
EU AND BRITAIN AGREE SETTLEMENT POST BREXIT: SENIOR EU OFFICIAL

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01.12.2017

Reuters (30 November 2017)

BRUSSELS (Reuters) - The European Union has agreed a financial settlement with Britain, a senior EU official told Reuters on Thursday, under which London has committed to paying a set share of EU budgets after Britain has left the bloc.

FILE PHOTO: Union Flags and European Union flags fly near the Elizabeth Tower, housing the Big Ben bell in Parliament Square in central London, Britain September 9, 2017. REUTERS/Tolga Akmen/File Photo

Following reports of British offers in recent days, EU negotiators have insisted publicly that work is continuing on the financial deal, as both sides also push to reach accords on two other key divorce conditions before a crunch meeting on Monday.

The official offer has not been submitted, but unofficially it has been agreed to such an extent that if no one decides to stage a last minute complete turnaround everything will be OK, the official said.

A spokesperson for Britains Department for Exiting the European Union was not immediately available for comment.

Overall, the EU side was optimistic that agreement could be reached on the conditions to allow EU leaders to agree during a Dec. 14-15 summit to open talks on post-Brexit relations.

The British government dismissed as speculation on Wednesday reports in British newspapers that it had more than doubled its offer to the EU to very roughly 50 billion euros.

The EU official said there was no precise figure discussed because the amounts to be paid in future will depend on many imponderable variables, ranging from whether loan guarantees had to be exercised to the vagaries of the sterling-euro exchange rate and relative growth in the British and EU economies.

Britain has committed to meeting an agreed share of the vast bulk of the future budget items which the EU asked for, the official said, adding: It is a deal on what percentage share Britain will cover and on what items.

The official said the British share would be significantly less than 16 percent - Britains share last year of the total output of the 28-nation Union.

In any case, Britains economic weight may decline as the pound has sunk since last years vote to

leave the EU, while even in sterling terms, the British economy has been growing more slowly than others.

The share of the economy used for the EU budget is also calculated somewhat differently and Britain has been entitled as a member to a special rebate.

SUITABLE, FAIR PRICE

Among key budget lines that Britain has committed to was covering a share of disbursements from the EU budget in years beyond the current seven-year EU budget ending in 2020.

We have agreed a certain formula how to calculate that share. So we take each line in the budget and apply the share to it, the official said.

British Prime Minister Theresa May had said Britain would pay its full share of the budget to the end of 2020 - the point at which the EU expects roughly to end a transition period, during which Britain will effectively keep all its obligations and most rights in the EU after Brexit in March 2019, while losing its vote on laws.

But the EU, which originally estimated the likely Brexit bill at roughly 60 billion euros, had demanded Britain also pay its share of items, committed to during that seven-year 2014-2020 budget but not actually disbursed until years later.

All in all, they are ready to pay a suitable, fair price for moving on to the second phase. This is what they want, the official said of Mays push to convince fellow EU leaders to open talks next month on a transition and future trade pact.

They want as soon as possible to solve the transition period issues, because they are afraid companies will start moving, he added, saying that broadly speaking London was going to be paying all the EU wanted.

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