

# A managed WTO Brexit

Jeremy Hunt has said on behalf of the government that we can handle a WTO exit next March. The whole government needs to spend the next three months preparing well, sorting out the remaining issues quickly. It needs to provide an upbeat commentary about all the things it has done to ensure a smooth transition when we leave. The government assures us it has been preparing for 2.5 years so far, and must by now have done most of the work. We know that the ports will operate well and that the planes will fly.

Still the lies flow from those who want to reverse the decision of the referendum on the media. They are now arguing all over again that we will not be able to export food once we leave the EU. If the EU does impose high tariffs on UK food exports – one of the few areas they could do so as there are some high tariffs on non EU food at the moment – the UK will clearly switch some production from export to the EU to domestic consumption. Our own market would be better protected from EU imports by our also imposing similar tariffs. We should at the same time lower the average tariff we impose on food to encourage non EU countries to buy more of our food by encouraging mutual reduction of tariff barriers and to make imported food from the non EU which we cannot produce for ourselves cheaper. The scare stories usually fail to understand two crucial things. We will decide how high a tariff if any to place on imports. The EU cannot impose a higher tariff on our exports to them than it imposes on any other WTO country. The EU currently has low average tariffs of around 3%, with no tariffs at all on half the trade. The pound has fallen by more than 3% against the Euro so overall there is no loss of competitiveness if they do impose some tariffs.

The government is over reacting to stories of friction at our borders once we leave. It is busy encouraging stockpiles of medicines for no good reason. It has confirmed there are no continental companies cancelling contracts to supply after March 29. There are no UK plans to delay the drugs for longer at the ports. Were there to be any extra delays then the supplying companies would just have to send them a bit earlier, as they have to today if there are strikes or crashes affecting continental roads. There is plenty of container capacity should there be Ro Ro problems, but Calais is busy fitting out its port to handle customs to ensure it keeps the business after we leave.

The so called non tariff barriers to trade include VAT, Excise and company tax. These frictions we already handle at our borders with the rest of the EU as we have different rates and incidence of these taxes. They include inspections of food and goods quality and safety. Most of these checks are done away from the border. The exporting company tests the product at the factory and supplies the test details on the electronic record of the consignment. The importing company may check again on delivery. Customs and national safety authorities can spot check consignments to ensure it is as recorded, usually on suspicion from investigation or tip off. None of this need cause new extra delays at ports. If we can handle the complexities of VAT and Excise today why is a tariff tax more difficult?

What is so depressing is how remorselessly negative the media and many of their chosen interviewees are. It as if we were never able today to import or export anything outside the EU, and as if governments were incapable of finding an easy way of lifting more money off companies in the form of extra customs dues if we leave and some tariffs are imposed. There are strict limits to how much power the EU has over trading companies, and there are international and EU Treaty obligations on the EU itself to promote and encourage a good trade with non EU neighbouring states. Some Remain supporters seem to think that the EU is evil in intent and will be a lawbreaker just to be difficult.