

# A HISTORY OF THE UK REBATE



Margaret Thatcher overcame objections to secure a rebate for the UK worth two thirds of the difference between what the UK pays into the EU and gets back in EU expenditure

**1984** – After five years of argument, Mrs Thatcher negotiates a UK rebate from the EU Budget because such a large proportion was being spent on farming subsidies for other countries. She declares: "We are simply asking to have our own money back."

**1998-2002** – French President Jacques Chirac repeatedly calls for an end to the UK rebate.

**2005, June** – Prime Minister of Luxembourg Jean-Claude Juncker proposes a freeze of the UK rebate from 2007-2013 and a reduction from 2013 onward. UK Prime Minister Blair rejects the proposals saying the UK rebate is non-negotiable.

**2005, December** – Prime Minister Blair agrees to a cut in the UK rebate which increases rapidly each year costing a total of £7 billion over seven years.

**2007** – Prime Minister Gordon Brown attempts to unpick the Blair deal but fails to claw back any of the lost money.

**2010** – EU Budget Commissioner Janusz Lewandowski signals that the UK rebate will be discussed in budget negotiations. He announces that the UK's budget rebate has "lost its justification." Prime Minister David Cameron stands firm.



Under Labour, the UK's budget rebate was significantly reduced

# SYED KAMALL MEP FOR LONDON



Syed Kamall has been a Conservative Member of the European Parliament for London since 2005

Syed believes that Britain should be in Europe, but that many EU laws and decisions could be made instead by democratically accountable institutions such as national Parliaments and local councils. He opposed the Lisbon Treaty which gave away powers without the consent of the British people. Syed believes that the UK must take back powers from Europe if we are to enjoy living in a democracy where decisions are taken at the lowest possible level.

## Syed Kamall has published three other Pocket Guides:

- Pocket Guide to the European Union
- Pocket Guide to the EU and Local Government
- Pocket Guide to the Lisbon Treaty

You can download the guides at:  
[www.syedkamall.com/guides](http://www.syedkamall.com/guides)

## Ways to contact Syed

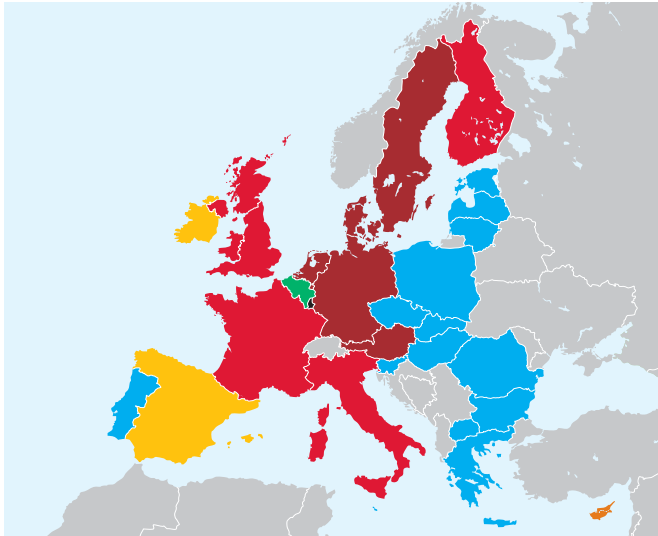
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# SYED KAMALL'S POCKET GUIDE TO

# THE EU BUDGET



# EU CONTRIBUTIONS



**Net contributors** (countries paying more to the EU than they receive)

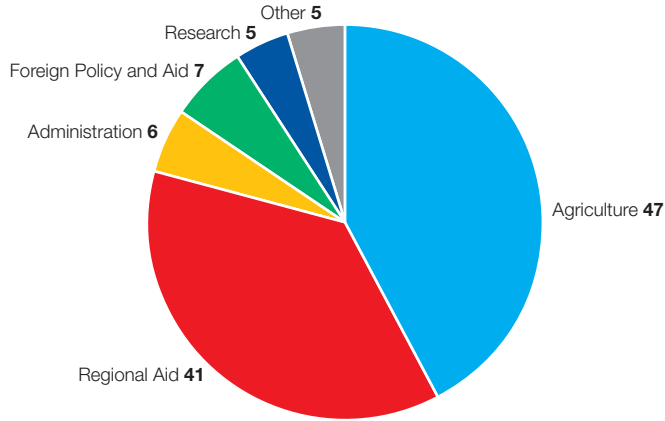
- -2,000 to -1,000 euro per capita
- -1,000 to -500 euro per capita
- -500 to 0 euro per capita

**Net recipients** (countries receiving more funds from the EU than they pay)

- 0 to 500 euro per capita
- 500 to 1,000 euro per capita
- 1000 to 5,000 euro per capita
- 5000 euro plus per capita
- n/a

Contributors	Recipients	
Austria	Belgium	Malta
Cyprus	Bulgaria	Poland
Denmark	Czech Republic	Portugal
Finland	Estonia	Romania
France	Greece	Slovakia
Germany	Hungary	Slovenia
Italy	Ireland	Spain
Netherlands	Latvia	
Sweden	Lithuania	
UK	Luxembourg	

# EU SPENDING



- Over 40% of the EU Budget goes on the Common Agricultural Policy. Only 5.4% of the EU's population works on farms, and the farming sector is responsible for 1.6% of the GDP of the EU.
- France is the largest recipient of EU funds.
- Britain currently receives approximately €770 per capita per annum, the lowest of any Member State, and a quarter of the amount per head compared to Ireland.
- Luxembourg, the richest country in the EU, receives the most money per head because it benefits from having EU institutions there.
- EU rules state that Member States must pay out allocated money within 2 years or it is cancelled. This incentivises governments to waste money rather than save it.
- The UK, Germany, the Netherlands, Austria and Sweden all receive EU budget rebates. Despite this, the UK now pays in £6 billion more a year than it gets out of the EU.



The EU has found it hard to resist demands from French farmers for subsidies

# A RISING BUDGET

The EU's budget for 2010 is 122.9bn Euros (£110bn) - 6% more than in 2009. MEPs and the European Commission had demanded a further overall 6% rise for 2011. This demand included an 8% rise for agencies and committees, which would be used to open five new agencies, as well as boosting 47 existing organisations.

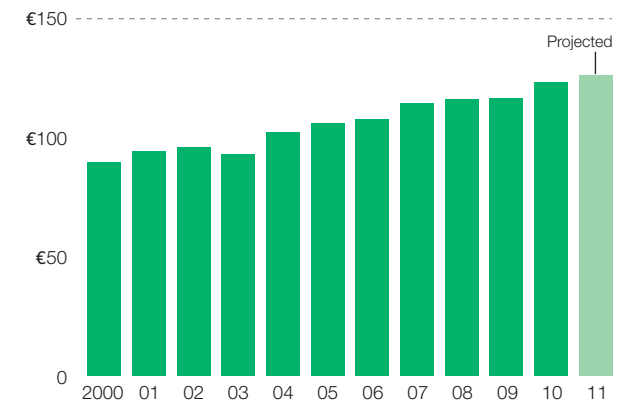
David Cameron has told European leaders that this is wrong at a time when governments are taking austerity measures. By assembling an alliance of twelve member states, he has formed a blocking minority to limit the rise in the EU budget to 2.9%, a more sensible baseline from which to judge future budgets. The Prime Minister will now be seeking to rein in the EU's budget for a six-year period from 2014 to 2020, which is being negotiated over the next 18 months.

Many Conservative and Reformist MEPs including Syed Kamall believe the EU budget needs to be cut rather than rise at all. The Commission, however, is determined to expand the EU Budget aggressively. Janusz Lewandowski, the EU Budget Commissioner, has announced that he would like to levy taxes directly on citizens, instead of relying only on Member State contributions. Carbon taxes and taxes on financial transactions (which would hit London disproportionately hard) could be the first to become directly levied by the European Union.

## The Price of Europe

Countries contribute to the EU's expenditure roughly in proportion to their economic strength. Over the years, the EU's budget has risen steadily.

## EU Budget, in billions



Source: European Commission.