

Treasure Island

Facts4EU.org have posted today a useful guide to the continuing huge trade surplus in goods the EU continues to run with the UK. Since the referendum vote they tell us the EU has earned itself a wonderful £250bn trade surplus, so no wonder they want to try to lock us in to their trading terms and laws to keep it going. It is a reminder of how good a negotiating position the UK failed to use during the talks on our exit, and is worth a look on their site.

Good prices and plenty of choice

Whilst shopping on Saturday I was struck again by the huge range of choice of products, the good displays and by some of the keen prices on offer on the High Street.

I saw a Potato masher made of good strong stainless steel with a pleasant wood handle for just £3.99. Assuming a 50% only mark up by the retailer that means it was bought for just £2.67 from the manufacturer, including all packaging and shipping costs. Maybe the mark up was higher and the item cost just £2 delivered half way round the world. It had come from China by ship and truck. What UK manufacturer could match that cost?

Or take a well made and strong pair of kitchen scissors for £5.99. They came with plastic handles over the steel, good cutting edges, and all encased in a rigid see through plastic pack for ease of getting home. They may well have cost the shop between £3 and £4.

There is plenty of manufacturing capacity in the world for everything from clothes to housewares, offering a great array of different styles, colours and specifications. The excess capacity in China and elsewhere means strong downward pressures on the prices of many goods. The family budgets are under pressure thanks to the cost of government – Income Tax, Council Tax, VAT, fuel tax, car park charges, vehicle and broadcast licences, rail fares and the rest – and the increases in prices of various services with a higher labour content.

Consumers are spending relatively more on services and less on goods. As real wages rise so people can afford a few more luxury or discretionary items, with basics taking less of the budget. The new Wokingham Town Centre has a higher ratio of restaurants, coffee bars, specialist food bars and cocktail parlours, reflecting the wish of shoppers to afford an experience as well as simply buying more goods. The digital pound is also surging, with more being spent on mobile phones and tablets, on film downloads, on internet papers and magazines and various specialist apps.

The public sector needs to get smarter at adapting modern technology so it too can be more flexible in the services it offers and keener in their costing or pricing. The USA is pushing back on China to stop it dominating in tec as well as consumer goods, and to protect their data and networks.

[Where is the Withdrawal Treaty Bill?](#)

Will Mrs May really ask us to vote for a fourth time on this unpopular Treaty by bringing forward the Bill to ratify it? She says they will. Why then does she not publish it so we can talk about it properly? Is it so bad it must be kept secret?

Mrs May's refusal to change her mind on this draft Treaty means she must resign after so many defeats for it.

[Further comments on Stephen Barclay letter](#)

A couple of correspondents have asked me to provide a more detailed response to the Barclay letter.

In the main areas his letter confirms what I said about the draft Treaty. He agrees that as long as we are in so called transition the UK is "subject to existing and new rules as if we were members" and pays full budget contributions. I have always pointed out we lose vote and voice so we are no longer full members with rights, but we would be entirely subject to EU laws, rules and budget requirements. That does not sound like leaving. We then need to negotiate our way out, which according to the government will entail locking us into yet another EU Treaty to be determined. Its a very expensive invitation to more talks about leaving.

He confirms that the Northern Ireland Protocol creates different government for Northern Ireland over customs, trade and the single market. Of course he is right if the rest of the UK accepted EU requirements and changes as Northern Ireland would have to we could avoid separation of conditions between NI and the rest of the UK. Again that does not sound like leaving.

He confirms that we will face full budget bills up to the unclear end of transition and will have further obligations up to 2028. He says the further adjustments made up to 2028 might be downwards, but clearly they could be upwards from an EU that is cash hungry and inventive on claims.

He suggests £35bn to £39bn is a small sum. I beg to differ. He also concedes this is just an estimate. Given the vagueness of the headings I think it could well be a lot bigger. He concedes the EU has a big role in calculating and sending the bill and adjudicating disputes.

He doesn't disagree we have been short changed on the EIB by losing our share of accumulated reserves.

He agrees we have to meet pension liabilities and payments to Turkey, but says this is fair.

On individual Articles he usually argues continuing ECJ powers and related matters up to 2028 that I listed relate to matters that occur up to the end of transition. I object to this long tail, providing an enduring opportunity for the EU to demand more cash or legal observance because they say something started or occurred before we left. It gives them a lever which could be damaging to us

He agrees the ECJ continues to rule all the time we are in so called transition. This would be a binding Treaty which would greatly reduce our capacity to govern ourselves. There is less disagreement than the general remarks of his letter might suggest. He places a favourable construction on how the EU would behave if we signed. I think they might push the clauses against us rather more.

China telecoms

This week President Trump issued an Executive Order requiring tougher regulation and bans of telecoms equipment from unnamed "foreign adversaries" that threaten the US national security. At the same time briefing occurred that he has in mind China in general and the Huawei company in particular.

It is clear the US thinks Chinese involvement in digital systems can pose a future threat to their security and might give the Chinese state access to secrets and the ability to disrupt should it wish to do so. Most comment has concentrated on whether Huawei would ever act for the Chinese state in this way, and whether they have a possible "backdoor" into the systems and data on systems in the west where they provide hardware. They deny both suggestions.

There is also the issue of the nature of the US/China relationship that underlies these concerns, with the USA effectively calling China an adversary and treating the Chinese state as a potential threat.

Should America's allies adopt the same posture as Mr Trump wishes? This will be an issue when he next visits.