

EU Owes UK 10.3K Billion Euros — Time to Leave and Theresa May Must Go

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The UK must demand from the European Union the share of the EU's capital assets to which we have contributed over 46 years.

Although “nothing is agreed until everything is agreed” the European Union demands exit payments from the UK to cover the full 7 year “multiannual financial framework” up to the end of 2020 – even though we will have “left” nearly 2 years earlier.

We are committing to paying the amounts committed to before the end of 2020 but for which cash will be paid in later years. HM Treasury estimates that the UK will make around 60% of settlement payments by the end of 2021 leaving 40% to pay. Indeed as regards pensions and some other matters one Government estimate is that we will be paying small amounts up to 2064!

The EU also demands that the UK will no longer participate in the Galileo satellite system “for security reasons” even though the UK has already contributed 1.4bn Euros to the project and the EU wants to continue to benefit from UK intelligence and security information after we leave.

In other words the EU wants to keep the UK's historic capital contributions but demand payments into the budget when we do not benefit.

Commitments on current and capital accounts should be treated the same. In other words if the UK has to pay for the “benefits” of the EU even after we have left, the EU must pay for the benefits the UK paid for and which they will continue to benefit from in the future – in other words our capital contribution.

Indeed the EU accepts this principle by accepting that the UK will receive (eventually) a repayment of its subscribed capital to the European Investment Bank. In corporate affairs when an investor or owner leaves he can sell his shares and thus get back his share of the capital he has contributed to.

So what are the capital assets of the EU to which the UK has contributed over the last 46 years? As at 31st December 2017 there are on the European Union's balance sheet the following capital assets to which the UK could claim it has contributed by its budget contributions over 46 years:

Property plant and equipment	10,745m
Investments	581m
Financial Assets	59,980m

Total 71.306 billion Euros

Although today the contribution to the EU budget is about 12% of the total it was of course much greater in the past when there were fewer member states, we received no rebate and, after Germany, we were the second biggest paymasters. I think it excessively fair to take 12.5% as being the long run average of UK contributions. The Government has said:

“HM Treasury used the Commission’s forecast that the UK’s share of contributions to the EU budget in 2018 will be 12.7%, and assumed that it will remain at this level in 2019 and 2020. It estimated that the resulting average of the financing shares between 2014 and 2020 was also 12.7%”

12.5% of the EU assets of 71.306bn Euros is 8.9bn Euros. Adding the 1.4bn Euros contribution to the Galileo Satellite system the total to be reclaimed as an integral part of the financial settlement is 10.3bn Euros.

It is extraordinary that no such calculation has been made by the UK Government and no such claim made in the long drawn out negotiations – even as an offset against the proposed £39 billion “divorce settlement”.

There Can be No Question of a Transition Period

If no agreement can be reached then there is certainly no need to have a transition period to implement a non agreement. WE simply adopt WTO rules and trade with the EU like the over 160 countries in the world who are not EU members. There should be no question of the 2 extra years budget contributions which May and Hammond want to pay.

AS the former Cabinet Minister Peter Lilley wrote on this website there was no need for a transition period since it would just involve the postponement of critical decisions. It certainly has so far!

A “transition period” will not help solve the Irish border “problem” (it is a sudden need to carry on trading which will force the EU and the Irish Republic to find the solution). During that “transition” we will have no MEPs, no EU commissioners and it seems from the Treasury figures, no rebate! The bill for the 2 extra years will be £35bn to £39bn.

If during that time the UK economy flourishes then its payments to the EU will rise – even though it is no longer a member!

Embrace “No Deal” Now

I agree with John Redwood who has succinctly summarised the present situation:

As far as the EU is concerned the only thing on offer before we leave is a penal Withdrawal Agreement. There is nothing in the draft of that Agreement that guarantees something better in a possible Future Partnership Agreement.

As the government has failed to table a free trade agreement during the two years four months they have been negotiating, accepting the EU’s false sequencing of the talks (“pay to leave first then we might talk about trade” – RA) , there will not be one on offer before March 29, 2019.

The day after we leave trade will continue under World Trade Organisation rules – which apply tariffs (should we wish) to the massive EU exports to the UK and to the much smaller UK exports to the EU. Government revenue from the tariffs can be used to reduce the burden on exporters (already benefiting from the fall in the pound) and consumers by adjusting VAT. The WTO prohibits any political interference with trade and the imposition of non tariff barriers.

Either before or shortly afterwards the EU will be forced to come to the table and grant the UK similar trade terms as they have to Canada and are promising Japan – over 90% of trade tariff free. Given normal self interest by both sides this will be simple since we (unlike Canada or Japan) already trade on tariff free terms.

May Must Go

In order to have the clear sighted trade aims and refusal to kowtow to the EU agenda the Government needs relief from its catastrophic leadership. Theresa May has taken the Remainer logic and applied it supinely to the Brexit case, thus negating Brexit. She has been weak, naively and ludicrously accommodating of her so called “EU partners”. This naivety is best summarised by her Brexit negotiator Dominic Raab who has said:

“For all that Brexit has strained our relationship, the UK and EU still share the same values and face common challenges.”

Nothing could be further from the truth as regards the political establishments of the EU, France and Germany (but increasingly not their peoples) as the devastating evidence in the books *“Europe’s Full Circle”*, *“And into the Fire”* and *“Fascist Europe Rising”* (see “Books” on this site) demonstrate.

May has compromised virtually every single principle she herself set out – no single market, no customs union, no European Court jurisdiction, no free movement, return of fishing and agricultural policy etc.

Even worse she has proposed a long transition period during which the EU would delay, take our money, keep passing laws without our being able to vote on them and apply ever more pressure on the UK, still effectively trapped in the EU, having given up all leverage by paying the vast divorce bill.

She must go.

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