A tale of two press briefings

Anthony Scholefield spots the EU eating its own tail over the eurozone bail-out

The relationship between the EU and the IMF has become so financially misleading that a large amount of the money, which the IMF is alleged to be contributing to the eurozone bail-outs, would, in fact, come from the EU itself.

Investigation of the implications of the two press conferences and briefings of 10th May 2010, at which the EU and the IMF gave opposite interpretations of the existence of the alleged $250 billion bail-out by the IMF to the eurozone, reveals the shaky basis of the alleged IMF loan to the EU.

A study of the IMF accounts at 28th February 2010 shows the IMF had an undrawn lending capacity of about $100 billion (before considering the $500 billion special borrowings promised by the G20 to the IMF in April 2009 and afterwards – some $135 billion had been received by February 2010 in special borrowings by the IMF, principally from Japan). The exact total of the one-year forward commitment capacity (the IMF's own measure of its lending capability) at that date was $238.6 billion, inclusive of the $135 billion from Japan, etc.

The IMF states on 10th May 2010, in *Bolstering the IMF's Lending Capacity*, that "The Group of Twenty agreed... to triple the Fund's lending capacity to $750 billion... The IMF went on to list the countries that have pledged to help boost the Fund's lending capacity."

In fact, the biggest pledge in the list by far, at $178 billion, comes from the EU itself.

So, the $250 billion alleged bail-out to the eurozone would be funded, up to 35 per cent, by the EU. Further, the IMF's list of pledges by individual EU countries, including the UK, do not add up to even 50 per cent of the $178 billion listed by the IMF as the European Union total pledge.

The IMF and EU are seriously misleading the world in this statement.

The IMF position on the alleged $250 billion bail-out can be summarised as follows: *"We're not committing that we're going to give X euros to, or SDRs worth, to this process."* – John Lipsky of the IMF on 10th May 2010.

Once the eurozone members and the markets realise these facts, it is reasonable to question whether eurozone's own special purpose vehicle bail-out of €440 billion will ever materialise.

● *From the press release issued by the Council of the European Union, Economic and Financial Affairs, on 9th-10th May:*

"In addition, euro area Member states stand ready to complement such reserves through a Special Purpose Vehicle that is guaranteed on a pro-rata basis by participating Member states in a co-ordinated manner and that will expire after three years, respecting their national constitutional requirements, up to a volume of €440 billion. The IMF will participate in financing arrangements and **is expected to provide at least half as much as the EU contribution through its usual facilities in line with the recent programmes.**"

● *Press Briefing by John Lipsky, First Deputy Managing Director of the IMF, at the IMF, Washington, 10th May:*

QUESTION - "But it doesn't mean that you are setting aside €250 billion in case the Europeans would come to you?"

MR LIPSKY - "No."

QUESTION - "Can I just ask you, who came up with the 250? Was it the European [*inaudible*] or was it the IMF?"

MR LIPSKY - "Well, remember, we've never said 250, per se, like that. Right?"

MR LIPSKY (later) - "We haven't made any blanket commitment to provide X. It was simply... again... this is rather... I'm not trying to say it's wrong. It's a hypothetical or theoretical number that would say, if the mechanism was fully utilised and we can... and that we apportion funds or provide support in a proportion that we described, that it would imply a total. **But this is not a matter of... we pledged x.**"

Bottom Line: There is no IMF pledge of any amount (but, of course, it may come up with some financing as laid out by Mr. Lipsky).

Anthony Scholefield is the Director of Futurus, a think tank specialising in EU and immigration matters and is also a member of the Global Vision Academic Council. His latest booklet, published by the Social Affairs Unit in 2008, is Warning: Immigration Can Seriously Damage Your Wealth £6.00 each. (Available from the June Press, see rear page).

Court could impose tobacco ban on member states

A Belgian judge and anti-smoking campaigner is using the Lisbon Treaty in an attempt to force a ban on the sale of tobacco products throughout the EU.

Baudouin Hubaux, a judge in Naumur, has lodged cases with the EU court in Luxembourg seeking a judgement banning tobacco sales and the collection of excise duty on tobacco products in Belgium.

If such a prohibition were to be imposed, the court could in theory insist on an EU-wide ban because the Lisbon Treaty confirms that it has primacy over laws in all member states.

Judge Hubaux is claiming that tobacco sales may contravene not only the Lisbon Treaty, the Charter of Fundamental Rights and the United Nations Convention on the Rights of the Child. Meanwhile, the tobacco industry adds €67 billion a year to the economy of the European Union.

Source: La Dernière Heure, Belgium, 3rd June 2010.