

Liaison Committee

Oral evidence from the Prime Minister: Brexit, HC 2135

Wednesday 1 May 2019

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Watch the meeting

Members present: Dr Sarah Wollaston (Chair); Hilary Benn; Sir William Cash; Yvette Cooper; David T. C. Davies; Sir Bernard Jenkin; Dr Julian Lewis; Angus Brendan MacNeil; Sir Patrick McLoughlin; Stephen McPartland; Nicky Morgan; Dr Andrew Murrison; Rachel Reeves.

Questions 1-116

Witness

[I](#): Rt Hon Theresa May MP, Prime Minister

Examination of witness

Witness: Rt Hon Theresa May MP.

Chair: Good afternoon, Prime Minister. Thank you very much for joining us. Just to set the scene, we thought we would break the discussions about Brexit into three broad groups. The first is taking stock of where we are now, the next stage of negotiations and preparations for no deal. Then we are going to move on to talk about some of the security and border issues. Finally, we will look at trade and the economy. We will then take a break from Brexit and talk about Huawei. We will open with Hilary Benn.

Q1 **Hilary Benn:** Good afternoon, Prime Minister. It has been reported that the Government have cancelled the no-deal Brexit ferry contracts. Is that the case? If so, how much is it going to cost?

The Prime Minister: If I can come on to the ferry contracts, I wondered if before I did that it would be helpful if I set the scene, as you are interested in where we are on negotiations and what we are doing.

Chair: Briefly, Prime Minister, because we have quite a lot of questions.

The Prime Minister: I'm sure. It may be that my setting the scene will answer some of those questions. Obviously it is our policy to leave the EU in an orderly fashion as soon as possible, and I regret the fact that it hasn't been possible. I voted three times to do it, but obviously we have not built a majority across the House. As everybody knows, the House has also rejected no deal and other actions, including a people's vote.

The legislation that was passed compelled us to seek an extension. As you know, I sought that extension until 30 June, but the Council, after lengthy deliberations, gave an extension until 31 October. But it is terminable, so we can leave at any point up until that time, and we will leave at the end of the month in which Parliament ratifies the withdrawal agreement. This is important, because I want that to happen before the October deadline. I think, once a consensus is reached, Members should look to pass the necessary legislation and end the uncertainty as soon as is practically possible.

We have been making concerted efforts to build on that consensus. There have been cross-party discussions on workers' rights, for example, making it clear that we would accept the amendment tabled by Gareth Snell and Lisa Nandy on the role of Parliament, and obviously we tried to ask the House to ratify the withdrawal agreement itself, which the House chose not to do.

Obviously, following that, the Cabinet agreed that the right thing for us to do was to reach out to the Opposition in order to decide how we can build a majority for the ratification of the withdrawal agreement and leaving. I

think that was unprecedented, but I am convinced it was the right thing to do, because the public want to see us working together to deliver the result of the referendum. We have been having constructive, meaningful talks which are continuing.

There are differences on issues, but on many of the key areas—particularly the withdrawal agreement—there is common ground. We know that we need to end this uncertainty and do so as soon as possible. I hope that a deal can be done—we certainly approach this with an open mind—but if we are not able to do that, we will bring votes to the House in order to determine what the House can support. We stand ready to abide by that decision if the Opposition are willing to do so.

Obviously, I am sure there will be lots of technical questions, but I think the choice before the House remains the choice that has always been before the House in relation to this issue: we can form a majority to ratify and leave with a deal; we can decide to leave with no deal; we can go back to the people, admit failure and ask them to think again; or we could revoke Brexit. Those are the choices. I think the only acceptable one is to form a majority to ratify the withdrawal agreement. Meanwhile, I will continue to work and do everything I can to enable us to do that, because I think that is what is right in the national interest.

What we do meanwhile, of course, is continue our preparations. Part of the issue is around the preparations for no deal, which I have just been asked about in relation to the ferry contracts. In the light of the extension that I have just referenced, we are reviewing the contingency planning that has taken place in relation to no deal. We have decided to terminate the contracts with Brittany Ferries and DFDS. Those contracts were a vital contingency measure, ensuring that critical goods like medicines could enter the UK in the event of disruption along the short straits in a no-deal scenario, but they both included early termination fees to ensure that we would not have to pay the full contract cost in the event that the capacity was no longer needed.

Q2 Hilary Benn: How much will it cost to cancel the contracts?

The Prime Minister: It will cost less than it would to carry on running the contracts.

Q3 Hilary Benn: The NAO estimated it would be, I think, around 56 million quid. Could you confirm that figure?

The Prime Minister: I am happy to write to the Committee with figures. When we are talking about the question of costs, the point I have just made is an important one: the combined termination costs with the operators is substantially lower—it is actually lower than the NAO's recent estimate of termination costs, thanks to the decisions we took. It is also lower than keeping those contracts on. I am sure everybody would agree that we have to take the decision that is best in terms of the use of taxpayers' money.

Q4 Hilary Benn: I understand that entirely. Does that mean that the



Government have now accepted that there won't be a no-deal Brexit? In other words, if you have accepted that, I can see why you have cancelled the contracts and will not need them anymore. Or might you have to stand them up again if we come to 31 October without an agreement? What is the Government's policy now on a no-deal Brexit?

The Prime Minister: The Government's policy is that we want to leave the European Union with a deal, and that is what we continue to work for. But, of course, it is not entirely in the hands of the Government as to what happens.

First of all, Parliament has to ratify an agreement that enables us to leave with a deal, and so far Parliament has not been willing to do that, although Parliament has also not been willing to accept no deal. The decision at the end of the extension, were we to get to that 31 October date without a deal ratified and therefore without us having left the European Union—I sincerely hope we do not come to that position—would not simply be a decision for the Government as to what happened, because at that point, were there to be a request for a further extension, it would be in the hands of the 27 members of the European Union as well.

Q5 **Hilary Benn:** Indeed it would. You referred to the talks with the Opposition. If they cannot reach agreement, as you have just said, you will put a number of options to the House. Will that include an option for a customs union?

The Prime Minister: What we would intend to do would be to discuss it with the Opposition, because we would want this to be a process that we had discussed with the official Opposition and that they were willing to support. We would discuss with them the options that would be put before the House.

Q6 **Hilary Benn:** So would that include a customs union?

The Prime Minister: We would discuss the options that would be put before the House.

Q7 **Hilary Benn:** Since the Opposition are arguing for a customs union, one would have thought they would be very happy to see that put to the vote. Would it include a customs union?

The Prime Minister: One discussion we have been having—I have said this sort of thing publicly as well—is the whole question of customs arrangements for the future. Various terms are used in relation to customs. Sometimes people use different terms to mean the same thing; sometimes they mean different approaches. What I think will be important when we come to that process is that on anything put before the House—obviously customs union has been put before the House previously and been rejected by the House—I would hope we would be able to get agreement with the Opposition so that there is a process that everybody can stand behind.

Q8 **Hilary Benn:** Could it include a second referendum or confirmatory referendum—one of those options?

The Prime Minister: That is a question of a different order, isn't it? That is not a question of the substance of the deal that would be required in order to ratify the withdrawal agreement; that is about process in relation to an issue. As we know, there are differences of opinion relating to a second referendum and neither we, as the party in government, nor the official Opposition have a policy of a second referendum in all circumstances.

Q9 **Hilary Benn:** The Chancellor says it is a perfectly coherent proposition. Do you agree with him?

The Prime Minister: It is a proposition that has been put by a number of Members of the House, inside this House and elsewhere.

Q10 **Hilary Benn:** Is it a coherent proposition?

The Prime Minister: My view about a second referendum is that we should get on with delivering the first referendum. That is what people want us to do, it is what people expect us to do and it is what the Government at the time of the referendum said we would do.

Q11 **Hilary Benn:** Okay. Can I turn secondly to the UK's plans and negotiating objectives for phase two, if a deal is agreed? Can you confirm who will lead those negotiations for the UK side? Will it be the Secretary of State for Exiting the European Union?

The Prime Minister: We would have a different arrangement for the negotiations. I think most likely it would be led by the Secretary of State for Exiting the European Union, but if I can just explain, obviously the next stage of negotiations, phase two, includes a wide range of issues, and of course it will be necessary to be able to draw on expertise from across Government on all the matters that are involved. For example, one element of it will be security aspects, so ensuring that those who are expert and well versed in those are part of the negotiations will be important.

Q12 **Hilary Benn:** What would be your role in the negotiations, or the role of your successor, if that is what happens? How would that be handled with the Secretary of State?

The Prime Minister: Well, the Secretary of State would operate according to policies that are set by the Government. There would not just be a role for that individual and a role for the Prime Minister, but a role for the Cabinet.

Q13 **Hilary Benn:** Are the Government ready for the negotiations? I ask because the Secretary of State announced about a month ago that the Government were planning to set up an expert advisory group of technical experts in trade and customs. Has that group been established?

The Prime Minister: There are various pieces of work that are being done. Some of the announcements that have been made have been in relation to work we will do looking at, for example, alternative arrangements to the backstop in the withdrawal agreement. We would



want to extend the input we had on those matters in the second phase of negotiations. That is why we have referenced not just experts on issues such as trade and customs, but a greater interaction with business generally, with trade unions and civil society.

- Q14 **Hilary Benn:** Have any of those groups been established yet? The reason I ask is that it took the Government a year and a half to decide what to ask for in the negotiations. What I am trying to establish is whether in fact the Government are ready for phase two negotiations, if we get to that point. You have announced you want to set up a group of technical experts in trade and customs; the question I am asking is, has it been established yet?

The Prime Minister: What you will have seen is that it did not take the Government a year and a half to decide what we were going to ask for in the negotiations. I set out the outline of what the Government were going to ask for in the Lancaster House speech, which was in early 2017. We then fleshed that out in the letter triggering article 50. We then had the discussions focusing initially on the withdrawal agreement aspect of the arrangements with the European Union, but as you look at the political declaration, you will see a great deal in there which, from the Government's point of view, has been hard fought, in order to ensure that we can have a situation going into the second phase of negotiations that meets the requirements for the United Kingdom.

As we go forward, at the moment obviously there is the whole question of what those objectives should be. We have seen the amendment that Gareth Snell and Lisa Nandy put down about Parliament having a greater role in that. That whole issue is one that is for further discussion.

- Q15 **Hilary Benn:** Are you concerned, finally, that time is being lost, because with each month of extension of article 50, that is a month off the transition period?

The Prime Minister: I would have far preferred us—

Hilary Benn: Indeed, I know that.

The Prime Minister: I would have far preferred us to have left on 29 March.

- Q16 **Hilary Benn:** Do we have time to do all this now?

The Prime Minister: If everyone across the House of Commons had voted the way I did, we would no longer be a member of the European Union.

Chair: Thank you. We are going to come on now to the civil service and no-deal preparation, with Sir Bernard Jenkin.

- Q17 **Sir Bernard Jenkin:** Prime Minister, good afternoon. The question is whether the civil service is still preparing for leaving without a deal. You have confirmed that is still the default legal position, but what exactly is the policy of the Government? As a matter of fact and international law,



the moment at which the 29 March deadline for the article 50 period was extended was when you accepted the extension offered to you at that European Council on 21 March. That is correct, isn't it?

The Prime Minister: Sorry, the first extension was obviously—

Sir Bernard Jenkin: Yes, the first extension. You were at the Council; you accepted the extension. That is when article 50 was extended.

The Prime Minister: Yes.

Q18 **Sir Bernard Jenkin:** And it was not when Parliament subsequently passed the SI, changing the exit date. That was just an implementation method.

The Prime Minister: No, the change of the SI exit date was necessary to ensure that UK domestic law was in line with international law.

Q19 **Sir Bernard Jenkin:** In the Government's response to my Committee's inquiry into the status of resolutions of the House of Commons, the Government said that even with motions for return, Humble Addresses, such motions would "lack statutory force" and a mere motion cannot be "used to change the law, compel the Government to legislate or lay a regulation, or tell Ministers how to perform a statutory function".

Whatever the political pressures may have been on you on 29 March, you were under no legally binding obligation of any kind to accept the extension, were you?

The Prime Minister: The Government took a decision that it was right and appropriate at that time to accept that extension. That was, as you know, a limited extension. That was done with the expectation, or the intent, of trying to ensure that in that further space of time we were able to ensure that we could leave with a deal, because as I indicated earlier, it remains the Government's position that the best option for the United Kingdom in our national interest is to leave with a deal.

Q20 **Sir Bernard Jenkin:** At the subsequent summit you made the same choice, without any legal obligation upon you to do so.

The Prime Minister: No, there was an obligation at the second summit because the House of Commons had passed legislation that required Government to ask for an extension.

Q21 **Sir Bernard Jenkin:** It required the Government to seek an extension, but it did not require you to accept any terms that were offered, and that is what you did.

The Prime Minister: There was a significant discussion among the EU Council. I did accept the terms that were offered. The crucial element that we insisted on, or made clear that we wanted to see in that, was the terminability of any period of time, should it go beyond the period of extension that we had asked for.



The fact that the House of Commons had not just—your first question referenced a motion of the House of Commons. This wasn't just a motion of the House of Commons; it was an Act of Parliament that was passed, requiring the Government to seek an extension and setting certain parameters for that extension.

Q22 **Sir Bernard Jenkin:** You were obliged to seek an extension, but you were not obliged to accept an extension.

The Prime Minister: I think if one is obliged to seek an extension, the expectation is that one is going to accept an extension. There is no point asking for an extension and then saying—*[Interruption.]* Let me explain, because the implication of your question is this. We said that we were going to ask for an extension to 30 June; the House had confirmed that. If I had asked for an extension to 30 June and the European Council had come back with an extension to 30 June, the implication of your question is that I should have said, "No, sorry, I know we asked for that but we don't want it any longer." I do not think that is quite how one behaves in international—

Q23 **Sir Bernard Jenkin:** I think you will find, Prime Minister, if you take advice from the Attorney General, that you were not actually under an obligation to accept any extension. You were under an obligation to seek to be offered an extension, not to accept it. The point is this: under what conditions would you be prepared to set aside the pressures you are under in order to deliver the referendum result and exercise your legal right to refuse an offer of a further extension under article 50 and, if necessary, to leave without a deal?

The Prime Minister: I want us to leave the European Union. I have been working for us to leave the European Union. I have voted consistently in Parliament for us to leave the European Union. Had everybody in Parliament voted in the same way, we would no longer be a member of the European Union.

Q24 **Sir Bernard Jenkin:** I take that to mean that you are not going to contemplate leaving the European Union of your own choice without a withdrawal agreement.

The Prime Minister: I am making a very simple point, which is that it is—

Sir Bernard Jenkin: It is not the question I am asking.

The Prime Minister: Yes, I know. I am answering your question in the way in which I choose to answer it. The point is very simple. I stand by the references I have made in the past that no deal is better than a bad deal, but I actually happen to think that we have a good deal. When I first made that reference, I was talking in the abstract—it was at Lancaster House. We now are no longer talking in the abstract; we are talking against the background of a negotiated deal, hard fought, that I believe is a good deal for the United Kingdom. That is why I say—and it remains the Government's position—that we will continue to work to leave with a deal.



Q25 **Sir Bernard Jenkin:** So if the House of Commons declines to approve the withdrawal agreement and declines to approve leaving without a deal, your choice will be remaining in the European Union indefinitely?

The Prime Minister: No, I do not believe we should remain in the European Union indefinitely. That is why I want to see the House of Commons agreeing—

Q26 **Sir Bernard Jenkin:** If you can't contemplate choosing to leave without a deal, we will stay in, won't we?

The Prime Minister: We will only stay in if article 50 is revoked. I have been clear that I believe that the best option for the United Kingdom is to leave with a deal. That is what we are continuing to work for.

Q27 **Sir Bernard Jenkin:** Okay, one final question. Why haven't you helped the House of Commons already by publishing the withdrawal agreement Bill?

The Prime Minister: We will publish the withdrawal agreement Bill when we have completed the work we are doing on the withdrawal agreement Bill.

Q28 **Sir Bernard Jenkin:** But if the withdrawal agreement itself is not going to change, what is going to change in the Bill? The withdrawal agreement has been the same since you agreed it at the end of last year.

The Prime Minister: We have already seen a number of things that have changed that need to be reflected in the withdrawal agreement Bill from the withdrawal agreement that was signed in November. There are the further issues—legally binding issues—that have been agreed with the European Union, and there are commitments that the Government have given. I have already referenced one, in relation to the amendment from Gareth Snell and Lisa Nandy. There are also commitments that we have given—I have given and others have given—in the House of Commons in relation to workers' rights. It is not the case that the withdrawal agreement Bill that would be presented to Parliament today will be the same. There have been changes, including in our negotiations with the European Union.

Q29 **Sir Bernard Jenkin:** It is not unusual for the Government to publish a draft Bill and then introduce a Bill that is different or amended, or indeed to introduce amendments during the passage of a Bill. Wouldn't it help the House of Commons a very great deal for you to publish the withdrawal agreement Bill now?

The Prime Minister: I think it would be helpful for us to publish the withdrawal agreement Bill when we do so, having considered all the issues that have changed since the withdrawal agreement in November last year, and when we are able to enable the House to have proper consideration of that Bill.

Chair: Continuing the theme of legislative provisions, we come to Sir William Cash.



Q30 **Sir William Cash:** You have just said, “I want to leave the EU,” Prime Minister. Well why don’t you get on with it and bring in the commencement order, for a start? That wouldn’t be a bad way to begin. Why do you claim that you have carried out the referendum vote to leave the EU and our manifesto when the withdrawal agreement legally requires United Kingdom citizens, businesses and workers to obey laws made by majority vote of the other 27 member states for years without our involvement; gives the EU courts the right to override United Kingdom Acts of Parliament; undermines the constitutional status of Northern Ireland, and thereby undermines our national interest? Why do you repeatedly—and again today—say that what you are doing in the withdrawal agreement is in our national interest? It most obviously is not.

The Prime Minister: You said at the beginning of your question that I had said, as I just have, that I want us to leave the European Union and you thought I should get on with it. I have been trying to get on with it. I have voted three times now for the withdrawal agreement that will enable us to ratify that, such that we can leave the European Union.

Sir William Cash: A bad one.

The Prime Minister: I repeat that had the first meaningful vote gone through, we could have got the legislation through and been out already. But I do not accept the description that you have given of the position that the United Kingdom will be in on the basis of the withdrawal agreement and the proposed future relationship that we are negotiating and will negotiate in phase two with the European Union. I could go through the specific issues if you like, but it is not the case—it is very clear that it is not the case—that we are going to see the continued remit of the European Court of Justice here in the United Kingdom.

Q31 **Sir William Cash:** Prime Minister, when I called on you to resign the other day in the House, you said that the withdrawal agreement was a good deal for the United Kingdom, but how can it be so, when it deliberately undermines the repeal of the European Communities Act 1972? I have mentioned already that there is no commencement order. That shackles us to all EU treaties and laws. Your 108 promises not to extend the time have been overridden by what many regard as an unlawful statutory instrument, which is now before the Joint Committee on Statutory Instruments. You gave instructions to Conservative MPs to defeat my amendment to the Cooper-Letwin Bill, which would have stopped our taking part in the European elections.

We passed the European Union (Withdrawal) Act, and you know perfectly well—and we agree about this, if nothing else—that I put an enormous amount of time and effort, as we all did, into getting that Act through on 26 June 2018. That would have taken us out of the EU, not this withdrawal agreement. Furthermore, why have you gone back on the repeal of the 1972 Act?

The Prime Minister: First of all, I would hope that we would also now agree on both wanting to leave the European Union and wanting to ensure that—

Sir William Cash: In the proper way.

The Prime Minister: Well, and wanting to ensure that we can bring that about. We have had the exchange about the 1972 Act on the Floor of the House. Of course, the withdrawal Act that has already been passed does repeal that 1972 Act and does that at the point of—

Sir William Cash: Where's the commencement order?

The Prime Minister: But what we have negotiated within the withdrawal agreement is that implementation period, or transition period as it is referred to in the documentation, for a period of time up to the end of December 2020. During that period of time, yes, we will be continuing to operate very much as we do today. We wouldn't be a member but we would be continuing to operate as we do today, and it would be necessary to reintroduce certain elements—

Q32 **Sir William Cash:** But we won't be there, Prime Minister. We will have laws passed upon us by 27 other member states without our involvement, taken behind closed doors without even a transcript. That is not anything less than castrating the United Kingdom Parliament.

The Prime Minister: First of all, if you look at the timetables that are taking place in relation to directives from the European Union, actually, with your experience in the European Scrutiny Committee, I am sure you know that it isn't the case that you suddenly get a lot of laws passed by the European Union within the period of what would effectively be 12 months.

Sir William Cash: There are accelerated procedures.

The Prime Minister: But secondly, what we are talking about is the implementation period. We are not talking about the future relationship with the European Union. We are talking about a transition period that enables people to be able to have a smooth and orderly exit at the point at which we leave, which gives businesses absolute certainty about the basis on which they will be operating at that point in time, and gives them the time to prepare for the future relationship that would obviously be negotiated during that period of time.

Sir William Cash: I don't agree.

Chair: We know.

The Prime Minister: That's not a first.

Q33 **Sir Patrick McLoughlin:** Prime Minister, the European Statutory Instruments Committee has recommended on 61 occasions that the Government reverse its original proposals to go from a negative procedure to an affirmative procedure. The Government have accepted all of them and I am grateful for that co-operation. I think it shows that when a Committee of the House has said that it wants something to be changed, the Government have been willing to change it. In your view



now, as far as you are concerned, following the Cooper-Letwin Bill, is it impossible for us to leave without a deal?

The Prime Minister: I think that Parliament will act to insist that the UK Government are not willing to leave without a deal. As I said, leaving without a deal is not entirely in the hands of the UK Government, because the issue of extensions to article 50 rests with the whole of the European Union sitting around that table.

Q34 **Sir Patrick McLoughlin:** But the Bill that was passed—I did not support it—actually says that a deal has to be done. Your view, as Prime Minister, is that you and any future Prime Minister would have to ensure a deal in order to satisfy the House of Commons.

The Prime Minister: The House of Commons has expressed its view. As it happens, the view that the House of Commons has expressed—that it wants to leave with a deal—is the same as the Government's view; we believe that leaving with this deal is the best route for the United Kingdom.

Sir Patrick McLoughlin: I take the point, because you have said in the past that leaving with no deal is better than leaving with a bad deal. You believe the deal that you have negotiated and come to an agreement on, after two years of hard negotiations, is in the best interests of the United Kingdom as a whole. That has been followed through by a lot of business leaders and industry as well.

I would press you to reconsider the publication of the withdrawal agreement Bill, because it is not uncommon for Governments to make lots of amendments during the passage of a Bill. The fact that one can make amendments—there will need to be amendments—is not really a good reason not to publish it. I ask you to reflect on that, to help Parliament.

The frustration with this vote, across not only the House of Commons but the country, is about exactly where we are going and what the direction of travel is. That is causing a lot of concern to people I speak to, whether business leaders or individuals. I ask you to consider that fairly quickly.

Hopefully we will know the outcome of the cross-party talks soon. They seem to have been going on almost as long as the original discussions. I realise that is a slight exaggeration, but hopefully we will know the outcome in the next week or so. Thank you, Prime Minister.

Q35 **Stephen McPartland:** Good afternoon, Prime Minister. You mentioned workers' rights in your earlier statement. The Government have published some draft clauses on workers' rights. Do you think that they go far enough in protecting and enhancing workers' rights?

The Prime Minister: It is important that we have within our legislation the commitment that we have given within the withdrawal agreement about non-regression in terms of workers' rights. As you will know, this Government and country, in many areas, have workers' rights that are above those provided by the European Union legislation. The issue with workers' rights has been raised with us by hon. Members across the



House, but particularly by the official Opposition. It is one of the issues we will look at, to see how we can ensure that commitments given by the Government on workers' rights can be enshrined and are clear for the future.

- Q36 **Stephen McPartland:** I think that we can go much further and there are simple ways of tightening them up. If you look at section 1 of the draft clauses on workers' rights, it only applies to relevant Bills, while section 2 is vague on exactly which areas of legislation it applies to. So who would decide what is relevant: Parliament or the Government?

The Prime Minister: Well, one issue is that we are trying to ensure that there is sufficient capability and ability for Parliament to look at these issues. The question of the Government making a statement, when there is any change in the European Union, as to whether we believe that is an enhancement, and Parliament then having the opportunity to give its opinion on that, is important. Getting that balance between Government and Parliament right is one of the issues that will be debated when we do come to the withdrawal agreement Bill.

- Q37 **Stephen McPartland:** My understanding of the draft clauses is that they only commit the Government to making a statement on new Bills, but they do not say that they have to make a statement on whether it removes any workers' rights or other protections, so it is still quite wishy-washy.

The Prime Minister: The intent is that Government would be making it clear to Parliament whether, in our view, any decisions that had been taken in the European Union in relation to workers' rights were an enhancement of workers' rights, or what the interaction with UK legislation was in relation to that. I am happy to look at the specific point you have raised about the language within the clause.

- Q38 **Stephen McPartland:** Finally from me, no Parliament is able to bind its successors, and as the proposals are currently formatted, it looks as though there are not many actual legal protections; it is just consultations and reports. I am just concerned that we can go much further if we tighten up the language.

The Prime Minister: We are certainly looking at what it would be appropriate to put in legislation on this issue, so once again I am happy to take those points.

Stephen McPartland: Thank you, Prime Minister.

Chair: Can we move on now to security and border issues and Brexit, starting with Yvette Cooper?

- Q39 **Yvette Cooper:** Can I take you back to the issues around border checks, which we have discussed before, especially in the light of some of your earlier answers about wanting to get an agreement on the way forward? In particular, you talked about the potential for there being some common ground around customs. Are you still ruling out being part of the common external tariff?

The Prime Minister: As you know, the proposals that the Government put forward would enable us to have as frictionless trade as possible with the European Union while being able to have our independent trade policy. That independent trade policy is within the political declaration, and I believe that is very important. There are different elements to an independent trade policy—part of that is around issues such as services—but we are very clear that if you are going to have trade agreements on goods, the ability to vary tariffs in relation to that is an important part of it.

Q40 **Yvette Cooper:** Does that mean you are saying that you are still ruling out being in the common external tariff for goods?

The Prime Minister: As you know, there are certain elements with the operations within the implementation period and there are certain references in the backstop to this issue. What I am saying is that the proposals that the Government put forward last summer would enable us to ensure that we could operate a common external tariff for goods with the European Union, but also be able to vary tariffs for our own trade agreements with other parts of the world.

Q41 **Yvette Cooper:** So you are going back to the customs partnership in Chequers, where effectively we collect the EU's tariffs but they do not collect ours, and there is no way of collecting tariffs if we have differential tariffs for the goods that arrive here through Spain or Italy?

The Prime Minister: As I am sure you are aware, in the political declaration this element has not been agreed. The benefits of a customs union are in the political declaration, in terms of the references to tariffs between us and quotas and so forth, but this wider question is one that is referenced with the spectrum of actions that there are. The Government have put forward a proposal that addresses this issue. There are negotiations to be had in relation to where we end up with the European Union—that is phase 2 of the negotiations—but the political declaration recognises the importance of an independent trade policy.

Q42 **Yvette Cooper:** It sounds like you are not actually shifting at all around customs. It sounds like you are still stuck on that same Chequers customs partnership, where nobody from any side could see how it was workable in any way. You are the one who has talked about compromise, so I am just trying to see: has nothing changed? Are we still stuck?

The Prime Minister: If you are referencing the talks that we are having with the official Opposition, we are sitting down and talking with the official Opposition about what both sides want to achieve in relation to customs. Obviously, issues around friction of trade at the border are about not just customs, but regulatory issues as well. We are sitting down and talking about what it is that we both want to achieve in relation to those issues. I think there is a greater commonality, in terms of some of the benefits of a customs union, that we have already identified between ourselves and the official Opposition. The political declaration is clear about an independent trade policy. Looking at the balance of these issues

is part of the discussion. Can we come to an agreement on that? I hope that we will be able to, but those discussions still continue.

- Q43 **Yvette Cooper:** But there are only three ways that have been put forward for trying to achieve the benefits of a customs union. One is the customs partnership that you talked about as part of Chequers, which everybody says is completely unworkable because the EU will not collect our tariffs. The second is technology, and the Home Office policy document has said “The challenges of this work cannot be underestimated” and “Current realisation...in the UK is 2030.” And the third is being part of a single customs territory—effectively being part of the common external tariff. That is why I am still trying to get this clear. If there is really some potential for agreement on customs and getting the benefits of a customs union, what is it that you are going to do? If you are still ruling out the common external tariff, you are still ruling out a customs union and the technology isn’t going to arrive until 2030, the customs partnership just doesn’t exist; it falls apart.

The Prime Minister: First of all, obviously we are sitting down with the official Opposition and discussing those matters. But I don’t accept completely the picture that you have set out. I know the reference you have made to technology, but an awful lot of work has been done on technology that is available at the borders. I think that the UK has an opportunity to introduce ways of dealing with these issues at our borders that could be world leading.

One of the problems with this debate has consistently been that very often it is framed in terms of existing models. It is important for us to be looking at the new models that are available and that can be used in these areas. But all too often it is also framed in terms of the existing language, which people take to mean certain things. There is a legal definition in WTO of what a customs union is, for example, but often people will use the term “customs union” and have in their mind different things about what that achieves, which is why I say that the important element of this is actually to be able to sit down and talk through what it is that we are all trying to achieve here.

- Q44 **Yvette Cooper:** Key elements of a customs union are common commercial policy and the common external tariff, so it sounds to me like you are still absolutely ruling out being part of the common external tariff. Am I wrong?

The Prime Minister: If you look at GATT article XXIV—I think it’s at 8(a)—it actually has different elements of a customs union.

- Q45 **Yvette Cooper:** The common external tariff is all I am asking about. Common external tariff—in or out?

The Prime Minister: You are asking me about the common external tariff and what I am saying is that the Government have set out, in the discussions with the European Union on the political declaration, the spectrum that is available in relation to these matters; that is for the further negotiation. This is one of the issues that has been raised in the



discussions with the official Opposition, and obviously there will be a point at which we will have determined whether it is possible to have a landing zone between us, or not, in which case we move to the process I was asked about earlier, which is for the House to come to these decisions.

- Q46 **Yvette Cooper:** But it sounds like we are still stuck basically where we were almost a year ago. It sounds like actually you are not really thinking any differently at all. You did talk about compromises, but it sounds like your version of compromise just means telling everybody else that you were right all along.

The Prime Minister: No.

- Q47 **Yvette Cooper:** What is the evidence that you are actually going to shift position? Look, resilience is a strength, but stubbornness is a weakness. What is the evidence that, on something as important as customs is to manufacturing across the country, you are actually prepared to properly make some changes?

The Prime Minister: You ask what the evidence is on compromise. There are a number of areas on which we have shown our willingness to compromise in matters relating to the withdrawal agreement.

- Q48 **Yvette Cooper:** So on other questions, but not on this one?

The Prime Minister: No. First of all, you accused me of not being willing to compromise. I have pointed out that we have shown our willingness to compromise. On this particular issue of customs, what is important is that we are able to sit down and tease out what the different elements are. It isn't sufficient simply to say, "There's one thing, and that's it and that's not." Actually, there are different ways we can approach this issue. The Government have already been exploring those, and we haven't come to an agreement with the European Union—you are right on that point. The political declaration identifies a spectrum of opinion. We are sitting down and talking through, with the official Opposition, what the different elements of this are, and what we are trying to achieve. We—my colleagues and I—stood on a manifesto for a deep and close partnership with the European Union for the future, and that is what we are aiming to achieve.

- Q49 **Yvette Cooper:** We feel like we are going around in circles, and everybody feels paralysed at the moment, like nothing is changing. I will just ask you a final time: with something as important as the impact on manufacturing and so on, that you know has been such a source of disagreement between people in Parliament, are you ruling out any change to the Government's position on customs?

The Prime Minister: With due respect, I am trying to point out that we are having discussions with the official Opposition on a range of issues. I think that it is important, on all of those issues, that we identify what we are all trying to achieve. I think that actually we are trying to achieve something very similar in that area, which is to ensure that we protect jobs. We want to project jobs. The Government have negotiated—it was hard fought for in the political declaration—a willingness to accept that we



should come together to aim for as frictionless as possible trade between the UK and the European Union. How we achieve that has not been absolutely identified. First, we need to see what will be agreed in Parliament. Parliament has had an opportunity to vote for various things, including a customs union. It has not voted for that. We have to say, “What is it that can actually be achieved that will get a majority in Parliament?”

Yvette Cooper: Prime Minister, I am really worried that if you do not shift on some of that stuff, we are just going to get stuck. Thank you, Chair.

Chair: We come now to the Irish border, with questions from Andrew Murrison.

Q50 **Dr Murrison:** Good afternoon, Prime Minister. Thank you for your Herculean efforts and labours in trying to ensure that the United Kingdom is removed decorously from the European Union in a way that gives most people in this country most of what they want. On 25 March, you said in the Commons that we should not leave at that juncture, because you were concerned about the lack of preparations in Northern Ireland, and that that might cause a great deal of embarrassment. Can you please say what has been done in the weeks that have been available to us to ensure that what needed to be prepared for has been offset, and what in your view still remains to be done?

The Prime Minister: We have published our proposals for the position in relations to tariffs, if there were to be a no-deal situation, across the border between Northern Ireland and the Republic of Ireland, but those could only be temporary and would need further negotiation with the European Commission and the Irish Government for a long-term sustainable solution. The issue that I had expressly identified—and it was identified in the House in debates around that time—in relation to Northern Ireland was the whole question of the governance arrangements for Northern Ireland in a no-deal situation in the absence of the Executive. The concern was that decisions that would need to be made would not be able to be made simply by Northern Ireland civil servants, so alternative governance arrangements would need to be put in place.

We now have an extension, and of course we also now have the situation where the Taoiseach and I last Friday called on the parties to come together for talks to re-establish the devolved Administration. The Secretary of State for Northern Ireland and the Tánaiste then set a date for talks with those parties to come together again. I hope that we are able to see the reinstatement of the Executive and the ability of the Assembly to operate in Northern Ireland, such that those governance arrangements were then in place there.

Q51 **Dr Murrison:** So it was simply the lack of an Executive in Northern Ireland that caused you to express your concerns about the state of Northern Ireland in the event of no deal?



The Prime Minister: There were other implications for the Union around that, but at that point in time the concern that I had was about ensuring what the governance arrangements would be for Northern Ireland.

- Q52 **Dr Murrison:** So in the event that the talks are successful, those concerns would fall away. In the event that the talks are not successful, we would be back in the same position, would we not? That is, we would be unable to leave without a deal, except by direct rule. Is that correct?

The Prime Minister: Yes. Obviously, direct rule can maybe come in different gradations, but it is about ensuring that there is some form of governance, which would certainly encompass some element of direct rule, that enables the decisions that are necessary to be taken.

- Q53 **Dr Murrison:** Which would inevitably mean ministerial decisions being taken here in Westminster, rather than in Belfast.

The Prime Minister: Yes, but, as you know, that is why I hope we will be able to see the talks actually resolving the issue and the devolved Administration in Northern Ireland being reinstated.

- Q54 **Dr Murrison:** In February, Michel Barnier said that "A UK decision to leave the single market and to leave the customs union would make border checks unavoidable". Given the enduring common travel area arrangements, plus the regulatory and tariff alignment that will exist between the two jurisdictions from day one in the event that we leave without a deal, can you say what you think Mr Barnier would be checking for at the Irish border?

The Prime Minister: What the European Union has consistently said is that its rules in relation to border checks would need to be operated fully at the Northern Irish border with Ireland in the event of no deal. That would be the same as the checks that it would put in place elsewhere.

- Q55 **Dr Murrison:** But the point is that about 1% of goods entering the Republic of Ireland from outside the European Union are subject to checks, including from relatively high-risk countries, and an even smaller proportion of that are subject to physical checks. It would be bizarre, would it not, if in the event that we left without a deal, the European Union would be insisting on a rate of checking goods entering the Republic of Ireland beyond 1%? Is that your understanding too?

The Prime Minister: Perhaps it might be helpful if I say what the Commission itself said in its press notice on 25 March: "In a 'no-deal' scenario, the UK will become a third country without any transitional arrangements... The EU will be required to immediately apply its rules and tariffs at its borders with the UK. This includes checks and controls for customs, sanitary and phytosanitary standards and verification of compliance with EU norms... Similarly, UK citizens will no longer be citizens of the European Union. They will be subject to additional checks when crossing borders into the European Union... Despite the considerable preparations of the Member States' customs authorities, these controls could cause significant delays at the border." The European Union was

itself clear that there would obviously be checks taking place that currently do not take place at that border.

- Q56 **Dr Murrison:** Do you share my frustration, and the frustration of many, that the Northern Ireland border is being used as an excuse for our interlocutors to be difficult in relation to the Brexit process? It seems to many of us inconceivable that, in the event of a no-deal Brexit—I sincerely hope that it doesn't happen—checks of any magnitude would be insisted on, based upon a risk-based process at the Irish border, and therefore it seems that the Irish border is being used inappropriately by many of those who you have to deal with in Brussels to achieve their wider aims.

The Prime Minister: Well, I won't comment on the approach that is taken by others in relation to the Northern Ireland border. What I will say is that I think it is incumbent on us, as the UK Government, to recognise the importance of this issue. The way I look at it is this. At the heart of the Belfast Good Friday agreement there is an essential compromise, and it is that people who are of Irish heritage or citizenship can live in Northern Ireland, they may have dual British citizenship and they can be part of living in the United Kingdom, but to all intents and purposes they are able to operate across the island of Ireland in their day-to-day activities and in their business activities without checks taking place. I think it is that that we must recognise, which lies essentially at the heart of the Belfast Good Friday agreement, and it is important for us to consider that when looking at these issues.

Chair: We are going to come on now to the economy and trade, starting with Nicky Morgan.

- Q57 **Nicky Morgan:** Prime Minister, I sense and share your frustration that the withdrawal agreement remains unapproved by Parliament. Are you concerned that one of the consequences of it not having been approved is the uncertainty created, which is now costing the economy hundreds of millions of pounds a week?

The Prime Minister: Obviously, uncertainty has an impact on business. I think the reaction of business to the fact that an extension has been granted has been positive, as they were concerned about the immediate impact of no deal, but of course as soon as we can ratify this deal business will be in a better position because they will have certainty about the future. I think it is clear that there are opportunities there for business that would be—I was going to say unleashed, but that would become available once they have that certainty.

- Q58 **Nicky Morgan:** I agree, but the latest data on UK business investment shows that it has fallen for six consecutive quarters now and been stagnant overall since 2016. Do you agree with the assessment by the Chancellor, who told the Treasury Committee last week that the principal reason is uncertainty created by the continuing process of working out how we will exit the European Union?



The Prime Minister: As I have said, uncertainty of any sort has an impact on business. They have the current uncertainty in relation to Brexit. They welcomed the deal when we negotiated it, and they welcomed the fact that we had the transition or implementation period in place, which gave them that greater certainty for the future. I think that there were real opportunities. First of all, our economy has remained resilient against a background in which many had predicted, and some had thought, that it would have quite a different outcome. The way I would put it is that given the resilience and strength of our economy against this background of uncertainty, just think how much better that could be if we end that uncertainty, ratify the deal, and leave the European Union with a deal in an orderly way.

Q59 **Nicky Morgan:** I suppose what I am asking is whether it is your position that you would, if possible, like to get the withdrawal agreement through and resolve that uncertainty as soon as possible—that is, not to wait until 31 October, but to do it much sooner than that.

The Prime Minister: Absolutely—definitely. That is why the element of fungibility or terminability, whichever term you wish to use, of the date was very important to me—i.e., the agreement is that as soon as we have ratified the withdrawal agreement we leave at the end of the month in which that deal is ratified.

Q60 **Nicky Morgan:** Do you have a date in mind that you are able to share with the Committee, that you are targeting for having another go?

The Prime Minister: I am tempted to say that after the challenge I received earlier on dates I have given in the past and given the approach that the House has taken so far, I am reluctant to put an actual date on it except to say that I want to do this as soon as possible. I have had several attempts to ensure that we could do it, and do it before the European parliamentary elections. We have got that longer extension available, but I want to ensure that we do it well before that extension-date deadline comes into play.

Q61 **Nicky Morgan:** One of the other areas of uncertainty that is created, of course, is the impact of Brexit or not having Brexit on the comprehensive spending review, which I think we can all agree is a very important moment for any Government. Again, the Chancellor said to the Treasury Committee last week that the spending review cannot be undertaken until there is a Brexit deal, so are you concerned about the implication of that for the ability of spending Departments to plan ahead?

The Prime Minister: Obviously, we have to look very carefully at the spending Departments. The Chancellor shares my hope that we will be able to get this deal through within a timetable that then allows preparation for a spending review, for Departments to be able to address that and for us as a Government to be able to address that fully and properly and to a reasonable timetable. That is another element. If it were the case that we were still in a position where we had not agreed the deal, it would obviously be necessary for us to take a position on the spending review and future spending determinations for Departments.



- Q62 **Nicky Morgan:** Do you have a sense of what that position would be? Would it have to be just a settlement for one year only? I think the NHS spending settlement was announced quite a long time ahead of the rest of the CSR. Do you have a fall-back position, if you like, for the comprehensive spending review?

The Prime Minister: That is a matter to be determined depending on the circumstances in which we find ourselves, but we are working to get a deal through such that we can have a spending review in that normal way.

- Q63 **Nicky Morgan:** Finally, one of the other things the Treasury Committee asked for and was given by the Government was a detailed economic analysis of various withdrawal-type scenarios, including—actually, you did not quite model the Government’s withdrawal agreement agreed with the EU. If there were to be success in the cross-party talks, and there were to be some changes—Yvette Cooper has probed on where there might be an area for some change or agreement—will the Government prepare an updated economic analysis so that Parliament had all that information before MPs were asked to make a decision on a revised withdrawal agreement?

The Prime Minister: As we have not yet determined whether or not there is a landing zone that will be possible, and if there were not, of course we would go to the votes from the House of Commons and would need to await the outcome of those votes, we want to ensure that the House of Commons is well informed on any decision that it is taking in relation to this matter.

- Q64 **Chair:** Can you just clarify, Prime Minister, whether that means you would publish a revised economic impact assessment, if there were an agreement?

The Prime Minister: I recognise that I did not directly answer that question, because I think we would need to look at what information. For Parliament to be informed, we would need to look at what information Parliament should have in advance of that. The analysis that was given previously did, from recollection, already analyse a number of potential outcomes. Obviously, one would need to look at that in the light of any decisions that had been taken.

- Q65 **Nicky Morgan:** To follow up on the Chair’s question, would you, your office, and the Government be open for a discussion, should there be a landing zone identified and a proposal put back to Parliament, between Government and Parliament as to the updated analysis that is needed, so that, as you say, MPs have all the information that they possibly can have, to make a decision on behalf of their constituents.

The Prime Minister: We will want to ensure that Parliament does have the information that enables it to be well informed when it takes these decisions. Obviously, by definition, any economic analysis can only go so far because it is about the future relationship. That is a matter for negotiation, so it is not an economic analysis that says, “This is definitely

where you are going to end up and this is definitely going to be the answer." Because the negotiation result will not be known at that point.

Q66 **Nicky Morgan:** I appreciate that absolutely but different scenarios will have different impacts on the economy, according to the likelihood of future successful trade deals and how open the trade relationship is between the UK and the EU, which is what I think the Treasury were trying to get to in their first analysis.

The Prime Minister: Yes, indeed, and they did provide analysis on a variety of scenarios at that point.

Chair: We will now come on to jobs and skills with Rachel Reeves.

Q67 **Rachel Reeves:** Prime Minister, you said in your answer to Nicky Morgan that you want to bring forward the withdrawal agreement and get it passed as soon as possible, but certainly well before the 31 October deadline. To do that you need to do something different from what you have done the last three times you have brought forward that withdrawal agreement. The Chief Whip apparently told Cabinet yesterday that it is time to get real on Brexit and that the solution is either a customs union or a second referendum. Would you agree with him on that, Prime Minister?

The Prime Minister: First, I do not comment on Cabinet discussions or supposed reports of Cabinet discussions. I refer to the answers I gave earlier. It is the case that we sit down. It is important not simply to see this in case of a discussion about, "Can you go for this model or can you go for that model?"

It is actually about sitting down and saying, "What is it we are trying to achieve? What are the objectives we are trying to achieve? What are the various means in which we can do that? Is there an agreement around the objectives and the means to achieve those objectives?"

Q68 **Rachel Reeves:** I think what Members are trying to explore today is what the parameters are for some sort of compromise, and what the different sides would be willing to give. The Foreign Secretary warned yesterday against agreeing a deal that includes a customs union. That was on the record. Do you agree with him, Prime Minister?

The Prime Minister: I have been very clear. I come back to what I was saying earlier. The trouble is that these phrases of the customs union—

Q69 **Rachel Reeves:** It is his phrase, not mine, with respect, Prime Minister.

The Prime Minister: What is your definition of a customs union in relation to this?

Q70 **Rachel Reeves:** That is what the Foreign Secretary said. Presumably you know the definition of what it is, Prime Minister.

The Prime Minister: The point is that we are sitting down with the official Opposition. We are discussing with the official Opposition the elements of



these issues, where we agree on the elements of these issues and where we do not agree on the elements of those issues.

It is not the first time I have said this before the Liaison Committee or in the House of Commons. It is important in the detail that we do that we look at the detail. It is by looking at the detail that we will be able to identify whether there is a landing zone on which we can both agree. I want a situation where we have a good, deep and close partnership with the European Union and that we ensure we can have an independent trade policy.

- Q71 Rachel Reeves:** On a specific issue of policy detail, the UK benefits from the brightest and best students from across the EU coming to our great universities, and young people from the UK benefit from being able to go to universities across the EU. Do you think higher fees for students from the EU countries wishing to study here will mean more or fewer students coming to study here, and would that be good or bad for our economy, Prime Minister?

The Prime Minister: First of all, obviously, we welcome overseas students to the UK. There is no limit on the number of overseas students who can come to the United Kingdom. We want to ensure that the UK and European countries can continue to give students the chance to benefit from each other's world-leading universities after we leave. We have been clear that EU students starting courses in England in the next academic year will continue to be eligible for the same tuition fees as UK students, and no further decisions have been made, and we will make those decisions and provide sufficient notice in due course.

- Q72 Rachel Reeves:** To go back to my questions, do you think that higher fees for EU students wishing to study in this country will mean more or fewer students coming to this country, and would that be good or bad for the economy, Prime Minister?

The Prime Minister: First of all, I would say that there are overseas students who obviously pay higher fees than EU students do at the moment, and we have seen increases in many of those—from a number of those countries—of students coming to the UK, so the fee level has not been something that has put those students off. What I hope attracts the students to come to the United Kingdom is the quality of the education they receive in our universities, and I would hope that that would continue, whatever the arrangements for the fees that we put in place in future.

- Q73 Rachel Reeves:** You have spoken previously about the “burning injustices” in society. If UK students are priced out of studying abroad at universities in other EU countries, and only rich students can afford to do that, do you think that would help to tackle, or would that exacerbate, some of those injustices you have spoken about so passionately, Prime Minister?



The Prime Minister: I have spoken about a number of burning injustices. I want every young person to have the opportunity to go as far as their talents and their hard work will take them, whatever their background.

I would also argue, actually, that while there are students from the UK who choose to go and study at universities elsewhere, we are very fortunate in the United Kingdom in having, for example, a number of our universities who are actually in the top 20 universities in the world. Certainly I think—maybe it's the top 20; I'm pretty certain it's the top 10—we're the only EU country that does have universities in that category, so we have excellent universities here in the UK.

Q74 **Rachel Reeves:** So you would be quite relaxed about there being higher fees for EU students coming to study here, and British students going to study overseas. Is that right, Prime Minister?

The Prime Minister: What I have said is that I think what is important is the quality of education. The determination of whether or not European universities give higher fees to UK students is, of course, not a matter that is a determination for the United Kingdom. We will, in due course, make clear what our position is in relation to EU students coming here to the UK for years beyond those starting in the next academic year.

Q75 **Rachel Reeves:** Of course the quality matters, but also access to the quality, and I don't want to see a situation where only children from better-off families—either from the EU or from this country—are able to access the university of their choice, Prime Minister.

The Prime Minister: And the ability to access universities, and the ability to exchange with other European countries, is something that we have been very clear we want to see continuing through the Erasmus programme. That is one of the elements of the political declaration that we have negotiated. We want those opportunities to be available.

Q76 **Rachel Reeves:** Finally, on a slightly different theme, there have been 120 Governors of the Bank of England, and all of them have been men. Later this year, the Government will appoint the 121st Governor of the Bank of England. People are increasingly suggesting that that person should be a woman. Would you, Prime Minister, encourage women to apply for this job, and would you look favourably on a woman applicant to be our next Governor of the Bank of England?

The Prime Minister: Well, as you might have noticed, I do like it when women are in senior positions. I think that women should be encouraged to apply for senior positions. Of course, it will be important to take the decision as to who is the right person to be the Governor of Bank of England, but I would encourage applications from female applicants.

Chair: Thank you. We are going to come on now to trade policy, and Angus Brendan MacNeil.

Q77 **Angus Brendan MacNeil:** Prime Minister, I think the last time I had the privilege and the pleasure of having a discussion with you at the Liaison Committee was on 18 July, when I compared you to Gloria Gaynor in



your tremendous powers of survival. On that day, Boris Johnson was making his resignation speech at the same time as you were at the Committee. You have outwitted them all, and you continue. Boris has been fully outmanoeuvred; he is nowhere, and your own can-kicking down the road has continued and your changing of the nuance has continued. I noticed that today. You have told us before that there were three options for Brexit. There was a deal, there was no deal, there was revoke, but now you are tagging on a people's vote. How much should we read into your change on a people's vote?

The Prime Minister: Nothing whatsoever. Those are the options that have been there. What we see from—

Q78 **Angus Brendan MacNeil:** They were not the options you were giving before. Before, they were a deal, no deal and revoke; now they are a deal, no deal, revoke and a people's vote.

The Prime Minister: My position on a people's vote has not changed, if that is what you are trying to suggest—

Q79 **Angus Brendan MacNeil:** It seems a live option now.

The Prime Minister: Well, Parliament has raised the issue of a people's vote. There are those in Parliament who are supporting a people's vote. There are those in Parliament who have perhaps previously supported honouring the referendum who are now supporting a people's vote. It is a second referendum; that is what it is. My view remains the same: that we should deliver on the first referendum. I think that is important.

You said that I was kicking the can down the road. Actually, no, I have tried not to kick the can down the road. I have been voting in order to ensure that the can is not kicked any further and that we actually leave.

Q80 **Angus Brendan MacNeil:** My remarks on 18 July were in surprise that you were still Prime Minister then, and you have managed to kick the can down the road further, so well done.

To move on a little bit, the expectation was that the UK was going to leave on 29 March and that the EU trade deals would be rolled over—a second after midnight, I think. At the moment, there are only trade deals covering 5.5% of UK trade out of a total of 14.4% of UK trade that we have taking place under EU trade agreement partnerships. What barriers will British exporters face trading on WTO terms? Will you also take the opportunity to make sure that people, particularly in your own party, who get up at Prime Minister's questions and suggest that trading under WTO is a good idea know that it is, in fact, quite the reverse?

The Prime Minister: First of all, we obviously do trade with some countries around the world on WTO terms. In relation to the agreements, we have signed agreements with Switzerland, Chile, the Faroe Islands, the eastern and southern African economic partnership agreement states, Israel and the Palestinian Authority. We have signed mutual recognition agreements with the US, Australia and New Zealand, and we expect others to follow soon. A number of other agreements are at an advanced stage.



Obviously we are still working on that, enabling people to have the certainty in relation to those trade deals.

- Q81 Angus Brendan MacNeil:** The Faroese have done quite well. It is a small agreement, but it is 16 to one in their favour. They export 16 times more to the UK than they import from the UK, so I can see why they were very keen to have the trade agreement continuing, and wisely so. Well done, those in Tórshavn, again outwitting others.

Prime Minister, with the whole process that you have gone around with Brexit, you came to Parliament at the later stage. You did not take Parliament with you and then you found that, from various sides, people rejected your withdrawal agreement—the deal that you had struck with the European Union—and you have had difficulty with that since then. Moving forward to future trade agreements, do you think there is anything to be learned from the Brexit process that went so badly wrong for you?

The Prime Minister: Obviously there are certain arrangements that are in place in relation to Parliament's role in trade agreements generally. In relation to the future relationship with the European Union, as I indicated earlier and as I said in the 29 March debate that we had on the withdrawal agreement, we accepted the premise of the Gareth Snell and Lisa Nandy amendment in relation to the role of Parliament in the future on negotiating objectives for that future phase.

- Q82 Angus Brendan MacNeil:** With any future trade agreements, do you think that Parliament should have a meaningful vote at the outset, even to help guide negotiators during trade agreement negotiations?

The Prime Minister: If you look at the Nandy-Snell amendment that we said we would accept, that makes clear the role of Parliament in the negotiating objectives.

- Q83 Angus Brendan MacNeil:** For all trade agreements in future, there will be a meaningful vote in Parliament—

The Prime Minister: No. It said that MPs would be empowered to set the negotiating mandate for phase two. There would be a regular report from the PM on the negotiations and the extent to which the outcome reflected the negotiating mandate, and MPs must approve signing any agreement on the future relationship with the European Union. That is about—

- Q84 Angus Brendan MacNeil:** No, I am talking about any and all other future trade agreements. Is there anything that can be learned from that?

The Prime Minister: This is about the future relationship that we have with the European Union. As you will be aware—

Angus Brendan MacNeil: I am asking about other countries that you might have trading agreements—

The Prime Minister: There are already arrangements in place in relation to the role that Parliament takes in discussions in relation to trade agreements more generally.



Q85 Angus Brendan MacNeil: The 27% of questions is still continuing.

A climate emergency is being talked about and has been declared by various people. What do you feel about that?

The Prime Minister: I think that climate change is, as I said in the House of Commons in PMQs, one of the biggest challenges that we face across the world. The term “emergency” has been used. The difficulty I have with that is that the term “emergency” suggests that this is something that has just suddenly arisen, and that is not the case.

We just have to look at the Government’s excellent record on climate change. We have been working on this and we continue to work on it. There is more for us to do and we recognise that, but look at the fact that since 2010, we have decarbonised more than any other G20 country. We have been at the leading edge of ensuring that we are working on this.

Q86 Angus Brendan MacNeil: But we are still well over double the targets for carbon in electricity production, and a branch of your Government, Ofgem, is sitting on the possibility of connecting to some of the best wind resources in Europe for spurious reasons. Would you undertake to look into the possibility of interconnectors being used properly to where there is wind?

The Prime Minister: I am very pleased to say that obviously in terms of wind turbines and the provision of renewable energy from wind, once again we have an excellent record. I know there are wind farms off the Scottish coast. I was in Grimsby a number of weeks ago with a company there that is one of the leading providers of the equipment for wind farms. I think there is a great deal that we can be doing in relation to this.

Q87 Angus Brendan MacNeil: Finally, why can’t you accept Scotland having the same autonomy in the UK as the UK has with regard to the EU, particularly with referendums? The EU does not stop you holding referendums or even attempt to interfere. Why would you interfere with Scotland in this area?

The Prime Minister: Scotland had a referendum on its independence.

Angus Brendan MacNeil: You had a referendum. That would remove your people’s vote.

The Prime Minister: I have been very clear. We have had a referendum in the United Kingdom on membership of the European Union and my view is that we should abide by the result of that referendum and deliver on it. Scotland had a referendum in 2014 and my view is that Scotland should continue to abide by the result of that referendum, which was that it should be part of the United Kingdom.

Chair: Thank you. We come now to David T. C. Davies.

Q88 David T. C. Davies: Prime Minister, is Wales prepared for a no-deal Brexit?

The Prime Minister: In the no-deal preparations that have been taking place and continue to take place, we have been involving the devolved Administrations, including, obviously, the Government in Wales. Representatives have been able to sit around the table with UK Ministers and others in terms of their preparations.

Q89 **David T. C. Davies:** Are you confident that the preparations that are necessary have all been made?

The Prime Minister: I am confident from everything that we have seen in relation to the Welsh Government, but if the intent of the question is that you are aware of areas where you are concerned about that, then obviously we would wish to hear those.

Q90 **David T. C. Davies:** One of the concerns raised is among the lamb farmers who are heavily dependent on exports to the EU, especially France. Are you confident that if we left with no deal they would not suffer financially? If they did, would special support be put in place for them?

The Prime Minister: One of the aspects that we have been considering as a Government is looking at those areas which could be particularly affected in a no-deal situation and the extent to which it would be appropriate for Government to act in those circumstances. That is a debate that continues.

Q91 **David T. C. Davies:** Would you agree that none of us Members of Parliament are going to get exactly what we want in terms of Brexit? Is that a fair suggestion?

The Prime Minister: I think that is a fair comment.

Q92 **David T. C. Davies:** I happen to agree with you. That being the case, if you don't get what you want, which is the withdrawal agreement passed—which I personally, as a loyal Back Bencher, have always supported—and if we are unsuccessful in persuading our colleagues to support that, would your preference be a no-deal Brexit or to remain in the European Union?

The Prime Minister: My view is we should leave the European Union because that is what the British people—

Q93 **David T. C. Davies:** But we may not get what we want. We may have to choose between things that we don't want, and the choice may be—

The Prime Minister: I think that we should leave the European Union, and my job is to try to make sure that we leave the European Union with as much of what we want as possible.

Q94 **David T. C. Davies:** As we have just agreed, we are not necessarily going to get what we want. You and I would both like the withdrawal agreement to pass, but if we don't get that, would you be happy to support a no-deal Brexit?



The Prime Minister: As I have just said, I believe that the important thing for us is to deliver on the result of the referendum and that means leaving the European Union, but I hope that we can both—

- Q95 **David T. C. Davies:** Can I turn the question around then, because I think this is important? I detect a change in Government policy here. Can I conclude from what you are saying to me that you would not support a no-deal Brexit under any circumstances?

The Prime Minister: The position of the Government is that the best option for the United Kingdom is to leave with a deal. That is what I believe. That is what I'm working for. That is what the Government have been working for. I believe that we should leave the European Union. I believe that it is important to deliver on the result of the referendum. I believe we're also in a set of circumstances where Parliament has made it clear that in the circumstances where it looked as if no deal was happening, Parliament would act again to try to ensure that there wasn't a no-deal situation. I would have hoped that we could all just agree that we recognise, as you do, that the withdrawal agreement doesn't give everybody what they want, but that actually leaving with it is the best option for the UK.

- Q96 **David T. C. Davies:** Do you think that you have been undermined by members of your own Cabinet who have suggested semi-publicly that we couldn't leave without a deal?

The Prime Minister: Parliament has said that they don't want us to leave without a deal. That is the reality.

- Q97 **David T. C. Davies:** But members of your Cabinet—do you think they have undermined you?

The Prime Minister: I think that what is important is that we work to deliver Government policy, which is that we leave—that the preference is to leave with a deal and we work to leave with a deal.

- Q98 **David T. C. Davies:** It was Government policy to leave by 31 March—29 March, sorry. The failure to leave by that date is a failure, isn't it? It is a failure.

The Prime Minister: I wanted to leave on 29 March. I voted to leave on 29 March. Others voted to leave on 29 March. Sadly, not sufficient numbers in the House voted to leave on 29 March.

- Q99 **David T. C. Davies:** But it is a failure, isn't it?

The Prime Minister: Well, people wanted us to leave on 29 March. We wanted to leave. We weren't able to achieve that. What we must not fail in is leaving the European Union. We must ensure that we deliver on leaving the European Union. But as we've said, and as you've indicated you agree with, it is better to do that with a deal.

- Q100 **Chair:** Prime Minister, you have agreed with David T. C. Davies that none of us will get what we want, but more importantly, is it not the case that that applies to the British people as well? You've always talked about



making sure that you implement the will of the people, but is it not right, when we know what version of Brexit we may get—when you have reached that landing zone—that you actually check it is what the people want, or whether they would rather stick with the deal that they have?

The Prime Minister: I'm afraid I haven't changed my view on this issue from the discussions we've had both privately and publicly on it. I continue to believe that, Parliament having overwhelmingly given the decision to the British people and said, "Do you want to stay in or leave the European Union?"; the British people having, in the biggest exercise in democracy in our history said, "We want to leave the European Union"; and the Government at the time having said that they would abide by the result of that referendum, it is important that we do that. I don't believe it is right to effectively say to people, "Think again." Sometimes people say, "Oh well, people didn't know what the deal was going to be. They didn't know what this was going to be like." Actually, I trust the British people rather more. I think the British people had an instinct as to what it was that they wanted to see, and they voted—

Q101 **Chair:** But the point is that very many of them are deeply unhappy with the deal. Indeed, one of the reasons it won't pass Parliament is that even the loudest voices for Brexit won't vote for the deal. How can you be sure this is the will of the people unless you go back and ask them whether this particular deal is the will of the people?

The Prime Minister: I think that most members of the public actually just want us to get on and do it.

Chair: In any way?

The Prime Minister: They want us to leave the European Union. There's a sense that they asked the Government to do that and they want the Government to be able to deliver on that.

Q102 **Chair:** I think that is very debatable. The next question is, would you rather accept a compromise on a customs union with the Leader of the Opposition, or get your deal through subject to a confirmatory vote? That is what it looks like it might come down to. Do you think your deal would get through if you made it subject to a confirmatory vote?

The Prime Minister: There is an assumption that is underlying your question which I do not accept. We are sitting down with the Opposition to see whether there is an agreement that we can come together on. I cannot say whether—we are having constructive talks. We are having talks that are looking in detail at these issues. Obviously, in terms of getting not just the deal but the legislation through the House of Commons, I would hope that we would be able to find an agreement that would enable us to have that stable majority, because I genuinely still believe that is the best way for this country; but there are a number of issues that we are debating with the Opposition.

Q103 **Chair:** I think you were absolutely right to seek an extension, but of course what has not been extended is the end of the transition phase,

which will still run out on 31 December next year. Do you think that that will leave you enough time to negotiate all the future arrangements and the deal?

The Prime Minister: Obviously the time has been reduced in relation to that, although it was always the case, of course, that with a new Commission coming into place there was going to be a period of time when the Commission was not going to be able to be as fully engaged as otherwise in this issue. I think it is important. It is still possible to achieve it by the end of December 2020.

Q104 **Chair:** So you will not be seeking an extension of the transition phase as well.

The Prime Minister: As I say, it is possible to achieve it by the end of December 2020. The withdrawal agreement has within it the possibility of an extension of that implementation period.

Q105 **Chair:** Can you think of any other major international trade deals that would be negotiated in such a short space of time?

The Prime Minister: The average figure for negotiating trade deals is actually a lot shorter than many people think it is. We have already got the basis for the future deal, in terms of the political declaration, so a considerable amount of work has already been done, in relation to this.

Q106 **Chair:** Finally, I think one thing that appals people is how much of the domestic agenda has been sidelined because of Brexit. One particular example of that is the social care Green Paper. We have an absolute crisis in social care and a need to find a long-term sustainable solution. Could you, Prime Minister, set out, because I have asked repeatedly about this in the Commons, when the social care Green Paper is going to be published, so at least we can get on and start debating it?

The Prime Minister: First of all, I reject the concept that we have simply set to one side or ignored the domestic agenda. There are many aspects of what we have been doing in the domestic agenda which perhaps have not hit the headlines in the way that they might have done in different circumstances, but which we have been getting on and delivering for people across the country.

In relation to social care, of course there a number of commitments that have already been made in relation to extra funding that has gone into local authorities for social care. Part, obviously, of the work that will be done, as I indicated in the House of Commons today—in the Chamber today in PMQs—is about the interaction between the health service and social care, and the long-term plan in the national health service is an important element of that. Obviously that is now being put into place.

Q107 **Chair:** That is really being hampered by the failure to publish the social care Green Paper, if I may say, Prime Minister. I still do not understand why, given that the social care Green Paper has been written, it cannot now be published. Today we had the presentation of a Bill on wild animals in circuses. I would say that, with respect, what the public really want to



see is the publication and debate of social care, which has a profound impact on people across this country.

The Prime Minister: I recognise the impact that social care has on people across this country. I think what people want to know is that this is a Government that has been dealing with these issues. As I have said, around £4 billion is—more money is available this year to local councils in relation to adult social care. I think it is important that we look at these other issues.

There is a question about the long-term sustainability of social care. I have always said this is a short-term, medium-term and long-term issue. The medium term is also about the way in which we interact health service and social care, and ensuring that issues like delayed discharges from hospitals are being reduced, which is better—not just for hospitals, it is better for the individuals concerned. So these are issues that we are continuing to look at.

Chair: I do not disagree with you, Prime Minister.

The Prime Minister: We will bring forward a Green Paper on social care at the earliest opportunity.

Q108 **Chair:** Prime Minister, you have not, with respect, answered my question. What I would like to know is when. We know it has been written. We know it is ready to go. When will you publish it?

The Prime Minister: I am sorry; you are making an assumption that there is a completed Green Paper on social care. As I say, we will bring a Green Paper on social care forward. We will do so as soon as possible. There are a number of aspects of social care that we are looking at, and that we will be continuing to look at. There is a long-term sustainability issue. There are also the medium-term issues about how we ensure best practice is introduced—best practice as it is today, but also looking at what we think best practice should be in the future.

Chair: We were promised from the Dispatch Box that it would be published before Christmas. I am afraid I do not think that is good enough, but I am going to move on to Dr Julian Lewis and Huawei.

Q109 **Dr Lewis:** Now it is time for the easy stuff, Prime Minister. Which is the more important—our intelligence relationship with the United States, or our commercial relationship with communist China?

The Prime Minister: We have, as you know, a very particular intelligence relationship with the United States, and we continue to work with the United States in the deep and special way that we always have done. That relationship is the deepest relationship across both security and defence issues, and we continue that relationship and maintain that relationship.

Q110 **Dr Lewis:** Okay—I will draw the appropriate inference from that. Do you agree that China is an oppressive one-party state, and are you aware of article 14 of China's national intelligence law, passed in June 2017, which

empowers the agencies of the Chinese state to “request the relevant organs, organisations and civilians to provide necessary support, assistance and co-operation” to those agencies?

The Prime Minister: Yes, I am aware of that. I am also aware, to complete the first question that you asked me, that there are obviously commercial opportunities in relation to China. We have developed that relationship with China. I took a trip of business people—a trade trip—to China, which was successful in opening opportunities for British companies, and indeed British farmers, in exporting to China. It is important, as we look at the future of this country, that we recognise the needs both for our security and our prosperity.

Q111 **Dr Lewis:** Last December, our own Foreign Office issued a press release, entitled: “UK and allies reveal global scale of Chinese cyber campaign”. It blamed a group called APT10, operating under the Chinese Ministry of State Security, for mounting what our Foreign Secretary described as “one of the most significant and widespread cyber intrusions against the UK and allies...to date, targeting trade secrets and economies around the world.” Do you accept that the Chinese regime does indeed engage in systematic cyber-espionage against us and our allies?

The Prime Minister: We are aware of the necessity of ensuring our cyber-security because of the threats that there are to cyber-security. As a country, we have been willing to call out those who we have seen attacking us in this way. There are a number of players out there, state and non-state players, who do this, and we are ready and willing to call out those who do it.

Q112 **Dr Lewis:** And on this occasion, last December, we called out China, didn't we?

The Prime Minister: We did.

Q113 **Dr Lewis:** Right. Do you accept that the telecommunications firm Huawei is intimately linked with the Chinese communist Government and its deeply hostile intelligence agencies?

The Prime Minister: If I may expand my answer to this question, you will be aware that Huawei is officially owned by its employees, and is a private Chinese company. However, we have robust procedures in place to manage risks to national security today, and are committed to mitigating future risks. I do not think that you can describe me as somebody who has been lax in relation to national security. If you look at my record, the decisions that I take are decisions that are taken in the interests of national security.

Q114 **Dr Lewis:** But you are not contradicting me when I am suggesting that Huawei is intimately linked with the Chinese communist Government and its deeply hostile intelligence agencies, are you?

The Prime Minister: I said that Huawei is officially owned by its employees, and is a private Chinese company. The issue of cyber-security is not an issue of one country, one company—

Dr Lewis: With respect, Prime Minister, my time is very limited.

The Prime Minister: The issue of cyber-security is one that we have put significant resource into. We have developed our National Cyber Security Centre. That is an organisation that I think is well respected across the world for the work that it does. We do want to ensure, as we look to the future development of telecoms networks and networks here in the United Kingdom, that we can ensure the greater resilience of those networks and that we improve cyber-security.

Q115 **Dr Lewis:** Prime Minister, why did your deputy, David Lidington, say, in response to that question that I have just put to you, “Legally speaking, Huawei is a private firm, not a government-owned company”. Isn’t it really rather vacuous to talk in such terms in the context of a totalitarian communist state, with laws of which you have said you are aware, compelling companies to co-operate with its intelligence agencies?

The Prime Minister: I have indicated the position in relation to the nature of Huawei, as I said, as a private Chinese company—

Q116 **Dr Lewis:** But that is meaningless, isn’t it, in the context. You cannot have a company of that size, purporting to be private, in a totalitarian communist regime. You and I, Prime Minister, grew up in the cold war. We know the nature of these regimes, and we know that it is utterly unbelievable to suggest that a company structured like that in a communist society has any sort of independence from a Government that has passed a law requiring such companies to co-operate with its intelligence agencies. Isn’t that a pretty bullet-proof chain of logic?

The Prime Minister: What is important is how we deal with these issues of cyber-security. As I indicated earlier, we are aware of the ability of both state and non-state actors to gain access to telecoms infrastructure. In relation to Huawei currently, we have the Huawei cyber-security evaluation centre that assesses component and software destined for use in UK telecommunications to identify potential vulnerabilities. The most recent oversight board report noted concerns of cyber-security in Huawei products, but found no evidence of state interference. This is an issue that we take extremely seriously. As I say, we are aware of the ability of both state and non-state actors to deal in this issue.

Dr Lewis: Prime Minister, I have to stop. Can I just urge you to take the time to have a look at the June 2003 report of the Intelligence and Security Committee, on which I served at the time?¹ Not just the published version of the report, but the unredacted version of the report, to which you obviously have access, and see, once you have read that, if you really believe there is nothing to worry about espionage from Huawei.

Chair: Thank you for coming this afternoon, Prime Minister.

¹ Dr Lewis was referring to the 2013 report.