

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?

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.

The EU sets out its stall

The bark of the EU was less aggressive than the spin prior to the formal document. Mr Tusk tells us "The Union will be constructive throughout and will strive to find an Agreement". He sees the UK as a "close partner in the future". He welcomes the UK's understanding that you cannot belong to the single market without accepting all the four freedoms.

It is also clear that the EU would like a free trade agreement, and an agreement on intelligence, counter terrorism, defence and security co-operation. Indeed, why wouldn't they, when you see how it is so strongly in

their interests. The Union is worried that the UK might seek to negotiate and talk to individual member states likely to be sympathetic, so the document seeks to ban any talks by the EU 27 individually with the UK about Brexit. The Union has moved its language a bit on the rights of UK citizens living on the continent and EU citizens living in the UK, in recognition that they need to reassure and secure the position of all involved. It still falls short of the full guarantee that should be offered.

So what are the catches? There are three main obstacles to an agreement latent in this proposal. The first is the continued provision for a "divorce bill". The language is less inflammatory and there is some understanding that any payment has to be based on "legal and budgetary commitments". So maybe they will see there are no financial obligations beyond our continuing budget contributions up to the date of departure.

The second is wish to delay work on a future trade relationship and other matters concerning our future co-operation until a second phase. This is reinforced by saying that any free trade agreement has to be "finalised and concluded once the UK is no longer a member state". If by this they mean the day after we leave we can register a free trade agreement already sorted out then this is fine, but if they mean we sit down and sort one out after departure they will have to adjust to high tariffs against their strong agricultural exports to the UK from Day One.

The third is the mantra that "Nothing is agreed until everything is agreed". This could delay necessary agreements over matters like citizens rights, and makes the likelihood of all the EU member states and the other EU institutions agreeing that much more difficult.

The UK in response to this should continue with warm words and friendly intent, but also should inject some pace and energy into the timetable. Uncertainty helps neither side. It will be no easier to agree these things in 2019 than now. Lets flush out whether they are serious about wanting a deal. If they are not, lets just leave.

[A draft letter for Mr Donald Tusk to Angela Merkel](#)

Brussels
April 1st 2017

Dear Angela

I have been holding your line that the UK cannot expect to discuss anything about the future relationship with the EU until they have agreed and settled a large bill for exit. I understand fully Germany's reluctance to put more

money in to the next seven year budget framework just because the UK has left and is no longer helping pay the bills, but I cannot accept your view that is all the EU's fault. The member states also played their role in developing policies and attitudes which clearly upset too many people in the UK. The European tradition of showing respect for government, and voting again if a referendum miscarries, is not unfortunately practised in the UK where apparently they accept the result.

I have to say I don't think the current line is going to work. The UK is emboldened by what has happened so far, and they seem to be losing their fear of the consequences as a result. We saw how Project Fear warning them of bad economic consequences did not stop them voting against the EU, and the absence of such negative results so far has strengthened the hand of the Brexit side in the argument. We also need to be aware that there are now pro Brexit Ministers in the government, and advisers who are also of that persuasion. It will be very difficult for us all if at the first meeting we present the bill and the UK simply refuses to accept any liability. They apparently believe there is no legal basis in the Treaties to require them to pay other than their regular contributions up to the date of exit. I am struggling to find a counter to this case.

I am being lobbied by business and farmers from Germany and elsewhere that they want us to keep tariff free trade for cars and to avoid high WTO tariffs on agricultural products, two areas where the EU has a large balance of trade surplus with the UK. I am also being told by other governments that they don't want to anger the UK, and do not wish to lose the valuable intelligence, military co-operation, scientific collaboration and various joint investments and activities. May I suggest we do not have a prolonged wrangle over talks about talks, as this could also fuel Eurosceptic and other hostile opinions in France, Italy and elsewhere where we face elections soon. May I also respectfully suggest that you do not speak out before consulting other states, as there is some private resentment of this.

Perhaps we could get together soon to see what we can salvage from this tricky situation. There is a case for cutting our losses with the UK quickly before it splits the EU and diverts us from our most important task of creating greater unity amongst the remaining 27.

Yours

etc

The Great Repeal Bill – the Bill all MPs have to support

I am happy with the principles behind the proposed legislation. Whilst we are

leaving under the Treaty provisions, the actual legal abolition of EU power in the UK requires the repeal of the Act of Parliament which gave the EEC, then the EU, the powers in the first place.

The Bill is misdescribed as the Great Repeal Bill. It is really the Great Continuity Bill. Its prime purpose is to transfer all current directly acting EU laws and past court decisions into UK law. It is therefore reassuring to all those who voted Remain because they liked current EU laws and protections, as this legislation will preserve them and make them UK requirements on our departure.

Labour and the Lib Dems were keen to stress their wish to see areas like employment law protected. This Bill does just that. They will therefore need to vote for the Bill to carry out their clearly expressed wish that every EU employment protection survives Brexit. This should be an unusual Bill where the whole House wants to support it. There will of course be amendments which will cause debate and division, about how much detail has to be put into the Act itself. Anyone who does not vote for this Bill is supporting no continuity in our laws and uncertainties over what the law is in many fields.

Some are now saying what is the point of leaving the EU if we keep all the EU laws. The point is once they are UK laws, we in the UK can decide to keep them, improve them or remove them. The UK government has reassured the Opposition that it has no wish or intention to repeal or dilute any of the employment protections that stem from EU law all the time it is in office. The government does, however, wish to introduce new border controls and benefit and migration policies, which is only possible once we have taken back control and transferred the EU border and benefits law into UK law. This will of course need UK primary legislation which will go through a full parliamentary process to change what we currently have. I also trust the government will want to put through a new fishing policy which is kinder to both our fish and our fishermen. That too will need a full Parliamentary process with new legislation.

I have commented before on the so called Henry VIII powers. Most modern Acts of Parliament have needed Statutory Instruments to implement them and handle the details. The scope of this is debated by Parliament when the Act is passed. Each Statutory Instrument itself is put to Parliament, and Parliament can debate and vote on them if it wishes.