

Trade is mainly about companies and individuals, not governments

The good news is governments need to promote and tolerate trade as well as unfortunately doing their best to harm it. Governments like to tax trade, with excise duties, VAT, other sales taxes and customs dues. This both harms it, but also gives them a rationale to want to promote more of it at the same time. They like to regulate it for a variety of good and bad reasons. They rightly want to stop people selling dangerous items that could be misused and want to supervise the safety of everything from planes to drugs, but they also often want to control the style, performance and method of manufacture of things where variety might not be harmful. The EU both poses as an advocate of more trade within its zone, and acts as an impediment to more trade outside the zone by imposing a barrage of controls and taxes on items coming in from non EU sources. The US objects to VAT on its sales into the EU, as well as to the higher tariffs like the ones on food products.

In the never ending UK Parliamentary debates on trade the advocates of us staying in or rejoining the EU customs union, or inventing a customs union with them similar to one we are leaving, never give up and never find any new and convincing arguments. Three times Parliament voted down staying in the customs union by a large majority. Last night Parliament voted it down yet again by a small majority. As someone who likes Parliamentary democracy and thinks things should be settled here by lively debates and votes, I am also allowed to ask how many more times do we have to make the same decision? I want this Parliament to tackle issues like housing, economic growth, real wages and the other things that matter to voters, but its ability to do so is constrained by so many MPs wanting to go over the same old topic day after day.

I am an MP who wants business to succeed and wants to see more prosperity and more better paid jobs in the UK. So why don't I want a customs union? Let me have one more go at replying to the tired old statements of the Remain campaign that we hear daily in Parliament on this subject.

1 Remain claims that industrial business operating Just in Time supply chains with imported components will not be able to work efficiently from outside the Customs Union!

a) Many businesses today in the UK operate Just in time systems with components coming in from the USA, Japan, China and other sources that are outside the EU. Some JIT systems operate well with seaborne deliveries from outside the EU. They know how to get their products through the docks in London or Southampton just fine. The products have been many days at sea and the short time taken at the port is minor compared with total travel time.

b) Both EU and non EU components come in under a system of Authorised Economic Operators. They file electronic manifests of the consignment, and the calculation of any VAT, customs dues, excise and other taxes occurs as

the goods transit. The lorry driver at the port does not have to wait whilst they work out the payments and pay them by cash or card in a queue of trucks. There has been a long standing system of TIR trucks, with sealed cargo sections that have permission to cross borders because the authorities know what is in them.

c) Both the EU and the UK are members of the WTO. Its Facilitation of Trade Agreement covers the main issues requiring member states to minimise friction at borders.

2. Remain claims that any non EU system of imports will be too expensive and administratively difficult, especially given rules of origin which require specified proportions of local content.

a) The current EU system also requires substantial electronic paperwork and complexity. The EU levies VAT which requires great detail about process and where value was added, with issues over transfer prices. It also needs to police rules of origin. Importing from outside the EU need not be more onerous, and once out of the UK we will design our own system which can be friendly to business.

b) The information the authorities need to police and tax is very similar to the information the company needs to supply to its customers and counter parties. If you are supplying a component for a complex machine like a plane or vehicle you need to send great detail about how and where the components was made, what the tests results were, and what its price is. Modern manufacturers require individual component traceability in case something goes wrong . It means the information the authorities need is already known to the company and in its computer, so a simple computer programme can extract and present the relevant information for transit papers.