

EU borrowings are a new burden the UK will not share

The EU in 2020 made a momentous decision. With the UK no longer having voice or vote to oppose, they decided to go ahead with large borrowing programmes at EU level. Germany was reluctant to see the EU become a transfer and collective borrowing union but was persuaded to let it pass.

Prior to 2020 the EU had borrowed just 30 bn in its own name. Now it has borrowed 400 bn. It plans to borrow the best part of 1 trillion Euros this decade, with 806 bn ear marked for the NextGenerationEU fund and other money for SURE, the unemployment fund. Whilst some of the NextGen money is loans where the ultimate borrowing countries are meant to repay, the overall borrowing is on the EU account. The EU is evolving into a transfer union with a single larger budget.

Had the UK stayed in the EU the totals borrowed may have been larger. We represent 15% of total EU plus UK Gdp. Member states are liable for their Gdp proportion of the total. In practice though markets will hold all EU states jointly and severally liable for EU debt and the EU could demand higher proportions in a future decision for any member state.

So the UK would have added at least 120 bn euros to our state debt burden by accepting 15 % of this new debt. That is more than £4000 for every UK family of extra debt we have avoided by leaving the EU.

The EU has also upped the amount member states have to pay into the annual budget of the EU by 0.6% of GDP. That would have been another £14 bn a year of contribution by taxpayers before any rebate.