

# Scotland and a homage to Catalonia

We learn from the voice of Alex Salmond and from briefing to papers that the SNP have altered their approach to the EU. Apparently they will now say that were Scotland to have a formal vote to leave the UK, and were voters to vote to leave, Scotland would apply to join EFTA, not the EU, in the first instance.

This new contortion of policy probably is based on the unpopularity of the EU with a significant part of the SNP's vote, those who also voted to leave the EU. It helps them get round the painful issue of having to join the Euro as a new member of the EU. It avoids too many issues about long delays in joining the EU. The EU has made clear that if a part of an existing member state becomes independent, that new state has to apply to join from outside the EU. Scotland would meet the main requirements to join as it is already part of a member state. However, it would not qualify for a share of the UK's budget rebate, nor automatically achieve opt outs from the common borders and single currency policies.

Scotland would need to establish Euro convergence, which would require a very large contraction in its substantial budget deficit. Outside the UK Scotland would start with larger deficit than the UK's, and would need to cut spending and or raise taxes to get within the Maastricht rules. These are unlikely to be palatable to SNP politicians. They do not like austerity policies, yet these would be serious Euro style austerity policies with considerable bite as the southern members of the Eurozone can testify.

At the same time Catalonia is pressing for her first official independence referendum. She would welcome one chance to be independent of Spain, and is jealous of the democratic approach of the UK in granting such an opportunity to Scotland. Catalonia is more likely to vote to be independent should a meaningful vote be held. Spain has had to accept that Catalonia, like Scotland, would be able to apply for EU membership if out of the Spanish Union, if that was their wish. Whilst the government has not ruled out use of the veto over theoretical Scottish EU membership, it seems likely now that Spain wants to avoid having to wield the veto. Indeed, Spain still prefers the idea of not allowing Catalonia an official referendum, in the hope that this will keep her Union together.

Spain is on the undemocratic end of more than one of these issues of identity. The UK once again did the decent thing over Gibraltar, as over Scotland. It asked Gibraltarians to vote on whether Spain should share sovereignty over the territory. By an overwhelming majority Gibraltar said No. Had it gone the other way the UK would have implemented the people's wishes. Spain's pressing to have some say over Gibraltar's new relationship with the EU on UK exit is not going to change Gibraltar and the UK's approach to sovereignty and identity. Spain's argument that geographical contiguity is sufficient cause to give her sway is not borne out by her actions over Ceuta, nor by general international law. France has no right to the Channel Islands because they are closer to France than the UK. Spain holds on to Ceuta though

it is on the other side of the Med.

The EU has to be careful about these tangled webs of identity. Its policy that states created out of parts of member states have to apply anew from outside makes sense. They also need to help uphold international law over borders and self determination of peoples. After all, the EU prides itself on democracy so it should proceed by referendums on these matters to reflect the wishes of the people affected.

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## **No deal is better than a bad deal**

The Prime Minister was right to say that. Those who think leaving is a complex negotiation should grasp that we would not have a negotiation unless we are willing to walk away. We would have dictation by the other side.

Fortunately the PM understands the strength of the UK position, and understands that No deal would work better for us than for them. It would be a lot better than a punishment deal of the kind some in the Commission have flirted with. In reality it need not be a negotiation at all. It is a series of choices for the rest of the EU, where a friendly and positive UK offers them various advantages which they may or may not want to take up.

If they take up none of our offers when we leave we will be like most of the other 160 countries around the world that are not part of the EU. We will trade with the rest of the EU on WTO most favoured nation terms, just as we trade with China, India and the USA today. We will no longer have special sharing arrangements on defence and Intelligence, other than through our common partnership in NATO. We will impose WTO tariffs against their agricultural exports to us, with the options of growing more at home and inviting in more produce tariff free from elsewhere in the world where it suits our industry and consumers. We will reclaim our fishing grounds. We will spend our own money on our own priorities.

The UK is making a positive and generous set of offers. We are proposing that the rest of the EU keeps tariff free access to our lucrative market, with no new barriers of other kinds. They just need to agree the same for us, and they can carry on exporting so much more to us than we sell to them.

We are proposing that the UK continues to share its Intelligence with them, and to make a contribution to European defence and security initiatives and commitments.

We are proposing that the UK develops a number of friendly collaborations and partnerships in science, education, joint investments and the rest.

These need not be negotiations. They are choices for the EU to make. If they

are sensible they will wish to maximise the contribution the UK makes and the access they have to our market. I remain an optimist, thinking well of our partners and expecting them to take the offers that are so manifestly in their own interest. If by any chance they do not, the UK will be just fine. Accepting the very limited tariffs on our exports allowed under WTO rules would be much cheaper than the mountainous bills some have in mind for us to pay. The tariffs we imposed on their exports to us would be much larger and could be given back to UK consumers and businesses as compensation.

If we get a decent free trade Agreement between the UK and the EU I do not expect them to ditch it at the last moment because they wish to advance Spain's claim to Gibraltar. Gibraltar's sovereignty rests with the Gibraltarians, who have made clear their wish by overwhelming vote to remain attached to the UK.

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## [The response from the Aviation Minister to my submission to the UK Airspace Policy Consultation](#)



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- [Read more about John Redwood](#)

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## [Cheaper food after Brexit?](#)

The Common Agricultural policy has been bad for UK consumers and bad for producers. Our time in the EU has seen our domestic output meet less and less of our needs, seen imports from the EU surge, and given us dearer food. There are high external tariffs of most food from outside the EU.

I still think it likely commonsense will break out in due course and the

farmers and other exporters of the continent will not want to face high tariffs on their voluminous exports to us. Let us, however, suppose there is no deal, and we just leave. What tariffs would result on EU food exports to us?

The current EU external tariff on food stuffs are, according to the UK Agriculture and Horticulture Development Board (12 October 2016 publication)

Beef 65-87%

Pork 43-50%

Lamb 45-51% (there are however substantial tariff free quotas for NZ/Australian lamb)

Chicken 27-41%

Cheese 42-68%

Milk and cream 50-74%

Butter 63%

Vegetables 10-15%

Wheat and barley 53%

Jams etc 24%

Processed ham 27%

Processed chicken 88%

As a result of these current penal impositions on most non EU exports to us, the EU does most of the exporting to us. The Dutch account for 75% of our flower imports, and 23% of our vegetables, with Spain another 27%. The Dutch provide 44% of our poultry imports, Ireland 68% of our imported beef and the Danes 26% of our pork.

We now import around half our butter and 60% of our cheese, 35% of our beef, 60% of our pork and 40% of our poultry.

So what would happen if we move to WTO rules and impose these high tariffs on EU foods? It would be wise to cut tariffs on various foodstuffs we could not produce economically at home from non EU countries, which you can always do under the WTO scheme as they are out to stop increases, not declines.

Undoubtedly there would be a surge in domestic production of butter, cheese, beef, flowers, pork and poultry were such barriers to be erected. Moving to world prices for items where we could not produce at home would help reduce price levels. Why, for example, do we have to have a tariff on oranges and other hot country fruits, which we cannot grow for ourselves?

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## [The state of the railways](#)

Last year Network Rail announced another £232m of losses on financial derivatives, following a £982 m loss the previous year. The company sees that as a technical write down of derivatives which might change, but the last two

years have been negative.

I am glad that after I raised this issue before, the government has asked the company not to take out new derivatives and has agreed more direct Treasury financing of what is in effect a nationalised company. Stopping additional risks and potential losses from this source is a step forward.

The Company also accepted in its last Annual Report that it did not have proper control over the costs of some major projects and has promised to do better in the future. It reported a £200m shortfall on its efficiency targets. Only 89% of trains were on time, below target, and more than 3% were cancelled altogether.

As the relatively new management admit, the railway is short of capacity on busy routes at peak times. It needs to get on with modern digital systems to replace traditional signals, as this would be the cheapest way of raising capacity relatively quickly. What is odd is how in their enormous budget they do not seem to prioritise this sufficiently.

The Treasury has offered them more borrowings, but is also requiring that they step up their property asset disposals. There is still huge scope for property development on surplus or underused railway land, especially at main stations. Stations can be transport interchanges, shopping destinations and workplaces with office accommodation. Easy access from the train lines is a bonus, and helps generate footfall for the shops.