

This thesis deals with the problem of British attitude towards European integration. The relationship between the United Kingdom and the European Union is described via the existence of a phenomenon of British European budget rebate. The budget rebate is a British reduction in price of the cost of contribution annually sent to the common European Union's budget. It was won by the Prime Minister Margaret Thatcher in Fontainebleau Summit in 1984. The main reason for giving Great Britain this privilege was the fact that the UK was one of the biggest net contributor to the budget. On the other hand, the UK received too little from the budget because it had only a small agricultural sector. The European budget was aimed primarily for subsidising the European farmers.

The UK's annual VAT-based contribution to the European budget is reduced according to a formula first set out in the Fontainebleau Agreement. This reduction is equal to 66 % of the difference between what the UK pay for the EC budget and the receipts, which the UK gets back. But, the rebate applies only as for spending within the EU and the British contribution is calculated as if the budget were financed only by VAT.

The European Commission is responsible for determining and calculating the amount of the UK's abatement. It is generally calculated on the basis of a forecast of contributions to the budget and of receipts from it. This amount is then corrected by other figures.

The purpose of the rebate is to reduce the amount of the UK's VAT-based and GNI-based payments to the EU budget. But, it is naturally a source of disputes among the member states of the European Union. Other states do not have such privilege, only the biggest net contributors – Germany, Netherlands, Austria and Sweden have their contributions to the British rebate reduced by 75 %. Member states want the UK to pay its fair share of the contribution. But Britain opposes. The UK would pay more to the budget only if the reform of Common Agricultural Policy was adopted.

Nowadays, Britain is one of the wealthiest member states of the EU and does not need this privilege of contribution rebate. But the UK still insists on having this advantage. Blair only would change the rebate if the spending on CAP is lowered.

The main proposition of this thesis is that the UK does not need the rebate on economic purpose. Britain defends the abatement only for diplomatic needs. Blair can exchange the rebate for some appeasement in politics that he prefers.

The thesis offers the opinion of British political parties, politicians, Members of Parliament, prime ministers, European politicians, European Commission and Members of European Parliament on the rebate problem. The first chapter deals with Margaret Thatcher and her attitude towards Europe. It shows the history of the problem. Second chapter explains the approach of European Union as a whole to the rebate problem and it quotes the European documents that deal with the problem of British budget rebate. That chapter should explain the formal aspects of the rebate existence. Third chapter deals with the Labour Party and Blair's attitude towards Europe. The main part of that chapter analysis the period of British presidency in the EU in 2005. It explains the aspects of adopting the Financial Perspective 2007-2013 and the rebate problem which was often discussed during that time. Fourth chapter analysis the answers of European politicians to the questions that were sent to them via e-mail correspondence. The conclusion includes the acknowledgement of the opening proposition.