

Freer trade outside the EU

Yesterday the government issued an excellent document setting out the basis on which we will trade from 1 January 2021 as an independent state and member of the WTO. We will set out our own common tariff for the rest of the world which will apply unless we have a Free Trade Agreement with the counter party.

Our tariff is lower, simpler and easier than the EU one we currently have to offer to non EU countries. It takes tariffs off items we cannot grow or produce for ourselves. It takes tariffs down to zero for products manufacturers in the UK need to help them make things here. So cotton, and various engineered tools drop to zero for example.

It takes all tariffs that are under 2% to zero to save all the admin. It takes fiddly tariffs down to the nearest whole number. It takes tariffs off energy saving, recycling and renewables. The tariff on thermostats for example disappears.

The Secretary of State for Trade confirms two crucial matters. Firstly, she makes it clear this will apply from 1 January 2021, so there are no plans for any delays to our full exit. Secondly, she confirms there will be no tariffs between Northern Ireland and the rest of the UK. The EU will not be allowed to wrestle Northern Ireland into their customs union and out of our common customs system.

Many of us MPs wanting to implement the referendum have been pressing for just such an outcome for many months.

Her Majesty's Government announces UK Global Tariff

The Government has this morning (19 May) announced the UK's new tariff regime, the UK Global Tariff, which will set out the duty charged on imports from other countries. This will replace the EU's Common External Tariff on 1 January 2021 at the end of the Transition Period, by which point we will have reached an agreement on our future relationship with the EU. The UK Global Tariff will only apply to goods from all countries with which we do not have a preferential trading relationship.

It is a simpler, easier to use and lower tariff regime than the EU's Common External Tariff (EU CET) and will be in pounds (£), not euros. It will scrap red tape and other unnecessary barriers to trade, reduce cost pressures and increase choice for consumers and back UK industries to compete on the global stage.

The government is taking a common-sense approach to our new tariff schedule by streamlining and simplifying over 7,000 tariff lines and lowering costs for businesses by reducing administrative burdens.

The UK Global Tariff will provide a baseline from which we will negotiate free trade agreements with partners around the world, giving us the leverage to negotiate the best deal for the UK, and replace the EU tariff that we currently apply.

- **The UK Global Tariff will make it easier for businesses to trade.** o **Our tariff will be in pounds – not euros.** Paid in pounds, calculated in pounds, this is a stable tariff for UK traders.
- **Our tariff cuts administrative costs for businesses.** We are getting rid of needless tariffs which create administrative burdens. All tariffs below 2% are gone (e.g. fire extinguishers, school pencils and gardening tools, move from 1.7% to 0%).
- **Our tariff is simpler to use.** We will round tariffs down, making them simpler for traders to use (e.g. reading glasses move from 2.9% to 2% and alarm clocks from 4.7% to 4%). We will also scrap the EU's complex calculation for certain processed goods- which results in over 13,000 tariff variations on products like biscuits, confectionery, and spreads – applied under the EU Tariff.
- **The UK Global Tariff will back UK manufacturing and production.** UK manufacturing and production. We are dropping tariffs to zero across a wide range of products used in UK production (e.g. tools for tapping and threading metal move from 2.7% to 0%, and spanners and wrenches from 1.7% to 0%).
- **The UK Global Tariff will reduce cost pressures and increase choice for UK households.** Tariffs will be removed on products that we do not produce, or do not produce much of in the UK. Removing these tariffs will lower cost pressures for UK households and businesses (e.g. pistachios move from 1.6% to 0% and cotton yarn from 4% to 0%).
- **The UK Global Tariff will protect developing countries.** These countries will maintain tariff free access into the UK on goods such as vanilla (6%), plantains (16%) and bedlinen (12%). Whereas non-developing countries will face the UK tariff on these goods, where a trade agreement is not in place. Therefore, the UKGT maintains the continued preferential access for these countries.
- **The UK Global Tariff will promote a sustainable economy.** We are cutting tariffs on over 100 products to back renewable energy, energy efficiency, carbon capture, and the circular economy through recycling and reducing single use plastics (e.g. thermostats move from 2.1% to 0%, vacuum flasks from 6.7% to 0% and LED lamps from 3.7% to 0%).

As set out in the Protocol, Northern Ireland is a constituent nation of the UK and part of the UK's customs territory. Tariffs are not payable on goods moving within the UK. The arrangements the government will introduce will reflect this.

As we recover from the unprecedented economic challenges posed by coronavirus, the UK will champion free trade, fight protectionism and remove trade barriers.

Our new tariff is tailored to the needs of the UK economy. It will support the country, by making it easier and cheaper for businesses to import goods from overseas from 1 January 2021.

The UK Global Tariff will protect UK sectors, such as agriculture. Tariffs will be retained for products such as lamb, beef and poultry. The Government has removed tariffs on products that cannot be produced in the UK – including approximately 150 agricultural products such as various vegetables, fruits and oils.

No extension to Brexit talks

Today Parliament will hear a statement on the Brexit talks. Like last week all my requests to ask oral questions or participate in Statements have failed in the ballots for slots because time is so limited,

What I wish to say and have said many times to Ministers is we must not delay our exit. Nor should we concede our fish, money or law making powers. The UK has rightly offered a Free Trade based Agreement and should stick with that offer.

Mayor Khan – travelling safely?

In March the London Mayor told us travelling on buses and the tube did not pose a threat of catching the virus. More recently he has supervised a major cut back in services and expressed worries about the safety of staff and passengers.

The background to his astonishing U turn on public transport safety is the fast deteriorating financial position of London Transport on his watch, which pre dated the collapse of revenues on lock down but worsened when that happened. His early comments on the virus were probably motivated by the need to keep revenues up and to hit targets for more people using the tube and bus. His lower fares policy left LT short of revenue to pay all the running costs and finance the improvements and expansions this growing business needed.

He has now been forced into asking for a big bail out from central government

and national taxpayers. Last week the Transport Secretary agreed a grant of £1.095 billion and a loan of £505m just to see the Mayor through to October. In return the Mayor had to accept the need for a government review of the finances and efficiency of LT, and to two government representatives on the Board.

Mr Shapps the Transport Secretary now needs to sharpen up central analysis and supervision of this expensive state business. The writer of the official government release said this:

“In order to reduce the risk of crowding and to encourage vulnerable groups to from using (sic) public transport at the busiest times when there is greater risk of transmission it may not be possible to socially distance, (sic) the deal will see the temporary suspension of the Freedom Pass and the 60+ card concessions to off peak hours. It will also see temporary suspension of free travel for under 18s and special arrangements will be made to ensure children eligible under national legislation can still travel to school for free. The changes will take place soon as (sic) practicable”

There is immediate work to be done on how many services and what the rules are over the number of people allowed on each train and platform. It will also be complex to allow free travel to school but not for other junior journeys.

The new Board members need to examine the impact of Mayor Khan's fares policy on the finances of LT before the virus hit, and to help LT find the right fares policy to maximise permitted use and generate more revenue relative to costs. The whole structure of costs has just changed substantially with revenues much down for the next few weeks at least. They need to re-examine the whole business approach, with safety and costs in mind.

Educational divides

One of the tragedies of the lock down is the growing educational divides it is creating.

The minority of pupils whose parents pay fees for their schooling may well be at a school that is teaching a full timetable of lessons today. Parents who pay directly for their children's education expect it be delivered. Many public schoolteachers are delivering their normal lessons on line. They give their lesson or lecture on video, supervise the class who log in and are required to participate, take in electronic work for marking and set homework electronically. Some state schools too are providing an excellent on line education.

The teachers doing this find it exacting as everything they say is recorded

and can be reviewed by a parent or colleague, but they accept it is what they and the school are paid to do. Some are flourishing, learning to use the special features of internet programmes to encourage more participation and to share more material more easily. Universities too are often teaching a full timetable of on line lectures, seminars and classes. I will be giving an on line lecture soon in Oxford in a digital lecture series on central banking. It was possible to say Yes because I do not have to find four hours for travel there and back.

Some state schools are not offering this on line full timetable teaching option, so the divide between schools is in danger of widening. I have asked the government to look at bridging the computer divide where low income families in receipt of benefits do not have a home computer that can receive internet lessons. It would be good to offer a laptop or other suitable device programmed to receive intranet lessons and free educational information over the web to those who need one. Many families do have a number of digital and internet devices at home which could allow children in the family to pick up the lessons by borrowing that. The wider family might also help in equipping the pupils for digital lessons where necessary.

There is also a further divide within the state pupil community. The gap is not one between rich and poor. It is between homes with a parent or parents who believe in education and who encourage their children to listen, read, watch and download material which adds to their knowledge, and those who do not. Some high income families do not take time to encourage learning or to share books, articles and internet sites with children. They do not see it as their job to supervise learning. Some low income parents take much time and trouble to pass on knowledge. The gap is between the educationally rich and the educationally poor households. The privileged may of course include the children of teachers and of professional workers who have had to learn to earn and want their children to do the same.

It is time to review the role of technology in education. If we use on line lectures and classes more, we could give more students access to the best minds and the most accomplished work. It gives an opportunity to share materials between schools, from one expert to another and out to the wider student body. One of the benefits I found from an Oxford undergraduate education was an open lecture list. You could go to lectures in subjects you were not officially studying as part of your general education as they were often pitched at the right for such an interest. You could hear the best known or highest regarded academics in person.