ANDREW MARR SHOW, 3\textsuperscript{RD} SEPTEMBER, 2017

DAVID DAVIS, MP

BREXIT SECRETARY

AM: So let's start with these negotiations because Mr Barnier was quite tough about how he thought very, very little progress, time is running out, you're not being entirely serious, he was quite hostile to way you've conducted these negotiations.

DD: Yeah. Well I mean he can take whatever line he likes on the way we conduct the negotiations. That's up to us, not up to him. But to give an example of progress, I mean when I was last on your show I talked about the need to guarantee the health care for people who are currently in Europe. We did that last week. You know we want to extend it to everybody, we wanted the EEx scheme the card scheme that you take with you when you go on holiday, we want to extend to everybody.

AM: And you've agreed that have you?

DD: Well we've agreed it for people in Europe, you know, the British citizens in Spain or Italy or France or wherever, that's agreed. That's done, you know. Very important, incredibly important. Social security contributions for these people, all now agreed, you know. Other things –

AM: So these are for people who are there already is it?

DD: Yeah. That's – they're the only thing they'll talk about at the moment. That's the point about the Europeans, they won't talk about the future, they'll only talk about so called – well 'divorce' proceedings if you like. Things like – I mean there are lots and lots of technical sides, sounds terrible technical. Frontier workers. Oh, well so what? Actually if you're a British citizen living in Holland, working in Germany or living in France working in
Belgium, this matters to you, that your job matters. Those things we’ve been resolving. What he’s concerned about of course is he’s not getting the answer on money. And they’ve set this up to try and create pressure on us, on money. That’s what it’s about. They’re trying to play time against money. That’s exactly what they’re doing.

AM: Are you being blackmailed in that regard?

D: No I don’t – look, what’s going on, and it’s quite important ‘cause there are all sorts of stories flying around. You had in the papers this morning –

AM: £50 billion for which –

DD: I mean it’s nonsense. The story is completely wrong.

AM: I’ll come onto it later.

DD: Okay, all right, but you know what we’re doing for example on this, I mean the approach we’re taking is we are saying, okay, you’ve given us this enormous bill – a bit like if you’re leaving a hotel and you’ve got an enormous bill, you go through line by line. That’s what we’re doing.

AM: But you don’t hop off before you’ve paid it either.

DD: No, no no, but you go through line by line. That’s what we’re doing and they’re saying oh well give us a counter. It’s like as though the sort of hotel says well make an offer. No, we’re not doing that, we’re going through it line by line and they’re finding it difficult because we’ve got good lawyers, you know, we gave them a two and a half hour presentation, they even complained about that. So we are basically going through this very systematically, a very British way, very pragmatic way of doing it
and of course he’s finding it difficult. And he wants to put pressure on us which is why the stance is this week in the press conference. Bluntly, I think it looked a bit silly because there plainly were things that we’ve achieved, plainly things we’ve achieved but they weren’t –

AM: Barnier was looking a bit silly.

DD: Yeah, and the Commission, not so much him, he’s – I mean I like him, I’ve known him for 20 years. But the Commission puts itself in a silly position if it says there’s nothing been done, when these really important things, you know – We put people before process. What they’re in danger of doing is putting process before people.

AM: This is not going terribly well. He thinks you’re nostalgic, you think he’s silly, and time is running out.

DD: No, I didn’t say he’s silly. Don’t put words in my mouth. I said the Commission could make itself look silly by this. Now, look, time is not running out, it’s a two year negotiating period, they are trying to use time against us. I said, and you quoted me, this is going to be turbulent, this is the first ripple and you know people shouldn’t panic.

AM: So more trouble ahead?

DD: Yeah, people shouldn’t – but look, this is a sequence, every single time we come to something serious there will be a pressure exercise of this sort, you know. Money is incredibly important to them. It’s the thing that frightens them most is the money issue, but there other big ones along the way and they will – you know, each time there’ll be a pressure point, each time you’ll see a flurry of nervousness, but the truth is we’ll get through it and we’ll get a good deal.
AM: Okay. Let me as you then about the money. Jacob Rees-Mogg says actually if we leave, we could just without an agreement, we owe not a penny.

DD: Well there is - The strict position is there is no enforceable – but what we’ve said all along is that we are a country that meets its international obligations, but they’ve got to be that. I mean they may not be legal ones, there may be moral ones, maybe political ones, but we meet our international obligations. Also we want to leave in an orderly and smooth manner. Want to come back to that in a minute. But in order to that it’s best to if you leave on amicable terms, it’s best if you leave on proper terms and negotiated terms and don’t just walk away. There are issues if you just walk away you know. It can be done, but there are issues involved in it. Our view is we’re aiming for a smooth, sensible, amicable exit which leaves us and leaves the European Union in a good position.

AM: Now clearly money remains a big problem. You said earlier on the £50 billion figure is completely wrong, but you must know by now roughly speaking in your back pocket what that hotel bill is going to cost you.

DD: (laughing) Well look, the first thing to say is the approach we’re taking is as I described earlier. It’s a line by line go through the exercise. That won’t the end of the approach. I mean we’ll then be talking about what happens next. Now, we have said in terms the era of big payments to the European Union is coming to an end. We’ll still be paying something, I suspect. I mean we’ve got measures like all the space research stuff, all of the research stuff. All of the issues on nuclear research –

AM: What about money to Ukraine, what about money to Africa and the Caribbean and all of that?
DD: That’s a different matter. That’s a different matter. You know bear in mind –

AM: We did agree these budgets originally, didn’t we?

DD: Well we –

AM: And therefore you might say there’s a moral obligation.

DD: Well that’s the argument. I mean in a sense what the European Union are saying is this is a legal obligation. We’re saying, no it’s not, you know. But you know in the medium to long term we’re not going to be paying great big payments, that’s the point.

AM: But if you walk away from your phone contract, for instance, then we expect to be stung for the cost of that contract.

DD: Yeah, because it’s a legal contract. And that’s what we’ve been through. We’ve been a through a legal argument basically and we’re still going through it. And we’re basically – I mean the simple truth is, you know, we have got strong legal arguments to say what they’ve said so far is not right, so that’s why they’re getting at us.

AM: We’re not very many weeks away from the Tory Party conference and a lot of people turning up there will want to know, roughly speaking, how much we’re going to be paying.

DD: No, no.

AM: Is there going to be any chance they will be told that?
DD: No. What they’ll want is that we get a good deal. Not that we talk about a good deal but we get a good deal. Now this is the most complex negotiation probably ever but certainly of modern times and you don’t get a negotiated outcome by laying everything out and saying this is what we want, this is what we’re going to do, that’s what we’re going to pay and so on. It doesn’t work like that.

AM: You see the trouble is during the referendum campaign and shortly afterwards you told us that this would be a straight forward negotiation. You gave the impression it would be a bit of a breeze and it’s appearing to be absolutely the opposite.

DD: No, what I said was the strategy is straight forward but some of it will be quite complicated and that’s the exact phrase I used in the last....

AM: What you said was, ‘there’s a very easy’ – then you say no, not easy but a very straight forward negotiation’ and you said, ‘we are certain to get a good deal.’ Do you still feel that?

DD: I still feel that we’re get a good deal, yeah, and that’s what we’re aiming for. That’s what this is about.

AM: And do you think you’ll be able to get through phase one, this very important and difficult phase one by October for the Summit where – that was the timing that we were going to get onto.

DD: Well that’s Barnier’s time. They said that’s what they want to do. Ideally – look, we will be in a position to. We’ll have made – their phrase is sufficient progress. The point is it’s their decision on sufficient progress, not our decision on sufficient progress. I’ve just told you some of the things we’ve got through. That’s just this round and there’s more to go. There’s September and October itself. So they’ll make a call. But I’m not going to allow them to
use the time pressure on that to somehow force us into doing X or Y or Z. That’s why I said to you, whenever you have a pressure point in these things there’ll be issues coming at you, like that question.

AM: When you were so confident during the referendum campaign one of the reasons you were confident you kept saying, who’s the most powerful politician? It’s Angela Merkel. Now you’re not negotiating with Angela Merkel, you’re negotiating with Michel Barnier. First of all do you detect any frustration in the rest of the EU about the way the Commission is handling this negotiation?

DD: Well, if I did I wouldn’t talk about it on air. I mean look, the AM: Sounds like a yes.
DD: It sounds like – as I said, don’t put words in my mouth. Angela Merkel is facing a General Election in well three or four weeks time I think it is and after, during October, when we come to the next round there may or may not be a German government in place.

AM: There will be a German government.

DD: Well the newly negotiated outcome and it sometimes takes months. And that will of course have its own effect on timetable 2, you know. What we don’t want to do is to put some – whether it’s money or anything else, something on the table and then suddenly have that pocketed and say that’s not good enough, we’re going to go back and do some more. These negotiations are complex and sophisticated and you must be very, very wary of just thinking oh if we just ask this. The Labour Party, you’ve had Keir Starmer on, say oh just do this, just do that. Actually everything has a negotiating effect and they’re not allowing for that in their calculations.
AM: So this is very very difficult. There’s a very interesting story in the Sunday Telegraph today, suggesting that actually we may well not get a deal. That it was quite a high proportion of problems over money and the border and all the rest of it, we may not make it and that therefore we should be planning very, very carefully. Cameron is saying we have to have a really careful proper plan, otherwise we can’t call their bluff.

DD: Oh we’re planning for all options. Indeed Mervyn King said something similar about a month ago. We’re planning for all options. We’re not particularly publicising it because every time you publicise something like that people say, oh look, they’re trying to get a no deal outcome. That isn’t the case. We’re absolutely putting all our effort into getting a good deal outcome and we think that is by far and away the highest probability, by far and away, but we have to plan for every option.

AM: But as you walk into Brussels or you fly into Brussels you think each time it is possible this is not going to work?

DD: There’s the possibility. It’s a negotiation. And the system may get in the way and you’ve got about 15 elections in the course of the period going on, so you’ve got all sorts of noises off. But the simple truth to keep in the back of your mind, 2015, the latest numbers are bigger but in 2015 we sold about 230 billion to them, Euros, they sold 290 billion to us. The Belgium economy, the Dutch economy –

AM: It means much more to us than to them.

DD: Well you say that, but some of them it’s very, very important. The Belgium economy it’s important, to the - and parts of Germany. I mean the richest, biggest part of Bavaria and BMW –
AM: So isn’t it the case therefore that actually Barnier is negotiating with a very tight series of rules he’s been given by the 27?

DD: That is true.

AM: And actually the really big political decisions, without which a breakthrough won’t happen are going to be made in Paris, in Berlin, in Vienna and in other European countries?

DD: And what will also – they’ll be made in the Council technically but you’re right, the big players will be very important in this. And what’s been interesting - I mean one of the groups I thought were – I was nervous is the wrong word but I was cautious of where they were going, were the French. I think the French are actually looking at this – I mean a brand new government, still coming in, still getting itself bedded in looking at this with a very constructive viewpoint. I mean we’re seeing lots of optimistic noises coming back across but we have to respect the process, deal with the Commission and then of course put it in such a way that the Council comes back and says this is worth doing.

AM: We’re beginning to run out of time now. I must ask you about parliament because that is the big crunch now. Is it really the case that those Tory MPs who quite like what they hear from Keir Starmer about staying inside the single market and the customs union for a transitional arrangement and are quite worried about the number of powers that ministers are engorging in the process of this shifting of legislation across. Are you really saying that if they back Labour in amendments in the House of Commons they’re going to let in Jeremy Corbyn?

DD: Let’s - look there’s an even more important issue at the centre of this than even that. We made plain, this Bill is there in order to enable continuity. If you want a soft Brexit and I don’t actually deal with soft and hard Brexit, I want an effective and successful Brexit, but if you want something like continuity this is
the Bill you should be supporting. It takes, as somebody said on your sofa earlier, it takes the laws that are there now and puts them in place the day after we leave. I think it was Caroline Flint who said it. So that’s the first thing to understand. It’s not just a question of the sort of national politics, it’s a question of what’s right. Secondly, the proposal – I mean poor old Keir Starmer, he comes on here, I’m negotiating with Brussels, he’s negotiating with the rest of his party.

AM: Quite successfully actually.

DD: - Well we’ll see. This is the 7th or 8th or 9th position, depending on how you count them he’s been in in 12 months and Tom Watson’s proposal that we’ll stay in the single market in perpetuity is a direct refutation, a direct rebuttle of what they promised their own voters in the last election. They said they’re going to support Brexit and try and put it through. What Watson is saying effectively – and he’s an old mate of mine as you well know – he’s saying no we’re going to carry on with this, we’re going to stay in the single market. You can’t do that ...

AM: Nevertheless, let’s get real, what’s going on here is that Jeremy Corbyn and the Labour leadership understand that if they’re going to pull down your government the only way they can do it is over this issue. So they are going to try and destroy you in the House of Commons.

DD: And they’ve gone in for the most cynical approach. They know this Bill is necessary and they’ve gone in for it. I mean Starmer even admitted that to you. They also know that the claims they make are nonsense. The Henry the VIII powers. He made it sound as there was suddenly a grand – The Constitution – AM: Dominic Grieve, a former colleague of yours, Tory backbencher agrees with him on this.
DD: An even greater – yeah, Dominic hasn’t come up with an alternative and neither has Keir Starmer. The best authority on this is the Constitutional Committee of the House of Lords. Very strong remainer body the House of Lords and the Constitutional Committee said this is the way it has to be done. You have to have secondary legislation. This isn’t taking powers, it’s putting –

AM: So it’s Tory MPs who are thinking of voting with the opposition on this legislation. What’s your last brief message to them?

D: My brief message to them is everything that’s significant in terms of changes, not technical changes but significant changes, will be done in separate primary legislation. Immigration Bills, customs Bills, you name it. This Bill is about ensuring continuity. Anybody, leaver or remainer should support this Bill.

AM: And when you saw that Theresa May whose conduct at the last General Election campaign you weren’t totally happy with is determined to fight the next one, did your heart lift?

DD: She’s a great Prime Minister I think. I’ve served her the last 12 months, I have been never anything less than impressed in the say she runs the country. That’s what matters. That’s what matters to the people. Not the politics running the country, and she does a good job.

AM: David Davis, thanks very much for talking to us.