

Howard backs down in clash with eurosceptic Tories

*The first indication that the lessons of 10th June have been learned
has come with the announcement of a new deal with the EPP*

We are pleased to report the first sign that the Conservative Party may have begun to learn the lessons of the 10th June election to the European Parliament. The evidence for this is a sudden change in the leadership's attitude towards the party's relations with the arch-Federalist European People's Party (EPP) with whom it has been in an uneasy and wholly unsuitable alliance. As readers of *eurofacts* will know, all Conservative candidates standing in the elections for the European Parliament were sent a section of the Party manifesto which dealt with a "new improved relationship" with the EPP-ED - and were required to sign up to its terms under threat of de-selection. This was despite an earlier promise from Iain Duncan Smith that Conservative MEPs would be allowed to leave the group in order to form an alliance with parties committed to market economics and the Atlantic Alliance.

Deep dissatisfaction with the "new" deal among eurosceptic MEPs and candidates, was compounded when it became clear that in fact nothing fundamental had changed. It strengthened still further when Hans-Gert Poettering, the German leader of the EPP publicly boasted that this was so. Dissatisfaction spread to Conservative party activists, a number of whom became UKIP party activists - at least for the duration of the campaign - overnight. One told the editor of this publication: "I am livid. I am apparently expected to raise money

to send people to work in Brussels in order that they work with socialists building a European super-state." Disgust with the deal also helped prompt the decision of four Tory peers to come out in favour of the United Kingdom Independence Party, part of a larger group of dissatisfied Tory peers who privately admitted to having voted for UKIP and even to having urged others to do so.

Despite the threats of dire consequences they would face if they failed to toe the party line, a small number of Tory MEPs continued their refusal to sit with the EPP in the new European Parliament. Some succumbed to pressure as the hope that the June 10th result would change the leadership's mind on the matter gradually faded. But three MEPs - Daniel Hannan, Martin Callanan and Theresa Villiers - firmly stuck to their guns.

Howard's Threat

At a heated meeting with the Party leader, several days after the election Howard told them: "You're out." But only 48 hours later the Tory leader's office contacted the trio to inquire - in much friendlier tones - whether there was anything short of total withdrawal from the EPP-ED that would be acceptable to them. Their lengthy shopping list has subsequently formed the basis of a genuinely new and largely technical relationship with the EPP which should allow the Tories full

political and operational freedom while allowing the EPP to get its hand on the biggest clutch of committee chairmanships. The deal was announced by Michael Howard on 13th July.

In the past the European Democrats (ED) element in the partnership has been almost entirely a cosmetic device for giving the impression of independence. In future the ED will have its own chairman and officers, its own founding charter and manifesto, its own whip, its own meetings and sufficient logistical support to make all of these things meaningful. Members expect to attract eurosceptic parties from Poland, and the Baltic States, and possibly Denmark while Portuguese conservatives have already signed up. Its first activities are likely to include a series of anti-constitution rallies.

Further growth would enable it to meet the criteria under parliamentary rules to become a totally independent group if it subsequently chose to do so.

Our view is that full withdrawal from the EPP-ED would undeniably have been better - but the deal provides the Conservative party leader with a face-saving formula while strengthening significantly the influence of eurosceptic MEPs.

Meanwhile, the Tory leadership has also made it plain that the rebellious Tory peers can expect an early return to the fold - although at least one peer has declared that he would prefer by far to remain whipless until the Party can

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The beat of the DOM-TOMs

Few may realise it but the EU's furthest boundaries are already located in South America and the Pacific

What have Guadeloupe and Martinique (in the West Indies), Guyane (South America), Réunion and Mayotte (Indian Ocean), St Pierre-et-Miquelon (off Newfoundland), Wallis-et-Futuna and French Polynesia (Pacific Ocean) and New Caledonia (off Australia) got to do with the EU?

The answer is that they are all fully-paid up members of the EU and they all send MEPs to the European Parliament at great cost to the taxpayer. Those far-flung territories, former French colonies, are now part of the French Republic, their precise status being either DOMs (Départements d'Outre Mer - Overseas Departments) or TOMs (Territoires d'Outre Mer - Overseas Territories), the difference between the two being a mystery to most French people, let alone foreigners.

Of the seventy-eight French MEPs elected on 13th June 2004, seventy-five represent metropolitan France (known affectionately by the French as "l'Hexagone", the six sides of which are the English Channel, the Atlantic

coast, the Pyrenees, the Med, the Alpine frontier and the long north-west frontier between Dunkirk and Alsace). The Hexagon's electorate currently numbers 40 million.

The remaining three MEPs represent the combined electorate of the DOM-TOMs of 1.4 million. The electorate of the island of Réunion is 455,000, almost a third of the DOM-TOM total; and all three DOM-TOM MEPs come from that island: one on the list of the "non-socialist left", one on the Socialist Party list and one on the list of the Chiraquian party, the UMP.

These three lucky MEPs benefit no doubt from free air travel from anywhere in the DOM-TOMs to Brussels and Strasbourg; presumably they also get free air travel between, say, icy St Pierre-et-Miquelon, at the mouth of the St Lawrence River, and balmy Tahiti. Such are the distances which they assiduously cover in discharging their duties they probably have little time for attending debates in the European Parliament.

The odd thing is that a fierce debate is

going on in France about where the geographical frontiers of the EU should be, and especially whether Turkey, a long-time accession candidate, should count as a European nation. Paradoxically, the French seem totally unaware that the EU has already gone global - even if some of its dominions, for example St Pierre-et-Miquelon, with 5,000 electors, and Wallis-et-Futuna, with 10,000, are almost imperceptible, even as tourist destinations.

Another curiosity is the anomalous position of Gibraltar, the British dependency which sends no representatives to the European Parliament. Shouldn't Mr Blair be arguing that Gibraltar's a darn sight more "European" than any of the DOM-TOMs, and therefore deserves an MEP or two? And why not throw in all those English-speaking Caribbean islands? Mr Blair's always saying Britain's "Winning the arguments in Europe". Let's see him try to win this one.

Prices soar after Poland joins EU

Prices on the street in Poland have shot up after joining the EU, according to official statistics published earlier this month.

Between mid-April and mid-June, the price of bananas has risen by 18 per cent, rice by 27 per cent, chicken by 22 per cent, 21.7 per cent for beef, 9.4 per cent for pork and 13.7 per cent for butter, according to AP.

The price rises have two main causes.

First, increased import duties have been in force since Poland joined the EU, which has in turn increased prices for imported goods, such as bananas and rice.

Second, prices have risen as a result of increased foreign demand, especially from Germany. Foreign companies are taking advantage of cheaper products in Poland, causing prices to rise in the Polish market.

Economists in Poland have generally

been surprised by the level of the price hikes. "We did not take into account the rise in demand, the fact that the Germans would provide such demand", said the President of the Polish Central Bank, Leszek Balcerowicz.

Inflation fears have prompted the Central Bank to increase interest rates by half a percentage point. Source: AP report, 12th July.

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Howard backs down

produce a more coherent and robust European policy.

Credit goes not only to Hannan, Villiers and Callanan, but also to the rebellious Tory peers, to UKIP - for exercising an improving influence on the Conservative Party (what a pity it did not maintain the pressure by fielding Robert Kilroy-Silk as its

candidate in Birmingham Hodge Hill) - and to those who voted for UKIP.

Argument and the appeal to principle have made little impact on the Tory leadership's recent thinking on Europe: the loss of votes has weighed more heavily. Not for the first time, the eurosceptic cause has benefited from the threat posed to the political

establishment from outside its ranks. A further shift in thinking on Europe might not only win back support, but also help to float the Conservative Party free from the over-populated political middle ground on which it has again found itself stranded.

Will Britain's political destiny be determined in space?

By Gerald Frost

Why does Europe need to spend US\$33 billion to build Galileo, a satellite navigation system in which the Chinese have recently become a major partner?

The answer would seem to be obvious: with the help of a small cheap radio receiver this will provide accurate information on the position of any moving object, for example, a ship, a vehicle, or even a herd of cattle. Possible applications are therefore numerous: it can be used to run trains and cars and to land planes, to work out routes, to assist rescue operations at sea, and to locate fugitives or suspects. So the potential benefits are immense. But such a system - the US Global Positioning System - already exists; and America, anxious to maintain its monopoly in this area, has, for this reason, already made it available free to civilian end users.

Spokesmen for the EU and the European Space Agency stress the economic advantages of the Galileo system which will consist of a constellation of 30 satellites and which, they say, will be more accurate than its US counterparts - a claim which causes a certain amount of mirth in Washington. The suggestion that Galileo will prove to be a huge commercial success story driving a multi-billion European industry in receivers is also treated sceptically in the US: if the capability already exists why spend billions to duplicate it? Europeans reply that America's monopoly position means that the US is in a position to introduce whatever charges it wishes at any time.

What the European - and Chinese - enthusiasts for Galileo do not mention is Galileo's huge military potential, and the ability of the network's system to interfere with those intended for use by the US military. Indeed, repeated press statements have emphasised that the project would go ahead for commercial reasons *only*.

In this cogently argued Bruges Group pamphlet, Richard North argues that

Galileo: The Military and Political Dimensions

By Dr Richard North

The Bruges Group Pamphlet 25 pp
Available from *The June Press*
Price £4.00 + p&p (see back cover)
ISBN 0-9547087-2-5

satellite navigation will revolutionise military operations, bringing about changes equivalent in their scope to those achieved by the transition from the musket to the machine gun. Indeed, his claim has already been borne out by the lightning speed of the military victory in Iraq where GPS was employed with an efficiency that considerably exceeded the likely needs of commercial users.

North rightly suspects that Galileo is driven by political rather than commercial criteria and that many within the EU are attracted by its potential to exert leverage over the US. What, in his view, is particularly dangerous is the involvement of China. As he points out, US guarantees to Taiwan could result in a conflict in which America found itself at the receiving end of weapons or systems which utilise the Galileo system. The system could also be used to block its American counterpart.

He argues further that Britain, still close to America, might finally have to choose between its membership of the EU and its Atlanticist instincts and convictions; in such a situation it would be impossible for Britain to sit astride two systems without having to make an irrevocable choice. Galileo could therefore prove to be the Trojan horse that destroyed the Atlantic Alliance and whatever remains of the Special Relationship.

North's powerful case confirms his reputation as an independent-minded researcher and analyst of great acuity. If his paper has a fault it is perhaps that

he may have under-estimated the importance of the agreement between the US and the EU on cooperation in the development of the Galileo system. Plainly, the US would have preferred that it be abandoned, but in June this year it agreed to a deal which ensures compatibility between the two systems and determines how Galileo's frequencies will be structured.

The concern of the Pentagon had been that the proposed frequency structure would have prevented American commanders degrading information in the theatre of war to all but their own forces. The change in technical parameters will allow either side to effectively jam the other's signal in a small area, without shutting down the entire system.

Are such safeguards secure? Given the highly technical issues involved it is difficult to know. Conservative think-tanks in Washington remain suspicious. When I telephoned a highly experienced US analyst he reported that some official statements had been "laughingly short on detail" and when further information was published, it might well be that some aspects of the deal were classified.

Is it conceivable that a US administration that includes Dick Cheney, Donald Rumsfeld and Paul Wolfowitz would have signed up to an agreement which could cripple America at crucial moments of international tension or war? Regrettably, we cannot entirely dismiss that possibility or know what America's strategic calculations might be if such a situation loomed. What we can be sure about is that we owe Dr North a considerable debt for setting out the political implication of Britain's participation in the Galileo project and for describing the extraordinary dangers to which it might lead.

Why European policy should be driven by research - not rhetoric

By John Mills

It has always been a crucial weakness in the attitudes of successive governments, Conservative and Labour, that they have been unwilling to carry out any serious cost-benefit analysis on Britain's membership of the European Union. Bland assurances that the advantages of being part of the EU are so obvious that there is no point in trying to quantify them have been their stock response. The intellectual feebleness of this approach has been put to the test by a number of organisations which have put together well-researched and argued cases to determine where the balance of advantage and disadvantage really lies. Now Ian Milne has produced another report, drawing on all those done previously. The publication of "*A Cost Too Far?*" comes at a particularly opportune moment as renewed threats are mounted from Brussels to slice away the British annual £2.5bn rebate agreed at Fontainebleau in 1984 by Baroness Thatcher.

No Benefit

The picture presented by Ian Milne is indeed a sorry one. With relentless care, and a significant bias to under-rather than over-statement, he takes us through what he projects the costs of UK membership really are. His best estimate is that the annual recurrent cost on present terms is around 4 per cent of GDP per annum - £40bn every year. This total is made up, in round figures, of 2 per cent on Regulations, 1.5 per cent on the CAP and 0.5 per cent on the EU Budget. In his view, there is no clear quantifiable benefit from the Single Market and - interestingly and persuasively - no evidence that Inward Investment is affected to any significant extent one way or the other by British membership of either the EU or the Single Currency. Even on the most conservative basis, he argues that the cost of EU membership to Britain

A Cost Too Far?

An analysis of the net economic costs and benefits for the UK of EU membership

By Ian Milne

Civitas Paperback 82 pp
Available from *The June Press*
Price £8.50 + p&p (see back cover)
ISBN 1-9033863-7-3

cannot be less than 1.5 per cent of GDP, which comes to about £15bn a year.

Particularly interesting sections of "*A Cost Too Far?*" are those that deal both with the opportunity costs which Britain has had to pay in the past as a result of EU membership and the probable future trends in terms of costs and benefits. He contrasts the slow growth in the EU with the considerably better performance achieved not only round the Pacific Rim but also among the Anglo-Saxon style economies with which Britain has traditionally had the closest ties. While it is always impossible to be certain what might have happened if Britain had not been in the EU, the plain fact is that the average compound rate of economic growth over the last decade in the USA, Canada, Australia and New Zealand has been 3.47 per cent per annum compared to 2.86 per cent in the UK. Had Britain, free of EU constraints, grown as fast as these countries during the past decade, our GDP would by now be some £60bn a year higher than it actually is.

As regards the future, Ian Milne argues that it is unlikely that we will do any better than in the past as a result of EU membership. While Britain strongly supported enlargement, it is far from clear that we are going to be net beneficiaries as a result of a large number of relatively poor countries, heavily dependent on inefficient agriculture, becoming members. Economic management of the EU generally is unlike-

ly to improve and may well worsen if there are further moves towards tax harmonisation, "one size fits all" monetary and fiscal integration and additional rigidities introduced by the proposed Constitution. There are also dire demographic projections to be taken into account, with grave implications for the balance between the economically active and inactive sections of the population in many EU countries - though not in the UK to anything like the same extent. Whatever the formal position, the pensions crisis which is looming is unlikely to be contained just within those Member States which suffer most from it.

Tellingly, the conclusions reached in "*A Cost Too Far?*" are not that different from the other similar studies which preceded it, though this is hardly surprising as it is difficult to see how any radically varying conclusions could be drawn from any objective look at the evidence. And what would happen if Britain were to leave the EU? A careful review of the facts in Ian Milne's report shows that there would be little to lose and much to gain from an orderly withdrawal.

Changes in Ideas

As events unfold and history moves on, it will be changes in ideas and perceptions of advantage and disadvantage which will eventually sway the way Britain's relations with the rest of Europe develop. It ought to be careful research which drives the arguments which need to be aired, not the windy rhetoric of people who cannot risk the challenge of looking at awkward data. In Ian Milne's "*A Cost Too Far?*" we have a prime example of the kind of fact-based analysis which has done so much to give the eurosceptic case the intellectual coherence which it has achieved. We are all in his debt.

John Mills is Secretary of the Labour Euro-Safeguards Campaign.

The million pound MEP

The costs of sending a representative to the European Parliament and maintaining him or her there is more than two and half times the costs of a UK MP

The annual cost of an MEP is well over a million pounds, more than two and a half times the cost of sending an MP to Westminster and more than thirteen times as much as the cost of a

member of the British House of Lords. Details of the sky-high - *and rising* - cost of the European Parliament were given by Lord McIntosh of Haringey, Under Secretary of State, Department of

Culture, Media and Sport on 8th July in a written reply to a question from Viscount Tenby.

A breakdown of the costs of the EP together with details of the per capita costs per member are given below.

Euro millions European Parliament (1)	1999-2000	2000-01	2001-02	2002-03	2003-04
a) salaries, pensions, travelling allowances, secretarial expenses for Members	92.2	96.2	95.6	100.1	102.9
(b) salaries, allowances and pensions and other costs of supporting staff	353.9	370.3	390.5	400.0	437.9
(c) accommodation, including rent, operating costs and security	247.2	296.9	291.9	220.1	192.1
(d) all other administrative costs such as stationery, office equipment, publications, payment to parliamentary bodies and other relevant outgoings	224.3	209.4	227.8	257.0	353.7
(e) Own resources (2)	-55.3	-62.8	-69.4	-67.3	-66.3
Total	862.3	910.0	936.4	909.9	1,020.3
of which cost to UK (3)	115.8	143.4	89.8	118.9	128.4

Per Capita Cost per member £'000	1999-2000	2000-01	2001-02	2002-03	2003-04
European Parliament (4)	907	886	930	914	1,138
House of Commons(5)	389	390	385	407	409
House of Lords (6)	37	67	81	83	91

Notes

1) Figures for calendar years 1999, 2000, 2001 and 2003. Outturn figures for 1999, 2000, 2001 and 2002. Adopted budget for 2003.

(2) Includes deductions from remuneration, revenue accruing from administrative operations and miscellaneous revenue.

(3) Cost to UK is derived from the UK's financing share after abatement.

(4) Per capita cost based on 626 seats in the European Parliament.

(5) Per capita cost based on 659 Members.

(6) Per capita costs based on the number of Peers eligible to sit in the House of Lords at the beginning of each year. The number of Peers has reduced significantly since the House of Lords Act when 655 hereditary Peers ceased to be Members from November 1999.

The next issue of eurofacts will appear on September 10th 2004.

We wish our readers an enjoyable summer break.

Don't count on the EU to defeat terrorism

eurofacts challenged an international expert on terrorism to say whether the EU can protect us from the greatest current threat to our security

By Geoffrey Lee Williams

“One person's terrorist is another person's freedom fighter” is a maxim that is clearly erroneous because terrorism is a means and freedom is an end. There are few, if any, terrorist campaigns worldwide that have contributed to human freedom. They have invariably constricted or destroyed areas of human freedom and so the adage that one democracy's terrorist is another democracy's terrorist is more appropriate. But is it true in practice? Well, strictly speaking, no. When terrorists attack a democracy it can effectively be on its own. This was Britain's experience during the PIRA terrorist campaign, which lasted well over thirty years, killing over 3,000 people, and injuring around 30,000. Yet this terrorist campaign was never a major concern to even our closest allies until they themselves came under a similar attack. Irish-Americans have, for a generation, largely funded and, in considerable measure, supported the aims, if not always the means, of the PIRA.

Spain had a similar experience. Her near neighbour, France, failed to offer sustained help to the Spanish security forces until the French felt threatened by the territorial incursions of ETA's murderous activities. The Al-Qaeda bombings in March this year did however induce some belated cooperation from Spain's allies although it also led to Spain withdrawing its troops from Iraq in order to appease the very same terrorists. There is hardly a democracy that hasn't experienced the same seeming indifference from, and abandonment by, its allies once political terrorism escalates. Israel has the misfortune of not having any friendly democratic neighbours but rather being surrounded by states that openly condone and finance the unrestricted and deadly terrorist attacks of Hamas and Islamic Jihad etc. on her

citizens.

Collective wisdom has it that things have changed since the appalling events of 11th September 2001 when Al-Qaeda initiated its audacious attack on the world's remaining superpower, the United States of America. Democracies would stand together to face down the pernicious threat of trans-national terrorism in an unshakable alliance. This time things would surely be different given the declaration of war by Osama bin Laden on “Satan's US troops and the devil's supporters allying with them”. Now we would all be on the same side. Well, not quite yet. Neither the UN nor the EU have done much more than pass multiple unenforceable resolutions with Brussels, particularly, offering a new swathe of measures that are unlikely to be enforced.

Singular Failure

What lessons can we deduce from the singular failure of the principal international institutions to greatly enhance the security and unity of democratic countries since the events of 11th September 2001?

Several lessons seem obvious: when under attack from Al-Qaeda, it is better to rely on your own national response capabilities rather than rely solely on the efforts of your presumed allies. Unilateral action is inevitable but it should be augmented by cooperative action with reliable allies whom you can trust. Multilateral action, through the UN or the EU, should always be regarded as a lower priority than seeking the support of friendly powers. Actions speak louder than words.

Sadly there are few, if any, real Arab or Muslim allies around because Al-Qaeda's targeting of the west has excited Muslims worldwide into a frenzy of anti-Westernism which even the more moderate Arab governmental elites cannot, or will not, openly repudiate. Allies are of course a pre-

requisite of, but not a sufficient condition for, successfully pursuing a counterinsurgency campaign. The logic is that you have to act decisively against terrorists by breaking their operational cells at home and abroad. Obvious though this advice is the obsession with the primacy of multilateral action, through the UN or through pan-European solutions as a substitute for effective counter-terrorist measures, has inevitably inspired increasing terrorist successes that could ultimately lead to our strategic defeat.

We need a grand, but ad hoc, alliance of democratic allies in order to confront and defeat this new Islamicist menace in the 21st century. Fundamentally, success means converting the Islamic world to the norms of free and open dialogue. It must be understood that the individual nations of the West are confronted by the biggest threat to their security since Hitler's Germany or Stalin's Russia. The threat manifestly comes from both militant Islam and from rogue states possibly armed with weapons of mass destruction. The next phase of this conflict is swiftly unfolding and it is largely now an American war with equivocal support from its allies acting in a secondary role. This is unfortunate for all of us: democracies should stand together equally committed to an agreed strategy where possible since one democracy's terrorist should be another democracy's terrorist.

Can terrorism be defeated? Certainly it should be feasible over time to unravel Al-Qaeda's loose network on the basis of an anti-terrorist operation conducted worldwide. It appears that all previous insurgencies whether ideological, separatist, or nationalist have succeeded, if only for a time, by meeting four pre-requisites: by exploiting a unifying cause, by confronting a weak opponent, by seizing a strategic opportunity when

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BBC: European Cash Support

At the forefront of the EU's PR campaign is the funding of television programmes which present the EU in an attractive or positive light. The BBC's producer guidelines forbid the co-funding of programmes aimed at a general audience from any third party - which may have led some to suppose that the BBC has never been a beneficiary of the EU's largesse. But this is not the case, as a written answer from Lord McIntosh of Haringey, Parliamentary Under Secretary at the Department of Culture, Media and Sport in reply to a question from Lord Stoddart of Swindon makes clear (House of Lords Hansard, WA119 22nd June).

For the period 2000-2003 the BBC

received £375,828 to help fund "Community outreach work." For the period 2003-4 the BBC is expecting to receive between £130,000 to £139,000 for a pilot project which provides "specially versioned on-line resources at learning centres". In addition, the Corporation receives funding from the Commission's R&D framework programme; this amounted to £146,500 in 2004.

The BBC's World Service Trust, which is registered as a charity and which supports "media literacy, training and reconstruction", receives a steadily increasing flow of funds from the EU - rising from £137,000 in 1999-2000 to £1,167,000 in 2003-4.

The BBC does not borrow directly

from the EU, although as Lord MacIntosh's reply made clear, its commercial subsidiaries borrow from the European Investment Bank "for commercial purposes" - how much he did not say.

British membership is increasingly the subject of controversy. Probably around half the population believes that we should leave. Is it right that the BBC, which already stands accused of bias in its reporting of EU affairs - but which is committed by its Charter to maintain balance and impartiality - should accept a single euro from a supra-national organisation which makes no secret of its desire to use taxpayer's money to achieve favourable coverage of its affairs?

Just fancy that...

The USA, 3000 miles away, not an EU member, having to export to the EU over the latter's Common External Tariff, and not even having a Free Trade Agreement with the EU,

sells more to the EU than Britain does.

In 2002, US exports (goods, services, income) to EU-15 were \$340.6 billion, or £ 227.1 billion at the average £/\$ rate that year of 1.5; UK exports (goods, services, income) to EU-14

were £ 204 billion.

Source: US Balance of Payments 2002, www.bea.doc.gov; UK Balance of Payments: The Pink Book 2003, ONS, www.statistics.gov.uk

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Can the EU save us from terror?

the political environment was favourable, and by relying on outside support from state and non-state actors (for example, tacit support from rogue states and anti-Western elites). We need a comprehensive counter-terrorist strategy within a genuine coalition that is formed to combat the shared threat since palpably both the UN and the EU, for similar but separate reasons, are inherently deadlocked over what action to take. Meanwhile Al-Qaeda can only be checked by well-judged national action calculated to prevent or limit the damage done to our civil population. We also need a proper mixture of strategic defence and offensive action to ward off threats. The insurgents'

attempts to appeal to the Muslim diaspora of some 15 - 17 million in Europe, with 2 million in Britain, constitutes our Achilles' heel although this is not to suggest that all Muslims are potential terrorists. We need to win them over to our side through integration not ill-fated experiments in multi-culturalism.

We need more effective intergovernmental action and far less emphasis on grand initiatives designed to justify federalist or global solutions which have progressively undermined our capacity to conduct an effective counter-terrorist strategy. We need to recognise that Islamic fundamentalism is a pathological reaction to the spread of modernity and to the spread of

liberal democratic values. Like the struggle against fascism and communism this is a battle we cannot afford to lose. Are we winning or losing the war on trans-national terrorism? The jury is still out. But it is a war we can win by reinventing a proper sense of realism. We are at war, not in the traditional sense but in an asymmetric struggle to defend our values and unique way of life. A war of necessity not of our choice.

Dr. Geoffrey Lee Williams is Director of the Institute of Economic and Political Studies in Cambridge. His most recent book on NATO and the Transatlantic Alliance in the 21st Century was published in 2001.

Free trade agreements are the future of world trade

If Britain withdrew from the EU, far from being isolated, it would enjoy the same status as many other countries

By Ian Milne

British europhiles customarily disparage the idea that the UK could profitably swap the EU Customs Union/Single Market for, say, NAFTA, the North American Free Trade Agreement. On the Continent, especially in France, the phrase “free trade”, and by extension “free trade zone”, is regarded with contempt, whether you’re on the left or right of the spectrum.

However, when Lord Pearson of Rannoch asked HM Government which non-EU countries the EU had Free Trade Agreements (FTAs) with, and which non-EU countries it was negotiating FTAs with, the answer, delivered by Baroness Symons on 5th July*, was unexpectedly long, filling almost a whole page in Hansard as she reeled off lists of countries from Albania to Zambia.

It turns out that EU countries trade now with 22 non-EU countries via FTAs, and are currently negotiating FTAs with another 69. That makes 91 in total - just about half of all the countries in the world. So if, on withdrawal, the UK decided it would be in its interests to have an FTA with the EU, far from being “isolated”, it would be in the same situation as literally dozens of other countries.

The EU’s not the only RTA - Regional Trade Association - to be enthusiastically negotiating FTAs around the globe. EFTA, the European Free Trade Association, of which the UK was a founder-member but which it had to withdraw from when it joined the “Common Market” (with

disastrous results) in 1973, is also at it. EFTA, whose current members are Norway, Switzerland, Iceland and Lichtenstein, and which is far wealthier than almost all EU countries, has 13 FTAs in force at present and is negotiating FTAs with another 9. It has also announced its intention to enter into FTAs with a further 26 countries (including the USA, Japan, China and Russia), making a total, if they all come off, of 48.

Building on Success

Meanwhile, the USA, building on the success of NAFTA (Canada, the US and Mexico), has signed 15 FTAs and is negotiating or has announced its intention to negotiate FTAs with another 11 countries, making 26 in total. By 2005 it plans to complete negotiations on the Free Trade Area of the Americas (FTAA), creating a 34-country free trade zone of 800 million people stretching from Alaska to Tierra del Fuego.

In addition, the US-Middle East Trade Initiative announced a few months ago by President Bush will involve setting up bilateral FTAs with each Middle Eastern country, the aim being to consolidate them all into a multilateral agreement by 2013.

Both FTAs (where each participant keeps control of its own trade policy) and customs unions (where each participant abandons control of its own trade policy, adopts a common external tariff and accepts whatever trade policy the customs union decides) have to be

notified to the World Trade Organisation (WTO), which monitors them for non-discrimination against third parties and other unfair practices. Of the 243 RTAs in force in March 2002, reports the WTO, 175 were FTAs (72 per cent of the total); only 22 were customs unions (9 per cent of the total). The remainder were categorised as “partial scope” agreements.

Apart from the EU, most customs unions involve poor developing countries in Africa, the countries that were formerly part of the Soviet Union, a few developing South American countries and the Gulf statelets. Outside Europe, no major-league industrial trading nation - not the USA, not Japan, not South Korea, not Singapore, not China, not Australia, not Chile - has chosen to conduct its trade via customs unions.

If the EU model of conducting trade - via a tightly-regulated customs union with a Commission, Parliament, Court of Justice, *acquis communautaire* etc etc - is so marvellous, why have no other advanced countries sought to emulate it? One explanation is that, having seen the EU model in action in succeeding WTO negotiating “rounds” (the latest one being the failed session in Cancun), with all its shenanigans and poor economic performance, they’ve simply concluded “Thanks, but no thanks”. Who can blame them?

**Hansard, House of Lords, 5th July 2004, Cols WA 63-65, HL 3440 & HL 3441*

It is a Federation - Chirac

*...It's a Europe of States, a federation of States...*Jacques Chirac, President of France, speaking at a press conference following the agreement on a Constitution for Europe, Brussels, 18th June 2004 .

*..Finally, this European Union, a federation of nation-states...*Jacques Chirac, President of France, statement on the agreement on a Constitution for Europe, Paris, 19th June 2004.

LETTERS

Tel: 01548 821402 Fax: 01548 821574 email: eurofacts@junepress.com

Only One Way to Fight Back

Dear Sir,

One could hardly agree more with Dr . Cooper (letters, 9th July) save that we British face two tests of our love of country rather than one.

Referendum, yes, we must win it convincingly. But that will be preceded by the general election, now called regime change. Conservatives and United Kingdom Independence Party, we have to join forces to oust the Blair government.

That is why I believe it would be crazy for UKIP to field candidates against Conservatives in the 170 designated "re-winnables". Official Tory policy may not go as far as many would prefer, but it is moving that way and it is better than five more years of Blairism. Only the Tories have a chance of toppling this awful man and starting the clawback of sovereignty.

FREDERICK FORSYTH
Hertfordshire

Withdrawal Now!

Dear Sir,

Siren voices such as those of Dominic Cummings and James Frayne (9th July) urging the UK to stay trapped inside the EU are firmly to be resisted. Of course, if we ever have a referendum on the EU Constitution Treaty we must campaign on the issue of yes or no to the treaty and maximise the vote, but that will only be for the referendum.

I do not accept the poll numbers put forward. In my view a narrow majority now exists for immediate UK withdrawal - and that is on the basis of fraudulent trade figures which overstate the limited economic importance of UK/EU trade. Once the case is made that the EU needs us more than we need them and our economy will be massively boosted by withdrawal then the numbers in favour

will increase still further.

Once out of the EU we would be able to negotiate free trade deals with allies who really matter, such as the US and Commonwealth. We would be able to apply the vast sums wasted on the EU to a step increase in defence spending. Growth and public revenues will surge as the stifling constraints of EU regulation are thrown off and we regain our place in the world.

We would be able to play a serious role in the War on Terror, not possible from within the EU, the world's greatest sponsor of terrorism - the Axis of Evil starts in Brussels. Crime would come down as ECHR constraints (e.g. on the death penalty) were lifted and we could finally track down on narcotics and weapon traffickers, many with shadowy links to EU intelligence agencies.

Constitutional, strategic, economic and political imperatives, taken together with considerations of hemispheric security, demand the immediate and unilateral withdrawal of the United Kingdom from the European Union.

MICHAEL SHRIMPTON
Buckinghamshire

Damned Lies and Statistics!

Dear Sir,

Not only has *The Independent* "shot itself in the foot" (*eurofacts*, 9th July). By exulting that the mere 2.4 per cent of the EU's economy that involves Britain must be less important to the EU than the 9 per cent of Britain's economy involving the EU is to us, it fell for a Government Eurofraud based on a trick with percentages.

Schoolboys are careful of combining percentages because they represent ratios not quantities. In reality, the two percentages contrasted in *The Independent* are not comparable because each is a proportion of a different total.

To compare like with like: if 2.4 per cent of the total of all the other

members of the EU '15' involves Britain, then (on average) so must 2.4 per cent of every individual EU economy: **but only one 14th** of 9 per cent of Britain's will involve each European country.

So - as every EU-realist knows - this trade is worth more to them than it is to us, without even counting all our payments and concessions to the European Union.

ANTHONY HOYLE
Buckinghamshire

Impossible Dream

Dear Sir,

For many years Conservative Members of the European Parliament have been in a somewhat uncomfortable alliance with the European Peoples Party, causing eurosceptic critics to ask why they should share an arrangement with zealous europhiles committed to an EU constitution, an EU army and police force and a pan-European Income Tax. UKIP has gained mileage by excoriating the Conservative Party for allying with the EPP.

In his *Sunday Telegraph* column, Conservative MEP Daniel Hannan reports the welcome news that since the enlargement of the EU and the emergence of several fresh eurosceptic nations a new alliance has been formed (*see page 1*).

Michael Howard has said that if federally minded states wish to press on with political union the European Democrats group would stand aside but remain linked to the EU through the Free Market.

We live in interesting times and it is now inconceivable that all 25 EU nation states will be moulded into the United States of Europe that the elite grandees had in mind for so many years.

DAVID OWEN
Devon

LETTERS

Tel: 01548 821402 Fax: 01548 821574 email: eurofacts@junepress.com

Europe's 'useful idiots'

Dear Sir,

In your 25th June issue, you ask whether the British really loathe Europe and cite the *Guardian's* attempt to explain the rise in euroscepticism by pointing to "the dislike of abroad and contempt for foreigners". This is a smear which is likely to be used ad nauseam by the liberal establishment in the run-up to the next election and the referendum on the European constitution. In resorting to it, the *Guardian* is guilty of encouraging the very fault it often purports to castigate - prejudice. It is disingenuous of its writers to behave as if there were no distinction to be made between a dislike of foreigners, where this exists, and a widespread refusal of decent British people to accept the growing hegemony of an overweening, Brussels-based elite.

As a British subject who studied at two Spanish universities, later managed an organisation with French staff in France for five years and had friendly links with colleagues all over Europe throughout an entire career, I can claim fairly to have credentials as a europhile. At the same time I am opposed to the ever intrusive, political dictatorship which the EU has become. So is my French wife. Like or dislike of foreigners is utterly irrelevant. We have a network of friends, multilingual and thoroughly cosmopolitan, who share our view.

The essence of eurosceptic thinking is this: Britain must never allow itself to become a mere province to be pushed around at will by a largely unaccountable institution beyond its shores. Nor should this country tolerate decisions which are against the wishes of its people just because such decisions satisfy the majority vote of countries whose interests differ from Britain's. (This will often be the case in

some crucial areas, notably because of Britain's more global outlook). Qualified majority voting is dangerously on the increase and will become mandatory for everything in time, with further turns of the ratchet, unless we block the process for good or opt out of the EU altogether. On past form, British politicians who say otherwise are not to be trusted.

By the way, one is sometimes amused by those of the EU's ardent British supporters who regard themselves as European sophisticates on the strength, for example, of a modest understanding of menu French or a predilection for villa holidays in Provence or Tuscany. To borrow from Lenin, they are the EU's useful idiots. One has noticed that they tend to be readers of the *Guardian*.

DAVID JEFFRIES
Surrey

The Meaning of the Text

Dear Sir,

Maurice Blackburn's letter (9th July) raises some interesting points, although he did not quote his exact text for the EU Constitution. The flood of recent revisions has produced many uncertainties, but I hope that I can allay some of the fears. My text is 'CIG86/04', which consolidates the changes agreed on 18th June.

Articles IV.8 and IV.7.3 make it clear that both the ratification of the Constitutional Treaty and - heaven forbid - any successor Treaties must be unanimous. This is confirmed on the official 'Future of the EU' website ("Futurum").

Article IV.7.4 requires the European Council (government leaders) to discuss any problems in agreeing revisions to the Constitution. This is conditional on four-fifths of the EU members having agreed them, and at least one member state experiencing

difficulties.

I cannot fully support his assertion that if the United Kingdom fails to ratify the Constitution it will have "no treaty to belong to" and thus be free of the EU. By default we would remain under the Treaty of Nice, just as everyone remained under the Treaty of Amsterdam after the Irish rejected 'Nice' in 2001.

The 1969 Vienna Convention on the law of Treaties suggests some interesting possibilities. First, should there be consistent failure to ratify the Constitution, a sub-group of countries could agree their own Treaty for further integration. This would be complex to work to, though, as dealings involving any other EU members would be under current Treaty rules.

Secondly, although our EU Treaties to date have lacked termination clauses, there are several possible grounds for termination. If the UK (and others) consistently rejected further integration, the integrationists could in theory claim a breach in terms of Treaty objectives. Although we could find ourselves outside the EU, existing working arrangements would apparently continue by default. And a sovereign Parliament could reassert national control over agriculture, fisheries, etc.

BRIAN MOONEY
London

Failure of Logic

Dear Sir,

Mr Maurice Blackburn shows a failure of logic! The Treaty for a Constitution may have a clause about ratification but by definition that treaty and that clause is not operative until the Treaty is ratified. Until then existing treaties remain in force. So his argument is invalid.

CHRISTINA SPEIGHT
London

MEETINGS

The Anti-Common Market League
01787-376374

Friday **30th July 2004**, 7.15 pm

“The EU Constitution - An infamous document?”

Ashley Mote MEP, Author

PUBLIC MEETING

The Lecture Room, Rudolf Steiner House, 35 Park Road, London NW1 (nearest tube station, Baker Street)
Admission Free

Gresham College
020-7831 0575

Tuesday **21st Sept. 2004**, 6.00 pm

“Our old Constitution”

What is a constitution and why is it frequently said that we do not have one? Why are constitutions important? Have we benefited from our ‘unwritten’ constitution? How has it affected our system of government?

Professor Vernon Bogdanor FBA CBE, Gresham Professor of Law

PUBLIC MEETING

Barnard’s Inn Hall, Holburn, London
Admission Free

CONSERVATIVE PARTY FRINGE MEETINGS

The Bruges Group
020-7287 4414

Monday **4th October 2004**
12 noon - 1.30 pm

Rt. Hon Lord Lamont of Lerwick, Chancellor of the Exchequer 1990 - 1993

John O’Sullivan, Former Special Adviser to Prime Minister Thatcher and Editorial Consultant to Hollinger International, Associate Editor of The Times and Assistant Editor of The Daily Telegraph. He is Founder and Co-Chairman of the New Atlantic Initiative.

The Terrace Ballroom, The Marsham Court Hotel, Russell-Cotes Road, East Cliff, Bournemouth
Admission Free

Save Britain’s Fish
01224-313473

Tuesday **5th October 2004** 11.00 am

**John Ashworth, Save Britain’s Fish
Owen Patterson MP**

The Cliffside Hotel, East Overcliffe Drive, Bournemouth
Admission Free (Fish and chip lunch)

The Freedom Association
01746-861267

Tuesday **5th October 2004** 12 noon

“Education - for the business of life or the life of business?”

**Ruth Lea, Centre for Policy Studies
Rt. Hon Dame Angela Rumbold CBE**

The Royal Suite, Bournemouth Hilton, Westover Road, Bournemouth (opposite side of the Lower Central Gardens to Conference Centre)
Admission Free

The Freedom Association
01746-861267

Wednesday **6th Oct. 2004** 10.30 am

“A Reality Check”

Roger Helmer MP

Wednesday **6th October 2004** 12 noon

“Putting a stop to Political Correctness”
**John Midgley, Co-Founder of the Campaign Against Political Correctness
The Rt. Hon Ann Widdecombe MP**

The Royal Suite, Bournemouth Hilton, Westover Road, Bournemouth
Admission Free

SELECT COMMITTEES

House of Lords
020-7219 3000

Tuesday **7th September**, 10.35 am
Evidence may be heard on *The Future Financing of the European Union* from witnesses to be announced.

Note: Committee Meetings can change from Public to Private without warning

DIARY OF EVENTS

2004

UK **7th September**
Parliamentary Restart

Lib-Democrats **19-23rd September**
Party Conference
Bournemouth

Labour Party **26-30th September**
Conference
Brighton

UK Independence Party **2-3rd October**
Conference
Bristol

Conservative Party **4-7th October**
Conference
Bournemouth

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Germany's Fourth Reichs
by Harry Beckhough. **£5.00**

Idiosyncratic history of Germany by an Englishman, (El Alamein, Burma, Bletchley - codebreaker), who knew Adenauer well.

What if we say No to the EU Constitution?
by Lord Blackwell. **£5.00**

Britain can and should settle an arrangement with the EU that preserves its political, economic and constitutional independence.

The Great Deception: The Secret History of the European Union
by Christopher Booker & Richard North. **£20.00**

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