

ANDREW MARR SHOW, 23RD JUNE, 2019

LIAM FOX, MP

International Trade Secretary

AM: Liam Fox, you're backing Jeremy Hunt in this campaign. You'll have seen across all the newspapers the backwash of the Boris Johnson crack-up. Something or nothing?

LF: Well, I think that the key thing for us to focus on is what candidates are promising. They are after all going to be our Prime Minister. For the Conservative Party they're going to lead us into a General Election, so we need to hear the issues which is why I hope we'll see both Boris and Jeremy debating in public the issues. And I think that it's inevitable there's a focus on private lives. That does not concern me. What I'm concerned about are the issues. And it's not going to have a single issue General Election when it comes to it. We tried that last time. We're going to have to have a range of issues.

AM: But you talk about promises and you talk about the guts to do interviews and debates and so forth. Those are matters of character. Is it fair for voters to be asking questions of the character of the next Prime Minister of the United Kingdom?

LF: Well of course it's fair to ask those questions, but I'm not sure that what we've seen in the last few days is a fair reflection of that. But what I do –and your question is implicit, why would I back Jeremy Hunt and not Boris.

AM: I am going to come onto that but I was just very struck, I was watching the hustings yesterday in Birmingham and Iain Dale did his best to ask Boris Johnson those questions and was completely blanked by Boris Johnson. Do you think that's acceptable in the course of the campaign for Boris Johnson simply to answer no questions about the private life at all?

LF: I think it's always easier to just give an explanation. But I think again –

AM: And move on, yeah.

LF: And the key thing is then how you get onto the issue. What we can't have is it being a distraction from explanations about wider policy and where we go to and when.

AM: Of course for some people there will be worries about other stories dripping out at some point before or after the end of the campaign and about blackmail and so on. There are two ministers are discussed on the front page of The Sunday Times, were you one of them?

LF: No.

AM: So you don't know about the conversation. Do you have any security worries about Boris Johnson becoming Prime Minister?

LF: D'you know, Boris has been the Foreign Secretary who is in charge of MI6, for example. Do you think that Theresa May would have made him the Foreign Secretary if there were genuine worries about him being a security risk? I think we've got to get away from these distractions again and talk about the policy issues.

AM: All right. Now one unexpected headline I suppose, 'Fox Backs Hunt.' You don't often see that. And I have to ask you about why again because you have been absolutely clear that it's really important to keep faith with the electorate and get us out of the EU by the end of October this year. And yet you are not backing the man, Boris Johnson, who says to his supporters that no ifs, no buts, come what may we will certainly be out of that date and you are backing the man who sounds a little more equivocal about that.

LF: So I think that Jeremy Hunt has a good chance of being able to negotiate a new agreement with the European Union to get us

out. It's three years ago today that I cast my vote to leave the European Union. Had Theresa May's deal gone through we would have left the European Union at the end of March and we'd be in a completely different political scenario. So we have to find a way of getting that agreement through Parliament. Without a Withdrawal Agreement for example there's no implementation period to do anything at all. That's one reason. Secondly, I think that he as an entrepreneur understands small business. I think to win a General Election the Tory party needs to be the party of small business. We have to be the party of every white van man and woman, every corner shop owner, every small business. And then thirdly, I think that he understands another issue which you know is important to me which is the Armed Forces and our veterans. Coming from an Armed Forces family Jeremy has that experience.

AM: There's almost no time to do a proper renegotiation before the end of October and you yourself have said unequivocally that you're completely against an extension. And yet you're now backing a candidate who is likely to go for an extension. That seems extraordinary.

LF: Well I didn't say that Jeremy was likely to go for an extension, nor has he. What he said is if we haven't got an agreement by the time we get to the end of October, if we can't get an agreement with the EU, we can't get an agreement we can get through Parliament, he said with a heavy heart we'll have to leave with no deal. Now I would still prefer to leave with a deal.

AM: Of course. And if you're close to getting a deal would you extend to get that deal, as Michael Gove for instance said?

LF: Well, I think Michael actually put it very well. If you are in the process of leaving, if you have an agreement with the EU and you're having to put the legislation through the House of

Commons, would it be rational to tear it all up at midnight on the 31st of October? No, it wouldn't.

AM: So you could tiptoe into November, but not to the end of the year?

LF: Again Michael said, actually I thought he put it very well. If we had to take a few extra weeks to get the legislation in place to leave with a deal, that would seem a sensible thing to do. And I've actually not to be fair, to be fair I've not heard Boris say that if that were the case he would leave come what may.

AM: He said he told ERG people that he would leave come what may definitely by the end of October. What's the last date that you would allow?

LF: Well I think that very point is why we need to be having the debate between the candidates, so we can get these issues properly teased out and we know what the realities are that we face. You made the point in an earlier interview of course the parliamentary arithmetic doesn't change. We get a new Leader and the other side of the coin is we don't have a new Commission yet to discuss these issues with. The Commission may not be in place till October.

AM: Do you think Boris Johnson, or indeed Jeremy Hunt, could hold the Tory party in power for very long once they win this, given the arithmetic?

LF: The key thing that I think my party needs to learn during this Leadership contest is that we avoid external coalitions by maintaining internal coalitions. We have to breed - we have to be a broad party. We have to respect a range of centre right views in this country if we want to win a General Election. We don't want to be a purist debating society.

AM: But that means holding together Dominic Grieve and Ken Clarke on the one side and Baker and Rees-Mogg on the other side. That seems to be almost completely implausible in the current situation. You're going to be walking into chaos.

LF: It's very difficult with our current parliamentary arithmetic but that's what comes of living in a democracy. We take the instructions from our voters as to what parliament we should have.

AM: There's something I don't understand about the Hunt campaign which is I understand that he thinks he's a better negotiator and will get something that nobody can get, I understand that, but plan B is apparently leaving without a deal and yet he's also said that parliament may well stop that. So what's plan C?

LF: Well, again, the key to it is getting something that Parliament will approve. And I've always thought that the key to that was the backstop issue is getting that. And I think that the key to the backstop itself is what – is the word 'temporary.' Because all through –

AM: Again that's the negotiation, that's plan A, but I'm asking you what happens if that doesn't work, because the Irish and Brussels and so forth are still pretty steely in their opposition to any change there. If he goes over, like so many previous British leaders and optimistically asks for this and doesn't get it, then there's the possibility of no deal, but Parliament stops that. So what is plan C?

L: Well I think that we have to be very clear with parliaments that we will have to find ways if we can't get an agreement for Parliament to agree to us leave without a deal. If Parliament won't do that then ultimately we're moving towards a General Election in this country and I don't think that's actually advantageous to us.

AM: Which your candidate has called the prospect as catastrophic and annihilation, big words like that uses about a General Election if you're not out of the EU.

LF: Well I don't want there to be a General Election. I'll tell you why I think we shouldn't have one. 'Cause three years ago today we voted to leave the European Union. 80% of our MPs were elected to leave the European Union, they should do so.

AM: I completely understand why you think you shouldn't have a General Election, it's fairly obvious. What I don't understand is how you're going to avoid it.

LF: Well, of course the point you made in the earlier interview is also relevant. That governments can't just call general elections any longer. Parliament has to vote for there to be an election. So we could continue in this rather odd period unless Parliament is willing to do what it should do, which is honour the instruction that was given by the voters to leave the European Union. If Parliament had done this already – and a lot of focus has been on the 30-odd Tory MPs who didn't vote for it – but you've had a block of over 200 Labour MPs who flatly refuse to do what it said in their manifesto.

AM: What's your current feeling about no deal? Because originally you said you're not worrying about no deal, it's going to be fine, it'll be perfectly acceptable, and then recently your language has become a little bit more nervous about no deal. Are you reading stuff, are you seeing stuff that we should know about?

LF: I would rather that we had a deal in terms of trade, it would clearly be easier if we had a deal. If we have no deal, for example, we're likely to face tariffs from the European Union. They've already said twice they will apply full tariffs to the UK. That would make our exports less competitive because our prices of UK goods in European shops would go up.

AM: And jobs.

LF: And it's potentially bad for the economy.

AM: And also you're a Scottish man who is an English MP, but nonetheless you're a Scot. What about the union under no deal?

LF: Well, as I've said I think that there are number of people, I think, in Northern Ireland and I think in Scotland who would try to use no deal, or even the fear of no deal, to try to drive a wedge into the union itself. And as you well know because we've had this discussion before, I'm as much a unionist as I am a Conservative, and the preservation of the union is important to me.

AM: But there's an extraordinary survey of Conservative members, 160,000 people, some of them who are going to be choosing our next prime minister. 63 per cent said that they would get rid of the union with Scotland if it was the price for the Brexit they want. What's your message to people like that?

LF: My message is that as a United Kingdom we're not simply a political entity. We are a family of nations. We have intermarried, we've moved around the United Kingdom. We're a union of peoples, not a union of countries. And we're stronger and have been better together, and that's how we should stay.

AM: Article 24 of the General Agreement on Tariffs and Trade, now 70 years old, which you were a signatory of, suggests that we could leave the EU and there'd be no changes to tariffs, there'd be no changes to quotas for perhaps ten years while we negotiate a new free trade agreement. And that calms a lot of people on your side of the argument about no deal.

LF: But it isn't true. That's the problem. Article 24 subsection 5, it is – allows countries to deviate from what's called the most favoured nation principle. And that is we have to treat one another, give the same access to markets. There are two exceptions under that part of the trade law. One says if you're

going to be in a customs union, and the other says if you've got a free trade agreement. But you have to have the agreement to benefit from any temporary relaxation.

AM: As I suspect you can guess – I mention it because this is Boris Johnson's get out of jail free card as far as he's concerned – but he's also that it shouldn't be a problem because we will negotiate a new free trade agreement, having held back the money, during the implementation period. As I understood it, if there is no agreement there is no implementation period.

LF: That's correct. So that argument doesn't actually hold. Two things there: if you don't get the withdrawal agreement through parliament there is no implementation period during which we can do anything at all. And secondly, if we leave the European Union without a deal the EU will apply tariffs to the UK, because you can only have exemptions as described if you already have a trade agreement to go to. And clearly if we leave without a deal it's self-evident we don't have that agreement. So Article 24 doesn't hold in that circumstance. And I've discussed that with the Director General of the World Trade Organisation, and the Attorney-General has given us the same advice.

AM: So that's something people need to know. Can I ask you, however, suppose Jeremy Hunt does win this contest and you are negotiating for him and we go through no deal, what's your answer? How do we get out of those problems?

LF: Well, I think that we have to identify where there is potential movement. And I think that we said we don't want a hard border between Northern Ireland and Irish Republic. The Irish government have said they don't want that to happen. We've said we don't want to be in a permanent relationship in terms of customs union. The EU said it's a temporary nature. If it is a temporary nature and the EU agrees that, then we have to be able to then determine how long is temporary. That I think is the key to being able to get a negotiation.

AM: So this is back to the same old arguments going on and on and on, because there are people who think we get out with no deal we're into a brave new world, Liam Fox does all these trade deals around the world, which you do, but presumably in the brave new world we're still going to want to trade with our nearest trading bloc just over the water, the EU. And at the point when we knock on the door after leaving without a deal, they say, 'ah, yes, we remember you. Well, first of all we want our £39 billion, and then we want your Irish backstop guarantees and then we'll talk.'

LF: And they will also apply MFN tariffs to the UK, and that will be, as I said, a big impediment to our ability to export efficiently to the European Union. So if we get an agreement, if we get a free trade agreement with the European Union going forward, then we can continue the tariff-free trade that we have at the present time. But we have to get a withdrawal agreement through Parliament to be able to get to that stage.

AM: We have got two candidates to be our next prime minister, both of whom are talking about taking us to no deal in one circumstance or another quite soon. And from what you're saying it does sound like it's a huge problem for British business, for the union itself, and something that we should be avoiding at all costs.

LF: But we have to be very clear that it is the legal default position in the United Kingdom. If we don't get an agreement, then we leave without a deal. And it's very important that we are very clear to the European Union that we would take that course, because without the ability to walk away we have no negotiating capital with the European Union.

AM: And I just put it to you, in those circumstances, after leaving we would have to give them their money and their Irish guarantees in order to start talking?

LF: Well, I think that you would not get a future free trade agreement unless you were willing to deal with the Irish issue. It

is, after all, an international trade issue, which is why we're better to get an agreement, get a Withdrawal Bill through the House of Commons and leave with an agreement that takes us into an implementation period when we can discuss that future trading relationship. It has always been the best outcome. There are lots of things about the Prime Minister's deal that I maybe wasn't over-enthusiastic about, but it was a way to get out of the European Union, and had we done so we wouldn't be having this conversation three years after the referendum. We would have left the European Union in March as we promised.

AM: Liam Fox, thanks for coming in and being so frank.

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