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A future EU-UK financial relationship

Bob Lyddon

The UK's financial relationship with the EU going forward, these come down to the terms-of-trade.

The two essential elements here are:

A. What replaces our current membership of the customs union and Single Market;

B. How we protect ourselves from predatory tax practices of other EU Member States.

The guiding principle is that it is impossible to remain part of the customs union and Single Market and also preclude predatory tax practices.

To solve the latter issue, the UK needs to rewrite its domestic corporate tax code by drawing up industry templates for cost/income ratios through which HMRC could run the group-wide figures of the likes of Google and Amazon, and the many other companies who benefit from the Freedom of Establishment and the sweeteners embedded in the domestic corporate tax codes of Ireland, Luxembourg and the Netherlands in particular.

Whatever the appearance these companies might present about the extent of their UK business, HMRC would be accorded the right to look through to the substance, and extrapolate the profits of their UK business from the company's group-level sales and from a template of costs that would apply to a UK company undertaking the same business from a 100% UK base, and not with the activities split between the UK and other EU Member States.

This splitting of activities is underpinned by the implementation of odorous "transfer pricing" that lands the costs in the UK and the profits in Ireland, Luxembourg or the Netherlands. Instead the UK needs a new regime:

HMRC can make assumptions about the group's UK sales from the group's global Profit and Loss account;

Then HMRC can derive their UK costs and their UK pre-tax profits through applying the industry templates for 100% UK-based companies undertaking the same activities;

Whatever the company says is the profit of the UK subsidiary, HMRC would then respond with the UK's official version of their profits, on which they would pay 16-17%, or whatever the standard rate is;

HMRC would send the company an Advance Payment Notice for the difference between what is in their own tax return and the UK's computation, regardless of what tax the company had paid in Ireland, Luxembourg or the Netherlands.

The remaining issue is import/export tariffs. These can be negotiated in the knowledge that the UK exports approximately £280 billion of goods and services to the EU now and imports about £360 billion, an annual trade deficit of £80 billion (Source: Walbrook Economics).

Given this imbalance to the UK's detriment, the UK should have no qualms about going onto World Trade Organisation (WTO) terms. If tariffs of on average 10% were applied by other EU Member States to the UK's exports under these terms, this would amount to a detriment of £28 billion per annum. However, the detriments caused by EU membership fees (nett £9 billion), Freedom of Movement (nett £20 billion) and Freedom of Establishment (£11 billion) total £39 billion, and outweigh the tariffs that would be imposed on UK goods and services under WTO rules.

By the same token, if the EU imposed 10% average tariffs on UK goods and services, the UK could do the same in return. In that case HMRC would receive £36 billion in customs revenues, enough to subsidise all of our EU exports:

Assume an export was to be made for £50,000 and the EU tariffs would have raised this to £55,000;

The UK government sets up a scheme allowing the UK exporter to still quote a £50,000 all-in price, but composed of a cash price of £45,454 plus 10% EU import duty of £5,454 = £50,000;

The UK government reimburses the UK exporter with the £5,454 of duty so the impact of the duty is neutralised;

Even if EU governments did the same in return, the UK as a whole

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would still be better off by £8 billion per annum: 10% of the UK's negative trade balance with the EU.

On top of that the UK would be able to strike trade deals with non-EU member states at lower tariffs than apply now, when they are set at an EU level.

There is, however, one proviso to the above. The UK government should only reimburse EU import duties to UK exporters where the UK goods and services being exported into the EU have a minimum of 70% UK content. There would be an exclusion where goods/service are prepared mainly outside the EU, imported into the UK for finishing, and then re-exported as UK product i.e. as an EU product. This kind of "trade deal shopping" adds little value to the UK. Where the Confederation of British Industry lobbies for continued access to the Single Market, it would be interesting to know how much usage their members are making of the UK as an entry port to "game" the Single Market rules, as opposed to their investing and creating proper jobs in the UK: the latter deserves UK government support, whilst the former does not.

The main penalties, then, of the UK negotiators failing to reach any kind of agreement with the EU negotiators by March 2019 can be summed up as:

1. EU import tariffs being imposed on the UK's exports of goods and services, which, for purposes of illustration, we have put at a detriment of 10% of £260 billion, or £26 billion;

2. The necessity of providing public services for 1.2 million UK citizens living in other EU Member States now, at an assumed cost of £10 billion per annum based on parity of cost with that the UK bears now for providing public services to the 3.6 million citizens of other EU Member States;

3. Loss of estimated £5 billion per annum of grants from EU bodies into the UK.

The total detriments would thus amount to £41 billion per annum.

Were the negotiations to fail in that way, the financial benefits to the UK would be:

A. Imposition of tit-for-tat import duties on EU goods and services, at the same level as imposed by the EU. If that were at 10% and on the current level of EU imports, the UK would book £36 billion of import duties;

B. Cessation of payment of £14 billion per annum EU Member Cash Contribution, out of which the £5 billion per annum of grants from EU bodies back into the UK are funded;

C. Cessation of the need to bear the cost of the public services for the 3.6 million citizens of other EU Member States currently in the UK, which is £30 billion per annum;

D. New revenue in Corporation Tax on tax-efficient EU business models where profits are currently concentrated in Ireland, Luxembourg and the Netherlands, calculated by the author for Global Britain at £11 billion per annum.

The cash benefits amount to £91 billion per annum, as contrasted with the cash detriments of £41 billion – a net cash benefit of £50 billion per annum.

The difference expressed as a Net Present Value may well be far higher if one were to calculate the relative periods over which public services would need to be provided to EU citizens in the UK compared to UK citizens in the rest of the EU, based on age demographic.

In addition, the failure of negotiations and the UK's exit from the Treaty of the Functioning of the EU would release the UK from EUR1.3 trillion of contingent financial liabilities. In order to ensure this release, the UK government should buy out all of the European Investment Bank's loans into the UK:

Adjusting the payment in the EIB's favour for their loss on redeployment of funds, where the EIB has funded its loans at higher interest rates than prevail now (the loans will be set to those higher rates so the UK would earn this adjustment back over the life of the loans);

Offsetting the value of the Student Loans to students from other EU Member States.

This last point could be of course be challenged, with the UK's position being that allowing these students to study here and take out a student loan here were part-and-parcel of the UK's membership of the EU and should not survive the UK's withdrawal.

Apart from that, the UK could simply enact the remainder without striking a Brexit deal in negotiation. This should then be the baseline: the negotiation needs to achieve a better outcome for the UK than the result if no negotiation were undertaken at all.

Since the "no negotiation" route can be expected to deliver £50 billion per annum cash benefits and release the UK from;

(i) EUR 1.3 trillion of contingent liabilities and

(ii) a liability to provide public services to EU citizens of a far longer duration than the likely need to take over public service provision for UK citizens currently in other EU countries, the UK negotiating position is straightforward: the above is a minimum outcome and is completely acceptable. The negotiating task is to improve on that, and walk away if that is all that can be achieved.

The walk-away can deliver £50 billion per annum cash benefits: 2/3rds of the UK's public spending deficit and enough to bring austerity to an end, and without Labour's Land Value Tax and financial conjuring tricks.

Bob Lyddon is the author of "*The UK's liabilities to the financial mechanisms of the European Union*".

The real economic situation

Ewen Stuart

One does not need a long memory to recall the persistent and dire warnings that if the UK voted to leave the EU, in June 2016, there would be an immediate sharp recession and subsequent collapse in employment. HM Treasury official guidance to voters, in a letter sent to each and every household, was that on a Leave vote, 'Britain's economy could be tipped into a year-long recession. Further, at least 500,000 jobs could be lost and GDP could be around 3.6% lower following a vote to leave the EU than it would be if we remained in the EU.' To be fair to George Osborne, he was not alone with clear and very gloomy forecasts, albeit amongst official forecasting bodies there was a remarkable group-think. However, it is worth reminding ourselves exactly what has happened over the last 500 days. Firstly, the economy did not decline by 3.6% as promised. It has grown in each and every quarter by an average of 0.4% per quarter since the referendum with an almost boring consistently. Today GDP is 2.5% higher in real terms than it was the day before the referendum. In other words that is 6.1% better than the Treasury forecast, equivalent to £135 billion of extra annual production over their estimate, or just over £2,000 for every man, woman and child. Next, the Treasury forecast the loss of 500,000 jobs with a year of the vote. Actually over the last 500 days since the referendum, 317,000 new jobs have been created, or 634 new jobs each and every day since we voted to Leave. Indeed never have more people worked in the UK than today, 32.1 million, and not since 1974 has unemployment been so low as a percentage of the total workforce. The Treasury forecast was simply wrong. Britain has been the undoubted European bright spot for employment growth with a rate of unemployment well under half the EU average. Moreover, the increase in employment is across the board. 88,000 more jobs in healthcare, 16,000 more in agriculture, 61,000 more in construction, 96,000 more in IT, 114,000 more in hospitality, 38,000 in automotive, 79,000 more in transport and despite the dire warnings relating to the financial sector stability with no net job losses. Indeed it is the private sector, not the public sector that is creating the employment, which is quite at odds with the doom and gloom penetrating the airwaves every night on the 10 o'clock news. The naysayers say, 'well, they are rubbish zero hour contract jobs.' This simply is not true. Perhaps the best measure of underlying income growth comes from HMRC. Income tax paid for fiscal year 2016/7 was 5.4% higher than the previous year, a take well ahead of inflation. Given personal allowances rose, particularly for the less well paid, this is a very strong indication that earnings are growing strongly. Real disposable income, which is a much broader measure of prosperity than the often quoted and rather archaic 'average weekly earnings survey', as the former includes total income including that from the self-employed, while the latter does not, remains firmly in positive territory in real terms. Moreover, even if one accepts the narrower definition of wage growth, I don't recall the media mentioning that real wages actually fell rapidly between 2010-4 before an EU referendum was even a possibility? But they remain at it. Only very recently the Bank of England cries 'prepare for 75,000 job losses' in financial services following our departure from the EU. What are they doing? Do they not think that City employers might just have clocked that the UK is leaving the EU and that no deal is very possible? Of course they have, and simply, if City employers were that worried they would not be hiring now. They are. The UK central bank is being wholly irresponsible. Their job is not to publicly talk the UK down, even if they happened to believe these absurd predictions which are in conflict with actual financial services employment trends and numerous other surveys including a separate poll of 100 financial services firms by *Reuters*, who put possible job losses at less than 10,000, or around 0.6% of all financial services jobs. What possible interest does the UK Central Bank have in putting about the worst possible (improbable) outcome? We live in parallel worlds. Those who cannot accept the result, who have bought into the dire warnings, save they are now tomorrow, not today as previously promised. Of course there are problems, of course not everything is perfect, but it is the Remain camp that have the questions to answer, not Leave. Their immediate and dire predictions of job losses and severe economic mishap has simply not been true. Britain is now enjoying its eighth consistent year of economic growth and record employment. Now that is something to toast 500 days after the vote.

UK manufacturing still rising

Despite all the promises of economic doom during the 2016 referendum vote, UK manufacturing has continued to rise in 2017.

According to the IMS Markitt/CIPS purchasing managers' index (PMI) the index rose to 58.2 per cent in November, driven by higher domestic demand and export orders. A reading above 50 indicates expansion.

This is the 16th consecutive month of expansion for the sector and the best level in 51 months, and no doubt this encouraged the Bank of England to increase the interest rate by a quarter of a per cent in November as a rise in manufacturing has a number of positive affects on the UK economy.

Customs Unions: from Zollverein to Irrelevance

Ian Milne

The EU Customs Union, is the only one in the developed world, and is a relic from the "Fifties" - the 1850s.

Preamble

George Orwell's "1984" came out in 1948, less than a decade before the official birth of the European Community. In Orwell's vision, three totalitarian super-states, Oceania, Eurasia and Eastasia, were perpetually at war.

The European Community was – is – merely the latest version of the chimera of a single European state that was pursued in the nineteenth century by writers such as Victor Hugo, by Continental tyrants such as Napoleon, and, in the twentieth century, by German governments led in 1914 by Bethmann-Hollweg and from 1933 to 1945 by Hitler.

Consciously or not, the European Union was built on similar assumptions: that the post-war world would consist of huge "blocs", competing for resources and markets, and that European states were destined to amalgamate into a single state. In the Eurocrats' *weltanschauung* - world-view - North America constituted one bloc, Europe another, while to the East, (the Soviet Union, its first candidate, having failed) China would exercise hegemony over the Asian land-mass.

The EU Customs Union

Since its accession to the "Common Market", British Trade Policy is *not to have* a British Trade Policy. The UK hasn't been in control of its own trade policy since 1973. What the UK has had since 1973 is being trapped – for the first time in its history - inside a customs union – the EU Customs Union.

The EU Customs Union, the only one in the developed world, is a relic from the "Fifties" – the 1850s. This is how it came about.

In German and French "received wisdom", customs unions are (still!) a peculiar obsession. The 19th century German customs union – "Zollverein" - was the mechanism associated in the German collective consciousness with the Bismarckian creation of Prussia and then the German Empire.

On 4th September 1914, a few weeks after the outbreak of the First World War, Chancellor Bethmann-Hollweg issued his letter setting out German war aims. War aim number four [1] was to *"create a central European economic association through common customs treaties.......".* (A *Figaro* journalist, Eric Zemmour, describes this as a plan for the *"vassalisation économique"* of France through the mechanism of a customs union [2.)]

Two years later, in 1916, when the war wasn't going too well for Germany, Berlin offered a separate peace to the Belgian Government (then in exile in Le Havre [3]), involving the evacuation of German occupying forces from Belgium and the signing of a bi-lateral Belgian-German customs union [4]. This was turned down by the Allies.

In early 1917, when a compromise peace with Britain, France and Russia might just have been possible, German aims were for a "German peace" with a customs union led by Germany and with the involvement of Austro-Hungary and Romania, thereby solidifying Germany's hold over its supposed allies and converting them to a *de facto* part of the peace-time German economy, no different from Alsace-Lorraine and a large slice of Belgium which Germany also proposed to retain.

In the next war, in 1942, when Germany still believed it would win, the Reichsbank organised a conference [5] in Berlin to plan how Germany would run the European economy afterwards. This involved a European Customs Union – *Zollverein* - very similar to the one we have today. (It also involved a single currency with – believe it or not – an opt-out for the UK).

Almost two centuries on, in 2016, with average customs duties worldwide (including in the UK) down to a little over one per cent [6], customs unions have lost whatever economic *raison d'etre* they ever had.

Source:

1) The full text (translated) is: "We must create a central European economic association through common customs treaties, to include France, Belgium, Holland, Denmark, Austria-Hungary, Poland "sic", and perhaps Italy, Sweden, and Norway."

2) Eric Zemmour, Figaro, 29.9.16

3) The building which housed the Belgian government in exile between 1914 & 1918 survived the 1944 bombing and still stands in Saint-Adresse, a suburb of Le Havre.

4) Georges-Henri Soutou, La Grande Illusion, 1914-1920, pp 75.

5) The title of the 1942 conference was "Europäische Wirtshaftsgemeinschaft"

6) In 2013, 82% by value of all UK imports of goods from outside the EU bore zero customs duties. The remaining 18% of such imports bore an average rate of EU-mandated customs duties of 8%. That 8% average is likely to be lower now. (The ONS has now – mysteriously? - stopped publishing the "value of customs duties collected by the UK on behalf of the EU" line).

How UK business has been let down by the government

J. Brian Heywood

Well, just imagine that the second world war has just ended and you are the newly elected leader of a sizeable foreign country. A decade or so earlier, going to war, threatening to do so, or claiming that your country is at risk of war, would have been one way to extend your stay in power. But with the advent of nuclear weapons, war has become less of an option.

To stay in power you will need to improve your country's economy. Your initial research in how to do this will reveal several confusing issues, such as the US imposing severe 30 year charges on the UK for the help they gave it during the war, whilst making sizeable donations to Germany to get that country going again. However, further research shows that despite that, the UK is the major threat to your hope of economic growth because although it played a financially devastating part in two World Wars it still owns a significant number of the world's major companies.

Why is this so important?

It is extremely important because for every new product or service your citizens develop they will be competing with companies that have branches in most of the developed world. In most countries they will already have sales forces, advertising facilities, and financial services. In many countries they will have technical and financial specialists eager to make continuous developments to new products. In addition they will almost always stay in business even when new projects fail.

How do you compete with these big companies?

Well, to comment on that question let us switch back to the present day. For the first twenty post war years many of the big UK companies were subjected to a number of attempts to destroy them. These ranged from false statements on the quality of their products, to attempts to take control by buying shares in the companies. By and large all the big British companies were able to continue despite these difficulties.

But then in the late sixties, early seventies our Government began a series of 'give-aways' in order to join the EU, or Common Market as it was then known. They did this in a number of ways but it all culminated in the failure to stop foreign organisations taking over our major companies. The elite will respond to this by saying those companies were taken over because they were failing. Some of them were certainly struggling, but the Government could have saved them by blocking such takeovers and instead providing some support. The other EU governments almost always adopted that policy and stopped attempts to takeover their companies. The result was that takeovers were concentrated on our country.

Yes, money came into the country from these sales, but the benefit was marginal. In letting them be sold, British Governments chose taking a nice perk that might also help to extend their time in power, but ignored the enormous benefits and jobs that those companies would generate each year for future generations. They gave away the wealth that our ancestors created and by doing so created a largely unhappy nation.

The young people who voted at the referendum to remain in the EU should note an interesting development. Now we are on the way out of the EU, this Government announced in September 2017 that they will introduce a new law very soon that will stop foreign organisations buying key British Companies. Thank you Mrs May, but it's no use closing the stable door now because I think almost all the horses, sorry, companies have gone. The remain people might like to consider why the Government should adopt this 'no sales allowed now' policy, but could not do it in the previous forty years. The only explanation must be pressure from the EU on just the UK. Pressure that allowed the overseas big boys to do as they wished. If you look on the internet you will see several sites detailing the hundreds of meetings that Rupert Murdoch had with Prime Ministers and senior British politicians. Most notably, Tony Blair.

Between 1970 and 1973, I worked as an investigative/marketing consultant for a major consultancy and carried out a number of investigations for large companies and British Government departments. In many ways I was in a unique position. When I stopped doing assignments for the Government, I continued to try to find out what was going on. In the mid 1990's I started to send out pamphlets to small and medium sized companies telling them what I had discovered. Then I tried websites, articles, business books and novels all related in some way to our membership of the EU. All these attempts appeared to suffer from a number of set backs.

Two years ago I decided to put most of my experiences relating to the EU, together with documentary evidence proving my claims, in a small pamphlet called "*The Betrayal of British Industry*".

This is now available cost £3 from www.junepress.com.
See rear page for further details.

Aftermath of Article 50

According to the influential group *Leave.eu* the EU has been running a cynical campaign to portray British incompetence at the negotiating table. The media has been only too keen to report Brussels' version of events, a heavily distorted perspective reinforced by the very real impasse over the EU's shocking demands for billions and billions of pounds. With a speech delivered in Florence in September, the Prime Minister attempted to break the deadlock with a pledge to deliver at least £20 billion as a gesture of goodwill and to cover the costs of an equally controversial transition period set to run up to 2021 at the earliest, five years after the referendum [Now this figure has apparently been increased].

The Prime Minister and Brexit Secretary David Davis are desperately trying to get negotiations towards a trade deal underway as soon as possible, which the EU has stubbornly insisted can only occur once "sufficient progress" has been made on the three key divorce issues: the border between Northern Ireland and the South, the rights of EU nationals living in the UK and the dreaded financial settlement.

In her more recent pronouncements and position papers, the Prime Minister has remained largely faithful to her intention to forge a "comprehensive" trade deal with the EU, rather than remaining in the single market or the EU Customs Union. But the transition period advocated strongly by Chancellor Philip Hammond threatens to keep the United Kingdom in both structures interminably.

Article 50 - This seemingly insignificant component of the EU treaties attracted little attention during the referendum campaign, but it has become central to the process of withdrawing from the European Union. Article 50 defines the pathway for any Member State to exit from the European Union. Following the Prime Minister's notification of withdrawal to the European Council on 29th March 2016, the clock has started on the two-year negotiating period, which will define both the terms of Britain's exit as well as its future relationship with the European Union. Leave.EU will be reporting on Article 50 developments on a constant basis. Make sure to tune in, we'll be unravelling it all.

David Davis, a key figure in Britain's fight to be freed from the EU, has been tasked with securing Theresa May's Brexit vision at the negotiating table. His job – Secretary of State for Leaving the EU – is a new cabinet position. As a headstrong and experienced Eurosceptic Davis is well-placed to strike a hard bargain. However, even before the negotiation had begun, the former Europe minister has made some alarming noises. He is open to paying for better access to the single market and foresees open migration with EU citizens of all skill levels in the aftermath of Britain's exit from the bloc.

What are the options?

Listed below are the different options available. In principle, the country is headed for option 1, a bespoke trade deal, but Theresa May has not ruled out incorporating elements of option 2, the Customs Union. The pro-EU political establishment will be motivated to make a last ditch attempt at keeping Britain inside the Single Market under option 3 (the EEA) or a variation of it (see option 4) in spite of the huge democratic sacrifices that entails.

1. The UK negotiates a Free Trade Agreement (FTA) with the EU:

The most relaxed of the formal options available to the UK is a typical free trade deal. Britain would retain full or partial access to the Single Market, meaning tariffs on the vast majority of goods would continue to be exempted. But there would be no requirement for the UK to adopt regulations from Brussels, nor would Free Movement be a pre-requisite.

2. The UK remains part of the Customs Union:

The Customs Union in many ways mirrors the EEA. Just as all EU countries are in the EEA, they are also members of the CU. Non-EU countries in the Customs Union are usually hoping to one day become fully-fledged EU Member States, whereas the likes of EEA Norway have decided not to join the EU but have sought a higher level of EU market access. Non-EU countries in the customs union include Turkey, free movement is not a pre-requisite as it is with the EEA. The EU will want to retain access to the UK labour market so the EU may seek to take the CU option off the table.

Besides, the CU carries a major drawback. Members must adopt the EU's common tariffs (aka import duties). In other words, members of the CU cannot unilaterally raise or lower tariffs on any imports other than agricultural goods, and as a result, they cannot enter into trade agreements without the EU doing so first. EEA countries can. If Iceland was a member of the CU instead of the EEA it would not have been able to sign a trade deal with China.

3. The UK remains a member of the EEA:

Under this option, Britain would still remain within the European Economic Area (EEA), which comprises of all the EU Member States plus three other countries, Norway, Iceland, and Lichtenstein. The EEA is essentially, the EU's Internal Market, minus agriculture and fisheries. A 'Norway-Style' relationship therefore means the European Court of Justice will no longer be Britain's supreme court, EU VAT requirements will no longer apply, agriculture and fisheries policies will be back under the government's control, as will its ability to independently negotiate trade deals. A condition of remaining in the single market however, is to adopt Free Movement, pay budget contributions to the EU, albeit at a significantly reduced level, and adhere to the EU's single market regulations.

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Aftermath of Article 50

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4. The UK negotiates its own EEA type deal:-

Switzerland, chose to arrange its own EEA-type deal with the EU. It has tariff-free access to the single market, but whereas Norway and the other EEA countries have chosen to weld most of their industries to the EU's single market, Switzerland has opted to be more selective. The alpine country has still had to adhere to free movement of labour, but it has on occasion decided to restrict access to its labour market for non-Swiss nationals.

5. The UK trades with the EU through World Trade Organisation (WTO) rules:-

Should negotiations break down with the European Union for whatever reason, the UK would fall back onto World Trade Organisation (WTO) rules in its commercial relationship with the EU. The core principle of WTO membership is to treat all other members equally and the EU will not be able to impose arbitrary and prohibitive duties on imports from the UK.

Eurozone expansion

It appears that plans to reform the eurozone could be used as a clever way to create deeper reform of the EU by giving the eurozone members even more influence.

The European Commission president Jean-Claude Juncker said in his state of the union address in August that all EU countries (who do not have an opt-out) should join the single currency by 2019.

The EU executive intend to put forward concrete proposals during December, including financial incentives provided by a new assistance instrument for non-euro EU countries.

However, Konrad Szymanski, Polish state secretary for EU affairs has said countries should not adopt the single currency because of political pressure, contrary to their own economic assessments. He added, "This is the beginning of a political tension,"

Meanwhile, Zoltan Kovacs, spokesperson for the Hungarian government said recently that joining the euro "for the moment it is not the interest of the country", whilst admitting that "under the treaty it [joining the single currency] is not a question, but an outcome at a certain stage".

The greater the size of the eurozone the greater will be its influence over the future direction and polices of the EU. Therefore, those outside will at a distinct disadvantage and should the UK remain a member in any form then it will not be in its economic interests.

The EU executive thinks that while French president Emmanuel Macron is clearly calling for a core Europe to go ahead and not wait for less willing or less developed EU countries, Juncker can convince central and eastern Europeans that the way to avoid a multi-speed Europe is to join the core.

"It's a pressure," Poland's Szymanski commented. "We do not see any reason to accept such a choice", he said.

Romania's foreign minister Teodor Melescanu in August suggested Romania could adopt the euro in 2022. It would be the first country to do so since Lithuania joined in 2015.

Inside the EU when will the UK opt-out become questioned?

The link between the Magna Carta and the need for Brexit

The similarity about why Magna Carta was so necessary in its day, and why we need Brexit today is quite clear. Neither, King's or EU officials should be governing UK citizens.

On June 15th 1215 King John agreed to Magna Carta and fixed his seal of approval to it, thus releasing his power and allowing it to be devolved from himself to a court of barons and ultimately to a UK parliament, enshrining the principle that the Crown had to prove (via an independent judiciary) a case and go through due process, resulting in the introduction of Habeas Corpus.

This action enabled the UK citizens to have a greater control of their future way of life and the laws that they lived by.

The UK before its membership of the now-called EU was governed by largely common law, augmented by Parliamentary Acts, these were based on precedent through independent judges by the decisions of courts. Common law resulted from looking at history and gradually evolved.

However, these traditions are now overturned by statute law coming from the EU, these ignore the UK precedents that were obtained earlier and run roughshod over the UK system of government.

Hence, the need to yet again take back control of UK laws to be set by the elected government of this country and not accept the dictat of an institution that is beyond the control of the elected UK parliament. Failure to do this will make the results of Magna Carta to be thrown-away leaving the citizens of the UK to be politically ignored, the future without Brexit does indeed look bad for the UK citizens.

EU protectionism still alive and kicking

France, Germany, and Italy earlier this year urged the European Commission to better protect EU states from foreign countries seeking to acquire high-end technology.

EU countries can already block foreign investments on national security grounds, but the three countries' economy ministers said in a joint letter to EU trade commissioner Cecilia Malmstroem in February that they should also be able to do it for "economic" reasons.

"We are worried about the lack of reciprocity and about a possible sell-out of European expertise" ministers said.

"EU law gives the right to member states to prohibit foreign investments which threaten public security and public order," they said, according to the *Reuters* and *DPA* news agencies.

"What is needed is additional protection based on economic criteria taking into account, and with reference to, the Commission's expertise."

They said EU states; "should have more scope to investigate individual takeovers and, where applicable, block them".

They added that the kinds of deals that should be targeted were "unfair ... because they rely on state funds or are aimed at buying up important technologies".

They also complained that foreign states abused EU open markets by closing their doors to European investors.

"We are worried about the lack of reciprocity and about a possible sell-out of European expertise, which we are currently unable to combat with effective instruments," the ministers, representing the eurozone's three largest economies, said.

The letter did not mention China, but China was recently in the spotlight in Germany on technology-transfers and is notorious for blocking EU investments in its firms.

Berlin blocked the takeover of German electronics firm Aixtron by China's Fujian Grand Chip Investment last year on grounds that its microchips could be used in Chinese nuclear weapons.

German chancellor Angela Merkel also complained about lack of reciprocity after the €4.5 billion buy-out of German robotics firm Kuka by Chinese electrical appliance maker Midea.

Meanwhile in February Germany's deputy economy minister, Matthias Machnig, told the *Financial Times* newspaper that foreign companies should be obliged to "show that their investments in Germany are not driven by the state, and that financing for their deals is in keeping with the market".

"It is a principle that we want to establish in Europe, together with France and Italy," he said.

He had also told German daily *Handelsblatt* that: "Germany is for open markets. We support the investment of foreign companies in Germany".

He added, however: "Our companies are in a tough competition with countries that themselves are not as open as Germany and Europe."

Russia is also on the radar of some EU states over different types of investment.

Finnish authorities in February that they would investigate suspect land purchases by private Russian nationals after a warning by Supo, the Finnish intelligence service, that they posed a threat.

The concern is that landowners could install infrastructure that could be used by Russian troops in the event of an attack.

Suna Kymalaisen, a Finnish MP, told the *Yle* broadcaster that some transactions, such as purchases of summer cottages near airports, could be cancelled following a probe by the defence ministry.

Should Catalonia take independence into its own hands?

No doubt inspired by the United Kingdom's democratic push for independence, the semi-autonomous region of Catalonia has grabbed '*el toro*' by the horns in its centuries-long bid for self-rule. A referendum favouring independence needs due consideration, but the vote itself was unconstitutional and many voters refused to vote out of protest. Democracy is sacrosanct, but was the referendum a true expression of Catalans' collective will? Does the Catalan situation represent the right circumstances for the people to defy the constitution?

And what about the EU? The shamefully silent response to the brutal treatment of voters peacefully making their way to polling stations masks the bloc's well-established commitment to eroding the power of national identity across Europe, using regional fervour like that in Catalonia as its instruments of sedition. Look no further than the Committee of the Regions, a dubious yet highly influential EU institution offering a vision of a common European identity that cuts out nation states.

Ordinary Catalans who do not see themselves as Spanish cannot and should not be blamed for EU meddling. Nonetheless, the impact of that meddling deserves wider scrutiny.

Source: Leave.eu web site

The fishing industry and Brexit

Pressure from UKIP MEP, Mike Hookem, has forced the Government to finally engage with fishing communities and the public over their plans to keep the Common Fisheries Policy (CFP) using Theresa May's so-called 'Great Repeal Bill'.

Mr Hookem's petition, which calls for the UK fishing industry to be made a stand-alone entity in the post-Brexit era, reached 36,000 signatories in November.

However, in an unusual move, the Government sent out a questionnaire to signatories asking for their views on how the UK fishing industry should look in the post-Brexit age.

The questionnaire came the day after Mr Hookem criticised the Government's contradictory response to his petition, which stated we would 'regain our rights to manage our fisheries', but would maintain the status quo by adopting EU fisheries legislation.

Speaking from Brussels, Mr Hookem said, "Having signed many Parliamentary petitions over the years, I know it is highly unusual for the Government to send out a questionnaire to respondents after they have already replied."

"The fact that the Government have done this signals to me that they are starting to understand the depth of negative feeling out there regarding a second betrayal of our fishing industry.

"With Brexit, we have a golden opportunity to not only reclaim an industry that has formed a part of our heritage for over 2,000 years, but which will also be worth over £6 billion pounds a year to our economy.

"So, I would encourage anyone who has signed my petition to hammer home these point to Government. We want the establishment of our 200-mile exclusive economic zone (EEZ); the return of the 70% of fish currently taken from our waters by EU vessels; and the establishment of a sufficient fisheries protection force".

"Implementing these measures will give a huge boost to struggling coastal communities that have been devastated by over 40 years of the CFP."

"The simple fact is, the people of Britain did not vote during the referendum to keep the EU through other means, and especially did not vote to continue handing over the majority of our fishing wealth to Brussels. UKIP and many others think, "The fishing industry does not want 'continuity', they want change!"

UK's economic boost

Yet again despite the pessimists view of doom and gloom, the UK's industrial output grew at its fastest pace so far this year in September, according to official figures.

Production rose by 0.7 per cent compared with the previous month the Office for National Statistics (ONS) said, boosted by machinery and equipment output.

Separate official data also shows the UK's trade deficit in goods and services also narrowed by more than expected in September.

Migration statistics

Net migration into the UK is estimated to have fallen by nearly a third to 230,000 in the year to June, new figures show.

It is the first time that a full years data has been available since the UK voted to leave the EU last June.

Net migration is the difference between people coming to the UK for more than a year, and the number of people leaving the UK for a year or more.

This figure is still below the Conservative governments target of only 'tens of thousands'.

EU adopts 2018 budget

The EU has just decided to adopt its budget for 2018. The deal, agreed in early November has now been approved by the European Parliament and the Member states.

Commitments are set at €160.1 billion, a 0.2 per cent increase compared to 2017, while total payments are set at €144.7 billion, a 14.1 per cent increase.

According to the Estonian deputy finance minister Maert Kivine, this will help, "tackle migration and security, and to boost innovation, growth and employment".

Is this the price of immigration?

A mayor in western Germany has survived a knife attack amid suspicions of a link to his liberal immigration policy.

In late November Andreas Hollstein, conservative mayor of Altena, was stabbed in the neck in a kebab shop and had to have hospital treatment. The town in North Rhine-Westphalia (NRW) is well known for having accepted more than its quota of migrants.

According to Armin Laschet the NRW premier, "The German security authorities believe that there was a political motive".

The mayor is in Chancellor Angela Merkel's CDU party.

LETTERS

Tel: 08456 120 175 email: eurofacts@junepress.com

General Election?

Dear Sir,
Many politicians especially the pro-EU lobby ably assisted by the Labour Party are pushing for a General Election as soon as possible.

The reason they want a government led by a leader that will keep the UK under the rules and obligations of membership of the EU. In simple words that means remaining a fully paid up member of the EU club.

The future of the UK is to important to remain under EU control.

CAROL TENNANT
Bristol

Defence, plus pay and leave

Dear Sir,
You may have seen all this, but alarm is hardly the word for my reaction to the news that (ex-)Defence Minister Michael Fallon in September accepted a binding agreement to integrate our Armed Forces into an EU Army.

Planning, command and control is to be from an operational HQ in Brussels, chaired by the EU High Representative (and an EU Defence Minister — Michel Barnier?)

An EU Army has been on the cards since 1950, was scuppered by France's Parliament in 1954, and has now been put back at the top of the EU's agenda for **all 28** (not 27) member states by Jean Claude Juncker.

The inevitable consequence of military union will be fiscal union: taxation by Brussels to fund its military ambitions.

When I first learned of this a couple of days ago, I was initially sceptical, and have sought full sources, especially to read the EU Agreement on PESCO (Permanent Structured Cooperation on Defence).

It is a long spiel, but it's in there all right.

It was Labour PM Gordon Brown who paved the way for this by bulldozing through the Lisbon [EU Constitutional] Treaty — without a mandate to do so, and without even reading it.

In a recent "Tatton Matters" circular, our MP Esther McVey asked which three national issues out of 14 mattered most.

I looked for DEFENCE, and it was not even mentioned.

There is a petition EU Defence Force - ALERT - change.org now circulating to halt this move, and which has rapidly raised over 10,000 signatures in the Cheshire area. It seeks to oppose this integration of our Armed Forces.

The UK voted to restore sovereignty over our laws, borders and future.

PESCO will effectively lock us in to the EU forever.

You may recall that in the Falklands Conflict, the Belgians would not supply us with ammunition for our Belgian guns.

The French refused to stop supplying Exocet missiles, which sank nine of Royal Navy ships.

And the Italians supported the Argentinian invasion.

Furthermore, if we must pay X billions too much now to regain control of our own money, by agreeing to our current commitments to the EU budget, why does no one ask the question :

Do Remainers want us to go on paying increasingly scandalous amounts like this forever by staying in the EU? They, are the "fruitcakes and looneys" as Cameron called Brexiteers.

We should pay up and clear out.

€83 billion to fund pensions for 25,000 EU bureaucrats. It's lunacy.

We'll have a great deal more than £350 million to fund the NHS once we are out.

DON BRIGGS
Cheshire

Time for real change

Dear Sir,
No deal! Walk away now!

Trade under World Trade Organisation (WTO) rules as most countries do!

A clear strategy for Britain that can take us to a worthwhile future!

The political parties in parliament are incapable of anything like this!

Britain needs a new political party that can lead effectively working in the interests of the whole country.

For now it may be named 'The Reform Party'. A name that resonates deep in our history.

Public demonstrations are needed throughout the country aimed at safeguarding our future.

Therefore, put on our placards General Election Now!

In support of this dig deep! This is the hour as never before in our lifetimes!

RALPH MADDERN
Warwickshire

Thank you

We at *eurofacts* are very grateful to a number of supporters of our cause that have helped financially, including the Institute for Policy Research for a grant towards the cost of this publication.

***eurofacts** wishes its readers the compliments of the season.*
Our next issue will be published on 9th February 2018.

MEETINGS

The Economic Research Council

Tuesday **23rd January,** 6.30 pm

"What was the cause of the Great Recession Bankers or Policy-Makers"

Lord Lamont
Professor Tim Congdon CBE

PUBLIC MEETING
Royal Over-Seas League, Royal Over-Seas House, 6 Park Place, St James's Street, London
Admission by ticket
(Non-ERC members £15 - Students £10) via: www.ercouncil.org

Gresham College
020 7831 0575

Thursday **25th January**, 1.00 pm

"The Housing Market"

Jagjit Chadha, *Gresham Professor of Commerce*

PUBLIC MEETING
Barnard's Inn Hall, Holborn, London EC1N 2HH
Admission Free

Gresham College
020 7831 0575

Tuesday **30th January**, 6.00 pm

"The Labour Party"

Vernon Bogdanor CBE FBA, *Visiting Professor of Political History*

PUBLIC MEETING
Museum of London, London Wall, London EC2
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Should you be planning a meeting and/or conference dealing with the subject of UK-EU relations.

***eurofacts* Phone: 08456 120 175**
or
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The Economic Research Council

Wednesday **28th February,** 6.30 pm

"Economics"

Dame Minouche Shafik, *Director of London School of Economics*

PUBLIC MEETING
Royal Over-Seas League, Royal Over-Seas House, 6 Park Place, St James's Street, London
Admission by ticket
(Non-ERC members £15 - Students £10) via: www.ercouncil.org

The Freedom Association
0845 833 9626

Friday - Saturday **23rd - 24th March**

For all those who care about Freedom and Liberty

Further details including full list of speakers to be announced

FREEDOM FESTIVAL
Hotel Miramar, East Cliff, Bournemouth BH1
Admission - Information details contact Freedom Association

DIARY OF EVENTS

2017

European Union Brexit Summit — **14th December**

UK Parliament Christmas recess starts — **21st December**

2018

Bulgaria takes over EU Council Presidency — **1st January**

UK Parliament Returns after recess — **8th January**

Austria takes over EU Council Presidency — **1st July**

2019

Romania takes over EU Council Presidency — **1st January**

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British Constitution Group
www.britishconstitutiongroup.com
British Future
www.britishfuture.org
British Weights & Measures Assoc.
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www.ukip.org

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The opportunities for UK fisheries after Brexit with the restoration of the 200nm/midline resources zone.

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by Harry Beckhough. **£8.00**
Code-breaker and spy explains the real drive by Germany for control over Europe without war.

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The Coming Collapse
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Without EU membership, the UK can become the most successful nation.

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by Bob Lyddon. **£8.00**
How the UK's exposure to the EU is over £80 billion and maybe more.

Britain Votes To Leave, What Happens Next
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A fictional letter from the UK Prime Minister to the EU after a referendum decision to leave with detailed ideas.

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How government has failed to protect the UK industrial sector from foreign companies, putting at risk the long-term economic prosperity of the UK.

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