

The UK's balance of payments

In 2019 the UK ran a trade deficit with the EU and a trade surplus with the rest of the world. The deficit in goods traded with the EU was particularly large, at £96.7bn. This large trade deficit has been going for many years during our membership. A trade partner like the US shows we are competitive on World Trade terms where we ran a surplus in goods as well as total trade. The US is our largest single export market, accounting for two thirds more export value than Germany, our largest market in Europe.

Our trade deficit in food is particularly large with the EU where they enjoy tariff free access to the UK whilst the rest of the world faces some high tariffs on some important items. UK farming has suffered a loss of market share during our time in the EU.

These large goods deficits need paying for, as they are debts incurred in a foreign currency. The UK has been selling off foreign assets to pay the bills. In 2019 the UK sold £165bn of foreign assets. We now run a deficit on investment income, as we have to pay a lot more interest and dividend out to foreign owners of UK assets than we receive on overseas assets owned by UK residents. The UK now has a net liability of £579 billion on investment account, following years of large trade deficits.

This is why it will be good to regain control of our trade policy, and set out tariffs that make more sense for the UK. We need, for example, to help our consumers by taking tariffs off items we cannot grow or make for ourselves, and take tariffs off intermediate and raw materials needed for added value manufacture at home. We need to regain market share in areas like food to reduce the deficit. Being part of the EU single market, fishing and food policy has been bad for the U.K. economy.

The EU's deal is clearly worse than No Deal.

I made the mistake of listening to Radio 4 yesterday lunchtime. They went on and on about alleged problems for trade with the EU if we do not sign a deal, with plenty of speakers including the interviewers pushing the negatives. The ignorance of how trade works was as before.

We were told trade between the UK and the continent is currently as border and friction free as it is between two English counties. Do they not realise goods coming across the Channel have to go through VAT adjustments as we have a different set of rates and incidence, Excise payment and currency changes? As this is usually carried out through pre logged computer manifests and settled

electronically away from the border. The truck driver does not have to work out the VAT and pay in banknotes at a kiosk. Why cannot we do the same thing for any tariffs that need to be imposed? We will of course.

Why do they never point that their worry about imports is a nonsense, because the UK will control the incoming borders, and has no interest in trying to prevent imports coming in that companies and people in the UK want to buy. Indeed, the UK government has already said there will be a relaxed arrangement for the first six months as importers get used to the new trading regime. EU products will switch over to the tried and tested system used for imports from all non EU countries, which our Border authorities usually handle well without causing hold ups and bottlenecks.

Some Remain commentators claim the EU will seek to slow or prevent UK exports into their single market by zealous implementation of rules. This shows they have a very low estimate of how our neighbours behave, and ignores the fact that the EU like the UK is a member of the WTO and has to follow WTO rules to expedite traffic at borders and have in place decent systems for handling the volume of goods. As Remain advocates are always extolling the virtue of the international rules based system, surely the EU will want to obey or will have to obey its rules on these matters? The EU will also note that their citizens and companies need those products we are selling and will take a dim view if they are impeded in getting them on time.

Brexiters are fed up with the endless Project Fear material. We can trade well under WTO rules if the EU really does not want a Free Trade Agreement with us. We will decide what tariffs if any to impose on their goods along with goods from the rest of the world, to get the right balance between helping domestic producers and looking after our customers. No Deal is fine. We should only negotiate a deal if it is clearly better than No Deal. What the EU wants is worse.

[The government should set out early wins from leaving without a deal](#)

We voted to make our own laws, spend our money, pursue our own trade interests, to take a global rather than a European view of the world, control our own borders, settle our own taxes and regain our own place on major international bodies. The EU and their Remain friends in the UK have set out for four and half years now to thwart these aims and to recreate legal controls and barriers over our actions. It is time to break free.

The government should explain how we will

1. Take VAT off items like green products and female hygiene products. Set Corporation Tax definitions and rates to make the UK competitive

globally

2. Operate the points based migration system which meets the needs of the UK and controls numbers of economic migrants
 3. Reform our benefits system to help people here more, and reduce incentives to come here to try to settle
 4. As a full member of the WTO pursue more great trade deals, including one with the Trans Pacific Partnership and including services
 5. Controlling all our own fish and creating a much bigger fishing and fish processing industry at home
 6. Cutting food miles by redirecting farm subsidies to promote UK food production
 7. Using public procurement to help UK based production of goods and services, whilst continuing with competitive tendering
 8. Reducing harmful or needless regulation to make the UK more responsive and business friendly, whilst maintaining or enhancing high standards in areas like employment law and health and safety
 9. Raising animal welfare standards, starting by removing export of live animals or transit of live animals through the UK to other destinations.
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[A new farming policy](#)

One of the big wins from Brexit should be a new farming policy. The Common Agricultural Policy has not been kind to UK farmers. Market share in temperate food products has shrunk badly during our time in the EU, whilst cheaper products from non EU sources have been kept out by tariffs. We have developed a huge balance of trade deficit with the EU in food.

The government always responds positively when I raise the issue of how we can follow a farming policy from the 1 January that gives more help to UK producers, and encourages more domestic production. The government has promised to maintain current overall subsidy levels this Parliament once we are out of the EU, but to gradually redirect them. Large scale profitable farmers will enjoy less subsidy for producing food. More subsidy will go for environmental goods including the promotion of more natural landscapes.

The government will take advantage of our new freedoms to raise animal welfare standards. It is currently consulting on banning the export of live animals, and banning the transport of live animals through the UK by overseas interests. That is welcome.

I would like to see more definition of the schemes available from 1 January to offer support to farmers keen to expand their food production. Market gardeners wishing to whittle away the huge deficit on vegetables, temperate fruits and salad items need to loan and grant schemes to put in the extra covered areas to boost output. As stated before, the fishing industry needs loan and grant schemes to increase our fleet capacity to land our fish. Dairy and meat producers also may need help with mechanising and improving output.

Our competitors use these methods to gain market share. The government has promised us more of a response, so bring it on.

[The EU still wants to keep us in the single market and customs union](#)

Right from the start of the endless and so far fruitless negotiations between the UK and the EU there has been a fundamental divide. The UK has proposed a Free Trade Agreement between a sovereign UK and the EU, just as the EU has with countries like Canada and Japan. The UK has always been clear we wish to leave the single market and customs union, to be free to run our own international trade policy and to determine our own laws.

It is true that under Mrs May in the second phase of her government muddle was created by some in the UK negotiating team seeking to replicate many of the features of EU membership and being prepared to sacrifice sovereignty in return for this. Remain forces in the UK made regular trips to Brussels to offer their help in binding the UK back into much of the EU without formally being members, the worst possible outcome. If you have to comply with their laws you at least want some voice and vote in an effort to try to see off the worst changes they might propose.

Under Mr Johnson and Mr Frost we are assured the position has been clear. We want to be an independent country and are willing to be good friends and to offer a free trade area which would assist the EU more than the UK given the large imbalance in trade in their favour. There is no need for the UK to give them our fish, or to accept their laws, or to agree to arbitration of disputes entailing subservience to their court. Anyone of those would be a violation of the purpose and spirit of Brexit.

I did not expect to be still writing such obvious and necessary words this late in the year. I trust the government sticks to its promises. The EU has to make up its mind. If it is negotiating in good faith it will need to accept a Free Trade Agreement, not continued membership of the single market. It will have to abandon its wish to make our laws after we have left, and accept it will not arbitrate any future disputes in the ECJ.

The EU Treaty states the EU should pursue good neighbourliness and prosperity with neighbouring states, and should encourage the progressive abolition of restrictions on international trade. It's a pity they do not think this applies to their relations with an independent UK, and a pity they have torn up the clause in the Political Agreement which states the future relationship will be based on a Free Trade Agreement.