The anniversary of the Maastricht Treaty signed on 7 February 1992

Enthusiasts for the economic, monetary and political union of Europe will celebrate the anniversary of Maastricht. After the founding Treaty of Rome this Treaty represented the single largest step forward towards the union of Europe they seek. Some Eurosceptics can also celebrate it at this distant time, as it was the sheer ambition of Maastricht that alerted many more people to the fact that the Common market they voted for in 1975 in the UK was morphing into the ever closer union of the Rome Treaty that had been played down in the UK debate.

The truth is this Treaty was important. It both greatly accelerated progress to European Union for the majority of countries that welcomed it, whilst splitting Europe more decisively for those that did not. Denmark and the UK immediately demanded and got opt outs from joining the single currency and stayed out. Sweden has spent the last years refusing to implement its commitment to join the Euro. The EU has lived with non compliance with the Treaty. Switzerland and Norway took it as confirmation of the growing centralisation of the Union and confirmed their unwillingness to join the EU at all.

Maastricht was the last EU Treaty that the UK Conservative party whipped MPs to support. It split the Parliamentary party, with many more unhappy MPs than actually voted against. In Opposition the party became an opponent of more powers for the EU, and opposed the Treaties of Nice, Amsterdam and Lisbon. In the 2010 election the party was wanting to repatriate powers , but the advent of a coalition government with the Lib Dems meant nothing along those lines could be attempted as the Lib Dems vetoed any suggestion. The 2015 Conservative Manifesto adopted the proposal of a referendum on our continued membership as the best answer. This helped the Conservatives garner enough votes to win a majority. By then many Conservative MPs felt it wrong to stay in the EU when we opposed joining the most important central project at its heart, economic and monetary union. There was always the danger of ending up paying more of the bills of a difficult currency union, and accepting more of their laws needed for currency participants but not for a more independent country with global ambitions.

Maastricht theory had already cost the UK dear. It was preparing for the single currency by demanding convergence of economies and currencies that visited upon us the Exchange Rate Mechanism. This cruel policy gave us a nasty boom and bust, leading to much unemployment, lost businesses and negative equity for some homeowners. This bitter experience recruited more Conservative MPs and voters to oppose continued membership and certainly to oppose further transfers of powers.It threw the Conservatives out of power for 13 years as it destroyed the party’s reputation for economic competence. Winning again was only possible after Labour presided over the even worse banking collapse and great depression of 2008.

The post Maastricht EU survives on a massive programme of money printing and bond buying, continuing for all this year on current plans long after the USA and UK have stopped. It needs the continued mechanism of Germany and the other surplus countries depositing their cash in the ECNB at zero interest, to be lent on at zero to the deficit countries that need the money to avoid recession. Gradually the EU is exerting its controls over spending and taxes in each member state, as it needs to do to provide some discipline to its currency and banking system.

Can the new Downing Street deliver?

I look forward to seeing how the constitutional innovation of an MP becoming Head of the PM's office instead of a career civil servant works out. It builds on the precedent set by the Nigel Adams appointment as a Cabinet Office Minister assisting the PM. It should mean a political perspective is added on the PM's role. It will need a strong Principal Private secretary who is a career civil servant to ensure proper tie in to the official government machine, and will require Steve Barclay to work well with the Cabinet Secretary.

There is an immediate test of the new team. They have to move swiftly to change economic policy. They need to ease the squeeze on middle incomes that will hit in April. They need to require the Treasury to introduce a growth policy compatible with the levelling up agenda. They need to stress you only get levelling up if you have strong private sector led growth. They need to insist on tax cuts to offset some of the Bank's monetary crunch and the big hole created in real incomes by energy prices. They need to get the business department to reset energy policy, crucial to the survival of enough U.K. industry.

They should take the Bank's gloomy forecasts for 2022-23 and 2023-4 seriously. The Chancellor should too. We need policies that head off those outcomes. It will take major policy change to rebuild prosperity and to avoid major unpopularity for both government and the Chancellor.

The Bank of England forecasts a poor future

From the first official forecasts of poor outcomes if we dared to vote Brexit to the continuing gloom of OBR and Bank predictions on growth, unemployment and tax revenues I have correctly argued they have been far too pessimistic. This year again the deficit is £60 bn below their forecast, employment is strong and growth excellent.

So let me surprise you. This time I do not think the Bank and doubtless the OBR who usually are similar are too pessimistic about 22-3 or 23-4. I think now the savage attack on the economy by the Treasury with its big tax rises and the Bank with its severe monetary tightening will indeed deliver little growth, rising unemployment and less buoyant tax revenues in the next two years.

I agree the Bank needed to tighten a bit to correct the excessive laxity of extended Quantitative easing or money printing. They needed to curb the inflation they had created. They were right to end all QE this year. They should have done so last year as the recovery took hold. It does not need, however, to rush to Qunatitative tightening. Neither the Fed nor the ECB plan to do that and they both have worse inflation than us.

My main complaint is aimed at Treasury policy. The fastest way to get the deficit down is growth. Their excessive tax rises strategy will slow the economy too much, impeding getting the deficit down. One simple message for them. Stop it.

The Bank correctly forecasts a hit to real incomes this year as the energy price rises and tax rises kick in April. They may have underdone that forecast. This will slow the economy markedly without needing a monetary jolt as well.

The government needs a growth strategy for its own sake and to cut the deficit.

My questions to Ministers at the Department for Business, Energy and Industrial Strategy

The government declined to answer some of these important questions about energy and industrial competitiveness. They failed to acknowledge how much cheaper US gas is at home thanks to a better energy policy there. They claim not to know much about petrochemicals. They do not explain why they failed to abate the high carbon price to offer some relief on energy costs.

The answers provided do remind us how much capacity and business we have lost through high energy prices in areas like steel. They imply there will be more electricity capacity added other than wind and solar, but that includes more imports from unreliable European sources. It is difficult reconciling these

figures with the figures they supplied and I published showing no planned increase in electricity before 2025 and then slow progress up to 2030. I would be more reassured with more information that was internally consistent.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what proportion of petrochemicals consumed in the UK are imported. (110222)

Tabled on: 24 January 2022

Answer:
Lee Rowley:

Consumption of imported petrochemicals cannot be estimated due to the lack of official data on imports, re-exports and consumption of these products.

The answer was submitted on 01 Feb 2022 at 16:56

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what proportion of steel consumed in the UK is imported. (110221)

Tabled on: 24 January 2022

Answer:
Lee Rowley:

According to the latest world steel association data, in 2020 the UK consumed 9.0Mt of steel of which 5.0Mt (55%) was imported. In 2019 the UK consumed 10.2Mt of steel and imported 7.3Mt (72%).

The answer was submitted on 01 Feb 2022 at 16:57.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of demand for electricity from the UK transport sector in 2030 compared to 2022. (110219)

Tabled on: 24 January 2022

Answer:
Greg Hands:

The figures below show the Department’s latest published projections of electricity consumption in the transport sector for the years 2022 and 2030 in thousands of tonnes of oil equivalent (ktoe).

2022	**2030**
Transport (ktoe)	Electricity 564 1,614

The answer was submitted on 01 Feb 2022 at 17:50.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what increase in UK electricity generating capacity is planned by 2030 excluding wind and solar power energy. (110218)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Our latest published Energy and Emissions Projections show 31 gigawatts (GW) of new non-renewable capacity are projected to be built between 2022 and 2030. Non-renewable capacity includes nuclear, fossil fuel, interconnector and storage capacity and excludes bioenergy, hydro, wind and solar.

The government are not targeting a specific capacity mix but will ensure a market framework to bring forward the necessary capacity whilst promoting effective competition to deliver an affordable, secure, and reliable system consistent with our decarbonisation objectives.

The answer was submitted on 01 Feb 2022 at 17:51.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of electricity demand from domestic heating in 2030 compared to 2022. (110220)

Tabled on: 24 January 2022

Answer:
Greg Hands:

BEIS regularly publishes projections of energy demand and emissions, including projections of electricity demand in the residential sector. The most recent update (Net Zero Strategy baseline: partial interim update December 2021) was published on 7th December 2021.

In this update, electricity demand in the domestic sector in 2030 is projected to be 116 TWh (terawatt-hours), compared to 101 TWh in 2022. Projections for the component of this demand that is due to domestic heating are not available. These projections only consider policies which have been classified as implemented, adopted, planned, or expired as of August 2019, as specified by international reporting guidelines.

These figures are based on central estimates of economic growth and fossil fuel prices and have been extracted from BEIS Energy and Emissions Projections: Net Zero Strategy baseline (partial interim update December 2021) Annex F: Final energy demand.

For additional detail on the recent update to energy demand and emissions projections, please see:
https://www.gov.uk/government/publications/energy-and-emissions-projections-net-zero-strategy-baseline-partial-interim-update-december-2021

The answer was submitted on 01 Feb 2022 at 17:53.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, for what reason he has not abated the carbon price in response to changes in the level of carbon price. (110215)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Following the triggering of the UK Emissions Trading Scheme's Cost Containment Mechanism, the UK Emissions Trading Scheme Authority (made up of the UK Government, Scottish Government, Welsh Government and Northern Ireland Executive) considered the factors that may have affected allowance prices, and agreed that not intervening in the UK Emissions Trading Scheme was the right course of action in both December and January. The Authority issued a statement after both decisions, with its reasons, on gov.uk.

The answer was submitted on 01 Feb 2022 at 17:54.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what comparative estimate he has made of industrial gas prices in the (a) UK and (b) US. (110217)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Gas prices have risen across the globe as a result of a number of international factors in supply and demand, with many markets across Europe and Asia experiencing highs. These have been caused by a number of factors, industries rapidly rebounding demand, as economies exit COVID-19 lockdowns, liquified natural gas demand in Asia, and supply outages over the summer.

The answer was submitted on 01 Feb 2022 at 17:57.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of the potential loss of UK businesses in high energy using sectors as a result of the current high gas and carbon prices. (110216)

Tabled on: 24 January 2022

Answer:
Greg Hands:

I recognise this is a worrying time for businesses facing pressures due to the significant increases in global gas prices and its impact on electricity and carbon prices. I have met representatives of the UK's high energy-using sectors to understand the impact on their business in the past months and extensive engagement with industry continues across government at both a ministerial and official level.

Many high energy-using businesses will have hedging strategies in place which help to shield them from exposure to the gas and electricity price rises, while some may be more reliant on current market prices.

The answer was submitted on 02 Feb 2022 at 07:22.

You can interfere too much

Time was when Conservatives opposed price controls. They offer only temporary relief from higher prices. They put business off investing more in increasing supply which is the best way to get prices down or to level them off. Price controls usually end in higher prices and the need to scrap them to rebuild capacity and investment.

Mrs May's imposition of price controls has already led to the bankruptcy of many energy companies and to the effective nationalisation of a large casualty. It is now proving incapable of preventing a huge increase in energy prices.

As I have been explaining to government for a long time the U.K. is now short of energy and cruelly dependent on imports from a Europe which is even more short of home energy than we are. The EU is our supplier of last resort and the EU's supplier of first resort is Russia.

In this week's debate Labour revealed it thinks it wrong to get more of our gas out of the North Sea. They do not seem to understand that such gas would land by pipe on our shores and be available for our grid. Much of it would be sold under long term contract to U.K. users, reducing our dependence on volatile spot market gas from the EU at times of need.

We also require more reliable electricity capacity. The failure of the wind to blow has forced the U.K. to burn coal and buy in more gas from abroad to keep the lights on at the same time as business and homes needed to burn more gas to keep warm. The government seems to want nuclear to be the answer, but this will not start to kick in until the next decade. In the meantime we need answers on where we get the extra electricity capacity . I would keep all existing fossil fuel stations so they are available for when the wind does not blow. I would also like to see more pump storage and hydro to increase back up and flexibility in the system. If the government wants more wind energy it needs breakthroughs in battery or hydrogen technology and capacity to store the surplus energy from windy nights to use on windless days.

The loans to energy companies to delay part of the price rise leaves customers facing an even bigger bill in future. There is the danger that some companies will not be able to repay the loans leading to taxpayer losses.What we need is an energy supply answer to rising prices, and a tax cut to ease the squeeze.