

The curious case of the car industry

Day after day I hear scare stories on the media that the UK car industry may suffer if some undefined friction were created at our ports impeding the inflow of components after we have left the EU. I have proposed no tariffs on any parts coming in, so there would be less friction on non EU parts than today, and the government may well adopt such a proposal. They have certainly not ruled it out. No-one has yet explained why we will mess up our ports in ways which delay deliveries to car plants. Just in Time systems anyway flex according to how far the components come and the journey conditions they experience in the regular course of business.

What I do not hear is analysis and concern about the very real damage being done to our car industry whilst we remain full members of the EU. The collapse in car sales since the Spring of 2017 has nothing to do with Brexit and everything to do with the high Vehicle Excise Duties, the tax and other regulatory attacks on diesel cars, and the tough guidance to banks to cut down the car loans imposed by the UK authorities. As a result car sales have fallen by almost one quarter, and car sales by Jaguar Land Rover have been hit much harder given the high proportion of expensive cars and of diesels in their mix.

Why doesn't the media take up these unhelpful policies, and make more of them than the silly scare stories about why might happen if we just leave the EU?

It would also be good to have more informed comment and discussion of a real economic problem worldwide, rather than the false worries about Brexit. The rest of the world is talking about the general move to slow money and credit growth in the USA, the Eurozone and China as well as in the UK. Car sales are very dependent on credit and get hurt early on when rates rises or when cash is restricted in banking systems. Car sales in China fell heavily last month. US car sales peaked earlier this year and are also in decline. The German car industry got hit badly this autumn. It was largely attributed to changes in EU regulations delaying certification and sales of new vehicles, but it is probably also about the turning of the credit cycle and the decline in underlying demand in the world car market.

I have often said that whilst Brexit is a very important political and democratic event for the UK, it is unlikely to have much impact on the world economy, and will have just a modest positive impact on the UK economy once we leave if the government follows sensible policies. We should try to prevent endless scare stories and the Groundhog day coverage that is the current UK media from stifling debate on the things that do have an economic impact. The media should be expressing some alarm about what monetary tightening is now doing to the world car industry. There is no obvious inflation threat in the advanced world, and clear signs of economic slowdown.

The Post Office counters closure in Wokingham

I have talked to the Labour party campaigners collecting signatures in town today to object to the closure of the counters in the current building. They tell me they have now seen a letter saying the Consultation will only be about the facilities in Smiths, and not about the principle of the closure and switch, which was not made clear to me when I contacted them. I will therefore write to the Post Office setting out public objections to the closure and asking them to think again.

Visit to Wokingham sorting office

I went to thank the Post Office staff for all their hard work delivering the Christmas cards and parcels at the Wokingham Sorting office on Friday morning. They have done a good job handling the big volumes so far, and report plenty of packages as people shop on line for some presents.

I asked the Manager for their views on the possible move of the front counters to a retail store and confirmed I will be making representations about that when they share more details with us. The relationship between the Sorting office and the counters is one of the issues a move would raise. Currently we go to the counters to retrieve mail they could not deliver, and they can produce the parcels quickly from the back sorting office.

What should the Prime Minister do now?

The Prime Minister needs to understand that her Agreement cannot pass the Commons. All the Opposition parties oppose it. The DUP hate it. Around 100 Conservative MPs have stated in public they do not agree with it.

A substantial number of those MPs might change their vote on the Agreement if the Northern Ireland backstop were removed completely, or if there was an unambiguous and straightforward way for the UK to end it unilaterally once imposed. Whilst the vote on the Agreement would then be narrower, there would still be a substantial group of Conservative MPs who would oppose the Agreement for wider reasons often set out here. The Prime Minister ignores these other problems – the large sum of money committed for nothing, the

indeterminate period left in the customs union, the vulnerability of our economy to new laws and regulations that could hurt us – all summed up as the opposite of the Leave we voted for. She assumes she could get practically every DUP and Conservative MP to change their minds.

She also assumed in the Confidence Vote meeting that the EU will offer some legally binding text which does scupper the Backstop. That looks extremely unlikely, given the stance of the EU so far. If we assume they are not bluffing when they say they will not re open the Withdrawal Agreement text it is difficult to see any reassurance or political declaration about the Backstop persuading the DUP and other critics, as what matters is the law as written rather than statements of how a future EU might behave. One of the problems with that is the imminent European Parliament elections and a new Commission, so what is the value of any promises by the current set up?

I have the following questions for the PM

What legal text have you tabled to remove the Backstop? Will you share it with us as we might agree with it?

What indications if any are there that the EU will moderate its stance and resume talks about legal change to the Backstop part of the Agreement?

If there is no new text and no prospect of talks to change this draft law, how do you envisage getting the DUP back on board to support the government?

If the DUP remain largely detached, how can the government proceed with its wider programme of work?

What action if any are you taking to deal with the other large problems with the Agreement as around 400 MPs see it?

If there are no good answers to these questions, then the PM should come to the Commons and announce that unfortunately the Agreement cannot be fixed so she is withdrawing it. She should then return to the EU and discuss the best way to proceed to exit, with accelerated work on the various agreements it would be nice to have to make it easier for both sides. She should finally get round to tabling a Canada style free trade agreement and set out again how the Northern Ireland/Republic of Ireland border can be handled much as now. This present currency, Excise, VAT and anti terrorist border could also be a customs and regulatory border, with most of the checks done well away from the border and the information shared electronically in advance of the border crossing. Managed exit without a Withdrawal Agreement is what most Leave voters want, given the penal and one sided nature of the Withdrawal Agreement.

The West Berkshire Council settlement – spending power up by 4.2%

I lobbied the Minister on behalf of West Berkshire as well as Wokingham, and urged the case for more money for local services and priorities. During the year we got extra money for social care and potholes. In the settlement for 2019-20 the Council will get a boost of 4.2% to spending power, compared to the England average of 2.8%, and a useful increase over inflation.