AM: “The Prime Minister genuinely seeks consensus.” Not my words, but Liam Fox’s words in the Sunday Telegraph this morning. But where will Theresa May compromise and on what exactly? Well let’s try to find out, because the International Trade Secretary is here. Welcome Dr Fox. I started off the programme by talking about character. Is Theresa May the kind of character who finds it easy or possible to compromise?

LF: Yes and I think she’s on top of the detail in what is a very technical process. We’ve got two elements here remember. We have the Withdrawal Agreement, which is how we leave under Article 50 of the European Union and then we’ve got discussions about the shape of the future partnership we have with the European Union. And both of those are being explored by the Prime Minister with a number of people both in the Conservative Party and beyond. But not, unfortunately, Jeremy Corbyn.

AM: After that 230 vote loss, she has to win over either lots and lots of opposition MPs or lots of Tory Brexiteers and DUP MPs. Now she seems to be leaning in the latter direction. As a Brexiteer, what does she have to bring back from Brussels or anywhere else to start to win the numbers over?

LF: Well I spoke to about I’d say about 40 of my colleagues at the end of last week and the overwhelming view was that across the Conservative Party they either voted for the Prime Minister’s deal or they didn’t because of the issue of the backstop and that was the big sticking point. And that seems to me to be the area that we’re coalescing around. If we’re able to get agreement on the backstop and the future relationship with Ireland – and the
interesting thing of course is that both Ireland and the United Kingdom have both said that we don’t want to see a hard border and the Irish Prime Minister has said in the event of no deal, he wouldn’t want to see a hard border. Now given that we’re in that same place that should be the area that we need to look to find some compromise.

AM: You talk about compromise, that means the British government has to compromise as well. A lot of your colleagues say we have to bin the backstop, get rid of it completely. That is completely impossible isn’t it at this stage?

LF: Well the Irish government will look for some kind of assurance about how we deal with the Ireland, Northern Ireland border after we leave the European Union.

AM: But we’re in a weaker position now in Brussels aren’t we than before this vote? I mean Theresa May, had she lost by say 20 or 30 could have gone to the EU and said, look, I just need a little bit more to get me over the line, get me over this line, help me get over this line. In these circumstances they’re thinking there’s nothing we can give you that’s going to get you over the line.

LF: Well I would question that because of the economic reality in which we find ourselves today. With the German economy teetering on the brink of recession, the French economy going through its difficulties in the third quarter of 2018, the last quarter of which we’ve got figures the British economy was going three times faster than the Eurozone. Our unemployment’s half the rate of the Eurozone. There’s a big incentive for our European partners not to see the destruction of the –

AM: There’s no sign of them moving on this though. There’s no sign of them moving at all. There’s been a suggestion in the papers today that there could be a separate individual treaty between the UK and the Republic of Ireland to get round the backstop issue. Is that a runner do you think?
LF: Well, I think that might run into issues with the European Union about borders and economic competence. But any option that enables us to get to a deal and leave the European Union – because remember there are only three options at the end of the day. As I said last time I was here. We don’t leave, we don’t leave at all, which would be a political disaster, we leave with a deal which is the best option, or we leave with no deal which satisfies the result of the referendum but isn’t in our best economic interests.

AM: And loses a lot of people their jobs. Let me just talk through again where she the Prime Minister could compromise. ‘Cause she said her door is open. Now one thing that appears to be the case is that if she moved towards Opposition MPs and others on the question of the customs union, that might well get through the House of Commons and would be welcomed in the EU as well, so that would be one route through. What’s your view of that?

LF: Well, I’m not sure first of all that there is a majority for that in the House of Commons. Secondly, you have to remember that the country voted to leave but we have a remainer parliament at the core of everything. That’s one of the problems that we have. If we were to be in a customs union of course we’d be unable to fulfil one of the principles set out by the Prime Minister which is to have an independent trade policy. And the reason we can’t do that we would not be able to set our own tariffs and we’d be bound within the common external tariff which would restrict the trade agreements we could make with other countries. So it would mean that we couldn’t deliver on one of the key elements of Brexit.

AM: You sound, to quote David Gauke as if you are boxing yourself in.

LF: Well it’s a statement of fact that you can’t have an independent trade policy while you’re in a customs union.
ANDREW MARR SHOW, 20TH JANUARY, DR LIAM FOX, MP

AM: Something has to give in this situation. Something has to give. The Prime Minister comes to you and says, 'listen Liam, I'm really sorry, I've looked at this, the way forward has to be a customs union.' Do you stay in her government?

LF: Well, these questions keep getting asked but that makes it a question about us not about the principle. The question is the principle. Can you operate an independent trade policy from inside a customs union? The answer is technically no you can't.

AM: You can't. And in those circumstances you're current job becomes more or less redundant. Do you leave the government?

LF: Well I'm not going to answer that because I don't want to make it about me. It's about the principle. About whether we deliver on what the British people voted for. And we seem to be losing our focus on that. The British people voted to leave the European Union. We have to leave the European Union.

AM: I had a conversation with Keir Starmer about whether Article 50 should be delayed. Not revoked, but delayed because we are not ready for it yet. In those circumstances what would your position be?

LF: Well, if we were to delay it first of all it would mean going back on our word that we would leave the European Union on the 29th of March. Secondly, were we to extend it, it would almost certainly mean that we have to fight the European elections with all the expense –

AM: There's rulings against that as well.

LF: the view from the European Union is that we would almost certainly have to fight those elections were the extension to go beyond the date of the European elections.

AM: The European Parliament has got a legal ruling which suggests that might not be the case. Nonetheless, I ask you again, if you're in the government and she says we're going to delay Article 50 what does Liam Fox do?
LF: No I’m not in favour of delaying Article 50 which of course we’ve had to get agreed.
AM: So you resign on that?
LF: You keep going about whether –
AM: yes, well I’m interested because David Gauke has said he’d resign in the circumstances.
LF: Well I don’t think people should go around saying they’re going to resign. It makes it much more about them than the principle or about the voters and that’s what we should be concentrating on. If we extend Article 50 we would be going back on the promise that we made. Now also to actually do that it requires the European Union to agree that and there are strong voices coming from Europe that they don’t want to do that.

AM: Right, a lot of people listening to this will think okay, so he’s not moving on delaying Article 50, he’s not going to move towards a customs union, for all the Prime Minister says that she is in a listening mood this is a government which still hasn’t realised it lost its policy by 230 votes. There is no compromise really coming out of Number 10 or the government at all.
LF: Well we began this discussion by saying did we have to compromise on the backstop. If we’re to get the Agreement through we absolutely have to do that. The question is how we find a way to do that. There’s also the second element which is the future economic partnership is what sort of agreement do we want to have with the European Union.
AM: So what is the compromise in the backstop that we haven’t agreed to before that we could agree to in the future?
LF: It’s getting an agreement with Ireland on an alternative mechanism to ensure that we don’t get friction across the Northern Ireland, Ireland border. You mentioned one of them.
AM: Can I just say that’s not going to happen. Let me show you what Simon Coveney, who’s the Tanaiste said about that today:
QUOTE: As Brexit dominates news coverage, no surprise that some analysis today gets it wrong. I can reassure you the Irish government’s commitment to the entire Withdrawal Agreement is absolute – including the backstop to ensure no matter what an open border between Ireland and Northern Ireland and the GFA are protected.

AM: So that is a very, very clear squashing of any idea the Irish are going to change their position on the backstop to help you.

LF: I’m not asking them to change their position. We actually agree that no matter what there should be an agreement that ensures that there’s no hard border between the United Kingdom and Ireland. The question is can we achieve what the Irish government wants and what we want by a different mechanism?

AM: It doesn’t feel to me like you’re giving up anything at all at the moment, you’re simply backing the deal that’s been defeated.

LF: The deal, if we are able to achieve it and remove the impediments to that would still be the best way forward. It would enable us to result – honour the result of the referendum—

AM: So you’re not really changing your position at all.

LD: No, it’s still the best way to go forward, and a lot of my colleagues in the House of Commons have said that if we make changes on the backstop we’d be willing to vote for the agreement. Our alternatives are, as I’ve said, no Brexit, which is I think calamitous, or no deal.

AM: In the circumstance, the government, having lost by 230 votes, needs to compromise, needs to change its position somewhere with somebody. And I’m still absolutely unclear where at all the Government’s prepared to compromise, where the Prime Minister’s prepared to compromise.

LF: Well, I’ve just twice now told you that we can compromise if we can find it with the European Union over the backstop.

AM: That means?
LF: What it means is that we find an alternative mechanism to ensure that we give the Irish government what they want, which is that we end up with no hard border.

AM: Isn't that them compromising rather than us?

LF: No, it’s finding a different way for us to provide them with the certainty which I entirely understand they want to have. So do we. Let’s see if we can explore ways of doing that differently. Because I think that is the compromise that is most likely to be understood.

AM: A lot of backbenchers look at this and think the government has lost the plot on this entirely. We have to take back control of the agenda and as the House of Commons we have to change the rules to ensure that we can initiate legislation and we can take back control of the agenda. What effect does that have on the government? It effectively means you don’t exist doesn’t it?

LF: No. First of all, as I say, you’ve got a leave population and a remain parliament. Parliament has not got the right to hijack the Brexit process, because parliament said to the people of this country we will make a contract with you, you will make the decision and we will honour it. What we’re now getting from some of those who were always absolutely opposed to the result of referendum, trying to hijack Brexit and in fact steal the result from the people.

AM: We are a parliamentary democracy.

LF: That’s a very good point, but parliament –

AM: So parliament is supreme. Well, the Queen and parliament is supreme.

LF: That’s a very good point, because on this point parliament subcontracted its sovereignty on the issue of whether we stayed in the European Union or not to the people of this country. Parliament said – they can’t have it back – they said we cannot or will not make a decision on this you, the British people, will make the decision. And then 80 per cent of us who are in the House of Commons were elected on a manifesto – hang on a second, hang
on a second, 80 per cent of those of us in the House of Commons in this parliament were elected on a manifesto that said we will honour the result of the referendum. Parliament gave the public the choice, then they said they would honour that, they can’t go back on their word now. The consequences politically would be astronomical.

AM: Now, one of the possibilities going forward, which you’ve discussed before, is that parliament has so-called indicative votes. John Major talked about this yesterday. Whereby a whole series of possible options, customs union, the different forms of Brexit etc, are put to the House of Commons, MPs vote on them and the government is then basically – has to do whichever one does best.

LF: And what if parliament – which is a remain parliament let’s remember – was to pass a motion that effectively stopped us leaving the European Union? Is the government in this country the servant of parliament, or is the government the servant of the people?

AM: Let’s turn to your own position. There are, I think, forty EU trade deals with 70 countries that we need to have done ourselves or replicate by the time we leave at the end of March. And that’s just to stand still where we were as a government. How many of those forty are ready and signed now?

LF: Well, they’re not ready and signed but they’re well in train. Actually there are 37 agreements, 34 – only 34 of which are in operation. And if you add Australia and New Zealand, mutual recognition, means you get back to 36. We signed the first of those on Friday. We sign another one next week, and we hope to sign the Switzerland deal, which is the most important of all of those particular agreements within the next few weeks.

AM: So if I’m an exporter, exporting around the world, and I’m worried about what’s going to happen to my business at the beginning of April this year can you give me an absolute
guarantee that I will be at least as well off as I am now? In terms of trade deals.

LF: Let’s just put in perspective for people. So these total agreements represent about 11.6 per cent of our total trade. The bottom 21 represent about point eight of one per cent. So there are a relatively small number. The top five of those represent about three quarters of that total, and we’re confident that we will be able to get those agreements over the line.

AM: So we’re not there yet. I was in the room when you told the Conservative Party conference, or a meeting there, that you were going to replicate the 40 trade deals before we left the EU and we will have no disruption of trade at all. ‘I hear people saying,’ you said, ‘oh, we won’t have any of those trade deals before we leave. Well, believe me, we will have up to 40 ready for one second after midnight on March 29th 2019. All those faint hearts saying we cannot do it, it’s absolute rubbish.’ The faint hearts were right won’t they?

LF: Well, we will have up to 40, and it is dependent on a number of things: we’re ready and we’ve put all our proposals forward. A number of countries, as we sit here today, yet don’t believe there will be no deal and they’re unwilling to put the preparations in for no deal. They think that it’s inevitable we’ll come to an agreement with the EU. I hope they’re watching and my message to them is I hope you’ve understood from this programme that no deal is a real possibility. Please put the effort in. We have a couple of countries that either are in elections or have just had elections or no effective government where that will be difficult. We’ll have to find ways round that where we can. But mostly we have development rather than trade issues.

AM: It sounds to me from this interview as if the government is not prepared to compromise with the House of Commons, is not prepared to compromise with other parties and is not prepared to compromise much with the EU either. So we are kind of stuck.
LF: Well, we have our bottom line, which is the one group we cannot compromise with, the voters of the United Kingdom who have given us an instruction. If we understand anything about our democratic duty or honour we will obey the instruction the British people gave us in the referendum. That should be what concentrates the minds of all Members of Parliament.

AM: Liam Fox, thanks very much indeed for talking to us.

(ends)