The EU Summit December 2020

The main conclusion to come out of the Summit was the new target of 55% carbon dioxide reduction compared to 1990 levels by 2030. This was reached despite opposition from Poland, seeking to defend its coal industry.

This is tough target for the EU, as the EU remains more dependent on coal for direct and for electrical power than the UK, and cruelly dependent on imported Russian gas. Germany also has a much bigger reliance on carbon fuel related engineered products than the UK, and these are now more at risk. The reliance on Russian gas is a strategic vulnerability as well as a carbon infringement of their green aspirations. I will be looking again at what the new range of carbon reduction targets will mean for western economies and societies in future posts. What is clear from the EU's attempted rapprochement with Joe Biden's USA is they plan a strong green tie across the Atlantic. The EU has a long way to go to get to its new targets, and has various interests unhappy about the direction.

The top down green revolution will now be pressed heavily from both the USA and the EU, assuming the US courts do not change their mind about the Presidential election. Everything the EU says and does is driven by the overriding priority of cutting emissions, and their whole offer to the member states is they will lead Build Back better as top down green growth. They will be looking at a carbon border tax, beefed up emissions trading taxes and a raft of regulations, taxes and subsidies to tilt the playing field in various sectors towards the green alternative.

The Summit also considered the developing conflict between the EU and Turkey. The EU complained about the aggressive language of Mr Erdogan particularly about President Macron. The EU seeks to restrain Turkish offshore drilling in the Eastern Mediterranean and use of warships to protect their activities. Meanwhile Turkey has a lever over the EU, as Turkey is housing 3.6 million Syrian refugees, with financial help from the EU who would prefer the people to stay in Turkey.

Remain economic forecasts left in shreds

The Treasury and other pro Remain economic institutions told us before the vote that if we voted to leave the following would happen. There would be a big loss of jobs. House prices would tumble. There would be a large loss of output. The pound would fall. This would happen as a result of the vote – they did not say it would only happen after we had left. When their forecasts proved to be wildly wrong., they then shifted their ground and said some of

these same effects on a smaller scale would happen after we have left.

So what did happen and what will happen next year?

Employment surged from 2016 to early 2020, with employment rising from 74% to 76.5% of the potential workforce, with continuing inward migration increasing the size of the workforce at the same time. The CV 19 hit still leaves it higher than in 2016 prior to the vote.

House prices continued to rise in cash terms throughout the period post the vote.

GPD growth remained satisfactory from mid 2016 until the CV 19 disaster this year

The pound fell from $1.42 to $1.31 shortly after the vote, but went back up to $1.42 by April 2018. It has fluctuated since and is currently at $1.33.

What will happen after we have left the single market and customs union?

According to official forecasts from forecasters known for their belief in the advantages of the single market, the UK economy will experience the sharpest rate of improvement in 2021 it has seen for decades. The CBI thinks we will grow a lively 6% in 2021 and a further 5.2% in 2022. Oxford Economics thinks we will grow by more than 10% next year and outgrow other European economies and the USA by a large margin.

So our first year as an independent nation will likely see a great growth rate, contrary to expectations. Of course the pandemic has a lot to do with this, but it just shows how wrong the pessimistic forecasts of the Remain forecasters proved to be. They themselves are now forecasting a much better outcome in 2021.

My speech during the debate on the Taxation (Post-transition Period) Bill, 10 December 2020

The origins of this legislation lie in the negotiations under the previous Prime Minister that introduced the whole idea of a Northern Ireland protocol. I regretted those negotiations very much. I opposed them at the time and did not vote for the deals that my right hon. Friend the Member for Maidenhead (Mrs Theresa May) came forward with, because I thought they were designed by the EU as a lever to try to delay, dilute or damage Brexit.

When the current Government asked me to support their version of the

withdrawal agreement, I still had considerable reservations about the Northern Ireland protocol. I put those to Ministers, who reassured me and said, “This is only an outline operation in the withdrawal agreement as currently drafted. None of the detail has been done. We will negotiate very strongly. We will get rid of the offensive features that you don’t like.” They said that they shared some of my concerns and that they would come back with something much better. I am always trusting of colleagues, so I said that that was very good to know but that I did not have the same confidence in the EU.

I thought it was unlikely that the EU would want to facilitate that in the way that I and the Government would like. so with some friends, I backed my hon. Friend the Member for Stone (Sir William Cash) in saying that the way through this was to put clause 38 into the European Union (Withdrawal Agreement) Bill. Under that clause, were the EU to act in bad faith and not come up with a workable solution for Northern Ireland and the other problems, we would have asserted UK sovereignty in our version of the treaty, and so in good law we could use clause 38 to legislate in Britain for what we intend to do, overriding the agreement.

It was quite clear from the drafting of that Bill that we wanted that override, and I would not have dreamt of voting for the thing without the override. The Government were saying that they did not think we would need to use it, but we could use if we had to, which is why I was pleased to support them earlier this week in a very modest override. It is entirely legal; it is the assertion of British sovereignty. We need to keep that in reserve, because without seeing all the detail from the Chancellor of the Duchy of Lancaster, I am not satisfied yet that we have a working operation for the Northern Ireland border and the matters that we are discussing today—more precisely, who controls the taxation.

What I do not like about these proposals is that it is extremely difficult for individuals and businesses to have to respond to two legal jurisdictions on tax in the same place, yet we seem to have both an EU VAT system and a UK VAT system. I hope that the UK VAT system will deviate rather more from the EU one and be friendlier, lower and apply to different things, but the more that that happens, the more difficult it will be if we are trying to enforce two different VAT systems in one part of the United Kingdom.

I am also concerned about the enforcement mechanisms. We are led to believe that it will be handled by HMRC, but we are also told that the ultimate authority on the EU part of VAT and excise will be the European Court, and therefore there are likely to be inspectors and invigilators—electronic or in person—interfering in the process within what should be sovereign United Kingdom territory. I hope the Government will think again and push back again.

We need more of the detail that the Chancellor of the Duchy of Lancaster has so far withheld from the House. It may be that he does not yet know it all or that his agreement is high level, in principle, but there are details that we need to know—indeed, details that it would be better to know before we legislate today. For example, the Chancellor of the Duchy of Lancaster says

that delay periods for adjustment will be necessary for supermarkets and some meat products and so forth. Does that not require some kind of recognition in this legislation? Does it not mean that these jurisdictions do not kick in during the period of grace that we are told will be available?

We need to have more detail from the Government on what exactly happens at the border. I have always explained to the House and others who are not very interested that VAT and excise take place electronically across the borders at the moment, so we are talking largely about an electronic border. We need to know how this electronic border will be programmed to deal with the competing jurisdictions and competing incidences of taxation, and how the product codes and shipment codes will correctly identify the products by category that will be suborned by the EU jurisdiction as well as, properly, by the UK jurisdiction, which ideally would be handling the whole thing.

We do not have nearly enough time to discuss the fundamentally big issues of principle that the Bill brings before us and we have had precious little time to go into the detail. It is all very sad that this rush job is being done like this, but I hope before the Government finish the debate today they will have done a better job of explaining to someone like me why we need to have this dual jurisdiction; how the EU control is going to be limited; how it is going to operate; how, in the early days, the “transitional arrangements”, which we are told about, are going to apply; and why they are not reflected in the current text of this rather unfortunate piece of legislation.

No deal is still better than a bad deal

The EU negotiations have been made deliberately complex by the EU. Beneath all the obfuscation and deliberate efforts to dilute, delay or cancel Brexit, there is a simple disagreement. The U.K. says we will be an independent country like Australia or Canada. We offer a Free Trade Agreement which helps both, offering more to the EU as they are in huge surplus on trade.

The EU says we need to be bound into their laws and controls, and surrender our fish if we want a Free Trade Agreement. In that case the answer must be No Deal. We should not compromise our independence.

My speech during the debate on Taxation (Post-transition Period) (Ways and Means), 8 December

I came to this debate expecting to hear the Minister set out a vision of post-Brexit Britain, how the taxation system will be transformed and how VAT will be changed to encourage our businesses and give our consumers a better time. Instead, we have six resolutions that are mainly about trying to make sure that the Government can get even more VAT out of people after we have left than before. The Government could have done that at any time. Where is the vision that we will have a much better tax system after Brexit?

We are taking back control of VAT, which was almost entirely under EU control. The Government say, for example, they wish to be a green Government, but these measures will not even take VAT off a whole series of green products, which should not have VAT on them if the Government are trying to encourage people to insulate their homes, change their boiler controls or put in more fuel-efficient ways of heating their homes. The Minister has failed this very simple test.

We have six resolutions about a piece of legislation which we are not allowed to see until after the debate. It is a piece of legislation that will be very complex, because it is mainly about the techniques of raising revenue and making sure that no revenue escapes. However, the Brexit voters out there—the majority in the country—have had to vote three times now for Brexit to make it clear to the House of Commons that they want even this House of Commons to be in charge, even though there are still too many MPs on the Opposition Benches who hate the idea of this country legislating for and governing itself and think that every law that comes from Europe is wise and necessary and every law that is made here is somehow inappropriate.

We want our Ministers to say, “No, we are the people’s representatives. We had the majority in the election and we are going to transform our country’s economy, recover the economy from covid-19 and level up the country.” That requires bold and visionary leadership and it certainly requires pretty fundamental tax changes. VAT rates on some things are too high. VAT should not be imposed on some things at all.

We need to remodel that tax. We need to look again at our corporate taxes, where a series of judgments by the European Court of Justice prevented this country levying all the corporate taxes that it wished to raise.

Patrick Grady (Glasgow North) (SNP): I probably should not rise to the bait, but does the right hon. Gentleman honestly think that the way the Government are treating the House tonight is an expression of parliamentary sovereignty? Is this what he really campaigned for over all these years, so that the Government could fast-track major financial legislation, bounce it through the House of Commons, not give us the information we are looking for and not

subject it to proper debate? Is that what he campaigned for all these years?

John Redwood: The answer is that I campaigned for this Parliament to take control and use it in the interests of the people, which is why I am making the speech that I am making. Why does the hon. Gentleman not listen to it instead of planning an intervention for a speech I am not making? I am urging the Government to take back control and use it in the way that the public would like to see them use it.

I must take up the point of sovereignty. My hon. Friend the Member for Stone (Sir William Cash) is quite right to go back to that. The simple truth about Brexit is that Brexit voters knew exactly what we were voting for. We understood the slogan "Take back control", and we think control—the right of self-government, the right to trust people in these Houses of Parliament to make decisions for us or the right to throw them out if they are useless—is fundamental to our freedoms and living in a democracy. You do not bargain those away in some kind of dispute about tariffs. You do not argue about those in the context of making compromises.

This is the fundamental truth of Brexit. Like practically every other country in the world that is not a member of the EU, we just want to be free to make those decisions and laws that we can make and have representative institutions—a great Parliament—in order to do that. We clearly need to train some of the parliamentarians in the idea that we can make better laws here than people can make for us abroad and that we can modify European laws that we currently have so that they work in our interests better.

Alison Thewliss (Glasgow Central) (SNP): Does making better laws not start with letting MPs see a Bill before it exists?

John Redwood: I do not disagree with the hon. Lady. I have said that I want to debate a real Bill. I am giving ideas to the Minister because I do not think what he has in mind for this Bill is going to quite suit me. I want to pep it up. I want to make it more exciting so that we can go out to the public and say, "This is the party that is going to level up. This is the party that knows how to recover an economy that has been damaged by covid", and that requires lower taxes and different taxes and requires that we use the powers that only the House of Commons has. The House of Lords has very limited abilities to intervene, and on this occasion I am very pleased about that, because it nearly always wants to take the European answer, and the European answer is the high unemployment answer, the high taxation answer and the very complicated taxation answer.

VAT is an extremely complicated tax. We had to adopt its complications and we are now trying to add to those complications to try to avoid items slipping through. We are trying in these proposals to deal with small transactions that sometimes escape the net. They try to find ways of making online organisations, for example, responsible for levying tax between two people trading with each other.

Alan Brown (Kilmarnock and Loudoun) (SNP): The right hon. Gentleman referred to the levelling-up agenda. On rough figures, we have had 50 years of the EU,

20 years of devolution and over 300 years of the Union. Why are devolution and the EU to blame for the requirement to level up when, quite clearly, the Union is at the heart of the problem?

John Redwood: I do not agree, and nor did Scottish voters when they were asked this question. We do have a great democratic country and I was a great enthusiast for the people of Scotland deciding whether they liked our Union or not. They said, yes, they liked our Union. Then the people of the United Kingdom were asked whether they liked the European Union and they said they did not. So I found myself in the happy position of agreeing in two big referendums with the winning side. It is such a pity that the Scottish National party lost both and has never understood the democratic principle that it then has to accept the verdict. I was on the losing side in a former referendum; like my whole party, I was against the principle of Scottish devolution, and we got that wrong. We lost that referendum and from the day after that we did not fight it, delay it or dilute it. We said, “Yes, devolution is the wish of the Scottish people.” We got on and implemented it.

Sir William Cash (Stone) (Con): I do not know whether my right hon. Friend can recall this, but when that Bill was introduced by the late Donald Dewar in 1997 I put forward a proposal that the devolution settlement should be decided by a referendum of the entire UK. Perhaps it is some encouragement for him to know that despite a three-line Whip half the Conservative Back Benchers went through the Lobby behind me on that question of having a referendum for the whole UK on this devolution issue, about which he is being so extremely articulate.

John Redwood: We are probably straying a little away from the resolutions before us, Madam Deputy Speaker, so I will not try your patience any more. I have made my two main points, but just to summarise: we need more vision from the Government to use our power to tax in our own way, because our current tax system is ill fitting and not yet geared to promoting that recovery we want—we need greater simplicity, lower taxes and a lower incidence of taxes to get that recovery going; and we need reassurances from the Government that sovereignty is not something one can bargain away or compromise over, but is fundamental. We either have a free trade agreement between an independent UK and the EU, which is our preferred model, or we have no deal. It is as simple as that. The choice is theirs.