

Rebuttal of the Europhiles' Arguments

On 30th June 2011 The Rt Hon David Lidington MP, Minister for Europe, claimed a number of benefits that follow from Britain's EU membership. In this rebuttal the Bruges Group addresses the main points he raises.

1) Access to the Single Market is of central economic importance to the UK

The Single Market is a Customs Union with the institutions of the European Union making regulations which govern businesses within it. There are no important customs unions anywhere else in the world.

EU membership is not a prerequisite for access to the Single Market. Switzerland and Norway which are outside of the EU, export more in relation to their GDPs and per capita than the UK does. Furthermore, both China and the USA each export more to the EU than the UK does and without having their economies burdened by costly EU regulation.

Countries as far afield as Mexico, Turkey, Chile and South Africa have tariff free access to the Single Market. Without having to pay the huge costs associated with the EU. As shown later in this report the costs both the taxpayer and the British economy amount to many 10s of billions of pounds per year.

The Single Market with its four freedoms of free movement of goods, capital, services, and people is not just reserved for EU members. Those four freedoms also apply to members of what is known as the European Economic Area (EEA). Britain is also a member of the EEA and this guarantees that Britain will always enjoy those four freedoms regardless of EU membership.

2) The EU is one of the world's most important trading zones

Less than 10% of the UK economy is involved with trading with businesses in other EU member-states. However, 100% of our economy must comply with the EU's excessive regulatory burden.

Single Market trade is also becoming less important to the UK. With the growth of emerging markets the amount of British foreign trade with the rest of the world is set to increase so that by

2020 around 70% of Britain's foreign trade will not be with the EU. Presently, the EU accounts for approximately just 40% of the UK's trade.

3) The benefits of EU membership... include free movement

As previously stated citizens of European Economic Area member-states have the opportunity for free movement throughout both the EU and the EEA. If the government continues to support the free movement of people then this can be achieved via the UK's membership of the EEA.

Free movement into the UK is also an issue of great political concern in the UK, yet government cannot address this whilst governed by EU rules in this area.

4) That 3.5 million jobs, 10% of the UK workforce, are reliant on exports to EU member states

This misleading claim first emerged in the year 2000 from the now defunct Britain in Europe group which unsuccessfully campaigned for Britain to join the euro. They apparently based this claim on research they commissioned into how many jobs were involved with the EU. However, Dr Martin Weale the Director of The National Institute for Economic and Social Research described Britain in Europe's spin as "pure Goebbels" and said, "in many years of academic research I cannot recall such a willful distortion of the facts." The report had in reality come to the conclusion that the jobs would still exist

regardless of whether the UK was a member of the EU or not.

It is surprising that a Conservative Minister is repeating that erroneous claim.

British people and business do not need to remain within the EU, a supra-national political structure, to trade with other people and businesses on the continent.

The UK is a member of the European Economic Area and EEA members have tariff free access to the Single Market. Furthermore, the World Trade Organisation (WTO) would prevent the EU discriminating against British exporters. What is more, Articles 3, 8 and 50 of the Lisbon Treaty legally requires the EU to negotiate "free and fair trade" with non-EU countries.

The UK is the single biggest purchaser of exports from the other 26 EU member-states. They sell far more to Britain than British businesses sell to them. Perhaps the government should take action to address structural trade deficit which effectively means that Britain losing jobs to the continent.

5) Collective action gives us more negotiating power

Britain, with only 8% of the votes in the Council of Ministers has little formal power over the determination of EU rules, whereas a sovereign state would have 100% authority over its own affairs.

Outside of the EU Britain can retake its seat on the World Trade Organisation and negotiate according to our best interests instead of being represented by an EU trade commissioner who is currently from Belgium. Britain will then be able to negotiate without being encumbered by the differing interests of other EU nations that often have a different outlook to the UK. And as one of the largest WTO members the UK can support the many other members who share our global trading outlook.

Britain is having its own foreign policy decisions being subjugated to common EU positions. Both national and EU embassies will have to cooperate. As a result of the common foreign policy the UK diplomatic service will be receiving direction from the EU's High Representative.

EU rules also state that "The High Representative shall represent the Union for matters relating to the common foreign and security policy. He or she shall conduct political dialogue with third parties on the Union's behalf and shall express the Union's position in international organisations and at international conferences."

They also state that "When the Union has defined a position on a subject which is on the United Nations Security Council agenda, those Member States which sit on the Security Council shall request that the High Representative be asked to present the Union's position."

Furthermore, Defence integration is already underway.

One of the areas cited by Mr Lidington included the ability to reduce crime, catch criminals and take action to tackle abuse of the asylum system

What Mr Lidington may be unaware of is that Britain cannot deport foreign EU criminals because of an EU directive, number 2004/58/EC. The EU's increasing involvement in areas to do with Justice and Home Affairs such as the European Arrest Warrant and the European Investigation Order are seen as threats to our civil liberties and should not be welcomed.

The attempt to claim that EU control over Britain's asylum policy as a benefit of EU membership is also surprising.

6) Mr Lidington was confident in the UK's ability to move the EU in the right direction

The EU is unreformable, it is not proposing to return any

powers to the member-states and the EU continues to legislate thus continually deepening the centralisation within the EU.

7) The governments EU referendum lock was also cited in the letter as part of moving the EU in the right direction

It does no such thing. The Government have introduced the EU Bill, containing the so-called 'Referendum Lock'; however this does not prevent the EU expanding its powers without a referendum. It can still do this by legislating in new areas which it has not as yet done so but are granted to it as shared competences under the terms of the treaties. Once it has done so this becomes another EU occupied field and national Parliaments must then confirm to EU law and can only legislate in those areas if they obey the principles of the EU legislation. The EU Bill does not cover referendums in such circumstances and only in the event of there being a new Treaty and then only if the Government considers a Treaty change a 'significant' transfer of power.

In conclusion what Mr Lidington has failed to address is the enormous costs of Britain's EU membership:

- Britain has to hand over to the EU more than £10 billion each year excluding contributions to the bailout schemes
- The Common Agricultural Policy costs Britain at least £16.8 billion per annum. 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. It means higher food prices for an average family in the UK of £1,500 per year.
- The Common Fisheries Policy costs Britain over £3 billion in lost commercial opportunities each year. This figure is derived at by calculating the proportion of the value of the EU's total catch, approximately £5 billion per year, of which it is estimated that 70% comes from previously defined British waters.

Furthermore, in 1970 there were 21,443 fishermen in the UK. By 2007 that figure had dropped to 12,729: a decrease of 40.64%.

- Over-regulation from the EU on business costs Britain over £20 billion per annum holding back UK economic growth by 2% each year. The British Chamber of Commerce Burdens Barometer, counting regulation from Whitehall and Brussels, puts the cumulative figure of total regulation upon British businesses much higher. At least 50%, and perhaps as much as 70%, of this legislation originated from Brussels, therefore the cost of EU regulation is at least 2% of GDP and that is a conservative estimate. Peter Mandelson told the 2004 CBI 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. 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. Later, in a letter from Commissioner Verhuegen to Bill Newton-Dunn MEP, dated 18th June 2007, he gives the overall EU figure as an average of 3.5% of GDP for all member states and the figure would be similar for the UK. Therefore, the £20 billion per annum and 2% figures are erring on the side of caution.

The question needs to be asked if this is a cost worth paying and ask for a genuine explanation of what we get in return. If the Treasury disputes those figures then there should be an official cost benefit analysis into Britain's EU membership.

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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