

RACHEL REEVES MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Mr. Richard Hughes
Chairman
Office for Budget Responsibility
102 Petty France
London
SW1H 9AJ

Friday 5th March 2021

Dear Richard,

I am writing to you in my capacity as Shadow Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster.

I am sure that you, like myself, will have found the absence of any mention in the Government's Budget yesterday of the impact of the UK's new trade deal with the European Union notable.

The thorough work of the Office for Budget Responsibility (OBR) yesterday underlined the size of this omission.

Looking at the OBR's March 2021 Economic and fiscal outlook, it is notable that the OBR have confirmed that as a result of the UK Government's trade deal with the EU, and the additional trade barriers resulting from it, that the UK's overall productivity and economic output will be reduced by 4% over a 15 year period.

This is extremely concerning, and that concern is compounded by the Government's lack of response in addressing or even acknowledging this gap.

The Chancellor of the Exchequer did not even once mention the economic impact of these new trading rules yesterday, nor what practical measures the government will take to support the many, many businesses impacted by reams of costly new red tape brought about by the deal which this government itself negotiated in a chaotic rush at the last moment.

For months these businesses have been vocal, speaking to Labour and in the media, about the active engagement and action they need from the government to help them adjust and thrive under new trading rules.

The EU is the UK's largest trading partner and made up over 43% of all UK exports in 2019. For this reason, it is crucial that more is done to support UK exporters on their ability to navigate these difficult times and ensure we create a successful and prosperous UK.

As you may know, The Labour Party tabled an amendment to the Government's trade deal with the EU, to request that the Government publish its full economic impact assessment on the deal, both at the time it was voted on in the House of Commons on 30 December 2020 and subsequently.

Despite this, the Government has proved unwilling to do so.

Member of Parliament for Leeds West

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With this in mind, I ask for your support in publishing key information in respect of the Government's trade deal with the EU (and its impact) to allow UK businesses to better respond to the challenges they are facing at the moment. In particular, I ask that the OBR publish the following information publicly:

- The OBR's assessment of:
 - the Government's trade deal with the EU
 - the impact of the Government's trade deal with the EU on UK exports to the EU;
 - the impact of the Government's trade deal with the EU on different sectors of the economy;
 - the individual impact of the Government's trade deal with the EU on different regions and nations within the UK; and
 - the economic consequences of the Government's trade deal with the EU per household in the UK.
- Information on the assumptions and projections used to assess the impact, and on-going impact of the Government's trade deal with the EU on an annual basis.
- The effect of the Government's trade deal with the EU on key economic indicators such as inflation, unemployment, consumer spending, productivity, GDP.
- The impact of the Government's trade deal with the EU on borrowing and debt levels over the forecast horizon.

Where possible, it would be helpful to receive this information in both percentage and value terms, to better identify and mitigate the key issues.

Moreover, I am sure you will agree that the trading landscape is changing so quickly that it would be helpful to publish this information every six months.

Given the crucial nature of this information, I will make this letter publicly available.

I look forward to your kind response.

Best wishes,

A handwritten signature in cursive script that reads "Rachel Reeves".

Rachel Reeves MP

Shadow Chancellor of the Duchy of Lancaster

Member of Parliament for Leeds West