

## The EU is more preoccupied with migration than with Brexit

So as I and my allies predicted, the EU has turned down the Chequers proposals. We tried hard to persuade the PM to move on from Chequers. We did not want her rebuffed for proposing the impossible. How do her advisers who disagreed with us and told her to throw all her political weight behind Chequers explain what they have done? What do those Cabinet Ministers who went along with it have to say now about the delays and loss of negotiating capital it has caused? Can they now see they set her up to fail? Will she now listen to pro Brexit advisers who want what is best for our country based on organising an early exit?

The Prime Minister got just ten minutes to state her case to the assembled heads of state and government after dinner on Wednesday at Salzburg. The long dinner conversation was about borders and security. The working session yesterday was also about security and borders, in preparation for decisions on these matters at the October Council. The 27 did have a lunch time conversation about Brexit in the absence of the UK.

This tells us something very important about the EU. They are very worried about the political movements in member states demanding a change of policy on migrants and borders. Maybe they do not see Brexit as sufficiently important to allocate proper time at member state level to discussing it, preferring to let their representatives from the Commission handle these matters. Maybe they were so annoyed at Chequers that largely ignoring it seemed the best response to them .

Given the position of the UK Prime Minister and the clear position of the EU on the integrity of the single market and its wide ranging associated policies, there is no deal in sight. They need to take that into account at the October Council. As someone who thinks leaving without a Withdrawal Agreement works well for the UK, the same cannot be said for the EU. Their one sided Withdrawal Agreement is a very good deal for them, which they can lose through the casual approach of the Council allied to the formal and legalistic approach of Mr Barnier.

Could the two sides get an agreement? Only if both change their approaches substantially. The UK has to give up the ideas in Chequers that we stay in the single market for goods whilst leaving the rest of it and leaving the customs union. The EU wishes to preserve the integrity of their bureaucratic single market, and not have a country half in it. We need to abandon the idea that we will collect their customs dues for them. The EU has to give up the idea that it can split the UK by treating Northern Ireland differently to the rest. Then there is a simple question for both parties. Do they want a comprehensive free trade agreement like the Canada one or not? If they both do, it could be agreed in time for exit on 29 March 2019, based on the Canada draft with some added advantages that come from starting from a tariff free position on all items.

My view is as there is no legal obligation to pay a Withdrawal sum there is no need to sign the Withdrawal Agreement, and no need to pay for a Free Trade Agreement. Doubtless some in the government would be willing to compromise on this approach in order to get something agreed. In order to get any compromise through the UK Parliament, it has to be visibly better than simply leaving without a Withdrawal Agreement. £39bn is a huge sum of money that could do a lot of good at home. Trade under WTO rules with the rest of the world works fine for us, so we can manage on March 30th with no Withdrawal Agreement and no so called transition or further delay. The sooner the UK sets out its tariff schedule for March 30 next year the better. The tariffs do not have to be as high as some EU ones are. EU tariffs are high on food and 10% on cars. Much of our export activity including all services will be tariff free even on EU tariff schedules.

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## What do we want our army to do?

Listening to those who lead and manage our armed forces, I have been struck by the significant change in the army as we detach ourselves from Middle Eastern conflicts. During the Blair/Brown/Cameron years the UK made a substantial military commitment to Iraq and Afghanistan, as allies of the US and as part of a wider coalition of the willing. The UK accepted the US analysis of the need to respond to the atrocity of 9/11 by seeking to root out terrorists from some parts of the Middle East, and sought to assist in defeating terror groups in the interests of establishing more stable democratic states. Over the years of these conflicts the army had to direct its training to the difficult task of counter insurgency, to fighting with restraint in troubled urban environments. It required a change in equipment as well, with arguments over the number and effectiveness of armoured personnel carriers, and over the best style of military policing of areas with a terrorist presence or threat.

The nation rightly remained strongly loyal to our armed forces, who usually showed bravery, restraint and professionalism in difficult circumstances. The political nation was more divided and unsure about the remit given to our armed forces, and over the wisdom of these military interventions. It was one thing to support troops who did succeed in moving terrorists out or in stabilising an area. It was another thing to be able to assist in the creation of a stable democratic system, a good government and a more flourishing economy to replace the terror ridden troubles of many communities. The interventions did not create stable prosperous democracies quickly, and maybe could not do so. If there was a failure it was a failure of politics, or an over reach by the West who may not be best placed to transform the domestic politics of the area. I was one who thought we intervened too much. I also thought we asked a lot of our young soldiers on the front line, who had to show great restraint when afraid of attack, unable to speak the local language and finding it difficult to identify who the

enemy might be amongst a civilian population they were trying to protect.

Today we need to ask what do we want our army to do now? To be ready, seems to be the answer. It needs to be ready in case danger or need arises. That makes training difficult, as you cannot be sure what you are training to do. Some in the army think it makes managing the army more difficult. Providing a positive and exciting career if you all you do is train is a challenge. Whilst most of us like peace and are pleased to be spared the risks and dangers of war, some who join and train to be soldiers do so to be placed into dangerous situations where their actions can make a difference.

The last thing we should want to do is to find a dangerous situation to put our troops at more risk. It is the highest success if having an army there are no wars for it to fight. I am one who thinks the main reason we have a good professional army is as an insurance and deterrent. What do I most want the army to do? To persuade any adversary that it is not feasible to take military action against our home islands and protectorates. My second wish is to have armed forces that are strong enough and professional enough to be able to intervene many miles from home should need arise. That capability means our diplomacy has teeth, and makes negotiated solutions more likely. At the end of any war you need to sit down and organise the peace, establish a new rule of law, and allow self government where you have intervened with force on the ground. If you can sort things out like that without the war, we are all better off. As a member of the Security Council of the UN and a country with interests around the world, we do need to be able to project and use force away from home.

So I invite you to tell me what you want our army to do.

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## **Mr Barnier should tell us EU proposals for their border**

As the EU has previously said they think technology works well without new physical barriers at the border, why don't they just drop their misplaced and unhelpful interventions about the Irish border? The UK will make its own border arrangements and has made clear it doesn't plan new barriers.

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## **Taxes and threats of taxes hammer**

## diesel car sales in UK

The UK car market was doing well before the Brexit vote, and continued to grow after the vote. September 2016 with the new registration letters was a very strong month at 469,696 newly registered cars. July and August had also been good compared to previous years.

September 2017 was a much weaker month, at 426,170. July and August had also been considerably weaker than a year earlier. The sales and output figures show that the car market fell off a tax cliff in April 2017 of the UK Treasury's own making. April 2016 saw 189,505 new cars registered. April 2017 saw this drop away to 152,076. The new high rates of Vehicle Excise duty for dearer cars, the general attack on diesels, and the threat of further future tax and regulatory action against diesels led to a sharp fall in diesel car sales. Over the year to date this year diesel sales are 28.7% down on the same period in 2017 which included three good months before the new taxes.

I was sorry to learn that as a result Jaguar are putting some people onto three day working at Castle Bromwich for the balance of this year. Jaguar Land Rover have a very high proportion of diesel cars in their sales mix, so they have been particularly badly affected by these tax changes and anti diesel policies. The government should think again about its vehicle policies. It spent a lot of time getting investors into the UK to make diesel car engines and whole vehicles, and into regulating diesels to make sure modern diesels meet high standards over exhaust gases and particulates. This appears to be a tax rise too far, as it is now doing damage to jobs and car making in the UK.

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## Let's reassure BMW

Once the UK runs its own borders there is no need for the government to impose new checks and delays at our ports to impede motor components. I trust the UK government will reassure BMW and others that it has no plans to delay imported components. It could go further and say the UK place will not place any tariff on motor car components from anywhere in the world, making it easier for manufacturers here. That's the advantage of running our own trade policy and customs.