EM: We've established the Chief Minister was lobbying hard on this. Didn't get Gibraltar mentioned somehow in Theresa May’s letter. Why not?

MF: Well, let me just pick up on that. The letter was about notification, the formal notification that we’re leaving, and about the process of negotiation, how we want the talks to be handled. The letter of course referred to the Brexit White Paper, and Gibraltar is firmly in that White Paper. I think you'll find eight separate references to Gibraltar in the White Paper and all the different issues that we've got to deal with are set out in that White Paper, whether it’s the position of the City of London or the fisheries policy, Gibraltar and everything else.

EM: But it’s odd, though, isn’t it? I mean, in this 2200 words Theresa managed to, to the consternation of some people, link trade and security but wasn’t able to mention Gibraltar by name.

MF: Well, first of all it's very important to link trade and security, because what we’re now looking for is a deep and special partnership that covers both economic and security cooperation. Those two things go together.

EM: You’re proud of that link?

MF: Absolutely. It’s very important that we go on committed to the security of the continent. This is the week, Eddie, we send 800 troops to Estonia as part of our NATO commitment, we’re sending troops to Poland, we’re sending RAF typhoons down to Romania. We’re stepping up our commitment to the security of the continent because it remains our continent. And you know, this is a very uncertain time for Europe and it is right that we should be playing our part in that. So these two things go together.
EM: So are you happy for people to conclude, as many people did, that the British government’s view is that if there’s no deal the EU Europe would be less secure?

NF: We’d all, I think, be worse off if there wasn’t a deal. We’re expecting to have a deal. But obviously we cooperate with Europe on security, not just through NATO, we cooperate through work our police forces do, our security agencies do, through our judicial system. Some of that inside the European treaties, some of it is outside. But obviously the bits that are inside the European treaties, we need to make sure that that cooperation continues, because Europe faces threats, not just from Russian aggression, but as we’ve seen in recent weeks, from terrorism as well.

EM: And on Russia, before the referendum – you were a Remainer of course, and you said, ‘a vote to leave would be pay day for Putin.’ And now, according to the Sunday Telegraph, Cabinet ministers have secretly agreed to exploit EU fears over Putin. How much of that is true?

MF: Well, look, the letter refers to our ambition to have a completely new partnership with Europe on the economic side, but also on the security side.

EM: Yeah, but the Telegraph says – it quotes you directly: ‘the EU needs our capabilities and the UK had high cards to play on security.’ Are you sabre-rattling about Putin?

MF: Well, this isn’t a bargaining process. We happen to have –

EM: Isn’t it?

MF: No. We happen to have – because we have – the biggest defence budget in Europe, we’ve got the biggest navy in Europe. I’m not going to get into what happened at what meeting, but it is a fact, it is a fact that we have the biggest defence budget in Europe. We’re a leading player inside NATO. That’s why we’re deploying troops this week to help protect the eastern flank of NATO. And the other European countries of course will want us to continue to do that.
EM: I want to talk about the size of the defence budget in just a second. But before we leave Gibraltar, are you going to take it off the table?

MF: Well, it’s interesting that as the Chief Minister pointed out to you earlier this morning, Spain does not claim sovereignty over Gibraltar in that draft guideline that the EU published, and we are very clear there cannot be a change in the status and sovereignty of Gibraltar unless the people of Gibraltar agree to it. And they don’t. They clearly don’t. And so that is not going to happen. Gibraltar’s going to be involved in these negotiations. Again, the Chief Minister made that clear. He’s going to be involved throughout and there will in the end of course be an agreement that fully respects the position of Gibraltar.

EM: The Conservative manifesto on Gibraltar mentions it in exactly the same sentence as the Falkland Islands. How far is the United Kingdom prepared to go to look after Gibraltar’s interests?

MF: Oh, we’re going to look after Gibraltar. Gibraltar’s going to be -

EM: How far?

MF: Well, Gibraltar’s going to be protected all the way. Because the sovereignty of Gibraltar cannot be changed without the agreement of the people of Gibraltar, and they’ve made it very clear they do not want to live under Spanish rule. And it’s interesting, I think, in the draft guidelines from the EU that Spain is not saying that the whole thing is subject to the transfer of sovereignty.

EM: It looks like the EU is open in principle to some kind of transitional deal in the talks that are coming up. Would it be acceptable to you to go into the next general election with free movement of people still happening and the UK still being subject to the European Court of Justice?

MF: We’ve made it clear that we’re leaving the European Union. We’re leaving the single market, we’re leaving the customs union,
and we will no longer be under the ambit of the European Court of Justice. But it’s also clear that we have to avoid a cliff edge. We need to give business and the various sectors of our economy the certainty that the need that there won’t suddenly be a huge difference between the day after we leave and the day before. And we’ve set that out, the Prime Minister set it out in her Lancaster House speech, that we will do everything we can to avoid the cliff edge, although there will be, inevitably, for some sectors, there will inevitably be implementation periods.

EM: So we could have three free movement of some people while you go into the next general election and fight that?

MF: Well, you’re speculating about the course of the negotiations. Which haven’t even started yet –

EM: Well you can rule it out. Rule it out.

MF: But we’ve made clear that we are not expecting to take advantage of the four great freedoms, including the freedom of movement of people, because we’re not going to be members at all.

EM: I’m talking about transitionally. Now you can’t give me any timetable.

MF: We can’t give a timetable on negotiations that haven’t even started.

EM: So it’s possible?

MF: But we’ve made it clear that in these negotiations our object of course is to regain control over migration, to make sure that we can manage the numbers of people who are coming here and the numbers of people who are going to Europe.

EM: The MOD is facing a ten billion pound funding shortfall over the next decade, according to analysis by the Times. What’s your estimate of the funding shortfall?

MF: There isn’t a funding shortfall. What we’re committed to, to finance the new equipment our armed forces need, the new frigates, the new planes, the new armoured vehicles, what we’re
committed to as part of that is to efficiency savings, like any other government department. But the big difference is that we keep all the efficiency savings. It’s over a billion a year we’re finding each year in efficiency savings. All of that we keep and we put back into investing in the new equipment that our armed forces need.

EM: Would it be efficient to cut the number of Royal Marines?
MF: Well, the number of Royal Marines at the moment — the Royal Marines are part of the Royal Navy. The Royal Navy has grown in size. It’s not only getting this year the aircraft carriers, the new submarines —
EM: Let’s stick with the Marines.
MF: Well, let’s stick with the strength. We said —
EM: Let me repeat the question, because the study’s been formed with the idea we might lose some Royal Marines, and Lord Ashdown, who knows a bit about this, he was a marine, says, ‘a reduction in numbers is bound to have an effect on the quality and number of people.’
MF: Well, let me explain. The Royal Marines are part of the Royal Navy. We are increasing the strength of the Royal Navy by around 400. Now, the balance inside the Royal Naval strength, between the number of sailors and the number of marines, that’s a military judgement, it’s a matter for the First Sea Lord and the military chiefs to advise me on, and that’s a balance they keep under review at any time.

EM: You see, that’s odd isn’t it? Because you’ve got people like Lord Richards, former Chief of the Defence Staff, saying that the government is often hiding behind a veil on this. ‘The growing mismatch between ambition and capability must be addressed.’
MF: Well, I don’t agree with that. We’re expanding our defence budget. Last week it was 35 billion, this week it goes up to 36 billion, the beginning of the new financial year, it goes up by a billion every year of this parliament. It’s the fifth biggest defence budget in the world. We meet the NATO commitment. But we do
need to pay for new frigates and new aircraft and new armoured
vehicles, and part of that is coming from the efficiency savings. If
there are airfields we no longer use, if there are barracks that are
redundant, it makes sense to dispose of them and to put the
savings back into the front line.

EM: David Cameron sort of returned to the fray this week. Was it
good to see him back?
MF: It’s always good to hear from former Prime Ministers. He’s
been speaking out, John Major’s been speaking out. It’s always
good to have their advice. We should do.

EM: What do you think he’s still got to give? Some people think he
should be NATO Secretary General. I’ve had reports you’re
lobbying for that.
MF: Well, I haven’t seen that particular proposal. We’ve got a
Secretary General in NATO.
EM: Do you think he’d made a good one?
MF: I’m sure he’d made a good one. I haven’t seen what his
future career plans are. But we’ve got a Secretary General at the
moment and he’s not due to hand over for some years yet.

EM: What do you think we’re missing when he’s not on the
political stage?
MF: Well, David Cameron had his time. During the coalition
government he led this country from a very difficult financial crisis
into a coalition we haven’t seen since the Second World War, and
led us successfully through that. He had six years in Downing
Street and a huge amount was done.

EM: What do you think we’re missing now that he’s not there?
MF: Well, he’s still a relatively young man. He’s still got a lot to
contribute, and I have regular discussions with him, he still takes a
very strong interest in defence and security.
EM: And if Prince Charles phoned you up and asked you to stop a war, would you?

MF: Well we always listen to the royal family. We listen to Prince Charles. I have regular meetings with his Royal Highness. He asks to see me every so often and he takes a very strong interest in our armed forces.

EM: Is that delight when that call comes in?

MF: Absolutely. He takes a strong interest, he’s colonel of several regiments, he served himself in the Navy and held rank in the RAF, he’s a great champion of our armed forces.

EM: And the report that he wanted to stop the war in Afghanistan for a while, does that ring true to you?

MF: I think that’s something you’ve got to ask the Labour government about. I think that was many years ago now.

(ends)