Dr LIAM FOX MP
INTERNATIONAL TRADE SECRETARY

AM: The key Cabinet ministers have come to some kind of agreement but it’s very unclear what if anything it really means. The International Trade Secretary was there, so presumably Liam Fox knows. He joins me now. You know, but you’re not going to tell us?

LF: That’s a fair summary.

AM: Right, well let me ask you first of all about this word that’s become – everyone’s talking about ‘divergence’ and to a lot of people it seems a very abstract thing. What is ‘divergence’ and why does it matter?

LF: What’s important is Britain’s freedom to act differently in the future, according to different circumstances. Now if you look at Britain’s trading performance back in 2005-2006, about 56% of Britain’s exports of goods and services went to the European Union. That’s now down to 43% and the reverse is true of the rest of the world. We’re now exporting more to the rest of the world outside Europe. Now the key part of that is if you look at what the IMF have said for example, they say that 90% of global growth in the next 10 to 15 years will be outside Europe. So we need to orientate ourselves –

AM: Toward those marks.

LF: Towards those big economies. That’s not to say that the European Union will not remain a very important export market for the United Kingdom, but we also need to be free to orientate ourselves towards the areas where there will be more trade.

AM: And to do that we need to do things very differently?
LF: Well we need to be free to take some of those decisions for ourselves. Now there’s a lot of talk, as we’ve heard this morning about customs union. The key thing about a customs union, as you described earlier, is that it puts a big frontier around Europe and it means that we all apply the same duties to things coming in. Now, first of all we would like to be able to alter those. For example with developing countries we’d like to be able to cut some of those duties that the EU currently applies. We couldn’t do that if we were inside a customs union.

AM: I absolutely understand the ambition. What seems to me to be borderline dishonest is to say that we can have all of that and a generous free trade agreement with the EU. They’re absolutely clear that is, to use Donald Tusk’s word, ‘pure illusion.’

LF: Well we’ll wait and see where the negotiations take us because remember if you’re looking at what’s in our interests you also have to look at what’s in the EU’s interest. The EU has a massive surplus with the United Kingdom on goods. Something like £100 billion in the last year. To not have that free trade agreement with the United Kingdom would mean that European exporters, European businesses were at a huge disadvantage.

AM: But they have spent 40 years creating a rule-based, law-based new system and now we’re saying we want to diverge from your laws where it suits us, stick with it where it suits us, thank you very much, and they see that as a direct and serious threat to their way of living and creating this union. That’s why they are all unanimously and very very clearly saying you are not going to cherry pick. If you try we will keep you out of our markets.

LF: Well, we’ll see. That’s the - certainly the opinion of the Commission and I understand why that’s the opinion of the Commission. They’re there as the court guardians of the
Treaties. But whether that’s what the member states will want in terms of –

AM: Similar message coming from Berlin and –

LF: Well, we’ll see what - we’ll see as we go through what governments do, because this is a question of whether do you put political ideology or the prosperity of your people first in these negotiations.

AM: Well here’s the Taoiseach, Leo Varadkar. “The EU is a set menu restaurant, not a la carte. It’s not possible for the UK to be aligned to the EU when it suits and not when it doesn’t.” And there’s a national leader saying exactly what they’re saying in the centre as well. And you say they’re going to change their mind, they will fold in the end, but that is pure faith on your part isn’t it really? You’ve no idea whether they will.

LF: I’ll say we’ll make our case and we make our case not just for what’s good for the United Kingdom but what we also think is good for the European Union. It doesn’t make any sense for the European Union to tie itself up in tariffs where it will be spending more money to the UK exchequer than we’d be sending in the other direction. That doesn’t make sense for European businesses, European consumers, European workers. So we will ultimately have to sit down every hard-headedly and we understand the position they’re starting from, we will have to work out what is good, what’s in our mutual benefit and considering the trends in the wider global economy. The global economy’s moving away from this concept of hardwired harmonisation to concepts of equivalence.

AM: The idea is that we start off in the same position and then over time we diverge where it suits us and there will have to be some kind of body which decides how that works and so on. But over time we are going to be a different kind of economy and
therefore a different kind of society. Just tell me what kind of difference to Britain you would like to see in ten years time.

LF: Well, first of all you’re asking me to accept the assumption of the question that’s what we’ve agreed. We’ll set out –

AM: It is what you’re agreed.

LF: - we’ll set out what we’ve agreed when the Prime Minister sets it out –

AM: Number 10s briefed it all over the papers.

LF: I don’t think that was Number 10, I think you’ll find when the Prime Minister sets it out on Friday you’ll see the full context, but leaving that aside. What do I want to see? I want to see the United Kingdom able to make its own decisions. That allow us, as I said to vary what we do in terms of tariffs for developing countries, I want to use being able to take the opportunities with countries like China to be able to look at service agreements. Remember, just to put this into context for people watching this programme, by 2030 China will have 220 cities of more than a million people. The whole of Europe will have 35. That’s the scale of the change.

AM: That’s the scale of the change. All right. Jeremy Hunt says ‘the central common understanding is there will be areas and sectors of industries where we agree to align our regulations with European regulations. The automotive industry is perhaps the obvious example because of the supply chains, but it will be on a voluntary basis. We will, as a sovereign power, have the right to choose to diverge and what we won’t be doing is accepting changes in rules because the EU unilaterally decides to make them.’ That is broadly speaking where we are, is it not?

LF: Well, it’s a great try. That’s the third try but no I won’t be setting out what we’ve agreed. But I think it’s fair to say -

AM: So Jeremy Hunt’s wrong?
LF: - it’s fair to say that we want to be rule makers in our own country not rule takers. Now if you’re a part of the single market you have to take the EU’s rules. If you’re in a customs union you have to take the EU’s rules.

AM: Sorry. Jeremy Hunt said that after the event.

LF: Yes, well I was at the meeting and I’m not saying what we decided at the meeting. The Prime Minister will set it out.

AM: Are you saying he’s wrong?

LF: I’m not saying anything. I’m saying you’ll have to wait, Andrew. That’s five times, very good try. We will set out, as the Prime Minister sets out on Friday the full details. What is very clear however from the referendum is that people voted to take control of our money and our laws and our borders. Will any arrangement that we enter into actually honour that commitment? Now clearly –

AM: So what you’re saying is that we will have full freedom to diverge if we want to?

LF: What I’m saying is we have to have full freedom to have an independent trade policy. Now if you – this debate we’ve been having this morning and I was challenged on that by Keir Starmer on the customs union. So we’re going to leave the customs union I think both parties are agreed on that. Labour say they want to join a customs union. What does that mean? Is it like Turkey, which has a customs union, but only in goods, but not in agriculture, not in services, not in finance? Is that what we want for Britain? Will we take rules in certain sectors but not in others? Will we have freedom in certain sectors, not in others?

AM: He’s been much clearer than you’ve been and above all this is about the kind of society we are going to be. Do you still think it must be much easier to hire and fire people for instance in the future? Is that where you’re going? A more deregulated economy?
LF: No, what we've said is that we need to be able to adapt to the global economy as it changes.

AM: Is that what you think?

LF: In terms of workers’ rights, no it’s not. In terms of things like the digital economy, do we need to be able to move and adapt to that? Yes, we do. Can we do that if we’re aligned to the European Union? No we can’t, because countries like France will simply reject some of the data arguments.

AM: You’re being very cuddly. Let me remind you what you said: “It’s too difficult to hire and fire in this country. It’s intellectually unsustainable to believe that workplace rights should remain untouchable.” Do you still believe that?

LF: No, we’ve come to an agreement.

AM: You don’t believe that, you’ve changed?

LF: We’ve come to an agreement as a government that we will maintain those rights, and I’ll tell you why. Because as part of the rollover of the EU agreements that we’re already party to, those rights are already entrenched in those and we said we would respect those as we roll them over.

AM: Isn’t the truth that this is the beginning of a journey? We have this agreement, if we can get an agreement, we’ve just talked about that and then we see what happens over time. Once we can diverge we can diverge as much we like. Michael Gove said as much. This is the beginning of a journey to a very different Britain. This is a less regulated Britain. That’s why the EU are so frightened of it. They think that we are going to be, as it were, a kind of Hong Kong or Singapore on their northern border.
LF: Well, we’ve got to stop seeing Europe as the centre of the debate. We’ve got to orientate the United Kingdom –

AM: But they’re the people we’re having a negotiation with right now.

LF: We’re also talking to the rest of the world. I don’t begin this debate by saying how much of the EU do I take with me? I begin this debate by saying, what do we need to do to orientate Britain towards those very big opportunities in the global economy that will guarantee that we can earn the money in the future so that future generations can pay for the public services that they want.

AM: Now you heard Keir Starmer talking about Labour backing for these motions by Tory rebels. They have the numbers to blow a massive hole right the way through this process. What’s your message to them?

LF: Well, as a former Whip first of all I’m always very wary about parliamentary arithmetic debates. Leaving that aside in terms of the message that you ask about I would say to my colleagues that Theresa May has kept a broad range of views on the European issue in her Cabinet, for a reason. We sat down –

AM: Because she loses power if she doesn’t.

LF: - we sat down, with those differing views. We looked at the issues, we looked at the options and we came to an agreement that we are all happy with. And I think that when the rest of the parliamentary party hears on Friday, as the Prime Minister sets it out, what we have agreed –

AM: She’s going to win over Anna Soubry do you think?
LIAM FOX, MP

LF: Well I hope that they will have an open mind and listen to what the Prime Minister says because I think that what the Prime Minister will set out will deal with a lot of the reservations that they’ve had.

AM: This is your legislation, this trade Bill. Why are you delaying it?

LF: We’re looking to see –

AM: You’re delaying it because you’re going to lose on this amendment, aren’t you?

LF: No. We want to persuade our colleagues of the merits of our argument before we take the Bill forward. And we’re not going to do it on the basis of what suits the Opposition. We’ll do it on what we think gives us the passing of the legislation because it’s very important –

AM: You can’t delay it for much longer, can you?

LF: Well we need to get the legislation through because if we were not to have a deal with the European Union we wouldn’t be able to protect British business from anti – from dumping, for example, or massive subsidies. And I think we need to protect British business. The Labour Party who voted against this Bill will have to think twice or they’ll leave British business like steel unprotected.

AM: So you’re saying it’s our way or no way at all?

LF: Well we’ve set out –

AM: Something or bust.
LF: We’ve set out what we need to do to, we believe, honour the result of the referendum, to ensure that we’ve got control of our borders and our laws and our money and those who don’t want to honour those will need to explain to the British people why they feel they don’t have to do so.

AM: Okay, can we talk about the transition period. Presumably if this new idea, this accord, whatever it is, is turned down flat by the EU there will be no transition period either?

LF: Well we again, we go into this negotiation on the assumption that at the council in March we get an agreement on implementation because we’ve got an agreement on how we move forward. I still, as I said earlier, I still think that the rational way forward is for the EU to come to an agreement on trade with the United Kingdom that’s in our mutual interests. I don’t see why we would not do that and if we’re to do that we need a transition.

AM: Are you going to be able to sign trade deals with the rest of the world during the transition period?

LF: Yes, that’s our intention.

AM: You will be able to?

LF: To sign and to agree. That’s different from implement of course because if we were within the customs union in the transitional period we couldn’t implement a new agreement, but we’d want to negotiate and sign so that we could implement at the end of the implementation period itself.

AM: So you will have a deal with Donald Trump’s America and with Australia, in other words, before the end of the transition period? It will all be there. We will know what the deal is and
you’ll be able to sign it and then implement it immediately we leave?

LF: Well we’ve got 14 working groups working with 21 different countries at the present time. We want to be able to take those negotiations as far as we can during that implementation period. Not to do so would leave the United Kingdom incapable of making plans for our final Brexit position and that would be unacceptable.

AM: Let’s turn to an interesting domestic issue. Your colleague Vice Chairman of the Party, Ben Bradley tweeted this after saying that Jeremy Corbyn had been involved in spy allegations. ‘I accept I caused upset and distress to Jeremy Corbyn by my untrue and false allegations.’ And he’s given money which has gone to a food bank in his constituency. Was that the right thing to happen?

LF: Yes, if you saying that is untrue you have to say so and you know as somebody who’s actually won a libel case at the High Court it’s infinitely better not to have to go through that.

AM: Not to have to go through that experience. Now he said that Jeremy Corbyn had betrayed his country. Gavin Williamson, your successor as Defence Secretary said that Jeremy Corbyn met foreign spies and that is a betrayal of this country. Is that true? Do you agree with him?

LF: Well I think that it’s perfectly legitimate for the media, for the press, for other politicians to ask questions about it. What’s not acceptable is to say untruths.

AM: Do you think Jeremy Corbyn betrayed this country?

LF: Well I think that the Labour left during the Cold War were extremely unhelpful to this country. We believed that we should see off communism. We believed that we should see off tyranny.
AM: That’s not quite what - I’m asking you, did he betray his country?

LF: I don’t think that you can use the word – I would use the word betray.

AM: So Gavin Williamson is wrong?

LF: But I would think – I certainly think that the Labour left were the Soviet Union’s useful idiots during that period.

AM: So Gavin Williamson said that Jeremy Corbyn had betrayed this country. Should he apologise?

LF: Well I think that this is part of the lively debate that we have. It’s not necessarily a word I would use but I certainly believe and I think it’s true that Jeremy Corbyn and others were very useful to the Soviet Union during the Cold War, because they undermined – they undermined the arguments of the west.

AM: I’m going to try one more time. Should Gavin Williamson apologise to Jeremy Corbyn for saying that he has betrayed this country?

LF: Well I think in the broader sense he was undermining the security of our country by siding with the Soviet Union –

AM: Yes or no?

LF: - in that argument and I think that was very damaging to the country. Luckily, it was our side of the argument, not Jeremy Corbyn’s that won the day.

AM: So you do think he betrayed his country?
LF: I think he certainly undermined - the Labour left were undermining the security of the United Kingdom by their one-sided disarmament and their very clear preference for a Soviet style communism during that period. Fortunately we’ve beat them then and we have to beat them now.

AM: I’m still not sure whether you think Gavin Williamson should apologise or not for saying that Jeremy Corbyn betrayed this country.

LF: Well I don’t believe that it’s necessary to apologise when it’s very clear that Jeremy Corbyn and his fellow left-wingers were undermining the case for our security which I think is the point that Gavin Williamson was making.

AM: Yes, but no, but yes, but no, but yes, but no but. That’s how we end.