5</sup> i.e. the property of the EC. Member states are allowed to retain 25% of the revenue as compensation for the costs of collection.

Payments are made into EC No 1 Account which is the Commission’s account in the UK. The bank does not pay interest on this account. Payment must be made by the member state on the first working day after the 19th of each month and occur two months in arrears. Payments are based on the member state’s actual collection of the duties and levies concerned.

Traditional Own Resources will make up about 15.58% of the financing for the 2008 budget.

### **VAT and Gross National Income (GNI) Based Resources**

The adopted EC Budget, or any subsequent amending budget, indicates the total VAT and GNI based contributions (and the UK Rebate) for each year. A proportion of VAT revenue and Gross National Income is paid to the EC.

The European Commission sends a monthly letter of call to each member state requesting the corresponding funds. The transfers are made on the first working day of each month. VAT and GNI based contributions are made directly from HM Government’s Consolidated Fund<sup>6</sup> into the EU Commission’s bank account in the UK (EC Bank Account No 1).<sup>7</sup>

Payments are made in 12ths, or a proportion thereof. Regulations allow the Commission to call up additional VAT and GNI based contributions, up to two additional 12ths of each, so that in the first quarter up to 5/12ths of each element may be paid. These payments are made in accordance with s2(3) of the ECA (European Communities Act) 1972 which states the UK’s obligations towards financing the EC budget.

TOR and VAT contributions make up a small and shrinking share of the EC budget: TOR about 15.8% and VAT less than 16%. The remainder of the contributions, almost 70%, is made of transfers from member state national budgets. How much a member state is expected to pay depends upon the size of its economy.


The EC Budget distinguishes between **Commitment Appropriations**, and **Payment Appropriations**. Commitment Appropriations are the total cost of legal obligations which

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5 [http://ec.europa.eu/budget/budget\\_detail/revenue\\_detail\\_en.htm](http://ec.europa.eu/budget/budget_detail/revenue_detail_en.htm)

6 The Consolidated Fund (CF) was first created in 1787 as ‘one fund into which shall flow every stream of public revenue and from which shall come the supply of every service’.

7 [http://ec.europa.eu/budget/budget\\_detail/revenue\\_detail\\_en.htm](http://ec.europa.eu/budget/budget_detail/revenue_detail_en.htm)



can be entered into during the current financial year for activities which will lead to payments in the current and future financial years; Payment Appropriations are the amount of money which is available to be spent during the year from commitments in the Budget for the current or preceding years.

Unused payment appropriations may in exceptional circumstances be carried forward into the following year.<sup>8</sup> It is difficult to see how this provision can be reconciled with the billions of euros currently in EU bank accounts, but this needs to be the subject of a different study.

### 3.2 The UK Rebate

The famous British rebate was established by the European Council at Fontainebleau in 1984 as a result of Mrs Thatcher's insistence that the proportion of the UK contributions was unfair. The special situation was characterised by two factors:

- A small agricultural sector resulting in very low Community agricultural spending in the UK.
- A large contribution to the financing of the budget because of the large proportion of the country's GNP (Gross National Product) accounted for by the VAT base.

The UK correction mechanism was introduced in 1985 and although this mechanism has been modified on several occasions due to the changes in the system of EC budget financing, the basic principles remained the same.

Just before Christmas 2005, at the end of the British Presidency of the European Council, the Prime Minister, Tony Blair agreed a new EC budget for 2007-2013. Although he was under no obligation to do so he surrendered a large portion of the British rebate. He made the concessions despite failing to get any agreement from France on cutting agricultural subsidies, proposing instead only a non-binding review of EU spending in 2008.<sup>9</sup> Common Agricultural Policy spending is to remain at 43% of the total budget until 2013. The main beneficiary is France.


When addressing a meeting of the European Parliament on 20th December 2005, at which the author was present, Mr Blair justified his surrender of the UK Rebate on the grounds that the new EC budget would, "*transfer wealth from rich countries to poor countries*", and that we were, "*investing in Eastern Europe*". He did not mention if he thought the British people knew that they were voting to transfer their wealth or invest in Eastern Europe when they voted Labour in the General Election of 2005.

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8 [http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/1998/press\\_56\\_98.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/1998/press_56_98.cfm)

9 6 December 2005 <http://www.timesonline.co.uk/article/0,,13509-1905742,00.html>





Blair gave up a considerable percentage of the UK rebate and the cost to taxpayers is capped at €0.5 billion, at 2004 prices. This equates to **£7.7 billion**.<sup>10</sup> This was confirmed by the Chief Secretary of the Treasury, Andy Burnham MP on 15th January 2008, *“The cost of disapplying the rebate to non-agricultural spending in the accession countries...is capped at EUR 10.5 billion...that is the consequence of enlargement”*. After a phasing in period during 2009-2011 the UK will “participate fully”<sup>11</sup> in the financing of the cost of EU enlargement.

The 2005 Council decision means that the UK’s contributions to the new member states are not included in the calculation of the UK Rebate; except for CAP, market related expenditure, and that part of the rural development expenditure originating from the European Agricultural Guidance and Guarantee Fund (EAGF, Guarantee Section).

This means that whilst UK contributions are increasing the rebate is decreasing, because any expenditure in new member states (of which there are now twelve) is not included in the calculations of the British rebate.

**What this also means is that, in the event of further EU enlargement before 2013 (not including Bulgaria and Romania), by means of a complex formula the ceiling on the UK’s increased contributions of EUR 10.5 billion will be raised: this means that more EU enlargement means even less rebate for the UK taxpayer. The rebate will continue to reduce over time.**

The current target timetable for EU enlargement for countries with candidate status is: Croatia 2010-2011, Former Yugoslav Republic of Macedonia 2013, Turkey (date to be determined). Waiting in the wings for candidate status are Albania, Montenegro, Serbia, Bosnia and Herzegovina, Kosovo, Ukraine, Belarus and Moldova. As these countries join the UK rebate will reduce accordingly.

The Rebate takes the form of a reduction in the contribution by the UK to the financing of the EU. **The rebate is deducted from the UK’s contributions and not physically paid to Brussels and later refunded.** However this occurs with a year overlap, i.e. the rebate is deducted from the UK’s payments a year in arrears;<sup>12</sup> e.g. the rebate in 2002 relates to the UK receipts and payments for 2001.

The UK’s contribution to the EC budget is going to rise even more because of the weakness of the pound sterling against the euro. The deal signed by Blair in 2005 committed Britain

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10 Council Decision of 7 June 2007 on the system of the European Communities’ own resources (2007/436/EC, Euratom).

11 Council Decision of 7 June 2007 on the system of the European Communities’ own resources (2007/436/EC, Euratom). [http://ec.europa.eu/budget/library/documents/revenue\\_expenditure/own\\_resources/calc\\_own\\_res\\_2007\\_en.pdf](http://ec.europa.eu/budget/library/documents/revenue_expenditure/own_resources/calc_own_res_2007_en.pdf)

12 Statement on the 2006 EC budget and measures to counter fraud and financial mismanagement. May 2006. <http://www.hm-treasury.gov.uk/media/7/5/ecbudget250506.pdf>

to paying a set of amount of money in euros. Since then the pound's exchange rate against the euro has fallen steeply. The rate at which Britain will pay its 2009 contributions will be set at the end of December 2008. Unless the pound recovers by then, which looks very unlikely, then Britain could be left paying about £900 million more for the year than originally intended.<sup>13</sup>

### 3.3 The UK's Direct Contributions to the 2007-2013 Budget

The figures in Table 1 below are taken from those given in Hansard for 8th February 2006. Lord Lawson of Blaby asked HM Government how much the UK would contribute to the EU Budget from 2007 to 2013. Replying for the Government, Lord McKenzie of Luton gave the following figures:

**Table 1**

Calendar Year	UK Gross Contributions	EU Spending in UK	UK Rebate	UK Net Contribution
2007	£13.1	£5.2	£3.5	£4.3
2008	£14.6	£5.2	£4.6 to £4.7	£4.6 to £4.7
2009	£13.7	£4.2	£4.8 to £4.9	£4.6 to £4.7
2010	£14.4	£4.6	£3.8 to £3.9	£6.0 to £6.1
2011	£14.1 to £14.5	£4.2	£3.5 to £4.1	£6.0 to £6.8
2012	£14.1 to £14.5	£4.2	£3.5 to £4.1	£6.0 to £6.8
2013	£14.1 to £14.5	£4.2	£3.5 to £4.1	£6.0 to £6.8
<b>Totals</b>	<b>£98.1 to £99.3</b>	<b>£31.8</b>	<b>£27.2 to £29.3</b>	<b>£37.5 to £40.2</b>

Figures shown in billions.

**Note:** The actual figures for 2007, as published in the Office of National Statistics Blue Book Oct 2008, have been used to replace the estimated figures given in reply to Lord Blaby's question.

The official recalculated figures for UK contributions for 1997 to 2007 have been adjusted retrospectively for 1997 to 2007 in the Office of National Statistics Pink Book published in October 2008 (see Table 8).

The figures for Britain's contribution for the period 2000 to 2006 (see Table 8) were **£79.486 billion** gross and **£21.303 billion** net. Compared to these the Government's estimated figures for 2007 to 2013 (see Table 1) show that the UK's gross contributions will rise by up to **25%**, and the net contributions by up to a hefty **88.7%**.

13 'Weak pound pushes up EU membership bill'. Jon Swaine, The Daily Telegraph, Saturday 13<sup>th</sup> September 2008.



## Gross Contributions

The gross figure is the overall amount from which Britain's contribution to the EC budget is calculated. It includes: TOR (Traditional Own Resources), VAT, and GNI (Gross National Income). See Item 3.1 for further explanation. As noted under 3.2, **the UK Rebate is deducted at source** and not actually transferred to the EU's bank account. However since HM Government itself quotes these figures it is legitimate to show the gross contribution since the overall figures are calculated from this amount.

## EU Spending in the UK

These funds come mainly from the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Social and Regional Development Fund. The majority of these funds are either paid or used to support the private sector, but are channelled through Government departments. It must never be forgotten that although the EU spends money in the UK **it is the taxpayers own money** that is being spent. The EU uses UK taxpayers' money to promote itself for propaganda purposes.

The European Union also has the power to 'claw back' EU spending in the UK. A question put by Steward Jackson MP to the Secretary of State for Communities and Local Government on 6th October 2008 revealed that the European Union was likely to 'fine' HM Government up to **£230** or **£182** because of "irregularities" in spending money from the European Regional Development Fund (ERDF). This is due to 'financial corrections' by the EU in relation to concerns they had about how the money was spent. This shows that even though they are spending our money in our country they still have the power to ask for it back if they are not satisfied with how it is being spent.<sup>14</sup>

## UK Rebate

The UK Rebate only applies to spending within the EU. Expenditure outside the EU (mainly in overseas aid) is excluded. As noted under item 3.1 the rebate is deducted a year in arrears, going back to 1985, e.g. the rebate for 2002 relates to UK receipts and payments in 2001.

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14 'UK funded €30 million for 'irregularities'. Eurofacts. 31<sup>st</sup> October 2008.

### 3.4 Putting the UK Contribution into Perspective

These are telephone number figures and difficult to relate to real life. In order to try and understand what they mean in terms of amounts of real money here are actual figures for 2007 and the Government's estimated figures for 2008, broken down into payments by the year, month, week, day, hour and minute.

**Table 2**

	Per Annum	Per Month	Per Week	Per Day	Per Hour	Per Minute
Gross 2007	£13.06 bn	£1.088bn	£251.154m	£35.781 m	£1.491 m	£24,848
Net 2007	£4.335 bn	£361.250m	£83.365 m	£11.877 m	£494,863	£8,248
Gross 2008	£14.6 bn	£1.217 bn	£280.8 m	£40 m	£1.67 m	£27,778
Net 2008	£4.7 bn	£391.7 m	£90.4 m	£12.9 m	£536,530	£8,942

The next table shows what these figures will be by 2013 based on the Government's own estimates.

**Table 3**

	Per Annum	Per Month	Per Week	Per Day	Per Hour	Per Minute
Gross 2013	£14.5 bn	£1.2 bn	£278.8 m	£39.7 m	£1.66 m	£27,588
Net 2013	£6.8 bn	£566.7 m	£130.8 m	£18.6 m	£776,256	£12,938

These figures show that direct contributions to the EC budget currently cost Britain about £27,778 gross and almost **£9,000**, per minute **net**. By 2013 the **net** per minute cost will have risen to almost **£13,000**.

### 3.5 Who Pays the Most: Who Benefits Most? The Budget 2000 - 2006

The tables below show the gross contributions per Member State, EU expenditure in each Member States, and net contributions per Member State for the budget period 2000 to 2006. As can be clearly seen Germany is the biggest net contributor, with Britain second even after the rebate.

**Table 4****Who Pays Most? Budget 2000-2006**

	2000-2006 Total Gross Contributions		2000-2006 Total EU Expenditure in Member State		2000-2006 Total Net Contributions
Germany	€ 139.15	Spain	€ 99.51	Germany	€ 60.09
France	€ 107.79	France	€ 89.63	UK (after rebate)	€ 27.80
Italy	€ 86.49	Germany	€ 79.07	Netherlands	€ 23.85
UK (after rebate)	€ 77.95	Italy	€ 70.22	France	€ 18.16
Spain	€ 54.68	UK with rebate	€ 50.15	Italy	€ 16.27
Netherlands	€ 37.75	Greece	€ 39.03	Sweden	€ 8.03
Belgium	€ 25.45	Belgium	€ 33.41	Austria	€ 3.16
Sweden	€ 17.59	Portugal	€ 26.70	Denmark	€ 2.45
Austria	€ 14.33	Ireland	€ 17.99	Finland	€ 0.48
Denmark	€ 13.05	Netherlands	€ 13.89	Cyprus	-€ 0.25
Greece	€ 10.93	Poland	€ 13.85	Malta	-€ 0.27
Finland	€ 9.45	Austria	€ 11.17	Slovenia	-€ 0.55
Portugal	€ 9.24	Denmark	€ 10.60	Estonia	-€ 0.66
Ireland	€ 8.61	Sweden	€ 9.56	Latvia	-€ 0.94
Poland	€ 6.08	Finland	€ 8.97	Slovakia	-€ 1.07
Czech Rep	€ 2.59	Luxembourg	€ 7.23	Czech Rep	-€ 1.31
Hungary	€ 2.15	Hungary	€ 4.59	Bulgaria	-€ 1.51
Luxembourg	€ 1.51	Czech Rep	€ 3.90	Lithuania	-€ 1.92
Slovakia	€ 0.98	Romania	€ 2.85	Hungary	-€ 2.44
Slovenia	€ 0.72	Lithuania	€ 2.48	Romania	-€ 2.85
Lithuania	€ 0.56	Slovakia	€ 2.05	Luxembourg	-€ 5.72
Cyprus	€ 0.40	Bulgaria	€ 1.51	Poland	-€ 7.76
Latvia	€ 0.35	Latvia	€ 1.30	Belgium	-€ 7.95
Estonia	€ 0.29	Slovenia	€ 1.27	Ireland	-€ 9.38
Malta	€ 0.13	Estonia	€ 0.95	Portugal	-€ 17.46
Bulgaria	€ 0.00	Cyprus	€ 0.65	Greece	-€ 28.09
Romania	€ 0.00	Malta	€ 0.40	Spain	-€ 44.84

Figures shown in billions.

**Note:** These figures are taken from the European Commission official budget breakdown.<sup>15</sup> It should be noted that there may be disparities between UK Office of National Statistics figures and the EU Commission published figures, this is because of variations in the exchange rate.

15 [http://ec.europa.eu/budget/library/publications/fin\\_reports/allocrep\\_data\\_2006\\_en.pdf](http://ec.europa.eu/budget/library/publications/fin_reports/allocrep_data_2006_en.pdf)

**Table 5**

**Who Benefits Most? Budget 2000-2006**

This table shows the net beneficiaries after the UK rebate and EU spending in member states.

	Net Beneficiaries
Spain	€ 44.84
Greece	€ 28.09
Portugal	€ 17.46
Ireland	€ 9.38
Belgium	€ 7.95
Poland	€ 7.76
Luxembourg	€ 5.72
Romania	€ 2.85
Hungary	€ 2.44
Lithuania	€ 1.92
Bulgaria	€ 1.51
Czech Rep	€ 1.31
Slovakia	€ 1.07
Latvia	€ 0.94
Estonia	€ 0.66
Slovenia	€ 0.55
Malta	€ 0.27
Cyprus	€ 0.25
Finland	-€ 0.48
Denmark	-€ 2.45
Austria	-€ 3.16
Sweden	-€ 8.03
Italy	-€ 16.27
France	-€ 18.16
Netherlands	-€ 23.85
UK after rebate	-€ 27.80
Germany	-€ 60.09

Figures shown in billions.

This clearly shows that those who contribute the most benefit the least, and may explain the enthusiasm of countries such as Spain, Greece and Ireland for the EU.

### 3.6 Who Pays the Most: Who Benefits Most? The Budget 2007 - 2013

In January 2008 the author wrote to the Budget Commissioner, Dalia Grybauskaitė asking her for a breakdown of the estimated contributions of member states to the 2007-2013 Budget. In her reply she said, “Concerning figures for each Member State on flows from/to the EU Budget, historical series (up to the year 2006 included) are made available in the annual publication ‘EU budget-Financial Report’. Figures for the year 2007 will be made available in the course of this year in the next edition of the financial reports. **No corresponding future estimates are published for the period until 2013**”.

In short, the Commissioner responsible was not able to supply an MEP with estimated contributions by Member States. However the think tank Open Europe published a briefing note in 2007 in which they did give comparative figures from a “leaked copy of EU working documents”.<sup>16</sup> The following two tables are based on those figures.

**Table 6**

Who Pays Most? Budget 2007-2013

	2007-2013 Total Gross Contributions		2007-2013 Total EU Expenditure in Member State		2007-2013 Total Net Contributions
Germany	€ 164.0000	France	€ 89.0000	<b>Germany</b>	<b>€86.0000</b>
France	€ 140.0000	Poland	€ 87.0000	<b>UK with</b>	<b>€57.0000</b>
Italy	€ 116.0000	Germany	€ 78.0000	<b>France</b>	<b>€51.0000</b>
UK with	€ 103.0000	Spain	€ 78.0000	<b>Italy</b>	<b>€46.0000</b>
Spain	€ 76.0000	Italy	€ 70.0000	<b>Netherlands</b>	<b>€24.0000</b>
Netherlands	€ 37.0000	UK with	€ 46.0000	<b>Sweden</b>	<b>€11.0000</b>
Belgium	€ 33.0000	Greece	€ 40.0000	<b>Austria</b>	<b>€8.5000</b>
Poland	€ 22.0000	Belgium	€ 39.0000	<b>Denmark</b>	<b>€7.2000</b>
Sweden	€ 20.0000	Hungary	€ 32.0000	<b>Finland</b>	<b>€3.7000</b>
Austria	€ 19.0000	Romania	€ 32.0000	<b>Cyprus</b>	<b>€0.1000</b>
Denmark	€ 17.0000	Czech Rep	€ 31.0000	<b>Malta</b>	<b>- 0.5000</b>
Greece	€ 15.0000	Portugal	€ 29.0000	<b>Ireland</b>	<b>- 0.6000</b>
Finland	€ 13.0000	Slovakia	€ 14.0000	<b>Spain</b>	<b>- 2.2000</b>
Portugal	€ 12.0000	Netherlands	€ 13.0000	<b>Slovenia</b>	<b>- 2.9000</b>
Ireland	€ 11.0000	Bulgaria	€ 12.0000	<b>Estonia</b>	<b>- 3.2000</b>
Czech Rep	€ 9.2000	Ireland	€ 12.0000	<b>Latvia</b>	<b>- 4.6000</b>

<sup>16</sup> <http://openeurope.org.uk/research/budget07.pdf>

Hungary	€ 8.4000	Austria	€ 10.0000	<b>Belgium</b>	<b>- 6.4000</b>
Romania	€ 7.2000	Denmark	€ 10.0000	<b>Lithuania</b>	<b>- 7.3000</b>
Slovakia	€ 3.5000	Luxembourg	€ 10.0000	<b>Luxembourg</b>	<b>- 7.7000</b>
Slovenia	€ 3.1000	Finland	€ 9.0000	<b>Bulgaria</b>	<b>- 9.7000</b>
Luxembourg	€ 2.3000	Lithuania	€ 9.0000	<b>Slovakia</b>	<b>- 11.0000</b>
Bulgaria	€ 2.3000	Sweden	€ 9.0000	<b>Portugal</b>	<b>- 17.0000</b>
Lithuania	€ 1.7000	Latvia	€ 6.0000	<b>Czech Rep</b>	<b>- 22.0000</b>
Latvia	€ 1.4000	Slovenia	€ 6.0000	<b>Hungary</b>	<b>- 24.0000</b>
Cyprus	€ 1.1000	Estonia	€ 4.0000	<b>Greece</b>	<b>- 25.0000</b>
Estonia	€ 0.8000	Cyprus	€ 1.0000	<b>Romania</b>	<b>- 25.0000</b>
Malta	€ 0.5000	Malta	€ 1.0000	<b>Poland</b>	<b>- 65.0000</b>

Figures shown in billions.

**Table 7**

**Who Benefits Most? Budget 2007-2013**

This table shows the net beneficiaries after the UK rebate and EU spending in member states

	Net Beneficiaries
Poland	€ 65.0000
Greece	€ 25.0000
Romania	€ 25.0000
Hungary	€ 24.0000
Czech Rep	€ 22.0000
Portugal	€ 17.0000
Slovakia	€ 11.0000
Bulgaria	€ 9.7000
Luxembourg	€ 7.7000
Lithuania	€ 7.3000
Belgium	€ 6.4000
Latvia	€ 4.6000
Estonia	€ 3.2000
Slovenia	€ 2.9000
Spain	€ 2.2000
Ireland	€ 0.6000
Malta	€ 0.5000
Cyprus	<b>-€ 0.1000</b>
Finland	<b>-€ 3.7000</b>



Denmark	-€ 7.2000
Austria	-€ 8.5000
Sweden	-€ 11.0000
Netherlands	-€ 24.0000
Italy	-€ 46.0000
France	-€ 51.0000
UK after rebate	-€ 57.0000
Germany	-€ 86.0000

Figures shown in billions.

As we can see countries such as Spain and Ireland are moving down the scale to make way for the new entrant countries but Germany and Britain remain firmly at the bottom because they are the EU's principal funders.

### 3.7 The UK's Direct Contributions to the EC Budget 1973 to 2008

This table shows gross contributions minus public sector receipts (EU money spent in the UK) and negotiated abatements (UK rebate), to arrive at net contributions.

**Table 8**

Calendar Year	Gross Contributions	Public Sector Receipts	Negotiated Abatements & Refunds	Net Contributions
1973	£181	£79	0	£102
1974	£179	£150	0	£29
1975	£341	£398	0	-£57
1976	£463	£296	0	£167
1977	£737	£368	0	£369
1978	£1,348	£526	0	£822
1979	£1,606	£659	0	£947
1980	£1,767	£963	£98	£706
1981	£2,174	£1,084	£693	£397
1982	£2,862	£1,240	£1,019	£603
1983	£2,976	£1,521	£807	£648
1984	£3,201	£2,017	£528	£656
1985	£3,925	£1,853	£227	£1,845
1986	£4,493	£2,216	£1,701	£576

1987	£5,202	£2,345	£1,153	£1,704
1988	£5,120	£2,182	£1,595	£1,343
1989	£5,587	£2,116	£1,156	£2,315
1990	£6,355	£2,183	£1,697	£2,475
1991	£5,807	£2,765	£2,497	£545
1992	£6,738	£2,827	£1,881	£2,030
1993	£7,985	£3,291	£2,539	£2,155
1994	£7,189	£3,253	£1,726	£2,210
1995	£8,889	£3,665	£1,207	£4,017
1996	£9,109	£5,092	£2,412	£1,605
1997	£8,268	£4,976	£1,733	£1,559
1998	£10,265	£4,394	£1,377	£4,494
1999	£10,524	£3,760	£3,171	£3,593
2000	£10,719	£4,518	£2,084	£4,117
2001	£9,557	£4,131	£4,560	£866
2002	£10,097	£3,589	£3,099	£3,409
2003	£11,485	£4,241	£3,560	£3,684
2004	£11,505	£5,416	£3,592	£2,497
2005	£13,098	£6,368	£3,655	£3,075
2006	£13,025	£5,800	£3,570	£3,655
2007	£13,060	£5,202	£3,523	£4,335
2008 (Estimated)	£14,600	£5,200	£4,700	£4,700
<b>Totals in billions</b>	<b>£230.437</b>	<b>£100.684</b>	<b>£61.560</b>	<b>£68.193</b>

Figures shown in millions, totals in billions.

The figures published in Office of National Statistics Pink Book were stated as possibly being subject to revision up to four years retrospectively.<sup>17</sup> However the figures published in the October 2007 edition of the Pink Book drastically revise those previously published in 2006 for the eleven year period, 1997 to 2007.

If we compare the Office of National Statistics figures given in 2007 for the period 1997 to 2007, and compare them to the revised figures it gives for the same period we see the following.

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<sup>17</sup> Figures 1972-1996 compiled from 'The Euro Bad for Britain' published by the European Research Group, and from 1997 to 2007 Pink Book.

**Table 9****The UK's Direct Contributions to the EC Budget 1997 to 2007**


As published in the Office of National Statistics Pink Book 2007.

Calendar Year	Gross Contributions	Public Sector Receipts	Negotiated Abatements & Refunds	Net Contributions
1997	£8,261	£4,658	£1,739	£1,864
1998	£10,265	£4,105	£1,384	£4,776
1999	£10,524	£3,466	£3,176	£3,882
2000	£10,518	£4,241	£2,085	£4,192
2001	£9,379	£3,430	£4,560	£1,389
2002	£9,438	£3,201	£3,099	£3,138
2003	£10,966	£3,728	£3,559	£3,679
2004	£10,895	£4,294	£3,593	£3,008
2005	£12,483	£5,329	£3,572	£3,581
2006	£12,426	£4,948	£3,569	£3,909
2007 (estimate)	£14,200	£5,600	£3,900	£4,700
<b>Totals in billions</b>	<b>£119.355</b>	<b>£47.000</b>	<b>£34.236</b>	<b>£38.118</b>

**Table 10****The UK's Direct Contributions to the EC Budget 1997 to 2007**

As published in the Office of National Statistics Pink Book 2008.

Calendar Year	Gross Contributions	Public Sector Receipts	Negotiated Abatements & Refunds	Net Contributions
1997	£8,268	£4,976	£1,733	£1,559
1998	£10,265	£4,394	£1,377	£4,494
1999	£10,524	£3,760	£3,171	£3,593
2000	£10,719	£4,518	£2,084	£4,117
2001	£9,557	£4,131	£4,560	£866
2002	£10,097	£3,589	£3,099	£3,409
2003	£11,485	£4,241	£3,560	£3,684
2004	£11,505	£5,416	£3,592	£2,497
2005	£13,098	£6,368	£3,655	£3,075
2006	£13,025	£5,800	£3,570	£3,655
2007	£13,060	£5,202	£3,523	£4,335
<b>Totals in billions</b>	<b>£121.603</b>	<b>£52.395</b>	<b>£33.924</b>	<b>£35.284</b>



If we compare the totals we can see that the total gross contributions have been adjusted upwards by **£2.2 billion**, and the net contributions has been adjusted downwards by **£2.8 billion**. The amount of 'EU money' spent in the UK has been adjusted upwards by almost **£5.4 billion** and the refunds (UK Rebate) has been adjusted downwards by **£312 million**.

Initially this appears to be to the UK's advantage, but remember, there is no such thing as 'EU money', this is the UK's own tax-payers money being returned to us to be spent on projects approved by the EU.

What we can see is that membership of the European Union since 1973 has cost Britain **£230.4 billion** gross, and almost **£68.2 billion** net.

By the end of the budget period 2013 this will have risen to at least **£315.4 billion** gross and **£101.4 billion** net.

Up to 2008 about **£100.6 billion** of 'EU money' has been spent in the UK. But of course this was our own money to start with and it could have been much better spent by our own Government on projects of our own choosing.

### **3.8 Hidden Costs**


The Office of National Statistics Pink Book shows Britain's international financial transactions contained in two tables covering Britain's contributions to the EC budget. The figures which are normally quoted as showing the net budget cost to the UK of EU membership excludes a large volume of payments to the EU which were paid to other EU institutions or related European projects. Research by the economist John Mills indicates that these are additional payments to the Common Agricultural Policy, Overseas Aid, the European Space Agency (in relation to the Galileo satellite project) etc.

John Mills demonstrated that over the period 2000 to 2004 these payments amounted to £9.1 billion, or an average of **£1.8 billion** per annum.<sup>18</sup>

The 2008 Pink Book gives the figures for the period 1997 to 2007. These unexplained sums amount to a total of **£21.447 billion**. The figures for the last three years are as follows:

- 2005 = **£2.859 billion**
- 2006 = **£2.459 billion**
- 2007 = **£3,006 billion**

They show an upward trend and need to be fully explained.



Therefore, we can assume that these additional hidden costs for 2008 are currently running at about **£3 billion** per annum.

#### **4. Indirect Costs**

##### **4.1 The Common Agricultural Policy**

The Common Agricultural Policy is one of the bedrock policies of the European Economic Community (the so-called Common Market). It was a deal cooked up between France and Germany in the 1950s. In return for gaining a market for its industrial goods in France, Germany agreed to support high agricultural costs in France.

One of the major reasons for French opposition to British entry to the EEC in the early 1960s was because if Britain had any influence in shaping EEC policies it might undermine the CAP, which has featherbedded French farmers ever since. By the time Britain joined it had no option but to accept things as they were.<sup>19</sup>

The current cost of the CAP represents **47.5%**<sup>20</sup> of the entire annual EC budget. Estimates of the CAP's total cost vary due to differences in the methods employed by movements in world commodity prices. One ballpark figure from the late 1990s was a cost to each EU citizen of about **£250** per annum.<sup>21</sup>

According to the Consumer Nominal Assistance Coefficient (CNAC), on average, agricultural prices paid by European consumers are **23%** higher than those prevailing in international markets, despite significant reductions over the past twenty years.<sup>22</sup> While EU spending on the CAP amounts to 47.5% of the budget, this is only part of the support to European farmers.

So how much does the CAP cost British consumers? Ian Milne<sup>23</sup> estimates that the net cost of the cap to Britain is between 1.2% to 1.7% of GDP.<sup>24</sup> Using Ian Milne's percentages, and looking back three years we arrive at the following figures.

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19 Labour Euro Safeguards Campaign Bulletin, September 2008.

20 Civitas, 20<sup>th</sup> September 2007. <http://www.civitas.org.uk/eufacts/FSPOL/AG3.htm>

21 David R. Stead, Lecturer in Agriculture, Food and Environmental Policy, University College Dublin. <http://eh.net/encyclopedia/article/Stead.CAP>

22 2005 <http://www.openeurope.org.uk/research/report.pdf>

23 Ian Milne, Director of the cross-party think-tank Global Britain since 1999.

24 A Cost Too Far by Ian Milne. Published by Civitas, July 2004.

**Table 11**

**UK GDP<sup>25</sup> and estimated cost of CAP**

Calendar Year	UK GDP	CAP at 1.2% of GDP	CAP at 1.5% of GDP	CAP at 1.7% of GDP
2005	£1,252.5 bn	£15 bn	£18.787 bn	£21.292 bn
2006	£1,321.9 bn	£15.862 bn	£19.828 bn	£22.472 bn
2007	£1,401.0 bn	£16.812 bn	£21. bn	£23.817 bn

Using the lowest estimate for the cost of the CAP at 1.2% of GDP for 2007 this gives us a figure of **£16.8 billion** per annum. The figure for 2008 GDP is not yet available. The estimate of 1.2% is very conservative and likely to be far below the actual cost.

Therefore we can reasonably assume that the cost to Britain of the CAP is at least £16.8 billion per annum.

The CAP hits hardest British and European consumers least able to pay. Those on lower incomes, such as poor families and pensioners, spend a higher proportion of their income on food.


The CAP does not only affect British and European consumers. Oxfam have highlighted the ‘dumping’ due to overproduction. The EU bought up surplus production which it then sold cheaply in the developing world – undercutting local producers and damaging local economies. Dumping of this sort, combined with high external tariffs on food imports, led to considerable international criticism of the CAP, notably at the Doha World Trade Organisation talks in 2003.

There have been constant cries for the CAP to be reformed. As reported in the Open Europe Briefing Note, in 2005 HM Government announced that they would put the British rebate on the table for discussion but only in return for “getting rid of the CAP”. In June 2005 Tony Blair said, *“The rebate remains because the reason for the rebate remains...Of course if we get rid of the CAP and we change the reason why the rebate is there, then the case for the rebate changes.”*

In December 2005 HM Government conceded part of the rebate without change to the CAP - but insisted that it had agreed that the CAP would be fundamentally reformed as part of a ‘review’ in 2008. The ‘fundamental review’ of the CAP was downgraded to a ‘health check’. Looking at the budget as a whole the Commission published a consultation paper in September 2007 which made it clear there would be no fundamental change to the EU

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25 [http://www.statistics.gov.uk/articles/nojournal/Overview\\_NAccounts\\_BoP.pdf](http://www.statistics.gov.uk/articles/nojournal/Overview_NAccounts_BoP.pdf)



budget before 2014. The current Commission would not even make any proposals on the CAP before it leaves office in 2009.<sup>26</sup>

Reform of the CAP is therefore as far off as ever. Vested political interests and financial interests of big landowners and large-scale farmers mean that consumers in Europe and the developing world will continue to subsidise them. Smaller and medium sized farmers suffer along with the consumer as a result of the CAP.

#### **4.2 The Common Fisheries Policy**

The Common Fisheries Policy (CFP) did not exist until Britain sought to join the European Economic Community in 1972. Britain's negotiating position was weak and as a result a cynical price for joining was extracted in the form of giving all the other EEC countries access to Britain's rich fish stocks in our territorial waters.<sup>27</sup> As we now know the Conservative Government lied to the House of Commons about what this would mean for the fishing industry.

The CFP has crippled Britain's fishing industry and resulted in thousands of jobs being destroyed. In 1970 there were **21,443** fishermen in the UK. By 2007 that figure had dropped to **12,729**: a decrease of **40.64%**.<sup>28</sup>

The obscenity of the quota system means that thousands of tons of fish are thrown back dead into the sea because while it is unavoidable to catch them they are not allowed to be landed and sold under EU regulations.

The Marine and Fishing Authority confirmed to the author in 2007 that they have carried out no studies of the CFP on the UK economy; and they stated that, "*we cannot identify UK waters: they are now indentified as being part of EC waters*". HM Government does not have the foggiest notion of what the CFP cost Britain and do not even bother to identify UK waters in relation to the statistics they do keep: and why should they want to when to do so would only show up the insanity of the CFP.


Arriving at a figure for the cost of the CFP is therefore extremely difficult. However the latest figures for 2007 allow an estimate to be arrived at. According to the UK Marine and Fisheries Agency in 2007 UK vessels, including the Channel Islands and the Isle of Man vessels, landed in the UK and abroad **610,000** tonnes of sea fish (including shellfish) with a value of **£645 million**.

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26 Open Europe. Briefing Note: European Communities (Finance) Bill. 2007

27 Labour Euro-Safeguards Campaign Bulletin, September 2008

28 UK Sea Fisheries Statistics 2007, Marine & Fisheries Agency. [http://mfa.gov.uk/statistics/documents/UKseaFishStats\\_2007pdf](http://mfa.gov.uk/statistics/documents/UKseaFishStats_2007pdf)



The total catch for the EU in 2007 was **5.3 million tonnes**.<sup>29</sup> The UK catch was **11.5%** of the EU total therefore the total value of the catch must be in the region **£5.6 billion**.

About **70%** of the total EU catch comes what were formerly UK territorial waters before the creation of the CFP. Therefore the total value of the EU catch of **£5.6 billion**, minus 30% equals **£3.92 billion**. If we then subtract the actual value of the UK catch of £645 million we are left with a figure of **£3.275 billion**.

In the absence of any official figures, the cost to Britain of the CFP purely in lost catch alone is at least **£3.275 billion** per annum.

This figure takes no account of the historic losses to the British economy which must run into many billions, represented by lost catches, lost jobs, lost boat building and maintenance, and lost jobs in ancillary industries.

### 4.3 Over Regulation

It is estimated that **84%** of new laws now originate in the European Union rather than national Parliaments.<sup>30</sup> This was a figure arrived at by former German President Roman Hertzog in a study undertaken for the German parliament. In the absence of a study by HM Government it is reasonable to suppose that a similar figure is also true for Britain.

According to the British Chamber of Commerce Burdens Barometer<sup>31</sup> here are just a few examples of EU regulation and its impact on the British economy.

- **The Working-Time Regulation 1999**, which implemented the infamous Working Time Directive,<sup>32</sup> is clearly the biggest burden costing UK businesses **£1.795 billion** a year. The cumulative cost of the Working Time Directive is put at **£16 billion**.
- **The Vehicle Excise Duty Regulation 2000**, which implemented the EU Pollution Directive 98/69/EC: these cost British businesses **£1.225 billion** per year. The cumulative cost of the Vehicle Excise Duty Regulation is put at **£9.2 billion**.
- **The Data Protection Bill**, which implements the EU Date Protection Directive, costs British businesses **£667 million** per year. The cumulative cost is put at **£7.348 billion**.

No one would seriously suggest that business should be unregulated. However it should be the democratically elected and accountable British Parliament that should decide what

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29 GAIN Report NL8009, 13<sup>th</sup> May 2008. <http://www.fas.usda.gov/gainfiles/200805/146294550.pdf>

30 In an article for the newspaper Welt am Sonntag, in January 20078 former German President Roman Hertzog said that 84% of German laws stemmed from the EU.

31 [http://www.britishchambers.org.uk/policy/pdf/Burdens\\_Barometer\\_2008.pdf](http://www.britishchambers.org.uk/policy/pdf/Burdens_Barometer_2008.pdf)

32 Council Directive 93/104/EC





is a fit and proper level of regulation on business, not the undemocratic and unaccountable European Union.

Much of this regulation is aimed at ‘harmonising’ the Single Market. However approximately 80% of the UK economy is concerned purely with the domestic market. Approximately 10% of businesses trade with the EU and the remaining 10% internationally. And yet 100% of businesses are burdened with compliance with often unnecessary and incompetent legislation.

In October 2006 Gunter Verhuegen, the European Commission Vice-President for industry and enterprise estimated that the annual cost of EU regulation across the EU amounted to **€600 billion** per annum (around 5.5% of GDP), while the benefits of the Single Market amount to only **€160 billion**: therefore the costs exceeded the benefits by **€440 billion**.<sup>33</sup>

In 2004 Peter Mandelson told the CIB conference that the cost of regulation amounts to **4%** of Europe’s GDP. Also in 2004 the Dutch Vice Prime Minister and Finance Minister, Gerrit Zalm stated that the administrative burden on business in the Netherlands was estimated at **4%** of GDP.<sup>34</sup> And that at least 50% of this legislation originated in the EU, therefore the cost of EU regulation was **2%** of GDP.

In a letter from Commissioner Verhuegen (sent to Bill Newton-Dunn MEP dated 18th June 2007)<sup>35</sup> he revises his earlier figure of **5.5%** and cites research that gives the overall EU figure as an average of **3.5%** of GDP for all member states, and **1.5%** for the UK.

However the figure for the UK seems unduly low since the figure for the Netherlands is given as 3.7%, Germany 3.7% and France 3.7%. These are industrialised countries with similar economic profiles to Britain. The figure of 1.5% of GDP for the UK is not verified by other sources; whereas the figure of 2% is accepted by various economists.

Therefore, in the absence of more authoritative sources the figure of **2%** of GDP will be used here.

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33 <http://www.openeurope.org.uk/media-centre/bulletin.aspx?bulletinid=42>

34 Speech to UK Government sponsored conference, ‘Advancing Enterprise: Britain in a Global Economy’.

35 <http://www.publications.parliament.uk/pa/cm200607/cmeuleg/519/519ii.pdf>

**Table 12****UK GDP <sup>36</sup> and estimated cost of EU Over-Regulation**

Year	GDP	2%
2005	£1,252.5 bn	£25 bn
2006	£1,321.9 bn	£26.4 bn
2007	£1,401.0 bn	£28 bn

It is therefore reasonable to estimate the current cost of EU regulation on the UK economy is at least **£28 billion** per annum.

## 5. Summary of the Annual Direct and Indirect Costs 2007-2008

### Estimated Figures for Gross Budget Contributions and Indirect Costs

In the interests of scrupulous fairness the tables below show the gross and net figures. The British Rebate is deducted at the point of payment. The total amount of money is not transferred to the EU but transferred minus the rebate; however it is legitimate to show it as a gross cost as the figure is published by HM Government itself, and is the overall figure used by the EU to calculate our contributions.

The net figures shown are minus the Rebate and minus the money returned to us by the EU to be spent in the UK on projects given their approval.

**Table 13**

	2007	2008
Gross Contributions to Budget	£13.06 bn	£14.6 bn
Other Payments to EU	£3 bn	£3 bn
Common Agricultural Policy	£16.8 bn	£16.8 bn
Common Fisheries Policy	£3.275 bn	£3.275 bn
EU Over-Regulation	£28 bn	£28 bn
Total	£64.135 bn	£65.675 bn

Let's put these telephone number figures in perspective.

**Table 14**

	Per Annum	Per Month	Per Week	Per Day	Per Hour	Per Minute
2007	£64.135 bn	£5.345 bn	£1.233 bn	£176 m	£7.3 m	£122,022
2008	£65.675 bn	£5.473 bn	£1.263 bn	£180 m	£7.5 m	£124,952

Estimated Figures for Net Budget Contributions and Indirect Costs

36 [http://www.statistics.gov.uk/articles/nojournal/Overview\\_NAccounts\\_BoP.pdf](http://www.statistics.gov.uk/articles/nojournal/Overview_NAccounts_BoP.pdf)

**Table 15**

	2007	2008
Net Contributions to Budget	£4.335 bn	£4.7 bn
Other Payments to EU	£3 bn	£3 bn
Common Agricultural Policy	£16.8 bn	£16.8 bn
Common Fisheries Policy	£3.275 bn	£3.275 bn
EU Over-Regulation	£28 bn	£28 bn
Total	£55.4 bn	£55.775 bn

Let's put these telephone number figures in perspective too.

**Table 16**

	Per Annum	Per Month	Per Week	Per Day	Per Hour	Per Minute
2007	£55.410 bn	£4.617 bn	£1.065 bn	£151.8 m	£6.3 m	£105,422
2008	£55.775 bn	£4.647 bn	£1.073 bn	£152.8 m	£6.367 m	£106,117

Here is another way of looking at the costs, which is the cost per person in the UK and the cost per taxpayer.

According to HM Government official figures the population of the UK in mid 2007 was 60,975,000.<sup>37</sup> The number of taxpayers for 2008-2009 was put at 31,000,000.<sup>38</sup> These are the figures used in the following table.

**Table 17**

	Per Man, Woman and Child in the UK	Per Tax Payer in the UK
Gross Costs 2007	£1,052	£2,011
Net Costs 2007	£909	£1,737
Gross Costs 2008	£1,077	£2,119
Net Costs 2008	£915	£1,799

37 [http://www.statistics.gov.uk/cci/nugget\\_print.asp?ID=6](http://www.statistics.gov.uk/cci/nugget_print.asp?ID=6)

38 HM Revenue & Customs. [http://www.hmrc.gov.uk/stats/income\\_tax/table2-1.pdf](http://www.hmrc.gov.uk/stats/income_tax/table2-1.pdf)

## 6. The UK Balance of Payments with EU and the World 1973-2007

We were told that membership of the 'Common Market' would facilitate trade, but if we look at the balance of trade figures for the countries of the EU we see that Britain has an accumulated trade deficit of **-£383.7 billion**.

EU Membership has certainly not increased our trade with other EU countries. Devices such as the Common External Tariff (taxes on imports) and the Common Agricultural Policy have distorted Britain's trade patterns adversely, preventing us from buying more beneficially on the world market: see the following table.

**Table 18**

Calendar Year	Balance with EU Countries in Trade & Services	Balance with non EU countries in Trade & Services	Balance with World in Trade & Services
1973	-£1,674	£678	-£996
1974	-£2,592	-£590	-£3,182
1975	-£2,831	£1,308	-£1,523
1976	-£2,536	£1,764	-£772
1977	-£2,215	£2,268	£53
1978	-£2,920	£4,043	£1,123
1979	-£2,995	£2,542	-£453
1980	£815	£2,028	£2,843
1981	£1,694	£5,054	£6,748
1982	£813	£3,836	£4,649
1983	£41	£3,488	£3,529
1984	-£1,029	£2,511	£1,482
1985	-£1,496	£3,734	£2,238
1986	-£8,832	£7,968	-£864
1987	-£12,889	£8,086	-£4,803
1988	-£18,175	£1,700	-£16,475
1989	-£20,811	-£1,587	-£22,398
1990	-£18,393	-£353	-£18,746
1991	-£5,793	-£2,161	-£7,954
1992	-£11,823	£1,690	-£10,133
1993	-£13,207	£2,451	-£10,756
1994	-£12,523	£10,104	-£2,419
1995	-£12,500	£9,608	-£2,892
1996	-£5,485	£1,296	-£4,189

1997	-£4,845	£5,349	£504
1998	-£5,923	-£2,032	-£7,955
1999	-£9,812	-£3,677	-£13,489
2000	-£6,823	-£11,151	-£17,974
2001	-£13,403	-£10,609	-£24,012
2002	-£23,603	-£4,470	-£28,073
2003	-£27,261	£1,266	-£25,995
2004	-£30,353	-£2,401	-£32,754
2005	-£37,359	-£5,355	-£42,714
2006	-£30,142	-£13,062	-£43,204
2007	-£36,862	-£10,618	-£47,480
<b>Totals in billions</b>	<b>-£383.742</b>	<b>£14.706</b>	<b>-£369.036</b>

**Note:** Figures are shown in millions, totals shown in billions. Figures may be subject to revision up to four years retrospectively.

These figures taken from Office of National Statistics Pink Book, published in Oct 2008 show the figures adjusted retrospectively for the nine year period from 1999 to 2007.

We are told that our trading and economic interests lie with the European Union, and that we could never leave because ‘millions of jobs depend on membership’. However if we look at Britain’s trading figures with the USA in comparison with those of the EU from 2000 onwards we see quite a different picture. We sell the USA more than they sell us, and our trading interests would seem to be more in line with them than the EU. After all we share a common language (allegedly) a legal system with common roots, and similar business and accounting practices.

To trade profitably with the USA we don’t have to become the 51st state, so we certainly don’t need to become part of a politically integrated European Union in order to trade unprofitably with it.

**Table 19**

Comparison of Trade in Goods and Services between the UK and the USA and EU.

Year	Balance of Trade with USA (Goods & Services)	Balance of Trade with EU (Goods & Services)
1999	£4,816	-£9,812
2000	£6,929	-£6,823
2001	£5,607	-£13,403
2002	£12,335	-£23,603

2003	£14,930	-£27,261
2004	£16,949	-£30,353
2005	£16,930	-£37,359
2006	£18,586	-£30,142
2007	£19,952	-£36,862
<b>Totals in billions</b>	<b>£117.034</b>	<b>-£215.618</b>

**Note:** Figures are shown in millions, totals shown in billions. Figures may be subject to revision up to four years retrospectively.<sup>39</sup>

There is also what economists call the ‘opportunity cost’ of tying the UK economy to that of the EU by means of complying with EU regulation and the Common External Tariff which puts barriers up against foreign imports. The EU is one of the slowest growing parts of the world economy and the impact on UK economic growth has been estimated by some economists<sup>40</sup> to be at least 0.5% of UK GDP.

This equates to over **£7 billion** per annum at 2007 GDP. If Britain left the EU we could not unreasonable expect the UK economy to be boosted by up to this amount.

## 7. Fraud


In 2008 for the fourteenth year running the European Court of Auditors has refused to fully sign-off the EU accounts. The Court said that while the accounts (for 2007) give a “fair representation” of the financial position of the European Communities it remained concerned over the legality and regularity in some spending areas, particularly those relating to cohesion policies and agriculture. They voiced concerns for areas of spending that amount to 80% of the budget spent by member state governments and EU agencies.

Spending in EU regions was about **€42 billion**, of which auditors calculated that **11%** of such cohesion funds should not have been paid out. That amounts to **€4.6 billion**. It also had concerns that too much of the spending on agriculture, which amounted to **€51 billion**, could not be properly accounted for. Overall it appears that about **€6 billion** of the 2007 budget of **€114 billion** cannot be properly accounted for.

**€6 billion** is about **£4.7 billion** at currently exchange rates. Since the UK net contribution to the budget for 2007 was **£4.3 billion** it can then be reasonably said that the entire net contribution to the EU budget by British taxpayers is potentially going into the pockets of fraudsters.

39 [http://www.statistics.gov.uk/downloads/theme\\_economy/PinkBook\\_2008.pdf](http://www.statistics.gov.uk/downloads/theme_economy/PinkBook_2008.pdf)

40 John Mills, Labour Euro Safeguards Campaign.



Most of the 'misspending' is reportedly caused by complex technicalities rather than outright fraud but there are still classic scams such as olive growers claiming subsidies for non-existent olive trees.

Fraud may occur in the following way: the EC Budget makes a payment for a project to a 'responsible local authority', which is expected to release the funds to those running the project; there may be co-signatories to the account but not necessarily. The funds may then be siphoned off in part or whole into the pockets of fraudsters.

If this is uncovered, the member state's own authorities may decide not to act, on the basis that it is 'EU money' and not their problem. When the money disappears everyone blames someone else and very little is likely to happen. This is all the more likely to happen in those member states where corruption is a way of life and almost a legitimate source of extra income for those in authority.


The EU blames member states because 80% of the EU budget is managed in-country; but this merely illustrates the lunacy of transferring huge sums of money to countries that are institutionally corrupt. It is also insane to take money from countries with one hand and give it back to them with the other to be spent in ways that are then open to fraud: their own governments could have done that themselves, or hopefully spent the money without it being open to such fraud.

Fraud of EU funds cannot be counted as an additional cost but it comes out of the EU budget and is money stolen from the pockets of European tax-payers.

## **8. Can Britain Afford the EU?**

For the third year running this pamphlet demonstrates that the costs of EU membership are rising. Our net contributions to the EU budget are to increase by an estimated 88% over the budget period 2007-2013 compared to 2000-2006; the indirect costs of the Common Agricultural Policy, the Common Fisheries Policy and EU Over-Regulation continue to mount.

We continue to buy expensive food from subsidised continental farmers when rising food costs internationally make it sensible for Britain to become as self-sufficient in food production as possible. Our fishing industry has been all but destroyed and a once proud maritime nation now sees 70% of the fish caught in its former territorial waters taken by other EU countries: indeed, the CFP itself is an environmental and economic obscenity. The cost of over-regulation will continue to increase given the European Union's mania for legislating over every aspect of our lives.



Our trade patterns have been distorted by the Common External Tariff and membership of the CAP, and far from delivering increased prosperity the balance of payments figures clearly show that while we have a massive trading deficit with the EU we have a large trading surplus with the USA.

In 2006 the Swiss Federal Government published an exposition of the various costs and benefits of Switzerland's possible relationships with the EU. It concluded that full membership would cost up to six times more than its existing trading arrangements with the EU; not surprisingly the Swiss decided not to join.

If this is true for Switzerland why isn't it true for Britain? There are simply no benefits to being in the European Union that could not be achieved by normal intergovernmental agreements between Britain as an independent nation state and the other countries of Europe, and the world.

Membership of the European Union is an ever increasing financial and economic burden on Britain that we simply cannot afford.

## **9. A Challenge to the Government**

If the HM Government really believed that membership of the European Union is economically beneficial to the UK then they would commission an independent cost-benefit analysis of membership. If they were confident of the outcome they would do so and be prepared to broadcast its findings from the rooftops in order to counter arguments against EU membership. They will not do that because they know very well that the results would show no demonstrable economic benefits to Britain from membership.

Parliamentarians from all parties have called for such a cost benefit analysis since Britain joined the EU in 1973. These have been denied by governments of both political colours. This is because the membership of the European Union is not about British national interest and has nothing to do with economic reality. Nowhere has this been more cynically demonstrated than by the Government's decision to ratify the Lisbon Treaty without a referendum of the British people. The Government will not ask them their opinion because they know that their answer would be a resounding 'No'.

If the British Government really believes that membership of the EU is in the interests of the British people they should commission an independent cost-benefit analysis to demonstrate the economic effects of membership.





## **10. Acknowledgements**

Research by Fiona Wise, EU Analysis.

Further assistance by Lynnda Robson, Anthony Scholefield, and John Mills.

## THE BRUGES GROUP

The Bruges Group is an independent all-party think tank. Set up in February 1989, its aim was to promote the idea of a less centralised European structure than that emerging in Brussels. Its inspiration was Margaret Thatcher's Bruges speech in September 1988, in which she remarked that "We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level...". The Bruges Group has had a major effect on public opinion and forged links with Members of Parliament as well as with similarly minded groups in other countries. The Bruges Group spearheads the intellectual battle against the notion of "ever-closer Union" in Europe. Through its ground-breaking publications and wide-ranging discussions it will continue its fight against further integration and, above all, against British involvement in a single European state.

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