

Sorry, Project Fear, we are not going to fall off a cliff-edge - Britain will thrive

- IAIN DUNCAN SMITH

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It has become clear that Project Fear – the scare-mongering campaign carried out by those who want to remain in the EU – is alive and well. We are threatened on a daily basis that we could end up with “no deal”, “crashing out” or facing a “cliff edge”. Almost every question anyone who supports the vote to Leave is asked is couched in these dire terms, as though they are hard facts and the rest is supposition. Hardly a day goes by without another scare story about the UK failing to get medical isotopes, facing a shortage of medicines, or British aircraft not being allowed to land in the EU.

These examples show exactly why we are being misled. Continuing access to radioactive isotopes, used to treat cancer, requires the UK to recognise the EU’s standards, as others around the world do and as the EU does in return. The same is true for the recognition of medical standards generally.

And while aircraft landing rights require a deal, the EU knows that it is in its own interests to get that arrangement signed, given that the UK has the third largest aviation network in the world. After all, US planes land in the EU every day – as Willie Walsh, chief executive of International Airlines Group, has said, “it’s not rocket science”.

The latest “frightener” is that World Trade Organisation (WTO) rules would require us to put up physical border infrastructure in Northern Ireland after Brexit. This is utter nonsense, as the WTO is about reducing trade barriers between nations, not increasing them. Interestingly, quite the opposite is the case, as engineering deliberate delays at the borders is outlawed by the WTO.

The Project Fear claim that the EU will carry out hostile non-cooperation with the UK is ridiculous, too. First, the EU’s constitution requires it “to establish an area of good neighbourliness” with bordering countries. Secondly, the WTO treaty forbids discrimination against trading partners. And thirdly, the new Trade Facilitation Treaty commits members to facilitating trade, not obstructing it. After all, it’s not as if the UK wants to do something no other country in the world is doing.

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An informed and impartial look would show that there is in reality no such thing as a “no deal”, “cliff edge” or “crashing out”. It does not mean shortages of products, still less some kind of national failure. If the EU rejects a free-trade deal with the UK, what is described as no deal is a process where we move to a different deal: trading under WTO rules.

We are already a WTO member. However, after Brexit there would be one important and positive difference: we would become a full voting member of the WTO, alongside the United States, China and even the EU. Furthermore, as one of the biggest exporters of services in the world, we would be able to mount independent pressure on the EU to do the thing they have failed to do: liberalise

access to services.

Despite the fear-laden doomsday briefings by those who want to reverse the referendum result, going into the WTO for our trade with the EU would not mean being cast into the outer darkness. Over the next few decades, 90 per cent of global growth is expected to originate from outside the EU. We would also gain the immediate freedom to negotiate and sign our own trade deals with other countries, including our major allies such as the United States, and to improve our own domestic regulation and create wealth in our own economy.

There is a solid body of research behind this. In a recent report, using WTO figures, Economists for Free Trade pointed out that UK exports to 111 countries under WTO rules grew at a compound annual growth rate of 2.9 per cent, three times faster than exports to the 14 other early members of the single market between 1993 and 2015. Meanwhile, countries trading with the EU on WTO terms saw 135 per cent real-terms growth in goods exports - much faster than the exports of the founder EU members to each other. Most importantly, inside the customs union, UK trade has been steadily declining with the EU since the global financial crisis.

In short, the WTO offers the UK the chance to trade freely with other nations, but nations that are not interested in meddling in the UK's affairs.

There would be other advantages. Outside the EU, and unencumbered by EU rules, the UK could, for example, decide how to reform emissions trading, and wider climate change policy. Abolition of the damaging carbon price floor mechanism would be a good way to start. Such a policy could release more than £1 billion in costs, including millions to help domestic users of electricity, tired of seeing their bills rise. As a sovereign nation again, regulations threatening our ability to compete in the financial services sector could be brushed aside in favour of a more flexible regime governed by the Bank of England.

In that regard, I was sorry to hear the Governor of the Bank feed Project Fear earlier this month, warning that the chances of “no deal” are “uncomfortably” high. He must have known that such comments would cause the pound to fall and that Remainers would trumpet his remarks, yet he still chose to make them.

Furthermore, the latest figures show that UK GDP grew by 0.4 per cent in the second quarter of this year, an acceleration from the first quarter. The UK economy remains strong.

I am among those who would prefer a free-trade deal with the European Union (as David Davis's White Paper proposed). However, if the EU continues to rule that out then the Government should be presenting the truth about trading with the EU under WTO rules - not, as seems the case now, feeding Project Fear by using the misleading and emotive language of “no deal”.

Frankly, it doesn't say much for the Government's ability to negotiate with the EU if it tells the EU that Britain is ready to trade on WTO terms, yet back in the UK, it tries to salvage the weak and heavily criticised Chequers fudge by vilifying the WTO, a system that the rest of the world uses and, in case they had forgotten, the UK helped set up and supports.

It's time to end the poisonous absurdity of Project Fear.

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