AM: I spoke to Dr Fox from Washington earlier on, I asked him whether we might see more American goods and services coming into Britain.

LF: Yes, well we actually have a trade surplus with the United States in goods and services. As you say, our trade’s worth about £167 billion. We’ve done some internal work that reckons that it could be worth over another 40 billion by 2030 if we’re able to remove the barriers to trade that we have. But it will be a difficult discussion – all FTA discussions are to one extent or another, but we’ve got great support from the United States and the administration as well as Congress to help push the agenda forward.

AM: And the kind of thing that we could get out of this in terms of people watching the programme, consumers, is cheaper food in our supermarkets?

LF: Well, potentially. Of course agriculture’s always a very difficult issue pretty much in any free trade agreement that’s ever been done, the last chapter to get agreed, as we’re finding with Japan at the present time and the EU, is agriculture. But we’ll want to look at a whole range of other things, on financial services, for example, and other parts of the service economy.

AM: Right, let me turn to the big area of discussion in Britain recently, which has been transition arrangements with the EU, as we prepare to leave the EU. You were talking yourself of these being weeks or months, and then suddenly you have fallen into line with the rest of the Cabinet and said no, a two-year transition period, as the Chancellor wants, will be completely acceptable. Is that that furthest ambition? I mean, is it two years and not a day
more or could it be three years, could it be four years? What’s your thinking?
LF: Well, first of all I’m actually more clear in my own mind that leaving the European Union is the right decision for the UK. I think I’m more certain about that than even I was at the time of the referendum, and I think that because our economy has been very robust, our foreign direct investment is at a record level, we’ve seen our economy continue to grow with record employment and falling unemployment, rising confidence amongst our manufacturers. So it seems to me that we should go into this with a great deal of confidence. And I want to leave the European Union in March, at the end of March 2019. Now, once we have done that, once we’ve fulfilled our promise to the British people, we can look to see what we are going to do in terms of making that a smooth transition for our businesses, to give them maximum certainty and to cause minimal disruption. And frankly, having waited for over 40 years to leave the European Union, 24 months would be a rounding area, whether that’s 23, whether that’s 25 is not a huge deal and nor is it an ideological one. Nor it is an ideological one, it’s about the practical issues we would face about getting, for example, any new immigration system into place, getting any new customs system into place, and that’s a practical issue. And I think we would want to get it out of the way before the election. I don’t think people would want to have it dragging on. But I think that it’s perfectly reasonable to have a transition that makes it as smooth as possible. I think that’s what businesses would want us to have in Britain, and I think that’s actually what our investors abroad would also want to see.

AM: So any transition period, in your view, must end by the time of the next British general election?
LF: I think we’d have been very clear that it was time-limited and it was limited in its scope. We knew exactly what it was going to mean; for example, would we be able to negotiate our own trade agreements during that transition period? Because if we were not,
then we wouldn't be able to take full advantage of the freedoms available to us when we leave the European Union. So there's still a discussion to be had, but I don't think that there's any great ideological blockage on the concept of a transition or an implementation period as I would rather put it.

AM: So it could be three more years, in your view, up to the next election. The reason I'm pushing this point is that during that period we could still be paying into the EU, we could still be under the ECJ, we could still be accepting, to all intents and purposes, being inside the single market rather than alongside it. And to a lot of people that would not feel like Brexit. And you know very well that there are people around who want to use the transition period as a way of trying to subvert or avoid the Brexit decision itself.

LF: Well, that is why I think it's imperative that we leave the European Union first and then any implementation period is done voluntarily alongside the European Union to minimise any disruption.

AM: Looking at the last couple of weeks, particularly in the last week, at Michel Barnier's body language and what he's said about our negotiating position, it seems to me that the politics are beginning to get in the way, as it were. Are you worried about the tone that's coming out of the EU? It does not sound friendly at all.

LF: I don't think anybody has ever thought that the separation issues between Britain and the European Union would be easy. They are very complex, and clearly there's a lot of passion that is stimulated by that. The second part of the negotiation, which will begin when enough progress has been made on the first part, will be about our future trading relationship. And I get an increasing number of not only British but European businesses who say we need to keep an open and comprehensive trading agreement when we get to that part of the negotiation. Otherwise Europe will become less competitive in a global context. And sometimes I
think the debate is being conducted as though Europe is operating in an economic vacuum.

AM: One of the things that EU negotiators say again and again and again, particularly in private, is that they’re not sure who’s actually in charge of the British government. Until we have settled the question of who is going to be prime minister throughout the period and into the next election they find it very difficult to know how to negotiate. Is it not time for the Conservatives to think again about who your leader is going to be as we go through this process?

LF: It’s not the impression I get from talking to other European partners. We made very clear our position, the prime minister set it out in her Lancaster House speech. That has not changed. We’ve been making that clear in all the meetings both in Europe and beyond, that the government’s position is the same, that we believe we’ll be able to get our legislation through parliament, we’ve got a working majority now in the House of Commons. And you know, when most of our European partners are discussing with us they’re very used to having minority governments themselves.

AM: Would you like to see Theresa May remain as prime minister until the next election?

LF: I would, yes.