ANDREW MARR SHOW
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LIAM FOX

AM: Before we talk about trade, Liam Fox, let’s talk about what the prime minister has announced. She has announced the opportunity for a delay to Brexit. How many times did she, how many times did you, promise people that we were going to leave the EU on March 29th.

LF: Well, of course it’s entirely possible that we will do so, if the House of Commons votes for the prime minister’s deal. And we’ve discussed this several times on this programme before. There are limited options for her deal. As here, do we leave the EU with a deal, do we leave the EU without a deal, or do we not leave the EU at all? I’ve always seen the biggest danger in this parliament was that we have a parliament with a remainer majority that would try to keep us in or delay Brexit as long as possible. Therefore, I hope we get the deal and that we get the process moving where we move to the implementation period. If we don’t, the prime minister’s made it clear that parliament would get a chance to have a delay to Brexit. The question therefore is –

AM: Why? Because a hundred and eight times the prime minister, according to Peter Bone, your colleague, said we will definitely leave on the 29th, I can promise you, the 29th we go. And now she’s saying well, we can have a delay, it might be a short delay, it might be a longer delay, and a lot of people are looking at that, highly suspicious, and in some cases very angry.

LF: Because there seems to be a clear majority in parliament to pass legislation to keep us in the EU if we’re not willing to seek a delay. Now, the idea of parliament taking control of the process rather than the government is something which has quite profound constitutional implications.

AM: Sounds like a panic measure.
LIAM FOX

LF: Well, we don’t have a majority in the House of Commons, and the majority of MPs in the House of Commons were remainers in the referendum. My view is that 80 per cent of those MPs were elected on a manifesto promise – including those who’ve broken away from the Labour Party – to honour that referendum. And I think we should do so.

AM: Do you accept that you’d be going back on your promise if we don’t leave the EU at the end of March?
LF: Well, I hope we will be leaving at the end of March.
AM: It’s breaking a promise isn’t it?
LF: Well, it would be very unfortunate were that to happen. But if we have no option, in order to deliver a smooth Brexit, then so be it. I think it’s important also for your viewers to understand the limitations on that. First of all, this is not a unilateral call by parliament, this has to be agreed not just by the European Commission but by every single one of the 27 governments.

AM: Regular and enthusiastic viewers of this programme may remember you sitting in that very seat and saying, ‘if we were to delay, it would mean going back on our word. If we extend Article 50, we would be going back on the promise that we made.’ That is now what you’re proposing.
LF: Well, and I hope we can avoid that, because I voted to leave the European Union, I’ve always wanted to leave at the end of Article 50 on the 29th March. It’s up to those MPs who were elected on a promise to their voters to honour the referendum, in my view, to do the honourable thing and vote for the prime minister’s agreement and leave on the 29th March.

AM: So this proposal to extend, if it happens, is that going to be a whip to vote or will you, as somebody who wanted to leave on March 29th be able to vote against it?
LF: Well, that will be up to the prime minister and the so-called usual channels to determine that. But what I want is for us to be
able to leave on 29th March, because I think that is how we honour the pledge we made to the voters at the last general election.

AM: What about the apparent olive branch by the European Reform Group, the ERG, the so-called hard Brexiteers this morning in the paper? If you look through it, do you regard that as an olive branch? I know it was reported that some MPs have called them a death cult this morning – not Number 10, I should say, some other MPs have called them the death cult.

LF: You know, it doesn’t really help our case for colleagues – talking about others in these sort of terms. We’ve got a serious issue to deal with. I think that it’s made it very clear that if the effect of any change is to give the guarantees on the Irish backstop that they sought, that would be sufficient, rather than demanding it has to be done by one mechanism or another –

AM: But if you’re not asking for either a time limit or else an ejector seat – in effect, both things the EU has said again and again and again are not on offer – the more closely you look at that, it’s a big olive branch with which they are going to hit you over the head.

LF: Well, I hope it’s a genuine attempt, and I think it is, to try to map out ground where we can have common territory in the run up to the vote before the 12th March.

AM: Okay, here’s, I suppose, the fundamental point: what would be the point of a delay? Because if there’s a delay and another period of negotiation for several weeks or several months, something clearly has to change. Either the EU is going to change its position fundamentally – there’s no sign of that – or else the government’s going to change. Is the government going to change its position in any meaningful way in a further period of negotiations?

LF: It’s a great question, if I may say, why delay? Number one would be if we had an agreement but we needed time to get the
legalities done, to get the legislation through parliament, that
gave effect – what you might call an administrative extension,
which I don’t think anyone would disagree with. The second
would be because we had no deal and we wanted more time to
prepare the practicalities, on both sides, for the fall-out.

AM: We're not really ready for that at the moment are we?
LF: Well, there may well be improvements that could be made to
that. The third option would be that there was an attempt for us
not to leave at all. And I think that’s where you come
constitutionally unstuck. Because I think that to attempt to have a
delay mechanism in order to thwart the process of Brexit itself is
actually politically completely unacceptable, and as I’ve said
before, would provide a backlash-provoke a backlash - amongst
voters.

AM: The prime minister has talked about a relatively short delay
but of course it’s not entirely in our gift. If the EU came back and
say, 'yes, you can have a delay to Article 50, two years, or 21
months,' something like that, what would your reaction be?
LF: I would be shocked, because I think it’s actually not a possible
outcome. The one thing that we know is that the European Union
does not want Britain to fight the European elections and to have
the next European Parliament having a large group of disgruntled
British MEPs there who are unlikely to be very constructive in the
process. So all the indications are they don’t want that to happen.
The indications from the European Court are that they would
interpret it as being a one off and short extension.

AM: And that would be that. Okay, let’s turn to trade. Many times
you’ve said, in public, that there are 40 EU – it’s in fact 37 trade
deals that need to be rolled over by the time we leave. How will
we do it?
LF: So, if we leave with an agreement, which is the government’s
policy, of course, then we have an agreement with the European
Union that we would deemed to be a part of all of those, in which case they would all roll over. In the event of no deal our aim has to be to maintain the majority of the trade that comes within that. To put it in context, 48 per cent of our trade is with the European Union, 52 per cent is outside the European Union. Of that 52 per cent, 11 per cent comes under EU FTAs, of which about five and a half per cent is dependent upon the agreement itself.

AM: But in terms of the number of agreements, you told me back in January, they were all on track and so on. Helpfully, your department then had a document leaked, which was a presentation, I think, to business, was leaked to the Sun, and that shows what the department actually just a couple of weeks ago thought was the case. And we have a helpful graphic to show you. Here is the graphic.

On track six deals, including with Switzerland, the big one. Off track, eight deals. That includes big ones like Canada, not ready yet. Significantly off track, 19 deals. 19 deals not ready at all, including Mexico. And not possible, four deals, and that includes Japan, a really, really big one. That suggests that you have failed.

LF: Well, first of all let me deal with the Japan question, because that agreement only came into place on the first of February, and the impact of that doesn’t come in till January 2020.

AM: They’ve done a deal with the EU, so the EU is now in a stronger position with Japan than we would be.

LF: Well, Japan has said in the event of no deal on the 29th March they would prefer to have a bilateral – new bilateral agreement with the UK. Which we haven’t started, but that’s what we want to do. We believe it can be concluded quickly. So most of our trade with Japan has never been done under the Japan EPA, it’s been done under World Trade Organisation terms. In terms of some of the other agreements –

AM: Are those figures, broadly speaking right or broadly speaking wrong?
LF: They are out of date. A number of agreements are very close. The point is this: a lot of countries are waiting to see what we do in the next couple of weeks. If there is going to be no deal a lot of those countries will be willing to sign what we have agreed with them now.

AM: So how are you on track now?

LF: So if they want – but if they want to have flexibility in an implementation period, they will play their cards close to their chest. This will be something that runs right up to the wire.

AM: So how many are on track now?

LF: Oh, a substantial proportion of the trade covered by the Trade Agreement’s continuity –

AM: More than six?

LF: will be covered.

AM: More than six?

LF: Well you could get actually of those agreements, you could get 30 of the 37 and cover under 25% of the respective trade. That’s 25% of 11%.

AM: It just seems to be if this is anything like accurate – it may be out of date – but if it’s anything like accurate that you are way behind on what you promised. You said: ‘We are going to replicate the 40 EU Free Trade Agreements that exist before we leave the European Union.’ That’s only a couple of weeks away now. ‘So we’ve got no disruption of trade.’ You’re not getting there, are you? You’re not there.

LF: Well that’s the point is that we want to maximise the amount of that bit of our trade that’s covered. Remember, of that we’re talking about probably about five and a half percent of Britain’s total trade. Most of our trade being done on WTO terms, for example with the US which when you consider all of those agreements together is totally 11% of about half of which is done
tariff free. So it doesn’t affect it. And the US is about 20% of our trade.

AM: Just in terms of individual deals, how many are now on track?
LF: That is something –
AM: You must know the answer to that.
LF: Yeah but I – we have - what we are doing is completely commercially very sensitive and we will keep on the case of every one of those till the very last minute. And a lot of countries will not make up their minds to have a final agreement until we get to those last days before Brexit.

AM: I suspect the answer is 7, but I also need to ask you how many are off track?
LF: Well, again we are working with all of those for as long as possible. The biggest ones are the ones that we’ve got the greatest agreement on. A number of those that were on your chart as being significantly off track we are very close to concluding for example.

AM: Alright, well let’s turn to the big prize in all of this which is a really big trade deal with the United States. Now this week the US Ambassador in London gave some pretty severe markers about what they would expect in return for that and he described European agriculture as a kind of museum agriculture. Very traditional, very behind the scenes, American agriculture as being much more scientifically effective and better for the environment. Do you agree with him by and large about that?
LF: No, the New Zealand Special Advisor for example was just saying yesterday that he doesn’t regard Britain as being behind the curve on these farming methods and that our farming is efficient and effective.

AM: Do you think that we will eventually have to accept things like hormone treated beef and chlorinated - chlorine washed chicken
as the price of doing a big comprehensive trade deal with the US which we as a country will need?

LF: Well we will want most of our trade, as I say the US is our biggest trading partner at the moment, is done under WTO terms. Are there things that we could improve? Yes. There are some things in goods trade, there’s a lot in services trade. Will we accept things that we believe are against the interests of our consumers or our producers? No, we won’t. It’s a negotiation.

AM: We now know what they want and they’ve been very, very clear about it. Can I ask you, have you talked to any of them about hormone treated beef for instance arriving in British supermarkets?

LF: Well, we don’t – we’re not at the beginning of those discussions yet. We can’t have those negotiations until we leave the European Union. Have we made clear our general stance? Yes, we have. It’s worth pointing out that the 136 negotiating objectives which the US have outlined, are exactly the same as they have with the EU bar two, one of which is about goods trade and one of which is about intellectual property. So it’s exactly what we’d have expected. It’s what the US normally do when they set out a process like this. But in a negotiation there are things that we will want, things that they will want.

AM: Is there any chance whatever that we would allow hormone treated beef into this country?

LF: Well, if you look at what happened with the EU discussion with the US, the discussion there came down to the US saying well, if you won’t accept our hormone treated beef, you’ll have to accept more of our non-hormone treated beef as part of a negotiation. That’s how those negotiations work. Agriculture is very often one of the sticking points, but there’s no doubt for example if you take the chlorine washed chicken, a lot of our food is already chlorine washed, the salads that we get. The question is
not about safety, the question is about the implications for animal welfare further down the track.

AM: All right. Let me ask you finally, if you get the deal you want with the United States, if you do really good free trade deals with Japan and India and the other big economies around the world, if you are highly successful what will that do to our overall economic growth?

LF: Well it will depend on the growth in those other markets. If you look at what the IMF are telling us –

AM: I can show you. I can show you what your government says. Your government suggests that the overall effect will just be 0.2% in economic growth, which compares to less growth of nearly 4% under the Brexit deal and less growth of 9% if we have no deal. So it’s completely dwarfed this by what’s going to happen as a result of leaving the EU isn’t it?

LF: Well, of course we want to have an open and comprehensive agreement with the European Union so that we’re getting access to that European market and we’re getting access to those growth markets. Now what is not included in that calculation is what will happen to the service sectors of those countries as they expand. And the IMF say 90% of global growth in the next five years will be outside continental Europe. That is where we need to be. There is a world beyond Europe and there will be a time beyond Brexit.

AM: Thee indeed will be, I hope so....

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