

Ukraine and the great powers

Like most westerners I blame Russia for the murderous assault on Ukraine and for the violent siege tactics now being deployed to try to wrestle territory away from those who live there who wish to remain self governing. Russia's troops have been killing civilians in frustration at not being able to occupy and overwhelm as easily as they expected. Proof of this will be used as evidence of war crimes. We are all appalled at some of the scenes we are now being shown.

Like most westerners I would like to see an early truce and a negotiated settlement. I understand how difficult this will prove as the two sides have such a different view of the rights and wrongs of the situation, and neither side has yet been able to achieve enough by force of arms to enforce their settlement on the other. Ukraine has fought bravely but cannot rid themselves of Russian troops and artillery on their land. Russia has failed to capture any of the major cities on its list and has shown it lacks the ability and force to maintain control over areas it has thought it had conquered.

As peace talks continue the aims of the two sides remain incompatible with each other. Ukraine wishes all Russian troops to withdraw, to be followed by discussion of the government of those parts of Ukraine which Russia has occupied and a referendum on a possible new constitutional settlement. Russia is holding out for Crimea to become part of Russia, and for new governing arrangements for a swathe of territory from the Russian border to Crimea that would give it control or substantial influence. That is why the fighting is likely to continue.

There seems to be a bit more flexibility over the ability of Ukraine to choose its own allies and international policy. It seems unlikely NATO will offer membership to Ukraine any time soon, having notably refused to come to Ukraine's assistance with any NATO forces. Russia's aim of excluding Ukraine from NATO might in practice occur. The issue of EU membership also hangs over the conflict. The EU intervened in Ukraine to help topple the elected Ukrainian President in 2014 when he wished to walk away from the draft EU/Ukraine Association Agreement and be closer to Russia. This was the background to Russia's annexation of Crimea and civil war in Donbas. Today Ukraine has applied for formal membership and the EU needs to respond. The EU says it sees Ukraine as part of Europe and talks of Ukraine's European destiny in terms that implies in due course it does want Ukraine as a member state. This is a complication for a Russia which dislikes the expansion of the EU as well as of NATO close to its borders.

Out and about on the doorsteps

My recent sessions on the doorsteps have been of particular interest. Despite the saturation coverage of the tragic war in Ukraine no-one has raised any Ukraine related issue with me in recent visits to Earley, Shinfield, Wokingham and Winnersh. There have been some issues raised about the Spring Statement and what more the government could do to tackle the cost of living crisis. There have been no questions or suggestions about covid despite the large numbers of cases currently being reported. The occasional person has explained from a distance they are infectious and do not wish to pass it on.

Most of the conversations have been about local issues, often related to levels of development, traffic congestion, road closures and other Council matters. Emails and letters have broadly reflected the same pattern, with just three writing in on Ukrainian issues and many more on cost of living and energy matters.

Nuclear, wind and gas – the energy question

I read that the government is debating amongst itself how much additional commitment to make to new nuclear and new wind energy as it responds to the current energy crisis. As one of the few that has been advising successive governments over the last ten years of the pending energy shortage and the need for more national self sufficiency I am glad they are now actively discussing these matters. It is quite clear today we import too much and have too little spare margin to keep the lights on and the wheels of industry turning.

I have no objections to government making a substantial commitment to new nuclear . It could well make a good contribution to our needs in fifteen years time. It needs to do so understanding three crucial matters.

1. Whatever it now does nuclear will represent a considerably smaller part of our electricity output in 2030 than today because all but one of the existing stations are scheduled to close, with only one new plant coming on stream. Nuclear agreed in principle today will not be producing any power this decade.
2. To bring off this nuclear growth the UK will need to rebuild our nuclear industry and secure good intellectual property under our control. We should not want to have the Chinese or others controlling the IP and capable of using it as leverage over us.
3. The state will need to be involved in financing. A way would need to be found to ensure some competitive discipline and genuine risk for the

private sector partners to avoid the taxpayer ending up with plants that are much delayed and massively over budget bankrolled by the taxpayer.

I have no objections to the government encouraging more offshore wind farms. I would accept more onshore windfarms as long as landowners and Planning authorities had a veto over locations, and and could share in the revenues as compensation. The government needs to understand that whilst windfarms could be put in much more quickly than nuclear, they too will not solve our current energy shortage without tackling three problems they pose.

1. On Monday wind energy supplied just 1% of our electricity. On Saturday writing this wind was only supplying 5% of our electricity. If you are going to rely on more wind there has to be breakthroughs in storage technology to allow you to harvest the wind power when it is not needed and supply it when the wind is not blowing.
2. If you press ahead with more wind energy you need to understand that will still leave us short of total energy, as renewable electricity only accounts for around 5% of our total energy. Most energy is still needed as gas to heat our homes and fuel industry, and as petrol and diesel to fuel our trucks and cars. We cannot rely on more renewable electricity all the time most of our transport, heating and industrial energy is not electrified. It will take time for the electrical revolution to convert every home, factory and vehicle to allow electricity to take more of the strain away from directly used fossil fuels.
3. If you encourage more renewable power you need to allow more back up power generation for the times when the wind does not blow. All of this entails more cost.

Balance of trade affected by change of accounting

The January trade figures were disappointing, showing a marked fall in exports to the EU which has caused some concerns by those who did not study the figures. The ONS has decided to change the basis for compiling the import and export figures, and by its own admission there was a one off hit to reported exports to the EU by delaying the dates of record.

During the first year after leaving the EU customs union both exports and imports were higher for non EU than EU. In the first half of 2021 we had a welcome balance in total trade, with a strong services surplus offsetting the usual large goods and food deficit. EU trade continued to be in deficit and the rest of the world in surplus. In the second half the trade deficit we were used to in the EU returned, with a total deficit of £24 bn for the six months. The top five imports are vehicles, medicines, gas, non ferrous metals and oil.

The strains on the balance of payments will increase this year given the high oil and gas prices. It underwrites the need to extract more of our own oil and gas. The government has said it has now shifted policy on this and I look forward to the executive decisions being taken to make this a reality. The UK offsets a substantial part of the vehicles deficit by strong exports of UK made vehicles mainly to non EU markets. It will be important to invest in and retain a strong car industry as EVs become more common. It should be a welcome challenge to the UK motor sector to seek to make and sell attractive products to home consumers that can substitute for the high volumes of EU vehicles still coming in.

The balance of payments was still sandbagged in the last quarter of 2021 by a large £5.8bn payment to the EU. One of the big balance of payments wins from Brexit will be the ending of these payments. It is a pity the UK offered such an attractive deal to the EU on payments after exit, as this has slowed down getting the benefits.

Cost of living

Dear Constituent

This month the price of gas and electricity will shoot up, following a period of price control. I have been arguing that the government does more to help offset the impact of these higher bills on living standards.

I was pleased the government did offer a reduction of Council tax to many. It adopted the advice I and others offered to make a cut in fuel duty and to remove VAT from green products that can help cut energy use and bills. It has sought to delay some of the rise in bills. In the Spring Statement it raised the threshold for National Insurance, abating some of the impact of the National Insurance rise the government is imposing.

I do not think this is sufficient offset so I am pressing for more action. I wanted to see the cancellation of the National Insurance rise and the removal of VAT on domestic fuel.

I am also pressing for changes to energy policy to increase the supply of domestic energy to ease some of the shortages. I am hoping some of my proposals will be included in the Energy statement we are expecting soon from the government.

I am very worried about the cost of living pressures and will continue to press for more action to ease the impact. Government needs to bend all its powers to controlling the inflation, cushioning the impact and increasing supply where there are shortages. Pensions and benefits will need further review as prices rise, and the tax burden needs to be reduced.

Yours sincerely

John Redwood