

Vaccine diplomacy

The UK is likely to have a substantial surplus of vaccine doses over home needs, thanks to its early and substantial actions to help firms develop and produce them including placing advance orders. The UK success also included working with Astra Zeneca who came up with the cheapest vaccine on offer and promised to sell it profit free, thanks to the UK taxpayer backing the project in its early days. It is perhaps understandable that some other countries, some higher charging companies and the EU are jealous of this success.

The UK took a big risk, as no-one could be sure which companies if any would succeed when the UK made investments and offered contracts. As a result of good choices the UK will have substantial supplies of vaccines from other companies as well as Astra. This will allow the UK to offer many millions of doses of various vaccines to others. The issues arise, which countries should we choose and on what basis should the additional vaccines be supplied?

There is a case to be made to supply some of our surplus free of charge to low income countries who did not have the rich country advantages of a strong domestic industry to develop the products, or the cash to forward order in quantity. This would be a good use of our overseas aid budget, paying for the vaccines from that source. It is difficult to see why we should similarly supply free to any higher income country that would like our diverted orders. There is a case for charging them what they cost us. Some might argue we should charge them a higher market price. In the case of Astra product that would raise the issue should any part of a UK taxpayer profit be shared with Astra who otherwise have a break even price, and might raise issues for Astra about their promises over general pricing and supply. There is also the issue of what criteria we should use to select the countries that we help. I suspect many UK taxpayers would be unhappy to help any country that had recently imposed trade bans, restrictions or sanctions on us or who had tried to undermine the reputation of Astra product. I would be interested in views.

Emmbrook School becomes an Academy

I have received official confirmation from the government that Emmbrook School will be an Academy from April 1 2021 . A funding agreement has been reached between the government and the School. I wish the school success from its new status.

Time to move on from EU policies

Let us remind Ministers that in U.K. government the civil service provides continuity. They will carry on energetically implementing past policies until the Cabinet or a Minister with the authority tells them policy is changing. It is the job of Ministers to propose new directions, argue them through against civil service objections and sell them to Parliament and the public.

In a few areas Ministers have seized the initiative and changed policy from the overarching EU laws and decisions which came to dominate most areas in recent years. The notable decision to opt out of the EU approach to vaccine development and procurement shows what can be done. Yet in all too many other cases Ministers are still to change and improve the EU approach which governs.

The Treasury for example has still not removed VAT from a range of items where the U.K. thought it wrong impose the tax. Why is there still VAT on boiler controls, heat pumps, drought excluder and insulation for starters? Why are we still reporting under the debt and deficit rules of Maastricht? Can't we have a pro growth anti inflation framework of our own to replace Maastricht austerity rules?

At DEFRA we still await details of how the U.K. is going to rebuild its fishing fleets and take control of our fish, catching sustainable quantities and landing them in the U.K. At Business there is no sign of a better regulation Bill to slim and improve the vast annals of EU legislation, some of which the U.K. opposed or wished to improve when first drafted. Pledging high standards is good, but improving the way they are defined and enforced would also be good. At the FCO There is little riposte to the abuses of trade between the EU and ourselves, particularly on the island of Ireland. We still do not have new procurement rules, nor a better self reliant energy policy.

We did not leave the EU to preserve all its legislative works from the outside. We left to make things better. Some Ministers need to alert officials to the huge opportunities which Brexit can bring.

Honda Leaves Swindon – a cameo of our time

The immediate reason why Honda is closing its Swindon car assembly plant is the lack of demand for its cars throughout Europe. The company's sales in Europe peaked in 2007 at 313,000 and is now under half that. Contrary to referendum rumours their closure has nothing to do with Brexit. They are also ceasing production in Turkey and do not want any production in Europe for the

future.

The second reason is the EU/Japan trade deal. The prospective ending of 10% tariffs on imported cars from outside the EU will make Japanese produced Hondas in future 10% cheaper. Why not make them in Japan and get greater economies of scale from manufacturing there where they need output for the home market as well?

Which brings me to the third reason. Honda needs to launch new models that are all electric for the market of the future. This requires a complete rethink on how you make cars and where you make them. Honda will put its battery capacity into Japan and get the economies of scale there for the European market production at the same time.

This Honda story is a warning to the UK and to other established centres of car production in Europe. The transformation of the car means new plant and new equipment and may well mean a different pattern of industrial location as a result. Brexit was never a threat to the UK car industry. Electrification is. For the UK to keep its current level of capacity and to grow its industry it needs to take bigger strides to invest in and control the raw materials, component production and assembly of the electric cars of the future given the determination of the USA, EU and UK governments to force this transition. Until enough people freely buy electric cars this means the industry investing in advance of demand and government offering suitable assistance to help make the new products more affordable and acceptable to customers.

Meanwhile the Honda factory will become warehouse space. Let's hope it will not just be filled with more imports.

[President Biden drives the EU to a more aggressive foreign policy](#)

President Biden's more diplomatic approach towards the EU comes at a price. Last week the USA persuaded the EU to put its name to sanctions against Chinese officials and to make a statement condemning China's treatment of the Uighur Muslims. The EU had been negotiating an Investment and Trade Agreement with China, and had been careful not to criticise China's approach to human rights. The 5 Eyes grouping of the USA, UK, Canada, Australia and New Zealand had been more outspoken and Australia had borne the brunt of Chinese denials, rebuttals and complaints.

The US Secretary of State also made it crystal clear that the USA remains implacably opposed to the Nord Stream 2 gas pipeline from Russia to Germany, despite it being almost finished. He stated it was a "bad idea" for the EU as well as for her western allies. He added to Trump's strategic criticisms the added criticism that the project gets in the way of EU climate change objectives as well, a new US sensitivity which the EU is meant to share.

The USA under Biden has more time for allies, but expects them to rally round a new aggression towards both China and Russia. President Biden dislikes these states. He alleges they undertake state sponsored cyber disruption, interfere in western elections, fail to uphold human rights for all and are building up their military power whilst creating a series of client states. The German model of doing plenty of business with Russia and China is being put under some strain. For her part China is testing out both Biden's power and the cohesiveness of the western alliance. The trends are clearly towards a US led system and country grouping, and a Chinese led one. Biden's team are trying a tough public stance on political matters, whilst trying diplomacy to settle some of the trade issues with China in private.

I would be interested in your comments as well on where the UK should now position its foreign policy towards China.