

UK INDEPENDENCE PARTY

How Much Does the EU Cost Britain? From the Government Pink Book 2016

Published by Gerard Batten
UKIP Member of the European Parliament for London
1st November 2017

Summary

Figures released today by the Office for National Statistics show that last year, the UK paid the European Union **£159 million** per week more than it received back.

The total 'membership fee' was **£363 million** per week, but the net figure comes after taking into account our rebate (think of instant cashback) and EU funding (think of shopping vouchers).

This means that, between the date of the referendum and leaving the EU in March 2019, the British taxpayer will have forked out - net - an incredible **£22.8 billion** to the European Union.

UKIP's Treasury Spokesman **Jonathan Arnott MEP** said: "To put these figures into context, the net membership fee alone is the equivalent of over 2 pence in the pound on income tax.

This isn't what people thought they were voting for in the EU referendum. We voted to end British cash going to the European Union, not for the tap to keep flowing. It truly beggars belief that even these eye-watering amounts of money aren't giving Theresa May pause to think - she's still agreeing to hand many billions more over to the EU in a so-called 'divorce bill', which hasn't the slightest legal basis.

British politicians often pretend they have a magic money tree, but the European Union actually has one. It's called the British taxpayer."

In a surprisingly political move by the Office for National Statistics, the figures for 2016 have been calculated differently to all previous years - removing the rebate, in an apparent bid to undermine figures used by Vote Leave during the referendum campaign.

Note:

1. Source: The Pink Book 2017 - Table 9.9

<https://www.ons.gov.uk/releases/unitedkingdombalanceofpaymentsthepinkbook2017>

2. UK gross contribution **£18.9 billion** per year. This figure is no longer shown directly in the Pink Book, a change from previous years.

3. UK rebate **£5.0 billion** per year. UK receives **£4.4 billion** in EU funding according to

ONS.

4. The ONS figures do not include EU payments to private institutions in the UK, which (according to separate EU data) amount to **£1.1 billion**.

5. The **£22.8 billion** projection relates to net payments between the referendum date and the projected withdrawal at the end of March 2019. This does not take into account future budget increases or exchange rate fluctuations, and therefore is likely to be a substantial underestimate of the true position.

6. HMRC, in Direct Effects of Illustrated Tax Changes, April 2017, suggests that a 1p variation in Income Tax would impact the total UK Tax take by **£4.05 billion**, which is less than half the UK net contribution to the European Union.

The Figures in More Detail

“Gross” figure the UK gives to the EU

The latest gross figure of what the UK pays to the EU is in the Pink Book 2017, table 9.9¹ (data for the year 2016).

The ONS has changed the way it presents this information this year. Last year the gross amount given to the EU did not include a calculation of the UK rebate. This year the gross figure does factor the rebate in. Since they have done this, all previous years’ gross amounts given to the EU have been revised to include the rebate in the final calculations.

The Pink Book puts the UK gross contribution to the EU for 2016 at £13.8 billion², including the rebate.

In the same dataset you will see “Fontainebleau abatement” – this is the UK rebate. So, for 2016 the UK rebate was £5,026,000,000 (**£5 billion**)³.

This would equate to over £267 million per week: 13,885,000,000 (UK contribution) ÷ 52 (weeks in a year).

To quote the gross amount after rebate given to the EU: **£267 million** a week or **£38 million** a day.

The calculation Vote Leave used is the gross amount before applying the rebate. If we make that calculation with the updated 2017 Pink Book figures it comes to **£363 million** a week or **£51 million** a day.

¹ Pink Book 2017 (data for 2016):

<https://www.ons.gov.uk/releases/unitedkingdombalanceofpaymentsthepinkbook2017>

See: “09 Geographical breakdown of the current account, The Pink Book” - Excel data: Table 9.9

² Table 9.9 - “Total Debits” - Row 47, column W

³ Table 9.9 - Row 39, column W

The calculation to find the gross amount before the rebate applied: 13,885,000,000 + 5,026,000,000 = 18,911,000,000 (**£18.9 billion**)

However, it is important to note that before the UK physically hands over any money to the EU, the rebate is applied⁴.

“Net” figure the UK gives to the EU

The next question is what about the net figure – what we give to the EU vs what we get back.

The Pink Book gives an overall figure of £4,444,000,000 for how much the UK received from the EU 2016 (excluding the rebate)⁵.

However, this isn't the whole picture as this figure only looks at EU money going to the UK public sector, it doesn't include money from the EU given to the UK private sector – the ONS doesn't provide those figures.

The ONS says the EU Commission does provide the figures for EU money going to both the UK public and private sector from their annual financial report.

For 2016 the EU data shows (in Euros)⁶: UK received: €7,457,600,000 (**€7.4 billion**) - to both public and private sectors.

If we apply an exchange rate of 0.75 to the EU figure that gives us an estimated figure in pounds: £5,593,200,000 (**£5.5 billion**)

To figure out the private sector contribution to the EU, we will subtract the ONS figure from the converted EU figure: £5,593,200,000 - £4,444,000,000 = 1,149,200,000 (**£1.1 billion**)

The UK received a total from the EU: **£5.5 billion**:

- £4.4 billion to the public sector
- £1.1 billion to the private sector

To conclude: The UK gave the EU **£13.8 billion** and received **£5.5 billion** = a net contribution to the EU of **£8.2 billion** for 2016.

That would equate to a net contribution of **£159 million** a week or **£22 million** a day.

So why not use the “net” figure?

The money we get back isn't a blank cheque given to the national government to decide what do with. It is the EU that decides who it is awarded to and how it is spent. (Along with most projects having an EU flag on it).

⁴ ONS article on how the rebate/UK budget payments to the EU work:

<http://visual.ons.gov.uk/uk-perspectives-2016-the-uk-contribution-to-the-eu-budget/>

⁵ Table 9.9 - “Total Credits” - Row 25, column W

⁶ Commission document : EU budget 2016 - Financial report

Money is lost paying for the EU bureaucracy. When the UK gives its budget contribution, obviously some of it goes to pay for the EU institutions. There is no reason to give so much money to another layer of bureaucracy just for it to be handed back to Member States. If the middleman was cut out there would be more money to spend. As we have seen in the figures, the UK gives more than it gets. If the UK didn't give any money to the EU, it would have more to spend on its own priorities, for example the NHS.

Some of the money received back by Member States is called "match funding". This is where, in order to get some money of the EU, the EU puts in a percentage of the amount and the other side puts in the other percentage. This leads to the UK potentially having to pay twice to get access to its own money on certain projects.

Other factors to consider

The pro-EU side will say these cold technical transactions don't measure how much is gained from being part of a single market with unfettered free trade across Europe, with a single rule book for business and certainty from long term internal rules and international deals which the EU concludes.

The anti-EU side would cite the cost of lost opportunity from the UK being banned from pursuing its own trade interests across the world, and also the cost of EU regulations on the economy and business which can't be changed democratically. Not to mention the social and security costs of having an open door to 27 different countries of wildly different GDPs.

Both arguments of course are difficult, if not impossible, to quantify. However, even if we were to put this argument down as a draw - which leaves us with the only indicator of financial cost-benefit being the cold hard transactions of what the UK contributes versus what it receives. This obviously puts the UK significantly down financially on being a member of the EU.

What this short paper does not consider are the indirect costs of the European Union on the British economy, for example from the Common Agricultural Policy, the Common Fisheries Policy, and over-regulation on business.

END