

Monday
29 February 2016

Volume 606
No. 122



HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Monday 29 February 2016

House of Commons

Monday 29 February 2016

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

TRANSPORT FOR LONDON BILL [*LORDS*]

Motion made, That the Bill, as amended, be now considered.

Hon. Members: Object.

Bill to be considered on Monday 7 March.

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Campaign against Daesh

1. **Rehman Chishti** (Gillingham and Rainham) (Con): What recent discussions he has had with his international counterparts on progress in the campaign against Daesh. [903755]

7. **Kevin Hollinrake** (Thirsk and Malton) (Con): What recent discussions he has had with his international counterparts on progress in the campaign against Daesh. [903761]

11. **Byron Davies** (Gower) (Con): What recent discussions he has had with his international counterparts on progress in the campaign against Daesh. [903765]

The Secretary of State for Defence (Michael Fallon): On 20 January, I attended the first Defence Ministers meeting in Paris, where we reviewed and agreed options for intensifying the military operation against Daesh in Iraq and Syria. On 11 February, I attended the full counter-Daesh ministerial in Brussels, where we agreed an accelerated campaign plan, including agreeing on the importance of the liberation of Mosul and Raqqa, and pressing Daesh from all sides.

Rehman Chishti: The international community had previously asked Arab countries to do more in the fight against Daesh. Having just returned from leading a parliamentary delegation to Saudi Arabia, I understand that the Saudi authorities are prepared to send ground troops into Syria to defeat Daesh but require air cover from their international partners. Will the United Kingdom and other international partners look at that request?

Michael Fallon: I welcome the contribution that co-operating Gulf states, including Saudi Arabia, which was present at the Daesh meeting in Brussels, are making to the fight against Daesh, and I welcome the Saudi redeployment of F-15 aircraft to the coalition air campaign. I have seen the reports my hon. Friend mentioned that Saudi Arabia is prepared to send troops to the fight in

Syria. We will wait to see the details of any plan before commenting on what support the UK would provide as part of the global coalition.

Kevin Hollinrake: Russian airstrikes are clearly targeting civilian populations in Syria, killing and maiming innocent men, women and children, as well as degrading the moderate Syrian forces that we are relying on to defeat Daesh in the region. Will the Secretary of State outline what actions we are taking now, and might take, to protect these populations and underpin our military strategy in the region?

Michael Fallon: I know that my hon. Friend will welcome the cessation of hostilities at the weekend. That appears largely to be holding for now, but it will succeed only if there is a major change of behaviour by the Syrian regime and by its principal backer, Russia. Russia must honour the agreement by ending attacks on Syrian civilians and moderate opposition groups and using its influence to ensure that the Syrian regime does the same. As for the second part of my hon. Friend's question, there has been some progress in the past few weeks in reaching besieged areas. Some 60,000 people have recently been reached with aid through the United Nations food convoys.

Byron Davies: Continuing on the theme of the Russian bombing, what are my right hon. Friend and the Government doing to highlight Russia's indiscriminate behaviour, and what contact has he had with the Russian authorities to end this outrage?

Michael Fallon: My right hon. Friend the Foreign Secretary and I have been very clear and public that Russian actions have been undermining the prospects for ending the conflict in Syria. We welcome the Russian contribution to the most recent agreement that came into effect on Saturday. Russia can and should play a positive role in the fight against Daesh and in ending the conflict in Syria. I have to tell the House, however, that over 70% of Russian airstrikes have not been against Daesh at all but against civilians and moderate opposition groups in Syria—an appalling contribution to a conflict that must be ended.

Derek Twigg (Halton) (Lab): What discussions has the Secretary of State or other members of the Government had with our allies inside and outside the middle east about extending military action, including airstrikes, to Libya?

Michael Fallon: There have not been discussions about extending airstrikes to Libya because at the moment there is no Government in Libya. We have been working to assist the formation of a new Government in Libya, and it is then for that Government to make clear what assistance they require. We are party to the Libyan international assistance mission, and we will see exactly what kind of support the new Government want—whether it is assistance with advice or training, or any other kind of support.¹

Ruth Smeeth (Stoke-on-Trent North) (Lab): Last week in Iraq, members of the Defence Committee were informed of the full horror of Daesh, specifically in Ramadi. As it is forced out of territory, it leaves behind minefields

1. [Official Report, 2 March 2016, Vol. 606, c. 6MC.]

of improvised explosive devices, including in people's fridges and toilets, but there are no resources available to remove them. What conversations is the Defence Secretary having with partners to ensure that those resources are made available?

Michael Fallon: The hon. Lady is right to say that Daesh has been seeding with improvised explosive devices those towns and villages from which it has been expelled. The British contribution to the training effort of the Iraqi forces has focused on counter-IED training, which we are now supplying at all four of the building partner capacity centres. If there is more we can do to assist the Iraqi and Kurdish forces in that training, we will certainly do so.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): What support will the UK Government give to the United Nations, which is today giving fresh aid to Syria, and to the albeit very fragile ceasefire?

Michael Fallon: We have been making our contribution through the United Nations and we are ready to help do more. It is not easy for convoys to get through to some of the very hard-to-reach areas. Last week's aid drop was not entirely successful; it was dropped from a great height into a high wind, and a number of the pallets did not reach their target. The best way of getting aid in is by land convoys, but that is not easy in some of the particularly hard-to-reach areas.

Richard Benyon (Newbury) (Con): Members of the Defence Committee also visited Jordan and Lebanon, and we were particularly concerned to see that Daesh was threatening the borders of relatively stable countries that Britain has assisted with huge and impressive investment. What more can my right hon. Friend and the Government do to support those countries in dealing with the clear and present danger of this evil organisation?

Michael Fallon: My hon. Friend is right to say that Daesh represents a threat to the stability of the entire region, including the neighbours of Iraq and Syria. We have already made a huge contribution towards training the Jordanian forces, and we have more to do. We have recently been playing role in Lebanon, too, in helping its border defences.

Brendan O'Hara (Argyll and Bute) (SNP): Does the Secretary of State believe that the use of the much-vaunted Brimstone missile against Daesh has, as both he and the Prime Minister assured us it would,

“cut off the head of the snake”

in Raqqa?

Michael Fallon: Brimstone is one of the precision munitions available to our armed forces, alongside Paveway bombs and the Hellfire missile. The United Kingdom forces have flown more than 2,100 combat missions against Daesh and have carried out more than 600 strikes, including with Brimstone missiles. One of the points for review at the recent ministerial meeting was what more we can do to target the infrastructure that supports Daesh—its command and control, logistics and supply routes—as well as our efforts in support of Iraqi forces.

Brendan O'Hara: I thank the Secretary of State for that answer, but will he comment on recent reports in *The New York Times* that say that, although Daesh numbers have fallen in both Iraq and Syria, those in Libya have doubled in the same period? Is it not the case that, rather than diminishing Daesh, the current bombing campaign is simply displacing it?

Michael Fallon: No, I do not think there is direct evidence of movement from one country to another. Daesh is on the back foot in Iraq. The Iraqi and Kurdish forces, with support from the coalition, have liberated Tikrit, Baiji, Ramadi and other cities, and Daesh is being pushed back there. That is not happening yet in Syria, and I, like the hon. Gentleman, am extremely concerned about the proliferation of Daesh along the Libyan coastline, which is why we have been urgently assisting the formation of a new Libyan Government.

Mr James Gray (North Wiltshire) (Con): As the Secretary of State has said, coalition efforts have a significant effect on stopping and degrading Daesh not only in Iraq, but, to a lesser degree, in Syria. Does he agree, however, that a conventional, full-frontal assault on Mosul and Raqqa might well have the opposite effect to that we are seeking, and that trying to do something about Daesh's poisonous ideology and funding is possibly more important than purely conventional attacks?

Michael Fallon: I agree with my hon. Friend. We have to look at all those things and deal with Daesh across the board. We have to combat its ideology, we have to cut off its financing and we have to deal with the message that it is putting out to local populations. Preparations for the liberation of both Mosul and Raqqa will require very careful preparation to reassure the Sunni population, particularly of Mosul, that it will be able to enjoy better security once Daesh is thrown out.

Toby Perkins (Chesterfield) (Lab): As we consider these issues, our thoughts are very much with the brave members of our armed forces who are serving in the middle east, with all those who are living under the brutality of Daesh and with the victims of the terror attacks that have been carried out all over the world. The Secretary of State is absolutely right to say that we can simultaneously welcome the progress towards a ceasefire and the contributions that the Russians have made, and condemn the previous Russian attacks on the moderate forces that the coalition is working with. Will he tell us how reliable he feels the estimate of 70,000 moderate Syrian ground forces is at this moment in time?

Michael Fallon: I am grateful to the hon. Gentleman, and I am grateful for the official support that has been given to the campaign against Daesh. The 70,000 figure was not the Government's figure; it was a figure produced independently by the Joint Intelligence Committee. We have no reason to believe that it is wrong. Indeed, the civil war in Syria has been raging for six years, so considerable forces, of which the 70,000 are a formidable part, have been engaged against the Syrian regime.

Toby Perkins: Just two days ago, ISIS launched a series of attacks on the headquarters of the Kurdish forces in Tal Abyad, to the north of Raqqa. Given that we were hoping that the moderate forces were waiting to take the fight to Daesh, that is obviously very concerning.

Will the Secretary of State tell us a little more about how effective he thinks UK airstrikes have been in achieving our objectives of weakening Daesh and supporting moderate forces to take back control and liberate Raqqa?

Michael Fallon: The UK is playing probably the second most important part in coalition air activity in the strikes, in surveillance and in intelligence. As I have said to the House, Daesh is being pushed back in Iraq. There is no doubt about that. It is being pushed up the Tigris and it is being pushed back west along the Euphrates. In Syria, the position is much more complicated. We are concerned at some of the more recent reports that may suggest co-ordination between Syrian democratic forces and the Assad regime, which is not helpful to the long-term aim of defeating Daesh.

Procurement

2. **Alison McGovern** (Wirral South) (Lab): What steps his Department is taking to support British jobs and industry through its procurement process. [903756]

16. **Mr David Hanson** (Delyn) (Lab): What steps his Department is taking to support British jobs and industry through its procurement process. [903771]

The Minister for Defence Procurement (Mr Philip Dunne): In the strategic defence and security review published last November, the Ministry of Defence agreed a new strategic objective of contributing to the nation's prosperity. We do that in many ways, not least through our procurement spend of some £20 billion a year with UK industry, around half of which is in the manufacturing sector. The British defence and security industry is the largest in Europe, and it plays a vital role in delivering battle-winning capabilities for our armed forces. As a Department, we are driving greater innovation into defence procurement, maximising opportunities for small and medium-sized businesses, investing in skills and contributing to a more prosperous economy.

Alison McGovern: That sounded good, and I am glad that the Department has such an objective, but the manufacturing industry in my constituency tells me that the Government have taken far too little action in favour of manufacturing, not least on business rates. In pursuit of those objectives, will the Minister tell me when he last spoke to the Department for Business, Innovation and Skills about refreshing and improving its industrial strategy?

Mr Dunne: I can tell the hon. Lady that I have meetings with colleagues in the Department for Business, Innovation and Skills on a monthly basis. In fact, I was in its offices earlier this month. We are constantly looking for better ways to encourage medium-sized and small businesses, in particular, to engage in the Ministry of Defence supply chain, and I am pleased to tell the House that we have confirmed with the Cabinet Office a target of 25% of MOD spend through SMEs, both direct and indirect.

Mr Hanson: I am genuinely interested in the Minister's approach. I would like him to explain to the House why, for example, 60% of the steel for the new Royal Navy

offshore patrol boats is being procured from Sweden, when in my part of the world, Wales, we have a real crisis on our hands with the steel industry.

Mr Dunne: I am happy to try to respond to the right hon. Gentleman, particularly in relation to the specifics that he has raised. About 20% of the steel used in the three offshore patrol vessels has been sourced from UK steel mills. As the prime contractor, BAE Systems issued invitations to 24 companies to tender for the steel contract. Only four were returned, of which only one was from a British contractor. It won the contract to provide steel, which was then sourced from a wide range of suppliers.

Mr Nigel Evans (Ribble Valley) (Con): On Friday, I visited BAE Systems at Samlesbury, where I saw not only the skills that help it to manufacture parts for the Typhoon and the joint strike fighter, but the results of the millions of pounds it is investing in the training academy for 112 apprentices, which will open later this year, and in 3D printing, which means that it will be able to make parts and prototypes both in plastic and in metals. Does the Minister agree that such investments will help to keep BAE Systems at the forefront of its field in the world?

Mr Dunne: My hon. Friend speaks magnificently not only for his constituents, but for the largest UK defence contractor, whose main centre of engineering innovation is in his constituency. I congratulate him on that and applaud him for it.

Ben Howlett (Bath) (Con): Given that Ministry of Defence procurement operates under European law, what assessment has the Minister made of a potential exit from the European Union on UK SMEs that rely on MOD contracts?

Mr Dunne: As my hon. Friend knows, the UK defence and security industry is the largest in Europe. As the default position, we continue to place contracts on the basis of open competition. EU procurement directives apply to our procurement, which means that EU contractors are eligible to compete for our contracts in the same way as UK and other international companies, other than when we declare an article 346 exemption for warlike stores, which accounts for about 45% of our procurement.¹

Mr Ranil Jayawardena (North East Hampshire) (Con): On procurement, I hope that the remarks about Europe made by my hon. Friend the Member for Bath (Ben Howlett) also apply in relation to our overseas territories. During the last recess, I had the chance to visit our servicemen and women in the Falklands. Will the Minister join me in paying tribute to the 1,200 personnel there? Will he confirm that this Government will work closely with the Falkland Islands Government to improve the accommodation there and will procure such improvements through British providers?

Mr Dunne: My hon. Friend might have preferred to put that question to the Secretary of State, who has just visited the Falkland Islands. He is the first United Kingdom Defence Secretary to do so for over a decade. I can confirm to my hon. Friend that, as part of the SDSR conclusions, the Ministry of Defence has committed to investing £180 million in the Falkland Islands, including the improvements he seeks to the accommodation.

1. [Official Report, 2 March 2016, Vol. 606, c. 5MC.]

18. [903773] **Bill Esterson** (Sefton Central) (Lab): There are more than 15,000 high-skill, high-value jobs in the defence sector in the north-west alone, with earnings that are more than 40% higher than the national average. We have heard previously about the lack of a proper industrial strategy for defence with respect to steel, so when will the Government look at the wider economic benefits when it comes to protecting those high-skill, high-value jobs and to creating new ones in the context of defence procurement?

Mr Dunne: The hon. Gentleman should have a word with the leader of his party. Government Members care about both security and prosperity, and the hon. Gentleman may like to remind his leader that grandstanding on a Saturday places at risk not only the ultimate security of the nation, but the tens of thousands of jobs and the hundreds of companies in the submarine industry in this country.

Kate Hollern (Blackburn) (Lab): Perhaps the Minister should listen to the questions, stop throwing out allegations of grandstanding and take the issue of the steel industry in this country seriously. The chronic under-investment in steel in this country by this Government is nothing less than a national disgrace. As my right hon. Friend the Member for Delyn (Mr Hanson) said, 60% of the steel required for the Royal Navy's offshore patrol vessels has been sourced from Sweden, to name but one example. Does the Minister not agree that the MOD should consider wider employment, industrial and economic factors in its procurement policy? Its policy is obviously not working given that, as he has said, such a low level, in truth, comes from British companies.

Mr Dunne: UK suppliers make a significant contribution to the supply of steel for our defence programmes, including some 94% of the steel in the aircraft carriers—77,000 tonnes—being sourced from UK mills. The Government and I recognise that there is an issue that is affecting steel production in this country. That is why we established the steel procurement working group, on which the Ministry of Defence is represented. I instructed the Department and wrote to our major defence prime contractors last December to ensure that the guidance on steel procurement was implemented across defence. That will enable proactive engagement with the UK steel market on procurement pipelines through the supply chain and ensure that cost calculations can be taken into account over the whole life, and not just at the initial price.

Mr Speaker: The exchanges today are, to put it mildly, a tad long-winded. There are a lot of questions to get through. What is required is a pithy question and a pithy answer. It is not very difficult.

Civilian Workforce

3. **Jess Phillips** (Birmingham, Yardley) (Lab): What assessment he has made of the potential effect of the planned 30% reduction in his Department's civilian workforce on front-line service personnel. [903757]

10. **Mr Jim Cunningham** (Coventry South) (Lab): What assessment he has made of the potential effect of the planned 30% reduction in his Department's civilian workforce on front-line service personnel. [903764]

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): Our civilian workers do an excellent job. I recognise that reductions in our workforce will require the Ministry of Defence to look strategically at the way in which we operate. The majority of the planned reductions are under way and there is an opportunity to identify further efficiencies across defence. Our priority is to deliver a smaller, more productive workforce that will ultimately generate savings for reinvestment in front-line capability.

Jess Phillips: Does the Minister acknowledge that further cuts to the civilian workforce will inevitably shift the burden on to armed forces personnel? How does he think that will affect the retention, recruitment and morale of our troops, which, according to servicemen and women in my constituency, are already worryingly low?

Mark Lancaster: No, I do not, because the savings of approximately £300 million that we will be able to make will ultimately be reinvested in front-line capability.

Mr Jim Cunningham: Does the Minister think that expertise may be lost as a result of the cuts to the civilian force?

Mark Lancaster: Under the "whole force" approach, we have tried to find the balance both between regular and reserve service personnel, and between MOD civilians and contractors. This is a mix that successive Governments have followed. We try to use the right people in the right place at the right time.

Emily Thornberry (Islington South and Finsbury) (Lab): Civilians at Defence Equipment and Support fulfil one of the MOD's most important responsibilities—making sure that our troops have the right kit—yet they, along with the rest of the MOD's civilians staff, face 30% cuts. DE&S requires highly specialist expertise, for example to make sure that our aircraft are safe, so will the Minister explain how he can impose 30% cuts without losing such vital skills?

Mark Lancaster: I am afraid that the hon. Lady may be misinformed. DE&S does not face 30% cuts. We are not imposing a blanket 30% cut across the whole of defence. If anything, she is slightly scaremongering and should perhaps reflect on her comments.

Emily Thornberry: The Minister is telling us that although there will be 30% cuts across the civilian staff, some areas will face cuts to civilian staff higher than 30% and other areas will face 20% cuts. It is in the strategic defence review that there will be 30% cuts to civilian staff, but he tells me that they will not be at DE&S, so where will they be instead? In the last two years alone, DE&S has lost 5,000 staff. At the same time, the cost of contractors has spiralled. We are in the ludicrous position where the Public Accounts Committee says that we are spending £250 million on contractors who are advising us on how to reduce our reliance on contractors. Surely the Minister ought to learn from experience and make these cuts in a strategic way, as opposed to introducing arbitrary cuts.

Mark Lancaster: I am grateful for the pithy question. There is a basic misunderstanding here. The hon. Lady needs to understand that many of these programmes are already in place. For example, the footprint strategy, which will see our footprint reduced by some 30%, will naturally mean that there is less need for civilians in certain parts of the estate. Some of the measures are already under way, so we do not simply have to impose a blanket 30% cut in DE&S.

EU Membership: National Security

4. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What recent assessment he has made of the effect of EU membership on the UK's national security. [903758]

The Secretary of State for Defence (Michael Fallon): NATO is the cornerstone of the United Kingdom's defence. The European Union plays an important complementary role in supporting NATO's response to international crises, by applying economic, humanitarian and diplomatic levers that NATO does not have. The Government therefore believe that the United Kingdom's continued membership of a reformed European Union will make us safer and stronger.

Drew Hendry: Cyber threats pose a significant risk to the defence of the UK, and that issue was identified as one of four security challenges in the 2015 defence review. The EU network information and security directive was created in 2014 to enhance data security throughout EU member states, and it is vital that cyber security continues to be a priority for the MOD. Does the Minister agree that remaining a member of the European Union greatly enhances our ability to respond to future cyber threats?

Michael Fallon: Our recent strategic defence and security review identified cyber as one of the key threats facing this country. My Department has now taken overall responsibility for cyber security, and we are spending more than £2 billion to ensure that we keep the institutions of government properly protected and do our best to spread good practice in our industry.

17. [903772] **Sir Edward Leigh** (Gainsborough) (Con): On a scale of one to 10, and in terms of preserving our national security, how would the Secretary of State rate and compare our membership of NATO with our membership of the EU?

Michael Fallon: As I have said, NATO is the cornerstone of our defence and the EU plays a complementary role. I have not yet come across any NATO Defence Minister who thinks that we should leave the European Union or that we would be safer and stronger outside it. Taken together, membership of those two organisations—the alliance and the union—keeps us stronger and safer in an uncertain world.

Chris Leslie (Nottingham East) (Lab/Co-op): Does the Secretary of State think that President Putin would shed a tear if the UK left the European Union? Is it not clear that we are better off being part of that collaboration and sitting round the table with France, Germany and

Italy, and thinking about all those security issues? Are we not better off and safer remaining part of the European Union?

Michael Fallon: The European Union was able to impose sanctions on President Putin for what he did in annexing Crimea and his aggression in eastern Ukraine. I think that President Putin would certainly welcome any fracturing of either NATO or the European Union.

Sir Gerald Howarth (Aldershot) (Con): Does my right hon. Friend accept that by advancing the rather quaint idea that somehow our membership of the EU enhances our national security, he is merely playing into the hands of people such as Mr Juncker and Chancellor Merkel who, if Britain votes to remain in the EU, would advance towards a European army and permanent structured co-operation, the result of which would be to undermine NATO—the very organisation that the Secretary of State says is the cornerstone of our national defence?

Michael Fallon: We have made it absolutely clear that we would not support any move towards a European Union army of the kind that my hon. Friend suggests. These two organisations have different memberships and slightly different objectives. As I have said, NATO is the key part and cornerstone of our defence, but legal, economic, diplomatic and humanitarian levers are available to the European Union that NATO does not have. Being a member of both gives us the best of both worlds.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): When the Secretary of State talks to fellow European Defence Ministers, he must acknowledge that some would prefer a European defence force ultimately to replace NATO. What is his view on that, and will he acknowledge that most of our European security successes are bilateral and not as part of the EU?

Michael Fallon: I have not heard a fellow European Defence Minister call on us to help to create any kind of European defence force. At the last NATO meeting I attended in Brussels last month, it was interesting that Germany specifically asked for NATO to help police the Aegean sea and deal with the migrant pressure. There is a role for NATO in some of these operations, and a role in other areas for the European Union. We are fortunate in being members of both.

Victoria Prentis (Banbury) (Con): Does the Secretary of State agree that it is essential that all members of our armed forces serving away from home are able to vote in the June referendum?

Michael Fallon: Yes. The arrangements for voting in the referendum, as I understand it, are exactly the same as in a general election. Following my hon. Friend's reminder, we will of course make every effort to ensure as high a turnout by the armed forces as possible.

Mesothelioma

5. **Chris Heaton-Harris** (Daventry) (Con): What plans he has to reform compensation for armed forces veterans affected by mesothelioma. [903759]

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): When I announced to the House on 16 December that veterans diagnosed on or after that date with diffuse mesothelioma as a result of their service would have the option of receiving a lump sum of £140,000, I also committed to looking at whether it could be extended to veterans diagnosed before that date. We have kept our word and I am delighted to confirm that the option of a lump sum payment will be extended to veterans in receipt of a war pension for mesothelioma diagnosed before 16 December 2015.

Chris Heaton-Harris: That is thoroughly good news. Following the campaigns of many in this House, including my hon. Friend the Member for Northampton South (David Mackintosh) and my friend the hon. Member for Wythenshawe and Sale East (Mike Kane), this announcement will be very, very welcome. How will people affected be able to claim the money?

Mark Lancaster: I am grateful for my hon. Friend's kind comments. I have instructed the Veterans Agency to contact all those we know of with immediate effect. I hope the payments will be made on or shortly after 11 April.¹

Mike Kane (Wythenshawe and Sale East) (Lab): Will the Minister join me in paying tribute to Members, such as the hon. Member for Daventry (Chris Heaton-Harris) and others, who have campaigned on this issue? I welcome the direction of travel. Will he also pay tribute to Rhod Palmer, a third generation Royal Navy sailor who has just recently been diagnosed and stands to benefit, who thought of the wider issue that more research needs to be done into this devastating disease?

Mark Lancaster: I recognise the actions of Members on both sides of the House who have campaigned to ensure that change comes forward. I am delighted to be able to stand here today to make this announcement. It is absolutely the right thing to do.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): I have recently been contacted by my constituent, George, whose father sadly passed away from this rare cancer. He is concerned that research is not being properly funded. Does the Ministry of Defence currently fund such research and will the Minister commit to looking at funding levels for mesothelioma research?

Mark Lancaster: It is, rightly, a matter for the Department of Health, but I am more than happy to take it up with my colleagues in the Department to see what can be done.

Mr David Anderson (Blaydon) (Lab): I am delighted to welcome today's announcement to the House, but I would just like to add a little word of caution. We must make sure that when people are given the option—specifically, widows who may survive by many years servicemen who die from this deadly disease—there are no unintended consequences. We must make sure that if widows choose the option of a lump sum, it will not have the impact of their losing benefits over the years.

Mark Lancaster: I pay tribute to the hon. Gentleman, who has been one of the campaigners ensuring that this change has come forward. He is absolutely right to make that point. I emphasise to the House that this is

very much an option and I will ensure that when recipients are notified they are fully informed about what the options actually mean.

Dalgety Bay

8. Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): When he expects work to deal with radiation contamination at Dalgety Bay to be completed. [903762]

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): The Ministry of Defence has been actively undertaking site monitoring and removal since 2011. We are keen to move to the next stage of investigation when the other three parties involved agree to site access. Discussions around that have already taken place and it is anticipated that an agreement will be signed shortly. We will continue to work closely with all parties to ensure that the matter is resolved as quickly as possible.

Roger Mullin: After 26 years, this non-action is just not good enough. In recent weeks, Defence Infrastructure Organisation officials have cancelled meetings with landowners to discuss access arrangements, have failed to turn up to meetings with local elected officials, and are treating the local community with contempt. When I meet the Minister on Wednesday, I hope I can get a detailed timeline for when action will be taken.

Mark Lancaster: I do not entirely accept what the hon. Gentleman says. My understanding is that we have been making positive progress, and that action has been taken through monitoring and removal on the beach since 2011. I am absolutely clear what the MOD's responsibilities are in this matter. I look forward to meeting the hon. Gentleman later this week. I hope we can have a constructive approach to moving this issue forward.

Type 31 General Purpose Frigate

9. Stewart Malcolm McDonald (Glasgow South) (SNP): Where he expects the Type 31 general purpose frigate to be built. [903763]

The Parliamentary Under-Secretary of State for Defence (Mr Julian Brazier): The new light general purpose frigate will be crucial to the longer-term future of the UK's warship-building industry and will form a central part of the national shipbuilding strategy, which is due to be published later this year. No decision is expected to be made on the build location until the programme has further matured.

Stewart Malcolm McDonald: Given the expectations raised by the Government following the strategic defence and security review, that answer is most unwelcome. Does the Minister not agree with me—I may be biased as a Glasgow MP—that, given that the finest ships anywhere in the world were built on the Clyde, it would be the perfect location for this building to take place?

Mr Brazier: To date, £3.5 billion has been spent on the aircraft carrier programme in Scotland. In 2014, we placed a £348 million contract for three offshore patrol vessels, helping to sustain 800 Scottish jobs, and helping, too, to secure the skills for the eight Type 26 global

combat ships planned to be constructed on the Clyde. The general purpose frigates may also be built on the Clyde, but it is too early to commit to a decision.

Dr Andrew Murrison (South West Wiltshire) (Con): In making decisions on the general purpose frigate, will the Minister keep in mind the need to avoid the difficulties that the Type 45s have had in their electrical and mechanical propulsion systems?

Mr Brazier: Yes; they are fine ships, but mistakes were made under the last Government.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): We have already heard today how the patrol vessels have been made with Swedish steel, and the Ministry has admitted to me that the Tide class tankers are being made in Korea with Korean steel but cannot tell me where the steel will come from for the Type 26, so what assurances will we have that British steel will be used in the manufacture of the Type 31?

Mr Brazier: My hon. Friend the Minister for Defence Procurement has already given a comprehensive answer on the use of steel. There will be an opportunity to bid, as has always been the case, but we clearly cannot commit in advance. We do not even know for certain that British companies will bid. We cannot commit at this stage.

Ministry of Defence Police

12. **Mrs Madeleine Moon** (Bridgend) (Lab): What plans he has to change the number of Ministry of Defence police officers. [903766]

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): As part of the Defence efficiencies programme, we are reviewing a series of options that are expected to change the way we police or guard some of our establishments. It is too early to say what the impact will be on the numbers of the MOD police.

Mrs Moon: What legal advice has the Minister sought or received in relation potentially to removing armed MOD police from civilian establishments and replacing them with armed forces personnel?

Mark Lancaster: We are looking at a number of options on how to make the best use of our MOD police and to move them away from simply static guarding towards taking a more proactive role in the communities and our service communities. A number of discussions have taken place, but these options are yet to be fully explored. I shall come back to the House in due course.

Mr Speaker: Ah, get in there—I call Michael Fabricant.

Michael Fabricant (Lichfield) (Con): Thank you, Mr Speaker. I shall indeed try to get in there.

While I do not wish to detract in any way from the wonderful work done by MOD police, will the Minister take this opportunity to praise the work of the Royal Marines who police our nuclear facilities in Scotland?

Mark Lancaster: I am of course delighted to join my hon. Friend in praising the work of the Royal Marines up in Scotland. I have seen their work first hand in recent years.

Armed Forces: Legal Claims

13. **Andrew Stephenson** (Pendle) (Con): What support his Department provides to members of the armed forces who are subject to legal claims relating to their service. [903768]

The Minister for the Armed Forces (Penny Mordaunt): Where there are allegations of serious wrongdoing, they need to be investigated, but we are very aware of the stress this places on our service personnel and we must honour our duty of care to them. This will involve funding independent legal advice and pastoral support. We are also aware, however, that a great many allegations are being made on grounds of malice or by some law firms for profit. We will shortly bring forward measures to close down this shameless and shoddy racket.

Andrew Stephenson: The allegations that British soldiers murdered innocent Iraqis were found by the al-Sweady inquiry to be wholly false. Does my hon. Friend therefore agree that we should do all we can to reclaim costs from law firms that shamefully promoted these allegations and that anyone who received financial backing from them would be well advised either to return it or to make a donation to Help for Heroes?

Penny Mordaunt: I thank my hon. Friend for raising that important point. The defence in the case that he mentioned cost the British taxpayer £31 million, and the law firm involved, Leigh Day, has been referred to the Solicitors Disciplinary Tribunal. We are looking at ways in which we can recoup costs, in that case and in others. Those who have their own associations with Leigh Day will need to make their own judgments.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I ask the Minister to speak more clearly, over the heads of the current brave soldiers and other servicemen, to those who might wish to join the Army, the Air Force or the Navy? It is very worrying for young people to think that, in serving their country, they might end up being accused of dreadful crimes.

Penny Mordaunt: I thank the hon. Gentleman for giving me an opportunity to send that clear message about a matter that obviously causes huge stress to individual service personnel. It corrupts their operations, and it undermines human rights by undermining international humanitarian law. I fully understand why someone who wanted to join the armed forces would be concerned about all three of those issues, and we shall be introducing a number of measures to address them.

Dr Julian Lewis (New Forest East) (Con): The Minister and, indeed, the Secretary of State have been very vocal about the importance of introducing a Bill to protect service personnel from spurious, costly and stressful legal actions. However, there have been apparently well-informed reports that the Bill is ready to proceed, but is being held up in Downing Street for fear that it might somehow impinge on the forthcoming European Union

referendum debates. Can the Minister confirm that her Department will do as much as possible to ensure that the Bill is introduced at the earliest opportunity, and is not delayed for spurious external political reasons?

Penny Mordaunt: I can give my right hon. Friend those reassurances. I think that, in all respects, the information on which he based his question is not correct. A number of measures will be introduced, some of which may be attached to pieces of legislation, and we hope to be able to make announcements before local government purdah kicks in.

Libya

14. **Kirsten Oswald** (East Renfrewshire) (SNP): Whether he plans to send armed ground forces to Libya. [903769]

The Secretary of State for Defence (Michael Fallon): We do not envisage deploying ground forces to Libya in a combat role. The United Kingdom is considering, with our partners, how we can best support a new Libyan Government. Planning to date has focused on capacity building and security sector reform, but it is too early to say exactly what form that support would take. Before taking any military action in Libya, we would seek an invitation from the new Libyan Government.

Kirsten Oswald: I was disappointed to read in the media the Secretary of State's recent statement that he had personally authorised the use of United Kingdom bases for United States airstrikes in Libya. The matter was not brought to the Chamber in advance. Furthermore, yesterday's papers reported that the Government had now deployed British advisers to Libya. Will the Secretary of State commit himself to stopping this mission creep, and to ensuring that no further such action is taken without the leave of the House? Will he also explain his assessment of whether the action to date was lawful according to UK standards relating to the use of force, international humanitarian law, and human rights law?

Michael Fallon: The United States followed standard procedures, and made a formal request to use our bases. Once we had verified the legality of the operation, I granted permission for the United States to use our bases to support it, because they are trying to prevent Daesh from using Libya as a base from which to plan and carry out attacks that threaten the stability of Libya and the region, and indeed, potentially, the United Kingdom and our people as well. I was fully satisfied that the operation, which was a United States operation, would be conducted in accordance with international law.

Mr Speaker: With exemplary brevity—Tom Brake.

Tom Brake (Carshalton and Wallington) (LD): In what level of military involvement do the Government believe the British military must engage in Libya before the Prime Minister will bring any decision regarding military intervention in that country to the House?

Michael Fallon: As I have said, we do not intend to deploy ground forces in any combat role. Before engaging in any military operation in Libya, we would of course have to seek an invitation from the Libyan Government, and would also have to involve this Parliament. As part of the international community, we have been party to the Libyan international assistance mission, and we are

ready to provide advice and training in support of the new Libyan Government. A training team of some 20 troops from the 4th Infantry Brigade is now moving to Tunisia to help to counter illegal cross-border movement from Libya in support of the Tunisian authorities.

Mr Graham Allen (Nottingham North) (Lab) *rose*—

Mr Speaker: Order. I do not want the hon. Member for Nottingham North (Mr Allen) to go to bed a very sad and miserable boy, so I call him to ask the last question.

Reporting of Civilian Casualties

15. **Mr Graham Allen** (Nottingham North) (Lab): If he will direct an official of his Department to meet representatives of Airwars to discuss the process for external organisations to submit reports of civilian casualties related to UK military activity. [903770]

The Minister for the Armed Forces (Penny Mordaunt): Airwars has been proactive in submitting written reports of civilian casualties and we are grateful for its efforts and for the value that they add. Each case has been individually reviewed and it has been demonstrated that the civilian casualties were not caused by UK activity. Our targeting processes are extremely robust in this respect and in others, but I would welcome any further ideas about how value may be added.

Mr Allen: I understand that the Department is now seeing people to discuss accurate civilian casualty numbers, and I will be most grateful if that is indeed the case. However, the report on compensation for the families of the innocent victims of our bombing has been with the Department for some five months. Can it now be surfaced?

Penny Mordaunt: I have committed to review any such reports of civilian casualties and I have oversight of the whole process, including compensation. I would be very happy to look at the report, but if the hon. Gentleman has any specific cases that he wishes to raise with me, he should please do so.

Topical Questions

T1. [903795] **Amanda Milling** (Cannock Chase) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Michael Fallon): Our priorities are our operations against Daesh, which I reviewed earlier this month with some 40 of my international counterparts, and delivering our defence review commitments to increase the size and power of our armed forces to keep this country safe.

Amanda Milling: In the light of Russian aggression, the threat of Daesh and growing cyber-attacks, can my right hon. Friend confirm that this Government are committed to spending 2% of GDP on defence in every year of this Parliament? Does not the failure of the hon. Member for Islington South and Finsbury (Emily Thornberry) to match this commitment show that Labour is a risk to our security?

Michael Fallon *rose*—

Mr Speaker: Order. Resume your seat, Secretary of State. I appreciate the earnestness and commitment of the hon. Lady, but questions must be about Government policy, for which Ministers are responsible—

Andrew Bridgen (North West Leicestershire) (Con): Labour haven't got any.

Mr Speaker: Order. Be quiet, Mr Bridgen! Ministers are responsible for Government policy, not that of the Opposition. On the Government's policy, the Secretary of State will comment; on that of the Opposition, he will not.

Michael Fallon: Let me confirm that this Government are committed to spending 2% of GDP on defence every year in this Parliament. The defence budget will rise by 0.5% above inflation every year of this decade and additional funding will be made available to the armed forces and intelligence agencies through the joint security fund. We have the largest defence budget in the European Union and the second largest in NATO, and this investment keeps us safe.

Mr Speaker: A model of the genre to be circulated without delay to all members of the Cabinet.

Rachael Maskell (York Central) (Lab/Co-op): Alcohol misuse and dependency continue to create serious health risks, including those that can lead to loss of life, in the armed forces, where its use is three times higher than in the civilian population. It is now a year since the Defence Select Committee highlighted the fact that the Government's alcohol strategy for the armed forces had made no noticeable difference. What steps is the Secretary of State now taking to set targets to manage alcohol consumption patterns and to address this serious issue?

Michael Fallon: The Army is taking steps to address this problem, particularly under the new Army leadership code. If I may, I will write to the hon. Lady with further details.

T5. [903799] **Nigel Adams** (Selby and Ainsty) (Con): Can the Minister confirm that the last Government looked at all the alternatives to our continuous at-sea nuclear deterrent, and that none offered the protection that we need? Does he agree with the two former Labour Defence Secretaries who have said that it is "self-evident that a British nuclear deterrent will be essential to our security for decades to come"?

The Minister for Defence Procurement (Mr Philip Dunne): I can confirm to my hon. Friend that in 2013 the Trident alternatives review concluded that no alternative system was as stable, capable or cost-effective as the current Trident-based deterrent. There is no alternative. The part-time deterrents and half-baked measures currently being suggested by some Labour Members could be ruthlessly exploited by our adversaries and would present a real danger to the safety and security of the United Kingdom.

T2. [903796] **Chris Evans** (Islwyn) (Lab/Co-op): What role does the Secretary of State see the Russian bombing of targets and civilians in Syria playing in driving the refugee crisis to the shores of Europe?

Michael Fallon: Russia's failure to halt airstrikes on the civilian population seemed designed to push that population towards the Turkish border and to make it Europe's problem. That is why it is enormously important now that the ceasefire holds and that Russia returns to a more constructive path of working with us to get this terrible civil war ended.

T9. [903804] **Alex Chalk** (Cheltenham) (Con): Given the rapid growth in the volume and sophistication of cyber-attacks, a number of which are thwarted by GCHQ in my constituency, what steps are being taken to ensure that our rising defence budget actually translates into enhanced sovereign capability in cyber?

The Minister for the Armed Forces (Penny Mordaunt): I pay tribute to all my hon. Friend's constituents who work to protect our country against cyber-attacks, which are indeed growing. We have increased spending in this area to £2.5 billion, and as 80% of cyber-attacks are preventable by some extremely simple, straightforward good practice, a lot of that investment will be going to protect British businesses and private individuals in that respect.

T3. [903797] **Alan Brown** (Kilmarnock and Loudoun) (SNP): The strategic defence and security review supposedly included £12 billion of additional expenditure on equipment, but with £16 billion extra allocated for nuclear submarines, massive cuts have been made elsewhere to support that. A written answer referred me to the defence equipment plan, but it has insufficient detail on the changes, so will the Minister commit to providing further clarity on the changes within the 2015 SDSR?

Mr Dunne: I am grateful to the hon. Gentleman for taking such an interest in the equipment plan, which is a bit of a specialist subject. We will be publishing the next annual iteration of the equipment plan, just as we have done for each of the past three years, and it will demonstrate that there will be an additional £12 billion committed to spending on military equipment over the next 10 years. That will take it up to £178 billion, but he will have to be a bit more patient before he sees how that is allocated.

David Mowat (Warrington South) (Con): In December 2014, the Secretary of State told this House that the legal aid wrongly claimed by Leigh Day and co—because of inadequate disclosure—should be reimbursed. Is it still his view that it will be reimbursed in full? Given the timescales that have passed so far, when does he think the money will be received?

Penny Mordaunt: We are awaiting the Legal Aid Agency's response to our request to revoke the legal aid award on the grounds that it would not have been made in the first place had the agency been made aware of all relevant documentation in that case. We are still waiting on that judgment, but we believe it is imminent.

Ian Austin (Dudley North) (Lab): Not content with comparing himself to our country's wartime leader—the greatest ever Briton and saviour of the free world—this weekend the Mayor of London compared his opposition to the EU to James Bond taking on a sinister supranational organisation. May I therefore ask the Secretary of State whether, in all his dealings with the intelligence and security services, and with the special forces, such a similarity has ever occurred to him?

Michael Fallon: I do not think it would be wise, and it certainly would not be proper, to discuss any conversations I have had with the intelligence and security communities.

Jack Lopresti (Filton and Bradley Stoke) (Con): Will my hon. Friend confirm that the Ministry of Defence has had to spend £100 million on legal claims? Will this Government make sure that we spend money on our troops, and on giving them the best support and equipment, rather than on filling the wallets of unscrupulous lawyers?

Penny Mordaunt: My hon. Friend raises a good point: the money we are having to spend on dealing with malicious allegations against our armed forces would be better spent on equipment and training for them. I can assure him that commercial legal spending in the Department is down a third on last year's. I think he was making reference to the amount spent on Iraqi historic allegations, and we are doing what we can to ensure that this works more effectively and efficiently. I have had some good conversations with the Attorney General's office about this and he will be visiting the team shortly.

T4. [903798] **Patrick Grady** (Glasgow North) (SNP): Given the increasing double-counting of defence expenditure towards both the official development assistance and the NATO targets, through mechanisms such as the conflict, security and stability fund, what discussions has the Secretary of State had with the Chancellor about the redefinition of ODA at the OECD level?

Michael Fallon: It is for the OECD to classify overseas development aid spending, and it is for NATO to classify what is acceptable as defence spending, which it will do after each member state submits its return.

David Rutley (Macclesfield) (Con): Given the importance of our nuclear deterrent to our national security, will my right hon. Friend tell the House what representations he has had from the Labour party in support of this Government's clear policy in this important area?

Michael Fallon: I have so far received some rather conflicting representations on the future of our nuclear deterrent. Like many Members across this House, there are mainstream Members of the Labour party who support—as every previous Government have done—the renewal of the nuclear deterrent that has helped to keep this country safe. There are some other Labour Members who seem to think that we can turn our nuclear submarines into water taxis.

T6. [903800] **Deidre Brock** (Edinburgh North and Leith) (SNP): Germany and Sweden have stopped selling weapons to Saudi Arabia as a result of concerns over Saudi actions in Yemen. Will the Government do likewise and impose a ban on arms sales to Saudi Arabia?

Mr Dunne: All our defence exports to the King of Saudi Arabia or to any other country go through the same rigorous export control system that we have in place. We are proud of that system as it is more rigorous than that of any other country, and that will continue to be the case while this Government are in post.

Suella Fernandes (Fareham) (Con): I recently visited the Royal Marines on Arctic warfare training in northern Norway with my hon. Friends the Members for Plymouth, Sutton and Devonport (Oliver Colville) and for Torbay (Kevin Foster) and the hon. Member for Stoke-on-Trent North (Ruth Smeeth). Will my hon. Friend join me in applauding 1 Assault Group Royal Marines and 45 Commando, which are known as some of the most elite commando forces in the world, and explain how the strategic defence and security review will support the Royal Marines?

Mr Dunne: My hon. Friend is very brave to have joined the Royal Marines in the Arctic. I pay tribute to her and her colleagues for doing so. The SDSR is committed to maintaining amphibious capability. We will be making modifications to one of the two Queen Elizabeth carriers to ensure that that persists for the life of that platform.

T7. [903801] **Martyn Day** (Linlithgow and East Falkirk) (SNP): Under this Prime Minister, the number of RAF police personnel has dropped 340, from 1,480 to 1,140. Royal Military Police numbers have dropped 80, from 1,700 to 1,620, and Royal Navy Police numbers have dropped 40, from 340 to 300. Does the Secretary of State think that those cuts are acceptable?

Penny Mordaunt: The tasks that we allocate our personnel are there for operational reasons. That is how we allocate not only the liability of each of our services, but the trades that sit within them.

Mrs Flick Drummond (Portsmouth South) (Con): Along with many of my colleagues, I also went away during the recess. I had the pleasure of visiting the Falkland Islands. People there expressed concern about leaving the EU from an economic point of view, but will my right hon. Friend confirm, from a national security point of view, that a Conservative Government will always defend the right of the islanders to determine their own future, and reject calls from the Leader of the Opposition for a power-sharing deal?

Michael Fallon: As I said earlier, it was a pleasure to be the first Defence Secretary to visit the islands for more than a decade and to meet many of the 1,200 service personnel who are based there and to confirm our investment programme of £180 million over the next 10 years. Unlike the situation with the Labour party, nobody can be in any doubt about our commitment to the right of the islanders to determine their own future, and not to have it bargained away by a possible Labour Government reaching some accommodation with Argentina.

Mr Speaker: Alex Cunningham. Not here.

Jo Cox (Batley and Spen) (Lab): My constituent, Chris Hartley, was wounded while serving with our armed forces in Sierra Leone in 2000 when a rocket-propelled grenade exploded next to him, resulting in the loss of his right leg above the knee. He is unable to get funding or NHS support for a life-changing operation that would allow him to work and to restore some of the pride that he had before his injury. Will the Minister convene a meeting with a colleague from the Department

of Health and me to explore what can be done to help my constituent who gave so much in the service to this country?

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): I would be delighted to do that.

Mark Pritchard (The Wrekin) (Con): Is it not the case that, if the United Kingdom leaves the European Union, France and Germany are more likely to dominate Europe's defence structures, which means that, in the medium term, over the horizon, we are more likely to see European defence structures compete with, rather than complement, NATO?

Michael Fallon: My hon. Friend has made his views in this great debate very clear. As I said to the House earlier, NATO is the cornerstone of our security and the European Union complements that, with a number of other levers and weapons at its disposal—humanitarian, diplomatic and economic. There is no doubt in my mind that the fracturing of either the alliance or the Union would not aid the collective security of the west.

John Cryer (Leyton and Wanstead) (Lab): Have any embedded British pilots flown any missions at all into Libya?

Michael Fallon: No.

Mr Speaker: Last but not least, I call Mr Philip Hollobone.

Mr Philip Hollobone (Kettering) (Con): Since the parliamentary vote on Syria at the beginning of December, there have been 319 RAF airstrikes against Daesh in Iraq and 43 RAF airstrikes against Daesh in Syria. As we are meant to be targeting the head of the snake, why have there been seven and a half times more airstrikes in Iraq?

Michael Fallon: There were more airstrikes in Iraq than in Syria in December and January because we were engaged in assisting the Iraqi forces in liberating Ramadi, which was where most of the military action was, and assisting the Kurdish forces in the liberation of Sinjar, further north. As I discussed with my fellow Ministers in Brussels, it is also important to continue to attack the infrastructure that supports Daesh, including the oil wellheads from which it derives its revenue, and some of our strikes have been on those oilfields in eastern Syria.

Child Refugees: Calais

3.36 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab) (*Urgent Question*): To ask the Home Secretary to make a statement on child refugees in Calais.

The Minister for Immigration (James Brokenshire): Last Thursday, a judge in France ruled that the authorities in Calais could proceed with clearing the tents and makeshift accommodation from the southern section of the migrant camp located there. Over recent weeks the authorities, working with non-governmental organisations, have ensured that the migrants affected by the clearances, which have begun today, were aware of the alternative accommodation that the French state had made available. For women and children, that means the specialist accommodation for about 400 people in and around the Jules Ferry centre, or the protected accommodation elsewhere in the region. For others, this means the recently erected heated containers that can house 1,500 people.

The French Government have also, with the support of UK funding, established more than 100 welcome centres elsewhere in France where migrants in Calais can find a bed, meals and information about their options. To be clear, no individual needs to remain in the camps in Calais and Dunkirk. The decision to clear part of the camp in Calais is of course a matter for the French Government. The joint declaration signed in August last year committed the UK and France to a package of work to improve physical security at the ports, to co-ordinate the law enforcement response, to tackle the criminal gangs involved in people smuggling and to reduce the number of migrants in Calais.

Both Governments retain a strong focus on protecting those vulnerable to trafficking and exploitation, and have put in place a programme to identify and help potential victims in the camps around Calais. The UK is playing a leading role in tackling people smuggling, increasing joint intelligence work with the French to target the callous gangs that exploit human beings for their own gain.

The UK shares the French Government's objective of increasing the number of individuals who take up the offer of safe and fully equipped accommodation away from Calais so that they can engage with the French immigration system, including by lodging an asylum claim. It is important to stress that anyone who does not want to live in the makeshift camps in Calais has the option of engaging with the French authorities, who will provide accommodation and support. That is particularly important for unaccompanied children. When an asylum claim is lodged by a child with close family connections in the UK, both Governments are committed to ensuring that such a case is prioritised, but it is vital that the child engages with the French authorities as quickly as possible. That is the best way to ensure that these vulnerable children receive the protection and support they need and the quickest way to reunite them with any close family members in the UK.

The UK is committed to safeguarding the welfare of unaccompanied children and we take our responsibilities seriously. No one should live in the conditions we have seen in the camps around Calais. The French Government

have made huge efforts to provide suitable, alternative accommodation for all those who need it, and have made it clear that migrants in Calais in need of protection should claim asylum in France.

Yvette Cooper: This morning the French authorities started to move people out of the southern part of the Calais refugee camp, in theory into container shelters and reception centres elsewhere. The charities say that there is not enough alternative accommodation and around 2,300 people have nowhere to go. That includes many from Syria and Afghanistan, and over 400 children and teenagers with no one to look after them, such as the 12-year-old boy I met from Afghanistan with a huge scar across his face, which had happened when his home was attacked.

Unaccompanied children are not allowed into the new container shelters and the Jules Ferry centre for women and children is full. The tents and volunteer support network are about to be bulldozed and there is no safeguarding plan in place at all. There is a massive reality gap between what the Minister said and what is happening on the ground. Save the Children warns that things are extremely chaotic and this is making "an appalling situation for children even worse."

This is dangerous. The Minister well knows that there is a serious risk that those children will now just disappear into the hands of traffickers, criminal gangs or prostitution—another 400 children on top of the 10,000 who Europol says have already disappeared in Europe.

Some of those children have their closest family here in the UK. Citizens UK estimates that there are up to 150 such children. That is why they are there, rather than heading to Germany or Sweden, and the Government say they agree that child refugees should be reunited with their family. They also agree that if their closest family is in the UK, they should be able to apply here for asylum, and have promised funding to help that happen. A court case confirms that relatives in Britain should be able to look after children while they apply, and the United Nations High Commissioner for Refugees has offered to process cases and speed things up, but that is not happening for the kids in Calais. Even if they manage to apply, their cases are taking nine months. They do not have nine months—their remaining tents are being bulldozed now.

So will the Minister make urgent representations to the French Government to provide immediate safeguarding support for children and young people, and not to remove their accommodation until there is somewhere safer for them to go? Will he accept the offer from the UNHCR to help process applications and set up a fast system to reunite children with family who are here? Finally, will he agree to Lord Dubs' amendment to help child refugees?

The Minister has talked a good game on stopping trafficking and modern slavery, and he is right to be appalled at the criminal gangs, but this is where it gets real. The Minister has the power now to stop the trafficking of hundreds of children on our doorstep. Will he do it?

James Brokenshire: We do take our responsibilities seriously, as I indicated in the statement that I made to the House. On the level of alternative accommodation, I mentioned the welcome centres that are available around

other parts of France, which now number more than 100. Around 2,500 people have left those camps to go to the reception centres. I stress the importance of getting asylum claims into the system in France.

The right hon. Lady highlights, rightly, the interests of children in and around the camps. We are obviously aware of the containerised accommodation adjacent to the Calais camp. Priority, we understand, is being given to women, children and other vulnerable migrants. This is in addition to the 400 places in heated tents already available for women and children.

In response to the right hon. Lady's point about close family members, I can tell her that we remain committed to our obligations under Dublin III. The UK and France are running a joint communication centre at the camp, which informs individuals of their rights to claim asylum in France and gives them information on family reunification.

Equally, to assist in the handling of such cases, the UK and France have established a senior-level standing committee and agreed single points of contact with respective Dublin units, and the UK is about to second an asylum expert to the French administration to facilitate the improvement of all stages of the process of identifying, protecting and transferring any relevant cases to the UK.

The right hon. Lady referred to a period of nine months, but it should take nowhere near that amount of time. We remain committed to seeing an efficient and effective process for what we judge to be a small number of cases that might have that direct connection to the UK. She will also be aware of the broader family reunification provisions, over and above Dublin, that would allow children to be reunited with their parents, with direct applications not only from France, but from elsewhere in Europe and, indeed, from the region, where there is that direct link. The Government have also committed an additional £10 million through the Department for International Development to support better reunification and to assist children in transit in Europe, but we are very cautious not to make an already difficult situation even worse.

Therefore, the emphasis is on giving practical support to the French Government, who are leading in this regard, and providing expert support. Equally, there is the support that we are giving in Greece, Italy and countries in the region so that such children are more easily identified and helped at the earliest opportunity.

Damian Green (Ashford) (Con): My right hon. Friend is right that the best way to protect the maximum number of vulnerable children is by minimising the number who are taken to live in squalor in the camps outside Calais in an attempt to make a dangerous and illegal crossing to this country, and the way to do that is by maintaining our close co-operation with the French authorities and doing what we can to strengthen the Dublin convention. Does he agree that the worst thing this country could do is anything that would disrupt our close relationship with the French authorities on this matter?

James Brokenshire: I agree with my right hon. Friend. We have established a very close working relationship between the UK and French Governments, and between the Home Secretary and Bernard Cazeneuve. There are regular meetings at that level and at operational level,

highlighting the exchange of expertise to which I have already referred. My right hon. Friend is right; we will need to maintain that sort of support in the months and years ahead.

Keir Starmer (Holborn and St Pancras) (Lab): I thank my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) for raising this issue. The Opposition have repeatedly raised the plight of the 26,000 or so unaccompanied children in Europe, who are in desperate need of protection. I listened to what the Minister said this afternoon, and I have listened to what he has said before, but there is, as my right hon. Friend has said, a reality gap here.

I have been to see the camps in Calais and Dunkirk for myself. The squalor is hard to describe, and it is worse in Dunkirk than it is in Calais. There are 300 or so unaccompanied children in Calais, and they are not there by choice. In Dunkirk the conditions are such that the volunteers—there are only eight of them—are so busy trying to keep people safe and provide them with somewhere to sleep that they cannot even count the number of unaccompanied children. There is no process on the ground for these children, there is no meaningful advice for them and the reunification rules are not working. That is the reality on the ground. We have to start from that position. That was all borne out by the judgment of the upper tribunal in January.

The situation is now urgent because of the action that has been taken today. I urge the Minister to look at the issue again and consider what practical support can be given in the next 24 hours to these desperate children, who until now have not had the support they need.

James Brokenshire: The joint declaration signed between the UK and French Governments last August actually provides for the direct financial support that we are giving to the French Government to provide the centres outside the immediate area of Calais. Indeed, as I have already highlighted, there is the Jules Ferry centre, and there is the work we are doing on a regular basis to identify and highlight the appropriate support that is there. I stress again: there is no need for people to be in those conditions. There are services—*[Interruption.]* There are facilities and services away from the camps that are available to support people. We take our responsibilities seriously, which is why—*[Interruption.]* The hon. Member for Hackney North and Stoke Newington (Ms Abbott) keeps interjecting from the Opposition Front Bench. We are working closely with the French Government to see that there are experts in place, and I have already indicated that an additional person is going out next week to see that there are procedures in place so that there will be efficient and effective reunification for what I judge to be a small number of cases. However, support and alternative accommodation are available in France, and I would urge people to take up those choices.

John Redwood (Wokingham) (Con): I am glad the Government put a high priority on reuniting children with their parents, or orphans with close relatives—that is the best answer. However, is it not the case that the European Council's conclusions at its last meeting were very clear: the best way to help is to prevent these things from happening in future, by ensuring that the EU enforces its border controls when people first enter the

[John Redwood]

EU and provides safeguarding and support for those who need it when they first enter the EU, rather than putting them through the ordeal of a long journey across the whole of its territory?

James Brokenshire: It is also about ensuring that there is support in and around the region to prevent people from going out in boats, putting children's lives at risk. That is why the work done at the London conference, in providing additional education to ensure there is a sense of positive hope, was absolutely the right thing to do. That was backed up by our £2.3 billion commitment to aid and assistance in and around the region. My right hon. Friend is right about ensuring that the hotspots initiative is in place to see that help and support are given at the first opportunity, and that is what the Government are committed to doing.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Does the Minister not understand that France's Dublin procedures for unaccompanied children are just not fit for purpose and that it takes up to a year even for take charge requests to be issued? In that light, should we not be welcoming, rather than challenging, the recent tribunal decision in ZAT to shortcut the admission of three children from the horrendous Calais camps so that they can join their families here? As the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) suggested, should we not be looking to welcome the other 100 or so Calais children identified by Citizens UK as having family in the UK, so that they, too, can be reunited with their loved ones? Just how much public money has been spent on litigation in this case in an attempt to prevent refugee children in Calais from reaching their families here? Would not that money be far better spent on ensuring that Dublin III processes are fit for purpose and on safeguarding those children?

James Brokenshire: The most appropriate thing to do is to see that those young children receive help and support at the earliest opportunity, which is why I emphasise again the need to see that asylum claims are made quickly in the French system. The Dublin III arrangements can operate effectively; indeed, senior French representatives have told us they see no reason why appropriate claims cannot be completed within a period of two months. There are clear processes and procedures that should be adopted, and we urge everyone to get behind them and make them work effectively.

Helen Whately (Faversham and Mid Kent) (Con): As other hon. Members have said, the conditions in the camps are awful, and action did need to be taken by the French Government—as long as it is not heavy-handed. However, when I spoke to migrants there, they were very wary of the French Government and French officials. I welcome the fact that the Government are working so collaboratively with the French, but will my right hon. Friend advise us what outreach the Government are doing to encourage people to apply for asylum through the French system, so that they can come here legally if they have a right to do so?

James Brokenshire: The number of asylum claims made in and around the area of Calais over the recent year or so is about 2,800, and there has been a significant

increase, which we support and encourage. We have people who go into the camps to deliver and make very clear the message about the need to make claims quickly so that assistance can be provided.

Keith Vaz (Leicester East) (Lab): On our visit to The Hague last week, the Home Affairs Committee was told that 90% of migrants who enter the European Union had been able to do so because of criminal gangs. Will the Minister tell the House how many people have been prosecuted by individual countries as a result of that smuggling? The long-term solution is the proper operation of the hotspots that have been created in Italy and in Greece, and, as the right hon. Member for Wokingham (John Redwood) said, the tracking of children before they have to make the long journey to Calais. The short-term solution is for the Minister to ring his opposite number in France to see whether a more humanitarian approach can be arrived at, because this is the fault of the French Government, who have been warned about Calais and have done nothing about it.

James Brokenshire: I think that is an unfair criticism. The French Government have taken significant steps to provide alternative accommodation and to see that there is information so that people are able to make their asylum claims effectively. However, the right hon. Gentleman makes a powerful and important point about the role of organised crime. The figure of about 90% that he highlighted has been confirmed by Europol, so the work we are doing with our organised immigration crime taskforce is absolutely right. By getting intelligence to Europol, we are taking action against gangs that, frankly, do not care whether these young people live or die.

Bob Stewart (Beckenham) (Con): I have a great deal of time for the United Nations High Commissioner for Refugees. Will my right hon. Friend outline the UNHCR's role in Calais?

James Brokenshire: We are working closely with the UNHCR in relation to the resettlement programme, particularly through work in-region to see how unaccompanied children could potentially come to this country. The UNHCR is monitoring the situation in and around northern France but, as far as I am aware, has no formal remit.

Fiona Mactaggart (Slough) (Lab): The Minister is aware that for 12 years we have had juxtaposed immigration controls in the northern ports of France. How does he think one official will be able quickly to determine the asylum claims to be refugees here in Britain of the 50 children identified by respectable charities as having family in the UK? One person cannot do that job.

James Brokenshire: The right hon. Lady should be aware that there is not just one person but a senior-level connection between officials in both Governments, so broader teams are working on these exchanges. If there is information to support a claim highlighting a close family connection under the Dublin III regulation, we will stand by our obligations.

Tim Loughton (East Worthing and Shoreham) (Con): I strongly welcome the considerable efforts that the Government have made to keep children and families

together close to places where many of the refugees come from, such as Syria. However, if 300 minors were living in a squalid camp in Dover, they would be taken into care and given a place of safety, and there would be an investigation into the adults responsible for getting them there, so why is that not happening in France?

James Brokenshire: I cannot comment on the operations of the French Government, but I can say that we stand ready to support them in joint efforts to see that children and other refugees are appropriately housed and supported. We are providing funding to identify vulnerable children and ensure that the necessary facilities are there. We have given and will continue to give the French Government that support.

Mr Alistair Carmichael (Orkney and Shetland) (LD): As the hon. Member for East Worthing and Shoreham (Tim Loughton) said, if these were British children, the test that would have to be applied to the Government's actions would be that of the best interests of the child. The Minister is describing colluding with the French Government in a process that will push these children into the hands of people traffickers. Is he really saying that we apply such a different standard to the children of refugees compared with our own?

James Brokenshire: I utterly reject the right hon. Gentleman's assertion. The joint working that our enforcement agencies are engaged in in confronting the people traffickers, going after the gangs and seeing that there is not such exploitation is part of the joint agreement that was signed last August. We are supporting the French Government to identify the vulnerable and see that they are given support, and we will continue to do so.

Dr Sarah Wollaston (Totnes) (Con): Will the Minister give a categorical assurance that children and young people who have a legitimate claim to be in the UK because of having close family relatives here will not be disadvantaged by starting their asylum claim in France? Although he has made it clear that there is not currently any formal process for the UNHCR to be involved in processing such claims, will he consider that for the future?

James Brokenshire: I can certainly say that if there are children who qualify under the Dublin regulation—in other words, if they have close family here—we will stand by our obligations. We will ensure that they are processed efficiently and effectively, which is precisely why we are taking the action we are with the French Government.

My hon. Friend highlights the issue of the UNHCR's role. There is a clear process, and we are working to ensure that it operates. As I have said, we believe that it can be made to operate efficiently and effectively, and we will work with the French Government to achieve that.

Alison McGovern (Wirral South) (Lab): I must be mishearing, because the Minister seems to be implying that it is the responsibility of children to declare themselves to the relevant authorities. That cannot be correct—it is our responsibility here to make sure that children are cared for. As my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) said,

the UNHCR has offered to set up a fast process for us. The Minister has implied, but not yet said, that he has told it no, so will he be specific and say whether he has told it yes or no?

James Brokenshire: French non-governmental organisations operate in the camps to help identify unaccompanied children and to help them to register with the authorities so that they can be properly looked after. That is the right approach, and it is precisely what the French Government seek to do. There is a process between the French Government and the asylum system, and that is the way in which assistance can be given. I strongly urge everyone to get behind that process, to ensure that children in need receive the care they require.

Mr Philip Hollobone (Kettering) (Con): The fact that there are many unaccompanied children wandering across Europe without any effective means of support is the biggest stain on how the European Union is operating its border and asylum policy. Will the Minister confirm that many thousands more children would be in such an awful plight were it not for the fact that this Government are providing such a huge amount of aid to Syria and neighbouring countries so that other children do not make this perilous journey?

James Brokenshire: I entirely support what my hon. Friend says about the impact that aid assistance is having on the region. There is a sense of support, hope and opportunity for young people to get the education they need and to be well looked after. Equally, we will continue to work with other European partners on the entry points into the EU, to ensure that the people who have made journeys are processed and that children with claims of settlement are reunited with their parents.

Andrew Gwynne (Denton and Reddish) (Lab): May I politely say to the Minister, and through him to his French counterpart, that this response is just not good enough? The real danger for children is now, during the demolition and dispersal of the camps in Calais and Dunkirk, when they are at real risk of being picked up by the gangs responsible for child sexual exploitation and people trafficking. Will the Minister get on with putting in place a proper and coherent registration system so that children can be picked up by the relevant authorities and looked after as they should be?

James Brokenshire: My understanding is that the French Government are approaching this work on a phased basis. Places of worship and schools will not be subject to the clearance as a consequence of the court ruling, and the French authorities are focused on areas with unoccupied tents and are encouraging migrants who remain to move to the new accommodation in Calais or elsewhere in France. On children in need of support, I underline again the need to ensure that claims are made, and the NGOs are going in there and helping to identify children in need of help.

James Berry (Kingston and Surbiton) (Con): The Minister will remember the evidence given by the Mayor of Calais to the Home Affairs Committee and what she has said in public, which is that the majority of those in the camps have been informed that they need to claim asylum in France, but they do not want to do so because

[James Berry]

they want to come to the UK. Does he agree that it is incumbent on the French Government and the Calais authorities to ensure that children, who cannot make asylum applications on their own, are assisted in doing so, and that adults are informed again that they must claim asylum in France, which is a safe country?

James Brokenshire: I entirely agree with my hon. Friend. Again, I underline the fact that there are French NGOs operating in the camp to identify unaccompanied children and ensure that claims can be made.

Nick Thomas-Symonds (Torfaen) (Lab): The Minister has said that for unaccompanied children with family connections claiming asylum in France, the process should take two months. How long do the UK Government say the asylum process should take for children with family connections in the United Kingdom, and what practical steps is he going to take to ensure that that is achieved?

James Brokenshire: In respect of asylum processing and deciding whether to uphold claims, we in this country have done a great deal to ensure that claims are properly assessed and that straightforward claims are dealt with within six months. The Government have done a great deal of hard work to introduce that effectiveness into the system, and that has been recognised in the recent independent inspector's report.

Damian Collins (Folkestone and Hythe) (Con): Does the Minister agree that we and the French Government should make efforts to encourage people to seek assistance in France from the authorities, rather than living in squalor, vulnerable to criminal gangs? Does he also agree that we must make sure that we have strong security at our borders, so that people realise that it is not worth putting their lives in the hands of people traffickers, because they will end up losing their lives, as so many have done?

James Brokenshire: My hon. Friend knows from his constituency interests the work that the Government have done to secure the port area around Calais and the Eurotunnel terminal at Coquelles. We keep that security under review in a joint group with the French Government. He makes the powerful and important point that asylum claims should be made at the earliest opportunity so that help and assistance can be given at the earliest opportunity.

Andy Slaughter (Hammersmith) (Lab): The press are reporting this afternoon that riot police are using tear gas and water cannon to support the destruction of the "jungle" camp. I do not know whether that is what the Minister meant by the French authorities engaging with young people and encouraging them to move on. Given that there is plenty of money to provide fencing, and bilateral co-operation with the French, why can he not simply get together with his French counterpart, identify the young people who have a legal right to come to the UK and get them over here immediately?

James Brokenshire: It is a clear question of people claiming asylum, and children are being supported by the work of the NGOs that the French Government have put in place precisely for that purpose. We have

taken a consistent joint approach, building on the agreement of last August, to support the French Government in their work to ensure that those in need of help get it.

Andrew Bridgen (North West Leicestershire) (Con): Everyone has concerns for vulnerable children in the camps in Calais. When children have identified that they have relatives in the UK, how many of those relatives the UK Government are preventing from travelling to France to be reunited with the children? Why does he think refugees would rather be in the UK than in France?

James Brokenshire: These issues are often complex. The factor at the forefront of our minds is always what is in the best interests of the child. When we receive applications under Dublin or under family reunification, we always have to assess what is in the best interests of the child and whether the parents or other close family members can support the child. We give that focus to every case.

Peter Grant (Glenrothes) (SNP): Exactly a week ago, I asked the Prime Minister for an assurance that the United Kingdom Government's response to the refugee crisis would be driven entirely by humanitarian need and not influenced in any way by considerations of the impact that it might have on the referendum that is likely to happen at the end of June. The Prime Minister was either unable or unwilling to give such a general assurance last week. Will the Immigration Minister please give that assurance, at least in relation to these most desperate and vulnerable young people?

James Brokenshire: I think that the hon. Gentleman can see from the Government's actions that we take our responsibilities very seriously. With the funding that we have committed not just in and around Syria but in Europe, and with the additional £10 million fund that the Department for International Development is operating to ensure that children in transit who are in need of help, counselling or other support can receive it, that is precisely what we will do.

Mr David Nuttall (Bury North) (Con): Has the Minister had any discussions with his French counterpart to find out the reasons why the migrants in Calais did not claim asylum in the other safe countries that they travelled through before arriving in France?

James Brokenshire: The reasons are often quite complex. The Chair of the Home Affairs Committee highlighted the role of people traffickers and smugglers, as well as those who sell false hope through a whole host of different means and networks, including social media. Other reasons may relate to the existing diaspora communities and the whole issue of language. Through the actions on which we are supporting the French Government, and indeed those that we are taking ourselves in the camps, we are giving the clear message that people should claim asylum in France.

Mike Kane (Wythenshawe and Sale East) (Lab): I say to the Minister in all earnestness that there is precious little evidence of UK expertise on the ground in any of the camps. He was wrong in what he said about Christian places of worship, because one was wiped out by the

French authorities just a few weeks ago. What advice would he give to the likes of the Caritas Social Action Network, Citizens UK and civil society organisations, as well as elected Members and anyone trying to help individuals who have the right of leave to remain in the UK or who have a close family connection, about how they can continue to give such help?

James Brokenshire: I would say to anyone in that situation that they should claim asylum in France, which will ensure that there is a direct connection and that we can make the system work. I stress that the fact that different messages are being given does not help the situation. In respect of the whole issue of the clearance of the camps, I understand that the court specifically ruled that it should go ahead with the exception of places of worship and schools. The French Government should therefore adopt that approach in the actions they are taking.

Suella Fernandes (Fareham) (Con): Before I entered this place, I worked as counsel on hundreds of asylum and trafficking cases. A core principle of the Dublin regulations is that the first country of entry should take responsibility for the claimant, which imports fairness and equity into the system. Will my right hon. Friend reassure the House of his commitment to that principle, and confirm that to discard it without legal basis would be undemocratic and illegitimate?

James Brokenshire: I agree with my hon. Friend about the benefits and the strength of the Dublin arrangements. We believe that they should be upheld,

not undermined. They include the core principle that those who make a claim should do so in the first safe country in which they arrive. Equally, the principle of family reunification for close family members operates under Dublin III, and the Government stand by that principle.

Mr Robin Walker (Worcester) (Con): I recently met constituents from St Stephen's church in Worcester who have been to the camp in Dunkirk. They describe the situation for children as appalling. There is very poor sanitation, and with men-only kitchens, there is a danger that children and the women looking after them are missing out on food. I completely agree with the Minister that everyone in the camps should claim asylum in France, but where that does not happen over a long period, what more can we do to reach out and get that information to the most vulnerable? How can we make sure that the humanitarian assistance that reaches the camps reaches the most vulnerable in the camps?

James Brokenshire: I again underline the specific facilities there, such as the 400 places for women and children, and the 1,500 places in the new containerised area. We are giving support at 102 centres away from the Calais area to which people can go to receive support, which will ensure that they can make their case. On the specific element of vulnerability, we are supporting the French Government and ensuring that the NGOs are in the camps. Equally, our own officers are going into the camps to reiterate the message that help and support can be given, and that the way to get it is to claim asylum. In that way, we can ensure that assistance is given as early as possible.

EU Referendum: Civil Service Guidance

4.13 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con) (*Urgent Question*): To ask the Prime Minister if he will make a statement about the instructions issued by the Cabinet Secretary to permanent secretaries in respect of EU referendum guidance for the civil service and special advisers.

The Minister for the Cabinet Office and Paymaster General (Matthew Hancock): The referendum on 23 June on the European Union represents the biggest constitutional decision for the nation in a generation. The Government's position is clear: Britain will be stronger, safer and better off remaining in a reformed European Union. Today's Government document setting out the process of leaving underlines that case, showing that a vote to leave could lead to up to a decade or more of damaging uncertainty, with real consequences putting jobs and investment at risk. I concur with that assessment.

Because of the significance of the referendum, as the House knows the Prime Minister took the decision to allow collective responsibility to be suspended on the referendum question. This approach was discussed and agreed by the Cabinet on 20 February. The process is clear: Ministers may depart from the Government position in a personal capacity on the specific question of the referendum. On all other matters, including on other EU business, the Government will operate as normal, and in all things the civil servants support the Government position.

Guidance on how this will work in practice was set out and published by the Cabinet Secretary last week. The guidance is clear. Other than on the specific question of the referendum, all Ministers can commission and see all documents, as normal. On the question of the referendum—and on this question alone—Ministers who disagree with the Government position naturally cannot commission policy work on the in/out question or see documents setting out details of the case to remain. All Ministers can ask for factual briefing, and for facts to be checked in any matter. All Ministers can see documents on EU issues not related to the referendum question, as normal.

The guidance is clear and has been published. The process was agreed at Cabinet as the best way to manage the unusual situation of Ministers who disagree with the Government remaining in post. I hope that this clarity will allow Members on both sides of the House to focus on the main debate about whether Britain will be better served by leaving or remaining in a reformed European Union and then let the people decide.

Mr Jenkin: Clarity on this issue is one thing that we do not have. Nobody objects to the Government making their case in the referendum, but most people expect the civil service to be impartial in carrying out its support for Ministers. It is established in law that Ministers are accountable for their Departments. Voters expect Government facts and figures to be impartial and accurate, whether they are used by Ministers who support remain or leave.

Why does the Cabinet Secretary's letter go far beyond the limits that were placed on dissenting Ministers in the 1975 referendum? Sir Peter Thornton, the permanent

secretary of the then Secretary of State for Trade, Peter Shore, was quoted as saying:

"It was jolly difficult putting forward anti-Common Market briefs to Mr. Shore, but I hope we did what he asked".

What a different atmosphere from today!

Worse than that, a Q and A briefing that has been circulated following the letter states that Ministers may not see any papers that

"have a bearing on the referendum question or are intended to be used in support of their position on the referendum".

That has been described by one Minister, the Minister for Employment, my right hon. Friend the Member for Witham (Priti Patel), as "unconstitutional". How can such a wide ban be justified?

How does my right hon. Friend the Minister for the Cabinet Office reconcile this with his comment on Radio 4 this morning that

"the Government is functioning on all questions, other than specifically the in/out question, in an entirely normal way"?

He also said:

"There are no rules other than those set out last Monday in the letter from Jeremy Heywood."

What about the Q and A briefing?

Does the Minister deny that permanent secretaries have been instructed to conceal information requested by Downing Street or the Cabinet Office from a dissenting Minister? The Cabinet Secretary's letter states that "Departments may check facts", but civil servants have also been told that they cannot

"provide arguments or new facts".

How is that consistent with the duty of honesty in the civil service code, which requires a civil servant to

"set out the facts and relevant issues truthfully"?

Does the Minister agree that where any guidance or instruction conflicts with the code, the code must prevail?

How does this situation best serve the democratic process if Ministers on opposing sides of the debate finish up disagreeing about information from the same Department which is meant to be impartial and accurate information provided by professional civil servants?

Matthew Hancock: Let me answer those points in turn. First, the Government are functioning perfectly well—in fact, I came to this House from a meeting with the Minister for Employment, my right hon. Friend the Member for Witham (Priti Patel), on childcare policy, and it was carried out in an entirely normal way. On Friday I visited a prison with the Justice Secretary, and those two points demonstrate that things are functioning as normal.

The civil service code, and the Constitutional Reform and Governance Act 2010, makes it clear that it is the duty of civil servants to support the position of the Government of the day, and it is only because the Prime Minister is allowing Ministers to remain in government while disagreeing with a single policy—the in/out position—that this situation arises at all. The letter from the Cabinet Secretary makes it clear that factual briefing is allowed.

Finally, the 1975 guidance made it clear that no briefing or draft speeches contrary to Government consideration were allowed to be drafted by civil servants. In fact, it went further because it said that if someone wanted to oppose the Government position, they had

to inform No. 10 of any invitations to appear on the radio or TV. We have not put that provision in place. On all these things, the clarity in the guidance from the Cabinet Secretary that was published on Monday last week shows the rules, and those rules are consistent with the civil service code and, indeed, the law.

Mr Tom Watson (West Bromwich East) (Lab): I fear that the Minister is having a Jim Hacker moment. In 114 days, the country faces an important decision. The referendum will dictate how in future the UK handles exports and imports, the world of work, the new contours of the digital age, human rights, intelligence sharing, the fight against crime, and how we adapt to climate change, and here we are today discussing guidelines for civil servants and special advisers.

Sadly, I am not in the strongest of positions to lecture the poor Minister on handling splits in his party, but in the way that Opposition Front Benchers are almost duty bound to do, I would like to give him some advice. The Justice Secretary has a history of letting his special advisers off the leash. Does the Minister really think that a memorandum from a mandarin will change that?

When we have a Prime Minister who allows his spin doctors to brief that the Justice Secretary will be sacked after the referendum, or that his chum the Mayor of London has breached the old school code and that the Prime Minister is “hurt and upset”, I understand how the Minister would have been overcome with a wave of ennui at the prospect of answering an urgent question from the Chair of the Public Administration and Constitutional Affairs Committee about the conduct of special advisers. However, answer for their conduct he must, and I wish to ask him how many special advisers have informed No. 10 of their intention to work on the no campaign. In the event of ministerial visits where a Minister and their special adviser campaign for a no vote after the event, will the cost of travel be carried by the Minister? How will that be monitored and made public? The guidelines state that special advisers are not allowed to campaign for a no vote in office hours. For the avoidance of doubt, please define “office hours”.

When the inevitable happens and special advisers to those Ministers who are defying their leader completely ignore the memorandum from the Cabinet Secretary, on a scale of one to 10 how confident is the Minister that the Prime Minister will enforce the code? Does the Minister have the confidence to admit that these attempts to dilute the freedom of rebellious Ministers will only detract from the key issues that matter to voters in the referendum? It seems that the out campaign is attacking the referee, not the captain of the opposing side, yet the Prime Minister has a simple choice: either he gives his Ministers free rein to run their Departments, or he sacks them. It cannot be fudged for the next 114 days.

Matthew Hancock: Unfortunately, I have had to scrap most of my proposed reply to the hon. Gentleman, given his gracious acknowledgement that he is not best placed to throw rocks on this particular subject. I will, however, agree with him on this: questions on this matter are a distraction from the main event and the main substance, which is whether Britain is better off inside or outside a reformed European Union. I strongly believe that, thanks to the deal the Prime Minister achieved, we are better off and more secure inside a reformed European Union.

The hon. Gentleman asked some specific questions. First, on the efficacy of the guidance, the guidance is for civil servants to follow. Civil servants do follow guidance of that sort and I have every confidence that they will do so. On what constitutes office hours, I will merely say that office hours means the normal working day. I hope that clears that one up. On the broader question of whether this is necessary, and his point that Ministers need both to run their Departments and be able to differ on this one question, this is why the guidance is very specifically and solely about the in/out question, not other EU business or other business. After all, we have Departments to run.

Michael Fabricant (Lichfield) (Con): My right hon. Friend is hugely able and has shown his ability today to dance on the head of a pin, but will he take it from me that this is a huge blunder? Out there, the general public will think that this decision is petty and vindictive. Moreover, they will say to our Government, and to this party to which I am so proud to belong, that if we are so much stronger in Europe, what is it that we are being so careful to hide?

Matthew Hancock: I have a huge amount of respect for my hon. Friend. I will just say this: the reason this is required is the Prime Minister’s decision to allow Ministers to campaign to leave and to differ from the Government position. If that were not the case, the guidance would not be needed. As for the general public, I imagine that what most people will take away from this will be: when can we get on to the real discussion about whether we should be in or out of a reformed European Union?

Tommy Sheppard (Edinburgh East) (SNP): Let me see if I have got this right. The Government’s position is that we should vote to remain in the European Union because, among other reasons, it will be good for jobs and employment. The Government’s problem is that the Secretary of State and the Minister responsible for jobs and employment take a contrary view. The Government are now in a dilemma. Not only do they not want their own Ministers not to support the Government’s position, but they do not want them to actively campaign against it and use their offices to do so. In response, the Government are now putting the obligation on unelected civil servants to censor what Ministers can or cannot see within their area of expertise. This situation is farcical, but it has an undercurrent of something sinister about it too. Any self-respecting Minister should not accept these constraints. There is already a bit of tension in the Minister’s party on this question. How long does he think it will be before it breaks out into all-out civil war?

Matthew Hancock: The hon. Gentleman makes a central error in his characterisation of the situation. No Minister is censored—far from it. Ministers are allowed to campaign against the Government position. It is for civil servants, therefore, to follow the Government position. After all, it is required by law that they follow and support the position of the Government of the day.

Dr Liam Fox (North Somerset) (Con): There is a serious constitutional issue here, which goes to the heart of House of Commons accountability. We ask Ministers questions and expect answers that are fully informed. How can those who send us to the House of

[Dr Liam Fox]

Commons have faith in the answers we get if those whom we question purposely have information withheld by their own civil servants?

Matthew Hancock: I have a huge amount of respect for my right hon. Friend. That is why I will answer his specific point. The question is exactly the reason for prescribing this guidance only in respect of the in/out issue rather than more broadly. That is what the guidance says. This broad approach was set up by the Prime Minister in January, and then discussed and agreed in Cabinet on 20 February as the best way to take forward the position whereby Ministers could disagree with the Government position.

Mr Speaker: It is very decent of the Minister to dole out bowls full of respect, but my sense is that, on the whole, although that is enormously important to hon. and right hon. Members here assembled, they are generally more interested in his answers than in his respect.

Tom Brake (Carshalton and Wallington) (LD): I previously asked whether the Prime Minister was going to throw his weight behind the in campaign, and I am very pleased that he has done so, because for the sake of our peace, prosperity, opportunity and security, we need to be in. As for what we are discussing now, I would like some clarity from the Minister. Is it the case that there is a list of Ministers who are in, a list of Ministers who are out and a list of Ministers who are undecided, and what happens if a Minister switches from the in to the out campaign or the out to the in campaign?

Matthew Hancock: First of all, Mr Speaker, I have respect for the right hon. Gentleman, and I also have respect for you—but perhaps I will drop all that. When the Cabinet met after the Prime Minister agreed the deal with other members of the European Union, Ministers at that point were asked to state their position—whether they wanted to remain or leave—and I doubt whether any of those positions will change.

Mr Speaker: Veritably, my cup runneth over at the generosity and good grace of the Minister, to whom we are indebted.

Sir William Cash (Stone) (Con): The Minister calls on the law. The question of voter trust in this referendum, as I said to both the Prime Minister and the Foreign Secretary on 3 and 25 February, is paramount. For the voters who will decide this question, knowledge is, as we know, power. Does the Minister deny that under sections 6 and 7 of the later and express provisions of the European Union Referendum Act 2015, a legal duty is imposed on the Government to provide referendum information and the voter is entitled to accurate and impartial information, as the Minister for Europe agreed in reply to me when the House debated that Bill, through and from the Government and all Ministers of the Crown equally, and that this therefore being a statutory obligation overrides any prime ministerial prerogative such as the Cabinet Secretary acted upon in the guidance of 23 February? Does the Minister therefore deny that civil servants as Crown servants are legally obliged to provide

such information accurately and impartially to all Ministers within their Departments so that the voters are properly informed and empowered to answer the question in the referendum?

Matthew Hancock: On the legal details, the 2015 Act also requires the Government to express their view and the Constitutional Reform and Governance Act 2010 requires civil servants to support the position of the Government of the day. On that basis, it is right to follow the procedure that was agreed by the Cabinet. The position of the Government is set out; Ministers may disagree with it, but civil servants must support the Government's position.

Mr Dennis Skinner (Bolsover) (Lab): Here we are on the day after the Oscars. The family is opposite: threat and counter-threat. It reminds me of "The Godfather". This could be "The Godfather Part IV": will there be a horse's head in the bed or will it be another animal?

Matthew Hancock: Well, they say that politics is show business for ugly people, so I will take that as an upgrade.

Crispin Blunt (Reigate) (Con): I find it hard to believe that on 20 February the Cabinet was aware of the implications of what it was doing. The central purpose of the Political Parties, Elections and Referendums Act 2000 was to achieve fairness in elections and in referendums, but now the Government have parked themselves on one side of the argument, dwarfing any influence from either of the campaign groups. Their action also goes against the strategic objective of offering the people a referendum to resolve the question of Britain's role in the world one way or another. That question will hold only if the process is seen to be fair, but all this runs against that strategic objective.

Matthew Hancock: I disagree with my hon. Friend. The Government are required, under the European Union Referendum Act 2015, to take a position. They are also required—or commitments were given during the passage of that Act—to set out certain matters, including the process of leaving the European Union under article 50, which is in a document that we published this morning. During the passage of the referendum Act, there was a debate on how this could best be done, and we are acting on the conclusions that were reached.

Paul Flynn (Newport West) (Lab): Is this not constitutional gibberish, and utterly unworkable? The protestations that we hear from Ministers now would be much more impressive had they joined our Select Committee in condemning the politicisation of the civil service during the Scottish referendum campaign. The difference is that, whereas all Ministers agreed in the case of the Scottish referendum, in this case we have a disagreement, and a Department in which the "inners" can see the papers and the "outers" cannot. Is it not a fact that the only way of making this workable is for Ministers to resign and leave office until after 23 June?

Matthew Hancock: It is precisely because we did not want that to happen that we proposed these arrangements. I think that the hon. Gentleman is wholly wrong, and misjudging the position, if he thinks that supporting

the Government's position is anything other than an impartial and proper course for civil servants to take. The alternative is to argue that civil servants should not support the Government's position, and I think that that would be ridiculous.

Mr Owen Paterson (North Shropshire) (Con): On a daily basis, Ministers in the Department for Environment, Food and Rural Affairs have to make difficult choices between the interpretation of European law and regulation and the delivery of decisions that would benefit United Kingdom citizens. I have dealt with a number of cases in the past which I would like to discuss with the current Minister of State. I shall be meeting him this evening. Will I be able to ask him questions about past cases, so that he can, without fear or favour, have access to a full briefing, all the opinions and all the history of what happened before and after the decision concerned, although the end result might be thoroughly disobliging to the case for remaining in the European Union?

Matthew Hancock: My right hon. Friend has made an important point. On European Union issues that do not relate to the single question of in or out, there will be full access to all papers, as normal. That is what is said in the letter from the Cabinet Secretary, and that is how the Government are operating.

Kelvin Hopkins (Luton North) (Lab): During the referendum on Scottish independence, which was mentioned by my hon. Friend the Member for Newport West (Paul Flynn), there was significant controversy over senior civil servants making public and clearly political, and politicised, statements. It is vital for the civil service to retain its private advisory role, and for civil servants not to make blatantly political public comments during the campaign before the EU referendum. Will the Minister confirm that that will be the case?

Matthew Hancock: That is the normal course of events. It is for Ministers to make the argument, and for civil servants to support the Government's position.

Mr Speaker: Mr David Davis.

Mr David Davis (Haltemprice and Howden) (Con): I was not standing, Mr Speaker.

Mr Speaker: The right hon. Gentleman is a most dextrous parliamentarian, and I am sure that he can recover very quickly. I think the accurate characterisation would be that he had been standing. He did not do so on this occasion, probably because he was chuntering from a sedentary position. He then stood again at my exhortation. He has now had plenty of time in which to formulate his question.

Mr Davis: It is all right, Mr Speaker. I was not sure whether it was the other David Davies whom you were calling.

We are fortunate to live in a democracy. We are not guided by Cabinet Secretary guidelines. As far as I know there is no manifesto basis for this, and as far as I know there has been no House of Commons vote for it, so what is the constitutional basis of the Prime Minister's decision? Is it the royal prerogative?

Matthew Hancock: No, the constitutional basis is that, under the European Union Referendum Act 2015, the Government are required to take a position. The Government have taken a position, as I have set out, and it is for civil servants to support that position. It is therefore necessary to set out how civil servants should act with a Minister who does not support the Government position. The guidance is precisely limited to the in/out question, and the reason for publishing it is to ensure that everyone knows what the position is.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Sir Nicholas Macpherson, the Treasury's most senior civil servant, was quoted as saying that he believed that impartiality guidelines did not apply in "extreme" cases such as the Scottish independence referendum. Would the Minister classify the EU referendum as an extreme case, and if so, can we expect normal rules of civil service neutrality to be completely disregarded?

Matthew Hancock: Civil servants support the position of the Government of the day, and this Government have a position. I do not know how many times I am going to have to repeat that. That is the case. Civil servants are impartial, but they support the Government of the day. That is the law and it is the situation in this case too.

Neil Carmichael (Stroud) (Con): Does the Paymaster General agree that it would be supremely ironic if this referendum had an impact on the way in which our civil service operated in the future? It is absolutely right that the civil service should support the Government, and the Government have made the decision—the right decision, in my view—that we are safer, stronger and better in the European Union.

Matthew Hancock: It is disappointing that the leave campaign seems to want to focus on process issues such as this rather than discussing whether we would be better off inside a reformed European Union, as I believe we would. My hon. Friend raises an important point. If any Members do not think that the rules should operate in the way we published last week, the only other position would be for the civil service to support a position that was not the Government's position, which would go against everything that it was set up to do.

John Cryer (Leyton and Wanstead) (Lab): Is not the Prime Minister effectively saying to his own Ministers, "You can exercise your democratic rights as long as you agree with me at the end of the day"? Is this not the latest sordid attempt—there will be more—to rig the referendum to get the result that the Prime Minister wants?

Matthew Hancock: No; on the contrary, this is a consequence of allowing Ministers to express their views freely on whether they want to remain in or to leave, as many of them are doing.

Nick Herbert (Arundel and South Downs) (Con): Does the Minister agree that the misunderstanding of the Government's position has been evidenced by the last question, which suggested that the Prime Minister required Ministers to agree with him? That is not the case. The public will surely agree that fairness is ensured

[Nick Herbert]

by the fact that Ministers are free to speak out. That is what the Prime Minister is allowing, and that is a generous position. There is no reason why those Ministers should be supported by the civil service or the taxpayer in expressing their view, to which they are entitled in conscience. If they feel that this is unfair, they have the option of not remaining in the Government.

Matthew Hancock: Yes.

Andy Slaughter (Hammersmith) (Lab): The Lord Chancellor has an important constitutional job, but he cannot do it under these restrictions. At the weekend, we heard that the so-called British Bill of Rights was going to be postponed again, for at least six months. If the Lord Chancellor wants his lawyers or civil servants to put together well-crafted arguments on parliamentary sovereignty or the powers of the European Court of Justice, should not they be allowed to do that? Otherwise, we shall be getting second-class government, and God forbid that we should have that.

Matthew Hancock: Of course the Lord Chancellor can continue to do the work that he is doing in reforming the courts system and in all sorts of areas. Indeed, I visited a prison with him on Friday, as I have mentioned. That shows that the Government are getting on with their work. On top of that, we are having a debate in the country and between Ministers on both sides on the specific question of an in/out referendum.

Richard Fuller (Bedford) (Con): When people in Bedford and Kempston have raised the issue of the European referendum with me over the past week, they have wanted to hear the facts. They hear lots of statistics, but they fear that they are being warped by one side or the other, so they want facts. How will this restriction on access to information enable those people to get the facts?

Matthew Hancock: It will not have any implications for facts, because factual briefing and fact-checking is allowed to be done by civil servants.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The civil service, the state broadcaster and the central bank were all central players in project fear 1 in Scotland. Is it therefore naive not to expect the use of the same public assets on project fear 2 and the EU referendum?

Matthew Hancock: I do not understand the premise of the question, because we are putting forward the positive case for remaining in a reformed European Union.

Dr Sarah Wollaston (Totnes) (Con): Will the Minister set out what the harm would be in allowing full transparency of these data? Surely there would be much greater harm if at the end of the referendum we were left with people feeling that it had been an unfair process.

Matthew Hancock: The challenge of taking a position other than the one the Government have taken is that it would require civil servants to do work that was not in

support of the Government's position. The Government have a position, and it is part of the civil service code, and it is put into law in the Constitutional Reform and Governance Act 2010, that civil servants should support the position of the Government. It would put civil servants in a very difficult position if we were to do anything other than that.

Andrew Gwynne (Denton and Reddish) (Lab): I will be campaigning for Britain to remain in the EU, but I see no issue with all Ministers having access to the very strong arguments for Britain to remain in the EU—this is a matter of democracy. Is the Minister really suggesting that we could have a situation where a Secretary of State is denied access to key Government papers but his or her junior Ministers have access to that information?

Matthew Hancock: What we are saying is that the Government have a position and the civil service will advise on that position. If Ministers have taken a personal decision to campaign personally, in a personal capacity, against the position of the Government, it is inappropriate to ask civil servants to support that other position, which is not the position of the Government.

Dr Andrew Murrison (South West Wiltshire) (Con): I very much appreciate that the Minister has qualified and caveated some of the guidance that has recently been issued. Does he not agree, however, that there is a danger that without further clarification we could have the ludicrous situation where Freedom of Information Act requests, or requests made by Members of Parliament through parliamentary questions, could get information out of Ministers that those Ministers would have been denied by their own civil servants?

Matthew Hancock: I do not know whether that was directed at people on the shadow Front Bench, but the situation is as I have set out. The key point is this: if we were to take any other position, we would have civil servants being asked not to support the position of the Government. We are approaching this in the way these things have been approached in referendums in the past—in 1975 and in the Scottish referendum—which seems perfectly reasonable.

Dr Julian Lewis (New Forest East) (Con): Because this is such a divisive issue and because so many people feel so strongly about it, it has been decided that instead of Government taking the decision, the people should take the decision. What does it do for the sense of fairness among the people if the big battalions of the civil service seem to be lined up on one side of the argument and spin doctors in Downing Street do botched letters to the press from generals who have not even signed up to them saying that one side of the argument is right and the other side of it is wrong?

Matthew Hancock: The debate over how this would operate took place during the passage of the European Union Referendum Bill, which my right hon. Friend the Minister for Europe took through Parliament. During the passage of that Bill, there was quite a debate, for example, about how purdah should operate, and many concessions were made by the Government in order to ensure that the process is fair. The result of that was an Act that included the requirement for the Government

to take a view and then to be able to set out information on various aspects of the referendum, and that is exactly what we are doing.

Sir Gerald Howarth (Aldershot) (Con): I think I heard the Minister say that dissenting Ministers will not be allowed to see papers making the case for Britain to remain in the EU, which suggests that the Government have very little confidence in their own arguments. May I put it to my right hon. Friend that it is a constitutional outrage to deny access to arguments that “may”—as the briefing paper says—have a bearing on the referendum to some key Ministers in the Department for Work and Pensions and the Ministry of Justice who are intimately involved in the central issues of this referendum? The Government really need to think again about that, because otherwise the British people will think that the Government intend to rig the referendum.

Matthew Hancock: I would argue the contrary. The constitutional difficulty would arise if civil servants were being asked to support a position that was not the position of the Government. The civil service is there to support the Government. I would argue that this is precisely in order to stick to the constitution, as set out by the Constitutional Reform and Governance Act 2010 but as carried out in practice for decades and decades before that. The job of the civil service is to support the Government, and that is what it should do.

Mrs Anne Main (St Albans) (Con): The British public could be forgiven for thinking that, if someone such as the Secretary of State for Work and Pensions is not permitted to see all the relevant documents, he may be unable to advise the Government. The Government may then come to a fixed opinion on a particular view such as benefits without having all the facts. A question and answer document from the Cabinet Office says:

“Can dissenting Ministers see Department papers on matters that aren’t directly about the Referendum, but may have a bearing.”

The answer is:

“They can see or commission any papers produced by their Departments in the normal way except those that have a bearing on the referendum question or are intended to be used in support of their position”.

It is not a simple black and white matter; it is a matter of interpretation. Special advisers are being handcuffed and told that they must keep things from the Secretary of State. That is appalling. Are the Government afraid that the facts might change the minds of the public and some Cabinet members?

Matthew Hancock: My hon. Friend’s question was focused on what the public think. I believe they will think, “Please can we get on to debating the substance of the question rather than the process of how to make sure that Ministers are allowed, unusually, to depart from the Government position while the constitutional position of the civil service remains in place.”

Mr David Jones (Clwyd West) (Con): Is it true, as reported in *The Times* this morning, that without the consent or knowledge of the Secretary of State, officials of the DWP carried out research on the instructions of No. 10 to help support the case for remaining in the

EU? If that is the case, will the Minister please explain how the Secretary of State can be expected to be responsible for the work of his own Department?

Matthew Hancock: These guidelines are restricted to the issues of the question of in/out. It is perfectly normal—it happens all the time—for there to be communications between Departments and No. 10. That is how the Government operate.

Tim Loughton (East Worthing and Shoreham) (Con): Perhaps the solution is for Ministers to submit freedom of information requests to their own Departments to get the answers. A key part of the Prime Minister’s reform package was very complex changes to benefits and indexing of benefits. If, at the next DWP Question Time, I ask the Secretary of State what progress he is making to determine whether those reforms are deliverable by 23 June, will he be able to give me an honest and full answer?

Matthew Hancock: Yes, of course he will. On issues that are not about the in/out referendum question, Ministers will be fully informed. That is the position. As to the question of whether this will change people’s minds, the Government have made their position clear, which is that, obviously, we are in favour of remain.

Sir Edward Leigh (Gainsborough) (Con): Say for a moment that I am the fisheries Minister, young, ambitious, good looking and anxious to do the Prime Minister’s bidding, and the Prime Minister tells me that I have to set out my vision of what life outside the EU means for fishing—indeed that is a huge question for our fishing fleets—what do I do? The EU determines everything in my Department. I have no national policy on fishing, but I happen to be in favour of the out campaign. Do I go home for four months? Do I get no advice from Ministers? Is it not so much “Yes, Minister” as just “Go home for four months and we will see you in June”?

Matthew Hancock: My hon. Friend makes an incredibly important point, which is that the rules set out last week make it clear that on all issues, including EU issues other than the in/out question, government continues as normal. I am afraid that he cannot have four months off, even in the circumstances he describes. I am sure that he would not miss the next four months for the world.

Mr Philip Hollobone (Kettering) (Con): The Paymaster General is a Minister in the Cabinet Office, which is the Department responsible for the civil service, yet my right hon. Friend has form when it comes to civil service advice. In June 2015, he signed a special declaration overriding civil service advice that further money should not be given to Kids Company, which subsequently disappeared. Would it be open to Ministers of the Crown to use that same special declaration to override this present civil service edict?

Matthew Hancock: Making what is called a direction, such as that which I made on Kids Company because I thought that it was worth spending the money to look after those kids—it is right that Ministers should be able democratically to override the advice of civil servants when they choose to, so long as that is published—is

[Matthew Hancock]

about the expenditure of money. The EU debate is not specifically about the expenditure of money, although there are debates about growth, jobs and the economy, and so the question would not arise.

Bob Stewart (Beckenham) (Con): Several of my constituents have contacted me and asked where they can get the facts to decide in their own minds how to vote. It is, after all, the people, not the Government, who will decide this matter, so is it not the duty of the civil service to provide facts to our people to enable them to decide how to vote? In these circumstances, is it not fair to ask the Cabinet Secretary, in his capacity as a neutral observer, to prepare a document for the people who will make this decision?

Matthew Hancock: It is absolutely necessary to ensure that information is available on questions about the referendum. For instance, that is why this morning we published a document on the process for leaving the European Union should that be the decision at the referendum. My hon. Friend is right that it is for the people to decide. The Cabinet Secretary is not neutral; he supports the Government position because he is a civil servant, and the whole civil service supports the Government position. If my hon. Friend is responding to his constituents and they really want information, I can always recommend a website called strongerin.co.uk, which has some great information.

Bob Stewart: It has to be impartial.

Matthew Hancock: There will be a campaign to leave, as well, and I hope that this debate continues so that by 23 June everybody feels fully informed.

Andrew Bridgen (North West Leicestershire) (Con): Will the Minister tell the House how the guidance rules would have affected the advice given to the Prime Minister by Sir Lynton Crosby when he said that the renegotiations were not good enough, that they should be rejected at the European Council and that proper renegotiations should be carried out and the referendum delayed until 2017? Clearly, in that situation, the adviser was not supporting the Government line at all.

Matthew Hancock: Sir Lynton Crosby is many things, but he is not a civil servant.

Mr Stewart Jackson (Peterborough) (Con): Would a reasonable and fair-minded person not conclude that having been rebuffed in their attempts last September to alter on a *sui generis* basis the purdah rules relating to the referendum, the Government have come back and undermined the sovereignty of this House by using the civil service to achieve the very same objective?

Matthew Hancock: No, on the contrary. This guidance is a precise consequence of the Prime Minister's decision to allow Ministers to campaign to leave. If the Prime Minister had not decided to allow Ministers to remain in the Government but to campaign to leave the European Union against the recommendation of the Government, such rules would not be necessary and we would not have had to publish them. This is a direct consequence of the Prime Minister's decision to allow that debate to take place and to allow Ministers to take one or other side of the debate.

Andrew Percy (Brigg and Goole) (Con): Talking of guidance, my association was this morning issued with guidance from our north of England field director stating:

"The Party is neutral, which means that as an organisation we are not getting involved in any way on an official basis. In practice this means that Associations must not use any resources available to them, including money, data, premises etc. to promote a particular view."

Given that this is a Conservative Government from the Prime Minister all the way down to us lowly Back Benchers, who are all members of a party that has no official view on the matter, why should civil servants who work for Conservative Ministers take a view on it? That is leading people out there to conclude that there is stitch-up to try and keep us in the wasteful EU.

Matthew Hancock: I do not think that is right. This House passed the European Union Referendum Act 2015, which required the Government to take a view and therefore the civil service follows the Government view. The Conservative party, as my hon. Friend says, is neutral on this matter, but the Government are not. That is a matter for how the party machine acts, rather than how the Government act, because as I have said many times, the civil service is duty bound by tradition and by law to follow the position of the Government of the day. That is why the guidance is constructed thus.

Points of Order

5.1 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): On a point of order, Mr Speaker. During the exchanges that we have just had, it was noted that the Minister did not refer to the question and answer brief that has been circulated by the Cabinet Office to civil servants, which carries some of the wider interpretation of the letter. I wonder how I can draw the House's attention to the fact that we will be publishing it on the Public Administration and Constitutional Affairs Committee website later today or tomorrow.

Mr Speaker: As I think the hon. Gentleman knows—I say this in response to his spurious point of order—he has achieved his objective. He should consider the matter so advertised.

Mrs Anne Main (St Albans) (Con): Further to that point of order, Mr Speaker.

Mr Speaker: I am not sure there is a “further” to that point of order, but I will hear it first and then come to a view about it.

Mrs Main: I read out the self-same question and answer, which uses the words “may have a bearing”. At what point may we have an explanation of what “may have a bearing” means? Who will arbitrate on that?

Mr Speaker: That is a matter for the Government. Legendarily, the Minister for the Cabinet Office is always keen to address the House—indeed, in the past he has likened himself to Disraeli, who had a notable enthusiasm for addressing the House. If he wishes to respond to the hon. Lady with that legendary succinctness for which he is renowned, we are happy to hear from him, but he is not under any obligation to do so.

The Minister for the Cabinet Office and Paymaster General (Matthew Hancock): Further to that point of order, Mr Speaker. I think I answered that point. The question is how we make sure that the guidance means that civil servants follow the Government position, including on the in/out question, which is the only question on which Ministers can move from the Government position. So it is a question of whether something is an in/out question or is normal EU business. I think I set that out earlier; I might have said the same.

Mrs Main *indicated dissent.*

Mr Speaker: We are extremely grateful to the Minister. I am not sure, from the head movements of the hon. Member for St Albans (Mrs Main), that he has satisfied her, but I am not sure any Minister would have been able to do so. None the less, the Minister has graciously come to the Dispatch Box.

Several hon. Members *rose—*

Mr Speaker: I will come back to Members who are expectant—*[Interruption.]* Well, expectant of the opportunity to raise points of order, I should perhaps say. But perhaps I may be permitted to take other points of order first. We will come to those illustrious denizens ere long.

Nia Griffith (Llanelli) (Lab): On a point of order, Mr Speaker. This morning the Secretary of State for Wales—I have made his office aware of my intention to raise this point of order—announced major changes to the timetable and content of the proposed Wales Bill; he has decided to jackknife the Bill and skid it to an undignified halt. Instead of coming to the House to inform right hon. and hon. Members and answer their questions about how he will proceed, he choose to make that significant announcement in front of a gathering of journalists in Cardiff, even suggesting on Twitter that hon. Members can wait until Thursday to question him. Did he give you any indication that he would be announcing this major change of policy today, Mr Speaker, and has he indicated that he will be making an oral statement to the House, as per paragraph 9.1 of the ministerial code?

Mr Speaker: I am grateful to the hon. Lady for her point of order. The answer is that I have had no advance notice of this matter. It would be only fair for me, from the Chair, to say at this stage that whether it amounts to what she has described as a major change of policy or is merely a temporary pause or tactical judgment, I do not know. Suffice it to say that if there is a change of policy or a significant change in Government intentions for a notable period, the House would expect properly to be informed of that, and there are means by which Ministers can inform the House: either through the device of an answer to a written question or by a written ministerial statement. To my knowledge, neither has thus far been forthcoming. The hon. Lady's point of order and my response to it will shortly be heard by the Wales Office, and I hope that proper account will be taken of it. If the hon. Lady needs to return to the point, doubtless she will do so.

Kirsten Oswald (East Renfrewshire) (SNP): On a point of order, Mr Speaker. I seek your assistance in relation to a matter that is of some concern to me. In December I asked, by means of a written question, when the Chancellor of the Exchequer had last met the Financial Conduct Authority to discuss certain matters. The response advised me that Treasury Ministers meet a wide variety of organisations and referred me to the Treasury's transparency reports online, stating that that is where details of such meetings are published. The reports detailed no bilateral meetings between the Treasury and the FCA over a two-year period.

I therefore challenged the Economic Secretary to the Treasury—she is aware that I am raising this matter today—on that point during a Back-Bench business debate on 12 January. She did not address the matter in her response, so I raised it with her again in a Back-Bench business debate on 1 February. To my great surprise, the hon. Lady stated:

“Contrary to what the hon. Member for East Renfrewshire seems to think,”—*[Official Report, 1 February 2016; Vol. 605, c. 748.]*

she had met the acting chief executive of the FCA, and that she regretted that I had formed a different opinion.

Of course, my opinion was formed on the basis of a written answer, the Treasury's own transparency reports and exchanges with the Minister in this Chamber, all of which I should have been entitled to rely upon. It is worth noting that a similar issue has arisen in relation to another question, with the Under-Secretary of State

[Kirsten Oswald]

for Disabled People referring me to a non-existent or impossible to locate piece of information on the Department for Work and Pensions website.

The record therefore suggests that I have misunderstood or am mistaken, but neither is true. I would be very much obliged for your advice, Mr Speaker, on how to put the record straight on this matter. Finally, I would be most grateful if you could advise me on how best to stop Ministers referring Members to websites that do not contain relevant information.

Mr Speaker: I am grateful to the hon. Lady for her point of order, the thrust of which she was kind enough to give me advance notice. I think that I am right in saying that she also gave notice to the Minister concerned.

Kirsten Oswald *indicated assent.*

Mr Speaker: I am grateful to the hon. Lady for that confirmation. The short answer to the hon. Lady—is this is for the benefit of the House—is that answers to Members' questions should be direct, substantive and candid. I have sympathy with the view, which she has expressed, that it is not helpful if Government Departments simply refer right hon. and hon. Members in written answers to websites on which the information requested may be located but cannot easily be found. The much more straightforward process, which I think the public would expect, would be to provide an answer to the question. It is not really all that complicated.

That said, I have to emphasise, of course, that the content of written answers, and indeed of ministerial statements in the House, has to be a matter for the judgment of individual Ministers; it is not for the Chair to determine. However, I am offering an overall sentiment, which I think would be shared across the House. As to how the hon. Lady can put the matter straight, I suggest that, by dint of this point of order, she has begun to do so.

Dr Liam Fox (North Somerset) (Con): On a point of order, Mr Speaker. My point of order relates not to the ministerial code but to the conduct of the House of Commons. When Ministers come to the House of

Commons, they are required to give full and informed answers to the questions we ask as Members of Parliament. Having given the matter some thought, can you give us some guidance on how we will know whether Ministers have been fully informed, if we know that there is a process of purposely withholding information from those who may be required to give answers to the House of Commons? How can we then carry out our duty of scrutiny properly?

Mr Speaker: I fear that it would be hazardous for me to tread on the terrain of what might be called the “known unknowns” or even the “unknown unknowns”. That would be difficult. The question, though a very good and legitimate one, is, I fear, at this stage hypothetical, but it is a problematic matter. The best I can say to the right hon. Gentleman is that the Chair, of course, will keenly attend to events and to the process of question and answer, and we will have to look at this matter as and when it arises, on a case by case basis. I will not be looking at it proactively, but if Members raise the matter with the Chair, the Chair will do his best to respond.

Michael Fabricant (Lichfield) (Con): On a point of order, Mr Speaker. I have already expressed my admiration for my right hon. Friend the Minister for the Cabinet Office, who is on the Front Bench. I wonder whether there is any mechanism to reward someone who, first, is thrown into the lion's den and, secondly, has to defend the indefensible.

Mr Speaker: I think I will treat that as what it is: not a point of order, but an inventive rhetorical question. At any rate, the hon. Gentleman seems justly satisfied, so I think we will, for now, leave it there. We are deeply grateful to the Minister for coming into the Chamber and responding to our inquiries.

If there are no further points of order, and the appetite has been satisfied, at any rate for today, we now come to the motion on the draft European Union Referendum (Date of Referendum etc.) Regulations 2016. Just before I ask the Minister—my illustrious neighbour, the Member for Aylesbury—to move the motion, I should inform the House that I have now considered the instrument, and I have decided not to certify it under Standing Order No. 83P.

Referendums

5.12 pm

The Minister for Europe (Mr David Lidington): I beg to move,

That the draft European Union Referendum (Date of Referendum etc.) Regulations 2016, which were laid before this House on 22 February, be approved.

The statutory instrument before us does a simple, but critical job: it puts in place the necessary legislation to enable a referendum to be held on 23 June this year. It is the last piece of legislation that will be debated in this Chamber to make that vote possible. As such, it represents Parliament taking the final steps towards an historic moment when, for the first time in over 40 years, the British people will be given their say on the United Kingdom's membership of the European Union.

My right hon. Friend the Prime Minister announced a few days ago his intention to hold the referendum on 23 June, and the Government believe that that strikes an appropriate balance, giving plenty of time for a vigorous and comprehensive debate. Ultimately, however, the date is a matter for Parliament to decide, and as set out in the European Union Referendum Act 2015, it is a decision that must be approved both here and in the House of Lords.

Sir William Cash (Stone) (Con): I am fascinated by my right hon. Friend's reference to vigorous and open debate, because it is quite clear from the preceding urgent question and from many other matters that have come to light recently that the one thing that everybody needs—information—is the one thing that people are going to find themselves deprived of. If the voters do not have balanced, impartial and accurate information, what are they supposed to do?

Mr Lidington: My advice to any elector would be to look at what the Government are saying and advising, but also at what the various campaign groups and other organisations in this country are saying. I will come later to the designation of campaign organisations. We need this statutory instrument to be approved, among other things, to make it possible for the Electoral Commission to go ahead and designate the campaign groups on each side of the argument, and give them access to the privileges that come with that status, precisely so that they can go out and present their case and make information and argument available to the people to whom my hon. Friend refers.

John Redwood (Wokingham) (Con): I am very happy to have an early referendum, but did the Government decide not to push back on the absolutely pathetic non-offer we were made because they did not think we were ever going to get anything worth having out of the EU?

Mr Lidington: On the contrary, my right hon. Friend the Prime Minister secured a deal that has brought some significant reforms to the European Union. I would advise my right hon. Friend to look at the reaction in many European capitals, in the media across Europe, and in the European Parliament, which has very largely been one of considerable surprise at the degree to which the Prime Minister of the United

Kingdom was able to secure reforms. In some cases, that commentary involved a fair measure of criticism of other Government leaders for conceding what was believed to be too much.

Kate Hoey (Vauxhall) (Lab) rose—

Mr Lidington: I will give way to the hon. Lady and then I must ask the House to allow me to make some progress.

Kate Hoey: I would be very happy to have a referendum as I have wanted one for years, but why did the Prime Minister ignore the views expressed in the letter from the leaders of the three Assemblies and Parliaments in the United Kingdom? Did that not show huge disrespect?

Mr Lidington: First, the letter was not ignored, and we certainly took account of the views of the devolved Administrations even though we decided in the end to disagree with their recommendation. I want to come to that point at a later stage in my remarks.

The date is just one element of the order, but clearly the most important, because the remaining elements largely flow from it. I will therefore explain the Government's thinking on the date and then turn to the rest of the order. There must be enough time for a full, serious and considered debate that allows all the issues to have a full airing, and the campaigners must have enough time to put their case to the British people. On the other hand, although this may grieve some hon. Members, the campaign cannot continue indefinitely. The vote should be timely, while the issues are live and the details fresh—and we should also be wary of testing the public's patience. Several prominent campaign groups are already active on both sides. Following the Prime Minister's announcement on the outcome of the renegotiation, the debate on the referendum question will now begin in earnest and is already starting to gather real momentum.

The Government selected 23 June because we needed enough time for a proper airing of the issues, and we thought that any sooner would risk curtailing that debate, but to go any later would test the patience of the British people. School holidays in Scotland begin on 24 June, and from then people will be travelling and enjoying their summer. Later than 23 June would mean, in essence, waiting until after the summer holiday period had concluded in all parts of the United Kingdom and in Gibraltar. Frankly, I think that the British people would have found it very difficult to understand if we had asked them to wait seven or eight months after the conclusion of the renegotiation before they could have their say.

Philip Davies (Shipley) (Con): I have previously raised with my right hon. Friend the fact that a European Council meeting is also scheduled to take place on 23 June. What can we do to ensure that, if the leave campaign looks to be gaining momentum at a late stage, that will not be used to pretend that there are things on the meeting's agenda to try to change people's opinions, or that things will not be leaked in advance of that meeting to try to give people the impression that the Government have agreed a better deal than is actually the case?

Mr Lidington: I think my hon. Friend needs to study more carefully the words both of the document published at the end of the renegotiation and of a number of other European leaders. They could not have made it clearer, first, that they were not interested in a hypothetical further renegotiation in the event of a vote to leave, and secondly, that the very important safeguards that my right hon. Friend the Prime Minister secured during the renegotiation would lapse automatically in the event of such a vote. That is written into the document itself.

In practical terms, holding the vote on 23 June means 18 weeks between announcing the deal and the vote, and a full 10 weeks' regulated referendum campaign period, with six weeks for the designation of lead campaigners, thus meeting the Electoral Commission recommendations. We envisage that the designation process will be commenced on 4 March and that the Electoral Commission will have to designate the two umbrella campaign groups by 14 April at the latest. The Electoral Commission supports the Government's approach to the timing of the referendum. Last week it published its assessment of readiness and said that it was content that the date

“does not pose a significant risk to a well-run referendum”.

It is true, as the hon. Member for Vauxhall (Kate Hoey) has said, that there are still some concerns about the date, particularly among Members of the three devolved Administrations and right hon. and hon. Members in this place who represent those three parts of the United Kingdom. In particular, the right hon. Member for Gordon (Alex Salmond) expressed concern during Foreign Office questions about the possible interaction with the elections in Scotland, Wales and Northern Ireland on 5 May, which is also the date for various local and mayoral elections in different parts of the United Kingdom.

I think that those fears are misplaced, not least because multiple elections are already being held on 5 May. I really do not understand why a referendum that will take place a full seven weeks after the date of the devolved parliamentary and Assembly elections should be regarded as disrespectful. By contrast, I would argue that we are treating voters with respect when we assume that they should be perfectly capable of distinguishing between two different campaigns that will be nearly two months apart.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The Minister has just confirmed that the official campaign will launch bang in the middle of the devolved Administrations' campaigns. It is quite an achievement to get Sinn Féin, the Ulster Unionists, the Scottish National party, Plaid Cymru and the Labour party in Wales to agree on anything. Why is he not taking seriously the concerns expressed by all those parties?

Mr Lidington: For the reasons I have given, I think that to have left the referendum until autumn, which was the next window available had we ruled out 23 June, would have tested the patience of the British people for the duration of the campaign. The campaign has already got under way. What will start in the period described by the hon. Gentleman is the regulated campaign period, during which special rules on campaign expenditure apply.

Tom Brake (Carshalton and Wallington) (LD): Will the Minister take some reassurance from the fact that in the canvassing that I have been doing for Caroline Pidgeon, the Liberal Democrat London mayoral candidate, I have found that voters have no difficulty whatsoever in understanding that there will be elections for the London Mayor and the London Assembly, and that the European referendum will take place a few weeks later?

Mr Lidington: The right hon. Gentleman puts the case very well. Others have said that June is simply too soon, and I do not agree. Traditionally, in our history, a general election has been held with only six weeks' notice. Only since the implementation of the Fixed Term Parliaments Act 2011 under the coalition Government have we moved away from that practice. The referendum has had a much longer gestation period. The intention to hold a referendum before the end of 2017 was announced in the Prime Minister's Bloomberg speech in January 2013, and it was reaffirmed at the general election last May, and again when the European Union Referendum Act received Royal Assent in December 2015. The intended date was announced four months in advance. The referendum has been a long time coming.

Patrick Grady (Glasgow North) (SNP): The Scottish independence referendum was held in September, and, if anything, the campaign benefited from the fact that people could campaign during the warm summer months with extended daylight hours. What advice does the Minister give to the devolved Administrations, who will no sooner have come out of a pre-election purdah period than they will have to go into a pre-referendum purdah period, just as they start implementing the manifestos they were elected on?

Mr Lidington: Of course, the purdah rules vary depending on the nature of the election concerned. The purdah rules for devolved elections limit what Government agencies can say and do in respect of devolved matters. We are talking about the question whether the United Kingdom should be in or out of the European Union, and that is, without any doubt whatsoever, a reserved competence in respect of all three devolution settlements.

Peter Grant (Glenrothes) (SNP): The Minister is trying manfully but, dare I say it, completely unsuccessfully to explain what consideration the Government have given to the strong representations they have had from the elected Governments of 75% of the equal partners in this Union. I appreciate that he does not have time to do so now, but will he undertake to make sure that full details of the Government's consideration of that letter are placed in the Library of the House as soon as possible after the debate?

Mr Lidington: We took account of that letter. We also took careful account of the specific request from the official foreign affairs spokesman of the Scottish National party, the right hon. Member for Gordon, during Foreign Office questions on 12 January for an assurance that the date of the referendum would be

“at least six weeks after the date of the Scottish, Welsh and Northern Irish elections”.—[*Official Report*, 12 January 2016; Vol. 604, c. 683.]

That request made by the right hon. Gentleman—I presume on behalf of his party, for which he was speaking at Foreign Office questions—has been met, and has been met in full.

The Electoral Commission has confirmed that it is content with the Government's proposals and has said that, in its view, arrangements for a well-run referendum are now well advanced. The statutory instrument has been considered by both the Joint Committee on Statutory Instruments and the Secondary Legislation Scrutiny Committee. Both have considered the statutory instrument, and neither found any cause for concern.

I turn now to the other aspects of the regulations. They are very much in line with the framework set up by the European Union Referendum Act 2015, so I shall be brief. As well as setting the date, the regulations do three things. First, they set the start date for the designation process. That is the process by which the Electoral Commission appoints lead campaigners on one or both sides. We have followed the Political Parties, Elections and Referendums Act 2000 and allowed a full six weeks. That will give campaigners a four-week window to finalise and submit their applications, after which the Electoral Commission will have up to two weeks to decide which, if any, applicants to designate as the lead for each side. Let me be absolutely clear, to avoid misunderstanding. The regulations do not tell the Electoral Commission how to make its decision. That decision is entirely impartial, and the test the Electoral Commission must apply when making its decision is set out in the Political Parties, Elections and Referendums Act, as modified by the European Union Referendum Act. All the regulations do is set the start of the process as 4 March, while the rest of the timetable, finishing on 14 April at the latest, was set by the 2000 Act.

Mark Field (Cities of London and Westminster) (Con): Will the Minister give us some indication of whether the Electoral Commission's designation process is open to challenge, and if so, of how that challenge would operate?

Mr Lidington: Any executive decision by any public authority might be at risk of judicial review, but criteria for the Electoral Commission are set out in PPERA and they will guide the commission in making its assessment. I am sure that the commission will want to explain its verdict when it is published. There would have to be a pretty overwhelming case for a judicial review application for it to succeed, but such an option is available.

The Electoral Commission's initial guidance for campaigners on this issue was updated on 5 February, so potential applicants have had plenty of notice. The commission has also now published the application form online. I remind the House that the lead campaigners, once designated, will receive a number of benefits, including a higher spending limit of up to £7 million, a free delivery of mailings to every household or every elector and, assuming that campaigners are designated on both sides, access to a grant of up to £600,000 and access to a broadcast.

The second additional element in the regulations is the referendum period—namely, when full financial and campaigning controls apply and, in particular, when spending limits are imposed on campaigners. The referendum period, as set out in the regulations, is a full

10 weeks and will not overlap with the designation process. That was the approach recommended by the Electoral Commission. The referendum period will, under the regulations, start on 15 April.

Kate Hoey: The Minister may be coming on to this, but will he clarify very clearly and succinctly how this will affect Government spending? I do not mean the Government, but the Cabinet members who support staying in as opposed to those who do not. How will that work for them?

Mr Lidington: The limits on what the Government can do are set out in section 125 of the Political Parties, Elections and Referendums Act 2000. The hon. Lady will recall that that provision was the subject of significant debate when the European Union Referendum Bill was going through its stages in the House. The so-called *purdah* restrictions remain those set out in the 2000 Act. In addition, in requiring the Government to publish particular items of information, the European Union Referendum Act states that the Government must do so at least 10 weeks before the date of the referendum. Those are the restrictions that she asked me about.

Finally, the regulations set out the periods for reporting donations and loans received by registered campaigners, and set the deadline by which the reports must be submitted to the Electoral Commission. The purpose of those arrangements is to ensure that sources of campaign finance are visible and public before the poll, so ensuring that the campaign is transparent.

The decision before us is a simple one: when should the British people have their say? We believe that 23 June strikes the right balance: it gives time for a substantial campaign, without testing public patience. There is time for campaigners and political parties to make their cases, and for the British people to decide. I commend the regulations to the House.

5.34 pm

Pat Glass (North West Durham) (Lab): We seem to have focused on process for so much of today that I hope this will be the last time we do so.

I want to check some of the details of the statutory instrument with the Minister. It sets the date of the referendum on whether the United Kingdom should remain a member of the European Union. It also prescribes the length of the referendum period, the start of the period for applications to become a designated organisation, and the periods for the reporting of donations or regulated transactions. It would be good if the Minister nodded.

Mr Lidington *indicated assent.*

Pat Glass: The main purpose of the statutory instrument is to set 23 June 2016 as the date of the referendum, which will take place over the whole of the UK and in Gibraltar. It prescribes the referendum period, which will begin on 15 April 2016, and it prescribes 4 March 2016 as the start of the period in which applications can be made to become designated organisations in the referendum. I understand that that poses no problem for the organisations in the remain campaign, but those in the hopelessly splintered out campaign seem to be having a much greater problem. Now is the time for them to get their act together if they are to hit the deadline.

[Pat Glass]

The statutory instrument also sets out periods for the reporting of donations or regulated transactions—for example, loans—by permitted participants who are not registered parties or are minor parties. It sets out the dates on or before which reports must be delivered to the Electoral Commission. Okay so far?

Mr Lidington *indicated assent.*

Pat Glass: Labour has always said that as soon as the Government's European negotiations are completed, they should get on with the referendum and end the uncertainty, which is bad for British jobs, growth, investment and working people.

Jonathan Edwards: The shadow Minister will be aware of the letter written by the First Minister of Wales in conjunction with the First Ministers of Scotland and Northern Ireland. Of course, the First Minister of Wales is a Labour party member. He said:

“We believe that holding a referendum as early as June will mean that a significant part of the referendum campaign will necessarily run in parallel with those elections and risks confusing issues at a moment when clarity is required.”

Will the shadow Minister support his position tonight in the Lobby when there is a vote on this issue? If the Labour party here abstains or votes with the Government, does it not show that we cannot take a word the First Minister says seriously?

Pat Glass: I will come on to those issues.

Labour agreed with the Electoral Commission that the referendum date should be separate from that when other polls are taking place, and succeeded in pressuring the Government to amend the European Union Referendum Bill to stop the referendum being held on 5 May 2016 so that it did not clash with the other elections on that day. However, we do not agree with the SNP and others that it is in some way disrespectful to hold the referendum on 23 June.

Jonathan Edwards: Will the hon. Lady give way?

Pat Glass: Just a second.

We believe that the people of the UK are perfectly capable of making an important decision in early May and another important decision in late June, seven weeks later. It is patronising to suggest otherwise.

This country is safer, stronger and more prosperous in Europe and Labour is campaigning to stay in. Our membership of the EU brings jobs, growth and investment. It protects British workers and consumers, and helps to keep us safe.

Patrick Grady: Will the hon. Lady confirm what the shadow Foreign Secretary said the other day, which is that it is the position of the Labour party that if Scotland votes to stay in the European Union and the rest of the UK votes to leave, Labour is quite happy for Scotland to be dragged out of the EU against its will?

Pat Glass: The position of the Labour party is that it is for the people of the UK to make a decision on this, because the people of Scotland had a referendum and chose to stay as part of the UK.

Emma Reynolds (Wolverhampton North East) (Lab): Does my hon. Friend agree that if we put the date of the referendum back beyond 23 June, it would slip beyond the summer and into the autumn, because many people in Scotland go on holiday earlier than those in the rest of the UK and we will be on our holidays in August? That would prolong the period of uncertainty and all the risks to business investment that go with it.

Pat Glass: I agree entirely. Uncertainty is bad for British jobs and the British economy, and we believe that the longer this goes on, the more damage will be done to our economy and our jobs.

John Redwood: What does the hon. Lady think that EU state aid rules, energy prices, energy intervention and procurement rules have done to our steel jobs? What has the common fisheries policy done to our fishing jobs?

Pat Glass: People will have to make a decision on those issues, but they are not related to this statutory instrument. We accept that this great country would be able to make its way in the world outside the EU, but leaving would cost us dearly in all kinds of ways including jobs, our competitiveness in business, and the safety of our citizens from terrorism, crime, climate change and war. At a time of Russian expansionism and international terrorism from groups such as ISIS-Daesh, we do not believe that it is right to risk our safety and security as a nation. We want the UK to lead, not leave, Europe. We are the second biggest economy in the EU, and many of our partners such as Denmark, Sweden, the Netherlands and others want to work with us further to reform the EU, and they are looking to the UK to lead on that. Leaving the EU risks future peace in Europe, and Britain's influence in the world.

In government, Labour passed the Political Parties, Elections and Referendums Act 2000 and we supported the passage of the European Union Referendum Act 2015. We support this statutory instrument, and we will leave it to others to moan about the date of the referendum. We are getting on and putting our energy into winning the referendum and keeping Britain leading in Europe.

5.41 pm

Sir William Cash (Stone) (Con): The date is obviously a crucial moment in the development of this referendum, but I have reservations about 23 June. I have not yet decided, and I want to hear what the Scottish National party has to say about this issue, because that will be interesting and may have some impact on the way I vote. I am interested in the democratic side of this issue.

On 3 February, in my response to the Prime Minister's statement on the UK-EU renegotiation, I said that this is all about voters' trust, and I went on to give examples of why I thought that promises and principles had been broken. Above all else, I asked whether this will be a political stitch-up by the European Council because the agreement—such as it is—and any other subsequent legal arrangements must be both legally binding and irreversible.

Information was contained in the White Paper published a few days ago, and I have had quite an interesting weekend, given the remarks that were made about me—I need not elaborate on that, and I assure you, Mr Speaker, that it caused me no concern whatsoever. Whether this

agreement will be irreversible is a question of trust, and today we had an extremely important urgent question on information. I put a question to the Minister, and tomorrow my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) will interview the Cabinet Secretary on this matter. The real question is about voter trust. On 23 June, will people have enough proper information, based on a fair arrangement between those on both sides of the debate? The Government first insisted on the purdah arrangements that they wanted to use for the whole of the civil service machinery. We drove them off on that, but then they brought in, through the House of Lords, a legal duty to provide such information—if I may say so, they pretended that that had come from other people in the House of Lords, but it was clearly at least half sponsored by the Government.

When we got to ping-pong, I waited until the last minute before it ended, and I got up and asked the Minister—he knows what is coming—whether he would give me a straight answer, yes or no, about whether the information that is due to be published would be both accurate and impartial. He said, “Of course.” He added that it would be perverse if the Government were to do otherwise.

Well, Mr Speaker, I have to say that I am intrigued. On 23 June, the people may not have impartial and accurate information. I believe the Government are probably, if not certainly, in breach of their duty under sections 6 and 7 of the European Referendum Act 2015. Furthermore, despite what the Minister had to say on this today, the words “the opinion of” in this context will not, I believe, be a sufficient safeguard from the potential concerns that they know must already be in some people’s minds that this is not fair and may well not be legal. This is a very, very important matter.

Bob Stewart (Beckenham) (Con): I am confused. When the Paymaster General answered the question I put to him, he said that the Cabinet Secretary is not neutral. That I accept, when the Cabinet Secretary is working for the Government. In this matter, however, the Cabinet Secretary may well be working for the people, because it is the people who are going to decide this matter. In my view, it is therefore proper that the Cabinet Secretary, or someone of his ilk, should draft or head up a paper that puts the facts for both sides of the argument, so that the people who are going to make the decision—this is the people’s decision—can make a decision that is based on objective facts.

Sir William Cash: The sentiments my hon. Friend expresses are very relevant to the question of voter trust. In the debate on 25 February, and when the Foreign Secretary gave evidence to the European Scrutiny Committee, which has considered these matters in great depth, I said that the Government are effectively—in fact, I will go further and say definitely—cheating the voters. This cannot be said to be legally binding and irreversible. In the debate on 25 February, I pointed out that the Council conclusions—I ask that hon. Members look at the Council conclusions—refer to the words “legally binding” and there is a common accord with respect to the international law agreement. What they cannot do is say that it would be irreversible. Furthermore, although Mr Tusk, the Prime Minister and the Foreign Secretary have been saying “irreversible”, they cannot prove that that is the case. I will explain why in one second.

On 23 June, a most momentous and historic decision will be taken by all the people in the United Kingdom who can vote. They have a right to know whether the question they are going to be asked, on whether to remain or to leave, can be answered. It is the basis of my proposition that it is impossible for them to know whether it is going to be irreversible for a simple reason. Under the international agreement where the European Court may or may not take into account the question that has been posed by the White Paper, certainly there is no guarantee of a treaty change and certainly there is no guarantee that the mechanics of the international law decision will produce a definite result that the European Court can decide on. Nobody can say that the European Court will or will not accept any treaty change. As a matter of fact, with respect to the question of referendums, there is no guarantee that there will not be referendums.

There are currently at least four Governments of the 28 in the EU, in the great stitch-up in the political decision-making process I referred to, who barely have control over their government at all. There are massive problems in Portugal and Spain, and now in Ireland as well, and there are massive problems in Greece. There is absolutely no reason why anybody should guarantee either that there will be treaty change or that it will be irreversible.

I happened to take part in the referendums that produced “no” votes in other countries, including France and Denmark. To say as a matter of absolute certainty in this disgraceful White Paper that it is irreversible when it is impossible as a matter of fact, let alone of law, for anyone to say that they know what the European Court will do or indeed that there will not be a referendum and what the outcome of that would be, is simply unacceptable.

John Redwood: Is it not also the case that if we read the language of this political agreement after rather difficult negotiations and if we take the example of something crucial such as the protection of our interests against the wishes of the euro, that language says that we can be overridden in certain circumstances, so we will have gained absolutely nothing?

Sir William Cash: Absolutely nothing at all. I think that the British people, who are a great people, are waking up to this. As I said in last Thursday’s debate, Churchill said that we should tell the truth to the British people and they will follow, but they are not being told the truth—that is the real truth, and nothing but the truth.

A comprehensive poll was published in the *Evening Standard* on Friday on the question of whether the voters trust the outcome of this negotiation. The result is simple to describe: 53% said that they did not trust it at all; only 22% said that they did; as for the balance, the pollsters said that half of those who were undecided tended not to trust it. I know that a poll is a poll, but I also say that on the question of trust, the outcome is either to be trusted or not to be trusted. This whole negotiated package, whether it be looked at from a political or a legal point of view, is not to be trusted.

I say that to the House of Commons because this is where the real issues have to be resolved, but we have quite rightly handed this over to the voters—and they

[*Sir William Cash*]

do not trust it. I do not think that anything they will have heard today from the Minister for the Cabinet Office and Paymaster General, or anything they will hear tomorrow from the Cabinet Secretary, or indeed any of the matters discussed in relation to the component parts of this package, either in aggregate or individually, will provide any reason for anybody to trust this deal.

The question before us today about the date of 23 June must be weighed against the background of whether that date is appropriate. I want to listen to what SNP Members say, as I have a great interest in that. They are elected to stand up for their own views and for their own part of the United Kingdom. I may disagree with what they say, but I saw what happened with the Scottish referendum, particularly regarding the date and the length of time allowed for debate. We will hear from SNP Members how they were stitched up by the BBC and all the rest of it. What I am saying is that this entire question of the date is dependent on the extent to which proper information is given to the voter. As I said in the urgent question earlier, the crucial issue is what reliance the voters can have on the fact that the information they are being given is transparent and honest, and additionally impartial and accurate, which is what the Minister for Europe told me on the Floor of the House it would be.

Simon Hoare (North Dorset) (Con): I rise with some trepidation in recognition that my hon. Friend is an expert in this field. I do not think he will agree with me, but this is my take. For most people, this will be a vote on the principle of whether to remain or to leave rather than on the minutiae of the detail of the renegotiation. That was always going to be case, in my view, irrespective of when the referendum is held. Given that he has argued so cogently for so long that a referendum should be held on this issue, I am inclined to agree with our Front-Bench team that it should be held as quickly as possible and that a date after the Scottish and Welsh elections seems to be the right time. Otherwise, it falls to the autumn.

Sir William Cash: What I would say in reply is very simple. If my hon. Friend were good enough to read the speech and the remarks made by my good right hon. Friend the Foreign Secretary on the question of the whole package, he would realise that our right hon. Friend says that we do not want to look at anything other than the whole package. That is what he says; my hon. Friend should read it for himself. It is very strange that we are going to such lengths, with the Prime Minister roaming around the country making all these speeches, with the putting out of all this information, with all this business about the civil service and the guidance, and with all the rest of matters that I have referred to. Why is so much emphasis being placed on this? Why are the airwaves being dominated on such a scale and why is so much paper being used?

This reminds me of what I said to the late Baroness Thatcher when I was invited to lunch in Downing Street. When I went into the room, most of the Cabinet were sitting around the table. She said, "Bill, you sit next to me." Then she turned to Geoffrey Howe and said, "I've brought Bill in to talk about Europe." Then she turned to me and said, "What do you feel about Europe, Bill?" I said, while looking at Geoffrey Howe, "Prime Minister, I think your task is more difficult than Churchill's."

She said, "You will have to explain this, won't you?" I said, "Prime Minister, Churchill's task was more difficult than yours for this reason. You are in greater difficulty than he because he was faced with bombs and aircraft, but you are faced with pieces of paper." It is those pieces of paper that I am worried about, and I think the voters should be as well.

5.57 pm

Stephen Gethins (North East Fife) (SNP): It is a pleasure to follow the hon. Member for Stone (*Sir William Cash*), and I will address some of the points he raised.

Let me first make it clear—it seems appropriate to do so in this place—that the Scottish National party position has not changed. Our position remains consistent in that we are still against the 23 June referendum date. I say to the hon. Member for North West Durham (*Pat Glass*) that our position has remained unchanged despite what the Conservatives have said on this issue.

My first point is about the important issue of respect. The hon. Member for Carmarthen East and Dinefwr (*Jonathan Edwards*) mentioned the Labour First Minister of Wales, who wrote a letter along with the First Ministers of Scotland and Northern Ireland. The right hon. Member for Belfast North (*Mr Dodds*) and his colleagues also raised the issue of the date. The point was that this campaign period will overlap with the May election campaign, and this was raised not only by the three First Ministers, but by Jenny Watson, the chair of the Electoral Commission, who said:

"Referendum campaign periods overlap with May election campaign periods if the referendum period is held on any date in June".

My right hon. Friend the Member for Gordon (*Alex Salmond*) also made this point very clear. If the Minister would like to speak to whoever takes the Prime Minister's mail, he will find out about a letter of correction from my right hon. Friend who was misrepresented by the Minister for Europe and by a number of the Minister's colleagues. Many of them signed my early-day motion 1042. It was signed by Members of all parties, including Conservative Members, given the respect agenda on this issue. There is a respect agenda—there is the idea that democracy does not begin and end in this place. We have incredibly important elections coming up in Scotland, Wales, Northern Ireland and English local authorities, which is a point that we have made consistently. It is one of the reasons why we will vote against the motion today.

Before I discuss some of the other issues associated with the date, let me deal with some of the practical questions. Will the Minister tell us what significant changes have been made in the statutory instrument as a result of his consultations with the devolved Administrations, and will he make his correspondence available in the House of Commons Library? That is a very simple question, which was asked earlier by my hon. Friend the Member for Glenrothes (*Peter Grant*). Perhaps the Minister will make a note of it.

We see problems throughout this instrument. It states that the referendum period begins on 15 April 2016, three weeks before the devolved elections. It also states that the first reporting period ends on 21 April 2016, and the report is supposed to be sent to the Electoral Commission on 28 April, one week before those crucial devolved elections. When the Minister answers our question

about what practical changes have been made in the SI as a result of his correspondence, will he also tell us what impact the purdah rules will have on any programme for government that might need to be agreed? Under the Scotland Act, it could be up to 28 days before the appointment of a new First Minister is agreed to, and I think that broadly similar arrangements apply to First Ministers in Wales and Northern Ireland. The referendum campaign eats into that period quite significantly.

I refer the Minister to paragraph 7.11 of the explanatory memorandum, which states:

“It is for the Devolved Administrations to consider any restrictions on their own referendum-related activity”.

Given that the Minister wrote that, can he tell us what correspondence he has had with the devolved Administrations about it, about the formation of new Governments, and about what impact this could have on the publication of a programme for government? As was pointed out by my hon. Friends the Members for Glenrothes and for Glasgow North (Patrick Grady), there are European Union issues that will have a significant impact on that programme, including agriculture and fisheries. Let us not forget that it was the United Kingdom Government who described our fishing industry as expendable, not the European Union. What will happen to those and other issues that are affected by European Union legislation?

Sir William Cash: As a veteran of the Scotland Acts, all the way back to when Mr Dewar was Secretary of State at—I believe—the beginning of 1979, may I ask whether the hon. Gentleman recalls the reserve powers? Would they not be an issue?

Stephen Gethins: As usual, the hon. Gentleman has made a very good point. European Union legislation has a significant impact on significant powers that sit with the Scottish Parliament, and the same applies to Northern Ireland and Wales. I have mentioned some already, but energy is another example. On renewables, for instance, the Scottish Government are much more in line with our European partners than with the United Kingdom Government.

Let me now address issues that the hon. Member for Stone raised in what was—again, as usual—a very informed speech. I am glad that my right hon. Friend the Member for Gordon has come into the Chamber, because this is a good time to remind the House that he called the independence referendum 545 days before the day on which it took place. I shall give the Minister some leeway by saying that SNP Members are not seeking quite that number of days. However, we need to have the courage of our convictions, and have a proper debate.

The hon. Gentleman and I will not agree on this particular referendum. Indeed, I am not sure that we will agree on many referendums that may be held during my time in the House. One thing on which we will agree, however, is that a proper debate takes a great deal longer than the seven weeks that we have been given, and we want a proper debate that goes to the heart of this issue. As someone who wants Scotland, and the rest of the United Kingdom, to remain part of the European Union, I believe that our case stands up to scrutiny, and that the Conservatives should have the courage of their convictions and subject it to appropriate scrutiny.

Sir William Cash: Whether or not we agree on the immigration issue, does the hon. Gentleman agree with what I said on 3 February? As everyone knows from the recent figures, the question of immigration—which is actually about numbers and the effect on social services, including those in Scotland—has now been whittled down to a narrow argument about in-work benefits, on which the Government want to go on harping so that they can distract attention from the really big question, which is “Who governs this country, and are we going to be in the second tier of a two-tier German Europe?”

Stephen Gethins: The hon. Gentleman was clearly listening to Nicola Sturgeon, the First Minister of Scotland, when she raised that very point about in-work migrant benefits this morning. I believe that people who are going to live and work in a country, and contribute, have every right to the same benefits, just as 2 million United Kingdom citizens, including 1 million in Spain, benefit from being part of the European Union.

Nicola Sturgeon made what I thought was a very valid point. When we were “whittling down” the debate, as the hon. Gentleman put it, to a discussion of the rather minor issue of in-work migrant benefits at the European Council, time was taken from a discussion of the refugee crisis, in regard to which, incidentally, Ireland was giving way on its opt-out. The hon. Gentleman will not agree with me about this, but I think that that had a great deal more to do with the Minister trying—unsuccessfully, as I can see—to keep his Back Benchers happy than with anything to do with the broader debate on our membership of the European Union.

Bob Stewart: I am listening carefully to what the hon. Gentleman is saying. I am intrigued to know when the SNP and the other parties would like the referendum to be held. I assume that it will not be in 543 days.

Stephen Gethins: As a number of us have said, mid-September is often a good time for a referendum. It gives us the summer days to campaign and engage, and the longer nights to chap on people’s doors. It is to be hoped that people will also form their own groups in an organic way. Mid-September is probably a good time, but we would certainly not opt for 23 June.

Let us give this a little bit of time. I urge all Members to listen to the social democratic case—as someone described it earlier—that was put by the First Minister this morning not so far from here, at St John’s Smith Square. Let us look at what membership of the European Union does. The United Kingdom could stand on its own two feet and be successful as an independent member state outside the European Union. We absolutely reject the “Project Fear” scare tactics: they do nothing for the case for staying in, and nothing for the case for going out. I hope that we will all bear in mind the 20-point lead that the no campaign squandered in Scotland, not just because of the positive case that we put, but also, to an extent, because of the fear tactics that those campaigners used. I hope that the Conservatives will learn the lessons of that referendum.

Kate Hoey: I am sorry; I am not a Minister yet.

I know that the hon. Gentleman and I are on different sides, but I agree with him that this should be a positive campaign. May I return him to the issue of what I

[Kate Hoey]

consider to be the hugely important letter that was signed by the First Ministers of the three home countries, all of whom had different views on the European Union? Does it not shame the Government that they showed so little respect—for respect is the word—by simply throwing that letter away and implying that it meant absolutely nothing?

Stephen Gethins: The hon. Lady and I will find ourselves on different sides, by way of a respectful debate. She has made a very valid point. The issue was raised by three First Ministers, including the Labour First Minister of Wales, and was agreed on by the First Minister and the Deputy First Minister of Northern Ireland, who, as we all know, do not necessarily agree on everything, but managed to come together on this particular issue.

Jonathan Edwards: The hon. Gentleman is making a very intelligent speech. He mentioned “Project Fear”. Did he happen to catch “Newsnight” on Friday, when there was an analysis of “Project Fear”? John McTernan, a Labour strategist in Scotland, said that it was all about ramping up the risk. That is exactly the sort of campaign that we do not want to risk. I am afraid that a campaign based on that premise will fail.

Stephen Gethins: I hope that, given his track record, Mr McTernan will not be on our side during the European referendum campaign, because otherwise we could be in serious difficulties.

The hon. Gentleman has made a good point about “Project Fear”. Let us hear a positive case about the economic and social benefits, and about the benefits of an arrangement whereby independent member states agree on a common set of rules. I hope that the Minister will give us a few more pointers. I have already set him a few questions. Here is another: will there be a special recess, or, if the Minister thinks that he will lose—we would not advocate this—will the Government abandon Prime Minister’s Question Time at the last minute in order to rush off and campaign?

Sir William Cash: In relation to “Project Fear”, which is very real, does the hon. Gentleman agree that the Government should listen to Mervyn King, the former Governor of the Bank of England, who said that it was the euro and Europe that were causing massive unemployment and making Europe so dysfunctional? In fact, the dangers to the UK and to Scotland are also dangers to Europe as a whole. We have only to look at the way in which the Germans treated the Greeks, not to mention opening the doors to immigration, causing dislocation and more barbed wire in Europe today than there was even during the cold war.

Stephen Gethins: When we talk about “Project Fear”, we have to acknowledge that it is taking place on both sides of the debate. There has been a positive debate on the environmental benefits of membership; when Germany was experiencing acid rain as a result of UK industry, for example, we had to formulate a common set of rules. Let us also think about the benefits to the economy when people go on holiday. Also, the benefits to Scotland’s small and medium-sized enterprises of exporting to Europe are worth £2,000 to every man, woman and child in Scotland.

I say to the hon. Member for Stone that I want to have a positive debate, including with him, and I am sure that we will do so over the next little while. Let us not mistake the faults of the European Union for the faults of the member states. This is a mistake that we know only too well in Scotland. Let us have a positive debate, but let us have an honest debate as well.

6.11 pm

John Redwood (Wokingham) (Con): I welcome a fairly early date for the referendum. I do not know about you, Mr Speaker, but there is only so much that I can take of all the stories of the pestilence, famine and plague that are going to be visited upon us by the very European Union countries that the Government say we love and work well with. The Government have this strange vision that those countries would suddenly change and become extremely unpleasant were we to want a relationship based on friendship and trade rather than on the current treaties. I personally think that 16 weeks would be quite enough to do the job that I would love the Government to do, which is to win it for the leave campaign by using this highly inappropriate tone and by constantly slanging off our European partners by telling us just how unpleasant they would be. I would have thought that a Government wishing to encourage us to stay in the European Union would want to be rather more obliging about our European partners and to paint a picture of how things might be better were we to stay in, rather than concentrating only on ascribing false futures to the leave campaign.

I am interjecting in this debate because I am worried that 16 weeks might not be long enough for the Government to carry out all the tasks necessary to fulfil the requirements of the legislation. In particular, I have been moved to that view by listening to my hon. Friend the Member for Stone (Sir William Cash), who is often absolutely right about these points and their salience. The Government have an important duty to provide impartial information to the public as part of the task of preparing them for the referendum. Having seen their work so far, I am afraid to say that it fails by all standards. It is not impartial, it is not well researched and it is often exceedingly misleading. I am using parliamentary language, Mr Speaker; I might use richer language were I not inside the House. It seems to me that the Government are going to need a lot more time to work with their ever-willing officials to come up with balanced, mature and sensible information about what the future might look like under either scenario.

One thing that the Government have clearly had no time to prepare so far—this is a particularly worrying lacuna—is information on what the future might look like if we stay in. We have had no response from the Government on how they would respond to “The Five Presidents’ Report: Completing Europe’s Economic and Monetary Union” or on how they would handle demands for capital markets union, banking union, full economic and monetary union and political union. Would such a situation immediately trigger a requirement for us to veto the next treaty, would we seek a comprehensive opt-out from it, or would the Government want to work with their partners and agree to some modest treaty changes that would affect the United Kingdom, in the spirit of “The Five Presidents’ Report”? Any such changes would be triggered after about 2017, so probably within this Parliament. Could we then look forward to a second referendum if we stayed in the European Union?

Under the European Union Referendum Act 2015, there would need to be a referendum on any treaty changes made as a consequence of “The Five Presidents’ Report” and the clear desire of our partners to go along the route to political union.

Sir William Cash: Has my right hon. Friend had the opportunity to see not only the White Paper that was produced a few days ago but the latest jewel in the crown from the Government, which is entitled “The process for withdrawing from the European Union”? It contains page after page of tendentious remarks, assertions and assumptions that cannot be substantiated. I can see the Minister for Europe wriggling around a bit on the Front Bench, because the bottom line is that he will not be able to answer these questions, but they will be tested before 23 June.

John Redwood: That is why, in my amiable way, I was suggesting that the Government might like to rethink their position on the timing of the referendum. Having seen that piece of work, I agree with my hon. Friend. I was frankly ashamed that such a document could come from the United Kingdom Government. It bore no relation to what the leave campaigns are saying about how we would like the Government to handle the British people’s decision if they decided to leave. It did not give any credence to the idea that we would be negotiating with friends and allies who would have as much interest in a successful British exit as we would, should that be the will of the British people.

Ministers never seem to understand that the rest of Europe has far more exports to us at risk than we have to the rest of the European Union, because we are in massive deficit with those countries. I have had personal assurances from representatives of the German Government, for example, that they have no wish to see tariffs or barriers being placed in the way of their extremely profitable and successful trade with the United Kingdom. To issue a document implying that all sorts of obstacles would be put in the way of such trade over a 10-year period simply beggars belief.

Sir William Cash: May I give my right hon. Friend an example? These documents contain scarcely any serious objective analysis from bodies such as the Office for National Statistics or the House of Commons Library, and their arguments are tendentious. I am sure he will remember, because this is at the forefront of his mind, that in current account transactions relating to imports, exports, goods and services, we run a deficit with the other 27 member states of about £58 billion a year, and that Germany runs a surplus in those same goods, services, imports and exports. If that is a single market, I’m a Dutchman.

John Redwood: I am sure that my hon. Friend is many fine things, but a Dutchman is clearly not one of them. He has, however, revealed an important fact, and it is the kind of fact that we would expect to see in a balanced document setting out the position on trade. I hope that the Minister will leave enough time in his urgent timetable to ensure that those sorts of important facts—

Sir William Cash: With references.

John Redwood: With references and proper statistical bases. Those important facts should be put before the British people. Indeed, the Minister would be wise to do

that from his own point of view—perhaps I should not help him as much as I am apparently trying to do. The Government have been rumbled on this. The press and a lot of the public are saying that they want factual, mature and sensible information setting out the risks of staying in, the risks of leaving and what it would look like in either case, but that is not what we are getting.

We have had another example in the past few days. We have been witnessing a long-term decline of the pound against the dollar for many months, because we are living through a period of dollar strength. In the past few days, when Brexit was in the news, we were told that the pound was going down because of fears about Brexit, whereas that was clearly not the case on other days when the pound had been going down. However, on those same days, the Government bond market had been going up. The prices of bonds had been rising and our creditworthiness was assessed as being better, but I did not hear the Government saying that the idea of Brexit was raising Britain’s credit standing. We could make that case just as easily as we could make the case that the fear of Brexit was leading to a fall in the pound.

That is the kind of tendentious information that I hope the Minister will reconsider if he wishes to keep up the normally high standards of Government documentation and use impartial civil service advice in the right tradition, which we in the House of Commons would like to see. I can see that a few colleagues are not entirely persuaded that those high standards are always met, but I shall give the Government the benefit of the doubt. I have certainly seen many Government documents that achieve higher standards than the ones on this matter.

I again urge the Minister to make sure that he leaves enough time in the action-packed timetable to produce high-quality, balanced information that includes the risks of staying in and the wild ride to political union that others have in mind, as well as what he sees as the risks of leaving. For instance, the Government should point out that if we stop paying the £10 billion of net contributions—money we do not get back—that will immediately improve the balance of payments by one fifth next year. Would that not be a marvellous advantage? I do not see it being pointed out in any of the current material in order to show some kind of balance.

Mrs Anne Main (St Albans) (Con): My right hon. Friend is making a hugely powerful argument. The answer is quite simple: the Government do not want the facts in there—they do not want the British public to know. The British public will come to that conclusion, and it is not a good conclusion if we are to have a balanced debate on the referendum.

John Redwood: I fear that is right, but I also fear I am beginning to give the Government too much help. Obviously, I would like them to lose on this occasion, because I think we will be much better off if that happens. I will therefore vote with the Government, because 16 weeks is quite enough of “Project Fear” and of people misrepresenting a whole lot of things that are going on by saying, “These are the results of the fears of Brexit.” That will do the job I would like the Government to do and help the case I am trying to make, but the Government have a long way to go in the interests of good government and in meeting the legal requirements

[John Redwood]

that they have placed on themselves to provide impartial information. I just trust that in the next few weeks they can lift their game.

6.21 pm

Tom Brake (Carshalton and Wallington) (LD): The Liberal Democrats will support this statutory instrument, which, as the Minister says, puts in place legislation for the referendum on 23 June. He will know that the coalition legislated so that any treaty change would trigger a referendum, but, as we know, his party won the election on the basis of a manifesto commitment to offer a referendum independent of any treaty change, and so we are where we are now.

Sir William Cash: Is the right hon. Gentleman thinking that the European Union Act 2011, which many of us opposed for all sorts of reasons, should be severely amended and/or repealed with regard to treaty change?

Tom Brake: We have a referendum ahead of us, and I suggest we get on with that before looking at whether to make any changes to that Act.

The Liberal Democrats support the referendum on 23 June. I have been in this House for some time now—longer than some Members but not as long as others—and it seems to me that, in this House and beyond, we have had a very full debate in recent general elections about the EU and whether we should or should not be members of it. As I said in an earlier intervention on the Minister, there is certainly no confusion in the minds of the electors in my constituency between the mayoral and Assembly elections taking place in May, and the EU referendum that will take place, presumably on 23 June. Clearly, it is more difficult for the political parties and the campaigners if one election follows on so relatively quickly after another.

Jonathan Edwards: I take the point the right hon. Gentleman is making, but is he aware that Kirsty Williams, the leader of the Liberal Democrats in Wales, has written a letter to the UK Government saying that the vote should be moved from 23 June?

Tom Brake: I am aware of that, and I suppose one consequence of devolution is that people in different places adopt different positions. Like many others, I am suspicious of the motives behind the Scottish National party's position: is it about the need to delay the referendum for the reasons it sets out, or is it about increasing the chances that the UK might vote to come out of the EU, in order to facilitate the SNP's campaign to hold a second referendum? In relation to splits within parties, there appears to be one within the SNP, as the First Minister of Scotland is clear that this should be a positive campaign, but what we have heard here today from SNP Members has been all about the procedure and not at all about the positive nature of what the EU campaign should be.

Patrick Grady: Will the right hon. Gentleman confirm that, like the Labour party, the Liberal Democrats' position is that if Scotland votes to stay in the EU and the rest of the UK votes to leave, they are happy to see Scotland forced to leave the EU against its will?

Tom Brake: The Liberal Democrat position is that those who want to stay in the EU should be united behind the campaign and should start campaigning positively. That includes not only the SNP but the leader of the Labour party, who perhaps needs to spend some time with the leader of the Labour campaign and draw on some of his enthusiasm so that he can put his back into ensuring that we win on 23 June.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): On suspicious intentions, may I remind the right hon. Gentleman that he campaigned with the Conservative party and the Labour party in Scotland, telling the people of Scotland that if they voted no in the Scottish referendum, they would be guaranteed to remain in the EU? What is his position on that point today?

Tom Brake: I am confident that if we have a united front from the SNP campaigning positively on the matter, from the Labour party and from the Prime Minister—I am pleased to say that he has, after I requested it, come out forcefully behind the campaign in support of staying in—we will collectively win the campaign. I look forward to doing that.

As I said, we need to get on with the campaign, which is actually about the peace, prosperity, opportunity and security that we derive from being a member of the EU; it is not about “Project Fear” at all. The Conservative party, or those on the Benches immediately in front of me, may refer frequently to “Project Fear”, but I must say that quite a degree of whitewash or “Project Status Quo” is coming from those on the Government Benches.

Sir William Cash: I am so glad that the right hon. Gentleman has referred to “Project Status Quo”, because I am sure he will accept that almost nothing has changed, for example, on ever closer union, or in any word of any treaty or law in relation to the EU. Would he therefore be good enough simply to say that he agrees with us that proper, impartial information should be published, and that the current documents simply do not cut the mustard?

Tom Brake: What I will agree with the hon. Gentleman on is the fact that there is a “Project Status Quo”, but I think he has misunderstood the point I was making, which was that there are people on his side of the argument who would like us to come out of the EU and who claim repeatedly that the basis on which we would be able to trade with the EU would be unchanged. They say, “There is no change. It will be exactly the same. We will get exactly the same terms whether we are in or out.” That is why I referred to “Project Status Quo”.

Kelvin Hopkins (Luton North) (Lab): I have made the point many times, as have other hon. Members, that we have a gigantic trade deficit with the rest of the EU, and with Germany in particular. Germany is therefore not going to play games with us on trade, because it will only shoot itself in the foot by doing so.

Tom Brake: I am pleased that the hon. Gentleman can read forward two, three, four, five, six or seven years to what the arrangement between the UK and the EU would be if the UK were to leave. I cannot do that, but clearly he is clairvoyant.

One serious question I wish to put to the Minister is whether he is confident that the Electoral Commission and the police will have the resources and the tools they need to ensure that the rules on expenditure will be observed in the campaign. He will be aware of a recent exchange in which the hon. Member for Wycombe (Mr Baker)—I warned him I was going to raise this point in the debate—said in an email:

“It is open to the Vote Leave family to create separate legal entities each of which could spend £700k: Vote Leave will be able to spend as much money as is necessary to win the referendum.”

I hope that the Minister will provide some clarification on that. My memory of being a Minister and being involved with the rules of the Political Parties, Elections and Referendums Act 2000 is that it is very clear that if organisations are working in concert—the Vote Leave family suggests that that is exactly what would happen—the total limit would be £700,000, and that to seek to go beyond that by some artificial creation of a number of identities would be a breach of the law. However the campaign is conducted, we need to know that all sides will treat it in a way that observes the law.

6.30 pm

Peter Grant (Glenrothes) (SNP): May I start by referring Members, particularly the last speaker, to the comments made by the First Minister this morning? She made it perfectly clear that it is not her preferred outcome that Scotland should leave the Union simply to prevent ourselves from being dragged out of the European Union. She said that she wants the United Kingdom to deliver a resounding yes vote to the European Union. I cannot see that happening if the UK-based yes campaign continues to behave in this way.

This afternoon, we have seen the reality behind the Government's respect rhetoric. Despite the promises that we have been given time and again, and as recently as a few weeks ago in this Chamber, the views of the elected Governments of three of the four equal partners in this Union are being ignored and trampled underfoot by the fourth partner. That comes as no surprise to us in Scotland, because the Government made it perfectly clear that, regardless of what the sovereign people of Scotland say about our membership of the European Union, others can overturn that simply by sheer weight of numbers.

One very interesting confession today is that the Labour party shares the Conservative party's contempt for the sovereign will of the Scottish people. If the Labour branch office leader in Scotland had not conceded defeat in the Holyrood elections last week, I strongly suspect that she would have done so very quickly had she heard the comments of the hon. Member for North West Durham (Pat Glass) just a few moments ago.

The elected national leaders of Scotland, Wales and Northern Ireland have all said that the democratic processes in their three countries are likely to be flawed if this statutory instrument is agreed tonight. In Northern Ireland, we even saw the Sinn Féin Deputy First Minister add his name to a letter from the Democratic Unionist party First Minister. Those are two politicians who, for a number of reasons, do not agree on very many things. How much wider a coalition of opposition to this proposal do the Government need to see before they accept that, in this case, sheer weight of numbers is not

enough to crack an argument? They must listen, which is what they promised the devolved Governments that they would do.

Sir William Cash: I am most grateful to the hon. Gentleman for giving way, especially as he is a member of the European Scrutiny Committee, of which I have the honour to be chair. Does he agree that a democratic question lies at the heart of this matter? If there is information on which the voter is expected to make his decision, as was the case with the Scottish situation a few years ago, the bottom line is that, without genuine and properly sourced information and proper time, the British people will effectively be cheated?

Peter Grant: I do not think that a referendum date of 23 June gives adequate time for the complex issues to be considered. This is the time to be discussing not those issues, but the procedural motion before us so that we can decide on the date. I am up for a positive and, if necessary, heated discussion as to why it is in the interests of all of our nations to remain part of the European Union.

In the interests of time, I will not repeat all the arguments that have been marshalled on the Opposition Benches and, sometimes, on the Government Benches against the proposal deliberately to overlap the referendum campaign with elections in which more than 20 million of our citizens will take part on the first Thursday in May. Let us look quickly at some of the consequences. As has been mentioned, 10 weeks before the referendum—in the middle of April—the Government's response to the EU negotiations has to be published, including a statement, which we now know will say that the Government believe that people should vote to stay in the European Union. The Scottish Government will be in purdah for a full three weeks after that. Are the UK Government seriously suggesting that it is acceptable for the Prime Minister to issue an official document saying that the United Kingdom should stay in the European Union, while not allowing the Scottish Government to say that they agree because they are in purdah? Saying that they agree will inevitably be seen as seeking to influence the votes in the Scottish parliamentary elections away from the parties that will stand on an anti-European Union ticket—make no mistake about it.

There used to be an agreement that the UK and Scottish Governments would fully respect one another's purdah arrangements. If this statutory instrument is agreed today, that agreement is gone, and it may well be gone forever. Any attempt to pretend that this Government respect the democratic legitimacy of the Scottish Government will go out the window with it.

People will receive the UK Government's document on the referendum at the same time, and possibly on exactly the same day, as they receive the polling cards or the postal vote applications for a completely different election. The problem is not just that the elections are held close together—in some ways, administratively, it is simpler if two polls are held on the same day, but it becomes more difficult if the nature of the question is different for those polls. In this case, every single part of the election administration process, which is immensely complicated and which our returning officers and our counting officers cannot afford to get wrong, will be happening twice, a few weeks apart. We will have the

[Peter Grant]

ridiculous situation of people being encouraged to register to vote in one election before they have to turn up at the polling station to vote in the other.

The newly elected national Governments will find themselves back in purdah fewer than three weeks after the parliamentary elections. As has been pointed out, it is quite possible that, if there is a very keenly contested election in any of the three nations, the First Minister of one or of all three nations might not be elected until the Government are back in purdah. We then have a newly formed Government who are restricted in their ability to launch their legislative programme in case some of it is affected by the result of the referendum. That is not sheer speculation, but fact. For example, how can a new Scottish Government announce a five-year spending plan if they do not know whether European Union procurement rules will continue for over half of that five-year period? How can a Government put forward a legislative programme on such crucial areas as fisheries, agriculture, public procurement, investment and tourism if they do not know, and are not allowed to speculate on, whether they will still be a part of the European Union a couple of years later. If this is what the Government describe as being respectful, I shudder to think what contempt for the Scottish Government would look like. The Minister claimed that the EU referendum purdah is different from a parliamentary election purdah. Technically, it is, but so many subject matters will be covered by both that in fact, in practice, the elected Governments will be in purdah as regards a significant range of their devolved powers.

The Government are trying to suggest that a referendum in September will not work, but if a major test of the success of any electoral process is public engagement and public participation, I have to remind the House that a September vote produced the most successful test of electoral opinion that any of these nations have ever seen, whether we measure it by the number of people who took part, the number of people who registered or the number of people who voted. I would much rather see 98% of people registering to vote and 85% of people voting than the low numbers we might get in a snap election.

I am ready for the debate to begin. I honestly believe that a date of 23 June makes it more likely that the United Kingdom will vote to stay in. Despite that, I do not want to see the UK voting on a flawed referendum and in a flawed process. I would much rather see a referendum in which everybody participates and for that reason, it cannot be held as soon as 23 June.

Question put.

The House divided: Ayes 475, Noes 59.

Division No. 201]

[6.39 pm

AYES

Abbott, Ms Diane	Allen, Heidi
Abrahams, Debbie	Amess, Sir David
Adams, Nigel	Anderson, Mr David
Afriyie, Adam	Andrew, Stuart
Aldous, Peter	Ansell, Caroline
Alexander, Heidi	Argar, Edward
Ali, Rushanara	Atkins, Victoria
Allan, Lucy	Austin, Ian
Allen, Mr Graham	Bailey, Mr Adrian

Baker, Mr Steve	Coyle, Neil
Baldwin, Harriett	Crabb, rh Stephen
Barclay, Stephen	Crausby, Mr David
Barron, rh Kevin	Creagh, Mary
Barwell, Gavin	Creasy, Stella
Bebb, Guto	Cruddas, Jon
Beckett, rh Margaret	Cummins, Judith
Bellingham, Sir Henry	Cunningham, Alex
Benn, rh Hilary	Cunningham, Mr Jim
Benyon, Richard	Dakin, Nic
Beresford, Sir Paul	Danczuk, Simon
Berger, Luciana	David, Wayne
Berry, Jake	Davies, Byron
Berry, James	Davies, Glyn
Betts, Mr Clive	Davies, Dr James
Bingham, Andrew	Davies, Mims
Blackman, Bob	Davis, rh Mr David
Blenkinsop, Tom	De Piero, Gloria
Blomfield, Paul	Dinenage, Caroline
Blunt, Crispin	Djanogly, Mr Jonathan
Boles, Nick	Donelan, Michelle
Bottomley, Sir Peter	Double, Steve
Bradley, Karen	Doughty, Stephen
Bradshaw, rh Mr Ben	Dowd, Jim
Brady, Mr Graham	Dowd, Peter
Brake, rh Tom	Dowden, Oliver
Brazier, Mr Julian	Doyle-Price, Jackie
Bridgen, Andrew	Drax, Richard
Brine, Steve	Dromey, Jack
Brokenshire, rh James	Drummond, Mrs Flick
Brown, Lyn	Duddridge, James
Brown, rh Mr Nicholas	Dugher, Michael
Bryant, Chris	Duncan, rh Sir Alan
Buck, Ms Karen	Duncan Smith, rh Mr Iain
Buckland, Robert	Dunne, Mr Philip
Burden, Richard	Eagle, Ms Angela
Burgon, Richard	Eagle, Maria
Burnham, rh Andy	Efford, Clive
Burns, Conor	Elliott, Julie
Burns, rh Sir Simon	Ellis, Michael
Burt, rh Alistair	Ellison, Jane
Butler, Dawn	Ellman, Mrs Louise
Byrne, rh Liam	Elphicke, Charlie
Cadbury, Ruth	Esterson, Bill
Cairns, Alun	Eustice, George
Campbell, rh Mr Alan	Evans, Chris
Carmichael, rh Mr Alistair	Evans, Graham
Carmichael, Neil	Evans, Mr Nigel
Carswell, Mr Douglas	Evennett, rh Mr David
Cartledge, James	Fabricant, Michael
Caulfield, Maria	Farrelly, Paul
Chalk, Alex	Farron, Tim
Champion, Sarah	Fernandes, Suella
Chapman, Jenny	Field, rh Frank
Chishti, Rehman	Field, rh Mark
Chope, Mr Christopher	Fitzpatrick, Jim
Churchill, Jo	Fletcher, Colleen
Clark, rh Greg	Flint, rh Caroline
Clarke, rh Mr Kenneth	Flynn, Paul
Cleverly, James	Foster, Kevin
Clifton-Brown, Geoffrey	Fovargue, Yvonne
Coaker, Vernon	Fox, rh Dr Liam
Coffey, Ann	Foxcroft, Vicky
Coffey, Dr Thérèse	Frazier, Lucy
Collins, Damian	Freeman, George
Colville, Oliver	Freer, Mike
Cooper, Julie	Fuller, Richard
Cooper, Rosie	Fysh, Marcus
Cooper, rh Yvette	Gale, Sir Roger
Corbyn, rh Jeremy	Gardiner, Barry
Costa, Alberto	Garnier, rh Sir Edward
Cox, Jo	Garnier, Mark

Gauke, Mr David	Johnson, Gareth	McLoughlin, rh Mr Patrick	Rotheram, Steve
Ghani, Nusrat	Johnson, Joseph	McMahon, Jim	Rudd, rh Amber
Gibb, Mr Nick	Jones, Andrew	McPartland, Stephen	Rutley, David
Gillan, rh Mrs Cheryl	Jones, rh Mr David	Mearns, Ian	Ryan, rh Joan
Glass, Pat	Jones, Gerald	Menzies, Mark	Sandbach, Antoinette
Glen, John	Jones, Graham	Mercer, Johnny	Selous, Andrew
Glindon, Mary	Jones, Mr Kevan	Merriman, Huw	Shapps, rh Grant
Goodman, Helen	Jones, Mr Marcus	Miller, rh Mrs Maria	Sharma, Alok
Goodwill, Mr Robert	Jones, Susan Elan	Milling, Amanda	Sheerman, Mr Barry
Gove, rh Michael	Kane, Mike	Mills, Nigel	Shelbrooke, Alec
Graham, Richard	Kawczynski, Daniel	Milton, rh Anne	Sherriff, Paula
Gray, Mr James	Kendall, Liz	Mitchell, rh Mr Andrew	Shuker, Mr Gavin
Grayling, rh Chris	Kennedy, Seema	Moon, Mrs Madeleine	Siddiq, Tulip
Green, Chris	Kinnock, Stephen	Mordaunt, Penny	Simpson, rh Mr Keith
Green, rh Damian	Kirby, Simon	Morden, Jessica	Skidmore, Chris
Greenwood, Lilian	Knight, rh Sir Greg	Morgan, rh Nicky	Skinner, Mr Dennis
Grieve, rh Mr Dominic	Knight, Julian	Morris, Anne Marie	Smeeth, Ruth
Griffith, Nia	Kwarteng, Kwasi	Morris, David	Smith, rh Mr Andrew
Griffiths, Andrew	Kyle, Peter	Morris, Grahame M.	Smith, Angela
Gummer, Ben	Lamb, rh Norman	Morris, James	Smith, Cat
Gwynne, Andrew	Lammy, rh Mr David	Mowat, David	Smith, Chloe
Gyimah, Mr Sam	Lancaster, Mark	Mulholland, Greg	Smith, Henry
Haigh, Louise	Lavery, Ian	Murray, Ian	Smith, Jeff
Halfon, rh Robert	Leadsom, Andrea	Murray, Mrs Sheryll	Smith, Julian
Hall, Luke	Lee, Dr Phillip	Murrison, Dr Andrew	Smith, Nick
Hamilton, Fabian	Leigh, Sir Edward	Nandy, Lisa	Smith, Owen
Hammond, rh Mr Philip	Leslie, Charlotte	Neill, Robert	Smith, Royston
Hancock, rh Matthew	Leslie, Chris	Nokes, Caroline	Smyth, Karin
Hands, rh Greg	Letwin, rh Mr Oliver	Nuttall, Mr David	Soames, rh Sir Nicholas
Hanson, rh Mr David	Lewell-Buck, Mrs Emma	Offord, Dr Matthew	Solloway, Amanda
Harman, rh Ms Harriet	Lewis, Brandon	Onn, Melanie	Soubry, rh Anna
Harper, rh Mr Mark	Lewis, Clive	Onwurah, Chi	Spelman, rh Mrs Caroline
Harrington, Richard	Lewis, Mr Ivan	Opperman, Guy	Spencer, Mark
Harris, Rebecca	Lewis, rh Dr Julian	Osborne, rh Mr George	Starmer, Keir
Haselhurst, rh Sir Alan	Liddell-Grainger, Mr Ian	Parish, Neil	Stephenson, Andrew
Hayes, Helen	Lidington, rh Mr David	Patel, rh Priti	Stevens, Jo
Hayes, rh Mr John	Lilley, rh Mr Peter	Paterson, rh Mr Owen	Stevenson, John
Hayman, Sue	Long Bailey, Rebecca	Pawsey, Mark	Stewart, Bob
Heald, Sir Oliver	Lopresti, Jack	Pearce, Teresa	Stewart, Iain
Healey, rh John	Lord, Jonathan	Pennycook, Matthew	Stewart, Rory
Heapey, James	Loughton, Tim	Penrose, John	Streeting, Wes
Heaton-Harris, Chris	Lucas, Ian C.	Percy, Andrew	Stride, Mel
Heaton-Jones, Peter	Lumley, Karen	Perkins, Toby	Stuart, rh Ms Gisela
Henderson, Gordon	Lynch, Holly	Perry, Claire	Stuart, Graham
Hepburn, Mr Stephen	Mackinlay, Craig	Phillips, Jess	Sturdy, Julian
Herbert, rh Nick	Mackintosh, David	Phillips, Stephen	Sunak, Rishi
Hillier, Meg	Mactaggart, rh Fiona	Philp, Chris	Swayne, rh Mr Desmond
Hinds, Damian	Madders, Justin	Pickles, rh Sir Eric	Swire, rh Mr Hugo
Hoare, Simon	Mahmood, Shabana	Pincher, Christopher	Syms, Mr Robert
Hollern, Kate	Main, Mrs Anne	Poulter, Dr Daniel	Tami, Mark
Hollinrake, Kevin	Mak, Mr Alan	Powell, Lucy	Thomas, Derek
Hollobone, Mr Philip	Malhotra, Seema	Prentis, Victoria	Thomas, Mr Gareth
Holloway, Mr Adam	Malthouse, Kit	Prisk, Mr Mark	Thomas-Symonds, Nick
Hopkins, Kris	Mann, Scott	Pritchard, Mark	Throup, Maggie
Howarth, rh Mr George	Marris, Rob	Pugh, John	Timms, rh Stephen
Howarth, Sir Gerald	Marsden, Mr Gordon	Pursglove, Tom	Timpson, Edward
Howell, John	Maskell, Rachael	Quin, Jeremy	Tolhurst, Kelly
Howlett, Ben	Matheson, Christian	Quince, Will	Tomlinson, Justin
Huddleston, Nigel	Mathias, Dr Tania	Qureshi, Yasmin	Tomlinson, Michael
Hunt, rh Mr Jeremy	May, rh Mrs Theresa	Raab, Mr Dominic	Tracey, Craig
Hunt, Tristram	Maynard, Paul	Rayner, Angela	Tredinnick, David
Huq, Dr Rupa	McCabe, Steve	Redwood, rh John	Trickett, Jon
Irranca-Davies, Huw	McCarthy, Kerry	Reed, Mr Steve	Tugendhat, Tom
Jackson, Mr Stewart	McCartney, Jason	Rees, Christina	Turley, Anna
Jarvis, Dan	McCartney, Karl	Rees-Mogg, Mr Jacob	Turner, Mr Andrew
Javid, rh Sajid	McDonagh, Siobhain	Reynolds, Emma	Turner, Karl
Jayawardena, Mr Ranil	McDonald, Andy	Reynolds, Jonathan	Twigg, Derek
Jenkin, Mr Bernard	McDonnell, John	Rimmer, Marie	Tyrie, rh Mr Andrew
Jenkyns, Andrea	McFadden, rh Mr Pat	Robertson, Mr Laurence	Umunna, Mr Chuka
Jenrick, Robert	McGinn, Conor	Robinson, Mr Geoffrey	Vaizey, Mr Edward
Johnson, rh Alan	McGovern, Alison	Robinson, Mary	Vara, Mr Shailesh
Johnson, Diana	McInnes, Liz	Rosindell, Andrew	Vaz, Valerie

Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Watson, Mr Tom
 West, Catherine
 Wharton, James
 Whately, Helen
 White, Chris
 Whitehead, Dr Alan
 Whittaker, Craig
 Whittingdale, Mr John
 Wiggin, Bill
 Williams, Craig

Williamson, Mr Gavin
 Wilson, Phil
 Wilson, Mr Rob
 Winnick, Mr David
 Winterton, Mr Dame Rosie
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, Mr Iain
 Zahawi, Nadhim
 Zeichner, Daniel

Tellers for the Ayes:
 George Hollingbery and
 Sarah Newton

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackman, Kirsty
 Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Cherry, Joanna
 Cowan, Ronnie
 Crausby, Mr David
 Crawley, Angela
 Day, Martyn
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Edwards, Jonathan
 Ferrier, Margaret
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hoey, Kate
 Hollern, Kate
 Hosie, Stewart
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Law, Chris
 Maskell, Rachael
 Mc Nally, John

McCaig, Callum
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McGarry, Natalie
 McLaughlin, Anne
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, Mr Angus
 Robinson, Gavin
 Salmond, Mr Alex
 Sheppard, Tommy
 Stephens, Chris
 Thewliss, Alison
 Thomson, Michelle
 Vaz, Mr Keith
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Wishart, Pete

Tellers for the Noes:
 Marion Fellows and
 Owen Thompson

Question accordingly agreed to.

Ordered.

That the draft European Union Referendum (Date of Referendum etc.) Regulations 2016, which were laid before this House on 22 February, be approved.

Opposition Day

[UN-ALLOTTED HALF DAY]

UK Steel Industry

[Relevant documents: First Report from the Business, Innovation and Skills Committee, on the UK Steel Industry: Government response to the crisis, HC 546, the Government response, HC 861, and oral evidence taken before the Welsh Affairs Committee on 10 February, on the steel industry in Wales, HC 767.]

6.57 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to move,

That this House notes the crisis in the UK steel industry; calls on the Government to support tougher EU action to ensure a level playing field and prevent the dumping of Chinese steel, to support scrapping the lesser duty rule which prevents higher tariffs being imposed that reflect the actual margin of dumping and to examine the implications of granting China Market Economy Status for the EU's ability to tackle unfair trade; and further calls on the Government to publish a full industrial strategy which includes a procurement policy which commits to using British steel wherever possible for publicly-funded infrastructure projects and which supports industrial supply chains across the UK.

Britain's steel industry is in crisis, and despite the warning signs flashing red, the Tories have had to be dragged kicking and screaming to come up with any kind of response. So far, it has been far too little and far too late. More than 5,000 UK steel jobs have been lost over the past 12 months. Redcar has been abandoned, the blast furnace and the coke ovens destroyed by this Government's shameful complacency and inaction. Tata Steel has announced the loss of 1,050 jobs this year alone, and there are worrying signs that the entire industry in the UK is hanging by a thread.

This is a vital foundation industry for the UK which, after all, was the world's first industrial nation. Our steel communities are looking to Parliament to support them in their hour of need and we must not let them down. Steel production is worth £9.5 billion to our economy, £5 billion of that in exports, at a time when we have a deteriorating trade deficit.

Mark Pritchard (The Wrekin) (Con): The hon. Lady speaks of this time of need. I grew up just a few miles from Port Talbot steelworks and played very poor rugby as a scrum half at a school close by. At this time, is it not better that all parties work together for the good of the British steel industry, rather than making party political points, when it is pretty obvious that the steel industry globally has changed not only in the past year, but over the past two decades?

Ms Eagle: I will be the first to work with Government Members, and I hope that by the time we have listened to the Business Secretary's reply we will have something that we can all cheer.

The British Chambers of Commerce recently found that export growth continued to slow at the end of 2015, with manufacturers struggling in particular. In the words of a former Conservative Trade Minister, the Government's own export target is "a big stretch". The Government have obviously been asleep at the wheel. Ahead of the Budget next month, the Government must acknowledge that on their watch domestic structural weaknesses in the UK economy have been allowed to persist and that they are now in danger of holding Britain back.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): Does my hon. Friend agree that the Government have also been asleep at the wheel when it comes to the crucial issue of procurement? Will she join me in commending the *Daily Mirror* for its Save Our Steel campaign, which has been shining a light on defence procurement, in particular, and found that Swedish steel is being used in the Navy's newest warships?

Ms Eagle: I certainly agree with my hon. Friend's observations and share his surprise that Swedish steel is being used in Ministry of Defence contracts in quite that way. I note that it appears to be a Conservative donor company that was doing that work. I join him in commending the *Daily Mirror* for its fantastic Save Our Steel campaign, which has highlighted the very real effects of the current crisis on steel communities up and down the country. Long may it continue to help us campaign to save this vital industry.

In the light of all that, why has the Government's response to the steel crisis been so complacent and ineffective to date? Perhaps it is because we have a Business Secretary who is ideologically indisposed to taking any worthwhile action as he does not actually believe in the concept of Government action at all. Perhaps it is because we have a Business Secretary who has read far too much Ayn Rand and thinks that markets should somehow just be left to look after themselves. Perhaps it is because we have a Business Secretary who will not let the phrase "industrial strategy" even pass his lips.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Is my hon. Friend concerned that the Business Secretary will write letters supporting the need to deal with dumping and to increase tariffs, but, when it comes to reality rather than rhetoric, is part of a Government who are one of the ring leaders in the EU Council preventing any increase in tariffs?

Ms Eagle: I thank my hon. Friend for that observation. I think that in this debate Opposition Members will want to explore the gap between the Government's rhetoric and the reality of their actions, because all too often we find that the gap is far too wide.

Mrs Madeleine Moon (Bridgend) (Lab): Today in Defence Questions it was said that British steel companies had not tendered for defence contracts—for example, for the building of frigates. If it is unattractive for British companies to tender, is it not important that the Government explore what is happening in our contracting? There is a problem there—a gap between what is said and reality—that should be explored.

Ms Eagle: The Government should certainly be leaving no stone unturned in encouraging UK steel to tender for any contract, especially as they boast about changing the procurement rules—in my experience, one has to do a lot more than that to make a real difference.

Mark Pritchard: Will the hon. Lady give way?

Ms Eagle: Okay, but just because I am intrigued by the hon. Gentleman's rugby-playing days.

Mark Pritchard: I thank the hon. Lady, who is being generous in giving way—I believe in mixed rugby teams, so she is welcome on the pitch anytime. It so happens that 26 British companies were asked to tender for the offshore patrol vessels to which the hon. Member for Bridgend (Mrs Moon) referred, but only one did, so only 20% of the steel for those vessels will be British. Surely she agrees that it is not for the Government, or indeed for the Opposition, to promote and market individual steel companies, whether British or not; it is for those companies to market themselves, and it is for the Government to set the framework in which they can do the business.

Ms Eagle: I am just getting the idea of a mixed rugby team out of my mind so that I can address the hon. Gentleman's point. I think that it rather makes the point that the Government need to do more than just change technical criteria. They need to take a root-and-branch look at what is actually happening in our steel industry, and an industrial strategy would assist them in doing that. We need to do what we can to ensure that any blockages are removed so that we can give our steel communities the best chance to take maximum advantage of the procurement opportunities available in this country.

Stephen Doughty: That is absolutely crucial. Does my hon. Friend agree that there is a pattern of behaviour here? We have seen foreign steel used in the Tide class tankers, in the scout vehicles and in the aircraft carriers, we have no commitments on the frigates, and we have also heard about Swedish steel being used. That pattern of behaviour across all defence procurement needs to be investigated.

Ms Eagle: My hon. Friend makes a perfectly fair point. The Government should leave no stone unturned in order to maximise the chances of British steel companies bidding for these contracts successfully.

Andy McDonald (Middlesbrough) (Lab): On investment in steel, does my hon. Friend recognise that there is an opportunity to invest in a catapult centre in my constituency and in that of my hon. Friend the Member for Redcar (Anna Turley)? That would be a major investment that would take steel forward. That opportunity ought to be embraced, but it is being dismissed out of hand—[*Interruption.*] The Minister for Small Business, Industry and Enterprise says from a sedentary position that it is not, so I am glad that she is embracing the concept.

Ms Eagle: My hon. Friend has anticipated a point that I plan to make later in my speech. I certainly hope that there will be some good news on the catapult centre in the Budget, because we would certainly support that.

John Redwood (Wokingham) (Con): I agree with the hon. Lady; we need a steel industry and there needs to be cross-party working to try to find the way forward. What does she think the Government could do to try to get more steel orders? The main problem is that there just is not enough British steel being bought.

Ms Eagle: One of the first things we have to do is stop the tsunami of unfairly traded and dumped Chinese steel, which is preventing fair trade and competition in the market at the moment.

[Ms Angela Eagle]

The Opposition have had to drag this Government kicking and screaming to the House on no fewer than 12 occasions since 2014 to try to force them to turn their warm, sympathetic words on steel, which we all recognise they use, into effective action. Today, here we are doing so once again. The Opposition motion calls on the Government to stop using the European Union as an excuse for their own inaction. It asks them to support a more effective response to the dumping of Chinese steel, which threatens to decimate UK steel production. It calls on the Government to take tougher action to secure a level playing field for our industry.

Mark Spencer (Sherwood) (Con): I understand the point that the hon. Lady is making, but I hope she will recognise that the Government have to work within the European Union's state aid rules.

Ms Eagle: Far be it from me to suggest that the Government should operate outside EU state aid rules; I simply do not think that they are being sufficiently inventive or creative with the rules as they are at the moment. Had they been more interested, perhaps we would not have had to drag them to the House 14 times to keep the pressure on.

Huw Irranca-Davies (Ogmore) (Lab): I apologise for my voice—I shall have to whisper.

I have been on the doorstep with steelworkers in my constituency, and, in a spirit of working across these Benches, all I want to be able to say to them is that the Minister has been to Brussels and demanded the highest possible tariffs—the sort of tariffs the Americans have. Then I can say that, in line with the proposals being put forward by the Welsh Government, we are doing everything we can to make sure we have a steel industry in this country—this year, in five years, in 10 years and in 50 years. Does my hon. Friend agree that if we do not have those tariffs, we risk losing the steel industry?

Ms Eagle: Again, I agree. In this moment, we all have to do the most we can to preserve a future for the UK steel industry.

Our motion calls on the Government to take tougher action to secure a level playing field for our industry by working in partnership with our European neighbours. As part of the largest economic bloc in the world, Britain is in a much stronger position to stand up to those who refuse to play by the rules of the game, damaging our future economic prosperity and putting at risk the jobs and livelihoods of families in our close-knit steel communities. We need a Government who are willing to make that case by standing up to China.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Does my hon. Friend agree that the issue affects not only the steel industry but ceramics? It will cost more than 2,500 jobs in my constituency, unless we send a clear message, as the Minister has said, that China does not meet the criteria for market economy status?

Ms Eagle: I am coming to that later in my remarks, but my hon. Friend is exactly right: all energy-intensive industries are affected, and ceramics is one of them.

If they are accurate, I welcome the media reports from today's European Union Competitiveness Council, which appears to have agreed that the Commission should accelerate anti-dumping action. I look forward to much more detail from the Secretary of State when he responds to the debate on what that will mean in practice. Until then, we must judge the Government on their actions to date.

Our motion calls on the Government to stop blocking reform of EU trade defence instruments, which would enable defensive tariffs to be imposed much more quickly and at a level that would actually prevent imports of unfairly traded steel products from China. The Government should support the scrapping of the lesser duty rule, which is preventing tariffs from being set at a level that will actually deal with the problem. After months of agitation and a massive increase in Chinese imports, especially to the UK, the European Union has finally set its tariff on a particular product—Chinese rebar—between 9.2% and 13%. Meanwhile, the USA has introduced defensive tariffs of 66%, and they were operating 45 days after the start of its investigation. To work, tariffs have to be high enough to deal with the problem—the EU tariffs are not.

It is important to make it crystal clear that we are objecting to blatant and unfair dumping, not to free trade, which the Opposition support.

Richard Fuller (Bedford) (Con): I am interested in what the hon. Lady is saying, but does she not feel the chill wind of the 1930s, which saw the infringement of free trade as people eagerly moved to impose tariffs? Over the last 10 years, China's share of world trade in steel has grown from 30% to more than 50%, so whatever the tariff, there will be further calls for higher tariffs, with consequential disadvantages for all.

Ms Eagle: I was trying to make it very clear that we are talking about unfair trade—dumping. We are not talking about fair trade.

Tom Blenkinsop: My hon. Friend is absolutely right. The point is that this is not an example of free trade. China is in breach of World Trade Organisation rules, and it is exploiting export subsidies to such an extent that the Americans are looking at tariffs of more than 200% on Chinese steel. That is not unprecedented: back in 2004, the Bush Administration brought in similar tariffs of about 25% on European steel.

Ms Eagle: My hon. Friend is exactly right: we have to distinguish between free trade, fair trade and unfair trade, and what we face with Chinese steel imports is clearly unfair. Dumping is unfair, and it is threatening the very existence of the UK steel industry. Everyone in the House knows that once steel facilities have gone, they cannot easily be put back. We have to protect our industry's capacity to exist, and perhaps to do better in future, when world conditions have changed. If we do not bear that in mind, we will lose the lot, and we will regret it.

Richard Fuller: The hon. Lady will find that there is a lot of understanding across the House for the point she makes. My point is just that, over the past 20 or 30 years, we have become reliant on China producing many

things, and the hon. Member for Stoke-on-Trent North (Ruth Smeeth) mentioned ceramics. My concern—perhaps the hon. Member for Wallasey (Ms Eagle) can address this—is about where we make the distinction in terms of the tariffs we impose. Does she not have the slightest concern that a series of such issues may come up in sector after sector because of the growing reliance over the last few years on Chinese exports?

Ms Eagle: We need to have an industrial strategy, and we have to ensure that imports into this country are appropriately priced and fairly traded.

Nic Dakin (Scunthorpe) (Lab): My hon. Friend is setting out her stall very clearly. Does she not agree that it is particularly important that there is fair trade when a strategic foundation industry that is important to manufacturing, defence and other core activities is being challenged in this way?

Ms Eagle: My hon. Friend is exactly right. I could not agree more about the strategic importance of foundation industries, of which steel is a key one.

Mark Tami (Alyn and Deeside) (Lab): Shotton steelworks, which produces “galv” and coated products, relies on Port Talbot for its supply of steel. Although Shotton is a profitable plant, if Port Talbot were to go, it would not be easy to find a good-quality supplier of steel at the drop of a hat.

Ms Eagle: Exactly. My hon. Friend supports his constituents, and he knows exactly what is at stake if the Government fail to protect the fundamentals of this foundation industry.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Will the hon. Lady give way?

Ms Eagle: This is the last time, but will hon. Members then please let me get on with my speech?

Jonathan Edwards: I am grateful to the hon. Lady, who has been extremely generous in giving way, and I am more than happy to support the motion. Is she aware of the work of the devolved Government of Wallonia in Belgium, who have a strategy to protect their steel industry, encompassing an investment fund, an innovative research plant and clear protective measures for steelworkers? Should the Labour Welsh Government pursue a similar strategy?

Ms Eagle: The hon. Gentleman has pointed out that, in some places in Europe, there may exist an industrial strategy, and we could do with one in this country.

Far from fighting for the UK’s interests, as they would have us believe they are doing, the Government are actually a leading part of a group of EU countries that have moved to block reform of the lesser duty rule. Let us look at the record to date. The European Commission proposed strengthening trade defence instruments in April 2013 to protect Europe from Chinese dumping. That was endorsed by the European Parliament in February 2014. It was then blocked in the Trade Council in November 2014. It was the UK Government who successfully assembled a group of 15 other EU countries to oppose that crucial reform. The Government objected

primarily to the abolition of the lesser duty rule and to giving the Commission the ability to initiate anti-dumping proceedings on its own. Perhaps the Business Secretary will let us know whether today’s apparent agreement changes that stance? If it did, that would be most welcome, and it would certainly be a departure from the recent past.

When the Business Secretary was asked, in evidence to the Business, Innovation and Skills Committee recently, about the Government’s blocking of reform, he said:

“If duties are applied that are disproportionate, it would have an impact, in Britain and elsewhere”.

However, Chinese dumping is having a devastating impact in Britain now. We do not need disproportionate tariffs; we need tariffs that will be effective and duties that will prevent the damage caused by illegal dumping. The Government should be arguing for such duties, not conniving with 15 other EU countries to block them.

On granting market economy status to China as part of its ongoing acceptance into the World Trade Organisation, the Chinese Government regard this as an automatic thing, but it certainly should not be. In fact, as many in this House will know, this status is granted only when the economic conditions in the country concerned have developed in such a way that it can be shown that prices and costs are genuine and can therefore be used to determine trade defence disputes. China currently meets only one of the five criteria required for this status to be granted, and yet the UK Government support granting market economy status to China as early as the end of this year.

Why is this? We already know that the Chancellor continues to be almost embarrassingly desperate to be China’s new best friend, but he must not pursue his infatuation so far that it excuses its unfair trade practices. Granting market economy status to China in the absence of important safeguards would significantly diminish the capacity of the EU to guard against Chinese dumping, which has the potential to destroy the UK steel industry, so it must not be granted until the criteria are objectively met. Will the Secretary of State tell us more about why the Government appear to have made their mind up already on this important issue in advance of the forthcoming assessment by the EU Commission? Surely they are not so intent on cosy up to China that they have left all judgment behind.

The Opposition motion calls on the Government to publish a full industrial strategy that is designed to support and grow our manufacturing sector, not just stand by as it is threatened by unfair competition. This should include a proactive procurement policy committed to using British steel wherever possible for publicly funded infrastructure projects and supporting industrial supply chains across the UK. Nothing less will do. In the forthcoming Budget, Labour would support the Government doing more on business rates and exempting new industrial equipment. An industrial strategy must be forward-looking and support our wider industrial base and its supply chains. That is why Labour would also support the Government in going further to develop a materials catapult to drive early-stage investment in this crucial area—an idea that has support from industry and business organisations such as the CBI. Labour Members certainly support it, and I hope that come the Budget we will hear from the Government that they support it too.

[Ms Angela Eagle]

The Government are always keen on asserting that they have changed the procurement rules as one of the five steel industry asks that the Minister for Small Business, Industry and Enterprise blithely asserted during the recent urgent question on 18 January had all somehow been delivered. However, these new rules do not seem to be having any impact on actual outcomes. There is no sign that these modest technical changes are making any difference to the awarding of Government contracts to help our domestic industry. Perhaps that is because the new guidance merely states that steel requirements should be “openly advertised” to allow UK firms to compete. Britain’s steel industry needs a real champion in Government, but the Minister excuses the omission of British steel in projects like Hinkley Point C by claiming wrongly that UK steel does “not have this capacity”. I am beginning to worry about her connection with reality, especially after her appearance on “Pienaar’s Politics” yesterday when she claimed that there is no Tory infighting over the European Union and denied that the Prime Minister had attacked the Mayor of London in a speech last week. I do not know which planet she is on, but it is clearly not the same one that the rest of us inhabit.

The Conservatives have left our economy insufficiently resilient to global threats and not in a high enough state of readiness to seize on future opportunities. If they are to lay solid foundations for our future prosperity as a nation, they have to support our foundation industries. Decisions taken now will chart our economic fortunes for the decades to come. The UK steel industry does not need warm words from this Government: it needs effective action. Our steel communities need it, our economy needs it, and Labour Members demand it.

7.24 pm

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): There is no doubt that the past few months have been absolutely devastating for Britain’s steel industry and, more importantly, for the skilled, dedicated people who work in it. It is also clear that the global steel industry is facing an unprecedented set of challenges with multiple factors beyond the control of any one national industry or Government.

The facts are familiar, but they bear repeating. Around the world, production of steel is 30% higher than demand. In China alone, excess steel capacity is 25 times the UK’s entire annual production. Demand here in Europe has yet to return to pre-crash levels. As a result, the international price of steel has halved over the past 18 months, and the impact on Britain’s steelworkers has been all too clear. I have travelled to Redcar and to Port Talbot and seen for myself the challenges the situation has created, and the good work being done on the ground to help the communities cope.

Labour Members want us to demand the removal of the lesser duty rule so that the EU can impose tariffs on all Chinese steel. They apparently fail to recognise that the lesser duty rule does not prevent the imposition of tariffs, nor is it a bar to effective action against unfair trading: it simply ensures that duties are set at a level that removes the harm caused by dumping, and no higher.

Nic Dakin: When the Secretary of State wrote to the Commission and said that it

“should make full and timely use of the full range of EU trade policy instruments to tackle unfair trade, including anti subsidy measures, to ensure a global level playing field”,

did he mean that he was going to take action on behalf of our steel industry?

Sajid Javid: That is exactly what I meant. As I speak further, I hope that will become clearer.

Alex Cunningham (Stockton North) (Lab): On the basis of what the Secretary of State has said, can we expect increased tariffs on Chinese steel in the near future?

Sajid Javid: We believe that under the existing rules the EU can go further, and it must.

Alex Cunningham: Can we expect it?

Sajid Javid: I will come to that in a moment. Under the lesser duty rule, if the dumping margin is 50%, but a duty of 30% is sufficient to remove the harm to industry from that dumping, then the duty is set at 30%. The tariffs recently imposed on Chinese rebar were indeed too low. I am continuing to raise the issue in my regular discussions with Brussels, as I did only last week when I met the EU Trade Commissioner in London.

Mark Spencer: Before my right hon. Friend makes any more progress, it is worth putting on the record the £50 million of support that he and the Minister have already put in place. Will he bring us up to speed on where the negotiations with the EU stand and what sort of timescale he is looking at?

Sajid Javid: I thank my hon. Friend for reminding us of that. As I progress, I will answer his question.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Will the Minister put on the record whether he supports the lifting of the lesser duty rule?

Sajid Javid: No, I do not, because, as I have said, the lesser duty rule is there to create a level trading field. As I have also said, under the existing rule, tariffs can be higher, and in many cases should be higher. However, they were not set too low because of the lesser duty rule. The problem was the time period used by the Commission in its calculation.

Stephen Doughty: The Secretary of State specifically mentioned rebar. As he knows, that is a major product produced by Celsa in my constituency. It is a very high-quality product that has been used in Crossrail and many other projects. Does he expect that tariffs on rebar, specifically, will be higher against the unfairly traded Chinese steel—yes or no?

Sajid Javid: The hon. Gentleman is right that it is suggested that tariffs should be higher to right the detriment. We agree; that is what our analysis shows. That is exactly what we are pushing with the EU Commission, as I did only last week when I met the Trade Commissioner while she was in London.

Huw Irranca-Davies: I apologise for having to whisper again. On rebar and other important products in south Wales, what tariff is the Secretary of State pushing for and when does he want it imposed?

Sajid Javid: I hope that the hon. Gentleman respects that it is not for us or any other state to say what the tariff should or should not be. These are European-wide tariffs. Under the existing rules, it is possible to have higher tariffs, and that should certainly be the case if the dumping does not stop.

Huw Irranca-Davies: I realise that there will be a negotiation process. As somebody who has been involved in European negotiations in a different sphere, I know that it is perfectly within the Secretary of State's gift to tell us what the UK's negotiating position is. What should the tariffs on the different products be, and when is he arguing for them to be imposed?

Sajid Javid: When it comes to the steel industry, there are many different types of products and there is no one single tariff that we are looking at. Where appropriate, we are pushing the EU Commission where we think it has not applied the existing rules properly, not just for higher tariffs, but for much speedier action.

Mark Tami: Does the Secretary of State not understand that the clock is ticking and the industry does not have long left? Millions of pounds are being lost each day and it is no good him standing there saying, "Well, I've said this and that about next week and the week after." There may not be a week after.

Sajid Javid: The hon. Gentleman makes an important point, but he should also accept that if the entire debate on trade and trade protection in the EU becomes about the lesser duty rule, it will take away from the time and effort required to use the existing rules more effectively.

Anna Turley (Redcar) (Lab/Co-op): If Tata Steel, UK Steel—the umbrella body—and the Community union are all calling for the Government to take action on the lesser duty rule, surely the Secretary of State can see that it is in his gift to give that to the steel industry, which is crying out in desperation for his help.

Sajid Javid: The hon. Lady will know that that is not in the gift of any single Government in the EU; the issue is EU-wide. As I have explained, it is important to use the existing rules effectively, and we support taking further action where the tariffs are not imposed quickly or if they are not high enough.

Richard Fuller *rose*—

Sajid Javid: Let me say more about tariffs and then I will take some more interventions. Punitive tariffs and sky-high duties always seem like a nice, easy solution, but the truth is that excessive, protectionist trade tariffs simply do not work. Although they provide a short-term boost for the protected sector, they inevitably cause long-term harm to the wider economy. They drive up prices.

Ms Angela Eagle: We are not calling for protectionism; we are calling for tariffs that prevent unfair trade. When the right hon. Gentleman talks about protectionism, it is important that he distinguishes between dumped and

unfairly traded products—which must have high tariffs so that they can be blocked before they destroy our industry—and fairly traded products. We agree with him. We are not against free and fair trade.

Sajid Javid: If the hon. Lady means what she has just said, which is that she wants a level playing field, we are in agreement, but the entire argument she made moments ago was for punitive tariffs, which would drive up prices for businesses and consumers and risk potentially ruinous retaliation from other nations. Artificially over-inflating the price of imported steel would have a hugely damaging effect on British companies further up the manufacturing chain. Of course, I would like to see such companies using British steel rather than cheaper, lower quality imports, and let me take this opportunity to urge them to do so. However, forcing them to buy British steel by making imported steel prohibitively expensive is not the way to make that happen. Higher duties on imports of raw materials eventually mean higher prices paid by manufacturers and consumers alike, putting countless more jobs at risk.

Stephen Doughty: This crucial point is at the heart of this debate. Nobody is calling for punitive measures; we are asking for a level playing field. If we do not level the playing field when other countries, such as the US, are willing to put up their tariffs, this country will get a double dose of the dumping. The effect will be increased if we do not take action. We do not want a trade war; this is simply about levelling the playing field for the British industry.

Sajid Javid: That is exactly what we are delivering on and what the current framework allows us to do.

Richard Fuller: There is undoubtedly anguish in the industries and sectors affected by the impact of change on the steel industry, but does my right hon. Friend agree that, over the past 30 years, global free trade has had the best impact on jobs, wellbeing and living standards, and that he has a responsibility not to indulge in tit for tat retaliatory measures on tariffs in pursuit of a good cause, because of the consequential impacts on other aspects of trade?

Sajid Javid: My hon. Friend is absolutely right. That does not mean that it is not possible to have tariffs; of course they are possible when there is unfair trading, and that is exactly what we support. That is what the current set of rules used by the EU allows.

Andrew Percy (Brigg and Goole) (Con): There is nothing more cruel to steelworkers, many thousands of whom I am proud to represent, than suggesting that all of the solutions to this crisis are in the hands of the British Government. For the record again, will the Secretary of State make it absolutely clear whether the British Government can unilaterally impose the tariffs? If not, will he confirm that it is for the European Union to make that decision? On top of that, is he pushing the EU for higher tariffs than those that have been imposed? It is simple—that is what steelworkers want to hear.

Sajid Javid: I can confirm all that to my hon. Friend, who makes his point very well. The rules are applied to all members of the European Union. The tariffs are set

[Sajid Javid]

after an evidence-gathering process by the EU Trade Commissioner. Clearly, we all want them to be based on evidence so that it can be used to create the level playing field that we all want. My hon. Friend is correct to say that no single country can choose to change a tariff; we must work collectively through the EU rules.

Removing the lesser duty rule would have an impact. We want to address the impact of unfair trade without imposing disproportionate costs on the wider economy. We want to create that level playing field rather than a protectionist barrier. As I have already said—I am happy to say it again—where the evidence suggests it, I want to see the highest appropriate duties imposed. On rebar, which the hon. Member for Cardiff South and Penarth (Stephen Doughty) mentioned earlier, the UK industry is asking for tariffs of 20% to 30%. We support that and think that the evidence backs it, but I will never call for any action that could damage British business and hurt British consumers.

The hon. Member for Wallasey (Ms Eagle) called for an examination of the implications of granting market economy status to China. The Commission has not yet published its proposals, but, even if China is granted market economy status, the EU will still be able to take action on unfair trade practices and impose anti-dumping measures. After all, Russia has market economy status, and the EU has taken anti-dumping measures against Russia. Nor would market economy status affect the EU's ability to tackle Chinese subsidies through anti-subsidy actions. In fact, the Commission has said that it wants to make it easier to tackle subsidies through trade defence measures.

It is clear that the Commission can do more within the existing rules, and I am doing everything I can to make sure it does so. That is why the UK has led the way in calling for more effective action. It was the UK that demanded and secured an extraordinary meeting of the Competitiveness Council to agree a European-wide approach to the crisis. It was also the UK that lobbied for an investigation into rebar dumping. We have been pressing the Commission to speed up its investigations into dumping so that appropriate steps can be taken as soon as possible. We have written to the Commission with specific proposals. We have voted to take action on seamless pipes and tubes, wire rod and cold rolled products. We have supported the Commission's investigations into hot rolled flat products, and just last week I personally raised the issue with China's Commerce Minister when he was in the United Kingdom.

Tom Blenkinsop: If what the Secretary of State says is true, why does the director general of Eurofer, Axel Eggart, state:

“By blocking the lifting of the Lesser-Duty-Rule, these Member States”—
including the UK—

“deliberately deprive the European steel sector of the chance to receive effective and legitimate remedy against massive dumping”?

Why does the Secretary of State think that the representative of the entire steel industry in the European Union says that?

Sajid Javid: I think I have already answered that question. We have been working closely with the industry to deliver as much support as possible. At October's

steel summit, the industry had five asks of the Government. Today, I am pleased to say that we have already delivered on four of them. Let me take this opportunity to thank my colleagues the Minister for the Cabinet Office, the Minister for Small Business, Industry and Enterprise, and the Commercial Secretary to the Treasury for their unstinting work.

John Redwood: Will the Secretary of State tell us what he and his colleagues in Government can do to ensure that in big public sector procurement programmes in defence, railway engineering or construction, we get the maximum British content for the steel industry?

Sajid Javid: That is an excellent question, and that was the second ask from the industry. Let me address the first ask, and I will come right back to that point.

The first ask was for lower energy bills. We will shortly be paying compensation on renewable energy costs, and we are in the process of securing agreement to exempt energy-intensive industries from such costs. The second ask was for more British steel to be used in public building projects. We have issued updated procurement guidance to all Departments to make it clear that they can now take into account wider socioeconomic considerations, as well as cost, when making purchasing decisions. We are the first member of the European Union to be able to use those new rules. We have also mapped rough estimates of steel that could be used for major projects including High Speed 2, new nuclear and offshore wind. We have shared those estimates with industry and will continue to keep it updated.

Stephen Doughty: It is interesting to hear what the Secretary of State is saying about the procurement guidance being given to Departments. The Ministry of Defence has told me in answer to a written question that

“the Ministry of Defence (MOD) does not hold a complete, centralised record of steel procurement for projects and equipment, either in terms of quantity or country of origin”.

Can the Minister explain why that is, and does he think that it is satisfactory? How will we ensure that Departments meet the procurement guidelines that he has set out for them if the MOD is not even keeping records? I am not talking about specific projects, but it needs to keep records; otherwise we cannot tell whether it is doing what he says it should be doing.

Sajid Javid: The hon. Gentleman will be pleased to know that we are working with all Departments, including the Ministry of Defence, to make sure that they do whatever needs to be done to make maximum use of the new procurement rules.

The third ask from the industry was greater flexibility on EU emissions legislation. We have successfully negotiated longer lead-in times for the implementation of emissions regulations. The fourth ask was for action on unfair trading practices. As I said a few moments ago, we have led the EU in securing provisional duties on unfair imports of rebar steel and cold rolled flat steel. We have welcomed new investigations into unfair imports of hot rolled flat products, heavy plate and large seamless pipes. We continue to pressure the European Commission for further action against unfair trading, including the use of the registration procedure where appropriate.

Anna Turley: I appreciate what the Secretary of State has said about levelling the playing field; that is all the Opposition ask for. I want to take him back to the point about the lesser duty rule. The European Commission states that the dumping margin for rebar is 66%, but the lesser duty rule puts it at 9%. That has a huge impact. The Minister must acknowledge that 66% levels the playing field.

Sajid Javid: I know the hon. Lady feels passionately about the matter, but it is important to get the facts right. On rebar, the European Commission has so far come up with tariffs of between 9% and 13%. The industry is asking for 20% to 30%, and we support that. I hope she will also support that.

The fifth and final ask was lower business rates. A Treasury review of those is ongoing, and I hope that it will be concluded ahead of next month's Budget.

Richard Graham (Gloucester) (Con): Before my right hon. Friend comes to his last point, in answer to the question raised earlier about MOD procurement, my understanding is that on the two Queen Elizabeth class aircraft carriers, 77,000 out of 82,000 tonnes of steel was UK-sourced. Will he confirm that figure?

Sajid Javid: I think those numbers are right. Well over 90% of the steel was British, and that is exactly what we want to see. National Rail is using 98% British steel in major infrastructure projects, and more than 95% of the products used in the Crossrail project—the largest infrastructure project in Europe—are British. That is exactly what we all want to see.

Tom Blenkinsop: The question of how the tariffs are calculated is intriguing. China is in such breach of the World Trade Organisation rules that the calculation has to be based on Turkey as a model. Whether the tariff is 20% or 30%, the figure of 66% is a guesstimate, and the true number is probably far larger. It would be interesting if the Secretary of State could have dialogue with his European counterparts about that. We are talking about a problem that is far larger than the calculations suggest, and there is no information available because China is in such breach of WTO rules.

Sajid Javid: That is why we need to use whatever evidence is available. That means working closely with the industry, listening to it and taking note of its evidence. If the industry is saying that the right level is 20% to 30%, it is worth listening to that.

We have provided support packages worth up to £90 million for communities affected by plant closures in Scunthorpe, Redcar and Rotherham. The help on offer includes retraining, support for local companies that want to take on former steelworkers, and emergency help for workers who find themselves in a financial crisis. Earlier this month, Lord Heseltine announced the creation of an interim body for managing the former SSI site in Redcar, to ensure that it reaches its full potential. Lord Heseltine is also conducting a review of inward investment in the Tees valley, as well as looking at how to enhance education, employment and skills in the area.

As for the plants that are still operating, we continue to work with the Scottish and Welsh Governments and with individual companies on their specific needs. For example, we have repeatedly made it clear that we want

the blast furnaces to carry on at Port Talbot, and we are working with Tata and the Welsh Assembly Government to help to make that happen. Although this remains an uncertain time, it is encouraging that Tata Steel Europe has announced that Greybull Capital is its preferred bidder for the purchase of the Tata long products business. That is a positive step. The negotiations are a matter for the companies involved, but we remain in regular contact with Tata about its future plans. If it is successful, the sale is likely to involve some element of state financial support, on commercial terms, for the new owner.

We have set up a joint Government and industry steel council to take remaining actions forward and to work through the conclusions of an independent study into the competitiveness of the UK steel sector. I will co-chair the first meeting of the steel council on Wednesday.

Andrew Percy: I hope that my right hon. Friend will take note of the Tata support fund that has been launched in north Lincolnshire for those in the supply chain. On the question of likely state support for the Greybull sale, which we are all behind, will he go into a little more detail about what that might look like and at what level it might be set?

Sajid Javid: I fully understand why my hon. Friend has asked about that, but the discussions are commercially sensitive at this point. I am happy to reassure him that we are in deep discussions with Greybull, Tata and others, and that where we are able to help by providing support on commercial terms, we most certainly will do so.

The hon. Member for Wallasey has called for us to offer greater support to manufacturing supply chains across the UK. The Government are absolutely committed to British manufacturing. That is why we are investing in infrastructure across the country, and that is why, for example, we are totally committed to building four Successor submarines for our nuclear deterrent. Building the Trident replacement will secure our nation and secure thousands of skilled manufacturing jobs. Sadly, it was no surprise to see the Leader of the Opposition leading a demonstration against it this Saturday. Senior members of the GMB union called that "armchair generals playing student politics".

The crisis facing the British and European steel industry is grave indeed, but the charge that this Government are not doing all we can simply does not stick. We cannot simply increase the global price of steel or reduce the level of production in other countries.

Mr Christopher Chope (Christchurch) (Con): My right hon. Friend does not accept the charge that the Government are not doing all they can, but does he not agree that if we were not in the European Union, the Government would be able to do a heck a lot more?

Sajid Javid: Even if that were the case, we would still be bound by WTO rules and it is possible that we would be far more open to retaliation by other countries as well.

Jonathan Edwards *rose—*

Sajid Javid: I will give way a final time, but then I must close.

Jonathan Edwards: As the Secretary of State knows, the leader of the Conservative party in the National Assembly has said that he will vote for a Brexit. Would that help or hinder the steel industry in Wales?

Sajid Javid: If the Welsh Government had listened to the leader of the Conservative party, they would have been in a far better position to help the steel industry locally.

There are things we simply cannot do—we cannot simply increase the global price of steel or reduce the level of production in other countries—but we have done everything possible and we will continue to do so as long as such action is needed. We will leave no one behind in this one nation.

7.51 pm

Marion Fellows (Motherwell and Wishaw) (SNP): When I was preparing for today's debate, I wondered how I could speak on this or similar motions without repetition, deviation or hesitation, which are the famous rules of Radio 4's "Just a Minute" programme. I will break all those rules, because I will use repetition and—not too much—deviation, while the only hesitation will be when I struggle to find words to explain what the Government say they are doing to help save the UK steel industry.

Since I attended the UK steel summit in Rotherham on 16 October, along with many other Members currently in the Chamber, in excess of 6,000 jobs have been lost across the UK. Job losses at Dalzell plate mill in my constituency and at Clydebridge in the constituency of my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) are included in that number. I will come on to describe how job losses and effective Government action differ across the UK.

Community the union has called for the UK Government to take action now, and has asked them

"to do everything in their power to safeguard the future of this vital strategic, foundation industry of fundamental importance to UK manufacturing and industrial supply chains."

Along with UK Steel and Eurofer, Community has challenged the Government to come out positively for scrapping the lesser duty rule, which inhibits the rate of duty that can be imposed on Chinese dumped steel. It is hypocritical in the extreme for this Government to vote for anti-dumping measures on the one hand and to fight to retain the lesser duty rule on the other.

The Government support market economy status for the Chinese. Where is the sense in that? It is another example of doublespeak. Yes, the Prime Minister spoke to the Chinese about the dumping of steel, but it seems to have been a rather one-sided conversation. We have no proof that the Chinese even listened, as there has been no diminution in the problem. It is no secret that the Government need Chinese money to build nuclear power stations. Is that uppermost in their mind? It is time they put UK manufacturing interests first. The Chancellor has already trailed that further austerity is coming down the track, and where did he choose to make that announcement? Shanghai.

When pushed, the Government have pointed to the five asks put forward at the UK steel summit. They have made progress on some of them—they have managed to get agreement from Europe to implement the energy-intensive industries package ahead of April 2016, but that is of very limited help during the current financial year.

As far as anti-dumping measures are concerned, I have already explained that the Government are in two minds about that, according to industry leaders. There has been no movement on competitive business rates for larger manufacturers and, given the Chancellor's announcement about further austerity measures, it is difficult to see how and when that will happen. There has been movement on gold-plating EU regulations, but that has so far had minimal effect. Progress has been made on procurement guidelines, but that will affect future infrastructure projects and is not helping the UK steel industry at present. We are in dire times.

Alex Cunningham: I was brought up at Harthill, near Ravenscraig, in Lanarkshire, and I have seen the scars that still exist in those communities 20-odd years after the closure. Does the hon. Lady agree that we need to take specific action if we are to prevent such scars in other communities?

Marion Fellows: I absolutely agree. The former Ravenscraig site is in the centre of my constituency, and I go through it almost weekly. It is still scarred, and it is still a monument to what happens when steel businesses close down.

Each time there have been job losses in the steel industry, the Government have moved in to help. The help has been to find people other employment; there have been few timely direct measures to help keep steel plants open. The UK Government have been challenged numerous times to come up with a UK manufacturing strategy and to employ joined-up thinking to help foundation industries, including steel. That is what other European countries do.

The comparison between what the Scottish Government and the UK Government have done is stark. Within days of the announcement of the mothballing of the Scottish plants, the Scottish Government set up a Scottish steel taskforce, with a remit to find a buyer for the plants and to do everything possible to retrain and upskill the workforce to make sure they would be ready when a buyer was found. Skills Development Scotland has created the steel industry advanced manufacturing upskilling programme to provide an incentive to retain key and essential staff. That will enable a knowledgeable and skilled team to be assembled quickly when an alternative operator is found.

Kevin Foster (Torbay) (Con): The hon. Lady is going through the work that the devolved Administrations can do. Does she share my disappointment, however, that from the decks of the 94% British steel-built Queen Elizabeth aircraft carriers can be seen a bridge that the Scottish Government are building with foreign steel?

Marion Fellows: May I ask the hon. Gentleman to excuse me if I move on? That old canard has been dealt with in previous debates on steel. The Scottish Government are now moving on. [*Interruption.*] I will move on with my speech, if the Minister for Small Business, Industry and Enterprise will stop chuntering from a sedentary position—I think I have that wording correct.

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy laid the snappily titled statutory instrument 2016 No. 120, Rating and Valuation, the Non-Domestic Rates (Steel Sites) (Scotland)

Regulations 2016, on 24 February, and they will come into force on 1 April and grant rates relief to a new operator taking over Scottish plants.

There have also been discussions with the chief assessor in relation to the 2017 revaluation of rates in Scotland, to look at special measures for steel plants. The Scottish Environment Protection Agency has been in touch with the present owners regarding any work that needs to be done in relation to the sites, and Tata has been working closely with Scottish Enterprise to find schemes and other ways to reduce running costs, which will also help any new owner. At each meeting of the taskforce, there is a positive energy and a commitment to retaining the plants for Scotland's economic future.

On 15 February, the Scottish Government launched their paper, "A Manufacturing Future for Scotland", which lays out their vision for the Scottish manufacturing sector. I recommend it; it is a great read. It is a positive, forward-looking document that shows the Scottish Government's commitment to manufacturing. It states:

"The Action Plan is based on a commitment to raising productivity through increased investment and innovation".

It is a road map to success for Scottish industry. As part of the action plan, the Scottish Government have established a joint centre of excellence for manufacturing and skills academy.

The Scottish Government have shown what is severely lacking here at Westminster: a strong political will to help the steel sector and other manufacturing industries boost inclusive growth and exports. The UK Government are so busy with their hands-off approach to vital foundation industries that their mantra of the UK being a world player is at serious risk. This is a country that wants to strut the world stage, but if it is not careful, it will lag so far behind in manufacturing that it will not be able to manufacture the necessities its citizens need.

I ask the Government to look seriously at the mixed messages they are sending out, to get behind the scrapping of the lesser duty rule, to steer away from giving China market economy status and to start investing in foundation industries in the UK. We need to spend more on industry and less on bailing out bankers. In closing, may I just say that another Radio 4 comedy programme comes to mind when I think of the Government's policies on steel and manufacturing? It is my favourite programme.

Mr Iain Wright (Hartlepool) (Lab): "I'm Sorry I Haven't a Clue".

Marion Fellows: Quite right: "I'm Sorry I Haven't a Clue". My favourite game is "One song to the tune of another". I ask the Government to stop indulging in that. They should come out strongly for manufacturing industries, be unequivocal in the EU, get rid of the lesser duty rule, prevent dumping by China and vote against giving China market economy status, which would truly spell the death knell for UK steel.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We will start with a seven-minute limit. If Members stick to that, everybody should get in and have the same amount of time.

8.2 pm

Huw Merriman (Bexhill and Battle) (Con): Thank you, Mr Deputy Speaker, for calling me to speak in this important debate on the UK steel industry.

I would be the first to acknowledge that the constituency of Bexhill and Battle has not, to the best of my knowledge, made a large contribution to the steel industry. However, as my name suggests, my father and those who came before him hailed from south Wales, where the industry has always loomed large. It was because of my background that I put in to speak and, in so doing, I wish to express my support for an industry that the Prime Minister recently referred to as "vital". It is with sadness that I have watched events unfold in Redcar, Scunthorpe, Scotland and south Wales. In parts of the country that rely on a specific industry, the impact is felt not just by those who are directly employed, but by the many people whose jobs and incomes rely on it indirectly.

Justin Madders (Ellesmere Port and Neston) (Lab): The hon. Gentleman has referred to a number of areas of the country, but as my hon. Friend the Member for Alyn and Deeside (Mark Tami) mentioned, there are also plants in north-west Wales and north-west England that rely on the industry. Does the hon. Gentleman recognise that there is a wider impact, with some 2,000 jobs relying directly or indirectly on the Shotton plant alone, and that it is important to take a holistic view?

Huw Merriman: I accept that point. This issue extends to the whole of the UK, including the constituency that I serve.

The steel industry has experienced challenges that are, as the *Financial Times* put it recently, akin to a perfect storm. First, since 2000, there has been massive growth in the volume of steel that is produced internationally, particularly by China. Secondly, the recent slowing of global growth, particularly in China, has meant that steel production has outstripped consumption. Thirdly, the surplus steel has been exported, again largely from China, which has pushed the price down for British producers. There is a similar theme in other sectors, such as our oil industry. Accordingly, British steel is being sold at a much reduced price, and because British industry has higher overheads, that has hit our steel industry hard.

That leads us to the question of what the Government can do in the face of global market events. I am pleased that they have voiced their support for the industry and are already working on the action requested in the motion in the following ways. First, they are pressing with some success, as we have heard today, for more vigorous anti-dumping and anti-subsidy measures across the EU to prevent Chinese firms from selling steel at sub-market rates across Europe.

Secondly, the Government are taking the lead in public procurement to ensure that, where possible within EU state aid rules, the Government buy British steel. To that end, I was pleased to hear the Secretary of State mention that public procurement contracts can take into consideration not just the specific costs but the wider socioeconomic benefits of buying British steel.

Thirdly, the Government are encouraging British private industry, such as our burgeoning auto trade, to buy British. Fourthly, they are assessing the tax and regulatory

[*Huw Merriman*]

costs and what the industry can do to drive up its competitiveness. The Government have taken a lead in doing that with the industry.

Finally, the Government are driving discussions in the European Council on taking similar action at EU level, as the EU is the second largest producer of steel globally, albeit at about 25% of total Chinese production. I hope that those levers, which the Government and industry are pulling, will reach fruition and assist our steel producers and those who work in the industry.

I would like to respond to some of the points that have emanated from the Opposition Benches. I fully understand why they have been made but, being a Government Member, it would be remiss of me not to comment on them. It is not realistic for the Government to step in and effectively underpin the steel price by pumping money into the industry, for two obvious reasons. First, EU state aid rules mean that the UK is largely prohibited from providing financial assistance that could distort prices between producers within the EU.

Anna Turley: Will the hon. Gentleman give way?

Huw Merriman: I will not, because I am coming to a conclusion.

Secondly, at a time when our health service is having to find £22 billion of efficiencies in addition to the £10 billion that the Government are pumping in, we have difficult choices to make on behalf of the country about where Government spending goes.

I welcome the many initiatives that the Government have launched, which meet many of the requests in the motion. I hope that they will support our steel industry through this time of market turbulence.

8.7 pm

Mr Iain Wright (Hartlepool) (Lab): The UK steel industry should be identified as a significant strategic sector of the British economy to help to secure our manufacturing strength and to retain the capability and capacity within the supply chain for our vital and productive industrial sectors such as aerospace, automotives and construction.

Given the industry's importance and the crisis in recent months, with one in six jobs lost since the autumn, the Business, Innovation and Skills Committee made this issue the topic of our first report of the Parliament. We found that the Government were not sufficiently alert to the warning bells being sounded by the UK steel industry. Although the Government had identified the sector as vital, Whitehall did not have effective warning systems in place. The loss of job, skills and capacity in this vital industry is nothing short of a national tragedy. That has spanned more than 40 years, but on their watch, this Government should have been much more proactive in considering the retention of the existing steel capability and employment levels, rather than redeploying hard-working and skilled people to alternative jobs that are often less productive and lower earning, and losing forever these key industrial assets.

The Select Committee also found that UK Governments needed to do more at an EU level to prevent the dumping of Chinese steel—an issue that has rightly

been mentioned throughout the debate and that is explicitly mentioned in the motion. It is of central importance and I shall return to it later.

At the steel summit in October, industry made five reasonable policy requests on matters such as energy costs, business rates, procurement, anti-dumping measures, and the industrial emissions directive. In the letter to me that accompanied the Government's response to the Select Committee's report, the Minister for Small Business, Industry and Enterprise stated:

"We have delivered on four of the five asks of UK steel and on Business rates we await the conclusions of the Chancellor's review".

In his opening remarks, the Secretary of State said virtually the same thing. In the body of the Government response to our report, the Government said that it has been

"unceasing in its efforts to deliver"

on those five asks, and pledged to

"continue to do all it can in the coming weeks and months to ensure a healthy and sustainable future for UK steel."

Those are powerful words and phrases, yet I regret that they are untrue, and it is wrong—disingenuous, even—to say that the Government have delivered on four out of the five asks.

For example, on procurement it is true and very welcome that the Government have changed the guidelines to allow for more local content. However—unless the Minister can correct me—no orders have yet been received in steel plants on the back of that change to the guidelines, and they also fail to include so-called publicly enabled procurement projects. That means that Hinkley Point, one of the largest construction projects that this country has ever seen, which requires more than 200,000 tonnes of steel, more than 600,000 embedment plates, and large quantities of structural steelwork, is not subject to the guidelines; and nor is the massive rolling stock programme. Will the Minister outline any new orders won on the back of those changes? Will she commit to looking at whether publicly enabled procurement projects can be considered within those guidelines?

The biggest issue regarding not only the viability of the UK steel industry but the survival of the entire global steel industry is that of cheap Chinese steel being unleashed on the rest of the world. The Committee's report acknowledged that the scale of the problem should not be underestimated. We fully accept that even if the Government were able to deliver immediately and in full on all the other asks, the future of the UK steel industry would remain in doubt unless effective action could be taken at an international level to withstand the onslaught of cheap Chinese steel.

China has far too much supply in the face of sharply shrinking domestic demand. Total Chinese steel production is 1.17 billion tonnes, which is more than double that of the four next largest producers—Japan, India, the US and Russia—combined. Chinese surplus capacity in steelmaking is bigger than the entire steel production of the United States, Germany and Japan combined. Despite the rhetoric of Chinese leaders about reducing surplus capacity, Chinese steel production increased last year.

Why would China want to reduce steel output? The closure of local steel mills would throw something like 400,000 steelmakers out of work, putting at risk social order and the ability of the Chinese party apparatus to control matters. Steel mills in China are concerned that

they will lose market share and have to spend increased capital to start production again. It is far easier to keep operations going now. Chinese banks are urging mills to keep going so that they do not have to make provision for bad loans. Therefore, when considered in terms of the geopolitical situation and the domestic environment, the risk to the Chinese political, social and banking systems as a result of reducing steel capacity means that it is naive of policymakers in the west to believe that the Chinese will allow it to happen willingly. It is therefore imperative that policymakers in the west undertake a concerted and co-ordinated effort to withstand this illegal Chinese dumping. This is not protectionism. The steel market does not have effective competition, and it is being distorted to the point of destruction by a powerful monopolistic power that is immune to the normal pressures of market forces.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Some of us want a proper relationship with the Chinese economy and concede that partnership in some things is very valuable. However, this is about the power of the Chinese economy, and even though my constituency does not depend on British steel, our leading agricultural chemical companies in the world, such as Syngenta, are being taken over—overnight it seems—by a Chinese conglomerate that is really the Chinese Government strategically plotting a course worldwide.

Mr Wright: My hon. Friend is right, and that point was mentioned earlier in the debate. This is about commodities in general, not just steel, and the enormous surplus capacity in other things such as phosphates is incredibly important. It is therefore vital that we have tougher EU action to ensure a level playing field, support scrapping the lesser duty rule, and carefully consider China's market economic status. Given the Government's rhetoric that they will be "unceasing" in their efforts and will

"continue to do all it can"

to safeguard UK steel, those steps are the very least one could expect.

The Committee's report acknowledged the Minister's success in changing the UK's stance to vote in favour of the extension on wire rod, but lifting the lesser duty rule has been ruled out by the Government. In Committee earlier this month, the Secretary of State will recall that I asked whether he would change the UK Government's position within the Commission on the lesser duty rule, to safeguard the British steel industry as much as possible. He replied that he would not, and he has repeated that tonight, stating that he needs to consider the "impact overall" on British industry and British jobs, particularly in terms of duties imposed.

Nobody would want a protectionist arms race to escalate throughout the economy, but the Minister and the Secretary of State must surely realise that the British steel industry—alongside many other European steel producers—faces an existential threat that is based on a grossly distorted and failing market. This is not about imposing additional duties or tariffs elsewhere on British manufacturing; it is a request, a plea, for a co-ordinated response. The UK steel industry is on its knees. This proud sector, which should be powering the future of British manufacturing, is pleading with the Government to help and to make sure that we have a sustainable future for the steel industry in this country.

8.16 pm

Richard Fuller (Bedford) (Con): It is a pleasure to follow the Chair of the Business, Innovation and Skills Committee who made a well-informed contribution, and it is a privilege to serve on that Committee with him. I commend the hon. Members for Middlesbrough South and East Cleveland (Tom Blenkinsop), for Llanelli (Nia Griffith), and for Scunthorpe (Nic Dakin), my hon. Friend the Member for Brigg and Goole (Andrew Percy) and many other Members across the House whose employees or constituents are affected directly or indirectly by the tremendous challenges faced by the steel industry. Their constituents can know that their Members of Parliament are doing the best they can to get the best deal for their constituents, and they are doing it in the most effective way in Parliament. They are a tribute to their constituents.

The steel industry is undoubtedly facing massive changes. As my hon. Friend the Member for Bexhill and Battle (Huw Merriman) mentioned, the growth of the Chinese steel industry—initially to serve the international market but over the last decade to serve its own domestic market—has created tremendous challenges for the rest of the world economy at a time of reduced demand both in China and internationally. It is fair to say that mistakes were made by the coalition Government and the preceding Labour Government in preparing the steel industry for those changes.

For example, if Members read about energy prices on page 12 of the Select Committee report, they will see that the big change in energy prices for the United Kingdom relative to our European competitors came under the Labour Government in 2005-06. In retrospect, we concede that that was an unsupportable burden for our energy intensive industries, and the Government were at fault not to assess that. Equally, the coalition Government were at fault in not responding to the pressures placed on them by Members of Parliament to make subsequent changes.

I heard what the Secretary of State said about business rates, but I hope that he and the Chancellor will look again at what can be done with that, not just in the steel sector but more broadly in industry and retail. Business rates seem to me a tax that is very relevant for change.

Tom Blenkinsop: The hon. Gentleman mentioned 2006, but in that period Corus was bought by Tata because of the economic signals, and it thought that it was a good purchase. Celsa in south Wales refitted the electric arc. Judging by the indicators, including energy prices, industry at that time thought that Britain was a good investment.

Richard Fuller: The hon. Gentleman's intervention was timely because I am about to talk about industrial strategy. As he pointed out, mistakes can be made, and when the Committee had a vote on whether we should mention the industrial strategy, I was the only member of the Committee to vote against that. Personally, I believe that Governments' industrial strategies are nonsense, a mirage, a deceit, or, too often, a failure. Governments can take actions, they can spend money and they can show their preferences and priorities. All of that I accept, but an industrial strategy becomes a straitjacket that limits our actions and can set us up for big problems in international trade.

[Richard Fuller]

Finally, the core of what we are discussing today are duties. The Secretary of State was absolutely right to point to our responsibilities under the WTO with regard to tariffs, and the fact that that sets a framework for us to respond. He is making those calculations in a careful way. It was interesting and I think welcome to many that he believes further changes on tariffs could be made within those rules. He is also right to say that changes to the lesser duty rule are not appropriate at this time.

As I mentioned in an intervention on the shadow Secretary of State, I am fearful of what the tariff and counter-tariff arguments can do. Many Members have talked about what the United States is doing and that we should therefore do more, but this is where the breakdown of global trade begins: tariff and counter-tariff, competitive devaluation, recession and slump. When we perceive that a change in tariffs is fair and not about trade but about dumping, I would say to hon. Members that just because we may believe that that is the case does not mean that that is how it is perceived by those on whom those tariffs are imposed. The consequence of the Chinese economy having a retaliatory effect on the United Kingdom and other countries is where the breakdown in global trade can begin. Free trade is a global good.

George Kerevan (East Lothian) (SNP): Does the hon. Gentleman not accept that we are in exceptional times, and that by suspending the lesser harm rule and presenting the Chinese Government—most Chinese heavy steel plants are state-owned—with a major fait accompli, we might force negotiations on China to restructure its steel industry, whereas if we just proceed piecemeal we will not resolve anything?

Richard Fuller: If I may, I would like to address that point directly in a few minutes.

Free trade is a global good. It enriches us. It broadens choice. Free trade, by bringing people of the world together, makes us safer. We have a responsibility, even in these difficult and straitened times, as the hon. Gentleman says, to protect free trade. Those of us here in the United Kingdom have a special responsibility to protect free trade, because we have been one of the major proponents of free trade over the past century and a half. That is something worth protecting and worth bearing in mind at all times.

The hon. Member for East Lothian (George Kerevan) asked whether we should, essentially, toughen up in these special times with China. I think we are seeing indications that China understands it needs to toughen up as well. China has said—I am not an apologist for China; trust me, I like the other china—that it wishes to reduce its productive capacity, with one quarter of its production being taken out of commission. It is planning to reduce employment in this sector by 400,000 jobs. China is taking steps that indicate that it sees a responsibility to satisfy not just its own consumption and demand but its responsibilities in the global economy. Members should bear those thoughts in mind as they come to their conclusions.

Richard Graham: My hon. Friend's defence of free trade is admirable, but he is not suggesting, is he, that the Government are wrong to look at various ways of mitigating the problems that the steel sector is facing, in particular with regard to energy and on procurement?

Richard Fuller: My hon. Friend is exactly correct. That was outlined by the Secretary of State in his speech and is, I think, warmly welcomed on both sides of the House.

I commend the shadow Secretary of State for an excellent start to the debate, and for her clarification of her continuing support for free trade. That is an important message to be heard on both sides of the House at this difficult time. She understands, as I think many other hon. Members do, that there is a very special concern for the people affected by the steel industry. I think she also understands that there is a broader responsibility for the community as a whole to uphold free trade. I am sure she would recognise that the task for her opposite number, the actual Secretary of State for Business, is that he has to make those very difficult judgments now. He has to listen to representations from Members of Parliament about the impact on their constituents. He also has a responsibility to ensure that the United Kingdom remains a strong voice for free trade, ensuring that the right penalties are placed on dumping and that the broader interests of the economy of the United Kingdom are upheld. I believe he is doing an excellent job.

8.25 pm

Paul Flynn (Newport West) (Lab): The gulf in understanding between those on the two sides of the House is rarely more obvious than when we talk of heavy industry. It is clear that the Government, with all the good will they may have towards the industry, are in alien territory. The best they have been able to produce today is not a man or a woman of steel, but someone who lived within sight of a steelworks. I speak with a little authority on this, because I started working in the steel industry in 1955 and was still there 30 years later.

There is a feeling of grief about the terrible destruction of the steel industry. People have talked about the scars on the countryside. It is painful to see areas that were once breathing fire and steam—where there was life, prosperity and energy—now wastelands of rubble and brambles. The real suffering is felt by those who worked there. They suddenly find that their often unique skills, the scrap of dignity around which they built their self-regard and their life, have been stripped away. They live the final years of their lives lacking that sense of self-respect, their ability to have the prosperity they expected torn away. I am very proud, with my hon. Friend the Member for Newport East (Jessica Morden), to represent Newport, which relied on the steel industry for 150 years. It has suffered terrible losses.

I want to make a point about different attitudes. It is extraordinary how the Government have been seduced by Chinese communists, and how they are allowing the future of our industry to be colonised by the Chinese. It is unbelievable. We look back with amazement to see what we have done. We have mortgaged the future of our nuclear industry in perpetuity to a Chinese company. So that we can have the Hinkley sprat, we have given them the mackerel of Bradwell and the other power stations of the future. Something has happened with Hinkley Point and it is about time the House woke up to it. A former Secretary of State for Energy has written a book. He said on the "Today" programme this morning that Hinkley Point is a dinosaur. In the past fortnight, articles in the *Financial Times* and *The Economist* have said that it does not make sense to proceed. It is a basket case. It is a disaster in the making. All the

sensible investors, including Centrica, which invested £200 million, have gone, and all that is left is this cheap, Chinese money and EDF.

Where is EDF? EDF had a debt of £37 billion, and if it were not a nationalised company, it would be bankrupt. It is pulling away because the technology planned for Hinkley Point is a dinosaur—it has never worked anywhere. The EPR reactor in Finland should have been producing electricity seven years ago, but it is not, and there is no sign of it doing anything. It is the same with the Flammanville EPR. It has a major fault; there is a split in the steel in the vessel. The whole thing might never happen. These huge sums are at stake, yet the Government go blindly on in their belief in nuclear power. There is another side to this, too.

Richard Graham *rose*—

Paul Flynn: I would rather not give way; too many people want to speak.

One man has a belief in a different kind of energy. Mr Sanjiv Gupta recently rescued hundreds of jobs in the constituency of my hon. Friend the Member for Newport East. He believes in tidal energy. His company is without any debts and is free to spend its money anywhere. It has already saved jobs and it plans to create at least 1,000 new jobs, and the investment is based on tidal energy, not on the myths of Hinkley Point that will never happen, but on the tide, which flows up and down, washing the walls of Hinkley Point and our constituencies. It is the second highest rise and fall of tide in the world, with massive untapped power. It is clean, British and the source of power is freely available to us. It is entirely predictable and it is virtually eternal: it will go on for all of human time. The power is vast. If it is combined with pump storage schemes, when the tide is producing energy that is not required, it can be used to pump water up to the valleys, so it can become entirely demand responsive.

There are two views on the issue. We know that the problem with the steel industry now and in the future is that it needs prodigious quantities of energy, and until we get entrepreneurs with imagination who believe in the practicalities of life, there will be little chance of progress.

Let me make one final point. I was somewhat provoked to make it when I heard that the farmer Andrew R. T. Davies, who is the Opposition spokesman in the Welsh Assembly, has announced that he wants us to come out of Europe. The only advantage I can see of coming out of Europe is that it would allow us to look at the subsidies that all the farmers get, averaging £220,000 per year per farmer in Wales. If we come out of Europe, the question must be asked how we could possibly go on investing 30% to 40% of the total budget of the European Union in an industry that produces less than 2% of our gross national product—an industry that is in serious trouble, and is not competitive. Yet what is the attitude of the Government? They want to save it, and they will put through any kind of subsidy. It will be unlimited, because this is a party in which farmers are grossly over-represented and from which steelworkers are entirely absent.

8.32 pm

Kevin Foster (Torbay) (Con): How do you follow that? What I would say is that in describing as a “dinosaur” something that would be Britain’s biggest single construction

project and would create 25,000 jobs west of Bristol, it comes as no surprise to me that one party is in danger of becoming extinct in the whole of the south-west peninsula.

Why have I, as the MP for Torbay, which has no direct steel links, come along to this debate? It is because the issues raised in this debate impact on us all. I look at some of the firms starting to expand around Torquay, exporting high-tech, high-quality manufactured products, and realise that if China started to move into those markets as it modernises its economy, we could be debating those types of products in a few years’ time and seeing what China might do.

I am interested in the impacts of what we are talking about on the ground. Some concepts can sound rather odd—the idea of a “lesser duty rule”, for example, and the impact it might or might not have in this area. There is a debate to be had about how the European Union can modernise some of its trade defence practices, so that where issues such as this come up, they can be responded to more quickly.

Given the numbers provided by the hon. Member for Hartlepool (Mr Wright), it is clear why it is so important that we work as part of 28 states. In view of the sheer scale of China and what it is doing, if we were trying to operate as 28 separate individual states, we would face the danger of each of us being picked off individually, as happened in the 1930s. That would be most worrying for us. It will therefore come as no great surprise to hear that I am one of the remain voters among Conservative Members, and I view it as absolutely right to bring a united front to this issue. We should bear it in mind, however, that not so long ago the European Union was busy dumping surplus agricultural products into the markets of, for instance, African countries. When we request other countries not to dump into our markets, we must also ensure that we in the European Union practise what we preach, and do not inflict on other countries what we are complaining about in relation to some of our own industries. I accept that the lesser duty rule is not making a direct impact in this instance. I am talking about the principle of how the correct tariffs are created and decided, on the basis of advice from industry.

The Government should also think about the way in which our procurement works. I was interested by the response to my intervention on the speech of the hon. Member for Motherwell and Wishaw (Marion Fellows), but I think it is worth pointing out that from the decks of the Queen Elizabeth aircraft carriers in Rosyth, 94% of which were constructed with British steel, it is possible to see a major construction project that is being built with steel from elsewhere in the world.

Hannah Bardell (Livingston) (SNP) *rose*—

Kevin Foster: Let us hear the defence. I will happily give way to the hon. Lady.

Hannah Bardell: At the beginning of the hon. Gentleman’s speech, he asked what he was doing here. Perhaps his purpose was to be the proponent of misinformation. I can confirm to him that during the procurement process to secure fabricated steel for the new Forth crossing, no company from Scotland, or from the United Kingdom as a whole, made a bid for the contract. A further subcontract for steel fabrication

[Hannah Bardell]

was awarded to Cleveland Bridge in Darlington, and raw steel was supplied by Tata in both Scunthorpe and Motherwell. I hope that that clarifies the position, and that the hon. Gentleman now stands corrected.

Kevin Foster: It was interesting to hear those comments, which sounded very similar to the comments from the Government that the hon. Lady has been attacking.

Tom Blenkinsop: The hon. Gentleman has been making some interesting points. However, I believe that the contract for the bridge was originally given to a Spanish firm, which had to pull out. Cleveland Bridge came back in, and made sure that the contract used Tata steel from Motherwell and Dalzell. Those two plants are on the verge of closure, but they also make the sonar-specific plate that will be used for the renewal of the four Trident submarines. The contract is integral to both sites.

Kevin Foster: What the hon. Gentleman has said proves yet again that there is not just a massive security argument in favour of building the four Successor submarines, but a considerable economic justification. In south Devon, I can look at the site in Plymouth where the submarines are being refitted. [Interruption.] It is always lovely to have an accompaniment from the Opposition Benches. I hear it regularly, and I thoroughly enjoy it.

The hon. Gentleman's intervention has made clear why it is so vital to build those submarines. I look forward to his joining me in the Lobby when we vote on the issue, although we know that the people whose jobs rely on the Trident contract can expect absolutely no support from the Scottish National party.

We can do a great deal more when it comes to procurement. The Hinkley Point project, for instance, will create a huge number of jobs in the south-west. We need to create an infrastructure that will meet the demand. I hope that a significant amount of British steel will also be used in the construction of the Stonehenge road tunnel.

It has been interesting to take part in the debate, and to listen to some of the comments that have been made. I find it particularly interesting to hear demands for unilateral action from those who, like me, argue for us to remain in the European Union. Membership of the EU has many advantages, but unilateral action on tariffs is not one of them. However, 28 of us, working together, can make more of a difference.

I shall not be supporting the Opposition motion, which will probably not come as a huge surprise, given some of the arguments that we have heard. I think it is right that the Government are playing a proactive role in the European Union to prompt action and to modernise their own procurement rules to ensure that we can defend our own industries, but also to ensure that, for our own projects, we buy as much British steel as we possibly can, respecting the fact that our country would not believe in state aid even if we were committed to it under European rules.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I am afraid that I must now reduce the speaking time limit to six minutes.

8.39 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): There are a lot of issues that we could talk about today, including the Government's unilateral introduction of the carbon price floor tax on energy intensive industries, but I will not go into that now. I have beaten that drum many times in this House. We could also talk about procurement contracts or business rates, but the two elements that I want to focus on are the lesser duty rule and Chinese market economy status. Those two issues are of primary concern to the UK steel industry.

Today at the Competitiveness Council in Brussels, industry Ministers from across the EU are discussing actions actively to support the European steel industry, to enable the sector to compete on a fair and level playing field within the global market. This meeting follows the extraordinary Council meeting on steel that was held on 9 November last year and the High Level Conference on 15 February this year. Today's meeting is the last-chance saloon for this Government and our steel industry. Only last week, for example, the chief executive of Tata Europe, Karl Ulrich Köhler, quit the company. We have to bear that in mind and try to determine what it says about Tata's future in the UK. The tsunami of underpriced, unfairly traded steel, most notably from China, is destroying the steelmaking capacity of the UK and the EU.

This brings me to the primary point at issue. In order to retain virgin steel production in blast furnaces in the UK, we must deal with two immediate threats if our nation's steel industry is even to stand still. Those threats are the lesser duty rule and Chinese market economy status. Europe currently uses the lesser duty rule to impose the lowest possible duties on unfairly traded products that have been dumped in European markets. That means that duties introduced by Europe are usually way below the actual margin of dumping. The result is that the dumping continues and unfairly traded products are allowed to compete in European markets and depress prices.

The United States does not follow the lesser duty rule, which means that it can implement much tougher sanctions that reflect the actual margin of dumping. For example, the US recently imposed duties of 236% on a particular grade of Chinese steel. Furthermore, the US Government are in the process of introducing new laws that will enable the US to take even tougher action against Chinese dumping. The consequence for Europe, and for the UK in particular, if we do not take action as a European Union and if the Government actively prevent the EU from improving our standing, will be to exacerbate the amount of Chinese dumping in our domestic market and in our own EU market. It will actually affect our own exports, never mind our ability to look after ourselves.

The director-general of Eurofer, Axel Eggert, has stated:

"By blocking the lifting of the lesser duty rule, these member states deliberately deprive the European steel sector of the chance to receive effective and legitimate remedy against massive dumping. It is member states with steel production and jobs that continue blocking an agreement within the EU Council to remove this outdated rule."

He goes on to state:

"It is most notably the UK".

Richard Fuller: I think that the hon. Gentleman and I have a substantial disagreement on this point. Is he not worried that if the European Union were to follow America in imposing very high tariffs, the United States would impose even higher tariffs? Would we not get into a situation of ever-higher tariffs being imposed by either side, which would reduce global trade?

Tom Blenkinsop: In 2004, the Bush Administration imposed tariffs of more than 20% on European steel going into the US market. That level was eroded through negotiation. At this moment, China imposes tariffs on our products—British and European—that are already going into its market. So that tit-for-tat has already started. China already imposes huge tariffs on EU products going into its market. Why we are not protecting our own market and the European market—which, I might add, is the largest in the world—is beyond comprehension. I repeat that this is not about protectionism. It is about levelling the playing field to give British steel a domestic safe place to trade, within the European Union and externally. At this time, however, China is not abiding by World Trade Organisation rules, which must surely affect its future market economy status, which will be debated by the European Union.

This brings me to the point about market economy status. Currency manipulation by China has also acted as a subsidy to its exports to EU member states and other countries, while China reciprocates by taxing EU exports. This, along with direct export subsidies, support policies and the rapid growth of planned investments in leading and pillar industries in China's five-year development plans, has led to sustained, deliberate overproduction and substantial excess capacity throughout Chinese manufacturing.

Even without MES, China has dramatically increased its exports to Europe by a remarkable 11.1% annual rate over the past 15 years—they rose from €74.6 billion-worth to €359.6 billion-worth in 2015. Put simply, the Government support Chinese MES, whether Britain is within the EU or outside it. I would argue that we may negotiate internally or externally, but we are in a far more difficult position as a population of 70 million than as the largest economic bloc in the world. The forecasts suggest that whether this is done inside or outside the EU, Chinese imports will rocket by between 25% to 50% in the next three to five years if MES is granted. That is devastating for not only steel, but every other industrial manufacturing sector. I come from the Teesside area and we do not just make steel there. We must not write off steel in our area, because we still have the beam mill in Redcar, Skinningrove in my constituency—

Mr Iain Wright: And Hartlepool.

Tom Blenkinsop: We have Hartlepool tube mill. We have a fantastic story to tell and we want further investment there. By granting MES, we are putting at risk not only steel, but our vast chemical processing industry in the Tees area. Energy-intensives, be they ceramics, chemicals or steel, are at real risk. We cannot afford to be duplicitous on any potential contract, be it a defence, construction or export one, but that requires a Government to make policy that defends their own British steel industry.

8.46 pm

Alex Cunningham (Stockton North) (Lab): I want to concentrate my remarks on three areas: the critical role that steelmaking has in our economy; the considerable burden this energy-intensive industry faces; and the Government's ongoing response to the crisis on Teesside, where thousands of workers lost their jobs with the demise of SSI and other plants. As others have said, steel is an important foundation industry, supplying materials to multiple strategic construction and manufacturing supply chains. Taken together, these industries represent 20% of those employed in the UK's manufacturing sector and generate gross value added of £24.6 billion.

UK Steel reports that, despite its problems, the sector makes a £9.5 billion contribution to the UK economy, with an export value of £4.9 billion. It generates £90,000 of added value for every steelworker. It produces hundreds of high-skilled, high-value-added apprentices, vocational trainees and graduates. It is well linked to the UK's innovation infrastructure, through partnerships with leading universities, participation in catapults and our own research and development investment, and all despite the burden it faces. I just wonder for how much longer that will be the case.

UK business rates are up to 10 times higher than those of many of our European competitors, such as France and Germany. Paul Turner-Mitchell, a business rates expert, says that property taxes in Britain are the highest, as a proportion of gross domestic product and total taxation, of all 36 OECD countries. A Select Committee on Business, Innovation and Skills report in December recommended that the Government reform business rates as they apply to manufacturing at the earliest possible opportunity, with priority being given to the removal of disincentives to invest in plant and machinery. Doing so would not need EU approval and would provide a more even playing field for UK steel producers. Exempting plant and machinery from business rates valuation would symbolise a commitment to rebalancing the economy, enhancing the UK's attractiveness to inward investment in manufacturing and improving industry's productivity, efficiency and competitiveness. Business rates are just one of the extra burdens suffered by our steel industry, as is the Government's inability to act in Europe to halt the dumping of Chinese steel. In fact, our Government have helped to ensure that there is no impediment placed in the way of far east producers. Others have gone into that in detail and also mentioned the British Government's failure to build British ships with British steel.

I want to focus a little on energy costs and the absence of a level playing field for energy-intensive industries. The damaging effects of energy taxes levied on the business in the UK, leading to UK energy costs being twice as high as those among EU peers, are well understood. This comes on top of regulatory costs charged across the EU, such as the EU emissions trading scheme. British policy measures add 26% to the typical electricity price paid by an energy-intensive consumer in the UK, with steel a major loser. Yet we have still to see the compensation package for energy-intensive industries implemented in full, and the sector is still paying 70% of the policy costs that the full package aims to address.

[Alex Cunningham]

The EU commission provided state-aid approval for proposals to compensate the industry in relation to the costs of the renewables obligation and feed-in tariffs in December 2015. Although we await the full implementation of the first part of the compensation scheme, there remains a second application that concerns competitors of those receiving compensation. Until that second application is approved, some companies are without access to much-needed compensation and exposed to 70% of climate change policy costs. I hope the Minister can give us an update on what is happening with that second application.

Madam Deputy Speaker, you know of the closure of the SSI plant in Redcar and the loss of other steel jobs in Teesside, many of which are from my constituency. We appreciate the limited action that the Government have taken on Teesside even if the Business, Innovation and Skills Committee report criticised the Government's initial response, which was focused on compensating those affected rather than saying what could be done to save the plant. I recognise that we need to look to the future, so I ask the Minister what hope there is for steelmaking capacity on Teesside.

I am very aware of the hundreds of millions of pounds it will cost each year just to maintain the SSI site and keep it safe. I am also aware of the proposal from Lord Heseltine to have a mayoral development company in Tees Valley run locally by local politicians and his ambition to have the SSI site invested in that new body. He and the Minister for the northern powerhouse, the hon. Member for Stockton South (James Wharton), appear to be excited by the proposal, and the development organisation is very welcome. Many of us, including some of those same local politicians, are very concerned about what it will mean. Lord Heseltine was at pains to explain to the media, including on television, that the financial buck rests firmly with the Government both for the maintenance and the redevelopment costs of that site. Time and again, he claimed that the Government had to take responsibility. Tonight, I invite the Minister to confirm that not only will there be support for steelmaking in Teesside, but that there may even be the possibility of increased activity in the future, and that the open-ended commitment made by Lord Heseltine on behalf of the Government in relation to the SSI site, and therefore in relation to Teesside, is a commitment that she recognises and will ensure is actually fulfilled.

8.52 pm

Christina Rees (Neath) (Lab): Steel and the steel industry are vital to Wales, particularly to south Wales and my constituency of Neath. The Tata steel plant in Port Talbot is in the neighbouring constituency of my hon. Friend the Member for Aberavon (Stephen Kinnock) and the Trostre plant is roughly half an hour away in the constituency of my hon. Friend the Member for Llanelli (Nia Griffith). Both Aberavon and Llanelli are places where hundreds of my constituents from Neath work every day.

The fact that, this year, 1,050 jobs have been lost in the UK steel industry, 750 of which are in Port Talbot, shows the Government's complete lack of action in saving the UK steel industry. Time and again, the Government have been dragged to the House by the Opposition to

answer urgent questions on their plans to save the steel industry, but all they have offered are warm words, which are of no help to an industry that is in desperate need of action.

Many options are available to the Government, including a large amount of readily available EU funding to shore up the industry. The Government could also take action against the large amount of Chinese steel being dumped on to UK markets.

Jim Shannon (Strangford) (DUP): Does the hon. Lady agree that, although we must express real concern about the job losses and the impact on the UK economy, we must also express concern about the quality of the imports. For instance, when it comes to the defence industry, the plate that comes from China is not of the same quality. How can we leave our defence forces at such a disadvantage when it comes to our submarines and ships?

Christina Rees: The hon. Gentleman makes a very good point. Chinese steel is far inferior to UK steel.

The Government could also take action against the large amount of Chinese steel being dumped on to EU markets, yet, again and again, they have left all such options to the side. The statistics speak of the importance of the steel industry in Wales. There are more than 6,300 jobs in Wales, over 4,500 of which are in Port Talbot and Trostre. Of that 4,500, almost a quarter are filled by people who live in my constituency of Neath. At this time, my constituents still do not know who will lose their jobs. For many, the plants in Port Talbot and Trostre are a way of life and have been for generations. Not knowing whether they will have a job in a month or two is absolutely unbearable for them. I know personally of the community that has grown up around the plants. My father worked at the Abbey, which later became the Steel Company of Wales and then Tata. When I was a schoolchild, I played hockey for the steel company. It was the centre of the community; SCOW put food on our plates at home and contributed enormously to our social and sporting lives. The same sense of community applies today to the 4,500 workers and their families that still work at and depend on the plants. The threat of the closure of Trostre and Port Talbot is more than I can contemplate, given the devastating effect that it would have on communities.

The Minister insists that the Government are doing all they can to help the industry, but that requires action rather than the warm words that they are offering. There is so much that the Government can do, especially about the dumping of Chinese steel on the market. The prospective change in dumping calculation methodologies away from the analogue method towards local Chinese prices and costs could result in the direct loss of at least 310,000 jobs in EU industries already badly hit by dumped Chinese exports. That is in addition to the hundreds of thousands of indirect jobs that would be at stake. Surely, rather than the Chancellor moving ever closer to the Chinese, he should not grant market economy status to China until it fulfils all five EU technical criteria and not before a thorough EU-wide impact assessment, including a full public consultation.

It is important to tackle the dumping of steel because our current anti-dumping measures cannot counter the massive blow caused by Chinese steel import surges.

Lifting the lesser duty rule would remove the cap on anti-dumping and anti-subsidy levels, simultaneously bringing the EU in line with everybody else, but the Government have chosen to be the main player in blocking those changes. Will the Minister assure the House that the Government are doing all they can, including reversing the decision to impose low-level duties on Chinese rebar and supporting the steel industry by supporting the lifting of the lesser duty rule? Even the former European CEO of Tata agrees. He has said that as long as trade defence protections are not introduced, the dumping of steel below its cost of production will continue.

The UK steel industry had 280,000 jobs in 1970, but now it has only 30,000. That is 250,000 jobs lost in less than 50 years. When will the Government wake up and pay attention? Will they pay attention before it is too late? EU options are also available to us. Why are the Government not moving forward and allowing the modernisation of EU trade defence instruments that would stop it taking a year and a half from complaint to definitive anti-dumping measures?

Many regions in the world are more effective at providing a level playing field for their industries and deploy trade defence tools faster and more effectively. As a consequence, dumped goods find their way on to the European market much more easily. The Government would prefer to argue with themselves over the issue of the EU than to use our membership of it to save the UK's steel industry and the jobs of my constituents in Neath.

The president of the European Steel Association, Eurofer, has said that if we do not use the trade defence instruments available to us there is a substantial risk we will see more plant closures and job losses. Given the wide number of options available, why are the Government not standing up for UK steel in the EU and arguing for modernisation? Over and over again the Government have missed their chance to save the UK steel industry. The Minister for Small Business, Industry and Enterprise has told the House that the steel industry is vital for the UK, yet the Government are treating it with contempt and playing fast and loose with the livelihoods of the tens of thousands of workers in the industry.

The Welsh Government are doing all they can within their power to help the affected communities in Wales. They are working tirelessly to provide support to the industry, but, as the First Minister has said, the fundamental question facing steel production in Wales goes far beyond the devolved responsibilities of the Welsh Government. He has said that the UK Government must step up and play their part.

8.59 pm

Stephen Kinnock (Aberavon) (Lab): I am grateful that we have been able to secure this debate. Ever since last month's announcement of 750 job losses at the Port Talbot steelworks, I have been calling for a full and comprehensive debate on the future of British steel. The Tata steelworks in Port Talbot is the beating heart of my Aberavon constituency. These job losses, and those that are sure to follow along the supply chain, are a devastating blow.

The Secretary of State will be aware that following that announcement, Tata has been working on a rescue plan, which will be discussed by the Tata board in Mumbai at a critically important meeting at the end of next month. I implore the Government to give their full support to the rescue plan by, for example, ensuring that there is proper investment support to improve the plant's premium product capabilities. Such support could help in converting the continuous annealing process line into a galvanising line, thereby better serving the automotive market. Can the Minister confirm that she will urge the Chancellor to give a firm and positive commitment on enhanced capital allowance, to allow the Welsh Government Tata taskforce to move forward in establishing an enterprise zone in Port Talbot?

I will now focus on what the Government should be doing at national and European level. It is well known that this Government operate inside a fog of *laissez-faire* ideology. Their *modus operandi* is to pray to the gods of the free market and hope for the best. But it is fascinating to observe that this steel crisis is cutting through that fog, and forcing the Tories to understand a very simple truth—that when the market fails, Government should intervene.

The market economy can function effectively only if it is regulated. Just as a game of football requires the offside rule to ensure fair competition, so the British steel industry requires the right regulatory framework, so that it can be given a fighting chance, on a level playing field. The impact of the market failure, and of the Government's failure to intervene to fix it, is being felt around the country by the thousands of steelworkers and their families. They are victims of the Government's *laissez-faire* doctrine. They are the victims of the Government's failure to stand up for British steel.

All of us here today will be aware of the five industry asks. The Government like to boast of delivering on four of those five asks, but a cursory glance at the scorecard demonstrates how disingenuous that claim is. Take the compensation package for energy-intensive industries. Five years after the Chancellor accepted the need for it, the money still has not arrived. Perhaps the cheque got lost in the Christmas post. And what about procurement? There is no tangible evidence of any change. If there were, why on earth is the MOD's latest order for a set of Royal Navy frigates going to be based on Swedish steel? Why would a Government seriously committed to supporting the Welsh steel industry still be flip-flopping on the Swansea Bay tidal lagoon?

Most disingenuous of all is surely the Government's claim that they are acting against the dumping of anti-competitive subsidised Chinese steel. If anyone doubts the acute impact of Chinese steel dumping, they should just look at rebar. From almost no market share in 2011 today, Chinese rebar accounts for almost half the UK market. That is the cost of five years of Conservative Government, five years in the fog of *laissez-faire* dogma and inaction, five years of watching the storm clouds gather on the horizon and refusing to strengthen the flood defences, five Tory years of rolling out the red carpet for Beijing, rather than standing up for the men and women who form the backbone of the British economy. May I therefore implore those on the Conservative Benches to resist the temptation to blame Labour? The exponential growth in Chinese market share has taken place since 2011, on their watch. Let us accept that fact and move on.

[Stephen Kinlock]

The growth in Chinese market share is possible only because of Beijing's subsidies and market distortion—70% of Chinese steelmakers are state owned. In the light of this fact alone, who in all seriousness could possibly see China as a market economy? I'll tell you who: the British Government. Yes, our very own Government have taken it upon themselves to become some sort of outpost of the Chinese PR machine. UK Steel, Tata and Community have all stated unequivocally that the granting of market economy status to China would probably be the last nail in the coffin for UK steelmaking, yet the Prime Minister and his Government are actively lobbying in Brussels and across Europe, for China to be granted that status. The decision on this will be taken in December. There is still time for the Government to change their mind. There is still time for the Government to be a cheerleader for Britain, rather than a lobbyist for Beijing.

But market economy status is not the only area where the Government are actively undermining the British steel industry. It has become widely recognised in Europe that the lesser duty rule is killing our industry. Indeed, the European Commission proposal that it be scrapped was supported by the European Parliament. Yet the UK continues to be the ringleader in blocking the scrapping of the lesser duty rule. I have grown used to warm words being matched with frozen actions, but this is much worse. On trade defence and the lesser duty rule, this Government have publicly declared their undying commitment to British steel, while behind closed doors they have consciously conspired to undermine the British steel industry. The gaping chasm between their words and their deeds needs to be explained. I hope that they will do so in the near future.

We need a Government who are committed to a long-term industrial strategy and who are more committed to Britain than they are to Beijing, not spinning a line in public while agitating for the opposite behind closed doors. We need a Government who will stand up for British steel.

9.5 pm

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): I would like to thank Labour Members who are responsible for the allocated Opposition debate time being used to bring this issue to the forefront again. It was with an incredibly heavy heart that I learned of the planned closure of the Clydebridge steel treatment mill in my constituency. Although the site employs far fewer people than the rolling mill in the constituency of my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows), or sites represented by other Members in the Chamber today, the closure and the associated jobs losses are just as devastating. The work of the trade unions on the ground in my constituency is to be commended, and I am sure that sentiment will be echoed across the UK.

The human cost is sometimes secondary to the loss of industry in media coverage, and it would serve us all well to remember that thousands of jobs have already been lost and many more are at risk. Each one of those jobs represents mortgage and rent payments, food on the table, electricity and other utility bills, clothing, council tax, and all the other outgoings that steelworkers and their families face. The crisis facing the industry is

causing crises in the homes of steelworkers the length and breadth of Britain. Every job loss holds its own unique story and its own heartbreaking strain on families. Every job loss is a hammer blow to local economies and communities, and it puts more jobs at risk along the supply chain.

I have heard Government Ministers say too often that they are taking action to protect jobs, but reality betrays that assertion. The industry is haemorrhaging jobs. It is an industry on life support. I make no apology for saying that the Government have simply not acted swiftly or decisively enough. The Tory manifesto claimed that they are “the party of working people”. Rhetoric is all well and good, but the steelworkers in Clydebridge are some of the hardest-working people I know, and they deserve to be supported properly.

First Minister Nicola Sturgeon moved swiftly to establish the Scottish steel taskforce. As a member, I have been impressed by how much that multi-agency body has achieved. Its approach has resulted in real interest from alternative operators, with the possibility remaining that both mills can be kept operational by a new owner. If that is the case—I hope it is—the new operator will be able to resume production swiftly owing to the Scottish Government's steelworkers retention plan.

Action has been taken on business rates, in addition to new public procurement guidance on steel. A new action plan, “A Manufacturing Future for Scotland”, specifically singles out the steel industry as a vital strategic asset in the Scottish economy, while acknowledging the particular pressures it faces. It also details further specific measures to help steel and other energy-intensive industries, such as a new expert advice and support service, which will work with operators to develop feasible and cost-effective business plans to implement energy saving opportunities.

The measures taken by the Scottish Government are bold and forward-thinking. We need to see some of that from the UK Government. I welcome the measures taken thus far and appreciate that the Government have listened and taken some action, but they need to keep going, as there is more to be done. The crisis facing the steel industry still exists, and we need to face it down.

It is nothing short of a disgrace that the UK Government are blocking proposals to raise tariffs on Chinese steel. The lesser duty rule must be lifted, and the Government must act to support that. That is the kind of bold action that is needed in order to start levelling the playing field. Excuses for not doing so have been incredibly flimsy and sufficiently lacking in backbone to be classified almost as invertebrate. The scales are currently weighted against us—tipped unfairly by massive amounts of subsidised Chinese product. Unless we force a rebalancing, the situation will not change. I do not see that happening; indeed, the opposite seems to be true, as we move towards a situation where China will gain market economy status, as advocated by our ever willing Chancellor.

In short, an already dire situation looks set to get worse. In years to come, I do not want to be in the position of saying, “I told you so.” I want the UK to act like the superpower whose image the Government are so desperate to project to the rest of the world. We will do that by ensuring that this vital strategic asset is protected, not by making absurd concessions to make friends, and certainly not through utter intransigence.

Who will respect us if we hand our centuries-old industry to our bigger, cheaper rivals? We owe it to our rich history, to our steel towns and cities, and most importantly to our hard-working steelworkers throughout the UK to stand up now and take the bold action that is so desperately needed.

9.10 pm

Jessica Morden (Newport East) (Lab): As I make my contribution, I am mindful of the fact that steelworkers in my constituency will soon find out whether they still have a job, because the consultants doing the job matching will soon finish their work. Up to 750 jobs will be lost in south Wales, with the losses in Llanwern, in my constituency, very much wrapped up in the announcement of the job losses at Port Talbot. Although the Tata press release talked about Port Talbot, it is hugely important to workers and their families in Newport, not to mention in the wider economy, that we remember Llanwern, because the effects are being keenly felt there.

Before the debate, I asked Newport steelworkers what comments they would like me to make to the Minister—I know other hon. Members do that before steel debates—and they said, “Please just keep saying what you said last time: that our industry needs help now. Please remind the Government that we are here.”

Time and time again, we have come to this Chamber asking for real action from the Government for the steel industry, but despite the debates, the questions and the summits, the industry and the unions tell us that not enough tangible progress has been made. That message came out loud and clear from the recent Welsh Affairs Committee hearing on the problems in the steel industry in Wales. In evidence to the Committee, Tata’s director of strip products, Stuart Wilkie, talked about the three things the business needed to survive in Wales and counteract the perfect storm it faces: increased efficiency, reduced costs and Government support.

On efficiencies, Tata has already made major inroads into downsizing the business’s production capacity, and my constituents know only too well the effect that that has had, be that on the pickle line or the mothballed hot mill.

We have seen the reduction in costs over the years in Newport, including job losses, as Llanwern has reduced in size. Only last year there were 97 contractors on site, and now they have gone. We must remember that behind every job loss is an individual and a family.

On the third element—the support the industry gets from the Welsh Government and the UK Government—the Welsh Government taskforce has been well received. It is proactive, and it is welcome that there is a voice for steelworker representatives. The taskforce does what it can with the levers it has at its disposal. From the Welsh Affairs Committee session, I know that Tata and the unions say that the dialogue with the Welsh Government and the assistance from them are exceptionally good.

In the case of Westminster, the industry says that there has been progress, but it has not been speedy enough, and there has been little bottom-line impact so far. We have had to take the job losses and the efficiencies, but we need tangible help to make sure that there is a strong plan to move us through the next two years. I cannot reiterate enough that that really matters for flex plants such as Llanwern.

On energy, companies will not see the money from phase 2 of the energy-intensive industries package until March, and they have waited two years for action. On dumping, the Government say they are doing something, and they are making supportive noises, yet they oppose the scrapping of the lesser duty rule, as we have heard many times today, and they support the granting of market economy status to China.

On procurement, more could be done to bring the Government together with companies to find out what is needed and how it can be supplied. Good work is going on in infrastructure projects in Wales. The Government say they have produced their guidance, but, as my hon. Friend the Member for Wallasey (Ms Eagle) asked: what practical impact has it had so far? The message repeated relentlessly at the Welsh Affairs Committee hearing was the need for more speed and more action, and the need to monitor our industry for the longer term to try to see what is coming—to anticipate and look ahead.

Steelworkers in my constituency have seen major restructuring over the years, and I know of the understandable fear, worry and concern that that breeds. As my hon. Friend said, our steel communities are looking to the Government in this hour of need. The Government need to put their warm, sympathetic words into action, because those working in steel feel that they have been far too slow to act. On behalf of the workers in my constituency, I call on the Government to support the steel industry far more proactively in the Budget.

9.15 pm

Nic Dakin (Scunthorpe) (Lab): It is a pleasure to follow my hon. Friend the Member for Newport East (Jessica Morden), who speaks with great passion about the impact of the steel industry on her constituents. It is very much the same for my constituents, who are currently going through 900 job losses. Coming down here this morning, I found myself on the same train as Ian Smith and Paul McBean, the leaders of the Community union in Scunthorpe. I pay tribute to them for the work that they have done, alongside Martin Foster of Unite and, indeed, all the steelworkers and their families in Scunthorpe, in going through this very difficult time and leading the way forward. It is good that there are ongoing discussions with Greybull Capital about the future of the works. I commend everybody who is supporting those discussions, including those in Government. These are difficult times and we will face a very difficult future, whatever it is, so it is important that those discussions are successful.

I want to give a sort of half-term report on the Government’s progress so far on the industrial asks. The Minister, for whom I have a lot of regard, is fond of saying, “We have delivered, largely, on these asks”, but I think she will recognise, along with me, that it is a job started but still to be finished. First, on business rates, the Minister herself recognises that there has been little progress, but points us with a mischievous twinkle in her eye to the forthcoming Budget. I hope that twinkle bears dividends in the end and we see some movement on business rates.

Secondly, on energy costs, it has taken over three years for us to get delivery on the mitigation for the carbon floor tax, which the Government unilaterally applied. As my hon. Friend said, the money is still not in the coffers of the steel makers. On energy costs, I would appreciate it if the Government looked at the

[*Nic Dakin*]

flawed EU emissions trading system proposal to see what can be done about it. It needs to be offset against indirect carbon costs, because otherwise it will do further damage to the UK steel industry through carbon leakage to other parts of the world and will fail to deliver what it is intended to do.

Thirdly, the Government are to be congratulated on bringing forward new procurement guidelines, but frankly, guidelines are not worth the paper they are written on unless they have an impact on how the Government and their contractor base deliver. There are a few tests we can apply. We can look at what is going on in defence; many Members have alluded to the issues there. I was pleased that a Defence Minister said today that there was a desire to push the guidelines down the procurement pipeline, but the Government need to push hard to make the difference that we need. I commend to them the work that Network Rail does, because we have there a pipeline of best practice that needs to be matched in other industries.

On renewables, DONG Energy has just got the contract for developing Hornsea Project One. However, the test will be whether UK taxpayers, through the very generous contract for difference deal, and UK energy bill payers, are financing the delivery of renewable wind farms built with UK steel or with other steel. The Government need to keep their eye on that, because it is a real test of their procurement rules.

The job has begun and it is, in theory, going in the right direction, but unless it has an impact it will be worth nothing. I know that the Minister wants to see impacts, so I will be interested to hear how she is going to ensure that the great expectation she has given us is delivered on.

Jim McMahon (Oldham West and Royton) (Lab): This has been a fascinating debate. Members might ask why an MP from Oldham is present in a debate about steel—we do not have a steel industry to speak of—but I have seen the demise of manufacturing in my community. When we talk about numbers in this place, we have to relate them back to the families affected. Communities are destroyed when industry disappears. We have heard time and again about the interventions that could be made, and my hon. Friend has made a fantastic point about them, but does he have any faith in this Government to deliver on them?

Nic Dakin: It is the Government's duty to deliver, and we have to work with them to make that happen. As my hon. Friend the Member for Wallasey (Ms Eagle) said right at the beginning of the debate, they have been dragged kicking and screaming towards delivery. We need them to deliver faster, because our communities, the steelworkers and their families do not have the time to wait. That is why the Government need to step up to the steel plate and deliver before it is too late.

The fourth issue is dumping by communist Chinese. If I had said 20 years ago that a Government would be in hock to communist China in undermining our manufacturing base, people would have said, "That's what you'd expect from the Labour party," but it is a Conservative Government who are doing it, which is remarkable—they are in hock to communist China.

We need to take action on the lesser duty rule. The Secretary of State said that the Government can take action in other ways, but we need more details of how they will take action against Chinese dumping, to make sure that there is a fair and level playing field. Nobody wants benefits; all we are asking for, on behalf of our industries, is a fair playing field, and that is what acting on the lesser duty rule will achieve.

Many Members have spoken at great length about market economy status. During Foreign Office questions last week, I was pleased to hear the Foreign Secretary repeat the commitment that market economy status would be determined and seen through the prism of steel. I would be grateful if the Minister could confirm that unless China delivers on steel in the way that it should, it will not get market economy status.

In conclusion, my constituents are very keen on this debate and want the Government to do even more to deliver so that my constituents and my community can have good jobs and a good future.

9.22 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): As always, it is a privilege to speak about an issue that is so important, not only for my constituents but for the future of the whole UK steel industry and manufacturing industry, as my hon. Friend the Member for Oldham West and Royton (Jim McMahon) has said. I pay tribute to the Celsa workforce in my constituency; to those who work for Tata and the rest of the steel industry in south Wales; to the Welsh Labour Government, who are doing so much for the steel industry in Wales; and to trade unions such as Community, whose union reps are standing up and working with the management to try to find solutions and get through these incredibly challenging times for the industry.

I do not want to repeat many of the arguments that have been made. This is the umpteenth debate we have had on this issue, and the Minister is well aware of the wider circumstances and challenges facing the industry, so I just want to zero in on some specific concerns.

The Secretary of State was slightly disingenuous when he tried to present us as protectionists who want to foment trade wars in the world. That is not what we want. I reiterate that this is about levelling the playing field so that we relieve the pressure on the industry that is the result of dumping and unfair production.

I was pleased to hear what the Secretary of State said about rebar. If he moves in that direction, it will be welcome, but the industry will want to know at what level he really thinks the tariffs should be set and when that will happen. We can also discuss why that did not happen earlier, and why he did not fight earlier for those changes in Europe. The Secretary of State for Wales and I met many months ago and discussed those issues, and we were well aware of the concerns. If the Secretary of State for Business, Innovation and Skills is moving in that direction, will he tell us when will it happen and at what level the tariffs will be set? He made a convoluted argument about the lesser duty rule, but that will not wash with the industry. The industry wants to know what action the Government will take and when.

Mr Pat McFadden (Wolverhampton South East) (Lab): Does my hon. Friend agree that if a decision is made to impose tariffs as an anti-dumping measure, the whole

point is that they have to be at a level that makes a significant difference to the price? Otherwise, the danger is that it becomes a token gesture.

Stephen Doughty: My right hon. Friend is absolutely right. As I said, if we do not put those tariffs up and other countries do, our industry will end up with double or triple dumping, with all its consequences.

The Minister has talked on many occasions about the compensation package. It has been long in coming, and its announcement was welcome, but the reality is that a lot of that compensation has simply not yet been paid. I have spoken to Celsa, in my constituency, in recent days. Can the Minister tell us how much compensation has been paid out and what difference it is making today? I am not talking about promises for the future; I want to know what difference it is making today.

I want to bring the Minister's attention back to the charter for British steel, which we have discussed on several occasions. It laid out a clear set of arguments about sustainability, quality in procurement, and the sort of steel that we can produce, which we should be using in our construction and infrastructure projects. BS 6001 certification shows that steel has been manufactured in a sustainable and responsibly sourced manner and that, crucially, it can be traced back to its raw materials. In defence infrastructure projects or projects such as Crossrail—in which Celsa rebar has been used—we want to ensure that we use high-quality British steel that can be traced, and which has high carbon standards and high-quality standards, so that we can be sure it will be there for the long term.

There are some wider questions that I would like the Minister to answer. I turn briefly to procurement, because I think the Government have been somewhat disingenuous in claiming that the whole thing is done and dusted and that action has been taken. There have been welcome statements from the Minister and others about the guidance that is being given. I am concerned, however, about the fact that although we are asking Departments what they are doing, the Ministry of Defence has said that it is not keeping the records. The Secretary of State said earlier that his Department will be helping other Departments. He needs to get in there and ensure that the MOD keeps the records in the first place, as well as driving and advertising opportunities for procurement. Look at the list of projects: the Tide class tankers, the Scouts—now Ajax—and the frigates—[*Interruption.*] The Minister is absolutely right to say that we do not make the steel for Ajax, but other parts of the programme could be sourced from UK steel. There is still no answer on the customisation of the Tide class tanker, which was made in Korea. Those are the real questions.

The Minister was chuntering earlier about doing down the industry. We can produce that high-quality steel in the UK, and we should get to the bottom of why British companies are not bidding for or securing some of those projects. The Department for Business, Innovation and Skills should do all it can, with other Departments, to facilitate that market—[*Interruption.*] The Minister says that the Department does so, but the facts do not add up.

Finally, I want to talk about our role in Europe. I am glad that the Minister agrees that our place is in the EU, and it is a pleasure to have her supportive messages on social media about that. I am glad that we agree. I firmly believe that we achieve more for the steel industry

working together across Europe than we would alone, but the Government have to be in there, fighting for the UK steel industry. I know that the Minister has done that on several occasions.

The reality is that the Government were warned years and years ago about the pressures facing the industry. A company such as Celsa in my constituency faces 70% higher energy costs than companies in Germany, as well as the dumping that the Government have been warned about so many times. If Ministers do not deal with those concerns, there is no possibility of pan-European co-operation. Why did it take so long for the Secretary of State to get out there and make that case in Brussels? Will she give us the absolute assurance that, during the next crucial months for the industry, she and he be will out there making that case on the duties, procurement and cross-European infrastructure? Only by doing that will we achieve the benefits for the steel industry that all of us across Europe want.

I want to see a future for the steel industry. I am glad that the Government are being pulled, kicking and screaming, on some of the issues. We need action and for it to keep coming, and we must ensure that we have a future for the steel industry in south Wales and across the whole of the UK.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Sorry, but I have to change the time limit to five minutes.

9.30 pm

Anna Turley (Redcar) (Lab/Co-op): I am very grateful for the opportunity to speak in this debate, but I am afraid that I contribute to debates on steel with a heavy heart and a bitter taste in my mouth. I led such debates back in September to plead with the Government to intervene and to save the steel works in Redcar, but I now stand in the Chamber to represent over 3,000 people who have lost their livelihoods and their identity, and to represent a barren, silent industrial giant of a blast furnace, which still dominates the skyline of Redcar and is a visible daily reminder of this Government's abandonment. I stand here to represent a community that feels let down, cheated and bereft. It is a tragedy that, despite representing a constituency that forged the steel that built the bridges and skyscrapers of the world in the 20th century, I stand here now, in a debate about British steelmaking, to represent a constituency that no longer makes steel. However, I am here because I owe it to my constituents, and those who fought so hard and with such dignity for our own steelworks.

I and my Labour colleagues will keep battling and fighting for steelworkers throughout the country and for the future of this vital industry. At this point, I want to pay tribute to others who are fighting so hard to save our steel—the steelworkers who have taken their campaigns to Brussels and around this country, and particularly the Community union and the *Daily Mirror* newspaper for their fantastic campaigns. We have to keep fighting to ensure that Britain is a country that still makes things; to make sure that our homes, our ships, our railways and our submarines are built with British steel; and to make sure that our industrial engineers have jobs and that our young people have a future where they make something more meaningful than a latte or a Subway sandwich.

[Anna Turley]

Steelmaking would be an industry with a future if only it had a Government that believed in it. Steel is integral to the long-term success of our advanced manufacturing, particularly in relation to the automotive, aerospace and rail sectors and to our sovereign capability in the defence and nuclear industries. Steelmaking can be competitive in this country, and we on Teesside can still play a role. We just need the Government to take action. Teesside still has the potential to be a hub for developing new technologies, and to lead the way in the circular economy—re-engineering waste, recycling and energy recovery. Where once we may have produced carbon, now we can capture and store it or even reuse it. Where once we forged steel, we may yet be able to recycle it with electro-arc furnaces. We just need a Government who believe in us.

That is why I will continue to press the Minister—I hope that she will, in turn, press Innovate UK and, ahead of the Budget, the Chancellor—for the establishment of a materials catapult for research and innovation on Teesside, focusing on the early stage of metals development.

Jim McMahon: Does my hon. Friend share my concern that the Chancellor seems to spend a disproportionate amount of time speaking to the Chinese about investment to fund the northern powerhouse investment pitch book—of course, to appeal to parts of the UK that other potential Conservative leadership candidates cannot possibly reach—than supporting our own industry? Will she join me in warning Conservative Members that if our industry dies, Britain dies too?

Anna Turley: My hon. Friend makes an extremely important point. There is no greater testament to the lack of progress of the northern powerhouse so far than the devastating loss of steelmaking on Teesside. If the northern powerhouse means anything at all, it means jobs, industry and growth on Teesside, and on that count the Government have failed.

With the materials catapult for Teesside—the existing research and development hub, which is the materials processing industry in my constituency—the Government have the perfect opportunity to put right some of their wrongs and to help some kind of steel phoenix to rise from the ashes in Teesside. Teesside can build on its industrial strength and once more play a vital role in driving the UK's industrial and high-tech economy of the future.

But we need a Government that will support us, a Government that will commit to an industrial strategy and a Government that, dare I say it, will invest. What we do not need are a Government that fail to play their role on the global stage, but that is what we have seen. The Chancellor has been out in China, and I can only imagine how grateful it is to him that his Government have actively blocked our European colleagues' efforts to increase tariffs on Chinese steel in the EU by scrapping the lesser duty rule. I can only imagine how grateful it is to him that his Government are such cheerleaders for China in seeking market economy status, which would give the green light to Chinese steel flooding in. President Obama has pledged aggressive action through the trade Bill in Congress, and the US recently imposed duties of 236% on a particular grade of Chinese steel.

I, for one, am fed up with the Government and Government Members pretending that membership of the EU is the reason they cannot act. Instead, I want them to work with our European partners to impose tariffs and tackle dumping. I am frankly embarrassed that it is the UK that is leading a small group of nations in opposing higher tariffs on China because of the Tories' ideological obsession with a market economy that sees jobs, communities and entire industries as a price worth paying for their kind of laissez-faire, unfettered global market.

The Minister for Small Business, Industry and Enterprise (Anna Soubry): You know that's not true.

Anna Turley: We have heard it from the Government Benches tonight.

We will keep fighting and holding the Government's feet to the fire. No more job losses, no more closures—we need the Government to act. We want the Government to stand up for Britain. We want the Government to save our steel.

9.35 pm

Hannah Bardell (Livingston) (SNP): It is a pleasure and a privilege to bring up the rear, so to speak, in such an important debate. If I may be light-hearted for a moment, the hon. Member for Wallasey (Ms Eagle) was challenged to a rugby match at the beginning of the debate, so I am pleased to inform her that I took part in the first mixed rugby match recently, representing the MPs and Lords. I even scored a try. [HON. MEMBERS: "Hooray!"]

The number of debates we have had on this issue and the number of times we have returned to it show the strength of feeling not just across this House, but across the nations of the United Kingdom. It is a pleasure to follow my hon. Friends the Members for Rutherglen and Hamilton West (Margaret Ferrier) and for Motherwell and Wishaw (Marion Fellows), who spoke passionately about their constituencies, as did Members from across the House. My colleagues have been involved in the Scottish taskforce and have done extensive work in engaging with their respective local communities on the future of the steel industry in Scotland and in standing up for their rights and interests. As they said, the steel industry has been at the heart of their constituencies for generations. Our thoughts continue to be with the many towns and communities across the UK that are at the mercy of the volatility in the global steel market and the glut of steel production, as well as the UK Government's lack of commitment and action.

I pay tribute to the work of everyone on the Scottish steel taskforce, including the union representatives. I am particularly pleased that they have been included in the Scottish taskforce, by contrast with the situation at the outset south of the border. They were at the heart of our discussions and engagement from the very beginning.

Fergus Ewing MSP, my colleague in the SNP Government, is the Minister for Business, Energy and Tourism. He faces many challenges, but he and his colleagues in the Scottish Government and Parliament, including Clare Adamson MSP, who is from a steelworking family, continue to work tirelessly to keep the Dalzell and Clydebridge steel plants open. They are committed

to finding a buyer for the sites, continuing commercial production and keeping as many jobs as possible onsite and in Scotland.

The strategic importance of the plants to Scotland and the UK cannot be overstated. It is apparent in the specialist skills and knowledge and the innovative approach that are inherent in Clydebridge and Dalzell. According to UK Steel, the Dalzell plant is the only plant in the UK capable of rolling and processing the steel that is used in the Ministry of Defence's special armour plate and for certain requirements of the offshore oil and gas industry. The Clydebridge plant specialises in producing difficult-to-make high-strength steels that are used in some of the most challenging environments in the world. We truly have a world-class industry that we in Scotland believe is worth fighting for.

However, when the UK Government are faced with an opportunity to fix the issues, they are flat-footed and seem to shy away. A case in point is the issue of tariffs, which has been discussed extensively this evening. It is shameful that the UK Government have actively blocked the proposals to raise tariffs on Chinese steel. The UK Government confirmed in mid-February that they had blocked proposals from EU members to block the dumping of cheap steel products in the EU by China. The Government's blocking of the proposal came after the Secretary of State signed a joint letter from European Ministers, pledging

"to use every means available and take strong action" against China and Russia. He has the means at his fingertips, but he chooses not to use them.

The UK Government must work harder with their European partners to address the dumping of cheap steel in European markets, which is, as we all know, undermining UK steel production. Although 2% of UK steel demand was met by Chinese imports in 2011, that figure has been forecast to rise to 8% this year and next. We are all keen to hear from the Minister on that point.

The message is clear: there are vital skills, innovative approaches, and a unique and distinct heritage in Scotland and the UK steel industry, but how far will the Government go to save it? When I was doing research for this debate, I came across an article in the *Scunthorpe Telegraph*:

"Scunthorpe's main steel union Community has slammed Business Secretary Sajid Javid for stating the UK steel industry could not expect to be bailed out in the same way as the banks."

A spokesman for the Community union said:

"The Prime Minister himself has said that steel making is 'vital' to the UK economy, so these are ill-judged remarks from Mr Javid."

I could not agree more.

The UK Government have the money, political will and determination to bail out the banks, but they cannot find it in their heart, or indeed their pockets, to support an industry that is of vital strategic importance to our economy. I am not, of course, calling for the nationalisation of steel production assets, but I simply suggest that the Government are short on political will and creativity in supporting the steel industry in its time of need.

9.40 pm

Bill Esterson (Sefton Central) (Lab): Again, we are debating the crisis in the steel industry in the context of thousands of job losses, closures of steel plants, and an industry hanging by a thread, with the livelihoods of

20,000 workers, their families and communities under threat, and all that in an industry worth £9.5 billion to the UK economy and which ran a trade surplus in 14 of the last 17 years. The problem we face now is that of the dumping of cheap Chinese steel on the global market. The challenge is how we defend highly skilled British jobs and the future of a vital industry, and safeguard an important source of exports in the face of this crippling and difficult situation. We must support the wider economy by taking a strategic view of what is in the national interest.

We have heard excellent contributions from my hon. Friends the Members for Hartlepool (Mr Wright), for Newport West (Paul Flynn), for Middlesbrough South and East Cleveland (Tom Blenkinsop), for Stockton North (Alex Cunningham), for Neath (Christina Rees), for Aberavon (Stephen Kinnock), for Newport East (Jessica Morden), for Scunthorpe (Nic Dakin), for Cardiff South and Penarth (Stephen Doughty), for Redcar (Anna Turley), for Ellesmere Port and Neston (Justin Madders), for Alyn and Deeside (Mark Tami), for Huddersfield (Mr Sheerman), for Middlesbrough (Andy McDonald), for Ogmere (Huw Irranca-Davies), and for Stoke-on-Trent North (Ruth Smeeth).

The steel industry and the thousands of people that it employs are looking to Parliament and to the Government for support. The industry has come to the Government with five key asks to help to protect jobs and exports. Although there has been some belated progress, the Government's response overall shows that they are not prepared to take an active role in protecting the steel industry. As my hon. Friend the Member for Hartlepool said when commenting on the excellent BIS Committee report, we must do more at European Union level. The Government claim that four out of five asks have been delivered, but on procurement no orders have been received in steel plants since those changes were made.

My hon. Friend told us that cheap Chinese steel needs effective international action if it is to be tackled. China is responsible for four times the combined production of the next biggest four steel producers, and unless there is co-ordinated, concerted effort internationally to combat illegal dumping, nothing will change. We were told that the British steel industry faces an existential threat through the grossly distorted market, and my hon. Friend's plea, and that of members of his Committee, was for a co-ordinated approach.

The industry needs swift action on tariffs that protects steel produced in the UK and other EU countries against Chinese dumping, yet our Government have played a role in blocking that. The Prime Minister's office opposed the idea of fairer tariffs on the grounds that it was protectionism—something confirmed a number of times throughout the Secretary of State's speech today. Ensuring that we have a level playing field to protect our workers and businesses from a situation that threatens to destroy an entire industry is not protectionism. On the contrary, it is common sense and it is right. As Gareth Stace, the director of UK Steel, said:

"Anti-dumping measures in the EU do not currently have the teeth to halt this tsunami of dumped steel".

The Government must support the lifting of the lesser duty rule, because otherwise steel manufacturing will be lost in the UK and across Europe. It is a simple ask, and one that is supported by other EU countries,

[Bill Esterson]

yet the UK Government have failed to stand by their own country's industries, not just in steel but in ceramics and other energy-intensive industries.

The Government have also shown little action on changing business rates for large manufacturers. I sat in Committee last week with the Minister for Small Business, Industry and Enterprise and heard of her commitment to an overhaul of rates. When it comes to it, however, the review first announced in 2011 is still to start and the industry continues to pay twice when it comes to rates on investment in plant and machinery. The industry was told that helping plant and machinery manufacturers was unaffordable. The Government review rumbles on as we wait to hear what they will do to support investment in plant and machinery. Will they tackle existing competitive disadvantages suffered by UK steel sites on plant and machinery, which account for up to 50% of their business rates?

Serious challenges have coalesced around the steel industry: a glut of global supply, energy costs, high business rates and a strong pound. The industry did not expect the Government to offer a silver bullet. What it rightly expected was for the Government to play their role in what should be a partnership. The most successful economies are characterised by partnership between government, industry and the workforce. For partnership to be effective, the Government have to play their part. Businesses and workers, through the trade unions, have played their part, but what of the Government? The situation demanded that the Government see the long-term strategic value of steel production and act accordingly to protect high-skill jobs and the future of a key strategic industry. The Government, however, failed to intervene to save the Redcar coke ovens. My hon. Friend the Member for Middlesbrough rightly described that lack of support as an act of industrial vandalism.

An industrial strategy is nothing more than a Government's willingness to enter into a partnership with business and workers: to match their ambitions by looking beyond election cycles and investing in the infrastructure and the training they need to flourish; to see the long-term value of strategic industries; and to take the necessary steps to support and safeguard them. If the Secretary of State and his Ministers want to be a true partner to the steel industry, there are few clearer steps that the Government must take now. [Interruption.] If the Lord Chancellor had been here earlier, he would have heard my hon. Friend the Member for Wallasey (Ms Eagle) saying that.

The Government must block the unfair trading of steel by supporting EU trade defence instruments, allowing the swift implementation of defensive tariffs. The Secretary of State must throw his support behind tariffs and ensure they are set at a level that would protect UK steel. He and his colleagues should support the EU countries that have supported a level of tariffs that will help our industry and our economy. Remember that at one stage it looked as though the Secretary of State accepted the need for change. He signed a letter with counterparts from France, Italy, Germany, Poland, Belgium and Luxembourg demanding that the European Commission use every means available and take strong action in response to unfair trade practices. Sadly, a week later he told the Business, Innovation and Skills

Committee that he was opposed to that very action, something he confirmed this evening when he said he was against removing the lesser duty rule. UK Steel director Gareth Stace described the U-turn as "galling" and said that

"government must support the lifting of the lesser duty rule, otherwise steel manufacturing will be lost in the UK and Europe."

We need to take an active role in tackling Chinese steel dumping and need action on business rates for key industries and capital-intensive firms to level the field for UK steel by pursuing reform of tariffs at EU level. This is what the industry needs. It is what workers and their families need. It is what communities need, and it is what the wider economy needs. Until the Government take these steps, and until the Business Secretary begins to engage with a long-term industrial strategy to defend and promote UK businesses and workers, belated supportive words will be seen as nothing more than empty rhetoric.

9.49 pm

The Minister for Small Business, Industry and Enterprise (Anna Soubry): I begin by paying tribute to all those who work in our steel industry. As the Prime Minister describes it, it is indeed a vital British industry. Those workers are without doubt hard working, skilled and dedicated. I would like to take this opportunity to congratulate the Community trade union leader, Roy Rickhuss. It is pleasure to do business with him; we do not always agree, but he undoubtedly leads a fine band of men and women. Of course, we also have to remember and recognise all those who have so unfortunately been made redundant in recent times. Our thoughts are indeed with them, their loved ones and their families.

I pay tribute to all hon. Members of all parties who have spoken in the debate. Let me explain the simple truth, which is a harsh fact and reality, as the hon. Member for Redcar (Anna Turley) knows. I was slightly disappointed in her speech, although it has sometimes been a great pleasure to work with her. She well knows that SSI was losing £600 million in just three years, and we all know the huge scale of Tata's losses. Those are the harsh realities, and no Government can alter the price of steel. In some sectors of steel, prices have halved over a year, while consumption across the world has yet to reach the levels of 2008.

This is not a Government who have stepped back and not done anything. On the contrary, we have seized this nettle and got on with it. We had a steel summit, and the industry made five specific asks of us—and we have delivered on four of those asks. The fifth, which is rates—[Interruption.] As I was saying, on rates, we hope to be able to deliver in the way that I and my right hon. Friend the Secretary of State would like—but we have delivered. It is strange because every time we deliver as we are asked, what do the Opposition do? They just shift the goalposts.

Let us go through the asks and start by looking at procurement. We have changed the rules of procurement, and I was disappointed to hear the hon. Member for Redcar saying that these were only minor and technical changes. Far from it. As my hon. Friend the Member for Torbay (Kevin Foster) said, these are good and valuable changes; they include skills for the supply chain, which are just some of the new factors. Yes, we will evaluate them and make sure that Departments deliver because these are not guidelines—they are mandatory.

The hon. Member for Motherwell and Wishaw (Marion Fellows) says that the Government should do more, but she has not told us whether the SNP in Scotland have changed their procurement rules. We know that they have not. On energy costs, we were asked to take action and we have taken action. We have got compensation and gone further than the ask made of us, and in relation to two of those significant charges, we are going to make sure that these are properly and fully compensated and effectively removed from next year.

Flexibility on the EU emissions directive is another ask on which we have delivered, and then we come to the issue of the dumping of steel by China. It is not just China, if I may say so; it is a number of countries, and that needs to go on the record. I take particular exception to some of the comments made by Labour Members, because in July we voted for the first time for tariffs on wire rod—of some 24% by way of charge. Then we voted again in November.

It is the lesser duty rule that has been so effective. Let me provide an example of the work we have done. On rebar, if we did not have the lesser duty rule, the charge would have been some 66%. In fact, what the industry wanted was a charge of about 20% to 30%. We have worked tirelessly to achieve that. The EU has set the figure at 9% to 13%, and it is this Secretary of State who took that argument and led the charge. We continue to do that with tubes and on cold rolled steel as well. That is the work that this Government have been doing, and I am proud of our record, and we will continue to fight when it comes to tariffs on Chinese and other countries' steel.

Let me make something clear about the lesser duty rule. What it does is effectively ensure that the right balance is struck so that it is not overly protective, but tariffs are there at the right level to do the right thing by British steel. All that I will say about China and market economy status is that Russia has market economy status, and that has not prevented the European Union from imposing tariffs on it—and rightly so. I suggest that that is another very large red herring tossed in by the Opposition because we have delivered on asks that the industry and the unions have made of us.

What have we done? What has the Secretary of State gone and done? He went to Europe and called an extraordinary meeting of the Competitiveness Council. Far from sitting back in the European Union, we are now taking the lead, and that is why the Competitiveness Council met today. Unfortunately, I have not enough time to go through all the things that have already been achieved because of the action that we have taken in the European Union in order to deliver. For the first time, we are hearing language in the EU that heartens Conservative Members, although I think that Opposition Members simply do not understand it. The statement that was issued today mentions an absolute desire to ensure that competitiveness is at the heart of the future of the steel industry: a desire to reduce regulatory costs, to reduce regulation, and to look at the issues of illegal subsidies and, most important, electricity prices.

Anyone who wants to help out the British steel industry will support Trident, but where was the Leader of the Opposition on Saturday? On a Campaign for Nuclear Disarmament march.

Dame Rosie Winterton (Doncaster Central) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 239, Noes 288.

Division No. 202]

[9.57 pm

AYES

Abbott, Ms Diane	Doughty, Stephen
Abrahams, Debbie	Dowd, Jim
Ahmed-Sheikh, Ms Tasmina	Dowd, Peter
Alexander, Heidi	Durkan, Mark
Ali, Rushanara	Eagle, Ms Angela
Allen, Mr Graham	Eagle, Maria
Anderson, Mr David	Edwards, Jonathan
Arkless, Richard	Efford, Clive
Austin, Ian	Elliott, Julie
Bailey, Mr Adrian	Ellman, Mrs Louise
Bardell, Hannah	Esterson, Bill
Barron, rh Kevin	Evans, Chris
Beckett, rh Margaret	Farrelly, Paul
Benn, rh Hilary	Fellows, Marion
Betts, Mr Clive	Ferrier, Margaret
Black, Mhairi	Field, rh Frank
Blackman, Kirsty	Fitzpatrick, Jim
Blenkinsop, Tom	Fletcher, Colleen
Blomfield, Paul	Flint, rh Caroline
Boswell, Philip	Flynn, Paul
Bradshaw, rh Mr Ben	Fovargue, Yvonne
Brock, Deidre	Foxcroft, Vicky
Brown, Alan	Gethins, Stephen
Brown, Lyn	Gibson, Patricia
Brown, rh Mr Nicholas	Glass, Pat
Bryant, Chris	Glindon, Mary
Buck, Ms Karen	Goodman, Helen
Burden, Richard	Grady, Patrick
Burgon, Richard	Grant, Peter
Burnham, rh Andy	Gray, Neil
Butler, Dawn	Greenwood, Lillian
Byrne, rh Liam	Griffith, Nia
Cadbury, Ruth	Gwynne, Andrew
Campbell, rh Mr Alan	Haigh, Louise
Campbell, Mr Ronnie	Hamilton, Fabian
Champion, Sarah	Hanson, rh Mr David
Chapman, Douglas	Hayes, Helen
Chapman, Jenny	Hayman, Sue
Cherry, Joanna	Healey, rh John
Coaker, Vernon	Hendry, Drew
Coffey, Ann	Hepburn, Mr Stephen
Cooper, Julie	Hermon, Lady
Cooper, Rosie	Hoey, Kate
Cooper, rh Yvette	Hollern, Kate
Corbyn, rh Jeremy	Hopkins, Kelvin
Cowan, Ronnie	Howarth, rh Mr George
Coyle, Neil	Hunt, Tristram
Crausby, Mr David	Huq, Dr Rupa
Crawley, Angela	Irranca-Davies, Huw
Creagh, Mary	Jarvis, Dan
Creasy, Stella	Johnson, rh Alan
Cruddas, Jon	Johnson, Diana
Cryer, John	Jones, Gerald
Cummins, Judith	Jones, Graham
Cunningham, Alex	Jones, Helen
Cunningham, Mr Jim	Jones, Mr Kevan
Dakin, Nic	Jones, Susan Elan
Danczuk, Simon	Kane, Mike
David, Wayne	Kaufman, rh Sir Gerald
Day, Martyn	Kendall, Liz
De Piero, Gloria	Kerevan, George
Docherty-Hughes, Martin	Kerr, Calum
Donaldson, Stuart Blair	Kinnock, Stephen

Kyle, Peter
 Lamb, rh Norman
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Shabana
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGovern, Alison
 McInnes, Liz
 McLaughlin, Anne
 McMahan, Jim
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Oswald, Kirsten
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reynolds, Emma

Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robinson, Gavin
 Rotheram, Steve
 Ryan, rh Joan
 Salmond, rh Alex
 Shannon, Jim
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Grahame M. Morris and
Jeff Smith

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria

Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul

Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burt, rh Alistair
 Cairns, Alun
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Davies, Byron
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davis, rh Mr David
 Dinage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus

Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Jackson, Mr Stewart
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kaczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Leadsom, Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David

Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Mowat, David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary

Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Walker, Mr Robin
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Zahawi, Nadhim

Tellers for the Noes:

**Julian Smith and
 Simon Kirby**

Question accordingly negated.

Commonwealth War Graves Commission: Pension Fund

Motion made, and Question proposed, That this House do now adjourn.—(*Stephen Barclay.*)

10.9 pm

Chris Stephens (Glasgow South West) (SNP): I refer to my entry in the Register of Members' Financial Interests, and my position as chair of the Public and Commercial Services Union parliamentary group. I have secured this debate tonight to bring to the attention of the House the pension fund of employees of the Commonwealth War Graves Commission.

Let me thank the three trade unions that have a membership interest—PCS, Unite the Union and Prospect—for raising these concerns with me and other right hon. and hon. Members, as well as the hon. Member for North Durham (Mr Jones) who serves on the Commission, and the Leader of the House for their helpful information. I must say at this point that I was disappointed with the communication that I received from the War Graves Commission director-general, to which I will return.

The Commonwealth War Graves Commission cares for more than 1,700,000 casualties of the first and second world wars in cemeteries and memorials at more than 23,000 locations in over 150 countries. Indeed, I have two war grave locations in my own constituency. The commission employs more than 1,300 staff worldwide; approximately 250 of whom are on UK-based contracts. Negotiations are also ongoing with the Ministry of Defence to include non-war related graves in the work of the commission.

Staff of the commission take pride in attending to the war graves. It is not just a job, but a way of life and a vocation. Many are from families who have worked for the commission for generations, and many spend their whole working lives in the service of the commission. Jobs at the commission range from gardeners, maintenance and stonemasons to administrators, supervisors, managers, archivists and historians. It is not uncommon for staff to progress through a variety of those roles in the course of their career, re-training and adapting to the needs of the job. There is often a large element of foreign travel and the work can entail working and living abroad for years and even decades; requiring staff to uproot families and learn new languages to adjust. That can have a financial impact too, as spouses have often been unable to have careers. It is disappointing therefore to receive correspondence from the director-general which said that it is hard to argue that our gardeners should enjoy better terms of employment than nurses or members of the armed forces.

Salaries at the commission have also been very modest. A recent Towers Watson global grading and pay review found a need to uprate salaries, leading to most getting an increase of between 1% and 1.5%, or a 1.5% lump sum. Those on the lowest grade were given a minimum £450 increase. Although that is welcome, it nevertheless reflects the fact that salaries over the years have not been commensurate with the job. However, despite some of the sacrifices, staff at the commission remain committed to delivering a high level of service. Most recently, the commemorations of the first world war have required staff to work over and above their normal commitments.

Jim Shannon (Strangford) (DUP): I commend the hon. Gentleman for bringing this matter to the House. The number of Members present in the Chamber is an indication of the importance of the subject. In my constituency, we have between 60 and 70 war graves, which are looked after by the War Graves Commission, and they are very important to us in Strangford. What concerns me is the need to have the pensions and the wages correct across the whole of the Commonwealth, not just in the United Kingdom. Does he think that we should look after those graves in the Commonwealth as well as in other parts of the world?

Chris Stephens: I thank the hon. Gentleman for his intervention, and I agree with him.

To recognise the special nature of the job, the loyalty of staff and the financial sacrifices staff have made over the years, the commission has held a final salary pension scheme, ensuring financial security for staff who have spent their lives in dedicated service to the commission. The terms of this scheme are good with a low employee contribution, a spouse's pension, death in service and lump sums based on final salary—40/60ths. That reflects the fact that the pension has traditionally been one of the most important conditions of service, recognising years of dedication and loyalty.

In December 2014, however, the CWGC announced the intention to close the final salary pension scheme in April 2016 and move staff to a far less favourable defined contribution scheme, the Group Pension Plan. The terms of this scheme are much higher employee contribution, lower employer contribution and less of a pension pot at the end. The changes will see a drastic reduction in the pensions of 180 long-serving staff, with some losing more than £6,000 for every year that they draw their pension. The introduction of the new pension will also see a reduction in employer contributions from the current 22.4% of salary to a limit of "up to 15%". On average, employer contributions will likely be much lower as the 15% rate can be reached only when employees significantly increase their contributions in turn. That came just two years after the Commonwealth War Graves Commission had closed the final salary scheme to new entrants, promising:

"Closure of the scheme to new members does not have a negative impact on the funding of the existing pension scheme... The current pension scheme remains in a relatively strong surplus position when assets and liabilities are calculated on a long term actuarial basis."

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): My hon. Friend is making a profound speech that chimes with some of the history books that I have read. He is right that the Government will find a lot of money for weapons, but they find less money for the wounded, and it is disappointing and sad that for the dead there is less money still. The facts that my hon. Friend is discussing go contrary to the sweet words that are often said about remembering and honouring the dead in Chambers such as this.

Chris Stephens: I thank my hon. Friend for that intervention, and I shall come on to say more about the position of the scheme.

The news of the closure of the final salary scheme has come as a terrible shock to long-serving staff, with more than 50% of those affected within 10 years of

normal retirement age, leaving little time to readjust. For some, that has meant completely changing retirement plans as they can no longer afford to retire or as key assumptions such as being able to pay off a mortgage are no longer the case. Staff feel betrayed that what was promised to them for years is suddenly being snatched away.

Let us consider the financial position. In the commission's statement of accounts of March 2014, the key numbers show a surplus of £1.4 million on income of £67 million, with balance sheet reserves up from £4.3 million to £7.2 million and net current assets up from £1.5 million to £2.2 million. The balance sheet shows an improvement in reserves of £2.9 million, due largely to the improvement of £2.6 million in the pension deficit from £8.3 million to £5.7 million. In its 2015 accounts, the position had changed. The balance sheet showed a deficit of £6.1 million, having been in surplus by £6.7 million in March 2014. The reason was a sharp increase in the deficit shown in the pension scheme, a deterioration of £13 million in the year, taking the deficit to £18.6 million. The background is the effect of the recent three-yearly valuation, which reflected a collapse in the forecast interest rates for the pension fund investments.

My first question to the Minister is: what investments resulted in this change from 2014 to 2015? Despite the commission announcing its intention to close the pension scheme in December 2014, formal consultation with the three trade unions representing staff at the commission—PCS, Prospect and Unite—did not start until June 2015. During the consultation period, the trade unions took a reasoned and helpful approach, proposing numerous alternatives in an attempt to find a solution that both recognised the financial position of the commission and mitigated the most detrimental effects on staff. However, the commission rejected all the proposals, remaining resolute on closing the final salary scheme and moving to a defined contribution scheme.

Proposals were numerous and wide reaching and included increasing member contributions to enable the scheme to stay open. The initial proposal put forward by the trade union side, a proposal that directly addressed the commission's concerns about the pension scheme deficit and about future risk in the scheme, was as follows. First, it proposed a cap on pensionable earnings for future service with effect from 1 April 2016, which would immediately address the pension scheme deficit by enabling a downward revision of the actuarial costs of the scheme. Secondly, it proposed to increase member contributions from 1.5% to 5%, phased in over the next two years. Thirdly, it suggested that the decision on the closure of the scheme should be postponed for three years, linked to a further valuation of the scheme during 2018. That would enable a considered and measured review of the scheme's funding, taking account of the previous two proposed measures, both of which would have a positive impact on past service deficit and future service costs. These proposals were rejected almost immediately, with no costing done by the commission, leading the trade unions to believe that the consultation was hollow and the commission was intent on closing the final salary scheme regardless.

The final proposal from the trade unions was the option of CWGC UK-based staff transferring to the civil service Alpha pension scheme, as provided for under the Cabinet Office's new fair deal. We are aware that

many scheduled bodies including English Heritage, the Churches Conservation Trust, the Royal Botanic Gardens, the Imperial War Museum and the British Council have been permitted to join the new civil service pension scheme.

Mr Kevan Jones (North Durham) (Lab): I declare an interest as a member of the Commonwealth War Graves Commission. I congratulate the hon. Gentleman on securing the Adjournment debate tonight and I hear what he says, but what he has just suggested was considered. It was not possible, and if people had been transferred to the civil service scheme, the terms offered to them would have been worse.

Chris Stephens: I thank the hon. Gentleman for that intervention. He has spoken to me about that privately and I have asked questions about it. His comments are surprising because of the aggregate accrual rates in the Alpha scheme. One of the problems is that there has been no discussion of the actuarial variations between the trade unions and those representing the commission in the talks. I hope the hon. Gentleman will use his good offices to put that right.

The commission's response was to assert that CWGC staff are not civil servants, making them ineligible to join the Alpha scheme. However, the Office for National Statistics details the CWGC as part of the MOD accounts, and Her Majesty's Revenue and Customs also lists CWGC staff as civil servants. In fact, the CWGC tends to pick and choose when the civil service hat fits. For example, the 1% pay cap in the public sector is often cited in pay talks as a reason to keep down pay rises.

The trade unions believe that they were never given a satisfactory reason why the CWGC did not apply for admittance as a scheduled body under the Government's new fair deal policy. Instead of putting forward a case for staff to join Alpha, the commission seemed to decide in advance that they were ineligible to join and then sought confirmation of this from the MOD. The commission's unwillingness to engage and seek alternatives that would mitigate the financial impact on staff was demonstrated throughout the consultation.

Trade unions repeatedly asked for more information to inform the consultation and aid the consideration of alternatives. However, the commission declined to offer that information, and the trade unions had to conduct much of the consultation without key information. For example, they requested an anonymised breakdown of how the new scheme would financially affect each member of staff, crucial information that would allow unions to see the impact of the proposals and help them put forward alternatives. That request was declined, leaving the unions no option but to ask members to send in their individual statements and to piece them together to form an overall picture.

Staff representatives were denied access to key decision making meetings at which they had requested the opportunity to put forward the case to keep the scheme open. The unions wrote to the commission asking to attend the meeting on 9 December 2015 when the commission put forward its case for closing the scheme to the board of commissioners. The commission wrote back to say that the unions' attendance would be "inappropriate".

Despite the trade unions raising numerous concerns and offering reasonable alternatives, the decision to close the final salary scheme appears to have been a fait

accompli. The commission made the final decision in December 2015 to go ahead and close the scheme in April 2016. As staff have mentioned, the pension scheme has always been a way of attracting and retaining staff in the commission, and it has featured strongly as part of the overall benefits package that staff have signed up to when joining. To take it away after years of service, when staff are so painfully near retirement, is just unfair. Long-serving staff have put up with great disturbance and sacrifice to their family lives, such as moving to foreign countries. Spouses and partners have often been unable to have careers as a result, and the pension that commission staff accrue should recognise that

Approximately 60% of those affected by the changes are 50 years old or more, so they could be retiring within the next 10 years. Staff within a few years of retirement now have little time to re-adjust their financial planning for retirement, as the alternative Group Pension Plan will not deliver anything like the benefits of the final salary scheme. When changes were made to the civil service pension schemes, protection was given to staff nearing retirement, in recognition of the fact that they would have made financial plans based on the assumption of their existing pension entitlement. That protection has not been offered to staff at the commission.

Closure of the scheme from 1 April 2016 will have a significant detrimental effect on the future pensions of UK-based staff and will cause considerable unrest among employees at a time when they are working hard to further enhance the reputation of the commission with the work on the 1914 to 1918 centenary commemorations. The changes also come at the exact time when workers currently contracted out of the state second pension, as staff in the commission are, will see national insurance contribution increases of 1.4%. From April 2016, staff transferring to the GPP scheme will therefore have the dual disadvantage of paying national insurance increases and pension contribution increases of up to 5% for the new scheme. Closing the final salary pension scheme will create financial difficulty for the commission's longest-serving, loyal staff, who have sacrificed much for the commission over the years.

The trade unions believe that they have adopted a constructive approach to finding alternatives. However, the commission has refused to make any meaningful changes to its initial position to mitigate the financial impact on staff.

Mr Kevan Jones: I do not want to get into a dialogue about this, but I have to say that that is not true. The final scheme was changed, including to help lower-paid staff over the next three years, so changes have been made. I also have to say that I do not recognise the hon. Gentleman's description of the negotiations, because the trade unions did meet the vice-chair and the secretary-general.

Chris Stephens: I thank the hon. Gentleman for that intervention. I am sure that is a discussion he and I can continue to have.

I have a number of questions for the Minister. First, has the decision to close the scheme already been made or is it the case that, in the words of the Leader of the House in a letter to me on 24 February 2016:

"The Commission has undertaken a consultation and is now considering in detail the range of responses received but no decision has yet been taken"?

[Chris Stephens]

Secondly, what is the current deficit of the scheme, as of today's date? Lastly, given what I have outlined in relation to industrial and employee relations, does he not agree that we should ensure that talks begin between the commission and the trade unions—hopefully with ministerial involvement—to share information and actuarial evidence properly and to reach a solution that could be agreed by both sides?

10.27 pm

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): I congratulate the hon. Member for Glasgow South West (Chris Stephens) on securing the debate. I must confess that I find myself in a slightly difficult position, because I have no direct responsibility for this issue, for reasons that I will explain. However, I am determined, as ever, to help in any way I can. Although the hon. Gentleman has asked a number of detailed questions, some of which I hope to be able to address this evening, I will of course write to him in due course about any that I am unable to answer, having approached the Commonwealth War Graves Commission on his behalf.

Mr Keith Simpson (Broadland) (Con): I declare an interest as a parliamentary commissioner on the Commonwealth War Graves Commission. I congratulate the hon. Member for Glasgow South West (Chris Stephens) on securing the debate, which of course was based, quite naturally, largely on submissions from the trade unions. Does my hon. Friend the Minister agree that it is very difficult for him to respond to this debate, because the Commonwealth War Graves Commission is independent and its funding comes not only from Britain but from half a dozen other Commonwealth countries? I have to say that my impression, through my fellow commissioner, the hon. Member for North Durham (Mr Jones), who has been involved in the negotiations, is that the commission has bent over backwards, and in very difficult financial circumstances.

Mark Lancaster: Indeed. That is what I was trying very gently to say. None the less, I am keen to help. In fact, the two parliamentary commissioners, sitting on either side of the House, are in many respects much closer to the issue than I am.

The pension arrangements of the commission's employees are ultimately a matter for the commission's senior management and for trustees of the scheme. The concerns of the hon. Member for Glasgow South West should, in the first instance, rightly be directed to the commission, which, it must be emphasised, is not even a UK-run organisation, as my right hon. Friend the Member for Broadland (Mr Simpson) said. None the less, I welcome the opportunity to contribute to the debate, not least so that I can pay tribute to the commission for its work before I get on to the issue of pensions.

I am sure that, like me, many hon. Members will have visited one or more of the cemeteries and memorials that are so well cared for by the commission. It is certainly true to say that the commission provides the gold standard in care and that the sites under its care, wherever they may be, are always as well and as lovingly cared for as possible.

Kirsten Oswald (East Renfrewshire) (SNP): Will the Minister give way?

Mark Lancaster: I am not going to give way, because I am going to run out of time. The hon. Lady will have to forgive me.

I have been privileged to visit several sites in recent years, including in northern France and on Ascension Island. I have also visited Stanley cemetery in the Falklands, with the hon. Member for North Durham (Mr Jones), and Stanley cemetery in Hong Kong, which is without doubt one of the most striking cemeteries in the world, with its views over Stanley harbour. I often sat there to reflect during my service in Hong Kong.

It would be beneficial to remind ourselves of the origins of the commission. As hon. Members might be aware, it was established by royal charter on 21 May 1917. The provisions were then extended by a supplemental charter on 8 June 1964. In accordance with its royal charter, the commission has the task of commemorating the Commonwealth war dead of the two world wars by making fit provision in perpetuity for their graves and memorials, and of maintaining records of the dead.

The commission ensures that 1.7 million people who died in the two world wars will never be forgotten, and it cares for cemeteries and memorials at 23,000 locations in 154 countries. It is worth pointing out that, within the United Kingdom, it helps us to commemorate more than 300,000 Commonwealth servicemen and women, with their graves numbering 170,000 in more than 13,000 locations across the country.

I would like to take this opportunity to point hon. Members to the commission's website, which, among other things, details the locations of the more than 140,000 graves that it tends in the UK. People tend to think of the commission in terms of precise ranks of graves in cemeteries on the western front, but there is hardly a town anywhere in the country, let alone a constituency, that does not contain at least one grave tended by the commission.

In this year, when we commemorate the 100th anniversary of the battle of the Somme, it is particularly poignant to remember that those graves and memorials allow us to connect with not just the conflicts of the past, but the people caught up in those conflicts. That reminds us of the cost of such conflicts and of the individuals who paid the ultimate price, and it gives us a very human connection with history.

As I mentioned at the start of my speech, the commission is not a UK-run organisation. Its cost is shared by the member Governments, consisting of Australia, Canada, India, New Zealand, South Africa and the United Kingdom, in proportions based on the number of their graves. That results in the UK contributing almost 80% of the total funding, which was in excess of £47 million in 2015. In addition, the Ministry of Defence provides £1.3 million to the commission for the cost of maintaining 20,000 Boer war graves in South Africa and a further 21,000 non-world war graves around the world.

The commission's day-to-day operations are overseen by the vice-chairman, Air Chief Marshal Sir Joe French; the high commissioners of member Governments; and eight commissioners drawn from the armed forces, the two largest UK political parties—currently those two commissioners are the hon. Member for North Durham

and my right hon. Friend the Member for Broadland—and individuals who bring particular knowledge and experience.

Turning to the issue at hand—the pension fund of employees of the Commonwealth War Graves Commission—I need to be clear that, as an independent Commonwealth body established by royal charter, the commission has no requirement on it to consult Her Majesty's Government on day-to-day operational matters, including the terms and conditions of its UK workforce. However, as a key stakeholder in the commission, the MOD was consulted on the issue and agreed with the decision to consult about the closure of the scheme.

Formal consultation on commission pensions commenced on 8 June 2015. The commission met the trade unions representing UK employees on five occasions and wrote on a further three occasions, providing detailed responses to alternative proposals that were put forward. I can confirm that all the trade union proposals were costed by the commission's actuarial advisers, so they were certainly not dismissed out of hand.

The consultation period was extended by two weeks at the request of the trade unions to accommodate annual leave commitments. It closed on 14 September 2015 without agreement being reached. Subsequent to the consultation period, further meetings with the trade unions took place on 23 November and 4 December 2015. Following the consultation, the commission has agreed to the closure of the superannuation scheme with effect from 31 March 2016, and has agreed that members will be automatically enrolled into the commission's alternative group personal pension scheme with a period of enhanced contributions.

Chris Stephens: Will the Minister give way?

Mark Lancaster: Of course, but I am running out of time.

Chris Stephens: What the Minister says seems to be in direct contradiction with the letter I have from the

Leader of the House, which says that no final decision has been made. Can he comment on that?

Mark Lancaster: I am happy to clarify that. The members of the scheme will have been notified of the closure, as have the trades unions and trustees. Crucially, I understand that the decision was taken against the background of a 60% increase in the cost of the scheme since 2005, a growing scheme deficit, and a further increase in funding stemming from the 2014 statutory valuation of the scheme. The commission has made it clear that it is unable to meet the additional costs of approximately £1 million a year without a detrimental impact on its core task of commemoration. It is clear that the only way to make such savings would be to place many jobs at risk, as the vast majority of its budget is spent on horticultural labour. As the commission is an organisation funded by six Commonwealth nations, its UK employees represent less than a quarter of its workforce of 1,250. The closure of the superannuation scheme has an impact on approximately 180 of those employees, whose terms and conditions of employment are ultimately a matter for the commission, not the Government.

The Commonwealth War Graves Commission's funding has been maintained over many years, and this Government have recognised in the House its important and sacred mission. I am sure that hon. Members will join me in commending the commission for its outstanding and vital work. However, I must reiterate that the issue of pensions for the commission's employees is one for the commission and its trustees rather than the Government. I understand the concerns that have been raised in this debate, and a couple of outstanding questions need to be answered. I am happy to engage with the Commonwealth War Graves Commission on behalf of the hon. Gentleman, and I will write to him in due course.

Question put and agreed to.

10.36 pm

House adjourned.

Written Statements

Monday 29 February 2016

CABINET OFFICE

“Better use of Data in Government”

The Minister for the Cabinet Office and Paymaster General (Matthew Hancock): Today I have announced the launch of the consultation paper “Better use of data,” which sets out proposals to improve the way in which Government makes use of data on behalf of citizens.

I have placed a copy in the Library of the House.

The paper recognises the enormous potential that better use of data can have in improving the lives of citizens, our economy and society. Proportionate and secure sharing of information between public authorities can improve the lives of citizens, support decisions on the economy which allow our businesses to flourish, and improve the efficiency and effectiveness of the public sector.

We have developed these proposals over two years including significant collaboration with civil society groups, who have participated, challenged and improved

our thinking over that time. Now we are seeking to take the proposals forward for further consultation.

The consultation document, including details on how to respond, is available from <https://www.gov.uk/government/consultations/better-use-of-data-in-government> and the consultation period ends on 22 April 2016.

[HCWS558]

FOREIGN AND COMMONWEALTH OFFICE

European Union

The Minister for Europe (Mr David Lidington): During the debate on the European Union Referendum Bill in the House of Lords, my right hon. Friend the Minister of State, Baroness Anelay of St Johns, said that the Government would, in due course, provide information about the application of Article 50 of the Treaty of the European Union (*Official Report*, col 475, 23 November 2015). To fulfil this commitment my right hon. Friend the Secretary of State for Foreign Affairs has today laid in both Houses copies of a Command Paper The process for withdrawing from the European Union (Cm 9216).

This paper is also available on the www.gov.uk website.

[HCWS557]

ORAL ANSWERS

Monday 29 February 2016

	<i>Col. No.</i>		<i>Col. No.</i>
DEFENCE	657	DEFENCE—continued	
Armed Forces: Legal Claims.....	670	Mesothelioma	666
Campaign against Daesh	657	Ministry of Defence Police.....	669
Civilian Workforce.....	663	Procurement.....	661
Dalgety Bay	668	Reporting of Civilian Casualties	672
EU Membership: National Security.....	665	Topical Questions	672
Libya.....	671	Type 31 General Purpose Frigate	668

WRITTEN STATEMENTS

Monday 29 February 2016

	<i>Col. No.</i>		<i>Col. No.</i>
CABINET OFFICE	23WS	FOREIGN AND COMMONWEALTH OFFICE	24WS
“Better use of Data in Government”.....	23WS	European Union	24WS

Members who wish to have the Daily Report of the Debates forwarded to them should give notice at the Vote Office.

No proofs of the Daily Reports can be supplied. Corrections which Members suggest for the Bound Volume should be clearly marked in the Daily Report, but not telephoned, and *the copy containing the Corrections must be received at the Editor's Room, House of Commons,*

**not later than
Monday 7 March 2016**

STRICT ADHERENCE TO THIS ARRANGEMENT GREATLY FACILITATES THE
PROMPT PUBLICATION OF THE VOLUMES

Members may obtain excerpts of their Speeches from the Official Report (within one month from the date of publication), on application to the Stationery Office, c/o the Editor of the Official Report, House of Commons, from whom the terms and conditions of reprinting may be ascertained. Application forms are available at the Vote Office.

PRICES AND SUBSCRIPTION RATES

DAILY PARTS

Single copies:

Commons, £5; Lords, £4.

Annual subscriptions:

Commons, £865; Lords, £600.

LORDS VOLUME INDEX obtainable on standing order only. Details available on request.

BOUND VOLUMES OF DEBATES are issued periodically during the session.

Single copies:

Commons, £105; Lords, £60 (£100 for a two-volume edition).

Standing orders will be accepted.

THE INDEX to each Bound Volume of House of Commons Debates is published separately at £9.00 and can be supplied to standing order.

All prices are inclusive of postage

CONTENTS

Monday 29 February 2016

Oral Answers to Questions [Col. 657] [see index inside back page]
Secretary of State for Defence

Child Refugees: Calais [Col. 679]
Answer to urgent question—(James Brokenshire)

EU Referendum: Civil Service Guidance [Col. 691]
Answer to urgent question—(Matthew Hancock)

Referendums [Col. 709]
Motion—(Mr Lidington)—on a Division, agreed to

Opposition Day [Un-allotted Half Day]
UK Steel Industry [Col. 736]
Motion—(Ms Angela Eagle)—on a Division, negatived

Commonwealth War Graves Commission: Pension Fund [Col. 790]
Debate on motion for Adjournment

Written Statements [Col. 23WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
