



**Media release from  
Democracy Movement and Global Britain**

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**New report exposes the EU 'Scaremongers'**

A new report published today exposes claims about unemployment and loss of influence following a British exit from the European Union as the work of "scaremongers" intent on deceiving the British public.

Published jointly by business campaigners Global Britain and grassroots pressure group the Democracy Movement, their paper "The Scaremongers" argues how more jobs are in fact at risk from remaining **inside** the EU than from leaving it - and warns that the UK will lose out if it does not develop global trade instead of being distracted by focusing on trade with Europe.

The report also demolishes the '3m jobs at risk if we leave the EU' myth by providing five hard-hitting reasons that expose the claim as a scare story; that the original authors of the report from which it arises have contradicted it; that jobs linked to EU trade doesn't equal jobs at risk; the difficulty of raising tariff barriers under WTO rules; the contradiction with EU policy towards other non-EU countries; and our trade deficit meaning restrictions would be counter-productive for the EU.

The report demonstrates that:

- The EU is more dependent on being able to export to the UK's significant market than Britain is on selling to the EU's Single Market. Together with WTO anti-discrimination rules, it would be both difficult and unlikely for the EU to seek tariff barriers to trade with an independent UK;
- There is a real threat to UK employment, influence and its broader prosperity if Britain decides to remain an EU member, as a consequence of the EU's economic and demographic decline coupled with moves towards further eurozone integration;
- The UK's future economic well-being depends instead on gaining access and increasing trade to the faster-expanding markets that lie beyond the EU;
- Correspondingly, employment growth would be even stronger if Britain was free to adopt bilateral arrangements of its own, outside membership of the EU; and,
- A growing percentage of cross-border issues and regulatory requirements are now determined by bodies at a global level where the UK is represented by the EU and so by regaining independence Britain will enjoy greater influence, not less.

Commenting on the report's findings, co-author and Democracy Movement campaign director, Stuart Coster, said,

"This report demolishes once and for all the EU lobby's scaremongering about jobs should Britain choose to leave the EU and reveals reality as the opposite of their claims. It would be both difficult under international trade rules, and extremely unlikely due to a large trade imbalance in their favour, for the EU to erect trade barriers with an independent UK."

"Other EU members sell more to Britain than we sell to them, meaning the EU has far more to lose from provoking a trade conflict. Rather than 3 million British jobs being threatened there would be 6.5 million EU jobs at stake – a gamble that an already economically struggling EU is unlikely to want to risk."

"All the rational analysis points to the EU being most likely to seek a 'business as usual' continuity free trade deal should Britain leave. In fact, it is continuing within the EU that is costing jobs now and in the future by preventing us making our own trade deals with the world's fastest-growing economies and by locking our law-making to an economically and demographically declining group of countries."

"Already a majority of our exports are going to non-EU markets and this trend is likely to increase as the debilitating effects of the euro lock most EU members in stagnation."

Co-author Brian Monteith from Global Britain added,

"Politicians who continue to scaremonger about jobs and leaving the EU need to explain whose interests they are really serving by ignoring contrary evidence and trying to cling to the old dogma of Britain's EU membership."

"Staying in the EU threatens a dire future of losing out on beneficial access to new economic powerhouses and of being locked into a centralised EU law-making system that is only going to become more powerful, intrusive, costly and democratically remote."

"The UK's future is global trade and the EU is holding us back. Instead of worrying about a trade war that French, Italian, German and Spanish exporters would regret we should recognise that the EU is in decline and our national interest lies in being more international and less the 'little European'."

– ENDS –

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## **Editors' notes:**

**1. Myth exposed:** Professor Ian Begg, one of the authors of the original NIESR report used to create the 3m unemployment scare has repudiated the distortion of his paper confirming that, "there is no *a priori* reason to suppose that many of these jobs, if any, would be lost permanently if Britain were to leave the EU".

**2. Worse for EU:** A study by Ruth Lea and Brian Binley MP concluded that since the original '3 million jobs' claim, some 6.5 million jobs are now related to what the rest of the EU is able to sell to the UK.

**3. EU economy in decline:** The European Union, once so critical to world GDP with a 34% share in 1980 has seen a relentless decline in its relative position. It now represents only 23.2% of global GDP, with the Euro area accounting for just 17.2%.

**4. ...and declining further:** The IMF forecasts that by 2018 the Chinese economy will be greater than that of the entire eurozone while the European Commission admitted (2014) 'over the next 10 or 15 years, 90% of world demand will be generated outside Europe'.

**5. UK's non-EU trade larger:** Total EU trade is worth only 17% of UK GDP, with the rest of the world accounting for 26%. Already, a growing majority of UK exports are going to non-EU markets, rising from £322bn or 54% in 2009 to £395bn or 57% in 2013.

**6. Reality is worse for EU trade:** Trade data is unadjusted for the Rotterdam-Antwerp Effect and the Netherlands Distortion. Accounting for these statistical distortions, the proportion of UK exports going to the EU must be no greater than 40%, meaning that 60% of UK exports go beyond the EU; 60% minus 40% is 20%, thus UK exports to outside the EU are already 50% greater than to inside the EU.

**7. EU unemployment is the real issue:** Since 2007 total EU employment has contracted by 2.3% with seven of the member states seeing a decline in total employment by a magnitude in excess of 10%. The UK's record compares highly favourably (especially youth unemployment) and is in the top five of only ten member states to have grown total employment since 2007.

**8. The EU has more to lose:** Since 2007, while the UK has registered a significant balance of payments surplus with non-EU nations of £54bn, over that same period the UK has run a massive and consistent trade deficit totalling a staggering £241bn, showing why the EU cannot afford to instigate a trade war with Britain following Brexit. It is unrealistic to believe that the EU would adopt a more punitive arrangement with the UK than it does with, say, South Korea, Australia, Mexico or Israel – countries that are of far less economic importance to EU exporters than Britain.

**9. Quicker trade agreements:** Free from the EU and able to make their own decisions, Switzerland and Iceland have already negotiated trade deals with key future markets like China, exposing as myth the idea that emerging economies are not interested in doing deals with individual countries.

**10. Trade tariffs are falling.** International trade is policed by the World Trade Organisation, which has been highly successful in reducing the burden of tariffs. The global average tariff for all goods and services is less than 3% and only 1.09% for Europe and 1.58% for the USA. Other factors, such as currency fluctuation, heavily outweigh external protectionism as an impediment to trade. Since the formation of the Euro in 1999 Sterling has swung between a band of €1.06 to €1.72 to the Euro.

**11. A trade war would be illegal:** WTO agreements are protected by treaty and international law and it is simply not credible to suggest the EU would break legally-binding contracts by entering into a trade war, even in the short term, with the UK.

**12. More not less influence:** The UK would gain, not lose, international influence outside the EU, being able to represent itself on the WTO as well as the World Customs Organisation, a body that processes 98% of world trade. There are numerous similar institutions including the Basel Committee on Banking Supervision, the UN Food and Agriculture Organisation and the National Plant Protection Organisation where Britain would gain a seat at the top table.