

# Building bridges to the USA

This week the UK welcomes the President of the USA. Let me risk criticism by saying I wish this to be a successful visit, stressing the things the USA and UK can do together to make the world a better place. As good hosts we should not be in the business of taking public political shots at the President or stressing the things some in the UK do not like about his stance. In private of course the government can make representations where it disagrees.

There are many areas where we can and should make common cause. Both the USA and the UK believe in NATO, and believe that to be a fair and strong alliance all its partner states should spend a minimum of 2% of GDP on their contribution to the mutual assurance. As one of the few members who does so we should help the President make the case with other members, and should show we are determined to increase our spending to be a decent ally and helpful partner.

President Trump thinks President Obama was wrong to tell the UK that we would be at the back of the queue for a trade deal. He is willing to get on with one. The UK should respond positively and progress the talks. It would be good to have an Agreement ready for ratification as soon as the UK leaves the EU.

The President is a big advocate of lower taxes. His dramatic tax reform is boosting the US economy. US companies are busily repatriating profits and spending more money on wages, investment and dividends. US families have more money to spend thanks to the income tax cuts. The UK should congratulate the President on his success with this, and should add income tax reductions to the corporation tax cuts we have carried out.

The President has published a study which finds that some Chinese companies steal or obtain western ideas on the cheap. He is trying to get improved conduct from China. There are UK companies who have experienced Intellectual Property difficulties with their own brands and products. The UK should share its knowledge of this with the USA and discuss what might be a good agreement with China to improve the position. The Chinese authorities have themselves said they oppose IP abuse.

The President is pushing both China and the EU for lower tariffs, better market access and "fairer trade". Where the demand is for a lower tariff or for easier market access, the UK can be sympathetic. Clearly we do not support the unilateral imposition of tariffs to try to force the pace of change, and wish to avert a trade war. This week is a chance to influence the President by offering positive ways that we can help get Chinese and EU barriers to trade down.

I suggest we keep off the topic of walls. The EU has helped finance a long border defence for Turkey, and has seen a number of border fences or walls spring up in recent years, so we are not in a strong moral position to lecture the USA on this sensitive subject. The UK herself wishes to tighten

controls on migrant numbers.

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## No deal is better than a bad deal

I returned after a busy day to see people deliberately misrepresenting my first sentence. I will repeat what I have always said and still believe:

No deal is better than a bad deal

Any deal we accept has to be better than No deal to make it worth accepting.

No deal means no payments of any money after March 2019

Freedom to undertake our own trade deals

Settling our own migration policy

Deciding our own laws

I think there are two main options open to the negotiating parties. One is the WTO so called No deal option. The other is a comprehensive free trade agreement for goods and services.

The latest UK government statement is going to be expanded in a White Paper to be published soon. I will comment on it when it is available. This will be the second such White Paper and will presumably make compromises and changes compared with the first.

It seems unlikely it will be accepted by the EU. It needs to avoid surrendering control of our money, borders and laws. I have also always said you do not have to pay to trade, so have never favoured offering the EU money by way of a withdrawal present. As nothing is agreed until all is agreed, the UK should make clear the money is not a firm promise.

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## The Chequers statement

Any deal has to be better than No Deal.

We need to take back control of our laws, borders, money and trade policy. It is unlikely the EU will accept the Chequers position and will demand more. The EU has always made clear that customs union membership comes with freedom of movement and the supremacy of EU law, which is why I have three times helped vote down the idea of seeking to stay in the single market or customs union, in support of the government.

The red lines that we do not accept the jurisdiction of the ECJ, do not pay them more money, and have our own migration policy remain very important.

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## The international rules based system

I hear a lot these days from people who say we need to defend the international rules based system. I thought it might be a good idea to see which rules people think are really important, and to check those who believe in the rules based system believe in it regardless of the decisions reached. May I suggest some good rules for the better conduct of open democracy?

1. Where a country holds a legal referendum which attracts a substantial turnout the government accepts the need to implement the wishes of the people, whether it was in favour of the result or not. If it does not wish to do this it should give power to a government that does.
2. Where a country or region within a Union or larger country has a strong body of opinion that wants to be independent, and evidence in elections that that body of opinion is prepared to vote accordingly, there should be a referendum on whether to create an independent country or not. The result should be binding. There should not normally be a repeat of such a vote for at least a generation, with all agreeing to accept the result.
3. Where a part of a country elects a large number of nationalists to elected bodies but is not granted a referendum, those elected should not be arrested for wishing to pursue an independence agenda by peaceful means.
4. Unelected international bodies have to respect the views of elected governments. They may of course insist that the government adheres to binding Treaty commitments made in the past by that country, or agree to arrangements for the country to leave the organisation if the disagreement persists. International law should not be used to prevent a fairly elected government pursuing a chosen course of policy which meets normal standards of behaviour towards others.

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## Groundhog day again

So today, just for a change, the Cabinet discusses our possible future relationship with the EU. If they agree what they would like the EU will probably turn it down, as they have turned down most of the positive proposals the government has put forward so far. I have been urging the government to table a comprehensive free trade agreement with the EU and ask them to respond, as that offers a way through if the EU wants any deal.

If we just leave in March 2019 life will go on much as it did before. Planes will still fly into Heathrow from the continent. Just in time deliveries will

still pass through our ports with electronic manifests and off site supervision as they do from non EU sources today. Germany will still be selling us plenty of cars, the Netherlands plenty of salads and vegetables, France plenty of cheese and wine. Most UK exports to the continent will flow tariff free under WTO tariff schedules, as there are no tariffs on services or goods like aerospace, and low ones on everything else apart from agriculture and cars. We and the EU will trade under the WTO's Facilitation of Trade Agreement, which deals with non tariff barriers. Where tariffs go on the UK will expand domestic production to meet more of the home market demand and will have the opportunity to import more cheaply from outside the EU as it wishes. As we have a large trade deficit in cars and food with the EU they will lose more from tariffs, so it is in their interest to agree tariff free as we propose.

The UK economy will get an immediate boost from spending an extra £12bn a year on public services or through tax cuts as we will save the money as soon as we leave. We can rebuild our fishing industry once we control our own waters and fish stocks. We can put in place our own migration policy, that is fair between EU and non EU migrants.

Above all the UK will be a self governing democracy again. So will the Cabinet rise to the challenge? Wouldn't it be good if they came out from their meeting with a range of plans to use the new freedoms, rights and cash leaving will bring. Brexit offers considerable scope to improve our lives and services here at home and to grow our economy faster.