
EU WANTS TO AGREE FORMULA FOR BRITAIN'S EXIT BILL, NOT FINAL AMOUNT

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The European Union wants to agree with Britain on a formula for calculating how much it will owe the bloc after it leaves, rather than defining a concrete sum in advance, EU officials have said.

The European Commission's chief negotiator for Brexit, Michel Barnier, briefed the 27 remaining countries on Monday on the methodology the EU executive was considering.

At the seminar, closed to the press, he said some key components of the bill were still undecided or unavailable, making it impossible to fix a precise sum now, people familiar with the content of the meeting said.

"A possible approach ... was that we negotiate a methodology, we take a snapshot of EU accounts at the moment of Britain's exit, we do a quick audit and we agree on how to calculate the British share of the accounts," one official said.

"If we agree on that, the final number will come out after the audit: we would throw all the numbers into a formula on which we have all agreed, and the formula would produce an exit bill."

EU officials said the possible bill of 55 to 60 billion euros that has been mentioned in Brussels since last year was only a very rough estimate.

"I would expect a number quite close to that, but it should be treated more as an order of magnitude than a precise number, the EU official said.

The key variable would be Britain's share of all EU assets and liabilities at the moment of leaving.

"The thing is, nobody knows what that share is and the Commission has no definitive answer to that," a second EU official said.

"It could be 12, 13, 14 or 15 percent, or something else. And we need an exact figure because one percentage point is several billion euros."

COUNTING CONTRIBUTIONS

The starting point for calculating Britain's share of EU assets and liabilities is its annual contribution to the EU budget.

But this can vary dramatically. In 2014, Britain paid 11.34 billion euros and, in 2015, 18.21 billion. This was after a rebate, originally secured by prime minister Margaret Thatcher, that has

fluctuated between 6.25 billion euros and 3.56 billion over the past decade.

The Commission is considering basing the calculations on an average of several years - but the question is which ones, and how to reflect fluctuations in the pound's exchange rate.

Moreover, national contributions are calculated on the basis of Gross National Income (GNI), which can be revised even four years later.

In 2014, prime minister David Cameron challenged an EU demand for an additional 2.1 billion euro contribution following an upward revision of Britain's past GNI numbers.

EU governments are likely to agree on the formula they want the Commission to employ by the time they issue a detailed negotiating mandate for the EU executive, possibly around May, the first official said.

Whatever final exit bill is agreed would be paid by Britain in instalments rather than a lump sum.

Britain will also probably have to contribute to pensions of EU officials, British or otherwise, and address the issue of longer-term guarantees provided by the EU budget for institutions such as the European Investment Bank.

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