

DR LIAM FOX

ANDREW MARR SHOW
18TH DECEMBER, 2016

DR LIAM FOX

AM: A year ago I had you on the show and you announced that you were going to campaign to leave the EU and you were very clear about what that meant. You said no more paying money into the EU, control over immigration and no further involvement in the Customs Union. Is that still your view?

LF: What I said was we have to take back our ability to make our own laws which meant not governed by the ECJ. You're quite right, we had to get control over migration and determine what was good for Britain, set our own policy, not have it set elsewhere and to make sure we had control of our money and I think those three messages resonated and having watched that interview it was like watching a different year of politics altogether.

AM: Absolutely. George Osborne has just said there should be no red lines in this negotiation. Do you agree with that?

LF: Well I think that clearly as George said that there's a red line which is we have to leave the European Union.

AM: But apart from that?

LF: But I think the public have also made it very clear that they don't want to see uncontrolled migration in the UK and they don't want to see us being governed by the European Court. So I think we have to take those things onboard. We are a democracy, we have to listen to what was not a consultation with the voters but an instruction from the voters.

DR LIAM FOX

AM: So if we want control over immigration we can't be inside the single market as things stand. What about the customs union?

LF: Well, these are issues that the government is looking at and one of the things about the Theresa May government is it's very methodical in its approach, so what we have decided is that we all come to these arguments, as you well know from the referendum campaign with different views, but we've decided to start to look at the data, George Osborne said we need to have a fact based decision. I agree with that. We need to look at all the options, all the possible –

AM: Including staying inside the customs union? The reason I ask that, and I want to put this in a non-confrontational way, but if we stay inside the customs union we can't do international trade deals of the kind that your department was set up to create, and therefore, in a sense, there's no point in Liam Fox.

LF: Well, there'd be limitations on what we could do in terms of tariff setting which would limit what kind of deals you would do, that's quite correct, but we want to look at all the different things. It's not binary, I hear people talking about 'hard' Brexit and 'soft' Brexit as though it's a boiled egg we're talking about. It's a little more complex. So Turkey, for example, is in part of the customs union but not other parts. What we need to do – before we make final decisions is look at the costs.

AM: This is very interesting to hear Liam Fox talking about the possibility of hybrid arrangements and being partly inside the Customs Union, because you have always been the arch free trader in terms of the government ministers as we have them now. You're the one who wants to go out into the world and

DR LIAM FOX

create free trade deals around the world, but if we're inside the customs union we can't and Liam Fox accepts that's a possibility.

LF: Well, the government will come to a collective view on this once we've looked at all the issues and it's correct that we do so because we can't go for a quick result, we have to get the right result and whatever result we do come to we have to be able to put in front of the British people the reasoning for coming to that result.

AM: And you yourself are open to the possibility of staying inside the customs union? Yes or no?

LF: Well I'll argue my case inside Cabinet rather than on the programme.

AM: I'm just interested in that because you have always been so outspoken on this issue in the past.

LF: And I remain, as George Osborne said, instinctively a free trader and that matters at the moment for two reasons. Number one is that in the global economy at the moment the rate of growth of trade is slowing down and it's slowing down below global GDP and that means we have to have a more open global trading environment and at the moment the only place where people are talking about imposing impediments to trade and investment that don't exist at the present time, is in the European Union and in an economy that's relatively that's relatively flat that doesn't make sense.

AM: Back in September you talked very optimistically about the joys of being out of the EU in the world trade organisation environment. Do you accept that that would mean tariffs between

DR LIAM FOX

our farmers and our businesses and the EU as it currently exists? Quite substantial ones.

LF: Well that would be depending on the choices that we make and I think it's very important that we have continuity in our trade. I think it makes no sense to impose tariffs across the European continent. But to whose advantage would it be if we had tariffs against French agricultural goods? It doesn't help the French farmers and it doesn't help our consumers.

AM: No indeed. But very interesting, you said there you were in favour of continuity in our arrangements and there's been a lot of talk about transitional arrangements so we avoid the so called cliff edge or the sharp cliff between being in the EU and outside the EU. Are you also in favour of transitional arrangements?

LF: Well, that depends what the actual arrangement is that we come to with the European Union and the timescale needed to implement it and there are so many variables in that, and of course it is difficult to accept. People are watching every day now saying this could happen, this might happen until we get a clear plan. But what is very clear to me is that you have to look at the business that we have, nationally and internationally, the impact we'll have on international trade to try to minimise disruption on that, but at the same time you can't afford to buy back into so much of the European Union that we're actually diminishing the effect that the British people told us to do.

AM: Strange job in a sense you've got at the moment then because you're out talking to people around the world about what might happen after we leave the EU, but you can't yet say what situation we're going to be in. Do you have any basic sort of assumptions about the state we'll be in as we leave the EU which

DR LIAM FOX

then inform the conversations that you're having with the Australians or the Americans or the Koreans or whoever?

LF: There are a number of different things going on. First of all is we've got to get Britain's exports up. We had a very successful trip with the Prime Minister in India where we managed to get 1.2 billion orders for British exports there. That's one element of it. We've also got to get more investment into the United Kingdom, direct investment, that's what my department does, but also British investment elsewhere so that we can help mature other markets which then become an opportunity for us. Then on the trade policy element yes, we've got the Brexit discussions which will obviously have an impact elsewhere, but there are a lot of other issues about how you liberalise global trade in particular. It's not just tariffs that are the problem. It's non tariff barriers that we can talk about liberalising and should be talking about liberalising because it's one of the best ways - and at this time of year perhaps we should be thinking about it a bit more - it's one of the best ways to take people out of global poverty.

AM: So you can have conversations about non-tariff barriers and so forth but you can't have proper conversations about future trade deals until we leave the EU, is that right?

LF: We're not allowed to negotiate trade agreements while we're part of the European Union, but of course it's rational for us to have discussions about trade liberalisation in general and to scope out what future agreements might look like with other countries.

AM: So you can prepare a lot of groundwork. Does that mean that on the day that we leave the EU you can be ready to sign free trader deals with the Americans or whoever?

DR LIAM FOX

LF: Well the first thing that we want to do is of course to maintain the continuity of agreements that we have through our 35 EU free trade agreements with other countries. We want to see how we can help maintain the stability of those and market access. We've some very, very good discussions with the government of South Korea for example in London just a couple of days ago and let's see how we can work through those issues. But it's very important to stress that we want the European Union to be successful. We want it to be a strong trading and economic and security partner for the United Kingdom and therefore if we can come to an agreement that minimises any trade barriers it's good for the people of Europe. And it's one thing worth pointing out here because a lot of talk this year, 2016, about people's incomes and how far they go, when you get restrictions on trade it hurts the poor the most because people on low incomes spend more of their income on goods and that's what we've got to ensure, that they're not the victims of politics.

AM: When you launched the Vote Leave campaign and you were involved at the beginning you were very clear that we should not be paying in money into the EU after we leave. Is that still your position?

LF: Well, we should determine which projects in Europe. There might be things outside the European Union that we want to –

AM: But 5 billion a year that Mr Barnier is talking about for instance.

LF: Well I don't recognise those figures and d'you know, there are a lot of positions being staked out before we get into the negotiations themselves and I would expect that to continue through the Dutch and the French and the German elections. As

DR LIAM FOX

you correctly say my job is to help us prepare for what happens once we've left the European Union itself.

AM: Do you think that once Article 50 is triggered its revocable?

LF: I think that once we get there it's not a matter of legality. It's a matter of democracy. The public have voted for us to leave the European Union and you know, as we get into 2017 I hope that people will actually accept that the public have given us an instruction. We passed the Referendum Act. We said we were going to ask the public to tell us what to do about the European Union and when people try to undermine that result I ask myself what don't they understand about the words democracy, referendum or binary?

AM: Well perhaps what they might say is what people didn't vote on is the deal that we will eventually get and that's hugely important to people's jobs and livelihoods and so forth and therefore it's important that for instance the House of Commons has a proper chance to debate on the detail of any deal that you do.

LF: Well the House of Commons will have endless opportunities I imagine to debate on these issues. I've got a debate coming up in the House of Commons on trade quite soon. And of course there will be ongoing scrutiny. Our system of government is this –

AM: Including a vote?

LF: Well the public voted to leave the European Union. Constitutionally it's the job of the government then to carry out the public's instruction and to provide that plan. It is of course parliament's job to scrutinise what that is.

DR LIAM FOX

AM: And to vote on that. So for instance the public didn't vote on whether or not we should be in the customs union or indeed the EEA and all those other issues. That will come to the House of Commons?

LF: Of course you could have had a referendum on all those things but the public are very clear, we are to leave the European Union as it is now and there can be no going back on that.

AN: You are of all the leading Tories that I know the most, as it were, close to the Americans, particularly to the Republican party. We've now got Nigel Farage offering himself as a bridge and he says today that people like you are told not even to speak to him. That seems pretty petty, doesn't it?

LF: Well, I've not had any such instruction.

AM: You're allowed to speak to Nigel Farage?

LF: We've had longstanding understandings of how we deal with incoming administrations in this country. We've got a full diplomatic team that was close to both the Hillary Clinton and the Donald Trump teams preparing for the relationship we would have to have. They're working on that at the moment. People also need to remember that the administration's not the only part of American government. We also have Congress where we've got very strong links. And so we need to work on all of those. We don't need – we don't need anything as an adjunct to what the government already does and has successfully done in the past.

AM: But if Nigel Farage has this good relationship and he clearly does – he's had yet another meeting with Donald Trump recently

DR LIAM FOX

and he's offering himself as a go between, isn't it quite small minded to turn him down?

LF: I think we've got a perfectly good Ambassador in Washington at the present time. Last time I looked there was no other vacancy.

AM: And do you have any personal connections with the Trump administration?

LF: I've never met Donald Trump but I know obviously people like General Mattis I knew from my time as Defence Secretary who is likely to be the Defence Secretary in the US, so there are very strong links and we'll want to pursue those because we'll want to ensure that in particular our trading and economic relationship with the United States, which is our single biggest economic partner, will be fruitful and open in the future.

AM: If in the House of Commons in 2017 you take these details to MPs and you lose votes, you lost important votes, should you go back to the country for a Brexit General Election next year?

LF: No. I think that the last thing that we require is political uncertainty. We're going to have elections in the Netherlands and France and Germany, I think that's quite enough instability for Europe for 2017.

ENDS