

Liaison Committee

Oral evidence: The Prime Minister, HC 905

Tuesday 27 March 2018

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Members present: Dr Sarah Wollaston (Chair); Hilary Benn; Damian Collins; Yvette Cooper; Mary Creagh; David T. C. Davies; Meg Hillier; Dr Julian Lewis; Nicky Morgan; Dr Andrew Murrison; Neil Parish; Tom Tugendhat; Stephen Twigg; Pete Wishart.

Questions 1-89

Witness

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

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Examination of witness

Witness: Theresa May MP.

Chair: Good afternoon, Prime Minister. Thank you very much for coming back to the Liaison Committee. We have a full programme this afternoon. We are hoping to raise Russia and the aftermath of the Salisbury incident, and the plight of the Rohingya people, and then to have a wide-ranging discussion on aspects of Brexit and, finally, to finish on health and social care. I am going to hand over straightaway to Tom Tugendhat, Chair of the Foreign Affairs Committee.

Q1 **Tom Tugendhat:** Prime Minister, thank you very much for coming this afternoon. Many of us have been very impressed with your diplomatic round, which has resulted in 23 nations supporting Britain's position. I am extremely grateful for that. May I go straight on to an area that I hope that I can encourage you to do further work on, however? That is Russian debt sanctions. You will be aware that, in what seems hardly accidental timing, the Russian state itself issued a debt issuing only a week or so ago in the eurodollar bond issuance of 2018. Half of that money has been bought by UK investors—possibly Russians in the UK—and has gone to refinancing the foreign currency holdings of VTB Bank, which is sanctioned. Surely we can do more to stop sanctions busting when it is done, in effect, by the Russian state.

The Prime Minister: If I may, Chair, let me first update you on the number of countries that have now expelled. I said 18 yesterday. The number was going up last night, and there are now a further seven countries, so we are up to 25 countries that have conducted expulsions. Also, earlier this afternoon, the NATO Secretary-General confirmed that Russia's mission to NATO has been reduced from 30 to 20. That is a further action that has been taken. Obviously, I welcome the international support that we have garnered in this, although, as I said in the House yesterday, this is not just a matter of the UK's position and working with the UK; it is in the national security interests of the individual countries concerned.

On the issue of financial sanctions, as a Government we are of course fully committed to imposing sanctions where they support and protect our foreign policy and national security interests. As you will know, financial sanctions have been imposed and continue to be maintained by the EU and the UK in response to Russia's actions in Ukraine. If the regulations are broken, we will take action to enforce them, including penalties and prosecutions where they are appropriate.

You mentioned a specific incidence of how money is being used in relation to a particular bank. I recognise you raised this in the House yesterday. I have not had an opportunity to look at the details of that bank, but if it was helpful, I would be happy to write to the Committee further on that specific point.

Q2 **Tom Tugendhat:** I would be grateful if you would, but on a generic point, the Russian state is helping to raise foreign capital reserves by issuing a bond that is then used by a sanctioned organisation. I have just used one example; there are others. I would be grateful if you looked at this use of our capital markets—particularly clearing houses—to see how we can close that loophole.

The Prime Minister: I am bound to make the point that the sanctions regime is not a complete blanket ban on financial transactions. Obviously, it is about particular entities. Obviously, if a sanctioned entity tried to raise funds via a flotation itself, there would be a clear breach of those sanctions, but an unsanctioned party repaying a debt to a sanctioned party is not caught by the sanctions. I understand the point you are making and, if I may, I will write in more detail to the Committee.

Q3 **Tom Tugendhat:** I would be grateful if you would. As you quite rightly put it, sanctioned parties obviously do not have access to our capital market. Yet in December 2016, the sanctioned Russian oil company, Rosneft, sold an almost 20% stake to a consortium of investors that included Glencore. It would be interesting to know how a British company—admittedly registered in Switzerland—with huge operations in the United Kingdom, was able in that way to enable the capital financing of a Russian oil company that had been sanctioned by these decisions.

The Prime Minister: Again, I have not got the details of the specific case, so I will look into that. I suspect the answer may partly lie in the way that you have put your question in relation to where the particular company is registered and, therefore, its locus. I will certainly look at that issue, because of course the EU sanctions we are talking about are EU sanctions, and Switzerland is not in the EU.

Q4 **Tom Tugendhat:** Of course, you are right, Prime Minister. The point I am trying to build up to is that we are dealing here, as you have very clearly set out, with a rogue regime's threats, not just to us but to the international rules-based system and most of our allies and partners. Surely, addressing this regime through the financial interests of its kleptocratic presidency and those who are effectively sucking off the teat of the Putin regime, is exactly what we should be doing, to ensure that we close down this threat.

The Prime Minister: Of course, we have taken action in recent years to enhance our ability to act here on illicit and criminal finances and money laundering, from whatever source that comes. When I was Home Secretary I set up the JMLIT, the joint money laundering intelligence taskforce, bringing together the central bank, the Financial Conduct Authority, the financial services sector more generally and, obviously, law enforcement in the Home Office, across all their sections.

Work is still ongoing and improving that regime, particularly the reporting regime in relation to money laundering. Of course, the Criminal Finances Act 2017 has introduced further powers, including the unexplained wealth orders. So we have taken a number of steps already. As I have also

committed to, we will in the sanctions Bill introduce further steps in relation to what is known as Magnitsky legislation.

Q5 **Tom Tugendhat:** Indeed, and I welcome that greatly. As a final point, may I mention that in 2016, after the Rosneft incident, it was announced that the Office of Financial Sanctions Implementation would conduct an investigation into Glencore's purchase. That investigation has not been made public. I would be very grateful if you could urge them to make it public, so that we can see how sanctions are being busted and how we can address that.

The Prime Minister: I will certainly look into that.

Tom Tugendhat: Thank you.

Q6 **Yvette Cooper:** I would like to support the work you have co-ordinated and done with diplomats with other countries. Can I continue to press you on the issues around finance, in particular the link with the tier 1 visa? We had that period between 2008 and 2015 when there were not full checks taking place, either by the Home Office or banks, during which around 3,000 tier 1 visas were granted and, of those, around 700 were for Russia. Are you now doing a retrospective examination of all those 700 cases to ensure that we know the source of the money?

The Prime Minister: Of course, over that period of time between 2008 and 2015, some changes to the visa regime took place, including investor visas. The Home Secretary is undertaking a review of the tier 1 investor visas at the moment. This is not just a question of the specific issue that you have raised. It is right that we look generally to see whether this is a part of our visa regime that is being used properly or whether there are loopholes in it for people to be able to use it as access to the UK when otherwise we would not be granting them access.

Q7 **Yvette Cooper:** But in addition to what happens in the future, those 700 cases during that period of 2008 to 2015, are they being examined by the Home Office?

The Prime Minister: I am not aware whether the Home Office is actually looking into those cases. My recollection—and I say it with caution—is that some work had already been done to look at the system to see whether it was delivering in the way that it was intended to deliver. That is slightly different from looking at specific individual cases to see whether action can be taken against those individuals, which I think is the purport of your question.

Q8 **Yvette Cooper:** I am interested in whether those individuals are being looked at. Given that some of the questions being raised are about particular individuals, illegal money and the broader relationship with the Kremlin, I am concerned if those 700 cases have not been looked at, given that some of them will now be entitled to indefinite leave to remain as well. If there are questions about whether that money was illegal, if it has never been checked, surely that is a problem for us?

The Prime Minister: As I say, one of the reasons for looking at the tier 1 investor visa is the question of how people are using that particular part of our visa regime. The question you have raised is specifically about whether illegal finance is being used; I think there have been other questions about how people might have been able to claim finance to back a visa application when, in fact, that finance strictly was not available. It is not just about illegal finance, but about other ways in which people might have been finding a way around that regime.

Q9 **Yvette Cooper:** Could you look into whether those individual cases are being assessed, and maybe provide us with some further information, or ask the Home Office to provide us with some further information on it?

The Prime Minister: I can ask the Home Office to provide further information.

Q10 **Yvette Cooper:** Part of the reason for asking this is that, obviously, there are allegations, and you have had to deal with questions about funding and political party donations. Other people have had to deal with other kinds of questions about whether illegal money is being used. I don't see how those questions can be answered if we have not made sure that the proper checks have been done on those individuals.

The Prime Minister: In relation to political party donations, there are very clear rules as to who is able to make a political party donation. Of course, foreign donations are not possible; there are rules around companies and individuals, and the requirements they have to meet in order to make a donation to a political party. I am sure all political parties ensure that they follow those particular rules.

Q11 **Yvette Cooper:** But if we don't know whether people have come in on a tier 1 visa, for example, and we don't know whether their money has been checked, how can we be confident that donations are legitimate or that money used for other purposes is legitimate?

The Prime Minister: You are raising a wider question about the issue of the source of finance—the source of funding—that is made to individual political parties, or indeed to businesses or in other ways, which is slightly separate. There is a set of rules for the donations to political parties, which identify those people who can, and people have to meet those rules in order for a donation to be accepted.

Yvette Cooper: Can I reserve one question until later on?

Q12 **Dr Lewis:** Prime Minister, the very success of the expulsions and the inevitable retaliation mean that the west will have less representation in Russia than in the past. Doesn't that put an added premium on the services of the BBC monitoring service? Will you now consider reinstating the ring-fenced £25 million-a-year grant, a small sum of money that will enable this organisation to avoid the cuts and absorption by the mainstream BBC that currently threaten it?

The Prime Minister: I am aware that this was also a question that you raised in the House yesterday. The answer is that we are looking, as I

indicated, at the extent to which we can ensure that the sound journalism of the BBC can be available to Russian speakers and to people more generally in that area. My understanding is that there are discussions taking place between the BBC and the Foreign Office about certain aspects of funding.

Q13 Dr Lewis: That would certainly apply to the Russian service broadcasting into Russia, but the monitoring service, for a very long period of time, has done a brilliant job scooping up open-source information from Russia. I would urge you to look at that situation as well. Are you satisfied, given that we say that defence is the first duty of Government, that we spend six times as much on welfare as we do on defence and that we are operating at the bare NATO minimum of 2% of GDP? Should we not be aspiring to a target of 3% of GDP, which is what we used to spend as late as the mid-1990s, even after the end of the cold war and after we had taken the peace dividend?

The Prime Minister: You refer to the NATO commitment that we meet as a "bare" commitment, but of course, just to put it into context, we are the second biggest defence spender in NATO. We are only one of six NATO countries that meets that 2% GDP commitment. That is a £36 billion defence budget at the moment, which will rise to £40 billion because we are committed to an increase of at least 0.5% above inflation in every year until the end of the Parliament. It is right that we meet that NATO commitment, that we remain committed to meeting that commitment and that we encourage others to meet it where they don't. As I say, it is only six countries in NATO that spend 2% of their GDP on defence.

Of course, we have also had the national security capability review, which looked widely at national security matters, and what has come out of that is the modernising defence programme. This is about looking across the board at our national security and seeing what threats we face, what capabilities we need to meet those threats and how we can provide for that.

Q14 Dr Lewis: Will you not take on board the fact that the Defence Committee, the National Audit Office and even the Joint Committee on the National Security Strategy have all produced reports that say that defence spending is inadequate? Of course we spend a lot in absolute terms, but isn't it a fact that, as was revealed in January, major further cuts in conventional forces were being considered in order to fund the answer to new threats? Do you not agree that funding measures against new and non-traditional threats must not be at the expense of our capability to meet the more conventional dangers, which have not gone away?

The Prime Minister: I think the reports that you refer to are those that appeared in the newspapers. Of course, we are having the national security capability review, and we have launched the modernising defence programme, precisely to ensure that our armed forces have what they need against the background of the varied threats that we face. Of course, as you will be aware, those threats have diversified over time.

However, we also need to make sure that defence is sustainable and affordable. That is why the MOD, alongside the work it is doing in looking to the future, has also been able to make sure that taxpayers are getting good value for money by ensuring that they are saving where it is possible to do so. We of course want them to have the capabilities that they need, but what is important is that we make sure that we are looking at the capabilities across the wide range of providers of those capabilities across Government when we are looking at national security and defence in the round.

Q15 Dr Lewis: It is certainly true that the reports of the cuts were in the newspapers, but the reports produced by the Committees, and by the National Audit Office in particular, show that there is a gaping black hole in the defence equipment budget for the next 10 years in the order of, at the very least, £4.9 billion, and possibly up to four times that amount.

Given that we were having to look at making major cuts in existing capabilities that we deemed to be necessary only two years ago, at the time of the last review, surely it is the case that, if there are new and intensified threats, we need extra funding for defence? Otherwise we can only fund these new and intensified threats, can we not, at the expense of capabilities that only two years ago were deemed to be essential?

The Prime Minister: I return to the point about looking at national security and defence in the round. I am obviously aware of the reports that you refer to, but the important thing, it seems to me, is that, when we look at the threat picture that we face and the capabilities that we need in order to meet those threats, we recognise that some of those capabilities may come from what people may regard as more traditional defence, but some may come from other capabilities. What is important is that, across the range, we are doing what is necessary to ensure that we can meet the threats that we face.

Q16 Dr Lewis: Finally from me, given the re-emergence of Russia as a strategic danger, have you considered increasing the number of British troops deployed in the NATO area in Europe?

The Prime Minister: We obviously regularly look at our deployments. As you will know, we are currently leading the battlegroup—the enhanced forward presence—in Estonia. We are also making a contribution to the presence in Poland. We obviously look on a regular basis at what is necessary.

However, it is of course not just us providing those troops. As regards Estonia, I was pleased when President Macron came for the Anglo-French summit in January that he committed to continuing a French troop presence in Estonia as well. So we look to work with our allies to ensure that the numbers there are appropriate.

Chair: Thank you. We move on to Culture, Media and Sport and Damian Collins.

Q17 Damian Collins: Prime Minister, I want to ask about Russian involvement

in disinformation directed towards other countries, particularly around their elections. First, regarding the indictments in the United States, do you agree with Robert Mueller and press reports that the Internet Research Agency in St Petersburg is funded by the Russian Government through private channels?

The Prime Minister: You have referred to a particular reference by Robert Mueller. Of course, we are waiting for Robert Mueller to complete the work that he is doing in the United States on this—

Q18 **Damian Collins:** I was referring to the indictment against individuals who work at the Internet Research Agency. That is what he said in those published indictments.

The Prime Minister: I have every respect that, in putting that there, he did that because he had evidence on which to base that.

Q19 **Damian Collins:** Thank you. There have been reports by a lot of the press and the United States Senate Committee on Foreign Relations, looking at Russian interference in elections, which have cited some examples of Russian interference on Twitter in elections in the UK, and particularly during the Brexit referendum period. The University of Edinburgh identified 400 Russian Twitter accounts active during that period of time, and Berkeley University in California and the University of Swansea identified 150,000 Twitter accounts active during the Brexit referendum period. Is the Government, through its agencies, looking to investigate activity on social media that could be linked to Russian agencies during our recent elections and referendums?

The Prime Minister: Obviously, the suggestion that Russia interferes in democratic elections in any country is a matter of concern. We know—we have seen—that they have indeed attempted to interfere and get involved in certain elections in other countries. I have to say that to date we have not seen evidence of successful interference in UK democratic processes. Should there be evidence that this has happened in the UK, of course we would take robust action, but to date we have not seen evidence of successful interference in UK democratic processes.

Q20 **Damian Collins:** By “successful”, do you mean not that it is not happening, but that it is not happening at a sufficient scale to suggest that it could be decisive?

The Prime Minister: No. We are not complacent about this. As I say, we have not seen evidence. I have not seen evidence of Russian interference in UK democratic processes.

Q21 **Damian Collins:** One of the frustrations we have on my Committee—I discussed this with Members of the United States Senate, and they had exactly the same frustration—is that getting out of the tech companies information that is important to investigations looking at serious matters like this is very difficult. We are largely reliant on them complying with our requests, without understanding whether they are giving us full answers or not.

The Information Commissioner raised with my Committee her belief that the Data Protection Bill currently going through Parliament should be further amended to strengthen the powers she has, in particular to give her the legal power to go in and seize data that is important to her investigations when an information notice has not been complied with. That would create almost a criminal power to do that and avoid the situation we saw last week where it took five days for her to get a warrant to go into Cambridge Analytica's offices. I appreciate that this is a live matter, as the business is still going through the House of Commons, but I wondered if you have a view on this.

The Prime Minister: First of all, certainly it is important that the Information Commissioner is able to investigate, and obviously that is exactly what is happening in the case of Cambridge Analytica, which obviously raises very deep concerns in terms of what has been happening there.

We have been looking at the question of whether to enhance the powers of the Information Commissioner. This is an issue that we will continue to look at. It is important. First of all, I am pleased that we are able to put the Data Protection Bill through, obviously bringing in the EU data protection. We have looked at this question of the Information Commissioner, but obviously there have been recent instances which, as you cite, she has herself raised. We want to make sure that it is possible for the Information Commissioner to access the information that is necessary to be able to investigate matters properly.

Q22 Damian Collins: She certainly feels strongly that she wants the power not just to fine but to get the data that she needs. Why that is so important, with the GDPR provisions in the Data Protection Bill going through Parliament, is that we need to be satisfied that the big tech companies are complying. There is a good reason why that information cannot be publicly available, but the appropriate agency in this country—in this case, the ICO—should have the power to go behind the curtains to see, when appropriate, what the tech companies are doing.

The Prime Minister: I think there is a wider issue here as well, which is about the relationship with tech companies, which, of course, from a Government point of view, we have across a number of issues, working with them. These companies were set up with that entirely different ethos of complete freedom, and we are working with them in a number of ways to ensure that it is possible to deal with some of these issues. For example, we are looking at the issue of transparency reporting for social media companies in relation to disinformation, and Google have already announced that they are going to start publishing those transparency reports. So I think this is a whole area of the relationship with tech companies where action is being taken in a number of ways to ensure that we are able to act when their platforms are being misused.

Q23 Damian Collins: You will have seen in the last week that there have been considerable concerns raised about the large-scale data breach at Facebook, which led to 50 million user accounts being accessed and

harvested by an academic working out of Cambridge University and then sold to Cambridge Analytica. On Facebook as a platform, there have been questions about whether it is used by Russian agencies as well to distribute fake news and disinformation. The Select Committee has invited Mark Zuckerberg to give evidence to Parliament about this, because we think this is an issue of the firstmost importance. He has agreed to send the chief product officer at Facebook to Parliament. He has not given a definitive answer as to whether he would attend himself. Do you think it would be appropriate for someone like Mark Zuckerberg to submit himself to giving evidence to a parliamentary hearing? These issues are of great concern and great importance to millions of people in this country.

The Prime Minister: You are absolutely right: these issues are of importance to people. People do want to be able to ensure that their data is being used properly and that they can have confidence in the use that is being made of their data. That is very important for individuals that we represent. So, obviously, I can see why the Committee wants to look into this and expects to have the maximum possible opportunity to raise questions about this. I would also hope that Facebook, Cambridge Analytica and any other organisations involved will co-operate fully with the Information Commissioner in the investigation that she is conducting into these matters.

Q24 **Damian Collins:** Should Mr Zuckerberg do as you are doing now?

The Prime Minister: Mr Zuckerberg will decide for himself whether he wants to come before the Committee, but what I hope is that Facebook will recognise why this is so significant to people and why it is that people are so concerned about it, and ensure that the Committee is able to get to the answers that they want.

Q25 **Yvette Cooper:** I just want to follow up, to clarify your answer to Damian Collins. You say that you have not seen any attempts to interfere in any United Kingdom election.

The Prime Minister: As I said, I have not seen evidence of interference in UK electoral processes.

Q26 **Yvette Cooper:** Is that because you have looked for it and not found it, or haven't looked for it and just haven't seen any?

The Prime Minister: As you might imagine, I do not personally go looking for evidence of these things. I rely on information being brought to me and, as I say, I have seen no evidence.

Q27 **Yvette Cooper:** But have they looked for it and not found it, or have they not looked?

The Prime Minister: The issue of ensuring that our elections are properly free and fair is one that is taken very seriously. As I am sure Members will remember, before the general election last year efforts were made to ensure that individual candidates were given proper information about issues around internet security and so forth to ensure that, as far as possible, people were also able to do this for themselves. So we do take

this very seriously. We work, obviously, with others. There have been cases publicised of attempts to interfere in elections elsewhere, so this is something that we are very conscious of. We are not complacent about it, and we do look to make sure that our elections are free and fair.

Q28 **Yvette Cooper:** Given the initial question, have you asked different branches of the Government to look at whether there has been any interference by Russia in any election or referendum?

The Prime Minister: Certainly, at the time of the election last year, work was done to ensure the fairness and security of our electoral systems.

Q29 **Yvette Cooper:** Given everything we have seen since, do you not think it might be wise to ask for this to be looked into and also to look into the allegations made that Aleksandr Kogan—the academic who was allegedly involved in the original data breach between Facebook and Cambridge Analytica—was also supposedly doing some work for a Russian university at the time. Do you think it might not be wise to ask for all of this to be looked into?

The Prime Minister: Obviously, as I said in response to an earlier question, what is important in relation to the Cambridge Analytica case and Facebook is that the Information Commissioner is able to investigate properly and that those companies and other organisations and individuals involved co-operate fully with the investigation that the ICO is conducting.

Q30 **Yvette Cooper:** So you not asking for any further investigation into the Russia links?

The Prime Minister: As regards Facebook and Cambridge Analytica, I think it is important that the ICO is able to undertake the investigation that is taking place.

Chair: We are now going to move on to a discussion of the plight of the Rohingya people, and the International Development Committee.

Q31 **Stephen Twigg:** Prime Minister, can I say first of all, how much I welcome the significant UK contribution to the humanitarian relief effort to support the Rohingya refugees? Our Committee visited Cox's Bazar earlier this month, and the thing we were most struck by was the looming threat of extreme weather, with the rainy season fast approaching. The window of opportunity to do something about that is closing fast.

There is suitable available land nearby, to which the refugees could be moved, but the Bangladeshi Government is reluctant to release this land. We were told very clearly that it would make a real difference if the Bangladeshi Prime Minister, Sheikh Hasina, were to take personal charge of addressing this issue. Can I ask whether you will intervene personally and speak to Sheikh Hasina to demonstrate the urgency of this threat?

The Prime Minister: Obviously, as you say, these are terrible conditions, which, as you say, the Committee will have seen themselves in relation to the individuals who have had to flee from Burma. I recognise that you made the point about what the UK itself is doing, as one of the largest

bilateral donors to the refugee crisis, and we have stepped up our efforts and put some extra money into that.

In relation to the actual siting of the camps and whether there will be some further action taken as a result of the potential problems that could be caused by the extreme weather, what has happened so far is the Foreign Secretary and the DFID Secretary of State have written to Prime Minister Hasina on this issue. They wrote in the middle of last week on this matter—on 20 March. I think what is right is that we give the Bangladesh Prime Minister an opportunity to respond to that letter before we consider the next steps. But we are aware of the importance of this issue and of the potential problems that it could cause for those refugees.

Q32 Stephen Twigg: I was aware of that letter, and I very much welcome the proactive approach that both Secretaries of State have taken. I take your point about allowing the Prime Minister of Bangladesh to respond. Would you then be willing to consider directly raising this matter with her? I believe that could make a real difference and save lives.

The Prime Minister: Certainly, I would hope that the Foreign Secretary's and DFID Secretary's interventions will lead to a positive response on this matter, but, certainly, if that does not, we will look at what further action can be taken, including my own intervention.

Q33 Stephen Twigg: Next month we have the Commonwealth Heads of Government meeting here in London. Will that be an opportunity to raise the Rohingya crisis in the Commonwealth context?

The Prime Minister: I think there will be a number of opportunities. Obviously, the agenda for CHOGM is something slightly different, in terms of the responsibility of the secretary-general and the Commonwealth secretariat, but we are thinking about how we can address the Rohingya crisis with Commonwealth partners and the Commonwealth secretariat. There will, of course, be opportunities for this to be taken up on a bilateral basis with individuals during the CHOGM meeting.

Q34 Stephen Twigg: Clearly, there are a number of aspects to this appalling humanitarian crisis, but one is about ensuring that the money is there to enable the humanitarian relief efforts to continue. Will part of that bilateral approach be ensuring that other donor countries are rising to the challenge in the way that the United Kingdom has done?

The Prime Minister: Certainly, we will be encouraging others to ensure that they meet commitments that have been made, and pressing the point of the nature of this situation—the number of people who have been affected, the conditions they have had to flee from and, obviously, the conditions they are in as refugees in Bangladesh. That is one of the reasons why we have consistently raised this as an issue within the United Nations, and obviously directly with the Government of Burma as well. We have raised it six times at the UN Security Council. We have co-sponsored resolutions at the UN Human Rights Council and the General Assembly. Part of ensuring that others are meeting their commitments is constantly raising awareness of this as an issue that people should be addressing.

Q35 **Stephen Twigg:** Finally, you mentioned the Government of Burma itself. You may be aware that we as a Committee were refused visas to go to Burma, and there is very real concern about the lack of justice and accountability, so while my focus in asking questions today is on the looming humanitarian crisis, can I really press the Government to do more to address the accountability of those who are responsible for what the Foreign Affairs Committee described as crimes against humanity and others have described as a genocide?

The Prime Minister: Yes. I suppose it is fairly mild to say it is disappointing that visas were refused so that you were not able to conduct that visit and able to see those conditions for yourself. We will continue, obviously, to support the Government of Bangladesh. We will continue to press this as an issue with the Government of Burma, and continue to do what we can to ensure that the plight of the Rohingya people is brought to the attention of the world more generally and that people do not forget. One of the sadnesses sometimes when things like this happen is that they get a focus immediately, and then, after a period of time, it sort of falls out of the news—it falls out of people’s thinking. We want to continue to ensure that it is kept up in people’s awareness.

Chair: Thank you, Prime Minister. Can we move on now to a discussion of Brexit—initially, around common frameworks? To open, Pete Wishart, from the Scottish Affairs Committee.

Q36 **Pete Wishart:** Thanks, Prime Minister. There is just this impasse between the Westminster Government and the devolved legislatures on the common frameworks—the so-called clause 11 issues. You will know that amendments have been presented to the House of Lords, which have been rejected by the Scottish and Welsh Governments. Is it the Government’s intention, then, to impose UK-wide frameworks in devolved areas? Isn’t that contrary to everything that devolution is about?

The Prime Minister: As you will be aware, clause 11 has gone through some changes as we have been talking to the devolved Administrations and listening to concerns that have been raised. That is why the approach that has been proposed is one of an assumption of devolution but then with a recognition that there will need to be some frameworks, rather than the other way round.

I spoke with the First Minister of Scotland about this recently, and discussed it with the First Ministers of Scotland and Wales at the JMC plenary that took place. We understand—I hope that everybody understands—why it is important in some areas to have those common frameworks to maintain the integrity of the UK’s internal markets. We will be devolving considerably more powers down to the devolved Administrations, but we want to ensure that we get the right solution to determining what those frameworks should be and where those frameworks should be.

We are continuing to discuss. I think there is what I perceive to be genuine intent on both sides to come to something that is going to resolve

this particular issue, but it will require some further discussion on this. One of the reasons we put the amendment down, which was then withdrawn, was because we had committed that an amendment would be placed before the House of Lords. Obviously, at that stage, we had not completed, as we still have not completed, the discussions, and so it was withdrawn, but there is still further work being done to try to ensure that both devolved Administrations and the UK Government meet the same overall intentions that we have.

Q37 Pete Wishart: I appreciate there are a lot of talks going on and a real intention to secure an agreement on this, but we haven't got there yet, and what seems to be lacking just now is the seeking of consent from devolved Administrations. The Government always made it clear that they would only ever proceed with this if consent was given. What we have heard in the House of Lords is actually quite concerning, because it seemed to be ruling out the principle of consent and it said that the UK must have jurisdiction over this. Is it therefore the UK Government's intention to overrule the continuity legislation that was just recently passed in both the Welsh Assembly and the Scottish Parliament?

The Prime Minister: As you may have heard me say before, we feel that the answer should be in coming to an agreement about what can be put into this legislation that is currently going through the House of Lords. We felt that there was not a necessity, on that basis, for the continuity Bills that have been put before and passed by both the Scottish Parliament and the Welsh Assembly.

From both sides' point of view, this is about ensuring that we are able to maintain the integrity of the UK's internal market, and that there is no unreasonable attempt to damage that integrity, so that people can continue trading within the United Kingdom as they do today and as they will want to in the future. I would say that I think there is good will on both sides to try to come to a solution. We are still just talking to find the wording in legislation that is going to deliver on that.

Q38 Pete Wishart: I do not think there is any disagreement on that; it is just the way that this will be progressed and how it is going to be done, and this idea that consent and agreement must be given by devolved Assemblies and devolved areas. Again, legislation has been passed in both the Welsh Assembly and the Scottish Parliament to protect the devolution settlement. Again, I ask you, Prime Minister: will it be your intention to overrule those continuity Bills that were so recently passed democratically in the Parliament and the Assembly?

The Prime Minister: My intention is to come to an agreement with the devolved Administrations that enables us to have, within the legislation that is going through, a way forward that meets the requirement of ensuring that people can continue to trade easily within the UK, as they do today, but that obviously respects devolution. We will be devolving considerably more powers.

What we want to ensure is that there are no, if you like, unintended consequences of the legislation that we put through—that we do not suddenly find something happening that does damage the UK’s internal market in a way that was potentially never intended. I have spoken to the First Ministers about this—I had a private discussion with the First Minister of Scotland on this—and my view is that there is good will on both sides to find the way through.

I hope you accept that we are edging closer and closer to this. That is why our focus is on finding the resolution that is going to enable us to do this through the legislation in the European Union (Withdrawal) Bill.

Q39 Pete Wishart: I have tried my best to get a clear answer on the continuity-related Bills. One of the areas that will hopefully be returned to Scotland once we have secured this is fisheries. You will know the real sense of anger and betrayal in Scottish fishing communities because of what has happened in the course of the past week. I know you usually just remind us of our parties’ policies, but we will dispense with that at this meeting, if that is okay with you.

The Prime Minister: I am not sure it is okay with the voters of Scotland. They might have a different policy on this.

Q40 Pete Wishart: Can you say today that fisheries will not be traded, even in part, to secure a final deal when leaving the European Union?

The Prime Minister: I understand the concerns that have been raised, because of the experience that people had when the UK entered the common market. They felt that fisheries was used, in that sense, as a sort of bargaining chip in the discussions. We recognise that, so we want to approach this in a different way.

From my point of view, what I want to ensure is that we do take back control of our waters—that is obviously what everybody wants to be able to do. Obviously, there are particular arrangements during the implementation period. There is a lot of concern about access for fishermen from other countries into UK waters; obviously, some UK fishermen also want to be able to have access into other waters. So what we need to be able to ensure is that we are going to be able to get a deal on fisheries which will enable us to rebuild our fishing industry and to have those fair forms of access.

Q41 Pete Wishart: That does not sound like the clear answer that Scottish fisheries are actually looking for, but we will leave it there, if that is all right?

The Prime Minister: Scottish fisheries can be confident in two things that the Government will be doing. At the end of the implementation period, in the December 2020 negotiations, we will be negotiating for the 2021 catch as an independent coastal state, so we will be taking back control of our waters. Scottish fishermen and fisheries can also be confident that what we are looking for is to ensure that we can both rebuild and enhance our fishing industry. People obviously often focus on

the fishing boats and people actually landing catches, but there is also our fish processing industry, which is also an important part of the whole of our fishing industry.

Chair: Thank you Prime Minister. We come now to the Welsh Affairs Committee Chair, David T.C. Davies.

Q42 **David T. C. Davies:** Returning to one of the questions raised by my colleagues on the issue of clause 11, a lot of stuff has been put about that there is some kind of power grab from the Welsh Assembly going on. Could you confirm that there is not a single thing that the Welsh Government can do today that they will not be able to do once Brexit has taken place?

The Prime Minister: Absolutely. We are not taking any powers back from the Welsh Government, or indeed from the Scottish Government. We are talking about devolving more powers to the devolved Administrations. We are also making sure people will be able to continue to trade and do business and operate in the UK internal market as they do today.

Q43 **David T. C. Davies:** You will not be surprised to hear that I welcome that. In fact, I am surprised at how many extra powers are going to the Welsh Government, but that is another matter.

Turning to agriculture, the Welsh Affairs Committee is doing an inquiry and I represent a rural area myself. Do the Government recognise the unique nature of Welsh agriculture and the contribution it makes not just to the economy, but to the Welsh language and keeping communities together?

The Prime Minister: I do recognise the importance of Welsh agriculture. I am tempted to point out that I see the value of Welsh agriculture to the Welsh landscape quite often when I go walking in Wales, although, given the decision I took last year, I am not sure that many would welcome my reference to walking in Wales again.

Q44 **David T. C. Davies:** You are welcome to Monmouthshire any time, Prime Minister. We know that a lot of beef is coming into the United Kingdom, and perhaps beef and dairy farmers do not have so much to worry about, although I am sure they will not thank me for saying so. The farmers I am concerned about are the sheep farmers, because we are dependent on exporting from Wales, mainly to France. We also get a lot of imports coming in. What assurance can you give that we will be able to manage our lamb industry and minimise any inconvenience as a result of the decision that the people of Wales as well as of Britain have taken?

The Prime Minister: First of all, we are now starting the negotiations on the future economic partnership with the European Union and we want to ensure that we are able to continue that good trade with the European Union in the future. Also, I think leaving the EU is an opportunity for us to find ways in which our food producers, our farmers and our food manufacturers can find new markets and we can secure new trade deals around the rest of the world as well.

We want to ensure that we have a world-leading food and farming industry. We want to maintain high standards. We are well known as a country for our high animal welfare standards and we want to do that. It is the exploration of new markets that I think is an important part of the work that we will be doing. If I may, this is not just about lamb; it is about beef and dairy, as you mentioned. When I took a delegation to China, one of the issues we discussed with the Chinese Government was the further opening up of Chinese markets to certain UK beef and dairy products. There are new markets around the world that can be a real opportunity.

Q45 David T. C. Davies: I fully agree, but there are also concerns that there are other parts of the world that are potentially able to produce lamb more cheaply. I am talking mainly about New Zealand and Australia. We have heard informally, not that they have lower standards, but that they have lower costs for a variety of reasons and that they can keep sheep carcasses frozen for longer. Do you foresee any help being given to the lamb industry in Wales and across the rest of the UK?

Can I also give a cheap plug to the Co-op, who are now able to stock British lamb all year round despite the seasonality challenge, which we are told is one of the reasons why New Zealand lamb is coming in? The Co-op has shown that it is possible to lamb all year round, which is something we can all take note of.

The Prime Minister: I am sure we will all take note of that. I support my local independent butcher rather than going to one of the supermarkets for my meat, but I am sure people will note that particular point. It is important. We want to ensure that we can continue to ensure that we have a good farming industry across all of the types, including Welsh lamb, which is very good.

Chair: Thank you. Continuing with agriculture and fisheries, we come now to the EFRA Committee Chair, Neil Parish.

Neil Parish: Good afternoon, Prime Minister. On the border inspection posts post-Brexit, any delay would increase costs at the border and will be a real threat to perishable goods, especially agricultural produce and fish. How do the Government intend to ensure that the correct infrastructure is in place at UK ports, so that agricultural and fish products can go smoothly through, irrespective of what the deal might be?

The Prime Minister: Obviously, it is partly about what the future trading relationship is with the European Union. That is why we are looking to ensure that that is as frictionless as possible. You are absolutely right that perishable goods are important for our agriculture industry, but it is not the only industry where that time constraint is particularly important. Some of the supply chains in some manufacturing processes, for example, are very much just-in-time supply chains and they also depend on that ability for goods to flow across the border. That is why we are looking to negotiate as frictionless trade as possible.

Q46 Neil Parish: Digital borders, pre-agreed company lists and proper IT systems—not just in Dover, but in the north and south of Ireland—are all

essential if we are to get this product through. Are we putting enough in to getting that ready, so that we can offer that as part of the deal? Otherwise, goods will be stuck at our borders.

The Prime Minister: Yes, indeed we are. A lot of effort is being put in. Primarily in looking at customs, it is HMRC that has that responsibility, but we are not only working with others on what the customs arrangements could be and what the technical requirements for that would be, but talking to different parts of British business and industry, and more widely, about what their requirements are in terms of trading across the borders. All of that work is being undertaken. As I said in the House yesterday, we were able to start the discussions yesterday on what a customs arrangement would look like, which would deliver on the commitment that we have for no hard border between Northern Ireland and Ireland. Obviously, we put some ideas out previously on that and some of those were based on the technological answers that you have referred to in your question. We are starting those discussions in detail.

Q47 **Neil Parish:** Next, I would like to take you on to food and food security. The Command Paper talks much about the environment, and not an awful lot about food security. The food security assessment has not really reported since 2010. Further to my question a couple of weeks ago during PMQs, do you actually feel that having enough food that is of good quality and produced to high welfare standards is also a public good?

The Prime Minister: It is important for the public that they are able to have confidence in the food that they are eating. The high standards that we apply—

Neil Parish: Is it a public good?

The Prime Minister: I think you could spend a long time discussing what you mean by a public good and the implications of that term. We want to ensure that we support a good food and agri-food industry here and that we maintain high standards for consumers here in the UK, but the ability to ensure that degree of food security obviously is important.

Q48 **Neil Parish:** My point to you is that we rely in this country on a good availability of reasonably priced high-quality food. Do you actually think an agricultural policy in the future should include that in it, so that we are producing food at a reasonable price that everybody can afford, not just at the high end? Roughly 90% to 95% of our food still goes through our big retailers and people buy a lot on price, so that is what I am interested in.

The Prime Minister: First of all, it is important that in the consultations we have on our future agricultural policy, once we are out of the CAP, we get that right. Again, this is an industry and an area where there are some real opportunities for the future. In my own constituency, some of my local farmers have said to me that they are very keen on looking at how they can produce more and export more—it's not just about feeding people here in the UK. They see some real opportunities post-coming out of the CAP and post-Brexit. Obviously, there have been various studies and various people making different claims about what is going to happen

in the future in terms of prices in food. I think it is important for consumers to have a choice and that we should not just make decisions in Parliament about all the foods that people are going to eat. It is important that they have a choice, but there are certain standards that we want to abide by and we ensure that we abide by those standards.

Q49 **Neil Parish:** Finally, do you see good-quality food and delivering it incorporated in a new agriculture policy? We are not seeing much of it in the Command Paper.

The Prime Minister: I suspect that's because it may be felt to be by implication. If we are talking about animal welfare standards and the standards of our production, it is assumed that that leads to good-quality food.

Q50 **Neil Parish:** So we have your reassurance that it is there, deep down in the Command Paper?

The Prime Minister: You have my reassurance that we want to ensure not just that we have a thriving agri-food industry, but that we are abiding by good, high standards, so that our consumers can have confidence in the food they eat.

Q51 **Neil Parish:** Thank you, Prime Minister. Finally, on fish, and following on from Pete's question, fishermen expect to get our fishing rights back. As you said, they felt those were carved up back in the '70s. I think they don't altogether mind waiting, as long as the rights are not going to be negotiated away again when it comes to a final deal with Europe. We must become an independent coastal state and be ready to run our own fish. Can we have those absolute reassurances?

The Prime Minister: We will be an independent coastal state. What we will be doing, and what the Secretary of State will be doing, is setting in motion discussions with the fishing industry across the United Kingdom about the concerns that they have had from what has happened in the past and what they want to see for the future. What are the rules and ways of operating that are going to enable us to build our fishing industry?

Q52 **Neil Parish:** And on 1 January 2021, we will have control of our fishing waters and we will be an independent coastal state.

The Prime Minister: For the 2021 catch, we will have been part of the negotiations as an independent coastal state.

Q53 **Neil Parish:** We have that reassurance.

The Prime Minister: Yes. There are three stages in the implementation period and that is at the end.

Neil Parish: Thank you very much.

Chair: Thank you. We come now to Northern Ireland and Dr Andrew Murrison.

Q54 **Dr Murrison:** Prime Minister, good afternoon. I hope you approve of this

set-up, which is slightly more intimate than the extraordinary arrangement we had last time.

The Prime Minister: Yes.

Dr Murrison: It may be some comfort that the side effect of the lack of an Executive in Northern Ireland is that there will be no continuity Bill from Northern Ireland. That throws into stark relief the difficulties that Northern Ireland is having in arguing its corner, in respect of Scotland, Wales and the rest of the United Kingdom, when it comes to Brexit. Does that cause you any concern?

The Prime Minister: I am concerned because I want to see a devolved Administration reinstated in Northern Ireland. I think that is the best result for the people of Northern Ireland across a whole range of business that affects them, let alone them having that Northern Ireland Government voice in the Brexit negotiations, sitting around the JMC table and discussing with us what those issues are. When I had the JMC plenary there were representatives from the Northern Ireland civil service there, but we are also looking to see how we can find a way to ensure that we get more of a voice from Northern Ireland as we enter into this next stage of negotiations.

Q55 **Dr Murrison:** Thank you. It does seem to me that the Executive is unlikely to be formed during the balance of negotiating time that we have for Brexit. It is also clear that Scotland and Wales, perfectly reasonably, are sending Ministers to negotiate, talk to, or influence our interlocutors in Brussels at the moment. I have met our very able Northern Ireland civil servants in Brussels, but it is clear that they are no substitute for the offer that Scotland and Wales are able to put forward. What can we do to rectify that?

The Prime Minister: Of course the negotiations are being conducted by the UK Government, but we discuss with the devolved Administrations the particular interests that they have, as we do with others to ensure that we are taking the views across the United Kingdom. The Business Secretary and the DExEU Secretary, for example, are talking to businesses across the whole of the UK to take those views about the future relationship and what we want it to be. Of course, Northern Ireland has representatives. There will be, on occasions, representatives from Northern Ireland business and so forth, as part of discussions looking at that future economic partnership. As I say, we are looking to see what we can do with parties in Northern Ireland to ensure that we have that greater ability for them to discuss, as the Scottish Government and the Welsh Government do, in the talks primarily led by the Chancellor of the Duchy of Lancaster.

Q56 **Dr Murrison:** Thank you. Can I bring you back to fish, and in particular the London fisheries convention, which we will be leaving shortly? Part of that has to do with fishing between the shoreline and 6 nautical miles out, and an agreement called voisinage, which enables neighbours to fish within those sea limits. How do you see that being affected by our withdrawal from the London fisheries convention, since our withdrawal is

likely to cause considerable conflict with our closest European neighbour?

The Prime Minister: I think you said that the withdrawal was about to take place, but my recollection is that there was a two-year period; we had to say that we were going to withdraw, but that would not come fully into effect for a period of two years. In relation to this particular aspect, as we talk to the fishing industry, we have to talk to them about the impact of that withdrawal and what sort of future structure we want for the fishing industry, in terms of reciprocal access and all those issues. That will be part of the discussions we are having.

Q57 **Dr Murrison:** But do you think it is something that perhaps we could look at bilaterally, or do you think that would that be with the European Union?

The Prime Minister: You are talking about replacing this particular agreement with some further arrangements?

Q58 **Dr Murrison:** Elements of it, yes.

The Prime Minister: We are now getting into the negotiations for the future partnership, and we will have to look at how we consider we can best represent and protect the interests of our fishermen.

Q59 **Dr Murrison:** Also of concern to people who make fishing their business is the jurisdiction over Carlingford Lough and Lough Foyle; you will be familiar with that. Has any progress been made with the Irish Government on those disputes?

The Prime Minister: We are continuing to discuss it with the Irish Government. We are looking to find some practical solutions to dealing with the issues that come out of this question of the management of the loughs. One particular issue with that is the management of illegal aquaculture, but those discussions are continuing with the Irish Government.

Q60 **Dr Murrison:** Thank you. Can I just say well done for the robust stance you have taken against the nonsensical proposals put forward by the European Union for a border down the middle of the Irish Sea? The majority of the members of my Committee would certainly salute you for that. When you last gave evidence in December, you suggested, in response to my proposition, that option 3 in the joint report of December last year was very much the backstop option. Is that still your view? Can you comment on stories that officials are working with the European Union on what is called a subset of the single market rules, which would have the effect of aligning our rules with the European Union? Can we take it that that means you are more closely looking at option 3 of the joint report?

The Prime Minister: Option 3 is still very much the backstop option, and we are very clear about that. The basis on which discussions were started on the issues of the border between Northern Ireland and Ireland was that our preferred option, and indeed the preferred option of the Irish Government, was what is normally called plan A, or the first plan, i.e. that this issue is dealt with in terms of our overall relationship with the

European Union for the future. That is what we are putting our effort into. As we look to negotiate putting the December joint report into legal text, the expectation is that that would cover all three levels of the options set out in the December joint report, which would include option C. As you said, I gave that response to the Commission's proposal, because we believe that even if you had to go to option C, the proposal that the Commission put forward not only was one that we would find unacceptable, but would not be the only way of doing it. What they proposed would not be a fair reflection of the joint report, because the joint report also referred to the necessity of Northern Ireland businesses being able to continue to trade freely with businesses in Great Britain.

Dr Murrison: Absolutely. Thank you very much indeed.

Chair: We are now going to move on to the environment and Brexit.

Q61 **Mary Creagh:** Thank you, Prime Minister. In January, you launched the 25-year environment plan, but obviously it will need to be underpinned by legislation in order to have a lasting impact and to make the changes that I am sure we all want to see. We are also going to need new environmental legislation to deal with the gaps caused by leaving the European Union so we do not end up with zombie legislation that is no longer monitored, enforced or updated. Are you planning to include an environmental protection Bill in next year's Queen's Speech in order to have that legislation in place before the end of the transition period—before December 2020?

The Prime Minister: As you probably will know, we do not normally comment on what we are expecting to put into Queen's Speeches in advance of the Queen's Speech.

Q62 **Mary Creagh:** Do you agree that we need environmental legislation to deal with the gaps caused by leaving the EU?

The Prime Minister: If you look at the legislative framework that we have got already, that does provide us with a strong legal framework for environmental protection. Obviously, environmental protections that are currently within EU law are being brought into UK law through the European Union (Withdrawal) Bill, which has been through the Commons and is currently going through the Lords, but DEFRA has also announced, for example, that it plans to consult on a new independent body to regulate environment policy once we have left the European Union.

Q63 **Mary Creagh:** So that is dealing with the zombie legislation. Do you anticipate that being up and running by 1 January 2021?

The Prime Minister: We want to ensure that, at the point at which we leave, we have in place what we need to have in place for the future relationship and our future dealing with these legislative matters outside the European Union, but obviously when DEFRA consults on this, it will consult on the type of body and the timetable within which it will be put into place.

Q64 **Mary Creagh:** Okay, I'll take that as a yes. DEFRA is spending over £310

million working on 70 EU exit-related work streams, and the Budget overall gave £3 billion for over 300 Brexit-related work streams. Will you publish the full list of those work streams so that Parliament and the public can see where that £3 billion is going?

The Prime Minister: As you know, at the time of the spring statement, the Treasury did show some allocations of that £3 billion to Departments. That gives some idea of how that money is being spent. In relation to the work streams that are being undertaken, obviously, the principle that we have always abided by and set ourselves is that we will make information available as it is possible to do so, provided that information does not in any way jeopardise the negotiating work that we are doing with the European Union. My understanding is that there are discussions taking place with the Chair of the PAC on this particular matter at the moment to see what information it is possible to make available.

Q65 **Mary Creagh:** Last month, the Foreign Secretary said that Brexit is an opportunity to get rid of burdensome environmental regulation, for example in planning law, yet the Environment Secretary has promised higher environmental standards, more rigorously enforced. Which vision of Brexit for the environment do you see?

The Prime Minister: I don't think it is a question of whose vision for the environment I see. What I have said consistently is that we are a country of high standards and we want to maintain those high standards. That applies to environmental matters; it also applies across other areas—I have referred to animal welfare and there are other areas, too. We want to be able to improve the environment over a generation and we want to be able to leave the environment in a better state than we found it, hence our 25-year environment plan. I hope you see by that commitment that this is an issue that we take seriously. I do not think it is one vision or another. There will be a point at which the opportunity comes for the United Kingdom to say, "What do we want to have as our legislative framework for the environment?" At the moment, we are clear that we are bringing the EU environmental legislation into UK law. My intention is that we continue to maintain high environmental standards.

Q66 **Mary Creagh:** There is the issue of divergence or alignment, which is obviously still to be resolved. One of the areas that the Environmental Audit Committee has looked into is leaving the European Chemicals Agency and REACH regulations, which would obviously be very expensive for UK businesses and could put those high environmental standards that protect human health at risk. Will the UK remain a full member of that agency and REACH during the transitional period, or are we going to be sitting outside the door when decisions are made? What will our status be?

The Prime Minister: We will be a non-member state, so because we will not be a member of the European Union, we will not have the same role in decision making. But it is—

Q67 **Mary Creagh:** So we will be outside the room when those decisions—

The Prime Minister: The access to each other's markets will not change during that period. As you know, we want to work with the European Union to see what our future relationship with the EU chemicals agency should be. We think it makes sense for us, which is why we raised the idea of associate membership for the future. We think it makes sense for there to be—this is one of the crucial things—only one set of approvals that people have to go through in relation to chemicals to access both the UK and EU markets. That will be possible through an associate membership, and that is why we want to be discussing that associate membership. The trading arrangements—the access to each other's markets—will not change during the implementation period.

Q68 **Mary Creagh:** What will that associate membership of the chemicals agency mean in practice? You have said that we will be sitting outside the door after March 2019, so we will be getting what is being passed. Will we be participating in scientific committees?

The Prime Minister: No. Can I just be clear? During the implementation period, one of the key things that is within the agreement is the element of the clause relating to good faith on both sides, which I think is important. It is about ensuring that neither side, during that period, actually takes action that is of the sort that is going to, deliberately or otherwise, have a very negative effect on the other party, so we can continue to operate on very much the same basis.

We have proposed the concept of associate membership, which, I think I am right in saying, currently does not apply to the chemicals agency, but does apply to EASA—Switzerland is an associate member of EASA. One of the key elements of it would be that it would enable there to be just one set of approvals, as I say, for access to both UK and EU markets. But it is for the negotiations—for us to discuss with the EU what that associate membership could look like and what the practical steps in that associate membership could be.

Mary Creagh: Thank you.

Chair: Thank you. We will now move on to the Treasury Committee and Nicky Morgan.

Q69 **Nicky Morgan:** Thank you very much for coming in today. The tone of your Mansion House speech was exceptionally welcome, but you will know that Brexit arouses strong passions on all sides of the debate.

Just to pick up on questions from Damian and Yvette first, in answer to them you talked about overseas states undermining elections through disinformation. I wonder what your views are about Twitter accounts being set up by overseas states, most likely Russia, to intimidate Members of Parliament in their duties in this House by threatening them, intimidating them and potentially even asking for them to be killed.

The Prime Minister: There is a wider issue for us to consider in relation to the intimidation, harassment and bullying of Members of Parliament—and, indeed, it goes beyond Members of Parliament to candidates who

stand in elections. A viciousness and vitriol has come into our public debate around these issues, particularly at election time, that, in my view, has no place in our parliamentary debate or in our democracy. People should be able to put their views forward and have proper arguments—proper debates—about those views. We hear and see from time to time threats of personal attack on individuals, or just constant bullying and harassment of some Members of Parliament. Some Members of Parliament have been able to take people to court successfully for what they have been doing.

Q70 Nicky Morgan: I will move on, but there is a particular concern when it is not just robust debate, which I think we are all used to, or robust debate within our own parties, but deliberate orchestration by an overseas state as an attempt to undermine our democracy. I am assuming that that would be of great concern to you.

The Prime Minister: Of course it would be of great concern, but also of concern are some of the actions we have seen taken by people in relation to either side of the referendum debate. My view is that now is the time for us all to come together and ensure that we deliver a good result for the UK.

Q71 Nicky Morgan: Moving on to that, let us hope that we deliver a good result in terms of customs and borders and the Irish border. You have been very clear that you want to ensure that there is no return to a hard border. I think you will find much support in this Committee and in the House for that. Picking up on questions from Neil and Andrew, in evidence to us last September, HMRC said in relation to the new customs partnership: “our assessment is that this is more like a five-year implementation”. I wonder what discussions have been had internally about HMRC’s estimates of how long it could take to put in place new arrangements, once they are agreed at a political level.

The Prime Minister: Obviously, we are looking at different potential customs arrangements for the future, in order to deliver on the commitments we have made, and we are now at the point, as I said earlier in answer to a different question, of being able to look in more detail with the European Commission at some of those proposals. It is fair to say that, as we get into the detail and look at the arrangements, what becomes clear is that sometimes the timetables that have originally been set are not the timetables that are necessary when you start to look at the detail and when you really delve into what it is that you want to be able to achieve. It is important that we have been able to get on to that point of looking in that greater practical, pragmatic detail at what it would take.

Q72 Nicky Morgan: If the customs arrangements and the partnership to be put in place—the physical infrastructure—were not ready by the end of the implementation period, what would that mean for logistics companies and others using Dover or crossing the Irish border?

The Prime Minister: First of all, we are working to ensure that at the end of the implementation period we are able to have customs arrangements in place that are suitable for our future economic partnership. That is the

focus that we are putting on that. Obviously, as we look through these issues, we will look at all the contingencies that would need to be put in place, but there will be two sides to those contingencies. There are decisions that we could take, but we need to look at decisions that might be taken by European partners. Our focus is very clearly on ensuring that when we finally come out of the implementation period we are able to have a customs arrangement in place that will meet the needs of the future economic partnership.

Q73 Nicky Morgan: Finally, Donald Tusk said in a statement following the summit last week that “leaders will assess in June if the Irish question has been resolved”. Does that mean that by June you expect to have a clearer sense of the agreement on a customs partnership, on the legal text, or is that just the EU putting on unnecessary time pressure?

The Prime Minister: By definition, the next EU Council will look at what further progress has been made in the negotiations across a range of the negotiations. The timetable that Michel Barnier set at an early stage for ensuring that decisions had been taken in relation to the withdrawal agreement is October. It is very clear that Parliament needs to be able to have a very clear view of what the future relationship is at that time as well. But obviously we are starting the negotiations and we look to work quickly on them, commensurate with making sure that we are getting the practicalities right.

Nicky Morgan: Thank you.

Chair: Thank you. We have one final supplementary question on Brexit from Hilary Benn.

Q74 Hilary Benn: Thank you very much indeed. I raised with you yesterday, in the House, the apparent attempt by the EU Commission to prevent UK companies from contracting for new contracts for the Galileo programme from this summer. Given what you said a moment ago in answer to an earlier question about good faith and the transitional agreement, you said yesterday: “We all think it is in our interests that this should continue”. I agree with you, but the question I put, and on which I would like to press you again today, is whether you think that what the Commission is trying to do is within the terms of the transitional arrangements. Does it reflect the good faith provision that you rightly set a lot of store by?

The Prime Minister: The first part of the answer I gave you yesterday also referred to timing while we are still a member of the European Union. It is important that while we are still a member we are recognised still as a member and not only that we meet our obligations but that the rights of a member are afforded to us. I made that point particularly because there have been some other incidences of concern that perhaps we have not looked at as a full member during that period—things like Horizon 2020 and those sorts of issues.

I think it is actually in the interests of everybody that the UK is able to maintain our role in Galileo. That is because we have already played a leading role in its development, and we host much of its cutting-edge

space capability. It is in the interests of everybody that we are able to continue to be part of it. But obviously, now we will be able to sit down and talk to the European Union about what such arrangements for us in future would be and how we can continue to contribute in a way that makes sense for everybody. This is something which we will be sitting down and discussing with the European Union. There have been reports as to their approach, but we will be taking this on because we believe it is important not just for the UK but for everybody.

Q75 **Hilary Benn:** So you will press the point.

The Prime Minister: We will be pressing the point.

Hilary Benn: Thank you.

Q76 **Chair:** Prime Minister, can we move on to a different area? Last week, 102 Back-Bench colleagues from across the political spectrum wrote to you. In essence, we were calling for a whole-system approach to health, social care and public health. We said that we should address the pressing urgency of the funding difficulties that the whole system is in and look not just at now but at the long-term. Finally, we called on you to set up a cross-party Parliamentary Commission to engage with the public about the very difficult choices in raising those funds. In a hung Parliament it is very difficult to get those kinds of decisions through Parliament without consensus, and we cannot afford to have another failure in this area. Would it be possible to hear your response to that letter and to the wider points that it raises?

The Prime Minister: Thank you, Chairman, and thank you for your letter. I will respond fully to it in due course, but thank you for the opportunity to say just a little bit in response to it today.

First of all, I want to say that obviously I recognise the interests which those who have signed that letter have in the issues to which it referred. I hope that no one doubts my personal commitment to the NHS. I rely on the NHS every day. It was there for me when I was diagnosed with diabetes, and I am eternally grateful to the NHS.

The Government have of course committed £10 billion in new funding for the NHS since last November, which builds on a record of extra funding since 2010. But I do share a lot of the diagnosis that you have put forward. Obviously, there are serious cost and demand pressures on the NHS. There are significant areas of new demand, such as mental health services, and those in turn put pressure on a workforce who do a fantastic and outstanding job for us in our hospitals, our GPs' surgeries and elsewhere across the country.

But I also agree that funding is not the only answer; there are some other important elements we need to look at. This is not the first time I have said that we need to spread the excellence that we see in some parts of the NHS across the whole of the NHS. Care is still not sufficiently integrated for people who have both health and social care needs—I know this is an issue that you and others have taken up previously. We need to

ensure accountability in the NHS for every pound that is spent, but there is another element, which is looking at how we can all take more responsibility for our health so that the pressures on the NHS are reduced.

We also need to get away from this annual approach to the NHS budget and recognise that for the NHS to plan and manage effectively, we need to get away from those annual top-ups of the budget. We do need to have a sustainable, long-term plan that should build on the work of the five year forward view but we should look beyond it to a plan that allows the NHS to realise greater productivity and efficiency gains. This is a critical priority for me, so this year and in advance of next year's spending review I do want to come forward with a long-term plan. I want that to be done in conjunction with leaders of the NHS, clinicians and health experts. The Government will provide a multi-year funding settlement in support of the plan, consistent with our fiscal rules and balanced approach, but ensuring that the NHS can cope with the rising demand ahead of the spending review.

I am not convinced that the precise Parliamentary Commission you propose in your letter is the answer. Ultimately, it is for the Government to take decisions about spending priorities, and I would suggest that we cannot afford to wait until next Easter. I think in this, the 70th anniversary year of the NHS' foundation, we need an answer on this.

However, I would be very happy to meet with you and other parliamentarians to discuss how we can ensure that there is that greater involvement in this. I absolutely take the point you made. Even if it is difficult to achieve, I think it is desirable to build a political consensus on further reform and closer integration. I would be happy to talk to you and others about what the involvement in working to this long-term plan could be.

Q77 Chair: Thank you. May I just return to the point that you rightly make—that we cannot afford to wait for an uplift to the current financial problems facing the NHS? There was some speculation in *The Sunday Times* that there would be something coming forward before that. Can you expand on some of the comments in *The Sunday Times*?

The Prime Minister: As I hinted in response to an earlier question, I think there is always lots of speculation in the newspapers. We have obviously already made significant commitments to the NHS, including the commitment to fund the pay award that was recently announced.

Chair: That was very welcome.

The Prime Minister: But it is precisely because of those sort of situations that we have seen in the past, where we have had those sort of top-ups that have come into the NHS, that I think we need to enable the NHS to plan much more effectively and efficiently for the future—hence the long-term funding and hence coming forward with proposals in advance of next year's spending review.

Q78 Chair: Something in advance of next year's spending review is very

encouraging. If that is then forthcoming, we have a bit longer to plan for the long term. I think the concern is that, particularly in a hung Parliament, it is very difficult to get decisions through Parliament unless you have engaged with the wider public and had genuine cross-party engagement before it actually comes to the Commons. Is that something that you are preparing to do?

The Prime Minister: Yes, and I would like to talk to you, and perhaps some others who have come forward with this proposal in the letter, about how we could do that in a way that would aim to build consensus. I have been in Parliament nearly 21 years now, so I have seen previous attempts to build consensus not always working.

We would want to talk about the involvement that people want to have in looking at these issues, as I say, of what the long-term plan for the NHS is and how we can address some of the issues of efficiency. We would also want to talk about effectiveness, ensuring, as I say, that we see the best practice spread across the whole of the NHS.

Q79 **Chair:** The Pensions Commission and Andrew Tyrie's Commission on Banking Standards were very effective mechanisms for building consensus across Parliament. I would be very grateful for the opportunity to come and discuss that with you further.

One final point from me is on the Green Paper for social care. In our joint inquiry between the HCLG Committee and the Health and Social Care Committee yesterday, we heard from stakeholders that they really don't want to see social care for older adults separated from social care for working-age adults. Would you be prepared to reconsider that and to actually bring forward a Green Paper that includes both those groups?

The Prime Minister: Sorry, both adults and the elderly?

Chair: Both adults and older adults, because at the moment disabled young adults are not intended to be included in the social care Green Paper. Very many people feel that we are going to see further fragmentation if we not only separate off social care from health, but separate off two groups within the social care considerations.

The Prime Minister: Work on the social care Green Paper is well under way. On the integration of health and social care, I would certainly expect to ensure that the work we are doing on the NHS is properly joined with that, and that we do not just see two different silos creating ideas here.

The issue of that younger group of adults who require social care is an issue that is potentially going to be addressed in other ways as well. Certainly, I will look at the point that you are making—the issue of making sure that you don't just see different groups being treated in entirely separate ways, which can then of course create difficulties, particularly when somebody moves, effectively, from one group into the other, as we often see with some young people when they move into adulthood.

Chair: Thank you. Finally, Meg Hillier.

Q80 **Meg Hillier:** Prime Minister, do you believe the NHS needs more money?

The Prime Minister: By definition, we are giving the NHS more money and therefore we recognise the need that the NHS has had—

Q81 **Meg Hillier:** Well, as you have rightly highlighted, money has been given in a piecemeal way. You have just talked—hearteningly, I have to say—about a multi-year funding settlement, but we have seen money go in before and a high level of efficiency is required on the other hand. Do you see that multi-year funding settlement being more money each year into the base budget of the NHS?

The Prime Minister: What I want to do is to develop a long-term plan for the NHS and then ensure that that is properly resourced. By definition, we have already committed to putting more money into the NHS over the coming years, so, yes, more money will be going into the NHS.

Q82 **Meg Hillier:** I will not argue with you about more money going in; we have done that enough in our reports. You talk about it being a priority for you. Can you just precisely lay out what that means between now and the spending review, if you are talking to all these interested parties? Can you lay out the steps that you are going to take after leaving this room, if you like?

The Prime Minister: Yes. It means that we will be bringing people together in a variety of ways, and there will be work by the Government to determine and look at the pressures that there are on the NHS; the issues we see at the moment in terms of the ageing population, what that means and what impact that has on the NHS; and the increasing need for other services—in my first answer I referenced mental health services, for example. We will look at all those pressures and what that means in terms of what the NHS needs to provide for the future.

On the other hand, we will look at some of the issues about how we can ensure the NHS is delivering effectively for taxpayers, with the money they are putting in. At the moment, there are some very stark differences in performance between hospitals, for example, in both the treatment of patients and in their financial management. We will look at how we can ensure that the best practice is, in fact, being delivered across the board. It is about all those issues.

Q83 **Meg Hillier:** Okay. I am heartened by your comment about assessing the need and then the funding, because one of the issues that we repeatedly cover, with the Health and Social Care Committee, is this issue of there not being enough in the baseline, so that services have to rob Peter to pay Paul, which then creates other pressures in the system. As I say, I will not repeat our reports. Simply, do you agree with the position of the Secretary of State for Health, as he outlined it on television on Sunday morning, about the amount of money that he would like to see going into the NHS?

The Prime Minister: The purpose of having—obviously, I am discussing with the Secretary of State what he feels is necessary for the NHS in the future—

Q84 **Meg Hillier:** But he was quite clear; it was quite a bold statement by a Health Secretary.

The Prime Minister: The purpose of doing this work is actually to be able to sit down with clinicians, with experts and with others to ask that question about what the pressures are and what is the best assessment of what those pressures lead to, in terms of the resources that the national health service needs. What are the services that we should be providing? As I say, it is not just a question of asking that; we must also ask how we can ensure that the NHS is being as effective and efficient as it can be in the way that it is delivering those services.

Q85 **Meg Hillier:** Of course, there is a raft of work on this, as we have referred to, in a number of the letters we have sent you. I just wanted to raise one final point, picking up on Dr Julian Lewis's questions about the defence budget. We have been looking very closely at this on the Public Accounts Committee, of course, alongside our sister Committee, and we are very concerned that there is no real headroom left in the budget, and yet these emerging threats from Russia are coming. Your own permanent secretary was in front of us talking about the future plans and how these will need to be dealt with.

Some of the big projects in hand, like the aircraft carriers, cannot just be turned around and cancelled, in order to pay for some of those new leads. Just to pick up on Dr Lewis's point, do you think there needs to be an increase in the percentage of GDP that is spent on defence, in order to meet these new challenges that many colleagues have raised?

The Prime Minister: What I think we need to do through the modernising defence programme is to look sensibly at what the threats are that we face, to make a proper assessment of those threats, to look at what capabilities we need to provide, and to look at how the MOD manages its budget and ensure that it is managing things in an efficient and effective way for taxpayers. This fits in to the wider national security scene, if I can describe it as such, of saying, "What are the threats that we face, how do we best deal with those threats and what are the capabilities that we need to deal with those threats?"

To give an example, one area where money is being put in, which is an area that was not being dealt with in the past, is the national cyber-security strategy. Cyber-threats have obviously been talked about and are something we look at. There is a significant amount of money going into building our capability in relation to cyber-threats.

Q86 **Meg Hillier:** I am heartened that you are concerned that the MOD spends money sensibly—as are we—but on the evidence of our last hearing, there is a real stretch in the budget and an impossibility at this point to turn around some of these large ships and take out costs that would fund some of those future needs. On the evidence in front of us, and in front of Dr Lewis's Committee, it seems that there is not enough money. If we need to enhance cyber-security, you cannot just take it out of existing capability without having wasted a lot of taxpayers' money.

The Prime Minister: Well, I cited the national cyber-security strategy because we have already put something close to £2 billion into national cyber-security over a period of years.

Q87 **Meg Hillier:** Forgive me, but it is the things we need in the future, Prime Minister; it is the things that colleagues around the table have raised today; it is the future threats that we are worrying about.

The Prime Minister: Yes, but that's the point of doing the modernising defence programme work—to look at what those future threats are, as those threats have been evolving. The national security capability review started from the point of looking at threats and determining where those priorities should be and what capabilities are needed to deal with those threats. As part of that, we have taken out this modernising defence programme work to look in the round at how we deal with the defence capabilities that we need.

Q88 **Meg Hillier:** But the old threats haven't gone away. We still need ships. We still need some of those big bits of kit.

The Prime Minister: And we have. As you well know, over a number years we have a significant amount of money, something like £170 billion, going into the question of the—

Q89 **Meg Hillier:** But we have aircraft carriers with no aircraft, Prime Minister, and aircraft without pilots. There has been a challenge for the Ministry of Defence—

The Prime Minister: As you know full well, there are aircraft for the aircraft carriers. The aircraft carriers are not in full service yet, but they will be in due course. I must say that, having been on the Queen Elizabeth, she is a very fine ship

Meg Hillier: I look forward to my visit to it. I will be challenging the Ministry of Defence and I am heartened that you are at least challenging it too. There is a real, serious issue about how the defence budget will meet these new future needs if we are going to maintain current capability as well.

Chair: Thank you very much, Prime Minister. We wish you a very happy walking holiday this Easter.