



New research: EU worth £2bn per year to Scotland Cameron ignored calls not to overlap with Scottish Parliament elections

There is a really interesting and important vote for Scotland coming up, it may spark a constitutional crisis in the UK and it's not the Scottish parliamentary elections.

The EU referendum's economic and social impact could be significant and far-reaching, but because Cameron has called it at a time that overlaps with the Scottish elections the level of information available to voters and the level of debate on the topic is woefully inadequate. With the short timescale it is Cameron's intention that voters may be more open to scaremongering and so his gamble is to basically run a Project Fear mark two and hope people will vote for the devil they know.

The problem is that a lack of good information means the sometimes outrageous claims of the Leave campaign can sound more plausible than they are.

The imaginatively named Business for Britain (Scotland), an anti-EU group, has said that Scotland's budget will rise by £1.5 billion with a Brexit, but no one can credibly argue that there would be such a saving, or that Westminster would spend it in Scotland if there were.

The most common question I get on Europe is how much does EU membership cost us and what do we get back from it.

Would Westminster match EU funding lost after Brexit? Having researched this I have found firstly that the numbers are hard to source as several official reports use differing numbers and secondly that EU membership benefits Scotland significantly more than it does the UK as a whole.

First, you have to look at the EU membership fees, which vary from year to year, but the UK's membership fee is about £17.8bn. Brexit campaigners think if we leave we would have all that money to spend, but we wouldn't for several reasons. Firstly, the UK never pays the full figure of £17.8bn, as other nations pay a chunk of our membership on our behalf, last year amounting to **£4.9bn**.

Now you can argue that the residual £12.9bn fee is still a lot of money but it's not the £20bn often quoted in debates by Brexit supporters. If you want an accurate figure you also have to deduct the £4.5bn of the EU budget that is spent in the UK, often as matched funding for UK and devolved Government projects. So, the UK net membership fee including rebate and EU spend is £8.4bn.

It gets really interesting when you start to look at the EU membership fee and spending in Scotland. **Scotland's population share** (8.2 per cent) of the pre-spend UK £12.9bn membership fee is **£1.058bn**, but **EU annual spend in Scotland is £782.6 million**. This means that with only 8.2 per cent of the UK population Scotland earns 17.4 per cent of the EU spending for the whole of the UK.

That radically changes the net financial transaction cost to Scotland of membership, which comes in at £275.2m. So Business for Britain's claim that they can turn that situation into a budget rise of £1.5bn for the Scottish Government is as ridiculous as campaign claims get.

In the last issue we forewent the continuation of Gordon MacIntyre-Kemps **Better Together's broken promises open the door to Independence**. We thought it was more important to cover the Scottish Elections, knowing that we had this last issue before we take a well deserved break before the run up to the Scottish Council Elections on 4 May 2017.

In the previous two sections of Better Together's broken promises open the door to Independence Gordon highlighted that promises made and broken during Indyref1 included; Renewable Subsidies, Carbon Capture, EU Membership, Labour Majority, Scotland should Lead, Pensions safer in UK, Scotlands Pound, Slow meaningless Devolution, Uncertain Investment and Job Losses in Independent Scotland.

11. What, no border controls? – Former Scottish Secretary Alistair Carmichael launched a UK government report entitled Borders and Citizenship claiming that Scotland would have to have a manned border with England after independence. This was backed up by Ed Miliband claiming new members of the EU must accept free travel. Ireland has a pre existing free travel agreement with the UK which as well as being an EU member also has an opt out of Shengen. If the UK leaves the EU Ireland would no longer have an automatic opt-out, but last week Boris Johnson claimed that a Brexit would mean no change to the current open borders agreement with Ireland.

I could also point also out that the **MoD announced 13 Type 26 frigates** with Defence Secretary Michael Fallon making it clear that the investment was **conditional on Scots rejecting independence**. In the end the order **looks like being just 8 ships** as the money is needed to pay for new nuclear weapons. Or that the No camp claimed Scottish tourism was being damaged by the referendum and specifically that UK interest in travel to Scotland was down by 29%. Strange then that the figures for 2014/15 show Scotland had a record tourism year with a 9% increase in holiday trips and 41% increase in business trips.

We were also told that **you can't have a sovereign oil fund** as it wouldn't be viable whilst running a deficit but then **Westminster announced that the North East of England could have a Fracking Fund** to make sure the local communities benefit from their oil wealth. **Corporation Tax cuts were labelled unhealthy** and a "race to the bottom" and we were **told it couldn't be devolved to Scotland**, but was **then devolved to Northern Ireland** and in this weeks budget the Chancellor **George Osborne has announced Corporation Tax cuts**. We were also told that the **big financial institutions would leave Scotland with a Yes Vote** – it turned out they would just reregister but keep all the jobs here and that would have destroyed the bank bailout myth, but **now Scottish Widows has relocated anyway and ironically HSBC are threatening to leave** and move their European HQ to Paris if there is a Brexit.

I have also previously detailed how the "broad shoulders of the Union" have let down Aberdeen. That's around 20 and **the list goes on and on** and on there are actually far too many to mention them all here. So why, when so much is obviously wrong with the case for the Union, is support for independence not soaring? There are two reasons; firstly as Nicola Sturgeon has astutely realised the case for independence needs to be made loudly and then people will be made to consider such evidence as listed above – it needs to be taken to the voters – they won't search for it themselves. Secondly we need to create and promote a clear economic argument, a detailed roadmap to prosperity through the powers of an independent Scotland (the raison d'être of Business for Scotland) this would send independence support soaring. That roadmap can be built without the need to reply on oil but the oil price coming back to profitable levels by 2020, as 97 per cent of senior oil executives expect it to, would also open the floodgates. Did someone say Game On

We will return for the run up to the Council Elections at the end of Feb 2017

The EU plays an important role in redistributing the UK's membership fees away from London and the South East in particular to the regions and nations that suffer from a lack of investment due to the UK's London and south-east economic bias. If the UK were to vote for a Brexit then Scotland's economy (and that of Northern Ireland and Wales) would require Westminster to replace the EU spending while simultaneously doing a trade deal that maintains full access to the Common Market. A deal can be done and that is what undermines the Stay campaign's scaremongering. However, all deals that give full access to the EU come at a cost and that fact is being ignored by the Leave camp.

It's almost impossible to see a deal being done in a way that would generate savings on the membership fee, and simultaneously curtail EU immigration and increase sovereignty for the UK in the way that would meet the clarion call of the Brexit bunch.

Norway, for example has to apply most EU trade rules and regulations, pays a levy to trade with the Common Market that amounts to 95 per cent of the UK fee on a per-head basis but gets no EU spending and has immigration deals with the EU. In other words it is a strong possibility that any post-Brexit deal to give the UK full common market access would end up costing more to Scotland than current membership.



But that's not the worst of it, as we haven't started to look at the added value economic benefits to Scotland of its EU membership. Having reviewed multiple credible studies on economic benefits of EU membership, the average of estimates of EU membership benefit to GDP is 4.5 per cent of GDP. This means the EU contribution to Scotland's GDP could be approximately £7bn and therefore it's fair to estimate that the additional public

sector revenue generated through Scotland's EU membership is approximately £2.24bn per year.

EU membership includes budget elements such as foreign aid. The EU also funds private companies directly for qualifying research projects, and assuming a population share of the UK private sector spend to Scotland this is estimated to be about £112m, which the Scottish Government would have to replace to protect vital downstream R&D.

The membership fee also includes an EU aid element, which Scotland is obliged to spend anyway if we don't give it to the EU as part of the membership fee. This amounts to approximately £65.6m. So taking the net membership fee to Scotland of £275.2m and subtracting the private sector and the aid money benefit we find the net cost to Scotland of £97.6m and so it seems **that for every £1.00 we pay to the EU for membership Scotland gets about £20.00 back** – Deal or No Deal? The net overall **financial benefit to Scotland** from EU membership is, therefore, approximately **£2.142bn** per annum.

Looking at the latest polls, YouGov for The Times shows Leave and Stay tied on 39 per cent across the UK but a recent large sample Scottish poll from TNS has Stay on 51 per cent and Leave on 19 per cent here in Scotland.

So, the prospect of Scotland being dragged into a Brexit against its wishes is becoming more worrying by the day.

Gordon MacIntyre-Kemp, Business for Scotland.

15 Reasons the EU is good for Scotland (UK)

1. Free Trade
2. EU encourages Investment in Britain
3. Influence within and outwith Europe
4. Immigration and Emigration
5. Human Rights
6. Market Fairness
7. Workers Rights
8. €1.9 billion – The funding package for Scotland in 2014–2020 (€985 million of European Regional and Social Funding, matched by Scottish Government and partner funding) which will support the Scottish Government's aspiration to deliver sustainable economic growth for all in Scotland
9. €844 million of the total funding package is the EU's contribution to Scotland's Rural Development Programme (SRDP) for 2014–2020.
10. €3.5 billion – The amount of Common Agricultural Policy (CAP) direct payments that Scotland will receive between 2014–2020.
11. €572 million – The total amount of competitive funding won by Scottish universities between 2007 and 2014 – almost 1.3% of the research funding programme for the whole of the EU.
12. Over 1,400 students from Scottish universities were supported by the Erasmus programme to study abroad in 2012/13. Over its lifetime the new Erasmus+ programme will see an increase of over 40% in EU funding to an overall budget of €14.7 billion – providing grants for more than four million people to study, train, gain work experience or volunteer abroad in 2014–2020
13. Public Healthcare in EU (to NHS Scotlands levels)
14. Scotland is part of a union with some of the highest standards of food and product safety in the world
15. If you get into difficulty whilst outside the EU, you can receive help from any EU Member States embassy or consulate, if there is no UK assistance available.

These are just 15 points of many that being in the EU benefits Scotland (and UK). Please look past the fear-mongering both the Brexit and Remain sides are taking in this referendum. We saw the No campaign use the very same tactics in Indyref1, spreading fear at every opportunity. Scaring pensioners, worrying the working class, painting diabolical futures for our children, but we had a positive side in that campaign. Both sides are painting pictures of doom and gloom similar to what we were told a Yes vote would bring our way, but in my opinion neither are right. There is positive arguments to be had for both options but we are not hearing that because it seems that after fear worked against the Scots, fear is the best route to success.

We have learned in the past 18 months that the scare stories were lies, how's that going to convince Scotland what either side are saying regarding the EU aren't also lies? We need honest informative campaigning or better still do the research yourself, there are thousands of resources available that give a honest and fair overview of the Pros and Cons of the EU.

We've done the research and **We say #REMAIN.**