

OUT OF THE EU INTO THE WORLD

THE UK DOES NOT NEED TO BE IN A
POLITICAL UNION IN ORDER TO TRADE
AND OTHER INCONVENIENT TRUTHS



DEDICATION

In memory of the late Malcolm Wood, political mentor and personal friend.

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COMMENTS

Comments are most welcome. They should be sent to the EFD Group C/O william.dartmouth@europarl.europa.eu where appropriate comments will be incorporated into a planned second edition.



SUMMARY

- 100% of the UK's economy is subject to the burden of EU Regulation. Less than 10% of UK GDP derives from exports to the EU. Indeed up to 95% of UK firms do not sell to the EU at all.
- In 2012, China sold €290 billion of goods to the EU. Businesses do not have to be in a Political Union in order to trade - not at all.
- Claims that "3 Million UK jobs are dependent on trade with the EU" are false. It is based on the false premise that all UK exports to the EU will cease when we leave whilst in fact that will not be the case because:
 - a) Our membership of the World Trade Organisation protects us from vexatious actions by trading partners;
 - b) The other EU Member States export more to the UK than we do to them!
- Since 1975, all the UK's Trade Agreements have been negotiated by the EU Trade Commissioner. He or she has to take into account the interests of 28 Member States, many of whom are protectionist.
- The EU has agreements that relate to trade with over 100 countries. The countries include Mexico and South Korea. It follows, after exit, a UK-EU Trade Agreement is inevitable.
- The UK has little "influence" in the EU. Just 8.24% of the votes in the Council of Ministers. Even that influence is declining.
- **The prospects for the economies of the EU are dismal to dire.**

- Article 3.2 provides for “free movement of persons”, in consequence, currently over 450 million people in the EU have the absolute right to live, work and settle in the UK. Open Trade does not mean Open Borders.
- The UK has significant strengths. Higher Education and motor vehicle manufacture are lesser-known good examples.
- The EU's share of global wealth (world GDP) is in long-term decline: the EU share of more than 30% in 1980, is around 20% now, and is projected to be only 15% in 2025.
- The countries of the Commonwealth are growing fast. 7.3% annual growth has been predicted for 2012-2017. It is clear - the politicians of the 1960s and the 1970s made the wrong choice.
- There have been successive tariff reductions (the Tokyo round 1973-1979 and others) since the UK joined the predecessor to the EU. For the UK to be in the EU Customs Union is worth a lot less than when we joined.
- One result of the 21st century communications revolution is that there is no reason - if there ever was - for the UK to be in a Political Union with geographic neighbours.
- The GDP of each of the 20 countries with whom the USA has Free Trade Agreements is smaller than that of the UK. A country does not need to be in a large trading bloc in order to negotiate trade agreements.

The UK should exit the EU and thereby regain the ability to negotiate trade agreements in our national interest. The UK should then immediately reactivate our seat at the WTO. Exit would also relieve 100% of the UK's economy from the burden of EU Regulation.

OUT OF THE EU INTO THE WORLD

THE UK DOES NOT NEED TO BE IN A POLITICAL UNION IN ORDER TO TRADE AND OTHER INCONVENIENT FACTS

By William Dartmouth MEP
EFD Coordinator on International Trade Committee

Preface by Nigel Farage MEP
EFD Co President

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PREFACE



Dear Reader

The 1960s and 1970s were full of bad choices: the Decca record label turned down the Beatles, the Football Association sacked Sir Alf Ramsey, the USA decided to give military "assistance" to Vietnam, and Edward Heath took the UK into the "Common Market" the predecessor to the European Union.

For more than 25 years I have been standing on the shoreline of politics pointing out that the EU Emperor is wearing no clothes. The politicians, "business leaders" and civil servants who wove the fine cloth of the Single

Currency out of thin air, and proclaimed how wonderful it was, are exactly the same people who now say that membership of the EU's Political Union is essential for the UK.

They were wrong about the Single Currency and now they are wrong about the Political Union too. You may ask why am I always so cheerful? The UK - and I mean the whole of the UK, not just London - has skills, knowledge, talents and resources that give us the means to have a more prosperous and better future outside the EU. We just have to make the right choice.

Of course the system does not want to admit or face-up to the reality of the wrong choice made in the 1960s and 1970s. Their authority would evaporate if they did. Instead they distort what we say. We do not want to 'pull up the draw bridge'. They present material mischievously. We have all heard the oft-repeated untruth "3 million job losses".

Nowhere does this deception apply more than in trade - so I asked the EFD Coordinator on the International Trade Committee ("INTA"), my UKIP colleague, William Dartmouth MEP, our Spokesman on Trade, to go into the exaggerations, analyse the claims and synthesise our reasoning. As Sophocles once said, 'The truth is the strongest argument'.

Yours sincerely

NIGEL FARAGE

Co-President

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INTRODUCTION

This paper is primarily about trade. I also address intra EU emigration, and the EU's behaviour to the UK. These are matters of considerable public interest - indeed concern. I have also taken the opportunity to refer to the threat that the EU's "Stockholm Programme" poses to the entire English legal profession. However, it does not cover the EU's control over inward investment to the UK (in the jargon, Foreign Direct Investment - FDI)ⁱ.

In discussing Trade, we should always bear in mind the burden of EU Membership on the UK economy. The cost of EU Regulation on the UK's entire economy has been estimated at over 10% of GDP. As Professor Tim Congdon has written "...The UK is roughly 11% of GDP - about £165 to £170 billion worse off every year because it is a member of the EU.... My [figure] includes the damage from regulation, the damage from resource misallocation, the damage from lost jobs, etc...." ⁱⁱ

To put it into perspective, less than 10% of our economy (and that is a declining percentage) is accounted for by UK exports to the EU. Nevertheless, the consequence of the UK's EU membership is that 100% of our economy is subject to the burden of EU Regulation.

Ninety-five per cent of UK firms do not sell to the EU Single Market at all (Source: Business for Britain). In terms of economics, to reactivate the UK's seat at the WTO would be a huge plus, but it is getting out from under the burden of EU regulation on the entire UK economy that is the glittering prize.

There is a further fact to bear in mind. The reality is that countries do NOT trade with one another. It is people and businesses located in specific countries that trade with each other. Showing trade statistics classified by country is a short hand – but one that is mostly highly misleading. It is absolutely not the reality.

I have throughout used "EU" (except in a few places). This is although what the UK joined in 1973 was the European Economic Community (EEC), or more usually "the Common Market". The EEC became the European Union (EU) only in 1993.

Many otherwise informed people in the UK do not seem to be fully aware that since 1975 (this takes into account the transitional period 1973-1975 after UK Accession), all the UK's Trade Agreements have been negotiated by the EU Trade Commissioner. The EU Trade Commissioner has to take into account the interests and priorities of (what is now) 28 Member States.

In consequence, when the British Prime Minister leads a "Trade delegation" to China (Cameron, December 2013), it is a misnomer; the "Trade delegation" is no more than a sales trip. **In consequence of our EU Membership, the UK is absolutely not permitted itself to enter into a Trade agreement of any kind.**

In the global economy of the 21st century, the position which the UK finds itself in, trapped in the EU political union, is contrary to our national interest. This paper seeks to spell this out and define some of the alternatives.

Chapter 1

The UK does not have to be in a political union to trade with EU Member States



- 1 The facts are crystal clear, an organisation does not have to be in the EU to trade with an organisation in the EU. The total goods and services sold to businesses and people in EU Member States by the top 10 non-EU countries exporting to the EU in 2012 was €1,137 billion. Just over the 2012 GDP of Spain, which was \$1.306 trillion (But €1.057 trillion) according to CIA world factbook and IRS exchange rate for 2012.
- 2 It should not need saying “a country does not have to be in a political union in order to trade”.
- 3 Sadly for those of us who believe in honesty in political dialogue, the simple fact is rejected and denied by so many politicians. The denial is usually to promote a Political Union and the UK in a European federal state.
- 4 The UK’s Deputy Prime Minister Nick Clegg is especially egregious. At Prime Minister’s Questions on 4 Dec 2013: “...I’m sure I speak on behalf of people on both sides of the House that it would be a spectacular act of economic suicide for the country to pull itself out of the world’s largest borderless single market. By some estimates over three million jobs (see notes 1 and 2 on Page 26.) are dependent one way or another in this country on our membership of the European Union.”

Table 1

Top 10 Non Member State Exporters to EU 2012

Country	Rank	Billion Euro
China*	1	289.9
Russia*	2	213.3
USA*	3	205.8
Switzerland	4	104.5
Norway	5	100.4
Japan*	6	63.8
Turkey	7	47.8
South Korea	8	37.9
India*	9	37.3
Brazil*	10	37.1

Sources1: <http://epp.eurostat.ec.europa.eu/>

Sources2: <http://data.worldbank.org/>

* = the countries with whom the EU does not currently have a Trade Agreement

- 5 And on 10 January 2013 to Westminster reporters:
"When you have one in 10 jobs in this country, three million people, whose jobs are dependent on our position as a leading member of the world's biggest borderless single market, you play with that status at your peril – these are jobs at stake, livelihoods."^{iv}
- 6 Nick Clegg asserts that "3 million jobs" rely on EU trade, and that this trade is only possible inside the European Union. Mr Clegg is (in effect) saying that in the event that the UK leaves the EU, all trade between the EU and the UK would cease and cease forthwith.
- 7 China sold almost 290 billion euros of goods to people and businesses in EU Member States in 2012 without being in the EU itself. (14) It is also noteworthy that only China's exports to the EU are subject to EU regulation – **not** China's entire economy.
- 8 Faced with this fact Mr Clegg's assertions are literal nonsense. They make no sense. Mr Clegg must be fully aware that he is talking rubbish - complete codswallop. I wonder why? (see note 3 on Page 26)
- 9 The fact is whether it be 2 million jobs or 20 million, 3 million jobs or 30 million, which "depend" on UK trade with people and businesses in the other 27 Member States, the number is simply irrelevant. That is unless the proposition is that all Trade between the UK and EU countries would cease totally at such time as the UK leaves the political Union. Is that the proposition? If it is, it is demonstrably untrue indeed nonsense in the very old-fashioned definition.
- 10 Mr Clegg conducts the argument by means of spurious assertions.
- 11 What Mr Clegg and his acolytes - they are in all the UK's political parties - are offering is the politics of fear, of misrepresentation, of deliberate deceit.

- 12 Whilst UKIP advocates Open and Free Trade. It is the EU political union that is a protectionist construct.
- 13 There are Free Trade Areas throughout the world. We have identified 16, including: North American Free Trade Agreement (NAFTA), ASEAN Free Trade Area (AFTA) and South Asia Free Trade Agreement (SAFTA). For a full list of the identified Free Trade Areas, see appendix 2. NONE of the Free Trade Areas are a Political Union.
- 14 Moreover the EU itself has entered into, via at least 6 different structures, trade relationships with over 100 countries. (see note 4 on Page 26.)
- 15 It is crucial to note that the top 3 exporting countries to the EU - China, Russia, and USA - have NO trade agreement or indeed any agreements at all with the EU beyond those which come from membership of the World Trade Organisation (WTO).
- 16 **The centrepiece of the UK's trade policy must be membership of the WTO. It governs our trade relations with all other WTO members, including those in the EU.** Within the WTO, we can negotiate as a full and independent member. At the moment, we are rendered voiceless and impotent as Trade is an EU competence. We should align ourselves with other members aiming to push the WTO ever further towards Open Trade, liberating markets to increase our own and global prosperity.
- 17 **This is the huge, "inconvenient truth" (to quote Vice President Al Gore) for the entire British political establishment. Political union has nothing to do with and is irrelevant to Trade - except to inhibit it.**
- 18 Free Trade Agreements (in the jargon FTAs) are helpful - but not a precondition – to Trade.
- 19 We would be able to negotiate FTAs (multilateral or bilateral) - and we should - seek such agreements with all willing countries or groups of countries. Crucially, these would be FTAs not Customs Unions, because a country can join only one customs union, but as many FTAs as it likes. An FTA is something we are free to negotiate, if outside the EU but trade is not dependent on it. Even in the absence of

an FTA with a particular country, the UK is still fully able to trade - under the normal rules of the WTO.

- 20 Because there is so much misunderstanding of the role and function of FTAs, this Paper deals with them at length. But it cannot be over emphasised that FTAs are the icing on the cake rather than the cake itself.

Ia. The EU's arms' length trading relationships

Iai. Current EU Trade Agreements

- 21 29 countries outside the EU currently have Trade Agreements with the EU - Deputy Prime Minister Nick Clegg and others, please note. Further, the EU is currently in negotiation with an additional 10 countries. All of these countries are outside the European continent.
- 22 As far as is known none of these countries have any intention of joining the EU Political Union.
- 23 Free Trade Agreements (FTAs) move us closer to open, free trade. Regrettably, the EU's elite insist consistently on inserting non-trade politics into the FTAs the EU seeks to negotiate. These political clauses serve only to obfuscate and complicate the negotiations of such agreements.
- 24 From BBC News January 21 2014, "...the EU Commission has suspended talks on part of a far-reaching EU-US free trade deal amid concern that hard-won social protections in Europe might be undermined...."

Further, the EU-Canada FTA nearly did not happen. This was because politicians in EU member states wished to insert ecological clauses in the FTA (inter alia on seals and the Alberta tar sands).*(see references on page 90)

Iai1. Case study 1: Mexico

EU-Mexico Trade Agreement

- 25 As is shown above, a country can be outside the EU and geographically entirely separate, yet still have extensive Open Trade with the EU. One example is Mexico, in Central America, with which the EU signed an FTA (free-trade deal) on 8 December 1999. This

trade agreement, which came into force on 1 October 2000, states that it is a goal to end tariff and non-tariff barriers, including customs duties, anti-dumping measures, and technical



regulations. It contains provisions (inter alia) for the liberalization of market access in public procurement, intellectual property rights, investment, financial services, standards, telecommunications and information services, agriculture, and dispute settlement. The agreement also includes components in which the parties agree to increase cooperation in mining, energy, transportation, tourism, statistics, science and technology, and the environment.^v

- 26 As a result, all manufacturing exports from Mexico have benefited from tariff-free access to the EU market since 2003 – to put it another way, no tariffs at all. With regard to agriculture and fisheries, both parties have committed to reducing tariffs on most items. Tariffs only remain for a very small number of agricultural items and negotiations are on-going.
- 27 In 2012, the total value of trade between the EU and Mexico was €47 billion, a new high. EU-Mexico trade continues to grow. According to the Mexican Central Bank, Mexico's exports to the EU increased during the first nine months of 2012 by 18%, while imports from the EU grew by 16%. Investment flows between the EU and Mexico are increasingly reciprocal, with growing Mexican foreign direct investment in the EU.^{vi} Up to 2010, Mexican companies had made investments of around €10 billion in EU countries.^{vii}

- 28 **In summary, the EU - Mexico trade agreement demonstrates clearly that a country on a different continent can have a trade agreement with the EU which eliminates tariffs - that is without being a part of a political construct, the EU itself.**

Iai2. Case study 2: South Korea

EU-South Korea Trade Agreement

- 29 South Korea is another country outside the EU that trades successfully with it (€38 billion in 2012). A free-trade agreement came into force on 1 July 2011. The agreement is comprehensive. The EU and South Korea are eliminating all tariffs on industrial goods within five years of implementation. Since the agreement is relatively new and is still being implemented, only certain aspects can be assessed.
- 30 EU tariffs on South Korean cars were 10% before the implementation of the agreement, and are now 6.6% for small cars and 4% for larger cars exported from South Korea.^{viii}
- 31 99% of the EU's average duties of 8.2% on South Korean textiles were immediately eliminated when the agreement came into effect, with the balance going in the next few years.^{ix}



- 32 Similar provisions are in place for major manufactured goods including appliances and pharmaceutical products. Most EU tariffs were also eliminated immediately on South Korean glass, leather, fur products, footwear, iron and steel products, and optical instruments.

Table 2

Category	Average tariff rate pre-trade agreement 2011	Average tariff rate 2013	
South Korean cars	10.0%	Small cars 6.6%	Medium and large cars 4%
South Korean textiles	8.2%	0%*	

*currently applies to 99% of South Korean textile exports to the EU, with full elimination of tariffs in this category over the next several years

- 33 The EU-South Korea agreement is also notable for its comprehensive removal of non-tariff barriers. It covers technical barriers, customs administration and trade facilitation, rules of origin, competition law, and transparency.
- 34 As with Mexico, South Korea has reaped substantial benefits from its trade agreement with the EU. In the first quarter of 2012, foreign direct investment in Korea increased 24%, while foreign direct investment from the EU and Japan increased by 52%. Due in part to the agreement, South Korea's GDP is expected to grow by 5.6% in the next five years.^x
- 35 South Korea's Trade Agreement with the EU, like that of Mexico, is another example that countries on the other side of the planet can not only trade plentifully with the EU but also enter into bilateral trade agreements (FTAs).
- 37 As of January 1, 2014, there are currently 89 countries in the scheme (reduced from 111). The countries cut from the program were those ranked as high-income or upper-middle-income by the World Bank, countries such as Brazil and Saudi Arabia. The arrangements cover 6,200 out of a total of around 7,100 tariff lines that have rates above 0%.^{xi}
- 38 Overall, GSP reduces tariffs on 66% of all tariff lines for beneficiaries. The tariff lines are split into non-sensitive products - which enjoy tariff-free access to the EU - and sensitive products such as food, textiles, clothing, carpets, and footwear - which enjoy tariff reductions. In 2011, GSP category exports to the EU were valued at €72.5 billion.^{xii}

Ia.iii. General Scheme of Preferences Plus (GSP+)

Ia.ii. Generalised Scheme of (Trade) Preferences - GSP

The EU's Generalised Scheme of Preferences

- 36 The Generalized Scheme of Preferences, or GSP is a type of trade agreement principally for developing countries. Since 1971, this scheme has allowed developing countries to pay lower tariffs on their exports to the EU. The scheme is subject to WTO rules, in particular to a so-called "Enabling Clause" which allows for exceptions to the WTO's "Most-Favored Nation" principle.
- 39 In addition to GSP, the EU has a GSP+ scheme. The EU has entered into GSP+ Agreements with 10 countries: Armenia, Azerbaijan, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Mongolia, Nicaragua, Peru, Paraguay, and Panama^{xiii}. GSP+ has stricter criteria but offers more funding.
- 40 **Regrettably, GSP+ also exemplifies a highly undesirable trend, continuing EU attempts to "politicise" Trade.** The EU requires GSP+ countries to ratify certain international



treaties. GSP+ applicants must fulfil criteria linked to 27 international conventions on human and labour rights, sustainable development and governance. These mainly stem from UN and International Labour Organisation (ILO) conventions.

- 41 In 2011, the GSP + exports of the beneficiary countries to the EU were worth €4 billion^{xiv}.
- 42 Even with full ratification, the EU can still decide to cancel its side of the GSP+ arrangement. The EU did this to Sri Lanka in 2010 even though the country had suffered over 25 years of civil war and the Asian super tsunami. The EU's cancellation of GSP+ cost Sri Lanka around £1.5 billion.
- 43 This has opened the way for China which is replacing European countries in Sri Lanka, on key projects such as the Hambantota port^{xv}.
- 44 Moreover, GSP+ provides an opportunity for EU fishing vessels to fish (many would say "plunder") the waters of African countries. This policy has been particularly harmful to Somalia. **It is estimated that the value of fish taken from Somali waters by EU fishermen is 5 x the amount that Somali receives in foreign aid each year.**

- 45 **It is not illogical to see a link between the EU's depletion of Somali fishing stocks and the economic necessity that drives Somali fishermen to piracy.**
- 46 That piracy has occasioned enormous cost to the world in disruption of shipping and loss of life.

laiv. Everything but Arms (EBA)

- 47 Another component of the EU's GSP scheme is the Everything but Arms (EBA) - introduced in March 2001. Excluding arms and armaments, it provides complete access - that is, without tariffs or quotas - to the EU market for the 49 least-developed countries (LDCs) as defined by the United Nations.^{xvii} Full list in appendix 4.
- 48 **A major drawback of EBA is its focus on commodities. This can have the effect of focusing the economies of developing countries on raw materials, rather than trying to develop a diverse economy.**
- 49 Economists concur that a focus on commodities is not good for developing countries: yet the EU's EBA scheme perversely incentivises this focus and added value.

Ib. The EU's closer relationships in Trade

Ibi EFTA - European Free Trade Association

- 50 The CBI - president Sir Mike Rake, formerly a cheerleader for Britain to join the Euro - has put forward a series of publications.
- 51 EFTA (the European Free Trade Association) is now often forgotten. The UK was a founding member in 1960 when the UK was looking for a counterweight to the EEC. Nonetheless, EFTA still exists with four members: Norway, Iceland, Switzerland, and Liechtenstein.
- 52 EFTA has 25 Free Trade Agreements in addition to its Agreements with the EU, and 6 joint declarations on cooperation^{xviii}.
- 53 The EFTA countries except Switzerland (discussed separately below) joined the European Economic Area (EEA) in 1994. This is

an arrangement whereby the EFTA states pay for full access to the EU Single Market - and in turn comply with Single Market regulations.

54 First let's consider the advantages that EFTA countries have. They are exempt from both the Common External Tariff and EU external trade policy. This means that they can import goods from non-EU countries under their own tariff regimes and are free to conclude their own trade agreements with other countries.

55 For example, the EFTA has had trade agreements with Canada since July 2009^{xix} - a Commonwealth country. The EU has still to complete its Trade Agreement with Canada (although terms are agreed). In consequence, the UK currently still has no FTA with Canada. Ironically, the UK had its own Trade Agreement with Canada (the Ottawa Agreements) which we turned our back on - along with other agreements with Commonwealth countries - when the UK joined the then Common Market in 1973.

56 EFTA also has FTAs with the following places which the EU does not: the Gulf Cooperation Council, Singapore and Ukraine.

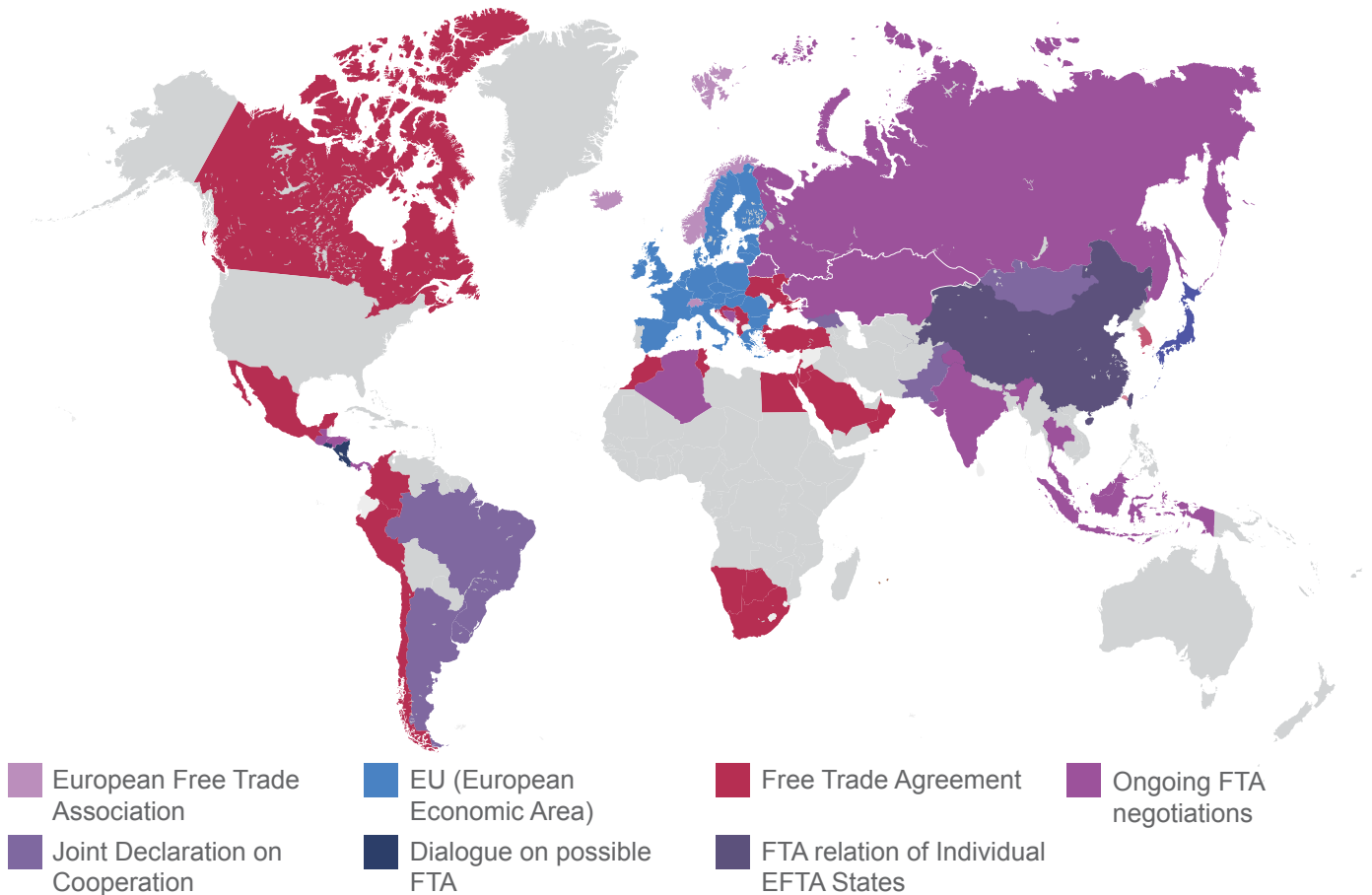
This helpful map shows the extent of EFTA's trade agreements around the world.

57 **EFTA member Iceland is a country of just 300,000 people. Yet, Iceland in its own right has an FTA with China. The EU has no such agreement with China. If Iceland were to join the EU, (now highly unlikely), it would then have to cancel its FTA with China.**

58 Iceland is not the only non-EU, European country to enjoy the advantages of being able to sign its own trade agreements. In July 2013, Switzerland also signed a Free Trade Agreement with China. Even before signature, China was Switzerland's third largest trading partner, exporting over \$22 billion in China annually.^{xxi}

59 By contrast, the EU almost started a trade war with China. The EU Trade Commissioner, Karel de Gucht, proposed penal tariffs on Chinese

EFTA International Trade Agreements



solar panels. 1,000 European companies signed an open letter pleading with the Commission not to do this.^{xxii} Whilst Iceland and Switzerland have signed Trade Agreements with China, the EU is burning bridges.

- 60 It is noteworthy that this proposal was an “own-initiative” by the EU Trade Commissioner against the stated wishes of 17 of 28 Member States^{xxiii}. I described it at the time as a “frolic”. This “frolic” could have triggered a Trade War. The affair demonstrates, yet again, the power wielded by unelected and unaccountable EU Commissioners. Director of the European Centre for International Political Economy, Hosuk Lee-Makiyama, rightly suggests the geo-political relationship with China is

matter of fact, the UK political establishment and their cheerleaders in the press give little coverage of EFTA, in consequence these polling number are remarkable.^{xxv}

- 63 EFTA has its accounts signed off every year. By comparison, the EU has not had its accounts signed off for 19 years.^{xxvi}
- 64 The EFTA countries consistently run a trade surplus with the EU, €22.3 billion in 2012. By contrast, the UK’s trade deficit with the EU now runs at around £30 billion per year.^{xxvii}
- 65 The EFTA states are not subject to the Common Agricultural Policy; EU criminal justice and asylum policy; EU foreign and defence policy; and the Common Fisheries Policy.^{xxviii}

Table 3

	EFTA’s Trade Surplus with the EU, in billions of Euros	UK’s Trade Deficit with the EU, in billion Pounds Sterling
2012	+22.3	-83.2
2011	+32.1	-27.4
2010	+27.6	-33.7
2009	+22.1	-26.8
2008	+41.4	-29.4
2007	+24.0	-37.8

Source: European Commission DG Trade (November 2012) and UK House of Commons (February 2013 Standard Note)

too important to be entrusted to the EU Commission. See appendix 5 for full Financial Times article.

- 61 This illustrates the advantages the UK would have as an independent trading nation able to negotiate our own Trade Agreements. It is surely folly for the UK to have given away the right to negotiate trade agreements to EU institutions whose instincts in the first instance are protectionist? The UK would be better off out - able to negotiate FTAs for itself.
- 62 In a YouGov poll conducted in January 2013, 38% chose EFTA/EEA as a preferable option for the UK: only 23% chose the EU.^{xxiv} As a

Negative Aspects of EFTA

- 66 Of course, there are negative aspects to EFTA: Switzerland apart, the three EFTA countries - Norway, Iceland, and Liechtenstein - are required to adopt EU legislation under the *acquis communautaire*, despite having no representation in the decision-making bodies of the EU.
- 67 **However, were the EFTA countries to be EU Members, they would have little influence. An “inconvenient truth” that the CBI Pamphlet on EFTA fails totally to address. If Switzerland and Norway had representation**

in the Council of Ministers, Switzerland would have 10 votes out of 352 and Norway just 7.

68 By comparison, the UK may be thought to have “influence”. With our much larger population, the UK has just 29 votes out of 352 or 8.24% in the EU Council.

To make matters worse, the UK’s votes would be further diluted if our political establishment gets its way, and applicant countries, and especially Turkey, join the EU.

69 The compelling point is that it is not only Norway and Switzerland that cannot (to quote the CBI) “set the agenda and influence EU legislation,”^{xxix} it is also the UK. The UK has little

influence (measured numerically) in the ever-growing EU political union. See paragraphs 114-123.

70 But there is a powerful negative with EFTA. The EFTA countries have to accept Article 45 of the Lisbon Treaty relating to the free movement of people. In addition, EFTA countries are also signatories to the Schengen Agreement for free movement. The EFTA ‘three’ also have to make annual contributions to the EU budget and to participate in the EU’s regional policy. In 2012, the EFTA states contributed €312 million to the EU budget, a €50 million increase from their 2011 contribution.^{xxx}

Table 4

Influence EFTA Members would have as Members of the Council

Country	Comparably sized EU member (by population)	Total 353 Votes in Council of Ministers of which	Percentage of vote in Council
Norway	Slovakia	7.0	2.0
Switzerland	Austria	10.0	2.9
Iceland	Malta	3.0	0.9

Source: The Council of the European Union and CIA World Factbook.



71 By comparison, the UK paid gross to EU in 2012 £20 billion and net £12.2 billion. The net figure was a 13% increase on 2011.

Ibii. Switzerland

72 Switzerland is a very special case. Though it is at the geographical heart of Europe, totally surrounded by EU member states, it is not a member of the EU. It exports multiple times

75 Many of the areas, which so bedevil the UK's relationship with the EU and limit British freedoms, are not part of any Swiss bilateral deal. The Common Agricultural Policy; the Common Fisheries Policy; the Customs Union; Common Foreign And Security policy (other than ad hoc cooperation); Justice and Home Affairs (other than Schengen of which Switzerland is an associate member); Social Policy (other than the coordination of national

Table 5

UK and Swiss Exports to EU 2009

Trader	2009 Exports of Goods and Services to the EU	2009 Population	Exports of Goods and Services Per Capita
UK	€220.3 billion	61.8 million	€ 3,567.2
Switzerland	€154.7 billion	7.8 million	€19,833.3

€19,833.33) / (€3,567.222) = 5.6 times.^[i]

Source: UK Exports: Table 9.1 Current Account Summary Transactions, The Pink Book, Office National Statistics, editions 2009

more per head to EU countries than does the UK. Further, Switzerland with a population of just 8 million is the EU's fourth largest trading partner, behind only the US, China and Russia.

73 In a 1992 referendum, the Swiss people narrowly voted NOT to join the European Economic Area (EEA): the majority was just half of one per cent.ⁱ In consequence the Swiss trading relationship with the EU is made up of bilateral agreements. There is no blanket omnibus agreement, no Treaty of Rome or equivalent. It is case by case. After the rejection of the EEA, bilateral arrangements became well liked. When, in 2001, a popular initiative asked the government to open negotiations to join the EU, over 76% of Swiss voters voted against.

74 **Switzerland agrees only those bilaterals that it wishes. Switzerland can choose.** Twenty main bilaterals and another 100 or so subsidiaries are agreed.ⁱⁱⁱ The principal ones include eliminating technical barriers to trade, public procurement, civil aviation, overland transport, agriculture, research and free movement of persons.

social security systems in the context of the free movement of persons); and Economic and Monetary Union (EMU) are all excluded.

76 None of the bilaterals transfer national Swiss authority to a supranational body. As it wishes, Switzerland can and does hold referenda on particularly important matters as well as local issues which would require adoption into Swiss federal laws or amendments to them. Some referenda enable parts of the *acquis communautaire* to apply to Switzerland (e.g. the Civil Aviation Agreement and Schengen/Dublin).



- 77 Changes are made on a case by case basis. Bilaterals are not automatically updated. Bilateral agreements are managed through joint EU-Switzerland committees. Decisions have to be unanimous.
- 78 As an EFTA member, Switzerland benefits from all the EFTA trade agreements. Even more, Switzerland remains able to separately enter into its own trade agreements. **Thus, Switzerland has trade agreements with Japan and China. The EU has no such agreements.**
- 79 **As above, Switzerland signed a trade agreement with China on 6 July 2013.ⁱⁱⁱ This is in marked contrast to the progress of the EU Commission. The Switzerland-China trade agreement is a compelling example of how an independent country is much better placed to negotiate trade agreements than an artificial, wannabe super-state of 28 countries** stretching from the Arctic tundra to Sicilian olive groves.
- 80 Because it is not in the EEA, Switzerland has no participation rights or observer status in EU agencies. Nonetheless, Swiss diplomats can and do lobby the Council of Ministers directly.
- 81 Switzerland has only limited agreements with the EU on financial services. These Agreements apply to the ability of insurance companies to

choose their country of domicile (the Insurance Agreement of 1989). Switzerland also collects a withholding tax on interest on behalf of the EU states on those who are resident for tax purposes in the EU. The constraints of the 50 complex directives which limit the UK's financial markets do not apply to Switzerland. Would that the UK were in that position!

- 82 Switzerland does not contribute directly to the EU budget. Its contributions to social and economic cohesion projects are relatively small. However, since 1991 Switzerland has contributed €2.7 billion to develop and stabilise Eastern Europe and the Balkans.^v This contribution was made legally binding by the 2006 Eastern Europe Cooperation Act, and further approved by Swiss voters in a national referendum.^{vi} Importantly, the funds are paid to Eastern European countries direct. As a result, and unlike the UK, Switzerland retains some degree of control over how its money is spent. It is argued that the EU-Switzerland bilateral arrangement is flawed because Switzerland has no influence over Single Market Rules. The argument is misconceived. As Professor Sir Patrick Minford told a House of Commons Select Committee:

"...for any country you export to you have no influence over their regulations or the particular things that they want you to embody in your product if you sell it to them. That would be true of any market we sold to. If we left the European Union, we would have to sell to them on their terms, but it would be something that we routinely do...."

- 83 Switzerland is now an Associate member of the Schengen Agreement on the free movement of persons. In this context, however, all is not plain sailing. In 1999 Switzerland signed a Bilateral Agreement so that citizens of Switzerland and the EU had the right to choose their place of employment and/or residence within those national territories. For those wishing to live in Switzerland, a valid employment contract, or self-employment, or proof of financial independence together with full health insurance coverage were preconditions. The "free movement of persons" also encompassed the mutual



recognition of professional qualifications and coordination of national social security systems. 67% of Swiss voters said "Yes" in 2000 and the bilateral became effective in 2002. The bilateral was then extended via further referenda, to the new members of the EU from East European in 2006 and to Bulgaria and Romania in 2009.

- 84 However, unrestricted immigration has proved a problem for Switzerland. The Swiss population, now about 8 million, rose by 4.6% in 2013 alone because of immigration and 1.23 million of those currently living in Switzerland do not hold Swiss nationality. Net migration to Switzerland has been running at about 63,000 a year between 2002 and 2013. The total amount of immigrants to Switzerland in 2012 was 149,000^{xxxi}.
- 85 Switzerland had insisted on a safeguard clause when the bilateral agreement on the free movement of persons was drawn up with the EU; this was to allow the opening of Swiss borders to be phased in. Further, the safeguard clause could temporarily halt residence and work permits for some EU citizens.
- 86 Switzerland has invoked the safeguard clause in order to restrict immigration three times so far. In April 2012 the safeguard clause was invoked and applied to the EU-28 member states. In April 2013 the restriction was extended for a further year, and applied to the then other 17 member states also for a year. Switzerland then introduced new quotas and limited long-term work permits available to EU citizens. Brussels has reacted strongly, indeed with anger and outright hostility.
- 87 Switzerland held a referendum on 9th February 2014, on the matter of quotas for immigrants from the EU.
- 88 In the referendum on 9th February 2014, 50.3% of Swiss voters voted in favour of immigration quotas. The Swiss government has three years to decide on Swiss quota thresholds. Later in 2014, a referendum will decide if the growth in population through immigration should be capped at 0.2% a year
- 89 The February 9th vote swiftly led to an offensive of words from the EU. The EU hinted straight

away that if the new Swiss laws were to breach EU rules on the free movement of people, Switzerland could be cut off from the EU's Single Market. Within days, the EU went further than words. The EU delayed an energy treaty with Switzerland. The benefit to Switzerland would have been possibly cheaper energy. However, Switzerland is an electricity power hub so the cost to the EU is likely to be greater.

- 90 The next test was Croatia. The EU had expected Switzerland to pass legislation to open the Swiss labour market to immigration from the new member state of Croatia by 1st July 2014. But Switzerland has refused to sign "in its current form".



- 91 In retaliation, the EU has suspended some joint programmes, but notably the EU did not suspend key agreements on market access. The EU postponed negotiations on Swiss participation in both the EU's €80 billion Horizon 2020 research program and its €14.7 billion Erasmus+ educational exchange program. Both schemes cover the period from 2014 to 2020.
- 92 There are wider ramifications for the future. The huge disadvantage of Switzerland's former arrangements was Switzerland's was bound by EU rules on "...Free Movement of Persons..." Switzerland has now removed itself from the obligation.

After the February 9th 2014 referendum, Switzerland has a different blueprint for its relationship with the EU. This creates a precedent for other countries – although not (in my judgment) for the UK.

Ibiii. European Economic Area

- 93 The EEA Agreement includes specific clauses on the free movement of workers beginning with Article 2b:

"...2. In order to attain the objectives set out in paragraph 1, the association shall entail, in accordance with the provisions of this Agreement :

...(b) the free movement of persons;..."

- 94 The EEA has further major disadvantages. Protocols 37, 38, and 38a of the EEA Agreement of 1992 establishing the Financial Mechanism (FM), mandate contributions by the EFTA/EEA countries to the EU programmes that they participate in - determined by the proportion of these countries' combined GDP to the EEA's GDP. The contributions go to countries designated by the EU - meaning control of where the money goes is largely out of the EFTA/EEA countries' hands.

- 95 Because of Article 128 in the Agreement, the total amount of contributions increases when new countries join the EU (and thus the EEA). While the EU determines the amount of the Financial Mechanism and the proportions going to the various recipient countries (Protocol 38, Article 4.1)^{xxxii} the EFTA/EEA states have decided internally to split up their portions of the FM based on GDP (revised in Article 2 of EFTA Decision 3/2010/SC, 1 July 2010).^{xxxiii}

- 96 Both the amount of the FM and the countries covered by it have increased substantially since the EEA's inception. For the period 1994-99, the total contribution under the Financial Mechanism was €500 million - distributed among Greece, Ireland, Northern Ireland, Portugal, and nine regions of Spain.^{xxxiv}

- 97 When Eastern European countries joined the EU in 2004^{xxxv}, the EFTA/EEA states' contribution for the period 2004 – 2009 was €1,167 million compared with €119.6 million in the previous period from 1999 – 2003, a huge increase.^{xxxvi} For the period 2009-14, the contributions are known as the EEA Grants and are disbursed in annual tranches of €197.7 million^{xxxvii} to the 12 newest EU member states (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia,

Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia), as well as to Greece, Portugal, and Spain.^{xxxviii} This is a total of €2.8 billion.

Ibiv. Norway

- 98 However, Norway does have significant advantages. Many Europhiles (for example the CBI) state that Norway has no meaningful influence in the EU. They assert that Norway has to accept almost all regulations coming from the Commission in Brussels. The phrase



often used is "government by fax." They argue - on behalf of Norway - that Norway pays already for access to the Single Market, and so should join the EU in order to promote its own interests in the EU Single Market.

- 99 These arguments distort the definition of "influence". They further assume that to be part of the EU's artificial political construct is the only way to promote a country's economic interests within the EU. The facts indicate the contrary. Norway has a population of only 4 million - less than half the population of London – nonetheless, Norway enjoys a trade surplus of €48.27 billion with the EU.^{xxxix}
- 100 **It is not correct to assert that Norway has no influence on EU regulations. As an EFTA member, Norway has the right to advise the EU countries how it would vote, if it had the vote, on proposed EEA regulations. This right ensures that Norway has the ability to influence new regulations; technically, Norway also has the right not to implement EU regulations.** Articles of the EEA Agreement explain the procedures for the EU and EFTA

working together.^{xi} These articles mean that Norway can influence EU regulations - by prompting debate and ensuring that the EU takes its interests into account. These are ways of influencing EU regulations aside from direct voting. In any case, in the highly unlikely event that the Norwegian people voted for Norway to become a member of the EU, Norway's vote in the Council of Ministers would be only approximately 2% (per paragraph 66 above). In terms of "influence", the status quo must be an improvement on 2% of the votes.

101 **The number of regulations that Norway actually adopts are fewer than the number of regulations that UK adopts as an EU member.**

102 The FTA that EFTA negotiates Norway and all other EFTA members sign individually. In contrast, in the EU, the EU Trade Commissioner negotiates and signs trade arrangements on behalf of All the EU countries. Further, Norway can import goods from other countries under its own tariff regime, as it wishes: Norway is not obliged to apply the EU's Common External Tariff.

103 While Norway's financial contribution to the EU is substantial (€347 million annually)^{xii} - Norway still gets tariff-free access to the EU market without its farmers and fishermen being subject to the EU's Common Agricultural or Fisheries Policies. Furthermore, unlike the financial contributions of EU member states, which go direct to the Commission then to be used only as the Commission sees fit, Norway retains significant control over how its contribution to the EU Regional Policy is spent.

104 It may be that Norway's arrangement with the EU could be bettered. Nonetheless, Norway retains autonomy in key areas. **Norway's arrangements put it in a much better place than the UK. The UK, as a much larger economy and one in Trade deficit with the EU, ought to be able agree something much better.**

Ic. The EU Customs Union

105 In the context of Trade, the EU is, to put it simply, a Customs Union. From the point of view of this paper, it is an important distinction

that a country can be in the EU Customs Union without being in the EU political union. That is the agreement that 2 micro-countries - Andorra, and San Marino - and Turkey currently have with the EU. There are big pluses: these countries' economies are not subject to the rules of the EU's Single Market; there is no free movement of people; they are also exempt from the Common Agricultural Policy, the Common Fisheries Policy. Moreover, they do not make financial contributions to the EU.

106 The disadvantage is that the EU Customs Union - as with Customs Unions - requires of its signatories that they "... (impose) a common external tariff (or tax) on substantially all goods imports from outside the customs union..."^{xiii}

Ici. Andorra, San Marino

107 It doesn't say much for UK's political establishment that, arguably, Andorra, and San Marino have agreements with the EU that are more favourable than the UK as a country in the EU Political Union. Andorra and San Marino have and enjoy better terms on Trade. This tells us a lot about the political establishment in the UK.



108 The one large country in the EU Customs Union, but **not** (yet) an EU member is Turkey. That country has been in the EU Customs Union since 1996. In consequence, Turkey exports its industrial (and processed agricultural) goods to the EU with no tariffs - and has done so since 1996.^{xliii}

Icii. Turkey's Candidacy for EU Membership

- 109 Turkey is the only country in the EU Customs Union that is also a candidate for EU membership.
- 110 The rationalisation for Turkey to become a full EU member is unclear. The case has never been properly made (and certainly not in David Cameron's embarrassing speech in Ankara in July 2010: "...it makes me angry that your progress toward EU membership can be frustrated in the way that it has been....").
- 111 Turkey's joining the EU is often justified in



terms of Trade. (For example Nick Clegg at a press conference, after a two visit to Turkey on October 4th 2012) "...The UK has long supported Turkey's accession to the EU. We view this as a strategic necessity. Consumers and businesses across the EU will benefit from access to Europe's main emerging market...."

- 112 On the basis of this statement, Mr Clegg is unaware that Turkey is in the Customs Union and has been since 1996. If Trade is indeed the rationale, it is a phony one. Again, Turkey is in the Customs Union. The UK is getting all the benefits that we reasonably can from trading with Turkey - in fact, the UK runs a Trade deficit with Turkey. (In 2010, the deficit was £2.6 billion ^{xliv}.) This is without Turkey becoming a full member of the EU. Turkish membership of the EU would confer on 73 million Turkish citizens the right to live, work, and settle in the United Kingdom. The population of Turkey is projected to grow to 89.6 million people by 2025, and

the UN estimates that Turkey's population will continue to grow to 97.3 million by 2050.^{xlv xlv} Of course of 97% of the landmass of Turkey is not in Europe but in Asia. Furthermore, Turkey has borders with Syria, Iran, and Iraq. Turkey's borders would then eventually become effectively the borders of the UK.

- 113 It is intellectually incomprehensible that the political parties in the Coalition Government and the Labour Party are all cheerleaders for Turkish accession.
- 114 To revert to trade relationships, the benefits of being in the Customs Union but not a full EU member are considerable. In a customs union arrangement like that of Turkey, the UK would retain the free movement of goods without duties. But there would be no free movement of people. We could reactivate our seat at the World Trade Organization. We would be exempt from the Common Agricultural Policy, Common Fisheries Policy, EU structural funds, EU social and employment legislation, and contributions to the EU budget. Financial services regulation and supervision would be firmly under UK – and not EU Commissioner - control.
- 115 One objection to the Customs Union could be the "influence point" - I can almost hear the field artillery of the CBI limbering up! However, it is clear from the answer to a written question to the European Commission tabled by the author that Turkey is in fact consulted as part of the EU Customs Union:

- "...On 10 July 2013, Jean-Luc Demarty addressed the International Trade Committee. He spoke at length on a series of issues, including the Transatlantic Trade and Investment Partnership (TTIP) negotiations. However, because of time constraints, he did not adequately address four questions. Could the Commission respond to the following questions?
1. How does the Commission provide representation to customs union countries during its trade negotiations with other countries?
 2. Are there any formal or informal mechanisms in place?
 3. Does the Commission have specific mechanisms in place for Turkey?

4. Will Turkish officials be present during the TTIP negotiations?
5. How will Turkish interests be represented during the TTIP negotiations?
6. Could the Commission provide data showing how the TTIP will impact upon Turkey?...."

Answer given by Trade Commissioner Karel De Gucht on behalf of the Commission on 12 September 2013:

"...The Commission has informed the United States Trade Representative (USTR) about the EU-Turkey Customs Union and will continue to support Turkey's request to also negotiate a Free Trade Agreement with the US.

Furthermore, the Commission has already established a trade dialogue with Turkey, and Turkey will be informed of Transatlantic Trade and Investment Partnership (TTIP) developments. This trade dialogue is complementary to the formal meetings that take place within the institutional bodies set up under the EU-Turkey Customs Union Agreement.

TTIP negotiations are carried out by Commission and US officials. However, Turkey will be able to inform the Commission on its offensive and defensive interests, as part of the



established trade dialogue. Such information will be considered to the extent possible. An independent study released in March 2013 concluded that liberalising trade between the EU and the US would have a positive impact on worldwide trade and income. If the EU and the US were to succeed in lowering respective tariffs and reducing regulatory divergence, some of the reductions achieved in the cost of doing trade will also benefit other partners. Furthermore, a sustainable impact assessment will soon be carried out by independent researchers, with a particular reference to the impact on Turkey...."

¹¹⁶ In addition, Turkey has its own FTAs with Bosnia-Herzegovina, Macedonia, the Palestinian Authority, Tunisia and EFTA.

¹This statistic can be traced back to an analysis published over a decade ago in 2000 by South Bank University, which stated: "Our major finding is that 3,445,000 jobs in the UK depend upon exports to the EU"

²Formerly Borough Polytechnic 1892, then 1970 Polytechnic of the South Bank, post 1992 one of the new universities and now as of 2003 London South Bank University. Buildings are in Southward. South Bank is ranked 113th in the Independent's guide <http://www.timeshighereducation.co.uk/news/london-south-bank-university-poor-ranking-prompts-attack/401847.article>

³The obscure Liberal Democrat MEP (Baroness) Ludford made the same spurious point - but more adroitly - also in the Daily Telegraph (October 17th 2013). "...I am alarmed at not only their [Eurosceptic parties] racist and discriminatory attitudes but also their protectionism and hostility to the European Single Market to which three million British jobs are linked...."

⁴38 countries under GSP, 10 countries under the GSP+, 49 countries under EBA, 29 countries with FTAs: Total: 126 agreements with various countries or trading blocs.



Chapter 2

Should the UK leave its marriage with the EU?

Did Britannia make the wrong choice? Are there grounds for separation and divorce?

117 **UKIP's position - shared currently by 45% to 55% of British electors - is that the UK should leave the marriage with the EU.**

118 **These are some of the grounds for divorce.**

IIa. Who wears the trousers?

119 The CBI, Labour's Peter Mandelson, and others emphasise Britain's "influence" in the EU.

120 A key measure of "influence" is that the UK has votes in the Council of Ministers, MEPs and appoints to the Commission. The European

Institutions, in particular, the Commission, also employs staff from the UK. **From the tables below it is crystal clear that in these terms - (which are terms cited by the CBI) - the UK's "influence" has decreased materially and significantly since accession in 1973.**

IIai. Council of Ministers' votes

Table 6

UK Percentage of the Vote in the Council of Ministers under QMV

Year	%
1st July 2013 (Post Croatia Accession)	8.2
2013 (Pre Croatia Accession)	8.4
2005	9.9
1999	11.0
1993	13.0
1973	17.0

Source: Treaty of Rome

II.iii. UK MEP percentage and number votes:

Table 7

The Number and UK Percentage of the Vote in the European Parliament

Year	1979	1981	1986	1994	1995	2004	2007	2009	Situation in 2013	After the 2014 elections
UK MEPs	81	81	81	87	87	78	78	72	73	73
MEPs in total	410	434	518	567	626	732	785	736	766	751
% of UK MEPs in the EP	19.8	18.7	15.6	15.3	13.9	10.7	9.9	9.8	9.5	9.7

Source: Resolution of 13 March 2013 on the composition of the European Parliament with a view to the 2014 elections

II.iii. Number and percentage of Commissioners:

Table 8

Number and Percentage of UK appointed Commissioners

	1973	1981	1986	1994	1995	After October 2004	2007	2009	Situation in 2013	After 2014
UK influence in %	15.4	14.3	11.8	11.8	10	4	3.7	3.7	3.6	3.6
UK number of Commissioners	2	2	2	2	2	1	1	1	1	1

Source: "The Number of European Commissioners: Past, Present and Future." Web log post. EU Law Blog. N.p., 10 Jan. 2009. Web. Dec. 2013.

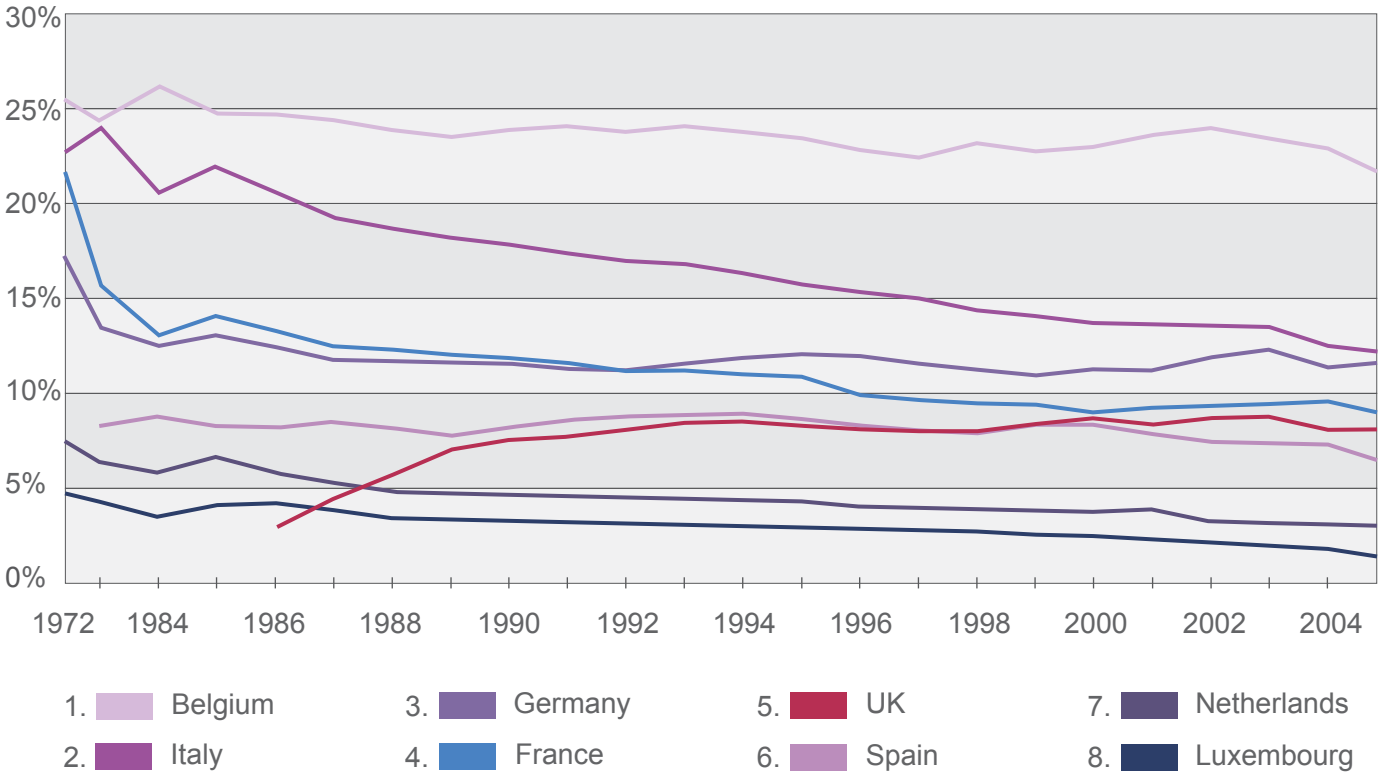
¹²¹ Originally, the larger member states had two Commissioners each, while smaller states had one. With the Enlargement in 2004, that changed. Now, each member state has one Commissioner, regardless of the size of the state.^{xlvii}

Ilaiv. Number of UK staff in the Commission

122 Another measure of influence is the number and percentage of British staff working in the European Commission.

Table 9

Nationals in the Commission as a Proportion of Total Officials 1972 – 2004



Source: Robinett, Peter and Zaki Cooper. "The Changing Character of Brussels: Charting the UK's Influence". Business for New Europe. London, 2006. Web.

123 As the House of Commons Foreign Affairs Committee writes, "...In relation to its share of the EU's population, the UK is significantly under-represented among the staff of the major EU institutions (Council, Commission and Parliament)....", "...the number of UK nationals on the staff of the European Commission has fallen by 24% in seven years. The UK now fields 4.6% of Commission staff, compared to its 12.5% share of the EU's population; France's shares are 13.0% of the EU population and 9.7% of Commission staff...."xlvi

124 The evidence is clear and compelling. Since the UK joined the EU in 1973, our influence in terms of votes in the Council of Ministers, percentage of MEPs, number and percentage of Commissioners and UK staff at the Commission have all declined - and declined

substantially. It is thus counter intuitive, indeed may be said to be bizarre, for the UK to be a vociferous supporter of more countries joining the EU. Each and every new member state dilutes the influence of the UK.

125 Even worse and ironically, this dilution of influence is paralleled by the growth of EU control over the UK itself ("influence" is totally the wrong word) since 1973.

126 Since then, successive Treaties – the Single European Act of 1987, the Treaty of Maastricht (November 1993), the Treaty of Amsterdam (May 1999), the Treaty of Nice (February 2003), the Treaty of Lisbon (December 2009) have materially and significantly advanced EU power. Nevertheless, in terms of all the objective measurements, the UK has immaterial and diminishing influence.

127 The CBI's book length pamphlet "Our Global Future" runs to 175 small print pages of text. However, it manages totally **not** to mention - Britain's declining number and proportion of MEPs, number and proportion of Commissioners, percentage of votes in the Council of Ministers and number of Commission staff.

128 The CBI pamphlet "Our Global Future" bears the hall marks of a paper commissioned by an institution seeking a predetermined conclusion. "Our Global Future" has all the intellectual honesty that one might expect from an institution headed by the former senior non-executive director of Barclays Bank . (see note 5 on Page 45)



is becoming easier for people to pay down their debts?

First and perhaps most important, growth rates and output levels still remain well below where they should be. With unemployment rates as high as they are, this gap between actual and potential growth rates is likely to remain large for the foreseeable future...."

For the full speech see appendix 8.

I can only agree with Mme Lagarde!

130 The Republic of Ireland may be a microcosm of the impact of the Euro, especially on unemployment. Northern Ireland, which uses the British pound, has an unemployment rate of 5-10%. The Republic of Ireland uses the euro. Its unemployment rates average 10-20%. Can this fact be just co-incidence?

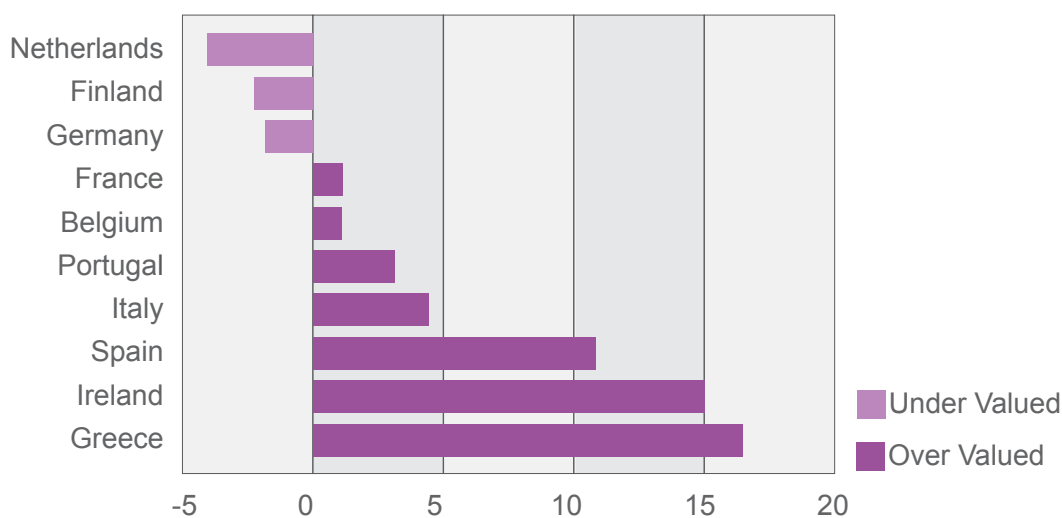
131 The bar chart shows the under and overvaluation of the euro (reproduced from Hamish McRae's article in *The Independent*, November 7, 2013.)

I Ib. Money - the root of so many marital problems

129 Christine Lagarde, Head of the IMF, said in Brussels (December 10th 2013): "...There is a palpable sense of optimism in some quarters that the European crisis is over. But can a crisis really be over when 12 percent of the labour force is without a job? When unemployment among the youth is in very high double digits, reaching more than 50 percent in Greece and Spain? And when there is no sign that it

Table 10

Euro Area Valuations (%)
Exchange Rate Under Valuation and Over Valuation



Source: Bank of America

- 132 What the chart demonstrates is that a “one-size-fits-all” currency, in actuality fits almost no one. The under and over valuations in the chart above demonstrate how the Euro has become an “Economic Domesday machine”.
- 133 The economic profile, and alas prospects for many EU member states - especially in Southern and Eastern Europe are dismal. The conclusion is clear. Today, the UK would not choose to be in a political union with EU member states.

IIbi. EU Unemployment

- 134 The EU is an area of low GDP growth at best. In the eurozone there has been actual economic contraction. What is growing - and growing fast - is unemployment in the EU. In Spain, a country many of us have visited, the level of youth unemployment in November 2013

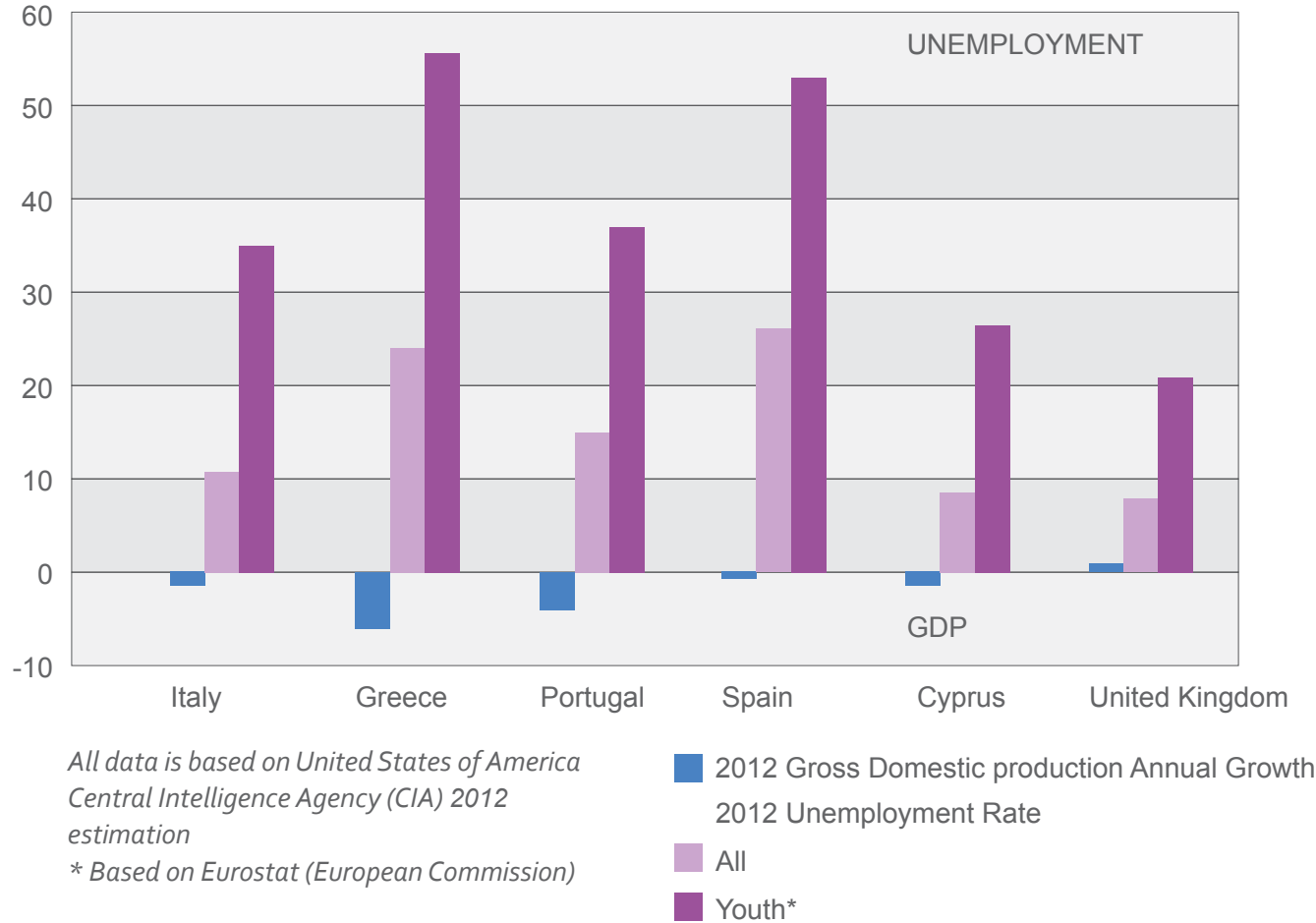


was 57.7% and rising.^{xlix} High unemployment is not an indicator of high growth. **It is probable that the EU economies will continue to stagnate. This is particularly true for the countries of Southern Europe. Only**

permanent and ongoing wealth transfers from Northern Europe can sustain them. While the establishment in Northern Europe favours these transfers, the political reality is that popular support in Northern Europe for such transfers is unlikely to be durable - let alone (to be repetitive) permanent.

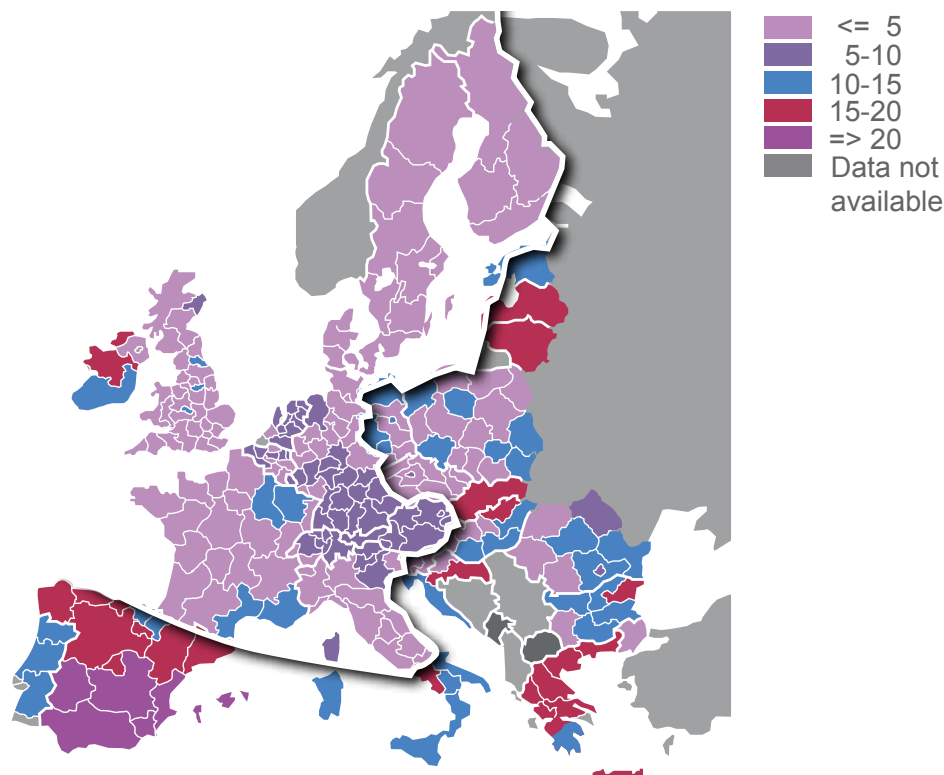
Table 11

Growth Rates and Unemployment Rates for Italy, Greece, Portugal, Spain, Cyprus, the UK



135 The map below shows unemployment in EU member states for 2011. The line on this map follows the French and Spanish border, cuts along Southern Italy.

EU Unemployment Rates: 2011 (%)



Source: European Commission, Eurostat

136 Regrettably and probably tragically for those involved, the EU Accession Treaties require new EU member states to join eventually the “economic doomsday machine” that is the Eurozone. (I wish I had coined this phrase.) This means that new, (and usually, comparatively impoverished) EU member states will lose control over monetary policy. The adopted currency, the Euro will (almost certainly) be overvalued for their economy with predictable and dire results. That the current jargon uses the euphemism “internal devaluation” is not much of a consolation for the drastic and painful austerity which is the consequence of an overvalued currency.

137 As Gregory Shenkman wrote in the Financial Times (letter October 29th 2013),
“Greeks, Spaniards and Italians will not absorb the economic discipline of Germans any more than the people of southern Italy have absorbed the economic discipline of northern Italy in the long period since the country’s 19th

century unification, despite full political, fiscal and banking union. The Mediterranean belt will never catch up economically with core eurozone countries. The result will be regular crises ending, one fears, in a truly terrible reckoning. The longer European bureaucrats and politicians delay matters, the worse will be the ultimate consequences when the eurozone finally breaks up.”¹

To paraphrase Dr. Ralph Miliband, **“The single Currency, the Euro, is no cure for the disease of the EU – it is a part of the disease”**. (see note 6 on Page 45)

138 From the map, it is immediately clear that the member states that fall to the South or East of the line (and Southern Italy) have materially higher rates of unemployment. These member states receive the most in internal transfers paid via the EU institutions. Furthermore, the member states in Eastern Europe are the newer members of the EU. Thus far, the addition to the EU of Eastern European

countries has increased the economic burden on Northern Europe, a burden incidentally shouldered disproportionately by the UK. Unemployment rates indicate, these countries will continue to burden the contributing member states (see paragraph 129 above) of the EU for the foreseeable future.

139 The jobs problem of the EU is normally reported in terms of the alarming rates of unemployment. The table below depicts what is more worrying still - the low levels of employment in the EU. Again, this is worse still in the Eurozone. As Professor Tim Congdon has stated "...more Europe means fewer jobs..."

Table 12

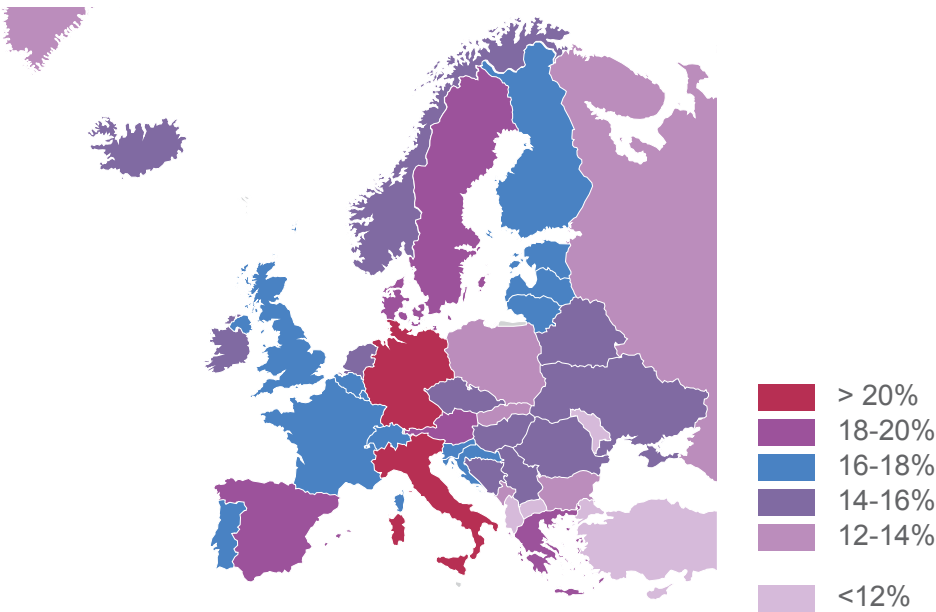
The Employment Ratio in High-Income Nations

Country	%
Switzerland	79.3
Norway	75.9
Australia	72.5
New Zealand	72.4
Canada	72.3
United Kingdom	70.0
Japan	70.5
USA	67.1
European Union	64.2
Eurozone	63.8

Source: OECD, Tim Congdon commentary^{li}

IIbii. Demographics

Percentage of Population over 65 in Europe



140 As if high unemployment rates were not bad enough, many of the countries with the highest unemployment rates also have rapidly ageing populations. In Greece, Italy, Spain, and Portugal, 16 % to over 20% of their citizens are over 65. Of still greater concern is the fact that more than 20% of Germany's citizens are over 65. Germany - along with the UK - is the paymaster of the EU. Greece, Italy, Spain, and Portugal all currently depend on German bail outs. **As the average age of Germans advances towards 50, the following is a valid question: For how long will Germany will be able to afford to support – let alone bail out - the EU member states of Southern and Eastern Europe?** Inevitably, a higher and higher proportion of German taxes will go to support the increasing number of retired in Germany's own population. It may then get very difficult for Germany both to support its large retired population and also Spain, Greece, Romania and the rest.

141 What is then likely to happen? We can be highly confident that the EU will then look to its Number 2 Contributor – the UK - for more. This has already been pre figured in the Autumn Statement (2013).

IIbiii. The Brain Drain from Eastern and Southern Europe

142 Economic migration almost always means the departure of the brightest and the best to seek a better life. The consequence is a "brain drain". Within the EU, this leaves the poorer countries of Southern and Eastern Europe without the benefit of the best educated and most highly qualified people.

143 The evidence is anecdotal, the Independent of October 22nd 2013 wittily makes the point with its title: "A PhD with your coffee? Barista serving your drink might be better educated than you are."ⁱⁱⁱ See also Financial Times article: "Bucharest strives to reverse brain drain."ⁱⁱⁱⁱ

144 This is a pamphlet principally about trade - not immigration. **But in order to justify the 7.23 million immigrants who came to the UK 1997-2010^{liv} (see appendix 14) people often say that "free movement of goods and**

services must also mean free movement of people." This is untrue.

145 To cite a few of many examples, the USA, Australia, Singapore and China especially all have strong immigration controls. Indeed it is as near impossible as makes no difference to immigrate to China.



146 China grants foreigners "green cards" . These permit a person to live and work in China for 3 years only . "...By the end of 2011, only 4,752 people had been granted green cards..."^v(South China Post) Nevertheless, China participates fully in the Global Economy. It could even be said to be a leader.

147 To give a further example, there is no freedom of movement as part of the North American Free Trade Area (NAFTA).

148 The evidence is clear. Strong immigration controls are no bar at all to full and profitable participation in the global economy.

149 It must be further pointed out: - the UK's membership of the EU prevents us from controlling immigration to the UK from the EU at all. In consequence the entire weight of UK immigration control falls and has to fall on immigration from outside the EU.

150 This creates a paradox. An unskilled Bulgarian, Hungarian, or Romanian has the absolute right to live, work and settle in the UK. By comparison, a computer scientist, a qualified doctor - even a heart surgeon - from, for example the United States or Australia, has no such right.

151 The anomaly will get worse if the UK's establishment political parties get their

way, and Turkey with its 80.7 million people becomes a member of the European Union.^{lvi}

reputation for having a highly skilled workforce. In the 21st century, we live in a knowledge and skills-based global economy where skills are valued.

IIbiv. Failure in Higher Education

152 Is there a way the EU, especially, Southern and Eastern Europe can escape the predicament of low growth, high unemployment?

153 One solution could be in education: the EU has a

154 Unfortunately, the weakness of some Southern and Eastern European economies is mirrored in the weakness of their systems of Higher Education.

Table 13

The Failure of Southern and Eastern Europe in Higher Education

World University	Top Universities in Eastern and Southern EU* Cumulative
Ranking	
1 - 10	0
1 - 20	0
1 - 100	0
1 - 200	0

Source: Times Higher Education World University Rankings, 2012-2013, <http://www.timeshighereducation.co.uk/world-university-rankings/2012-13/world-ranking>

* Excludes Italy, Ireland, Scandinavia, France, Germany, Belgium, Netherlands, Luxembourg, Denmark.

155 The findings above from the Times Higher Education World University Rankings are startling. Perhaps the Times Higher Education Supplement is being Anglo centric – not to say xenophobic? (I can already hear the usual suspects.) We therefore looked at 2 other sets of rankings from the US to see if there is any material difference.

Table 14

World University	Top Universities in Eastern and Southern EU* Cumulative
Ranking	
1 - 10	0
1 - 20	0
1 - 100	0
1 - 200	2

Source: "World's Best Universities 2012." *The U.S. News & World Report*.

Table 15

World University	Top Universities in Eastern and Southern EU* Cumulative
Ranking	
1 - 10	0
1 - 20	0
1 - 100	0
1 - 200	3

Source: "QS World University Rankings 2013." QS Quacquarelli Symonds Limited. 2013. Web. [http://www.topuniversities.com/university-rankings/world-university-rankings/2013#sorting=rank+region="+country="+faculty="+stars=true+search](http://www.topuniversities.com/university-rankings/world-university-rankings/2013#sorting=rank+region=)

156 A little better, but there is still no meaningful difference in the US prepared rankings. The abject failure of Southern and Eastern Europe to feature in any meaningful way in the World Rankings in Higher Education makes it highly unlikely that the unemployment problem in those countries will be solved within those countries. The solution is likely to be mass emigration. In any case (to return to the metaphor) these dependent relatives are worrying for the future prosperity of the UK-EU marriage.

157 Christine Lagarde has previously commented on the dire prospects for the European economies as a whole. What are the prospects for the EU's and the Eurozone's strongest economy - Germany?

IIbv. Economic Prospects for Germany

158 Germany is the economic titan of the eurozone and the EU. But cracks are already beginning to show in its economy.

159 Germany's energy policy as influenced by the Greens is a major threat to German prosperity.

160 Chancellor, Angela Merkel, has committed to reduce German dependence on fossil fuels. Germany is planning to use renewable energy to meet 50 per cent of its needs by 2030 and 80 per cent by 2050.

161 The implications are massive. Estimates for this now reach €1 trillion. Moreover, see also Financial Times article, January 21st 2014: "EU energy cost more than twice those of the US"

and "Natural gas prices in the US are roughly a third of the price in Europe"^{lvii}.

162 Germany has had a comparative advantage since the launch of the Euro. The authoritative Lombard Street Research says of Germany "... they have been ripping off their own people to build up pointless trade surpluses... their weakness is reliance on foreign demand, which is no longer forthcoming from emerging markets...." ^{lviii}

163 The combination of an ageing population, a high cost renewable programme resulting in expensive energy, a possible decline in foreign demand and investment is a palpable threat to the continued prosperity of Germany.

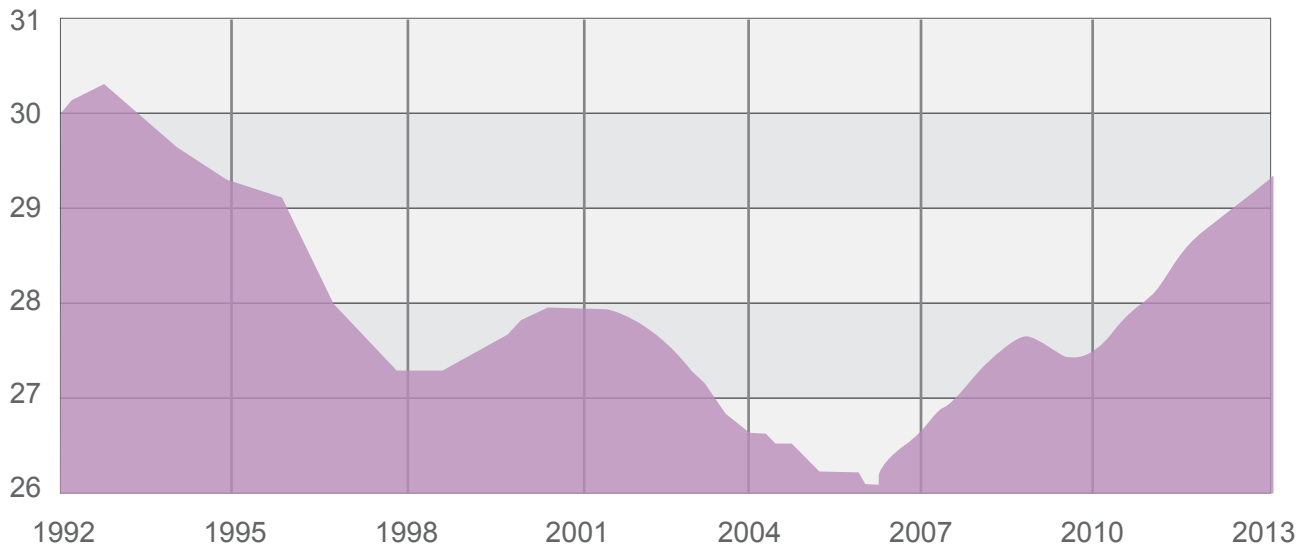


164 A weakening German economy is likely in the foreseeable future. Under those circumstances (with, possibly, Germany also ill able to afford welfare for its own aging population), how can Germany pay yet more in transfer payments to EU countries – far less bail out the entire Eurozone?

165 The situation of Germany in the EU is akin to a wealthy relative of a spouse – who has always supported a marriage financially. Then starts having financial problems of their own; and in consequence, has to cut down. The cutting down is bound to include the reduction (or even elimination) of the financial support.

Table 16

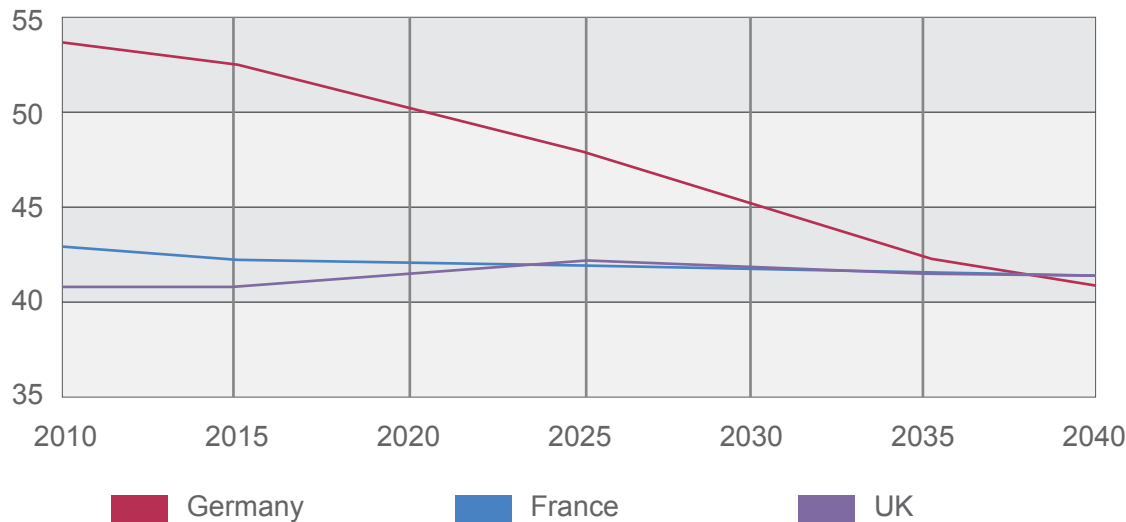
Germany’s Employment turnaround after 2004 reforms (Millions)



Source: Arbeitsagentur and world bank database

Table 17

Germany’s diminishing working age Population (Millions 15-64 years old)



Source: Arbeitsagentur and world bank database

166 If these are the prospects for the EU’s strongest economy, what then are the prospects for weaker EU economies - for example France?

IIbvi. Economic Prospects for France

167 In its prospects, France is closer to the impoverished spouse. The French budget for 2014 provides for “unprecedented” public spending cuts.^{lix} France is committed to cutting



€15 billion from public expenditure in 2014 in an attempt to control its deficit.^{ix} These cuts are designed to avoid raising taxes. Nevertheless, Le Monde found that over 70% of the French people believe their taxes are “excessive.”^{ixi} This is hardly surprising. President Francois Hollande has added

€60bn in new taxes over three years^{lxii}.

Standard & Poors lowered France's credit ranking in November 2013 from AA+ to AA, citing specifically the country's high taxes and need for structural reform.^{lxiii}

168 France is currently considered one of the
"stronger" EU economies, but it is already
showing tell-tale symptoms of distress - high

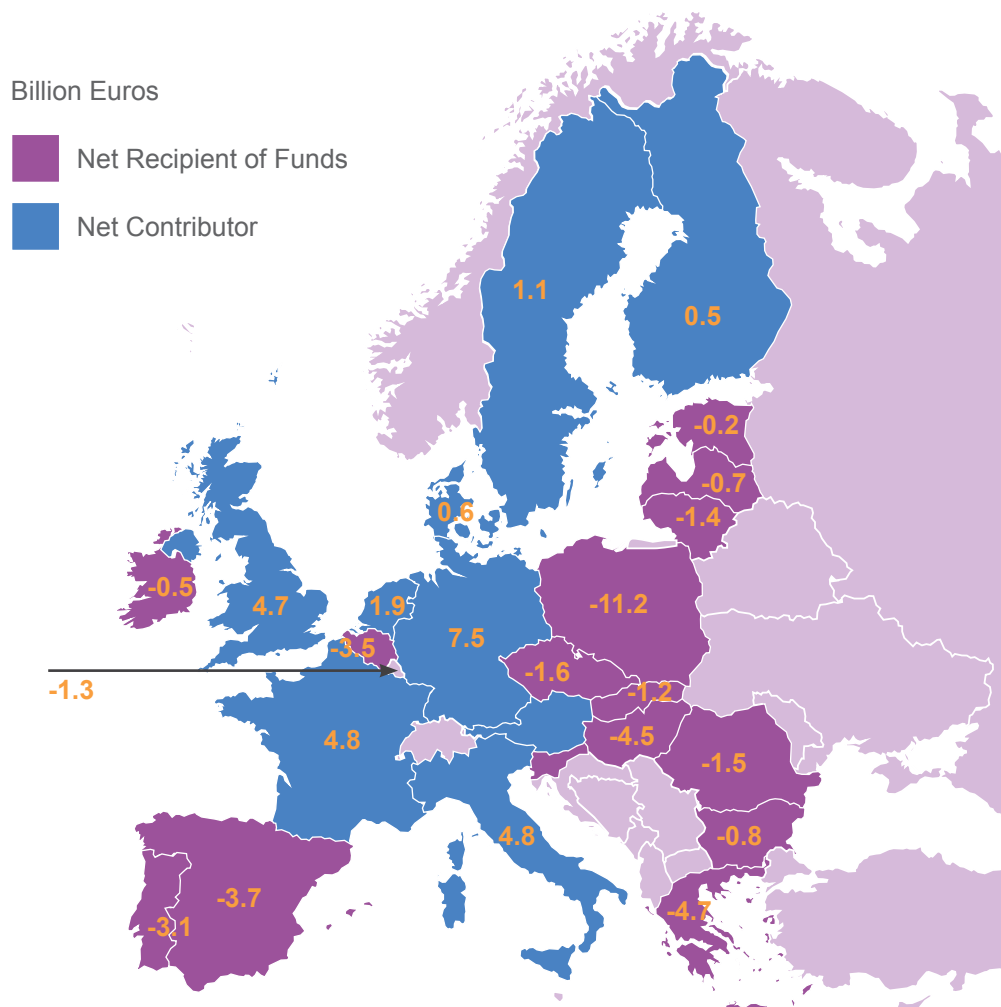
taxes and a large deficit that cannot be reduced materially by public spending cuts alone.

169 Even David Cameron - perhaps momentarily forgetting that he is France's enthusiastic partner in the EU marriage - wrote in the Times on January 1st 2014: "... "...They face increasing unemployment, industrial stagnation and enterprise in free fall...." ^{ixiv}

IIc. Are there irreconcilable differences?

Ilci. Contributing and recipient countries

170 In 2009 I characterised the different status of the 12 EU Member States that are net recipients of EU funds and the 15 EU Member States that are net contributors^{lxv} as the “San Andreas fault of the European Union”.



Source: Published in Moneyweek

171 For the EU member states who are net contributors to the EU budget, there is worse still to come. EU Candidate countries already receive very large sums in pre-accession funding.

^{lxvi} These are paid to "Candidate countries" to prepare for EU membership to quote the Commission: "...Socio-economic indicators show that, with the exception of Iceland, enlargement countries are still well below the EU average and even below the level of the weakest Member States. This low level of socio-economic development calls for substantial investments to bring these countries closer to EU standards..." ^{lxvii}

EU Candidate Countries: Pre-Accession Funding

172 In "A Budget for Europe 2020," the Commission allocated €14.11 billion for pre-accession funding for the period 2014-2020.

173 **The status of Turkey as a "candidate country" has the consequence that Turkey is eligible for and is the beneficiary of EU pre-accession funding.**

Turkey has received the following financial assistance 2007-2013:

Table 18

Turkey Financial Assistance under the Instrument for Pre-Accession (IPA)

2007	€497.200.000
2008	€538.700.006
2009	€566.400.000
2010	€653.700.000
2011	€779.900.000
2012	€860.225.122

Source: "Component." European Commission. Enlargement: Instrument for Pre-Accession: Turkey. http://ec.europa.eu/enlargement/instruments/funding-by-country/turkey/index_en.htm

Regarding this further allocation of 14.1 billion euros to candidate countries, of which Turkey will be the major beneficiary.

- 174 **Should Turkey and the other countries not in the end join the EU, these very large sums will have been paid out for no purpose.**

IIcii. The UK Conservative Party and Enlargement

- 175 The British Conservative Party goes even further than supporting Turkey's application to join the EU. Herewith a quote from the 2009 **Conservative Party Manifesto for the election to the European Parliament in 2009**: "...Our MEPs will support the further enlargement of the EU, including to the Ukraine, Belarus, Turkey, Georgia and the countries of the Balkans, if they wish to achieve EU membership, however distant that prospect may be in some cases...."
- 176 See table above. Should the Conservative Party and the other Establishment parties

get their way and these countries join the EU, transitional controls on "free movement" will have, eventually, to be lifted. It can be confidently predicted there will then be (to quote Ross Perot on NAFTA) "a giant sucking sound". Many citizens of these countries will immigrate to the UK, and very sensibly from their point of view. The widespread and increasing use of English as a second language (see paragraphs 209 and 210), a commercial strength for the UK, acts as a major incentive for immigration to the UK. By comparison, the use of French or German as a 2nd language is, comparatively, minimal; this acts as a disincentive to immigration into France or Germany.

- 177 **Depressingly the reckless policy of more member states coming into the EU is a policy not only of "Cameron's Conservatives" but also, to a greater or lesser degree, of Liberal Democrats and Labour - all the establishment parties.**

Table 19

Ukraine and Others: Population and GDP per Capita

Country	Population (Millions)	GDP (Billions of US Dollars)	GDP Capita (US Dollars)
Ukraine	45.2	176.0	7,300
Belarus	9.3	63.3	4,858
Turkey	75.8	789.3	8,492
Georgia	4.5	15.8	2,070
Western Balkans	18.7	14.6	3,634
Total combined Populations	153.7		
UK	63.3	2,440.0	37,849

Source: CIA World Fact Book

178 It is not just immigration. Should the current crop of EU candidate countries actually become member states of the EU, these countries will receive very large amounts - more than pre-accession funding - from the EU "Cohesion Fund". The EU "Cohesion Fund" will be paid for disproportionately by the UK.

Iciii. Bulgaria and Romania

179 From January 1st 2014, 27 million Bulgarians and Romanians became eligible to live, work and indeed settle in the UK. There is significant interest in the UK in what will happen. But this right for Bulgarians and Romanians is not as it were "the hand of God", it is the natural consequence of UK government policy to support - indeed to encourage - more countries to join the EU.

180 The candidate countries are (mostly) poor. The inevitable consequence of these countries becoming EU member states is that under this heading alone, the UK, already Number 2 net contributor to the EU, will be paying out a lot more (this has already been prefigured by George Osborne as UK Chancellor in the 2013 Autumn statement). "Britain will give an extra £10bn to the European Union because of the weakness of struggling eurozone economies, it has emerged. **The British contribution to the EU will rise dramatically from £30bn to £40bn over the next five years,** the Office for Budget Responsibility said. It includes a surprise £2.2bn jump in funding to £8.7bn this year. EU contributions are calculated in part according to each state's national income." ^{ix}

Table 20

GDP Per Capita Bulgaria, Romania and UK

	Population	GDP per capita (in US dollars) 2012
Bulgaria	6,981,000	14,100
Romania	21,790,000	12,700
UK	63,355,000	36,600

Source: CIA World Fact Book

IId. The EU's "Unreasonable Behaviour"

181 Has the EU been guilty of "unreasonable behaviour" in the marriage? Many people think so. Here are some examples.

IIdi. Boats from other EU countries have plundered our fishing stocks - Common Fisheries Policy



182 **70% of the "EU's" fish stocks are in UK waters. The Common Fisheries Policy opened up the UK's fish to all EU member states. These responded over the last 35 years + by plundering the UK's fish stocks.** Moreover, the UK cannot manage its own fish stocks. Management is carried out according to the rules of the Common Fisheries Policy. This has been an environmental, as well as economic disaster. What can be the bizarre EU mind-set that frames a policy for fisheries in consequence of which dead fish have to be thrown back into the sea?

Ildii. The spouse's indigent relatives come to live permanently

¹⁸³ Article 3.2 of the Treaty Establishing the European Community provides for "free movement of persons", in consequence, currently over 450 (see note 7 on Page 45) million people in the EU have the absolute right to live, work and settle in the UK.

Ildii1. Addendum on Immigration

¹⁸⁴ The table on page 42 speaks for itself. Uncontrolled immigration is often justified on the grounds that it results in higher economic growth. It is of course absolutely true that if the population of the UK doubled from 60 million to 120 million, the UK's GDP would increase.

¹⁸⁵ **However, Gross GDP is a very poor, indeed actively misleading measurement. Otherwise, Bangladesh would be regarded as a richer country than Denmark, Kuwait and Norway. (see note 8 on Page 45)**⁶The average Bangladeshi would regard him or herself

as less well off than the average Dane, Kuwaiti or Norwegian - indeed by a degree of magnitude.

¹⁸⁶ Until about 10 years ago the wealth of a country was always measured in terms of GDP per capita. It is only since immigration is debated by the BBC (who describe the phenomenon misleadingly as "migration") and others, that the established measurement of GDP per capita has been ignored.

Worryingly, GDP per capita in the UK is on a downward trend.

Table 21

GDP per Capita in the UK is on a Downward Trend

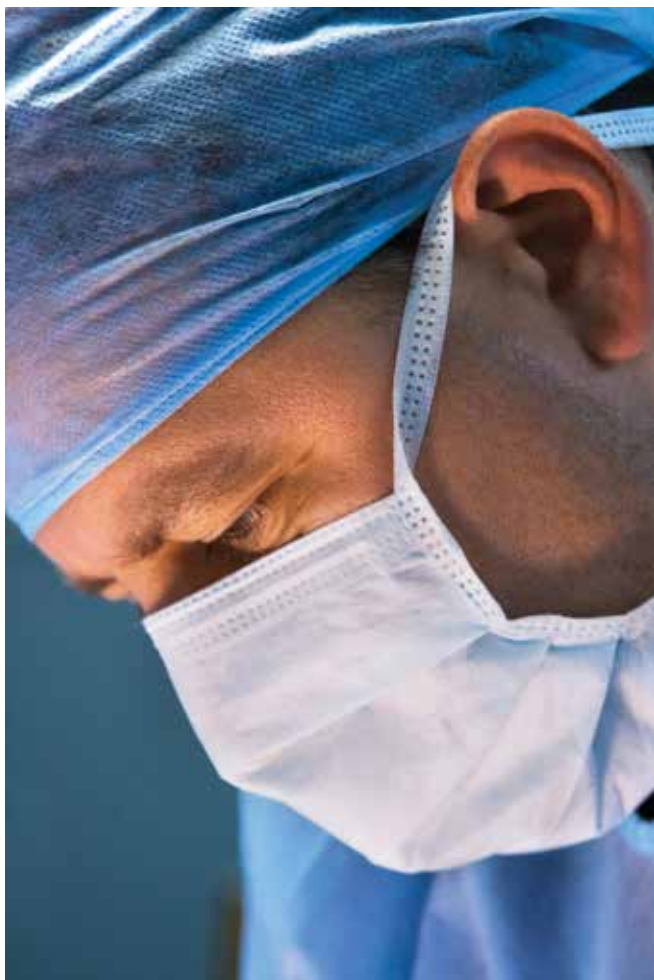
Year	UK GDP Per Capita (in US dollars)
2008	40,027
2009	39,376
2010	37,556
2011	37,949
2012	38,032
2013	37,849

Source: <http://www.tradingeconomics.com/united-kingdom/gdp-per-capita>

Ildiii. The NHS is harmed by the EU's Working Time Directive ^{lxx}

187 John Black, President of the Royal College of Surgeons, said: "...To say **the European Working Time Regulations has failed spectacularly would be a massive understatement. Despite previous denial by the Department of Health that there was a problem, surgeons at all levels are telling us that not only is patient safety worse than it was before the directive, but their work and home lives are poorer for it....**" Mr John Black continued:

"...The new government have indicated they share our concerns, but there is not a moment to lose in implementing a better system which would enable surgeons to work in teams, with fewer handovers and with the backup of senior colleagues...."



188 And Howard Cottam, President of the British Orthopaedic Trainees Association (BOTA), said: "...Anecdotally, orthopaedic surgeons in

training have yet to see any of the promised improvements in the quality of training, and the College survey proves this to be the case. Attempts to implement the EWTD (European Working Time Directive) have largely failed and the system remains reliant on the professional integrity of trainees who continue to cover the gaps in the rota. BOTA genuinely looks forward to the promised work of the new government to limit the application of the EWTD in the UK...."

Ildiv. Recording expenditure: The EU will not give us and cannot produce a clean set of accounts

189 **The European Court of Auditors (ECA) has not given the EU's accounts a clean bill of health for the last 19 years. This includes the last full year.** Before then there was no requirement for the EU's accounts to be audited.

190 Inappropriately and amazingly, the President of the EU Council, Herman Van Rompuy sought to influence the auditors. Van Rompuy said to the ECA: "...Your reports are not released into a void but into the rough and tumble of political life and media reporting...." He continued: "...In the end we are all responsible for Europe and its image. In times of crisis, it is more vital than ever to foster confidence. We should also be teaching, to convince Europeans and demonstrate clearly that Europe is not the source of problems, but the solution...." ^{lxxi}

191 Any bank clerk would have known better than to seek to influence the auditors.

Ildv. Our Post Offices are closing down

192 In recent years, more and more Post Offices have been closing. For many this has been a near tragedy. Rural Post Offices had often been a major community hub. With public transport limited in rural areas, many now have to take costly car and taxi journeys to get to the nearest post office. This is the direct consequence of the EU Postal Services Directive^{lxxii}, steered through the European Parliament by the (British) Labour MEP Brian Simpson in 1997. Prior to that directive, the



Royal Mail had been able to cross-subsidise rural post offices. Furthermore, the directive forced Royal Mail to open up its commercial mail delivery to competition from European companies.

Ildvi. European Arrest Warrant (EAW)

- ¹⁹³ One primary purpose of the Law in the Anglo-American world is to protect people from arbitrary arrest and imprisonment.

Hence we have Habeas Corpus - "no imprisonment without trial" or, more accurately, without charge; it can be argued since the days of Magna Carta. Under the European Arrest Warrant, a Prosecutor, can serve a warrant so that any resident on the UK is carted off to prison in an EU country. EU countries now include Bulgaria, Romania, Hungary, Greece (see note 9 on Page 45). **The European Arrest Warrant negates at a stroke a vital part of 900 years of English Common Law, including the presumption of "innocent until guilty".**

Ildvii. We cannot use the light bulbs we want

- ¹⁹⁴ Incandescent bulbs have had to be replaced as a consequence of directives 2009/125/EC (Ecodesign Directive), 2008/28/EC (Amending Directive) and 2005/32/EC (Ecodesign Directive). The replacement bulbs produce a different and lesser quality of light.
- ¹⁹⁵ Moreover, the EU specified light bulbs contain mercury, a poisonous neurotoxin. There are significant problems in how, eventually, to dispose of the mercury in these light bulbs.

⁵ Sir Mike Rake was on the Board of Barclays from January 2008 to today.

⁶ What the Marxist Professor actually said (Oxford Union Debate October 1967) was "Capitalism is no cure for the disease of the Third World – it is a part of the disease."

⁷ Population of the EU (513.9 million) - the population of the UK (63.4 million) = 450.5 million people

⁸ Bangladesh has a GDP of \$302.8 billion, Denmark \$208.3 billion, Kuwait, \$150.9 billion

⁹ Eventually also Turkey.

Chapter 3

Is the UK 'strong'?

IIIa. Some strengths of the UK

- 196 ■ 6th largest economy in world
- 2nd largest economy on the European continent (after Germany)
 - Second largest exporter of services in world
 - World's number 1 international financial centre
- 197 The UK has one of the world's most globalised economies and is well placed to benefit from globalisation. It was the West's 2nd best performing economy in 2013 (CEBR).
- 198 These facts are familiar - or should be. Less well known is the UK's leading position in the world in Higher Education.

The World's Number 1 International Financial Centre



Table 22

The Success of the UK in Higher Education

World University	Number of UK Ranked Universities
Ranking	
1 - 10	3
11 - 20	1
21 - 30	0
31 - 40	2
41 - 50	1
51 - 100	3
101 - 150	12
151 - 200	9
Total	31

Source: *The Times Higher Education, World University Rankings 2012-2013*



IIIb. World success of the UK in Higher Education

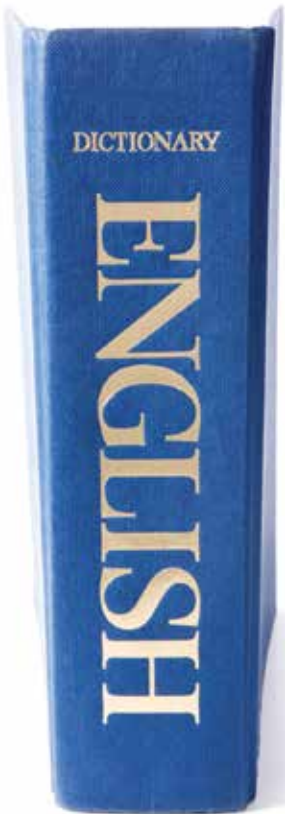
- 199 According to World Rankings, UK universities stand out for their excellence.
- 200 The conclusion from the data is clear and straight-forward. The UK's universities as a generalization are the best in Europe. As and when the Commission extends its control to Higher Education the UK's Universities are then likely to be dragged down to the levels in the EU.

IIIc. International Organisations

- 201 A country's influence and interests in the world can be protected, even enhanced, by membership of international organizations. These have become more influential in recent years.
- 202 **Traditionally, the UK has been a member of most of the key international organizations including the UN Security Council, G8, NATO, WHO, FAO.**
- 203 **Membership of the European Union puts this at risk.** EU membership has already caused significant loss of the UK's position and influence. Unlike countries as diverse as the United States, Norway, Switzerland, Rwanda and Nepal, the UK's seat at the WTO is inactive. We are dependent on the EU to negotiate and reach agreements for us at the WTO.
- 204 Nobody can blame EU negotiators if they regard UK interests as simply one set of interests among 28 - after all, that is their job.
- 205 **To emphasise the point, Norway has its own voice not merely on the WTO but also on the FAO with its critical role in determining global fishing policy. By contrast, the UK is trapped in the Common Fisheries Policy and voiceless on the WTO.**
- 206 Please see appendix 15 for a full (but not comprehensive) list of the international organisations of which the UK is a member.
- 207 Another example: the UK is a full member of the G8 and the G20. At the G-8 summit held at Lough Erne, Northern Ireland in June 2013, the UK was the host. Nonetheless, the President of the EU Commission, Manuel Barroso, and the President of the EU Council, Herman van Rompuy, represented the EU. ^{lxxiv}
- 208 Many advocates of a United States of Europe assert that EU member states should be represented by the EU - and only by the EU - at international conferences and organisations. ": "...The EU can be an effective and vital vehicle for amplifying our power such as on Iran where the combined voice and action of 27 European States working together can achieve more than Britain could achieve alone...." This is from Labour's Shadow Foreign Secretary, the otherwise insignificant Douglas Alexander MP (from his to "Europe in the World"^{lxxv}). Objectively, there is a ghastly internal logic to the argument.
- 209 Further, it is constantly proposed that the EU has its own seat on the UN Security Council. The corollary is that the UK (and France) lose their permanent seats.
- 210 From a report drafted by the Spanish socialist MEP María Muñoz De Urquiza:
- From para 20 "...suggests... the introduction of new members of the UNSC [UN Security Council] and reform of the UNSC's decision-making towards the possible use of a super-qualified majority...."
- 211 "Super-qualified majority" in the UN Security Council would mean the end of the UK veto.
- 212 And from paragraph 21: "... encourages the VP/HR, the EEAS and the EU Member States to play a more active role in establishing cooperation mechanisms aimed at ensuring that EU Member States that sit on the UNSC defend common EU positions therein...."
- 213 The direct consequence of the implementation of the above, would be a material diminution in the UK's (and French) independent, global influence. The UK's 8.28% of votes in the EU's Council of Ministers scarcely compensates. The EU already has Observer status at the UN.

IIId. English: The second language of the World

- 214 A huge number of people worldwide, especially the educated and cosmopolitan, speak English as their preferred second language. This is a competitive advantage for the UK. The use of English as a second language is increasing all the time. For more examples of this trend, see The Economist article from February 15, 2014 titled “The English Empire: a growing number of firms worldwide are adopting English as their official language.
- 215 English is the standard language of communication in aviation, the computer industry, on the internet and in most of international commerce. I cannot resist adding that it is English that has become the world’s “lingua franca”:



The estimated figures bear this out:

Table 23

2nd Languages Spoken^{lxxvi}

Country	No. of People
English	430 million
German	65-80 million
Spanish	60 million
French	60 million
Portuguese	20 million

Source: *Ethnologue: Languages of the World*

IIIe. English Common Law

²¹⁶ There are 71 countries, in addition to England, whose legal systems are founded on English Common Law. The top 10 largest economies using English Common Law (to a greater or lesser degree) are set out in the table below.

Table 24

Top 10 Largest Economies outside the UK using English Common Law	GDP 2012 (Millions) of US Dollars	World Economy Rank
USA	16,244,600	1
India	1,841,710	10
Canada	1,821,424	11
Australia	1,532,408	12
South Africa	384,313	28
Malaysia	305,033	34
Singapore	274,701	35
Hong Kong	263,259	37
Pakistan	225,143	44
Ireland	210,771	46

Sources: www.databank.worldbank.org/data/download/GDP.pdf



²¹⁷ In addition, many international contracts specify that, if there is a dispute, it will be governed by the laws of England and Wales. This is in large part why Legal Services contribute materially to the UK economy and tax-base.

IIlei. Addendum on the threat to UK legal services from the EU

218 However, there is a major threat pending from the EU to the UK's success story in legal services.

219 The EU seeks to create EU commercial laws and an EU Commercial Court. This is in the name of 'harmonisation'. It is intended that EU laws and the EU Commercial court will be established not in competition with national jurisdictions but, as compulsorily replacements. This is the Stockholm programme.

220 **In consequence, the EU is as much of a threat to the UK's position in international legal services as it is to the UK equivalent position in financial services.**

221 I tabled in 2010, the following amendment at the International Trade Committee of the European Parliament:

"Calls on the Commission to confirm that contracting parties to commercial and all other agreements, including specifically international trade agreements, will continue to have the absolute right to write into an agreement the legal jurisdiction competent to settle any dispute, including after the Stockholm Programme has come fully into force in all its aspects."

222 My amendment was defeated 27-1, with 3 (British) Conservative MEPs and 1 Labour MEP voting with the 27.

223 The Law Society and the Bar Council, as well as the leading London solicitors, seem to have no interest in this threat from the EU to their position. It is time they woke up.

The UK has considerable strength in motor vehicle manufacturing.

Many assume there are no British carmakers anymore. In reality, Britain is the second largest premium car producer in the world. The facts speak for themselves:

- Annual turnover in motor vehicle manufacture is £55 billion
- In 2011, exports of UK vehicles (and parts) were £27 billion.
- In 2011 alone, the UK exported a total of 1.2 million motor vehicles

- UK manufacturers produced 2.5 million engines in 2012.

The majority of these vehicles are exported to countries outside the EU. 55% are exported outside the EU. (By comparison, France, Italy and Spain export 70-90% of their automotive production to EU member states.) For more on the UK's considerable strength in motor vehicle manufacturing, see also Top Gear - Made in Britain: Series 20, final episode (<http://www.youtube.com/watch?v=vmcmqTAu6b8>)



Chapter 4

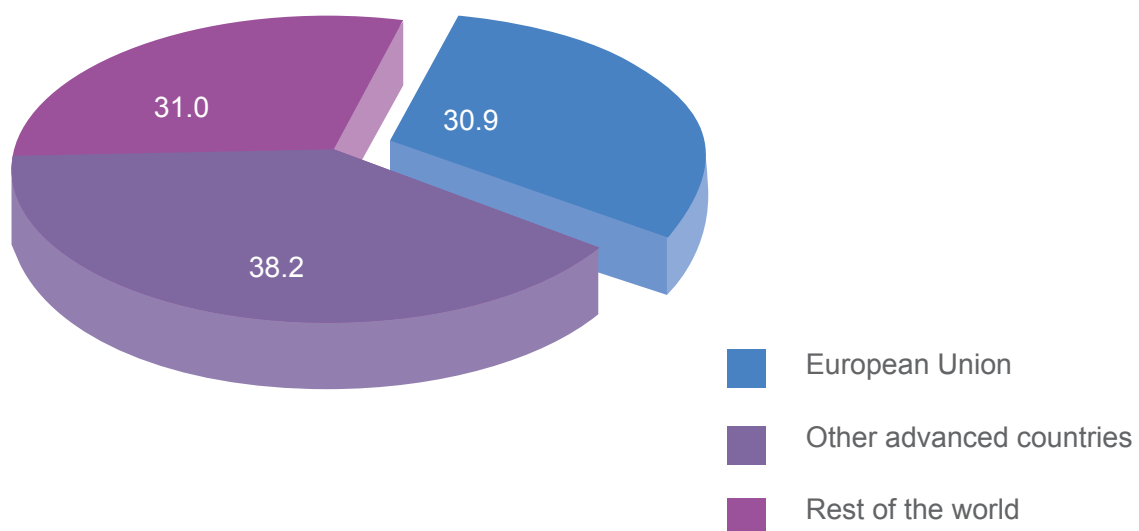
Out of the EU Into the World

IVa. The EU's decreasing share of world GDP

²²⁴ The EU's share of global wealth (world GDP) is in long-term decline: the EU share of more than 30% in 1980, is currently around 20%, and in 2050 projected to be just 15%. It is important to note that this trend has occurred and continues in spite of the accession to the EU of Spain, Portugal, and 11 central and east European countries^[1] - some of which have sizeable economies. This is the trend and it continues. The following charts demonstrate the decline in the EU's share of world GDP.

Table 25

The world economy in 1980
- Chart shows % shares of world output



²²⁵ The EU is not just declining in its share of world GDP; it is also declining in its share of world trade. The EU's own statistics show its share of world trade to have shrunk since its formation - with both imports and exports in decline, ("Global Europe 2050", commissioned in 2011).

Table 26

The world economy in 2014
- Chart shows % shares of world output

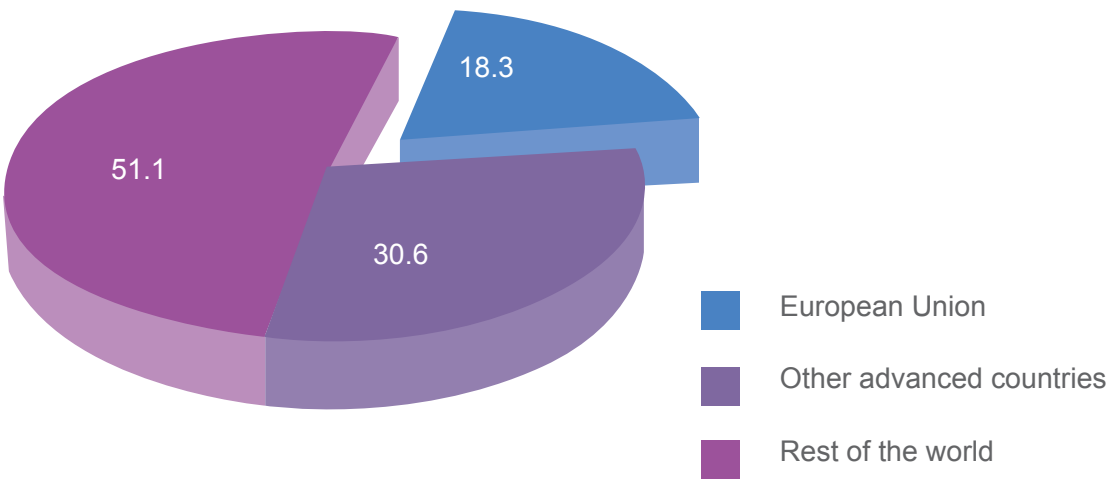
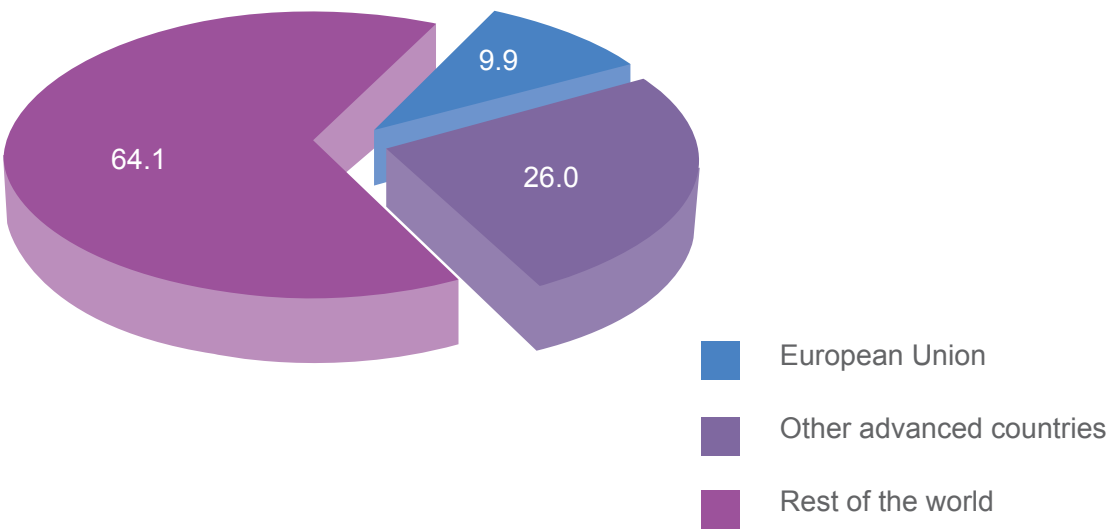


Table 27

The world economy in 2039
- Chart shows % shares of world output



The State of the Eurozone

226 The fragile state of the Eurozone exemplifies just how sclerotic the EU has become.

Table 28

European Contributions as Loans, Bailouts (Billions)

Country	Period	Loans, Bailouts
Ireland	2010 - 2013	EU/EFSM: €22.5
Portugal	2011 - 2014	EU/EFSM: €26.0
Spain	2012 - 2013	ESM: €41.3
Greece	2010 - 2016	EFSF: €144.6

Source: "Financial Assistance to EU Member States." 'State of Play,' 17 May, 2013.
Directorate General for Internal Policies, Economic Governance Support Unit (EGOV).

227 The handling of the Cyprus bailout by the so-called troika - the IMF, the European Commission, and the European Central Bank - has been called "neo-colonial." The cost of the Cyprus bailout is now €23 billion^{lxxvii}. Large depositors in Cyprus stand to lose up to 60% of their savings^{lxxviii}. To meet the EU's draconian conditions, Cyprus has plans in motion to sell €400 million of its gold reserves^{lxxix}.

228 **In Cyprus, restrictions have been put on ordinary people's use of banks: credit card holders cannot spend more than €5000 overseas; Cypriot citizens cannot take more than €1000 on holiday; ATM withdrawals are capped at €300 per day.**

229 Severe restrictions were also placed on business banking: any transaction of more than just €5000 (small in business terms) requires the approval of a government committee.^{lxxx}

230 Recession and spending cuts have hit Greece, Spain, Portugal, and France: 1400 riot police were deployed in Madrid to ensure demonstrations against the troika did not boil over into violent clashes^{lxxxi}; an estimated €800 million in spending cuts are planned in Portugal - destabilising the Government^{lxxxii}.

231 **A survey in the Guardian reflects this widespread dissatisfaction with the EU: in Spain mistrust of the EU jumped from 23%**

in 2007 to 72% by 2012; in Italy from 28% to 53%, and in the UK from 49% to 69%.^{lxxxiii}

IVb. The Commonwealth

IVbi. A brief description, GDP

232 There are 53 countries in the Commonwealth with approximately 2.2 billion population.

233 Worse, when the UK surrendered its power to negotiate trade deals to the EU Trade Commissioner in 1975, it also had to renounce longstanding trade agreements with Commonwealth countries - the Ottawa Agreements. Known as Imperial Preference when signed in 1932, these agreements provided mutual tariff and other concessions between the UK, and, initially, the self-governing Dominions (Canada, South Africa, Australia and New Zealand,) and, later, colonies such as India: in short, the Commonwealth.

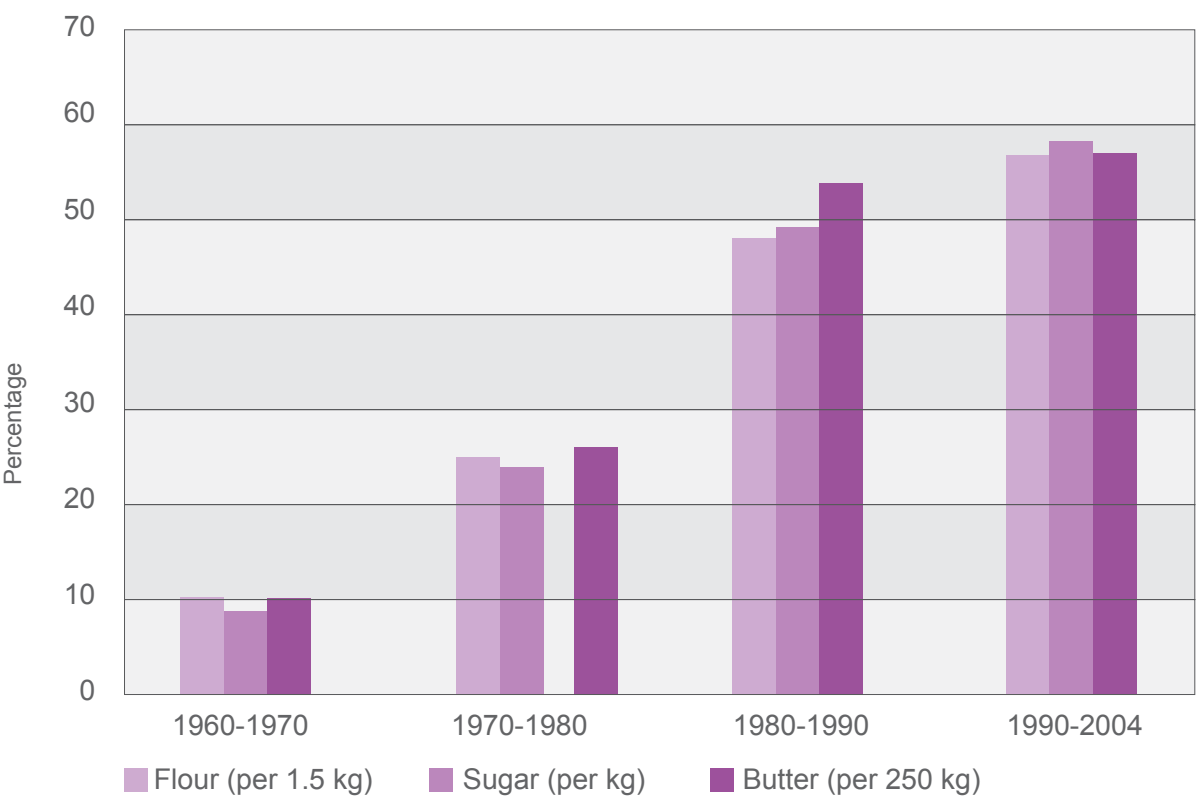
234 The Ottawa Agreements were, in effect, comprehensive trade deals to reduce tariffs on agricultural products imported by the UK, while lowering tariffs on UK manufactured goods. This kind of trade with the Commonwealth played a major role in the UK's recovery from depression in the 1930s.^{lxxxiv}

235 These surrendered agreements had allowed the UK to enjoy low food prices. Their ending had profound economic effects both on us and on our Commonwealth friends, particularly New Zealand.

236 EU membership drastically raised UK food prices, as the UK had to apply the Common External Tariff to agricultural products from countries with which we then had trade agreements. This table illustrates how this increase in food prices affected disproportionately the less well off in the UK.

Table 29

Average Price of Flour, Sugar and Butter in the UK in pence



Source: "Consumer Price Inflation, 1947-2004,"ONS Economic Trends 1990-2004.

237 If we fast forward to 2013 and the Coalition, the UK Government pays lip service to the Commonwealth indeed neglects it. As Lord Howell, the former Minister for the Commonwealth in Cameron’s Government, wrote (on receiving the FCO’s annual report of 2012-2013):
 “...(It confirms) everything that is feared, however unjustifiably, by the FCO - its obsession with kowtowing to America, its cringing and defensive position in the European Union vis-à-vis Paris and Berlin, its general assumption that the Atlantic West is at the center of the world and its values, about which we apparently should lecture everybody else...you will see the top priority

given to relations with, and a big genuflection to, the USA; the equally high priority to the European Union; the continuing prominence given to NATO - with the rest of the world, the emerging markets, the great booming economies and gigantic new cities of Asia, rising Africa, the Commonwealth network, the new techniques of soft power promotion - and much more - all trailing along behind....”¹

238 Lord Howell is a former cabinet minister, (also incidentally, George Osborne’s father-in-law). Since he wrote this, he has been replaced by Hugo Swire MP. The UK’s relations with the Commonwealth are only part of Mr Swire’s responsibilities.^{lxxxv} (see note 10 on Page 67)

239 Those Commonwealth countries from which we were forced by the EEC to sever our preferential trade agreements, are expected to grow at 7.3% per annum 2012-2017.^{xxxvi} India for example, has seen near double digit growth for much of the last decade. By contrast, the EU is expected to grow hardly at all. The bar charts below show the divergence in economic performance for the EU and the Commonwealth since the UK joined the EU in 1973.

Table 30

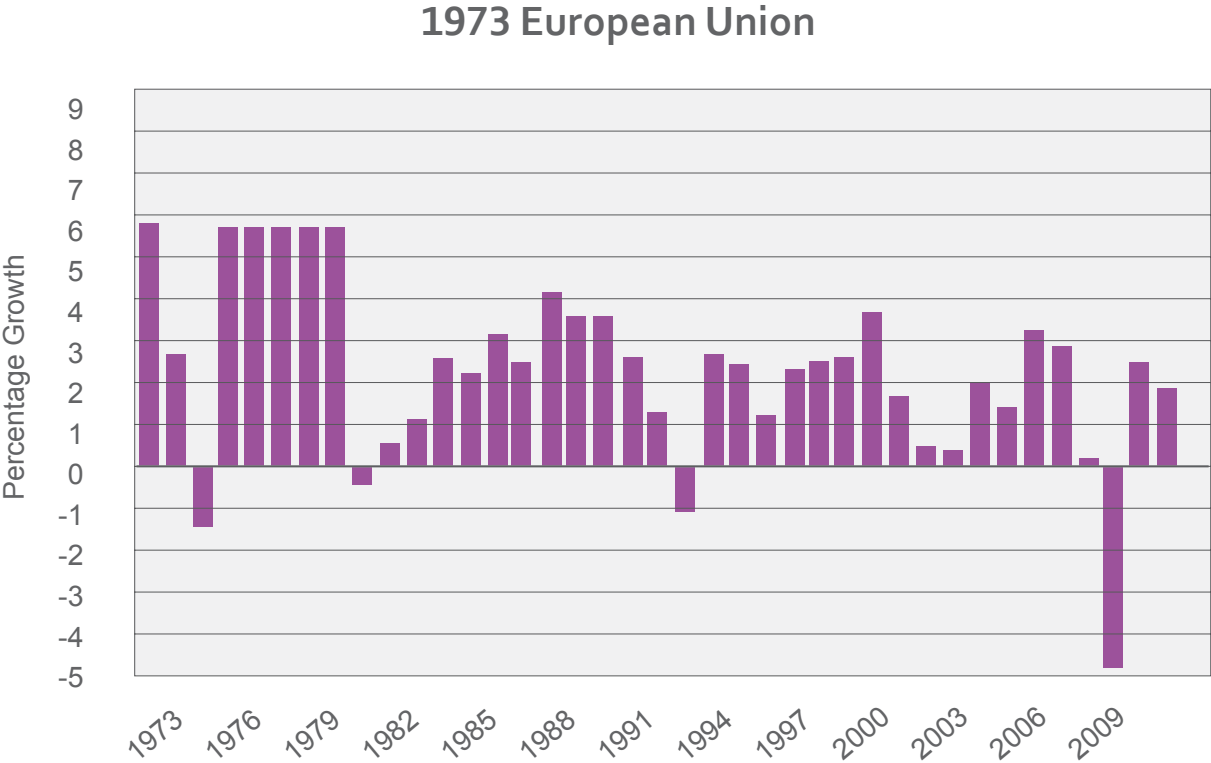
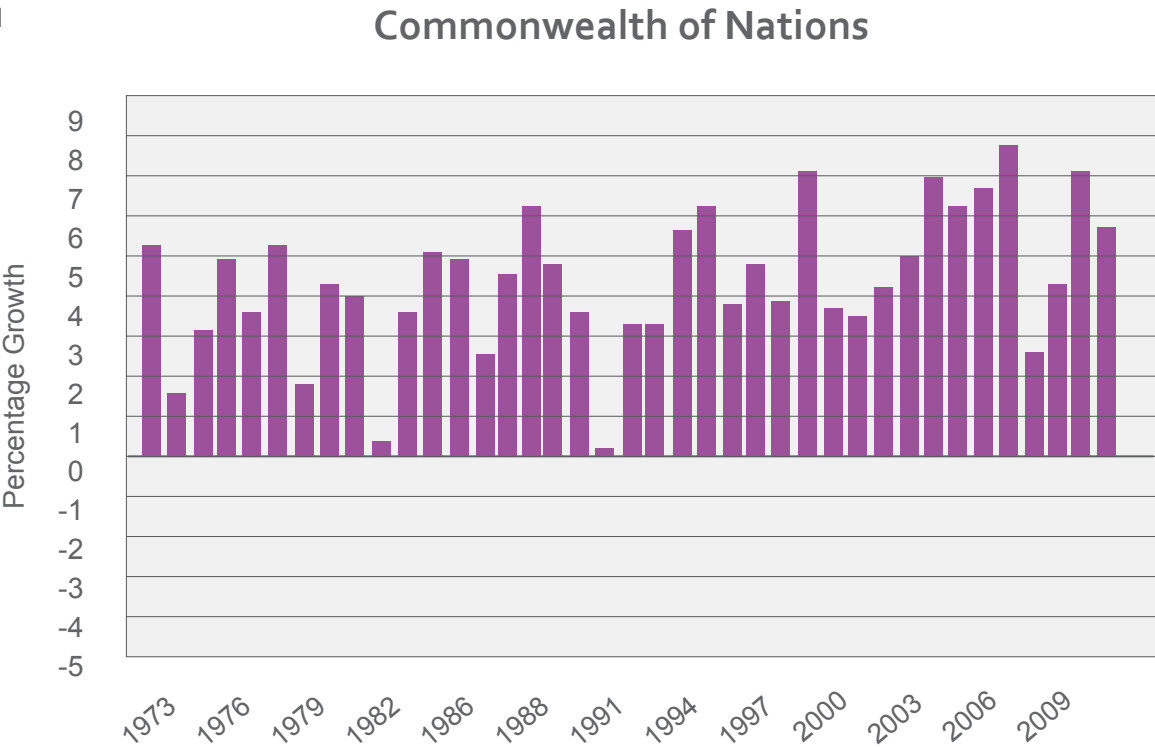


Table 31

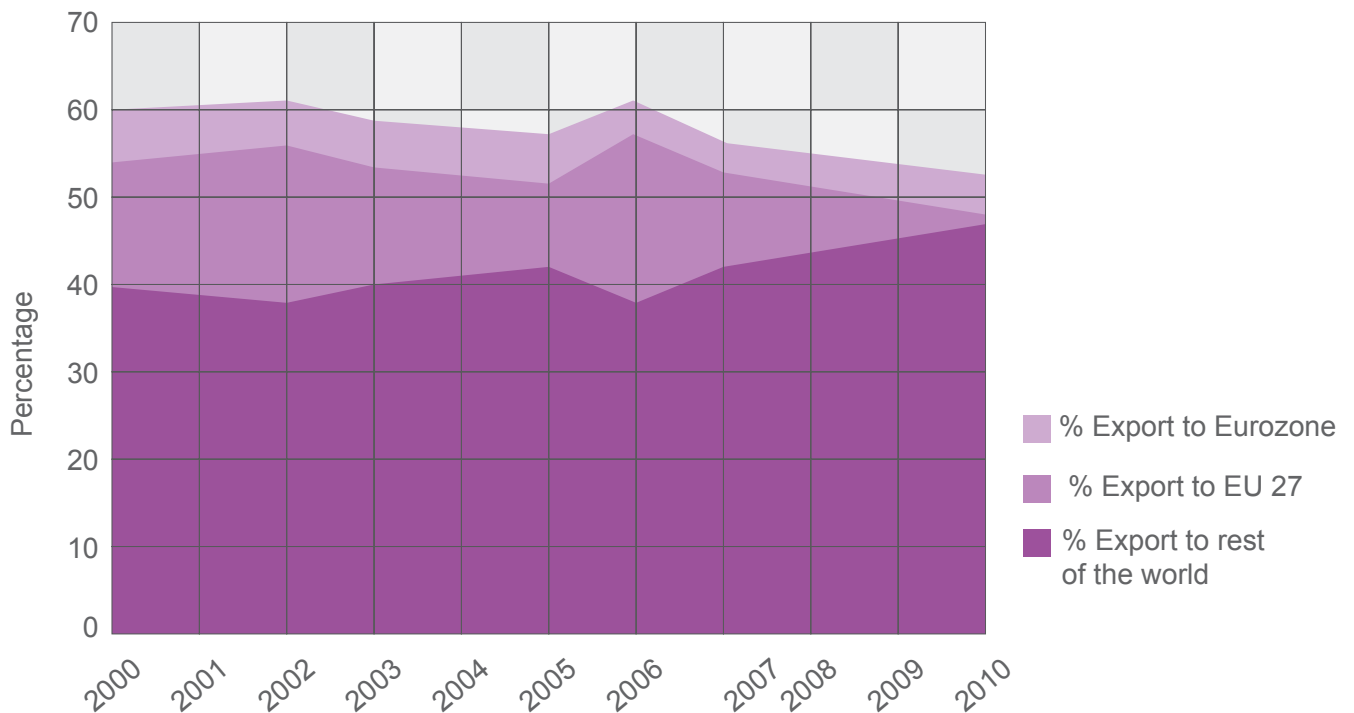


Source: Commonwealth Growth Tracker, World Economics, 2013⁶⁵

240 As a consequence, the percentage of UK exports to non-EU countries is rising, while that of UK exports to EU countries is declining.

Table 32

UK Exports Worldwide

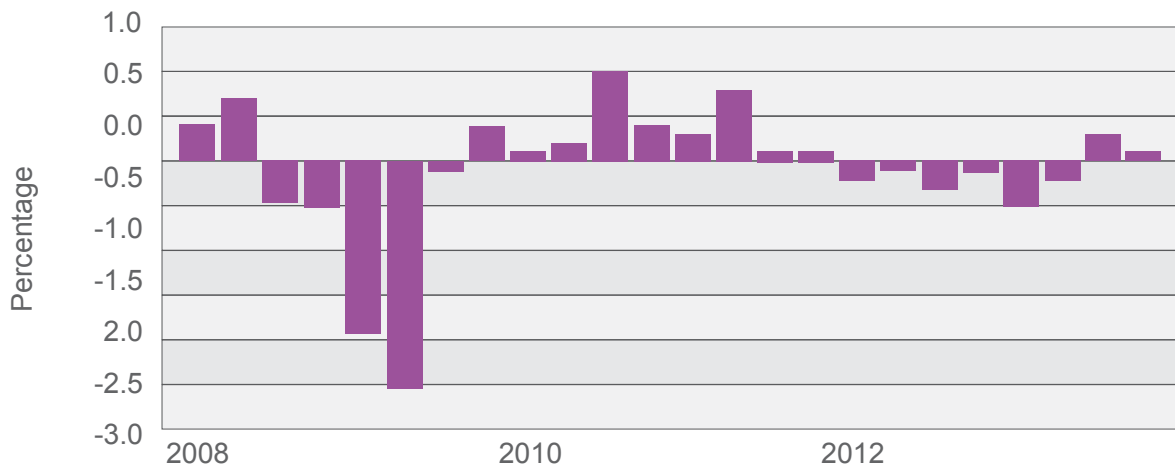


Source: Office of National Statistics

241 The figures tell us that the British politicians of the 1960s and 1970s made the wrong choice. The intelligent policy - which UKIP advocates - is for the UK to focus on trading with growth economies rather than those in decline.

Table 33

Euro area GDP growth rate



Source: www.tradingeconomics.com

- 242 This chart distinguishes between the EU and the eurozone. It is clear that the eurozone has experienced two periods of recession not one and that for the last five years the eurozone has been at best flat lining. Many economists predict that this is likely to continue.
- 243 Why does the UK establishment still choose to link the UK ever more tightly and closely to the low growth, high unemployment economies of the EU and its eurozone?

IVc. Global tariffs since 1968 and EU tariffs

The EU and Global Tariffs since the 1960s

- 244 The then EEC introduced the Common External Tariff in 1968. The member states put the same tariffs on all goods imported from countries not in the EEC. At the same time, the EEC entered negotiations on tariff reductions in industrial goods. These negotiations - grouped under the Kennedy, Tokyo, and Uruguay Rounds - made progress largely because they took place in a multilateral forum. It was the US, not the EU which took the leading role. Specifically, at the Kennedy Round, 1964-1967, it was the US that stopped the EEC from becoming more protectionist.

- 245 At the Tokyo Round, 1973-1979, the USA, Japan, and the then-EEC all agreed to significant reductions in tariff rates for industrial goods. The EEC reduced its tariff from 6.5% to 4.6%. Overall, the tariff reductions from the Tokyo Round covered about \$126 billion, some 90% of industrial trade in 1976.^{lxxxviii}

- 246 **Under the Ottawa Agreements, Commonwealth countries exported most agricultural produce to the UK free of any tariffs. In marked contrast, the EU's tariff rates on agricultural imports have stayed high over the years.** In agriculture, the EU has maintained a system of tariffs and subsidies - executed via the Common Agricultural Policy - that protects EU farm products. The average EU tariff on agricultural goods is now 13.8%, whereas for non-agricultural goods it is only 3.9%.^{lxxxix}
- 247 Since 1973, when the UK joined the then Common Market, there has been a material reduction on tariff rates on manufactured goods. It follows that it is much less valuable and important for the UK to be part of the EU Customs Union than it was in 1973.
- 248 This graph shows the dramatic fall in tariffs since the 1980s:

Table 34

Tariff reductions of the Tokyo Round – GATT and WTO

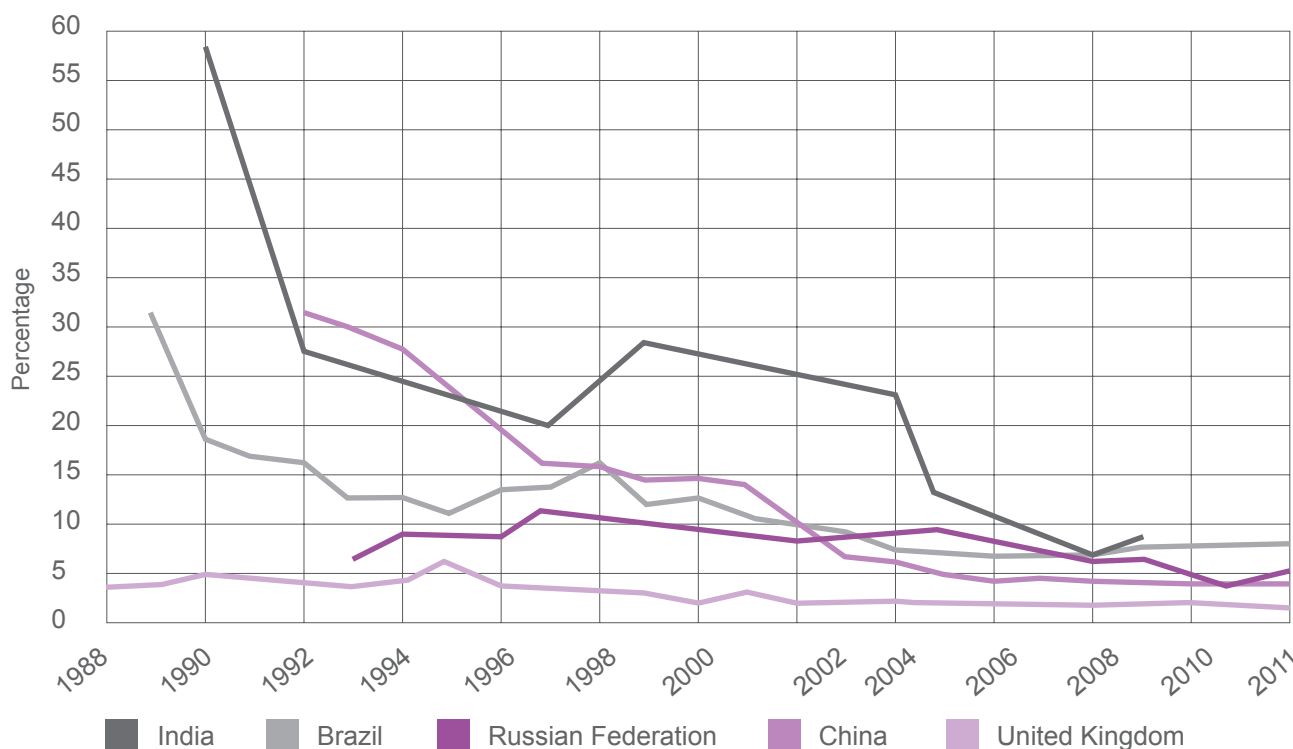
(Import weighted bound tariff average of industrial products and change)

Trader	Pre-	Post-	Reduction	Imports (MFN)
	Tokyo Round rate		in %	Billion \$(1977)
United States	6.3	4.3	-32	78
Japan	5.4	2.7	-50	32
EEC(9)	6.5	4.6	-29	62
Total of above	6.2	4.1	-34	172

Source: GATT, COM.TD/W/315, 4.7.1980, p.20 and 21 and own calculations.

Table 35

The Fall in Global Tariffs since 1980



Source: World Bank

249 Now, only 7% of the UK's imports from other countries outside the EU bear any tariffs at all. As a proportion of those imports' value, that represents on average less than one-half of 1%.^{xc}

250 Outside the EU, the UK would be competitively placed to export manufactured goods (and services) to the EU and elsewhere, without being obliged to impose high tariffs on agricultural goods. Much of which comes from the developing world.

251 **Globally, there has been an encouraging drop in the use of tariffs. This indicates that the world is becoming more and more inclined to the free trade environment in which an independent UK would thrive.**

252 Low tariffs are not in consequence of the UK's EU membership: but very much a function of the long term impact of the WTO.

1995. It evolved out of the General Agreement on Tariffs and Trade (GATT) established at the end of World War II. The UK was a founder member.

254 In 1973 a condition of the UK's accession was that we surrendered our GATT negotiating rights to the EEC. The European Commissioner for Trade became our negotiator. After a brief transition period, by 1975 (when the 'stay-in' referendum was completed) the UK surrendered these powers. The UK cannot sign bilateral (country to country) Trade agreements. **The EU Treaties are crystal clear: only the European Commission may conduct trade negotiations for Member States.**

255 This is a drastic transfer of sovereignty; but it was cushioned. Officially, all EU member states, including the UK, became members of the WTO (when it evolved from the GATT in 1995). All EU members retain seats at the WTO - but only, and this is crucial, as 'observers'. (The World Bank also has observer status.) It is only the European Commission that can speak on and negotiate trade agreements on behalf of the EU member states.¹ The effect is that the UK's seat on the WTO is purely symbolic, devoid of real

IVd. The UK's seat at the WTO

253 The World Trade Organization (WTO) began in

power or meaning (perhaps rather like being a hereditary peer in the 21st century). Meanwhile, the tiny country of Liechtenstein and the former British colony of Hong Kong both have full seats at the WTO which means they have full negotiating competence. At such time as the UK leaves the EU, the UK's seat at the WTO can be simply reactivated.

256 **In the EU, there is a forum called the Article 133 Committee to discuss EU trade policy. Nonetheless, the real power lies with the EU Trade Commissioner who has the right to ignore the Article 133 Committee's advice.**

257 **EU trade policy makes little sense in a world where trade, not aid, is the best path out of poverty for countries.** For many former European colonies in Africa and Asia, the EU is still their primary export market. However, "... imports most heavily taxed by the EU tend to be from poor countries. For countries with a GDP per capita of under £5,000 per year, the average tariff is 6%, compared with just 1.6% for countries with a GDP per capita of over £15,000 per year...."^{xci}

258 For social justice, a fundamental change in EU protectionist trade policy with the wider world would be highly desirable. Current EU trade policies are inimical and against the interests of a large part of the developing world.

IVe. The UK leaving the EU - Example of Russia

259 Russia provides a relevant historic example. When the USSR broke up in 1991, all the trade agreements that had been made with the USSR, were transferred quickly and smoothly



within a matter of weeks to the new country of Russia. Even the Soviet Union's trade agreement with the United States, signed in 1972 and updated with a further agreement in 1990, was adjusted and transferred to an independent Russia in June 1992. (This agreement provides for reciprocal most favoured nation (MFN) treatment for each country's products).

260 Two decades on, in 2012, Russia has joined the WTO.¹

IVf. UK leaving the EU - precedent of Greenland

261 Greenland provides another example. Under the control of Denmark, Greenland became part of what was then the European Economic



Community (EEC) when Denmark joined in January 1973. This was despite over 70% of voters in Greenland voting "No".

262 Home Rule for Greenland was introduced in 1979.

263 Greenland subsequently held a consultative referendum in 1982 on membership of the EEC, which resulted in a 53% majority voting in favour of leaving. Greenland decided to leave the EEC with effect from February 1st, 1985. The Greenland Treaty signed in 1984, allowed Greenland to leave. Nevertheless, the EEC granted Greenland status as an Overseas Territory. At that time, the exports of Greenland were in large part fish and fish products.

264 The EU signed a 10-year fisheries agreement with Greenland which had the ability to renew automatically for 6-year periods.¹ In terms of the principle, Greenland is a precedent for the UK.

IVg. The UK and the EU, Death of Distance - 4 maps

²⁶⁵ It is sometimes argued that, because the EU Member States are next to the UK, geography alone justifies the UK being in a political union with them. There was a recent (implicit) example of this in the Financial Times by Phillip Stevens (also a leading apologist for Tony

Blair). The article - on Scottish independence - had the headline "...when Britain leaves Europe, Scotland will leave Britain...."

²⁶⁶ The facts of history do not support these views. There follows maps of the possessions of 4 trading empires of the past.

Herewith the Athenian Empire in 550 B.C.

Athenian Empire in 550 B.C.



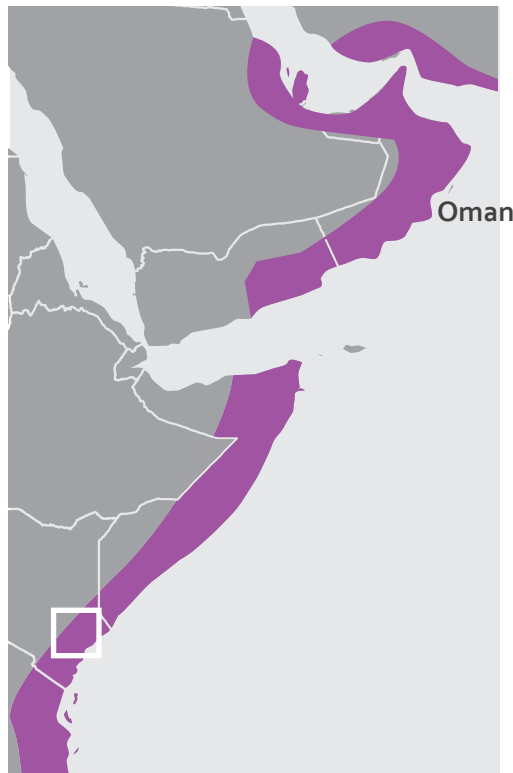
Source: http://commons.wikimedia.org/wiki/Atlas_of_Greece

Venetian Empire of 1500



Source: http://www.veneto-explorer.com/history-of-venice-italy_2.html

Omani Empire Circa 1800



This is the Sultanate of Oman (the Omani Empire) in the early 19th century. Again it is scattered.

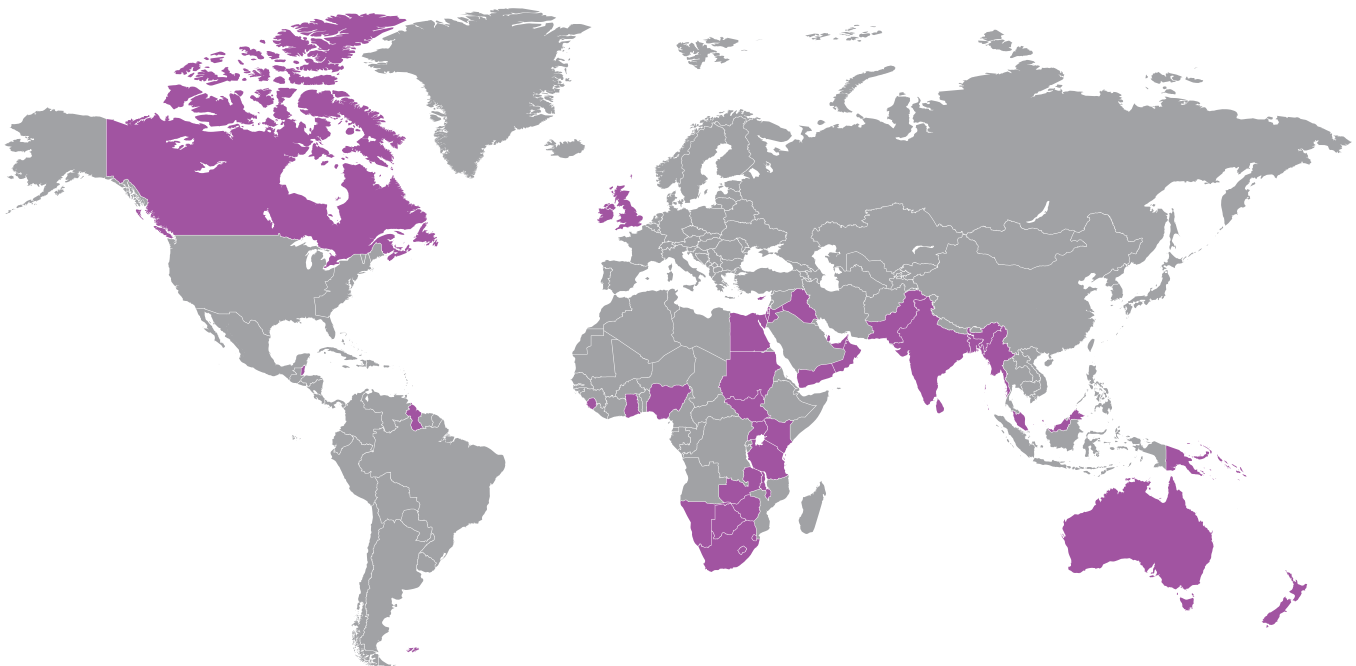
Zanzibar



Source: <http://fanack.com/en/countries/oman/basic-facts/>

²⁶⁷ The last map is much more familiar - the British Empire in 1921. Note that the possessions are not remotely contiguous.

British Empire 1921



Source: http://en.wikipedia.org/wiki/British_Empire

268 The characteristic that all have in common are that their territories are not contiguous, not adjacent, not next door, but rather linked by trade - and the communication of the era - seas and ships.

269 In the 21st-century, we benefit from a communications revolution. One consequence of that revolution is what an author has called "the death of distance." In fact, this telling phrase "the death of distance" is the title of an entire book^{xvii}.

270 There is no reason in the 21st century - if indeed there ever was - for the UK to be in a political union simply because the other members of the union are geographic neighbours.

271 **Physical proximity is not destiny. To trade, and trade successfully and profitably, there**

is no requirement - - for the UK to be part of an artificial political construct.

IVh. Renegotiation: UK - EU trade deficit

IVhi. EU Member States' exports (5 biggest economies) to the UK

272 The UK runs a substantial trade deficit with the EU member states, and it has been shown (the Bruges Group) that up to 4 million jobs in the EU would be at risk if the EU initiated a trade war with the UK.¹ The EU would come out of any such confrontation worse for the experience, and, in logic, would not even try. The UK is a huge market for EU exporters. To put it another way, they need us more than we need them.

Table 36

The Balance of Trade of UK with 4 Largest EU Economies

Trader	UK Exports £ million	UK Imports £ million	UK net deficit
Germany	27.5	-41.1	-13.6
France	18.9	-19.1	-233
Spain	7.9	-9.1	-1.1
Italy	8.3	-11.6	-3.3

Source: "UK export and import in 2011: top products and trading partners". The Guardian Data Blog.

Our Trade deficit was about 200 billion pounds with the EU in five years (2007-2011)

Table 37

The UK's Balance of Trade with the EU (in £)

	2007	2008	2009	2010	2011	TOTAL
Exports	127,484	141,678	124,67	142,13	158,373	
Imports	168,835	179,652	161,208	185,492	199,429	
Balance	-41,351	-37,975	-36,538	-43,361	-41,057	-200,282

Source: HMRC, Overseas Trade Statistics

IVhii. The “size argument” - Trade Agreements

273 It is frequently said that it is necessary to be in a large trade bloc to sign trade agreements at all. As a matter of fact, this is not true. For example, Switzerland has had a bilateral Free Trade and Economic Partnership Agreement with Japan since 2009.¹ Further, New Zealand and Iceland have signed trade agreements with China (April 2008 and April 2013, respectively), as did Switzerland with China in July 2013.

274 The TTIP (Transatlantic Trade and Investment Partnership) currently being negotiated between the EU and the US is also cited.

275 These are the facts: the USA (the world’s largest economy) currently has Free Trade Agreements with 20 countries. These are Australia, Bahrain, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Israel, Jordan, Korea, Morocco, Canada, Mexico, Oman, Panama, Peru, and Singapore. The GDP of each of the 20 countries with whom the USA has Free Trade Agreements is smaller than that of the UK.

276 The world’s second-largest economy, China, currently has Trade Agreements with 8 countries and ASEAN. As above, this includes Switzerland, Iceland and New Zealand. China is also negotiating Trade Agreements with 2 more countries and the Gulf Cooperation Council. The GDP of all of these - including the ASEAN countries put together- is smaller than that of the UK.

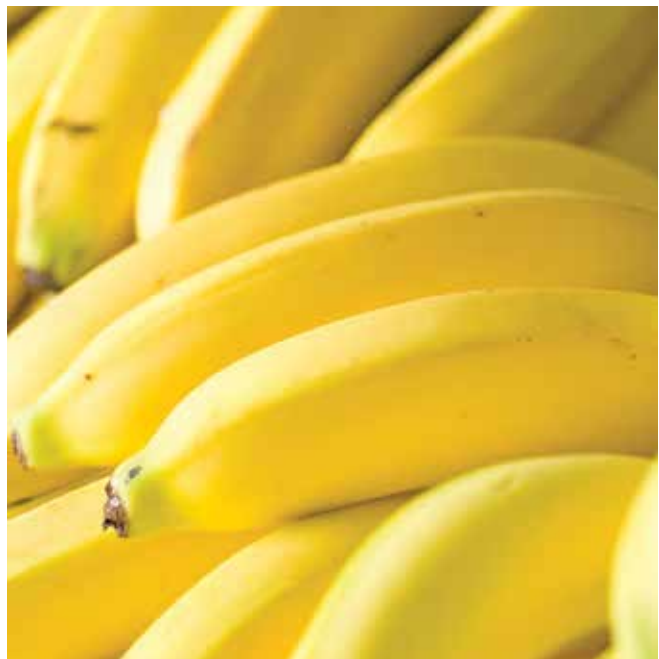
277 The concept that the UK needs to be part of a large trading bloc - let alone bolt itself into an artificial political construct, with the very different economies of Continental Europe in order to enter into trade agreements with the countries of the world, is contrary to the facts. It is just not true.

IVhiii. Negotiating for 28 is more difficult

278 **It is just not true that a country like UK needs to be part of a trade bloc in order to sign trade agreements. In fact it is the reverse.**

It is actually harder for a bloc of 28 different countries to negotiate trade agreements. There are 28 different economies and 28 different sets of priorities, which have to be met.

279 Protectionism is one of the “different sets of priorities” cited above. There is a strong protectionist culture in some other member states, in France going back to Colbert and Mercantilism, in Germany back to the Iron and Rye Tariffs of 1879.



280 Far from helping international trade, the EU’s bloc structure has given it a bloc outlook to trade- which has resulted in it needlessly picking fights. For example, the EU launched a trade war with the US lasting nearly two decades, the infamous “banana wars” dispute. (The dispute arose over protectionist tariffs that the EU placed on banana imports from Latin America, where the US had significant investments.) Only in 2012 did the EU accept that it had to drop these tariffs. This was after nearly twenty years of avoidable and unnecessary acrimony. In the meantime, the EU consumer suffered 15 years of higher prices and inferior products.¹

281 Never let anyone tell you that Britain needs to be part of a trade bloc in order to sign trade agreements. It is just not true.

282 In fact it is the other way round. It is actually harder for a bloc of 28 different countries to negotiate trade agreements. As above, there are 28 different economies and 28 different sets of economic priorities.

283 It is clear that EU trade agreements are more difficult to negotiate than would be the case for the UK on its own. Not only do the interests of all 28 EU member states - as opposed to the interests of one country - have to be taken into account, also, in most cases, all the terms of trade agreements have to be agreed unanimously by the 28 member states. In direct consequence, it is probable that the trade agreements (FTAs) that are signed by the EU do not benefit the UK as much as would bilateral agreements that the UK negotiated for itself. The UK can put its own interests first. Again, this will only be the case at such time as the UK leaves the EU.

IVhiv. EU penal sanctions impossible

284 The World Trade Organisation (WTO) is our get-out-of-jail-free card to protect our trading interests when we leave the EU.

285 **Our WTO membership gives us protection against vexatious members who might want to try to penalise or block our exports. When the UK leaves the EU it will still have all the Most Favoured Nation privileges arising from its long standing membership of the World Trade Organisation.** Most-favoured-nation (MFN) is key because it means treating all equally. Under the WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members. The only exceptions are under strict conditions, for example anti-dumping duties against goods exported at an unfair price. Since joining the EEC, we have maintained our WTO (previously GATT) membership but allowed the European Commission to speak on behalf of the UK (and other Member States) on almost all trade matters. **On leaving the EU, the UK will simply be on the same footing as the other**

132 WTO nations who are not EU members. More than that, we can then regain our voice and independent influence.



286 **Scare stories that UK exports would suffer punitive tariffs at the hands of the EU are simply just that - scare stories.** They are wrong. This is more of "the Politics of Fear".

Some facts:

- Developed countries' tariffs on industrial products have averaged 3.8% since 2000.¹
- The proportion of imported industrial products that receive duty-free (i.e. 0% duties) treatment in developed countries is currently 44%.
- For important sectors such as information technology products, 40 countries (including the EU) accounting for more than 92% of world trade, eliminated import duties and other charges completely almost 20 years ago. Under MFN rules, all must benefit.
- The proportion of imports into developed countries from all sources facing tariffs rates of more than 15% is only 5%.
- The average trade weighted EU tariff in 2011 was 2.7% (Non agricultural 2.3%, agricultural 8.6%).

287 So what trade advantages did joining the EEC (now the EU) actually give us? When we joined the EEC in 1973 trade barriers, particularly in terms of tariffs, were still significant. The EEC (later EC and then EU) was a free trade area with zero tariffs between

members. Since then, in the world outside the EEC/EC/EU, **world trade negotiations have lowered tariffs and other barriers to trade significantly so that the former free trade advantages of the EU have now become hardly relevant.** As the so – called Single Market developed, the zealots in the European Union effectively expanded the definition of trade to include the elements of the goods traded i.e. labour and capital as well raw materials. In that way they could claim jurisdiction (supported by the inaptly - named European Court of Justice) over more and more elements of everyday national life. Not only straight bananas but hours worked by doctors and even how ancient institutions such as the GPO/Post Office were run, were all encompassed. The consequence is that by the 21st Century 75% of our laws, at the least, originate from the European Commission.

- 288 **Hence the cost to the UK of belonging to the EU far outweighs the advantages of membership.** Per Introduction, it is estimated that the cost of EU regulation, with corruption, waste and fraud included, is up to 11% of UK output. The advantages of EEC “free trade” are historic and, as in many spheres elsewhere, the EU - from the viewpoint of

trade and commerce has had its time. It is entirely valid to regard the EU as outdated - an anachronism.

- 289 Peace in Europe since 1945 is endlessly claimed as an achievement of the EU for instance by David Cameron in his Bloomberg speech in January 2013: “...And while we must never take this for granted, the first purpose of the European Union – to secure peace – has been achieved and we should pay tribute to all those in the EU, alongside NATO, who made that happen....”
- 290 The reality is that achievement belongs entirely to NATO. In the same way, **Progress towards open trade, and its consequential benefits, have really been achieved by the WTO and the WTO’s predecessor GATT. Open Trade is especially important to the UK. Our exports to the EU are less than 50% of our total exports - and declining. The UK’s exports to the Rest of the World are increasing.**
- 291 The EU is not a champion of free trade, the EU position in the WTO is often heavily influenced by France. Determined to protect its small farmers, France has forced up the price of food within the EU, driven an EU Common Agricultural Policy which has penalised Third World farmers and fishermen and generally acted in a way which has disadvantaged UK consumers and taxpayers.
- 292 **There is little on the economic and trading balance sheet which favours UK membership of the EU.** Some larger UK or UK subsidiary companies, the core of the CBI, favour EU membership. As a generalization, regulation is Big Business friendly and Small Business unfriendly. Perhaps many CBI members believe they can lobby decision makers in Brussels to slant the myriad of regulations to favour them. The Institute of Directors (IoD), with a much broader and more representative business UK membership, has historically been more circumspect. When the IoD organised a vote on the EU Constitution, 49% voted against, 29% For and 20% were don’t know. The same IoD Report published in February 2005 stated:



"...More than a decade on from the project's (Single Market) formal launch in 1993, the services sector, which accounts for around 70 per cent of European GDP, is still chock-full of barriers to genuinely free trade. Businesses complain that the rules and regulations required to establish the Internal Market have generated their own costs and extra bureaucracy...."

- 293 IoD members singled out the inconsistent application of EU Directives across different Member States as a major obstacle to Trade across borders. The problem is particularly acute for SMEs.
- 294 The next Round of trade negotiations in the WTO (The Doha Round) has recently had new impetus. The Round is likely to result in lower

tariffs and barriers to trade and thus make the EU even less relevant. To establish an EU negotiating position which properly reflects UK trade interests will be almost impossible. The UK has only 8.28% of the votes in the EU Council of Ministers. The agricultural and other protectionist interests championed by France have natural supporters amongst the former Soviet Bloc members and is likely to be in the ascendant.

- 295 Britain can best promote and protect the interests of our exporters and investors as a fully independent member of the WTO, making informal alliances on particular topics with new and historic allies.



¹⁰ Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

¹¹ Mr Swire also covers Far East and South East Asia, India, Nepal, Sri Lanka and The Maldives, Latin America (including: Dominican Republic, Haiti and Cuba), Falklands, Australasia and Pacific, Commonwealth, Public diplomacy and the GREAT campaign, Prosperity work, including the FCO's relations with British business, in support of Lord Green.

Chapter 5

Conclusion

296 What the UK needs to do is trade-in its existing dysfunctional membership of the EU, for something new, based on full-square on the foundations of friendship and Free Trade.

297 Our new relationship with the EU must be fair and wealth-generating and it must have our full consent.

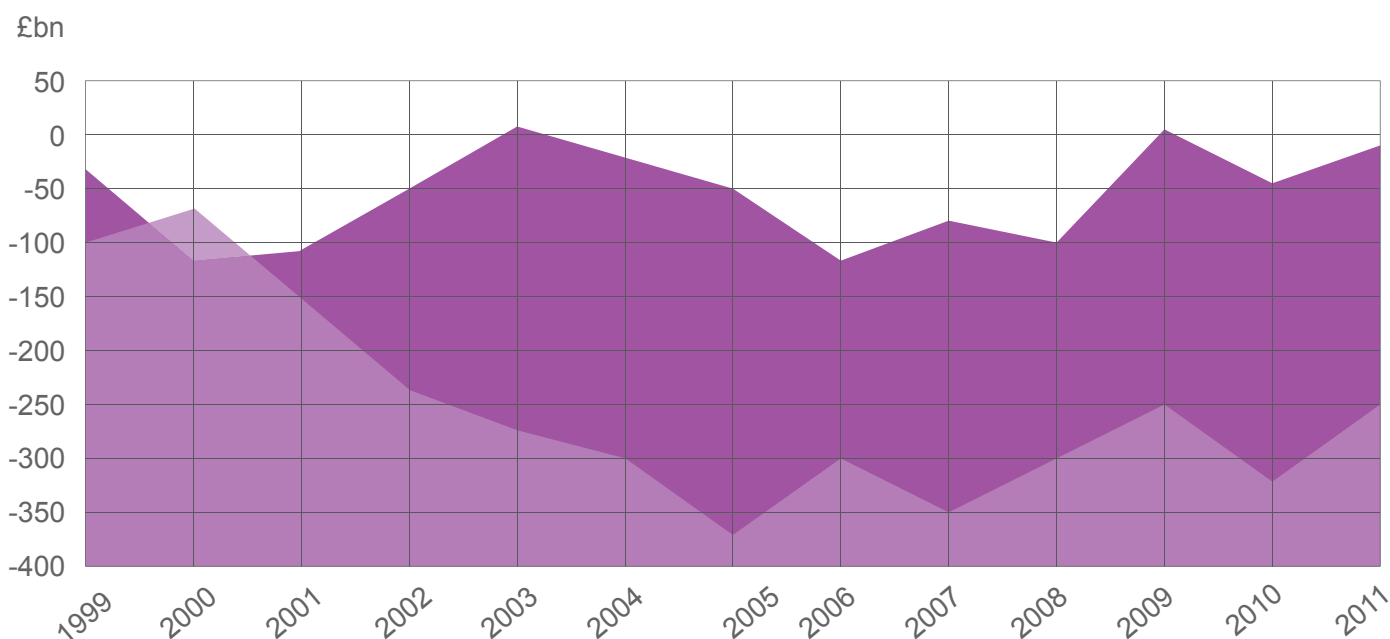
298 Since 1973, our cumulative trade deficit with the Common Market, and its successor the European Union, is an astonishing £565.7 billion ^{xciii} (until the end of 2012).¹¹ The UK's trade deficit with the EU continues.

299 Over the last six years alone, the UK ran a £190-billion cumulative trade deficit with the EU. By contrast, the UK enjoyed a £21

billion trade surplus with the rest of the world.^{xciv} There are enormous costs to our economy, while we remain a member of the EU. However, our large (and cumulative) trade deficit with the EU countries enhances our renegotiation position. To put it another way they need us more than we need them (although no one is advocating a Trade war). See, the following graph.

Table 38

UK Trade Deficit with EU - Surplus with the rest of the world 1999-2011



Source: ONS

- UK goods and services trade with the EU
- UK goods and services trade with the rest of the world

300 The UK does itself no favours by submitting to the EU's political agenda. We are tying ourselves to economic failure. This is not the way to a prosperous future for our country. Tragically, for the UK far too many of our establishment politicians remain in denial that the wrong choice was made in the first place.

301 Of course, we want to have friendly relations and trade in abundance with our geographic neighbours.

302 What we need is a new relationship.

303 **What this means in practice is that the UK in discussion with the EU must craft the right relationship with the rest of the EU. As it happens, the Lisbon Treaty provides a potential mechanism to do this via Article 50. It follows that we should invoke Article 50.**



304 We would seek to negotiate - but it is not obligatory - a UK-EU trade agreement. This would operate in similar fashion to the 29 Trade Agreements the EU already has in place - as well as the 12 Trade Agreements the EU is actively negotiating. As above, the EU has agreements that relate to Trade with well over 100 countries. I buy ready-made suits off the peg now. But the UK-EU trade agreement should be "tailor made", as indeed are the other trade agreements (FTAs) that the EU negotiates.

305 One consequence of UK's membership of the EU is that 100% of the UK economy is

subject to EU regulation. This has shackled us, in a morass of rules and red tape that stifles our global economic competitiveness. "Gold plating" by the UK's Civil Service may and bureaucracy very well have made this worse.

306 **To take full advantage of the economic growth in the world outside the EU and the Eurozone, the UK must repatriate Trade Policy – as well as the other elements of our national sovereignty - from the EU Commission and the other EU institutions. We can achieve this only by leaving the EU.**

307 As has already been pointed out in paragraph 228, so long as the UK remains in the EU, the UK cannot negotiate trade agreements on its own behalf with the growing economies of Asia, specifically the Far East or indeed anywhere else.

308 Progress was made on the Doha Round at the WTO's Bali Ministerial Conference concluded on 7 December 2013. There was agreement on a package of issues designed to streamline trade. Much remains to be done. During this time, Bilateral Trade Partnership Agreements (FTAs and others) may become increasingly important. The UK needs to be able to negotiate in its own right to negotiate them. We would also be able to add our weight to those in the WTO opposing EU agricultural protectionism.

309 Sadly, the UK can no longer sign bilateral – country to country - trade agreements whilst it is still a member of the EU. The UK lost that ability when we joined the then Common Market.

310 **UKIP has been accused - wrongly - of being negative. On the contrary, the existence of multiple trade arrangements that the EU has outside the EU demonstrates that a UK exit - with countries especially given the UK's strengths - is not only wholly desirable but entirely feasible. Leaving the EU is the only way we can repatriate to the UK the power to negotiate our own trade agreements.**

311 As above, the EU has many different kinds of arrangements on Trade. These include Free Trade Agreements (the 29 countries), GSP, GSP+, EBA, EFTA, EEA, the Customs Union,

Switzerland (although a member of EFTA, has its own specific, bespoke arrangement) and, indeed, no agreement at all. It is noteworthy that China, the largest exporter to the EU countries, has no Trade Agreement with the EU; nor is this very likely at the present time.

312 **The opportunity for Britain is to negotiate our own “couture/bespoke, custom-made” Trade agreement with the EU, a trade agreement that suits our economy and not the economies of 27 other countries.**

313 Notwithstanding all of the above, it is Trade that matters - not Trade Agreements (FTAs). The challenge is what is best for Britain.

314 In the 20th century, many, indeed, most establishment politicians made the wrong

choice for our country. It is now up to us all in Britain to put that right. That is the challenge in the 21st century.

315 **UKIP advocates that the UK leaves the EU. Leaving the EU would enable us, inter alia,**

- **To speak in the UK national interest at the WTO,**
- **To negotiate new trade arrangements with the Rest of the World – and, separately, with the EU itself.**

316 These are “the politics of positive”. This is how to respond to economic stagnation; this is how to achieve long-lasting economic growth.

317 **The inconvenient truth for the UK’s europhile Establishment is that no country in the world today needs to be in a Political Union in order to trade - and certainly not the UK. Regarding Trade (as well as in other contexts), the UK Independence Party is putting forward the politics of positive, the politics of answer and, by extension the politics of growth. Leaving the EU Political Union is the best way forward for the future of our country.**

William Dartmouth MEP
EFD Coordinator on International Trade Committee



¹² Adjusted for the Rotterdam-Antwerp Effect.

¹³ In 2012 money the cumulative trade deficit would be well over £1,000 billion.

Appendices

References

Appendices

Appendix 1: Top 40 Non-EU Exporters to the EU

Table 39

	rank	2010 million euro	share (%)	rank	2011 million euro	share (%)	rank	2012 million euro	share (%)
EXTRA EUROPEAN UNION (27)		1.531.043	100,0		1.724.207	100,0		1.792.055	100,0
China	1	282.509	18,5	1	293.692	17,0	1	289.927	16,2
Russia	3	160.709	10,5	2	199.922	11,6	2	213.257	11,9
USA	2	173.067	11,3	3	191.515	11,1	3	205.794	11,5
Switzerland	4	85.228	5,6	5	93.202	5,4	4	104.544	5,8
Norway	5	78.981	5,2	4	93.813	5,4	5	100.437	5,6
Japan	6	67.258	4,4	6	69.229	4,0	6	63.813	3,6
Turkey	7	42.397	2,8	7	48.143	2,8	7	47.812	2,7
South Korea	8	39.391	2,6	10	36.175	2,1	8	37.861	2,1
India	9	33.308	2,2	8	39.683	2,3	9	37.295	2,1
Brazil	10	33.238	2,2	9	38.939	2,3	10	37.090	2,1
Saudi Arabia	20	16.300	1,1	12	28.440	1,6	11	34.594	1,9
Nigeria	23	14.505	0,9	14	24.416	1,4	12	32.937	1,8
Libyan Arab Jamahiriya	11	29.230	1,9	34	10.444	0,6	13	32.771	1,8
Algeria	14	21.069	1,4	13	27.844	1,6	14	32.597	1,8
Canada	12	24.697	1,6	11	30.406	1,8	15	30.514	1,7
Kazakhstan	21	15.907	1,0	16	22.917	1,3	16	24.413	1,4
Taiwan	13	24.138	1,6	15	24.230	1,4	17	22.524	1,3
Singapore	18	18.760	1,2	19	19.184	1,1	18	21.517	1,2
South Africa	16	20.406	1,3	18	20.557	1,2	19	20.545	1,1
Malaysia	15	20.816	1,4	17	21.321	1,2	20	20.342	1,1
Mexico	26	13.748	0,9	22	16.815	1,0	21	19.364	1,1
Vietnam	31	9.586	0,6	28	12.942	0,8	22	18.514	1,0
Thailand	19	17.344	1,1	20	17.683	1,0	23	16.924	0,9
Indonesia	25	13.902	0,9	23	16.229	0,9	24	15.396	0,9
N.det.Extra	17	19.664	1,3	29	12.894	0,7	25	15.000	0,8
Ukraine	28	11.486	0,8	24	15.095	0,9	26	14.588	0,8
Australia	27	12.454	0,8	25	14.944	0,9	27	14.479	0,8
Azerbaijan	30	9.713	0,6	26	14.903	0,9	28	13.852	0,8
Iraq	38	7.130	0,5	36	9.724	0,6	29	12.758	0,7
Israel	29	11.118	0,7	30	12.739	0,7	30	12.634	0,7
Hong Kong	24	14.302	0,9	32	10.969	0,6	31	10.546	0,6
Qatar	35	7.905	0,5	27	13.556	0,8	32	10.151	0,6
Argentina	34	9.306	0,6	33	10.685	0,6	33	9.926	0,6
Chile	33	9.468	0,6	31	11.093	0,6	34	9.634	0,5
Tunisia	32	9.534	0,6	35	9.895	0,6	35	9.515	0,5
Bangladesh	39	6.690	0,4	40	8.654	0,5	36	9.212	0,5
Morocco	36	7.738	0,5	39	8.848	0,5	37	9.134	0,5
Colombia	45	4.724	0,3	41	6.921	0,4	38	8.591	0,5
Egypt	37	7.233	0,5	37	9.592	0,6	39	8.461	0,5
U.A.Emirates	40	5.845	0,4	38	8.988	0,5	40	8.294	0,5

Eurostat (Comext, statistical regime 4)

Appendix 2: Free trade areas in the world

- ASEAN Free Trade Area (AFTA)
- Asia Pacific trade Agreement (APTA)
- Central American Integration System (SICA)
- Central European Free Trade Agreement (CEFTA)
- Common Market for Eastern and Southern Africa (COMESA)
- G-3 Free Trade Agreement (G-3)
- Greater Arab Free Trade Area (GAFTA)
- Dominican Republic–Central America Free Trade Agreement (DR-CAFTA)
- Gulf Cooperation Council (GCC)
- North American Free Trade Agreement (NAFTA)
- Pacific Alliance
- South Asia Free Trade Agreement (SAFTA)
- Southern African Development Community (SADC)
- Southern Common Market (MERCOSUR)
- Trans-Pacific Strategic Economic Partnership (TPP)
- Commonwealth of Independent States FTA (CIS)

Appendix 3: EU Trade Agreements (FTAs) and Agreements currently in Negotiation

The 29 Countries with whom the EU has Trade Agreements:

- Chile
- Mexico
- South Africa
- Burma-Myanmar
- Brunei
- Cambodia
- Indonesia
- Laos
- Philippines
- Singapore
- Colombia
- Peru
- Honduras
- Nicaragua
- Panama

- South Korea
- Bahrain
- Kuwait
- Oman
- Qatar
- Saudi Arabia
- United Arab Emirates
- Ukraine
- The Caribbean
- Papua new Guinea
- Zimbabwe
- Mauritius
- Madagascar
- The Seychelles
- Moldova
- Armenia
- Georgia
- Costa Rica
- El Salvador
- Guatemala
- Cote d'Ivoire
- Cameroon
- Andorra
- San Marino
- Turkey
- Faroe Islands
- Norway
- Iceland
- Switzerland
- Former Yugoslav Republic of Macedonia
- Albania
- Montenegro
- Bosnia and Herzegovina
- Serbia
- Algeria
- Egypt
- Israel
- Jordan
- Lebanon
- Palestinian Authority
- Tunisia

Countries with Whom the EU is negotiating Trade Agreements:

- United States of America
- Japan
- Malaysia
- Vietnam
- Thailand

- Morocco
- Canada
- India
- Mercosur
- Gulf Corporations Council
- Eastern African Community (EAC)
- Southern African Development Community (SADC)

Source: European Commission Memo, Brussels, 1 August 2013, http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150129.pdf

Appendix 4: Countries participating in the EU's Everything but Arms (EBAs) trade programs

International Bank for Reconstruction and Development (IBRD)

(46) In Asia Pacific, these are Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao, Maldives, Nepal, Solomon Islands, Samoa, Timor-Leste, Tuvalu, Vanuatu, and Yemen.

(47) In Africa, they are Angola, Chad, Democratic Republic of Congo, Comoros Islands, Niger, Djibouti, Lesotho, Rwanda, Benin, Equatorial Guinea, Liberia, Eritrea, Madagascar, São Tomé and Príncipe, Togo, Burkina Faso, Ethiopia, Malawi, Senegal, Burundi, Gambia, Mali, Sierra Leone, Uganda, Kenya, Guinea, Mauritania, Somalia, Cape Verde, Guinea-Bissau, Mozambique, Sudan, Central African Republic, Haiti, Tanzania, and Zambia.

Appendix 5: How an appointed Commissioner could have embroiled the UK in a trade war with China

Frustrated and outflanked; Karel De Gucht

By Joshua Chaffin

31 July 2013

Financial Times

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The EU commissioner has been outmanoeuvred by China, which has exposed deep weaknesses in the bloc's trade policy by lobbying national capitals in a dispute over solar panels. By Joshua Chaffin

Just as Karel De Gucht was poised to deliver a historic blow against China Inc's export juggernaut, something unexpected happened.

It was May and Mr De Gucht, the EU trade commissioner, was preparing to impose punishing duties against Chinese-made solar panels in the bloc's biggest anti-dumping case, when a majority of member states - led by Germany - turned against him.

The commissioner was stung, according to people close to him but still gave a defiant performance when he went before the European parliament that evening. Far from conceding doubts about his case, he lashed out at Beijing for bullying European governments.

"They are not going to impress me by putting pressure on individual member states, you know," he said, waving a finger. "I couldn't care less."

But, in fact, the revolt forced Mr De Gucht to seek the settlement that was finally agreed on Saturday - a deal that European solar manufacturers lambasted as "a capitulation" but others described more charitably as a decent outcome for a commissioner in an untenable position.

For Brussels, the solar case has always been about more than just the future of the solar panel industry. It has been the EU's sternest test of whether member states can hold together and maintain a united trade policy in the face of intense pressure from abroad - in this case, from a country that Brussels believes is using the levers of state power to undermine European manufacturers.

National governments have ceded unusual power to Brussels to pursue a common EU trade policy, an arrangement that even ardent eurosceptics have generally acknowledged to be a success. In theory, the EU's combined heft gives it greater clout on the world stage - be it negotiating trade agreements or countering abuses by trading partners.

But, as the solar case demonstrated, Brussels'

power is limited to how far national capitals will let it go. Many ultimately look after their own interests - particularly when subjected to the commercial pressure that Beijing can apply either by opening the door to lucrative contracts or slamming it.

"Member state divisions have for a long time undermined trade commissioners and encouraged trading partners to do an end run around Brussels," says Simon Evenett, a trade professor at St Gallen university in Switzerland, who called the solar case "a brutal lesson in trade realpolitik".

In Europe, the China showdown has also crystallised a debate about Mr De Gucht, and whether his stubborn determination is a necessary ingredient for a commissioner trying to lead 28 sometimes wobbly national governments in a common trade policy or has worsened the divisions.

The solar dispute, over Chinese exports worth €21bn in 2011, is not the only one in which the commissioner has struggled to corral support. France embarrassed him at the outset of talks for a trade deal with the US by refusing to put its film and music industries into the bargain despite the commission's entreaties.

That move appeared to confirm the worst fears among some in Washington that the Europeans were not serious about a pact they had long been pushing for. "I think it's a sign of the power that key member states still have over the negotiations even at this level of maturity of the commission," says Stuart Eizenstat, the former US ambassador to the EU, who called the episode "a bad omen" for the negotiations.

To Mr De Gucht's defenders, the very fickleness of member states confirms the need for a strong-willed commissioner. "We know that member states don't have the courage and that in the face of Chinese démarches, they will always bend over backward," one EU official explains.

In Belgium, Mr De Gucht's willingness to stick to his guns - to the point of sometimes shooting himself in the foot - is the stuff of polarising legend.

He demonstrated it a decade ago when the country was convulsed by a debate over whether to give noncitizen immigrants the right to vote.

The ruling Flemish Liberals, which Mr De Gucht then headed, were uneasy about the idea. After months of debate, the party leadership convened a meeting where they ultimately agreed to drop their resistance in order to preserve a fragile coalition government. But the next day, Mr De Gucht stunned his colleagues by going on television and warning that he might still oppose any legislation. Guy Verhofstadt, then prime minister, was furious and Mr De Gucht was ousted as party president.

"He's somebody who - once he makes his mind up - sticks to it, and sometimes in politics this is a little bit strange," says Philippe De Backer, a Flemish MEP and long-time admirer. A former aide called Mr De Gucht "quite fearless" but added: "He sometimes hits the nail a little too hard."

During his time as Belgium's foreign minister in 2004, he nearly ruptured relations with Congo, its former colony, after speaking out about government corruption. Closer to home, Mr De Gucht courted controversy by likening a former Dutch prime minister to Harry Potter. He also had to defend himself against charges of anti-Semitism for saying that it was hard to have a rational conversation with Jews outside Israel on the Middle East peace process.

But it is his hardened views towards Beijing that have drawn the most notice and concern.

His investigations against Beijing - which have also included cases against steel, ceramics and Beijing's alleged hoarding of raw material - sometimes look like an obsession. But advisers insist that every investigation launched is the product of heavy deliberation.

"I don't think he's embarked on a crusade against China. It's a crusade for free trade," says Jonathan Holslag, director of the Brussels Institute for Contemporary China Studies, who has advised the commissioner. Mr De Gucht, he says, "is not a politician of emotion - he's a very rational decision maker".

Upon taking up the EU trade job four years ago, Mr De Gucht set up a China expert group to deepen his knowledge about the Middle Kingdom.

Early in his term, aides say, the commissioner

came to two conclusions. First, he determined that a vast programme of Chinese government subsidies - including cheap electricity, financing and property - was fuelling the country's manufacturing dominance. Second, and equally importantly from a tactical standpoint, he believed Beijing was stifling the usual trade complaints from EU companies by threatening to shut them out of the Chinese market.

The solar case has featured elements of both. It was spearheaded by SolarWorld, a once high-flying German manufacturer that lost €476m last year.

Beijing responded skilfully. In addition to lobbying national capitals against the case, it opened its own trade investigation into imported European wine that unsettled France and Mediterranean governments that tend to be the commission's most reliable supporters in trade defence cases. Next it unnerved Germany, which sent €67bn in exports to China last year, by threatening to bring a separate case against automobiles.

Chinese solar companies also helped to bankroll a vigorous lobbying campaign by the European retailers that benefit from their inexpensive products. Their chief argument was that tariffs would drive up prices, undermining the EU's environmental policy and costing thousands of jobs.

To Hosuk Lee-Makiyama, director of the European Centre for International Political Economy, the stakes are more tangible in trade skirmishes for an elected government - responsible for job losses and factory closures - than they are for a Brussels bureaucracy. With China, in particular, the geopolitical relationship has become almost too important to national capitals to entrust to the commission, he argues.

"There is a genuine uneasiness among European governments about being in the back seat," he says.

When the member states shifted in May, Mr De Gucht had no choice but to seek a deal. Without one, there was the risk that he would lose in December when - under EU rules - member states would have the power to block a commission proposal for so-called "final" duties.

The settlement centres on a commitment by about 90 participating Chinese solar companies to charge a minimum price in the EU of 56 cents for every watt that their equipment can produce. All others will face duties averaging 47 per cent.

Critics stress that the price floor is in line with Chinese prices and is just half the level that the commission had last year deemed necessary to remedy the injury from dumping. They also note that final duties in EU cases typically last five years while the settlement will expire at the end of 2015.

"It's absolutely not rational," says Milan Nitzschke, the president of EU ProSun, the SolarWorld-led coalition of European manufacturers that is now threatening to sue the commission. It had sought a price of 80 cents per watt.

EU officials concede the price is low but they emphasise a separate feature that will limit the duty-free Chinese exports to 7 gigawatts per year. With the EU market expected to be 10-12GWs this year, that means European manufacturers should be able to compete for 3-5GWs.

"The effect will be that the European industry will have the space to regain its previously held market share," Mr De Gucht said.

That remains to be seen. In the meantime, the solar truce does not mean the commissioner's showdown with China is finished. Mr De Gucht's priority, and one that will test his convictions on a larger battlefield, is an even more sensitive anti-subsidy investigation he has been preparing into China's leading telecommunications network equipment companies.

The telecom industry has greater strategic and commercial value than solar panels, which are easily produced, and threatens Huawei Technologies, a Chinese national champion.

The case has an added twist in that it would be among the first the commission has filed on its own - and not at the behest of a company or an industry. Mr De Gucht has advocated such "ex officio" investigations as a way to blunt Chinese threats of retaliation against European companies.

That approach has infuriated Beijing, where some officials are said to refer to Mr De Gucht as a "mad Belgian", and worried the EU's telecom equipment companies, who fear Chinese retaliation.

The EU and China have held high-level discussions on government subsidies that have mostly yielded frustration. Mr De Gucht softened his tone this week, expressing hope that the solar case could act as a model to resolve other disputes.

Asked to reflect on his relations with member states after the solar case, Mr De Gucht noted that 28 governments would inevitably have different opinions, but said: "If everybody stays within his role . . . then we will have a strong trade policy." In a not-so-subtle warning to EU governments, he added: "They should not engage in parallel discussions - be it with China, or anybody else."

Reaction in Beijing

Chinese panel makers facing bankruptcy

When Brussels and Beijing forged a solar trade deal last weekend, the relief from Chinese officials and state media was immense.

One breathless headline declared: "EU-China solar panel deal averts crisis, benefits world." Wang Yi, the foreign minister, described the deal as "good for the global economic recovery".

However, for the Chinese solar companies whose panels were at the centre of the spat, the deal does little to brighten a gloomy outlook.

Several of China's largest solar-panel makers face bankruptcy or restructuring. The state council, China's cabinet, identified a number of woes plaguing the sector, including "serious overcapacity", "over-dependence on foreign markets", and "weak technological innovation".

The deal is vital for these companies because Europe is the biggest buyer of China's solar panels, purchasing 78 per cent of all Chinese-made panels last year, according to IHS Global Insight.

The new trade deal, which decrees a minimum price for Chinese panels and a maximum cap on annual shipments to Europe, is viewed by Chinese companies as preferable to the prospect of duties averaging 47 per cent. Nevertheless, it will still limit their access to this market; the new quota is roughly half the level of China's solar shipments to Europe last year.

Trina Solar, one of China's largest photovoltaic producers, summed up the mood when it said the settlement was "not perfect" but still "in the best interest of both sides".

Jenny Chase, solar analyst at Bloomberg New Energy Finance, said the settlement will accelerate consolidation. "It would not surprise me if a few of the relatively major Chinese manufacturers went bankrupt this year."

The annual cap on shipments could give the Chinese government more power to pick winners in the sector because regulators can allocate quotas to preferred companies.

Gao Hongling, deputy secretary-general of the China Photovoltaic Industry Alliance, said larger companies were more likely to benefit under the new system. "The whole solar industry wants the big companies to make progress."

Appendix 6: Member countries of the EEA

1. Austria
2. Belgium
3. Bulgaria
4. Cyprus
5. Czech Republic
6. Denmark
7. Estonia
8. Finland
9. France
10. Germany
11. Greece
12. Hungary
13. Iceland
14. Italy
15. Latvia
16. Liechtenstein*
17. Lithuania
18. Luxembourg
19. Malta
20. Netherlands
21. Norway*
22. Poland
23. Portugal
24. Romania
25. Slovakia
26. Slovenia
27. Spain
28. Sweden
29. United Kingdom
30. Ireland
31. Iceland*

*non-EU country

Appendix 7: Question tabled to the Commission on San Marino and Andorra (September 2013)

Answer given by Trade Commissioner Karel De Gucht on behalf of the Commission on September 2013

The EU has currently 3 customs unions with third countries, namely with Andorra, San Marino and Turkey.

As regards the Customs Union between the EU and respectively Andorra and San Marino, the Commission seeks to introduce in its FTAs a joint declaration whereby the products originating in San Marino and in Andorra covered by the Custom Union with the EU are declared to be as originating in the EU.

Concerning the EU-Turkey Custom Union, the Commission refers to the answer to Written Question E-8729/13(1).

Appendix 8: EU countries in Euro zone

1. Belgium
2. Cyprus
3. Estonia
4. Finland
5. Germany
6. Latvia
7. Luxembourg
8. Malta
9. Slovakia
10. Slovenia
11. France
12. Spain
13. Portugal
14. Greece
15. Italy
16. The Netherlands
17. Ireland
18. Austria

Non EU countries that use the Euro include Monaco, Andorra, and San Marino, also the UK's Sovereign bases in Cyprus.

Appendix 9: EU countries outside Eurozone

1. United Kingdom
2. Denmark
3. Bulgaria
4. Czech Republic
5. Croatia
6. Lithuania
7. Hungary
8. Poland
9. Sweden
10. Romania

Appendix 10: EU countries in the Schengen area

1. Austria
2. Belgium
3. Czech Republic
4. Denmark
5. Estonia
6. Finland
7. France
8. Germany
9. Greece
10. Hungary
11. Iceland
12. Italy
13. Latvia
14. Liechtenstein
15. Lithuania
16. Luxembourg
17. Malta
18. Netherlands
19. Norway
20. Poland
21. Portugal
22. Slovakia
23. Slovenia
24. Spain
25. Sweden
26. Switzerland

Appendix 11: Non-EU countries in the Schengen area

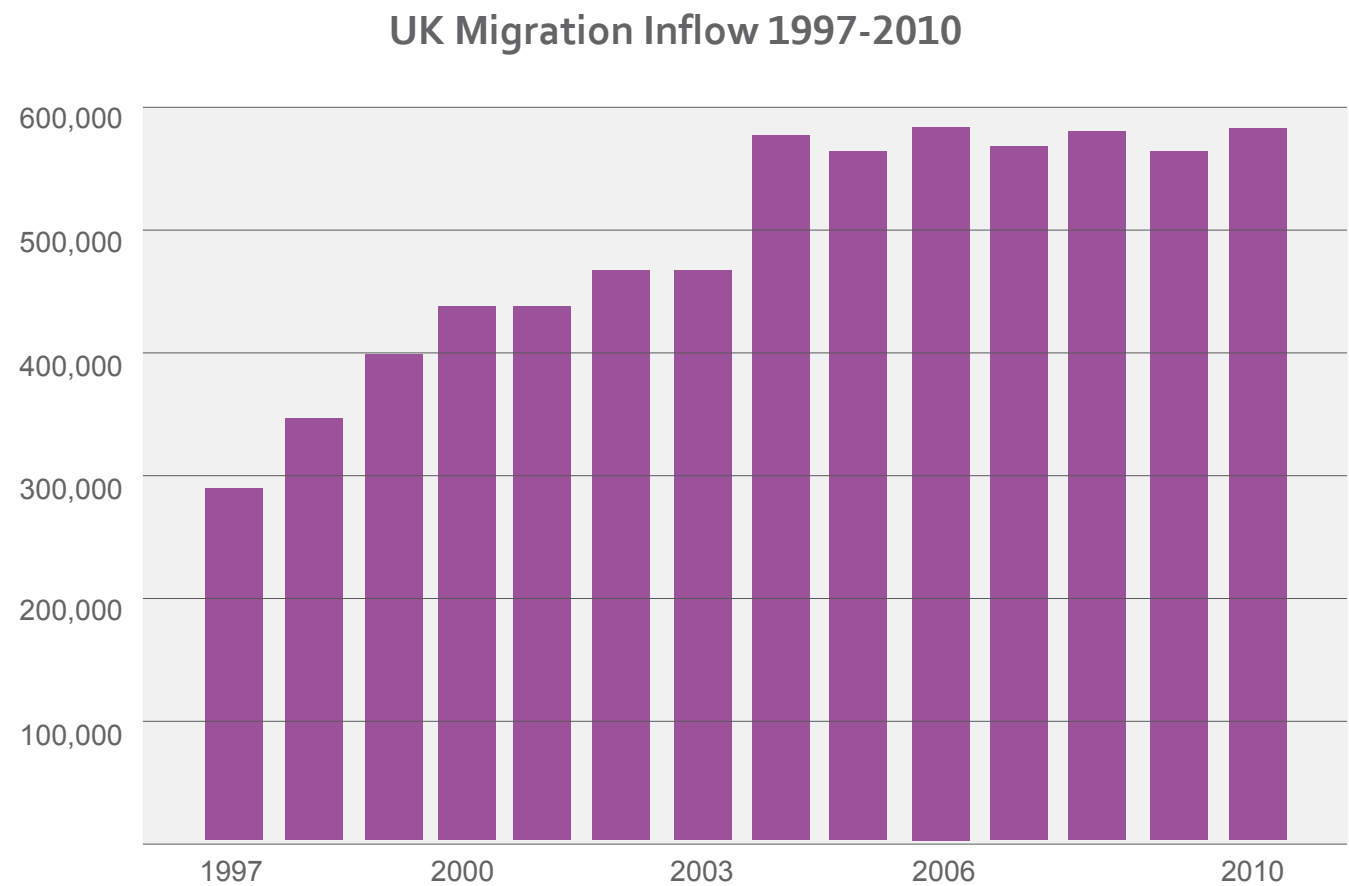
- 1. Iceland
- 2. Switzerland
- 3. Liechtenstein
- 4. Norway

Appendix 12: EU countries outside The Schengen area

- 1. The United Kingdom
 - 2. Ireland
 - 3. Croatia*
 - 4. Romania*
 - 5. Bulgaria*
- * will implement later

Appendix 13: UK Migration Inflow (Immigration) 1997-2010

Table 40



Source: ONS (Long -Term International Migration)

Appendix 14: U.S. News World Report, "World's Best Universities 2012.

Table 41

World University	Number of UK Ranked Universities
Ranking	
1 - 10	4
11 - 20	0
21 - 30	3
31 - 40	1
41 - 50	0
51 - 100	10
101 - 150	5
151 - 200	7
Total	30

Appendix 15: QS World University Rankings 2013

Table 42

World University	Number of UK Ranked Universities
Ranking	
1 - 10	4
11 - 20	2
21 - 30	1
31 - 40	1
41 - 50	0
51 - 100	9
101 - 150	6
151 - 200	5
Total	28

Appendix 16: List of International Organizations of which the UK is a Member

TRADE & DEVELOPMENT

World Trade Organisation (WTO)

The World Trade Organisation (WTO) has 159 members. The WTO specialises in 5 areas including: trade negotiations, Implementation and monitoring of member governments trade policies, dispute settlement using WTO procedure for resolving trade quarrels to ensure trade runs smoothly, building trade capacity (particularly in developing countries) and finally, outreach work to NGO's which helps to raise awareness and co-operation surrounding the WTOs activities.^{xcvi}

United Nations Commission on International Trade Law (UNCITRAL)

A legal body within the United Nations specializing in worldwide commercial law reform. UNCITRAL's business is the modernization and harmonization of rules on international business. UNCITRAL formulates modern, fair, and harmonized rules on commercial transactions. The General Assembly noted when the Commission (in 1966) was established that national laws can be an obstacle to international trade and the Commission provides the United Nations with a way of removing obstacles.^{xcviii}

United Nations Conference on Trade and Development (UNCTAD)

The organisation's aim is to help shape policy debates and thinking on development, promoting the friendly integration of developing countries into the world economy. UNCTAD specialises in ensuring that domestic policies and industrial action are mutually supportive in bringing about sustainable development.^{xcix}

Group of Eight (G8)

The G8 is a collection of countries that form a group on the basis that they have the highest GDP in the world. The G8 is made up of heads of government from Canada, France, Germany, Italy, Japan, the Russian Federation, the United

Kingdom and the United States. The European Union is also represented at meetings by both the president of the European Commission and the leader of the country that has European Union presidency. The members meet annually in an attempt to discuss and reconcile issues.^{ci}

The World Bank is based in Washington DC and has over 120 offices worldwide provides financial and technical assistance to developing countries worldwide. They provide low interest loans, interest-free credits and grants to developing countries. The World Bank Group is made up of 5 institutions: International Bank for Reconstruction and Development, International Development Association, International Financial cooperation, Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment disputes.^{ciii}

World Customs Organisation (WCO)

The World Customs Organisation has 197 members that collectively generate over 98% of world trade. The organisation holds itself out to be the 'voice of the international Customs community'. The organisation's mission is to enhance the effectiveness and efficiency of Customs administrations. As well as stimulating the growth of legitimate international trade the organisation also works to combat fraudulent activities.^{cv} The UK is committed to working with the WCO and recently invited the Secretary General to London to meet with members of Revenue and Customs and the UK Border Force, both organisations pledging their commitment to the WCO.

International Labour Organisation

The focus of the International Labour Organisation is the importance of co-operation between governments, employers' and workers' organisations in fostering social and economic progress. The organisation is split into three components, the International Labour Conference, the Governing body and the office comprising governments', employers' and workers' representatives.^{cvi}

United Nations Industrial Development Organisation (UNIDO)

The organisation works to assist developing nations to trade by providing services designed for developing countries and transition economies. They provide services to assist with building up a country's capacity to trade and by providing services to aid the improvement of industrial energy efficiency and sustainability, practises which work towards achieving a number of the Millennium Development Goals.^{cix}

United Nations Capital Development Fund (UNCDF)

The UNCDF supports developing countries in the development of their economies, working primarily with the least developed countries by way of grants and loans. The UNCDF's focus is both upon the private and the public sectors. In the public sector the fund works to strengthen public investment at the local level. In the private sector it works to ensure financial services reach poor people and small businesses.^{cxix}

World Intellectual Property Organisation (WIPO)

WIPO is a United Nations organisation which promotes innovation and creativity for the economic, social and cultural development of all countries, through a balanced and effective international intellectual property (IP) system. It offers services to make it easier to obtain protection internationally by way of patents, trademarks etc. As society changes it helps to develop the international IP framework accordingly. WIPO develops an infrastructure to share knowledge and simplify IP transactions. WIPO works with a view to supporting economic development. There 186 member states in WIPO.^{cxii} Creativity and innovation are promoted by WIPO and it is therefore an important organisation for new business ideas and entrepreneurs making it generally important for business development.

International Bank for Reconstruction and Development (IBRD)

The IBRD works with middle-income countries and credit-worthy poorer countries to reduce

poverty. It does this through loans, guarantees, risk management products, and analytical and advisory services. The IBRD operates like a co-operative and is owned and operated for the benefit of its 187 members. The IBRD borrows money from the World Bank having access to capital in favourable terms at larger volumes and works with a number of multilateral development banks.^{cxiii}

International Centre for Settlement of Investment Disputes (ICSID)

The ICSID is an autonomous institute which was set up under the Convention on the Settlement of Investment Disputes, it has 158 signatory states. It provides facilities for conciliation and arbitration of international investment disputes.^{cxiv}

International Commission on Civil Status (ICCS)

The aim of ICCS is: 'to facilitate international co-operation in civil-status matters and to further the exchange of information between civil registrars' (according to Article 1 of the organisations rules). Any state party to the Convention for the Protection of Human Rights and Fundamental Freedoms or the International Covenant on Civil and Political Rights may become a member. The United Kingdom is a member together with 14 other states, a further 8 states have observer status.^{cxv}

International Development Association (IDA)

The IDA is part of the World Bank and helps the world's poorest countries by providing loans and grants for programmes. The IBDA and IDA work in conjunction with one another. The IDA assists the 82 poorest countries in the world.^{cxvi}

International Development Law Organisation (IDLO)

IDLO is an independent organisation that aims to promote sustainable and economic development through building confidence in the justice system and facilitating innovative legal approaches thereby creating a culture of justice. In 2001 IDLO was granted observer status by the UN. It has 27

members, the UK is not currently a member. The IDLO is the only inter-governmental organisation with the exclusive mandate of promoting the rule of law.^{cxvii}

International Finance Corporation (IFC)

The IFC are part of the World Bank Group. The IFC has three parts: Investment Services, advisory services and IFC Asset management which together work with clients in over 100 developing countries. They work with the UK Department for International Development (DFID) together with donor partners, private companies and foundations and international organisations.^{cxviii}

International Fund for Agricultural Development (IFAD)

International Working Group on Export Credits

African Development Bank

Asian Development Bank (ADB)

Bank for International Settlements

Caribbean Development Bank (CDB)

Economic Commission for Europe (ECE)

European Patent Organisation (EPO)

EU Council Working Group on Export Credits

Inter-American Development Bank

Multilateral Investment Guarantee Agency (MIGA)

Organisation for Economic Co-operation and Development (OECD)

European Investment Bank

European Central Bank

European Commission

European Economic and Social Committee

Commonwealth Business Council (CBC)

UNIDROIT

Wassenaar Arrangement

HUMAN RIGHTS & HUMANITARIAN

United Nations Development Programme

This programme works towards the achievement of the UN Millennium Development Goals with the overall aim of reducing poverty by half by 2015 and to address the challenges of: Poverty reduction and the achievement of the Millennium Development Goals, Democratic Governance, Crisis prevention and Recovery, Environment and Energy for sustainable development. On the ground the programme works with 177 countries and territories.^{cxix}

Council of Europe (CoE)

The Council of Europe is Europe's leading human rights organisation; it has 47 member states all of whom have signed the European Convention on Human Rights. The convention is enforced at the European Court of Human Rights once all rights of appeal in the member state have been exhausted. The Council run campaigns throughout Europe to raise awareness about human rights abuses and monitor member states compliance with the Convention.^{cxx}

World Food Programme (WFP)

Largest humanitarian charity combating world hunger. Their four objectives are to: Save lives and protect livelihoods in emergencies, Support food security and nutrition and (re)build livelihoods in fragile settings and following emergencies, Reduce risk and enable people, communities and countries to meet their own food and nutrition needs. Reduce under nutrition and break the intergenerational cycle of hunger.^{cxxi}

Commonwealth Human Rights Initiative (CHRI)

Office for the Coordination of Humanitarian Affairs (OCHA)

Office of the United Nations High Commissioner for Human Rights (UNHCHR)

European Convention on Human Rights

International Federation of Red Cross and Red Crescent Societies

Office of the United Nations High Commissioner for Refugees (UNHCR)

Association of Commonwealth Amnesty International Sections (ACAIS)

Convention on Action against Trafficking in Human Beings

Convention on Human Rights and Biomedicine

Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse

Conventions on Action against Trafficking in Human Being

European Committee for the Prevention of Torture

European Commission against Racism and Intolerance

Framework Convention for the Protection of National Minorities

United Nations Food and Agriculture Organisation

Soroptimist International Commonwealth Group

(SICG)

Commonwealth Countries' League (CCL)

INTERNATIONAL RELATIONS & GOVERNANCE

Security Council

The UN Security Council has primary responsibility for the maintenance of international peace and security. The Council has 15 members and each has one vote. There are 5 permanent members and 10 elected members which serve two year terms. The UK is a permanent member. The Security Council invites the parties to a dispute that threatens the peace to resolve and uses various methods to ensure peace is maintained. To restore peace the council can authorise the use of sanctions or force if necessary.^{cxixii}

North Atlantic Treaty Organisation (NATO)

Founded in 1949 to form a military alliance between the North Atlantic countries NATO now has 28 members. It has the political aim of promoting democratic values, encouraging consultation and co-operation on defence and security issues and to work towards the prevention of conflict. NATO has a military aim in that under the founding charter (the Washington Charter) it has the capacity to pool military resources to undertake crisis management operations.

^{cxixiii} NATO is the world's most powerful regional defence alliance.^{cxixiv}

Economic and Social Council (ECOSOC)

The UN Economic and Social Council is concerned about the world's economic, social and environmental challenges. Such challenges are discussed and debated and police recommendations are made. The Council meets throughout the year with a substantial month-long meeting every July. Specialists attend the meetings including prominent academics, business sector representatives and more than 3,200 registered non-government organisations with the focus being upon police making to address the economic, social and environmental

challenges faced.^{cxixv}

Council of the European Union

Council of Europe Cultural Convention

European Council

European Ombudsman

General Assembly

United Nations Human Settlements Programme

World Association of Nuclear Operators

United Nations Institute for Disarmament Research (UNIDIR)

United Nations Non-Governmental Liaison Service (NGLS)

International Refugee Organisation

United Nations Office on Sport for Development and Peace (UNOSDP)

United Nations Population Fund (UNFPA)

United Nations Relief and Works Agency for

Palestine Refugees in the Near-East (UNRWA)

United Nations Research Institute for Social Development (UNRISD)

Assembly of European Regions (AER)

Conference on Disarmament

International Organisation for Migration (IOM)

Missile Technology Control Regime (MTCR)

Organisation for Security and Co-operation in Europe (OSCE)

Organisation for the Prohibition of Chemical Weapons

Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty

Western European Union

Commonwealth Association for Public Administration and Management (CAPAM)

Commonwealth Local Government Forum (CLGF)

The Round Table: Commonwealth Journal of International Affairs (CJIA)

Commonwealth Relations Trust

European Social Charter

Commonwealth Parliamentary Association (CPA)

Commonwealth Heads of Government

Commonwealth Foundation

Organisation conjointe de coopération en matière d'armement (OCCAR)

British-Irish Council

Australia Group (AG)

Arrangement on Officially Supported Export Credits

Committee of the Regions

Victoria League for Commonwealth Friendship (VLCF)

Organisation of Commonwealth United Nations Associations (OCUNA)
European External Action Service
Council of Commonwealth Societies (CCS)
International Hydrographic Organisation

JUSTICE

CODEXTER

The Committee of Experts on Terrorism was set up by the Council of Europe in 2003. The Council of Europe's activities in the fight against terrorism are based on three cornerstones: strengthening legal action against terrorism; safeguarding fundamental values; addressing the causes of terrorism.

Convention on the Prevention of Terrorism
International Court of Justice
United Nations Office on Drugs and Crime
Academy of European Law (ERA)
International Criminal Police Organisation (Interpol)
International Money Laundering Information Network
International Narcotics Control Board
Commonwealth Lawyers Association (CLA)
Commonwealth Legal Advisory Service (CLAS)
Commonwealth Magistrates' and Judges' Association (CMJA)
Convention on Cybercrime
Conventions against Corruption and Organized Crime
The European Commission for the Efficiency of Justice

ENERGY

Nuclear Energy Agency

The Nuclear Energy Agency is a specialist agency within the Organisation for Economic Co-operation and Development. Its mission is to: "To assist its member countries in maintaining and further developing, through international co-operation, the scientific, technological and legal bases required for a safe, environmentally friendly and economical use of nuclear energy for peaceful purposes. To provide authoritative assessments and to forge common understandings on key issues as input to government decisions on nuclear energy policy and to broader OECD policy

analyses in areas such as energy and sustainable development."

The Strategic Plan of the Nuclear Energy Agency: 2011-2016 ^{cxxvii}

ITER International Organisation

ITER is a large-scale scientific experiment that aims to demonstrate that it is possible to produce commercial energy from fusion. The IETR is made up of seven domestic agencies including: Japan, Korea, Russia, United States, India, China and the European Union. As a member state the UK is not an individual agency as Japan is, but is instead represented but the EU.

United Nations Atomic Energy Commission
European Atomic Energy Community
International Atomic Energy Agency
Korean Peninsula Energy Development Organisation
Nuclear Suppliers Group (NSG)

ENVIROMENTAL ISSUES

United Nations Environment Programme
United Nations Educational, Scientific and Cultural Organisation
Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)
European Molecular Biology Laboratory (EMBL)
Indian Ocean Tuna Commission (UK represented by EU)
International Council for the Exploration of the Sea (ICES)
International Seabed Authority
International Union for Conservation of Nature (IUCN)
International Whaling Commission (IWC)
North Atlantic Salmon Conservation Organisation
Northwest Atlantic Fisheries Organisation
Commonwealth Forestry Association (CFA)
Antarctic Treaty Secretariat (ATS)
International Maritime Organisation

HEALTH

World Health Organisation (WHO)

The World Health Organisation is the UN's public health arm. The WHO is responsible for: providing leadership on global health matters, shaping health research agenda, setting norms

and standards, explaining evidence based policy options, providing technical to countries and to monitor and assess health trends.

Joint United Nations Programme on HIV/AIDS
Commonwealth Association for Mental Handicap and Developmental Disabilities (CAMHADD)
Commonwealth Association for Paediatric Gastroenterology and Nutrition (CAPGAN)
Commonwealth Dental Association (CDA)
Commonwealth Medical Association (CMA)
Commonwealth Medical Trust (Commat)
Commonwealth Nurses Federation
Sight Savers International (RCSB)
European Directorate for the Quality of Medicines
European Pharmacopoeia
Commonwealth Pharmaceutical Association (CPA)
Sound Seekers

YOUTH AND EDUCATION

United Nations Children's Fund (UNICEF)

The world's leading organisation working for children and their rights in 190 countries. In the UK Unicef raises funds for emergency and development work and works to change government policies that restrict child rights in the UK and abroad.

United Nations Institute for Training and Research (UNITAR)
European University Institute
Global Environment Facility (GEF)
International Bureau of Education (IBE)
Association for Commonwealth Literature and Language Studies (ACLALS)
Association of Commonwealth Examination and Accreditation Bodies (ACEAB)
Association of Commonwealth Universities (ACU)
Commonwealth Consortium for Education (CCfE)
Commonwealth Council for Educational Administration and Management (CCEAM)
Commonwealth Countries' League Education Fund
Commonwealth Education Trust
Commonwealth Judicial Education Institute (CJEl)
Commonwealth Legal Education Association (CLEA)
Commonwealth of Learning (COL)
Commonwealth Scholarship and Fellowship Plan (CSFP)
Commonwealth Universities Study Abroad

Consortium (CUSAC)
Council for Education in the Commonwealth (CEC)
Institute of Commonwealth Studies (ICS)
European Youth Center
Commonwealth Library Association (COMLA)
Lisbon Recognition Convention
League for the Exchange of Commonwealth Teachers (LECT)

TECHNOLOGY & SPACE SCIENCE

United Nations Office for Outer Space Affairs
International Civil Aviation Organisation
European Southern Observatory (ESO)
European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)
European Organisation for the Safety of Air Navigation (EUROCONTROL)
European Space Agency (ESA)
European Synchrotron Radiation Facility (ESRF)
International Bureau of Weights and Measures (BIPM)
International Commission on Radiological Protection
International Telecommunication Union (ITU)
Commonwealth Network of Information Technology for Development (COMNET-IT)
Commonwealth Telecommunications Organisation (CTO)
European Convention on Transfrontier Television
European Data Protection Supervisor
Commonwealth Partnership for Technology Management (CPTM)
Commonwealth Association of Science, Technology and Mathematics Educators (CASTME)
Commonwealth Centre for Electronic Governance (CCEG)
Institut Laue-Langevin (ILL)
Euroforum
CERN
World Meteorological Organisation
Conference of Commonwealth Meteorologists (CCM)
European Science Foundation

OTHER ORGANISATIONS

Venice Commission
Publication Office
European Union Court of Auditors

European Personnel Selection Office	Commonwealth Hansard Editors Association
European Charter for Regional or Minority Languages	Commonwealth Historians Society
Royal Agricultural Society of the Commonwealth (RASC)	Commonwealth Human Ecology Council (CHEC)
Royal Commonwealth Ex-Services League (RCEL)	Commonwealth Jewish Council and Trust
Royal Commonwealth Society (RCS)	Commonwealth Journalists Association (CJA)
Royal Over-Seas League (ROSL)	Commonwealth Engineers Council (CEC)
English-Speaking Union (ESU)	Commonwealth Association of Architects (CAA)
Commonwealth Veterinary Association (CVA)	Commonwealth Association of Indigenous Peoples (CAIP)
Commonwealth War Graves Commission (CWGC)	Commonwealth Association of Museums
Commonwealth Women's Network (CWN)	Commonwealth Association of Planners (CAP)
Commonwealth Youth Exchange Council (CYEC)	Commonwealth Association of Professional Centres
Commonwealth Tourism Centre (CTC)	Commonwealth Association of Public Sector Lawyers
Commonwealth Policy Studies Unit (CPSU)	Commonwealth Association of Surveying and Land Economy (CASLE)
Commonwealth Press Union (CPU)	Commonwealth Association of Tax Administrators (CATA)
Commonwealth Organisation for Social Work (COSW)	Commonwealth Broadcasting Association (CBA)
Commonwealth Ministers of Women's Affairs	British Empire and Commonwealth Museum
Commonwealth Games Federation (CGF)	Association of Commonwealth Archivists and Records Managers (ACARM)
Commonwealth Geographical Bureau (CGB)	Universal Postal Union
Commonwealth Group of Family Planning Associations	

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COMMENTS

Comments are most welcome. They should be sent to the EFD Group C/O william.dartmouth@europarl.europa.eu where appropriate comments will be incorporated into a planned second edition.





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OUT OF THE EU INTO THE WORLD

