

## UK and EU growth

The most recent retail sales figures for the UK showed a welcome boost in April. The three month on three month was only up 0.1%, as March was a poor figure. In the Eurozone the latest three month on three month figure for retail sales shows no growth at all, after a disappointing April.

Retail remains very competitive, with a lot of pressure on older brands trading from too many High Street locations. On line shopping expanded by 17.3% in the UK over the last year, taking business away from more traditional outlets.

The UK's PMI figure for services came in at 54 this month. This is similar to the Composite PMI for the Eurozone of 54.1.

There has been a slowdown in both the Eurozone and UK economies so far this year, with retail growth subdued. In the UK this is the result of the tighter money policy the Bank has been pursuing. The EU figures were compiled before the latest worries in markets about the situation in Italy.

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## European Parliamentary Elections



John Redwood won a free place at Kent College, Canterbury, He graduated from Magdalen College Oxford, has a DPhil and is a fellow of All Souls College. A businessman by background, he has been a director of NM Rothschild merchant bank and chairman of a quoted industrial PLC.

- [Read more about John Redwood](#)

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## The EU Withdrawal Bill

We were told yesterday that the government invites Parliament to consider the Lords Amendments to the Withdrawal Bill, starting on Tuesday June 12th. These need to be carefully considered by the Commons with a view to making final decisions as soon as possible. Where the Commons decides to disagree

with a Lords Amendment it will be because the amendment waters down the commitment to implement the wishes of the voters in the referendum. I trust that any Commons vote to reverse a Lords amendment will be end of the process.

The role of the Lords is to ask the Commons to think again. Traditionally the Lords does not oppose matters which form part of a governing party's Manifesto commitments. You would have thought the Lords would be even more careful about a commitment that stems from a free vote of the electorate. We were all told in a government leaflet that we the people were making the decision, so Parliament should now facilitate it.

There are all too many times when the Commons does not scrutinise a Bill extensively enough, owing to a lack of interest by the current Opposition. Then the Lords have more justification in detailed examination. No-one can deny that the EU Withdrawal Bill has been one of the most scrutinised Bills in history in both Houses. We have not lacked debate, insights, counter proposals or arguments. What we now desperately need are some decisions. That is what the Commons must now do.

It is important the Bill has passed all stages by the time the Prime Minister goes to the June 28 Council. It will show our EU partners that we are getting on with all necessary preparations and are serious in our intent. There are some on the continent who seem to think if they help Remain influences in the UK delay the process they might force us to think again. Almost two years have passed since the decision. It is high time Parliament confirmed the decision one more time. In voting for the EU Withdrawal Bill in its unamended form the Commons will be reaffirming its careful consideration of this Bill the first time round, and reinforcing its overwhelming vote to send the Article 50 letter. That letter, after all, was the effective Parliamentary decision to leave the EU. The purpose of the Withdrawal Bill is to ensure there is legal continuity when we leave. Sensible Remain supporters accept that a decision was taken on June 24 2016, and want to see the legal continuity the EU Withdrawal Bill can bring us.

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## [More Project Fear leaked to the newspapers](#)

I find it difficult to believe 2 years on the civil service are still writing and leaking absurdly pessimistic scenarios about Brexit. Ministers have offered clear directions that they should work up the best way of leaving without a deal. That is what they were charged to do. I am told by Ministers that is what they are doing. Ministers assure us all will be ready to leave in March 2019 and to carry on importing goods from the EU if we still want to buy them. The Germans are particularly keen that should be true, given

the size of their trade surplus! So why are some other civil servants inventing nonsensical outcomes and leaking them when Ministers have asked them not to and told them these forecasts are just silly?

Apparently according to the latest leak someone in the civil service thinks if we leave without a deal Calais will not co-operate and so create interruptions to the supply of imported food and pharmaceuticals to us. No sensible person could make that up. The people running Calais port want to earn fees for running a smooth business. They do not have legal powers to discriminate against particular cargoes going to particular places. If they did try any such thing Oostende, Zeebrugge, Antwerp, Rotterdam and other Belgian and Dutch ports would be delighted to lift the business from Calais, assuming the French competitors were also in an illegal sulk.

There is then the rest of the world. They are looking to see if the EU messes up its very lucrative food export business to the UK by imposing food tariffs and other barriers. If they do there will be plenty of suppliers from outside the EU selling us products, to say nothing of the response of UK farmers if the EU makes itself less competitive.

The leak is revealing. It shows that there is still a strand of thinking in the civil service that wishes to stop Brexit, and is busy inventing difficulties that do not exist. They seem to want to help those on the continent that think they can reverse Brexit and keep our money flowing into their expensive organisation. What they are all succeeding in doing is creating an ever bigger volume of support for leaving with No Deal, as they keep on working to ensure any deal on offer will be a bad one for the UK.

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## Trade wars

I agree with the consensus that trade wars are not helpful, and higher tariffs do impede growth and prosperity.

I do not agree with the view that the UK needs to be in an EU tariff zone/Customs Union in order to enjoy more of the benefits of free trade. That is an absurd contradiction of a view. The EU Customs Union imposes tariffs and barriers against the rest of the world that are not helpful. If pro EU people agree, as they seem to do, that Trump's new tariffs are harmful, they should also agree that the EU's far bigger and more numerous old tariffs are also harmful.

The irony of Mr Trump's stance is lost on them. He is imposing tariffs to try to bash down the barriers and unfair trading practices others have imposed. His main two targets are China and Germany. There is an interpretation doing the rounds that his only target is China and some of his tariffs are therefore ill judged. Mr Trump starts with analysis of the largest trade surpluses around the world, which reside in China and Germany. Because

Germany's trade stance is handled by the EU it leads the USA into conflict with the EU. It is true that his steel tariffs do hit the wrong people, as the USA imports little steel from China which is the main cause of overcapacity and of subsidised or unrealistically low prices.

The US has written a report into how China has in the US view cheated with Intellectual Property and technology products. The US is currently reviewing the practises of the German car industry, to see why Germany sells so many more cars to the USA than the USA sells to Germany. Part of the reason is obvious. The EU levies a 10% tariff on US cars, but the US only levies a 2.5% tariff on German cars. I can see why the USA may wish to question that.

I look forward to the day when the UK can negotiate her own trade terms around the world. The danger of the current situation is we get dragged into an unhelpful trade war between the EU and the USA which is primarily about the huge German surplus, not about our own global trade deficit.

The UK will regain her vote and voice at the WTO. The sooner the better. This is exactly the time when an independent UK could act as a strong voice and influence for freer trade worldwide, assisting the USA where she has a good case to bring the barriers down that others have imposed, and working with those who oppose unilateral US tariffs that do not tackle the underlying problems.