

# “No Deal”, the WTO global trading option, is the benchmark to beat for leaving the EU

The one good thing to come out of the Chequers meeting was confirmation that the government will speed and complete its preparations for leaving the EU without a deal. The government says it does not want to have to do that, but it needs to do it in case that it is the outcome to the slow and unhelpful talks. It is also important to put some weight behind the UK's bargaining position. Only if the government is prepared to exercise the No Deal option does the UK have clout. We should expect to see and hear more of the successful preparations in the days ahead.

No Deal delivers most of what Brexit voters want. It means we leave the EU on 29 March 2019 as promised. We leave without paying any extra money to the EU as a leaving present. We regain control of our laws, our borders and our trade policy. The only thing it does not give us is a free trade deal with the EU. I suspect if we look as if we mean to leave without a deal the EU would want to extend its current offer of a free trade deal for Great Britain into an offer for the UK, as we will of course not accept one which leaves out Northern Ireland.

The biggest win from no deal is the opportunity to spend £39 billion at home on our own priorities that we would otherwise give away to the EU. £39 billion spent at home would be a big boost of 2% of GDP. It would cut our balance of payments deficit by the same amount. Depending on the mixture of tax cuts and extra spending we chose, there would be additional gains from the stimulus effect of the money. The right tax cuts could power faster growth and more business success. Well deployed spending on education and training could help more people into better paid jobs.

We should also use all the £13bn we collect in tariffs on EU imports to give as tax cuts to UK consumers so we are no worse off from the tariffs. Doubtless we will also buy more UK goods when EU ones are dearer so we will be better off.

The next win from just leaving will be the right to control our own borders and settle our own migration policy. I expect the government to make it easy for tourists, students, investors and people with good qualifications to come to the UK. What the public wants is a decent control on people coming to the UK to take low paid employment, when we need to up the wages and recruit more local people to do the jobs, whilst investing in labour saving automation where the jobs are unattractive. We need to alleviate some of the stresses on housing and infrastructure which high migration rates in recent years have exacerbated. We want a fair policy, which does not give priority to people from continental countries over people from the Commonwealth.

The third win will be in global trade. Australia, New Zealand, Singapore,

Canada and the USA are keen to sign trade deals with us. We could join the Trans Pacific Partnership. To do such deals we need to be free to make our own calls on regulation, tariffs and non tariff barriers. Through our membership of the WTO we can create relatively friction free trade, as we enjoy today on non EU trade, with the added advantages that trade deals can bring.

The fourth and biggest win of all is we will re establish our home democracy. Our laws will be made in the UK, and can be repealed or improved by Parliaments we elect and influence. The UK will regain her vote and voice in a number of world bodies, including the World Trade Organisation and various standards bodies, so we can have direct influence on world regulation.

Any deal worth accepting has to be better than this. It would need to be a very good offer indeed to be worthwhile paying them £39bn more.

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## Mr Redwood's contribution to the Westminster Hall Debate on Five-year Land Supply

**John Redwood (Wokingham) (Con):** I fully support my hon. Friend. In Wokingham we have 11,000 outstanding planning permissions and a required build rate of 900 a year. People might therefore think that we had a 12-year supply, but until recently the Government said that we had less than a five-year supply. They do not want to endorse our decision, which makes a lot of sense, to have four major sites with infrastructure and other support.

**James Cartlidge (South Suffolk) (Con):** I am grateful to my right hon. Friend. That chimes with the situation in my area and many others, as I have heard from colleagues. I will come back to that point.

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## Three Ministers resign over the Chequers statement

I was not surprised by the resignations. The Chequers statement brought to the surface arguments that had been underway for many months. David Davis felt his department and his advice was being sidelined by the Cabinet Office officials. He had argued against the EU's sequencing of the talks, and had

sought to dig in more over money and the so called Withdrawal Agreement. Boris Johnson felt his advice was also being ignored when he set out an upbeat and optimistic view of Brexit. He complains about the extent of the concessions made and possibly planned.

Some people close to the PM made it worse by the silly briefings that Ministers would have to walk home if they resigned at the Chequers meeting, and by effectively challenging some Ministers to leave the government. Today in the Commons the Prime Minister robustly defended the red lines that matter to many of us. She assured us that freedom of movement will end, we will have our own migration policy, we will not pay large sums into the EU and will be able to sign our own trade deals.

However, the small print of the Chequers statement implies her officials do think we need to make concessions that rub out these important red lines. It is these apparent contradictions between the principles and the detail that has caused all the trouble. A majority of the country, Brexit voting and some Remain voting, want reassurance that the government will implement the wishes of the people. That does mean taking back control of all our laws, borders, money and trade policy. It is difficult to see how this is compatible with a deal that ties our hands on goods and agricultural business and trade. Nor does the detailed language rule out some payments, some role for the European Court and some side deal to allow more migration.

We are told a few large companies think a failure to negotiate some customs deal will be damaging to them. It is difficult to see why. These claims are similar to the claims such businesses made to force us into the European Exchange Rate Mechanism, which proved an economic disaster. They are also similar to the statements of some big businesses that they would stop investing in the UK or might withdraw if we failed to join the Euro. Instead they stayed and invested more. We have just had a devaluation against the Euro of more than 10%, so the UK has just become a lot more competitive. Our trade is not at risk if we leave and trade under WTO rules.

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## Resignation of Brexit Secretary

I repeat my advice to the PM. There are only two sensible options, a comprehensive free trade deal or exit on WTO terms. She should table a free trade deal and ask if the EU wants one or not. We need to leave on 29 March 2019.

We have sent the letter and passed the EU Withdrawal Act, so we have done all we need to do to leave legally. The remaining issue is do the EU want free trade or want to trade under WTO terms.

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## Building bridges to the USA

This week the UK welcomes the President of the USA. Let me risk criticism by saying I wish this to be a successful visit, stressing the things the USA and UK can do together to make the world a better place. As good hosts we should not be in the business of taking public political shots at the President or stressing the things some in the UK do not like about his stance. In private of course the government can make representations where it disagrees.

There are many areas where we can and should make common cause. Both the USA and the UK believe in NATO, and believe that to be a fair and strong alliance all its partner states should spend a minimum of 2% of GDP on their contribution to the mutual assurance. As one of the few members who does so we should help the President make the case with other members, and should show we are determined to increase our spending to be a decent ally and helpful partner.

President Trump thinks President Obama was wrong to tell the UK that we would be at the back of the queue for a trade deal. He is willing to get on with one. The UK should respond positively and progress the talks. It would be good to have an Agreement ready for ratification as soon as the UK leaves the EU.

The President is a big advocate of lower taxes. His dramatic tax reform is boosting the US economy. US companies are busily repatriating profits and spending more money on wages, investment and dividends. US families have more money to spend thanks to the income tax cuts. The UK should congratulate the President on his success with this, and should add income tax reductions to the corporation tax cuts we have carried out.

The President has published a study which finds that some Chinese companies steal or obtain western ideas on the cheap. He is trying to get improved conduct from China. There are UK companies who have experienced Intellectual Property difficulties with their own brands and products. The UK should share its knowledge of this with the USA and discuss what might be a good agreement with China to improve the position. The Chinese authorities have themselves said they oppose IP abuse.

The President is pushing both China and the EU for lower tariffs, better market access and "fairer trade". Where the demand is for a lower tariff or for easier market access, the UK can be sympathetic. Clearly we do not support the unilateral imposition of tariffs to try to force the pace of change, and wish to avert a trade war. This week is a chance to influence the President by offering positive ways that we can help get Chinese and EU barriers to trade down.

I suggest we keep off the topic of walls. The EU has helped financed a long border defence for Turkey, and has seen a number of border fences or walls

spring up in recent years, so we are not in a strong moral position to lecture the USA on this sensitive subject. The UK herself wishes to tighten controls on migrant numbers.