ANDREW MARR SHOW, 4TH MARCH, 2018

LORD MANDELSON, LABOUR
AND IAIN DUNCAN SMITH, MP, CONSERVATIVE

AM: A week ago, Peter Mandelson, it looked as if Theresa May was facing a really serious challenge in the Commons on the customs union, which might have blown a hole through her entire strategy. Has this speech removed most of that threat?

Lord Mandelson: No, I don’t think it has because it’s raised a whole series of questions about how she is going to arrive at the destination that she’s described. And I think she has described the destination better than she’s ever done before. But she posits two leaps of faith about how she’s going to get there. That the European Union is going to accept not only that we’re going to sort of cherry pick sectors in goods trade, but according to her interview, parts of sectors as well. I think that’s possible but the EU has already said that it’s not going to accept that. And the second leap of faith is that when it comes to regulations we’re going to look for mutual recognition, not alignment, but mutual recognition which we are then going to be free to diverge from further down the course. I don’t believe the EU will accept that in a month of Sundays.

AM: As a past Commissioner yourself, when they say we will not put up with this you don’t think they’re bluffing? Because a lot of people in Westminster think they will eventually fold.

Mandelson: No. Andrew, they’re basing this on the legal basis of the single market, the rules and the established trade policies of the European Union and that’s why what Theresa May is doing is trying to dance on the head of a pin that simply doesn’t exist.

AM: Sounds very painful indeed.
M: Be painful for the country I’m afraid as a result.

AM: Iain Duncan Smith. What’s gone on with the Brexiteers after this speech? I mean she said that were going to lose some aspects of access to European markets, we will be paying in and there will be some areas of life where the European Court will still be effective. And yet there’s been not a cheep of criticism from your side. Is that because you eventually want to get rid of her and put in one of your own so you can diverge properly in due course?

IDS: Far too devious. No, not at all, Andrew. I think the general view as and I saw the speech before it was made and I reached the conclusion that it was a very good balanced speech. I mean she’s restated –

AM: It’s all been squared, hasn’t it?

IDS: No, well she’s restated the key elements which is that we’re leaving the single market, customs union, taking back our laws, courts, money, all the rest of it, borders and money. Those are now locked in. But the question really is always then, around those how do you adjust your relationship with the European Union? And what she’s offered the European Union I think is what I call common sense and practical solutions to some of the issues they’ve talked about. Of course there’s going to be an area where in you know, a period of time, whatever, that British industry might want to stay. It takes us longer to get ready for things. We might not want change. We may want to align to a greater or a lesser degree. She’s right, by the way. A lot of this is international agreement anyway. Environment for example, full of international stuff, so is manufacturing of cars etc. These are all big international agreement areas, so not a big problem. But the key point is parliament ultimately decides and UK courts then adjudicate.
AM: Absolutely right, but we will not get quote: ‘the exact same benefits’ in terms of market access after Brexit as we have now.

IDS: Well we won’t, that’s for obvious reasons because we’re not in the single market. But the key question is does that affect your ability to trade and does that mean that you will trade less well or will you see your trade increase? There’s a very good example of this. America isn’t in the single market but their trade with the European Union has risen faster than the UK’s.

AM: But look at President Trump’s reaction to that overnight.

IDS: Yes, but my point is very simply the answer to your question is in all these other countries that are not in a single market they actually managed to raise their trade and to do trade deals outside and it’s quite an interesting point here - and here’s an ex-Commissioner for trade - that since up until 2015 which was the last year before we actually voted to leave, the EU did 7.7 trillion dollars of trade. Countries like Switzerland and Singapore did way more. I think Switzerland did nearly 40 trillion and Singapore did nearly 50 trillion more. And that shows you big isn’t always necessarily powerful.

AM: Peter Mandelson.

Mandelson: United States is apparently the government’s chief target to do one of these big ambitious global trade deals. President Trump has said overnight that ‘free trade deals are very stupid.’ I don’t think that augers very well for the negotiation. But the point is –

AM: That’s true.
IDS: Well what Mr Trump often tweets out after having watched his Fox programmes isn’t always necessarily what actually happens.

M: Yeah, but the point is this.

IDS: He knows very well that a good trade deal between the UK and USA is a good idea.

M: Let me explain how this works. You can only get a free trade agreement, and they’re very hard to negotiate and take years to do so, if there’s a sort of balance of benefit for both sides.

IDS: Yeah.

M: When it comes to the United States they’ve made it absolutely clear that their target is Britain’s agricultural market. They want their chicken, their hormone injected beef, their GMOs in our market which Michael Gove has said already no to. We want in the US market access to their public procurement. This is a President who –

IDS: financial services access.

M: No, no no, we have plenty of financial services.

IDS: No we don’t.

M: No, hold on a moment. We have plenty of financial services and what we can get extra we can eke out from commercial diplomacy. What we really want – hear me out please – What we really want is access to public procurement and this is a President who says America first. The chances of our getting access to an opened up public procurement sector in America are near zero.
AM: We’re jumping out of the Common Market into a really quite unfriendly world at the moment?

IDS: Yeah, but I come back to the point that I made. It’s quite fascinating. Of all of those trade arrangements made by small countries, like Switzerland, like Chile, far more trade arrangements, far bigger value than the EU has managed in the same period – hang on a second.

M: But look how small the economy is in the EU.

IDS: Yes, but hang on a second. Of course -

M: Chile? Switzerland? Great.

IDS: Yes, but your great comment was that that you can’t do trade deals unless you’re in a big bloc. You said being in a big block gives you clout.

M: Iain.

IDS: Hang on a second. I didn’t interrupt you, so just let me finish this point. So what I’m saying here is, these countries have done far more far ranging trade deals – and by the way, in all the trade arrangements made by the EU only 68% include financial services. In all of those trade deals nearly 90% include financial services.

M: Iain. I’ve just spent the last week in China.

IDS: I’m sorry, it really is ridiculous.

M: I’ve just spent the last week in China. I talked to officials in China. I said, what about a free trade deal between China and Britain? They looked at me. Why do we need a trade deal?
Britain’s already open to us, why do we need more? And what’s more if you think you’re going to come and land your services into our market, no thank you because that would mean our having to open up to everyone else. Before that I went to India – It’s the same story in India.

AM: We’re out of time.

Ends