

## Trade and tariffs

The G20 has produced no answers to the burning question of future trade relations between the USA and China. Mr Trump tells us he had a great meeting with President Xi, and talks will resume on the outstanding issues. He has conceded that he will not press ahead with the extra tariffs he threatened, whilst China has conceded that the tariffs already imposed remain whilst new talks are underway.

The USA has raised serious strategic and security issues over technology which are not easily resolved for the sake of a trade deal. The Huawei ban clearly worries China considerably. The USA has difficulties believing new Chinese promises to respect Intellectual Property and to trade fairly. The US wants China to take her tariffs down to US levels as they are currently skewed heavily in China's favour.

For her part China does not want to give in to what it sees as US bullying. Chinese military power and reach grows by the day, and China is extending her military authority throughout the Asian region. The US defence establishment is concerned about this, and seeks to preserve freedom of navigation in international waters.

The US President also keeps mentioning the big imbalance of trade the USA has with Germany/EU, especially in cars. He may wish to open a new front in his trade war over that. EU tariffs are four times the level of US tariffs on cars, which the US understandably challenges.

Most economists regard the trade war as a negative for the world economy and damaging to the US as well. Mr Trump sees extra Treasury revenues from the tariffs and expects the tariffs to lead to more domestic production and fewer imports. It seems likely that China – and Germany if the US attacks them too – have more to lose from this trade war. Their huge trade surpluses have led to this action by the USA, and the asymmetric tariffs and trade practices do need sorting out. They have many more exports at risk than the USA.

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## Visit to Loddon Valley Police HQ

I went to see the Superintendent responsible for our area at the Loddon HQ of Thames Valley Police on Friday.

We reviewed the position on visible policing, drug dealing, anti social behaviour, modern slavery, domestic violence, internet crime and motoring offences.

I took several questions on behalf of local Councillors.

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## Mrs May and the EU speak with forked tongue about Russia

A few months ago Mrs May was condemning Russia for the poisonings. The EU imposed sanctions when condemning Russian activity in Ukraine.

Yesterday Mrs May met Mr Putin and shook his hand. Doing so with a cross look does not get away from the fact that this was a significant change of stance from the broken relations of recent months. This was a recognition that the UK needs a relationship with Russia. Germany led the support for the restoration of Russian votes in the Council of Europe, showing they as leader of the EU wishes to have an improved relationship with Russia. Mrs May appears to be marching in step with Germany.

Crucial to the underlying position is the German and EU decision to press on with Nord Stream 2, a large gas pipeline to sell Russian gas to Germany and the rest of the EU by pipeline under the Baltic Sea. This major commitment will increase continental Europe's dependence on Russian gas. It undermines the position of the Ukraine, which could lose pipelines revenues for the gas currently routed from Russia to the West via that link. I find it difficult to understand why they wish to undermine the Ukraine in this way when they claim to be so concerned about its fate.

It is difficult to comprehend why we hear the angry words and see the sanctions imposed when Germany is so determined to improve its relations with Russia and keen to increase her dependence on Russian gas. Mrs May may brief that she had a frosty exchange when meeting Mr Putin, but the truth is she met him and shook him by the hand. The EU will carry on complaining about Ukraine, but they have no intention of taking any action to reclaim Crimea which might well vote to stay with Russia should they be given another vote supervised by independent observers. The Russian supervised vote was strongly pro Crimea being part of Russia.

The EU and Mrs May have also been complicit in strengthening Russia in the Middle East. I did not want us intervening militarily in Syria, but if the EU/UK aim is to block Russian power they should have taken more action in Syria at a time when Russia moved into the power vacuum created by NATO's limited involvement. We allowed Russia and Assad to do most of the fighting to remove ISIS, leaving them in charge of most of the country.

Clearly the EU has decided to improve its relations with Russia and to increase its commercial dependence. The rest is just spin.

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## Interview by Emmbrook pupils

Two Emmbrook pupils attended my surgery today and interviewed me on the topic of school funding for their media studies work.

They were most professional camera crew and interviewers, who wanted to know what I had done and what more I would do to secure more cash for their school.

I explained the campaign I have been pursuing with other MPs to get more money for local schools, and pointed out Wokingham schools received an uplift of £5.1m extra this year. I look forward to more from the next budget, given the promises currently being made in the Conservative leadership election. I have argued to both candidates that we need a more generous schools settlement,.

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## The chilling silence about our money



<https://johnredwoodsdiary.com/>

One of the oddest things about this out of touch Parliament is the refusal of most MPs to talk about how we should spend the windfall from leaving the EU without signing the Withdrawal Agreement. Worse still the Opposition parties rush to tell us we must go on paying large sums to the EU come what may, and even some in the government seem to be dreaming up ways to go on funding the EU after we have left. Given how central to the Leave case saving the money was, this is denying us our democratic decision. There is no legal basis to justify payments to the EU after we have left. The origins of the large £39bn Treasury forecast, itself an underestimate, comes from Mrs May's wish to delay our exit for 21-45 months which of course would lead to big additional payments, and her wish to dilute Brexit so we could remain entangled with new financial commitments thereafter.

Margaret Thatcher recognised that the UK had a bad deal on financial contributions, and got a substantial improvement to our deal as PM. Mr Blair gave away some of that improvement on the promise of a thorough reform of the Common Agricultural Policy which never happened. Many UK taxpayers and fed up

with having to pay more tax to send to rich countries on the continent. These contributions give us no benefit at home, and add to the deficit on the balance of payments.

At a time when the world economy is slowing, and when Mr Draghi of the European Central Bank recommends some government reflation from tax cuts or spending rises, the UK needs a growth budget. Using the substantial money we save from October 31 if we just leave could give us the boost we need. We can spend all of the net contribution we save, whilst paying the same level of farm grants and other sums that the EU sends us from the high gross contributions we make to the EU.

The deliberate misinformation about EU grants throughout the referendum campaign sought to persuade voters that we would lose these payments when we left. They should have pointed out that as we sent them the money in the first place to pay these grants, we can simply pay them direct. More importantly, we save all the money we send and do not get back as well. We can boost the UK economy by 1% of GDP out of the savings and the tax overshoot this government has gone in for.