

The dangers of Transition

The news yesterday that Mr Barnier does not think there has been enough progress was in a way a relief. The only progress the EU will currently recognise is a firm UK offer of large sums of money we do not owe. As long as we continue to decline to offer cash, they will probably come to the conclusion they need to talk trade as it is in their interests to continue tariff free. If we start to offer cash they will hang tough for longer. I was delighted to see the UK electorate are better bargainers than the Parliamentary Opposition. 74% agree that No Deal is better than a bad deal, the only way we have a negotiation that gives us great leverage. The way to end the uncertainty is to prepare for No deal and to show we are ready to leave in March 2019 whatever the response of the EU.

I am writing about this again today, knowing some of you think I write too much about Brexit and others complain whenever I do other topics. I do so today because this is an important moment ahead of the EU Council, when the UK needs to stand firm to avoid drifting to a bad deal.

The PM is clear that we only have a transition period if there is an Agreement to transit to. She has also said No Deal is better than a bad deal. She does not want transition to be any longer than is needed for implementation, and argues implementation times may be different for different clauses of any Agreement.

There are growing demands amongst Brexiteers not merely to pursue No Deal as a prudent contingency plan but to pursue it as the main plan. The EU might then decide it wanted to offer something better to us in its own interests. It would also avoid the problem of UK negotiators ending up offering too generous a settlement.

There are four big worries about relying heavily on eventual Agreement. The first is money. One of the main prizes of leaving the EU, as advertised prominently in the Referendum campaign, is the right to spend our own money. Giving away two more years of net and gross contribution delays any benefits and leaves the UK Treasury very tight for domestic programmes and tax cuts.

The second is the ability to make our own trade arrangements. If other countries think the UK will not be able to sign a trade deal for another three and a half years it removes the enthusiasm and urgency currently around to get something done. If the UK is not in control of its own regulations it limits the ability to negotiate a services agreement with others.

The third is the issue of powers. The PM was clear in the Lancaster House speech and White Paper that leaving the EU meant leaving the jurisdiction of the ECJ. Imposing the Court on ourselves for another two years limits our legislative as well as our judicial independence, as the ECJ is superior to Parliament.

The fourth issue is the ever growing volume of EU law. The EU could use a

long period of transition to impose on us and our businesses a whole range of new legislative burdens designed to help the continent or to hinder business generally. Once we are out any new burdens only apply to our business with the continent in line with the requirements they impose on themselves, and no longer apply to the dominant domestic business or exports to the rest of the world.

These serious concerns are turning more people to see advantages in No Deal. That will produce a world where we can change regulations for domestic and non EU business , can sign trade treaties, spend our own money and be in charge of our own laws. We can have, for example, a fishing policy that works for us. That would be a popular early win from a clean departure on March 29 2019.

Equitable Life

At the request of a couple of constituents I attended the Equitable Life event in Parliament yesterday. The Group is still pressing for additional compensation. I have taken this up on many occasions with the government. The government's view is that they have given compensation to reflect the regulatory failures, but the major cause of the losses lay with the company. I do not think the government has any plans to revisit the amount of compensation given.

I am very willing to take up individual cases if there are still outstanding matters about payment of compensation or new points relating to individual contracts that need attention.

The cost of borders will be met

The government rightly told us this week they will work up their plans for trade and border movements if we leave without a Deal. The good news is that much of the work we need to do to improve our borders and upgrade capacity need to be done with an Agreement as well as without one. The UK is currently spending money on a lorry park in Kent for days when French strikes disrupt cross channel freight, and spending on electronic systems for smoother transit. These systems have to be able to handle both tariff free EU trade and trade with non EU countries with tariffs. We need to make sure there is sufficient capacity on the non EU system in case we leave without a trade deal. There is a £400m plus budget to do what is needed.

I found the comment of the Chancellor surprising that he wishes to limit spending on this. It is urgent and clearly a priority, whether we leave with or without a deal. The Prime Minister in Questions yesterday made it clear the government will authorise all necessary spending. The government does need to provide in a timely way for our exit. Every matter we can fix before March 2019 is a matter we do not need to ask for delay on from the rest of the EU. There is no reason why they should grant us lots of delays, and every reason to expect they would want us to carry on with contributions to the EU if we seek to delay. The Treasury needs to understand that saving £12bn a year of net contribution is the biggest saving we have in prospect, and far in excess of any sums needed to have smooth functioning borders after March 2019. Getting a system which works from March 2019 will be cheap at the price.

The Treasury have a dreadful record on Brexit. They backed the losing side. They made a series of forecasts for 2016-17 which were very wrong. They are still exuding pessimism at every available opportunity. The Chancellor needs to get them to cheer up, have new and more realistic and optimistic forecasts, and to find the money we need for a successful and growing economy post Brexit.

[Borders open for trade](#)

The EU is labouring under various misapprehensions about the UK. It seems to think if it hangs tough the UK will make more generous offers. It feels it has no need to engage on trade as if their access to our market will stay the same whatever the outcome of the talks. They need to realise if we leave without a deal we will put in the current EU tariff schedule with the EU outside our border paying the tariffs to comply with WTO rules. They apparently think if they block an open border proposal made by the UK for Northern Ireland the UK will give in and agree that all or part of the UK has to stay in the customs union.

It is in everyone's interest involved with the Republic of Ireland and Northern Ireland to uphold the various Agreements and to retain an open border. The UK has set out clearly how that can be achieved. Outside the customs union the UK would have an electronic border for the goods of recognised traders, allowing their trucks through without stopping through number plate recognition against filed documentation in advance. Small Irish and Northern Irish traders regularly crossing the border would be exempted from tariffs and other new barriers. We will install this unilaterally if there is no deal. The EU will have to decide if it wants to put up its own more restrictive border on the Republic side. The Republic of Ireland needs to sort out with its EU colleagues just how they will operate their side of the border.

The papers published on Monday on Customs and Trade make clear the UK has a solution for our borders with No Deal or with a Trade Agreement with the EU. We will adapt the current registered Economic Operators approach, so most of our trade will be notified in advance of the truck or container reaching our port. Goods from approved traders will go straight through without extra customs checks compared to today, with any duty settled electronically as part of the account. Ro Ro ports which mainly handle EU trade will be brought within this same system as EU trade becomes foreign trade if we have no deal.

The UK government is well advanced with changing EU trade agreements with other countries into UK trade agreements with those countries, as it is entitled to on splitting from the EU. There is no cliff edge. A Transition period may only be needed if the EU and the UK come to a late agreement next year which requires computer and physical changes to our border arrangements that need time to implement. Getting on with implementing a customs and border check system for No Deal covers most of the issues anyway.

There is growing resistance amongst Brexit voters and many businesses to the idea of a long further period of delay. Uncertainty is reduced by preparing for No Deal in ways which allow a deal. If the EU as I fear says the UK has not done enough to warrant trade talks anytime soon the government needs to redouble its work to make a success of No Deal. Maybe then the EU will see they have overplayed their intrinsically weak hand.

Those Brexit talks again

It was Brexit day again in the Commons yesterday. The EU continued its miserable commentary. Earlier this week it talked up talks with Mr Corbyn in the hope that would split the UK. Yesterday they decided to reject the PM's friendly offer.

Prime Minister set out where we are with the talks. Good progress is being made on issues including healthcare, the Irish border and the rights of EU citizens in the UK and UK citizens in EU countries. There is no meeting of minds on money, and no agreement yet from the EU side to talk about the future relationship. From the UK's point of view there is nothing to be gained from the so called divorce, and every reason to discuss all relevant matters about the future as soon as possible. We would not need any implementation period if we used the remaining eighteen months before exit intelligently.

The Prime Minister is right to remain optimistic, positive and friendly, offering a good future partnership on trade and security to the other EU states. She is also right to plan for No Deal, as she stressed she is, just in case the EU continues to overplay its hand by resisting talks about the future relationship in good time. Showing No Deal can work is not only prudent in case the talks fail, but also sensible as it reminds the EU that

an Agreement is only worth having if it is better than No Deal.

It never ceases to amaze me just how much the media make of no news on talks. There could be months more of this shadow boxing. We may not know for a year whether there is going to be a deal or not. We must use this time to show business how trucks will move through ports, planes will fly, financial services will be traded and laws will be enforced after 30 March 2019 without a deal. There is no cliff edge. The rest of the world trades with the EU without belonging to it. The UK can transfer its trade account from Brussels to Geneva and to the WTO where we will be welcomed as an advocate of free trade, and can use the various agreements and protocols of that organisation to ensure smooth trade.

I have spent the last three weeks with Parliament in recess talking to various business audiences and in meetings to hear the worries of traders. No new issues have emerged above the ones we have often discussed on this site. It is a pity the EU cannot put in place a proper mandate for its negotiators soon, as there are good ways of improving on No Deal that would help both sides. The issue the EU has to get round to answering is how many barriers and tariffs do they wish to place on their trade with us, bearing in mind they are limited in what they can do by world trade rules. It is bizarre that both sides say they support free trade and prosperous commerce, and both agree they have a good basis for trade at the moment. So does one side, the EU side, really want to damage it? If they do they will find they do more damage to themselves than to the UK, given the big imbalance in trade and the nature of the goods and services traded.

Meanwhile as the PM reminded Parliament voted to take back control of our money, our laws and our borders. The government has to deliver that as soon as possible. It's such a pity the EU overplays its weak hand, which takes the EU closer to facing self imposed barriers on its access to our lucrative market.