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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Thursday 26 April 2018

House of Commons

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—
Single-use Plastic Bottles

1. **Christian Matheson** (City of Chester) (Lab): What assessment he has made of the potential merits of alternatives to PET plastic for single-use plastic bottles.

[904944]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): PET is readily recycled, and has good infrastructure and end markets. PET bottles are universally collected. I commend companies such as Lucozade Ribena Suntory, which has switched its drinks bottles so that they are made of 100% recycled PET. I assure the hon. Gentleman that the Government are working with industry to produce a UK bioeconomy strategy that will assess the potential merits of alternative materials, including bio-based plastics. I continue to encourage consumers to use refillable bottles and to take advantage of a growing network of water refill points.

Christian Matheson: My constituent Noel McGlinchey, who is a food scientist, has demonstrated to me how plant-based plastics such as polylactic acid might be used for plastic bottles, which would then be biodegradable. Do the Government have a view on the use of such plastics, and will the Minister support my campaign, together with Mr McGlinchey, to have them rolled out across the bottling sector?

Dr Coffey: I have already referred to our bioeconomy strategy, but I point out to the hon. Gentleman that research funded by the UK Government and the EU has not found conclusive evidence in support of claims that are often made in that regard. Those broad concerns are shared by the Waste and Resources Action Programme and the Ellen MacArthur Foundation, which tonight will launch the UK Plastics Pact. What matters is that we continue to invest in research innovation and try to take steps forward. Through such collaboration and industry partnership, we could make progress in that area.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Minister wake up and talk to our European neighbours? Europe has always led on the environment, and until it got involved with plastics and recycling, we were still burying our waste in holes in the ground. What will we do when we leave the European Union with this environmental policy? No one on the Government Benches is even standing to ask a question about this.

Dr Coffey: We will have the opportunity to have an even better environment and to take direct action through more local initiatives. I commend the work that is being done across the European Union but, as I said to the hon. Member for City of Chester (Christian Matheson), EU-funded research is not supportive of oxo-biodegradable plastics. As we make progress, we must be careful that we do not end up with knee-jerk reactions as we look for these important solutions. We need something that is long lasting.

Nick Thomas-Symonds (Torfaen) (Lab): Single-use plastic bottles can be 100% recyclable but, unfortunately, those that we use do not contain anywhere near 100% recyclable material. How can we influence behaviour in how we dispose of single-use plastic bottles to change that?

Dr Coffey: I think that the hon. Gentleman will find that most bottles are recyclable; the challenge is how to get more people to recycle them. He might be referring to schemes that the Government have said we will consult on later this year, including a deposit return scheme. One of our biggest challenges involves the littering of plastic, and that is what we want to tackle.

Agricultural Policy

2. **Edward Argar** (Charnwood) (Con): What assessment he has made of the responses to his Department's consultation on its future agricultural policy. [904945]

The Minister for Agriculture, Fisheries and Food (George Eustice): The future farming consultation is still open and continues until Tuesday 8 May. We encourage everyone with an interest in food, farming and the environment to respond. We will make a full assessment of the responses once the 10-week consultation is over, but it is clear from initial responses, and events that have taken place across England, that there is a real appetite to embrace change.

Edward Argar: Will my hon. Friend reassure me that as well as protecting and enhancing environmental protections in this country, our future agricultural policy will seek to ensure the primary importance of our landscape as a working agricultural countryside that produces food, and that that will continue to be protected?

George Eustice: Yes, I give my hon. Friend that undertaking. Our consultation sets out how we can change our approach to farm husbandry so that it is more sustainable and we put more emphasis on things such as soil health and water quality. It is clear that we want to support farmers to become more productive and profitable.

Peter Kyle (Hove) (Lab): I share the bemusement of Sussex farmers that, when the Government published a list of public goods for land use in this country, food production was not one of them. Why? Will the Government reconsider that and, if so, when?

George Eustice: Food is obviously vital to life, and in that sense it is a public good. The hon. Gentleman will, I am sure, understand that "public good" is an economic definition that means things for which farmers are not

financially rewarded. My view is that food production is vital and essential, and farmers should be rewarded for food production in the market.

Dame Caroline Spelman (Meriden) (Con): The National Trust has two beautiful properties near my constituency—Packwood House and Baddesley Clinton. They would welcome the opportunity for their tenant farmers to be rewarded for the provision of new public goods, but the National Trust seeks assurances from the Minister that if things such as new bridle paths and footpaths need to be provided, there will be long-term sustainability for such a shift.

George Eustice: My right hon. Friend makes an important point—this is crucial as we design environmental land management policy. There will be some interventions that may be highly short term, because they are instant and affect, for instance, the way in which farms approach agronomy or cropping. Others, such as those that my right hon. Friend highlights, may require a longer-term, more multi-annual commitment. That is entirely doable within the nature of the agreements that we are considering.

Nic Dakin (Scunthorpe) (Lab): There are concerns among those involved in agriculture in my area about whether there will continue to be appropriate access to workforce when we leave the European Union. What are the Government doing to ensure that that will be the case?

George Eustice: As the hon. Gentleman is aware, the Migration Advisory Committee is carrying out a large piece of work on the UK's labour needs after we have left the European Union. We have also listened carefully to industry representations about a seasonal agricultural worker scheme after we leave the European Union, and a working group is looking at seasonal agricultural labour.

Several hon. Members *rose*—

Mr Speaker: Ah. Let us hear from Chris Davies; he knows about these matters.

Chris Davies (Brecon and Radnorshire) (Con): Can my hon. Friend reassure upland food-producing family farmers that they have a future under his Department's plans?

George Eustice: Yes I can, and I have had meetings with the Uplands Alliance, which is very excited by the approach set out in our consultation. Our uplands deliver many public goods and environmental benefits, and under our new policy we will be rewarding those.

Nick Smith (Blaenau Gwent) (Lab): Food manufacturing and farming are great British success stories, so does the Minister think that a customs union arrangement with the EU will help to ensure their future success?

George Eustice: No, but I do believe we should have a comprehensive and ambitious free trade agreement.

Mr Speaker: We will hear from the good doctor—Dr David Drew.

Dr David Drew (Stroud) (Lab/Co-op): Thank you, Mr Speaker.

The overwhelming response of farmers to the consultation is that they want to know what help and advice they will get in managing the change from the basic payment to environmental support. As the Minister knows, that is particularly true of smaller and tenant farmers. What will the Government do to put in place some form of advice strategy so that those people can get independent, objective and, more particularly, comprehensive advice about how to completely change many of the ways in which they have farmed in the past?

George Eustice: We will look at that issue, but fundamentally we have been clear that we recognise the current dependency on the existing basic payment scheme—the area payments. That is why we have set out a plan for an agricultural transition period to give farmers, especially those on our smaller family farms, plenty of time to prepare. Our new environmental land management scheme, when published, will have plenty of guidance alongside it.

Seafood

3. **Martin Vickers** (Cleethorpes) (Con): What assessment he has made of the contribution of the seafood sector to the economy. [904946]

The Minister for Agriculture, Fisheries and Food (George Eustice): The Government fully recognise the importance of the seafood sector not only to the economy but, historically and culturally, to coastal and local communities. In 2016, the gross value added for the fish processing sector was £650 million.

Martin Vickers: Around 5,000 people in the Grimsby-Cleethorpes area are employed in the seafood sector, and it is clear that it is vital to the local economy. Will the Minister reassure the industry that the Government will work with it to ensure a continuation of supplies and create further job opportunities?

George Eustice: I have had the pleasure of visiting my hon. Friend's constituency, and the Secretary of State will visit it next month. I have met representatives from the processing sector. My hon. Friend's part of the world is home to a world-beating fish processing industry. I have had detailed dialogue with the sector about the importance of trade with non-EU countries such as Norway and Iceland. I am confident that we can roll forward the trade agreements on which they depend.

Kirsty Blackman (Aberdeen North) (SNP): The Scottish Creel Fishermen's Federation says that the cost of fishing could increase by between 40% and 90% if we have no trade deal with the EU. What is the Minister doing to ensure that fishing continues to make its current contribution to the economy?

George Eustice: We have made it clear that, when we leave the EU, it is our intention to depart from relative stability and current quota-sharing arrangements, and there is an opportunity to secure a better and much larger share of fish in the future. Alongside that, as I said earlier, we are seeking a comprehensive free trade agreement with the European Union.

Mrs Sheryll Murray (South East Cornwall) (Con): The seafood sector, particularly regarding supply, is very important, and there are great opportunities post-Brexit. Under international law, we only need to offer any supplies that the UK fleet cannot catch. Will the Minister confirm that that will be the case once we leave the common fisheries policy?

George Eustice: Yes. My hon. Friend is an expert in these areas, given her experience, and she will be aware that when we leave the European Union, the UN convention on the law of the sea becomes the new legal baseline. Under that international law, we are responsible for controlling access to our exclusive economic zone. Indeed, as she says, there are also provisions around joint working with partners and others who have a shared interest in the stock.

Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I got a text message this morning stating:

“If there is any glimmer of hope from Gove I won’t sell.”

That was from a fisherman on the west coast who is short of crew. Now that he knows that the Home Office has run a hostile policy to migrants and migrant workers, he is hoping that he will not be forced to sell, so what will DEFRA do to ensure that the west coast fishing industry, and I believe the fishing industry in Northern Ireland, is not forced out of business? There is a real need for the Home Office to give fishermen pieces of paper to keep the Home Office happy. In other words, we need non-European economic area fishermen—

Mr Speaker: Order. We have got the gist of the hon. Gentleman’s inquiry.

George Eustice: I am aware that my right hon. Friend the Secretary of State has written to the hon. Member for Na h-Eileanan an Iar (Angus Brendan MacNeil) about this issue, and the hon. Gentleman is aware that we are in dialogue with the Home Office on these issues. As I said, the Migration Advisory Committee is looking in the round at our labour needs after we leave the EU.

Leaving the EU: Food and Drink Industry

4. **Peter Grant** (Glenrothes) (SNP): What recent discussions he has had with Cabinet colleagues on the future of the UK food and drink industry after the UK leaves the EU. [904947]

5. **Douglas Chapman** (Dunfermline and West Fife) (SNP): What recent discussions he has had with Cabinet colleagues on the future of the UK food and drink industry after the UK leaves the EU. [904948]

The Secretary of State for Environment, Food and Rural Affairs (Michael Gove): There are regular discussions between Ministers about the benefits of leaving the EU, including for the UK’s food and drink industry. We are committed to helping our farmers to grow more, sell more and export more great British food and drink. The Government have made good progress this year on opening access to global markets, and we also have the opportunity to harness the food and drink sector’s ambitious plans for increasing exports as part of a sector deal under our industrial strategy.

Peter Grant: Those discussions must have been the shortest in history if they were about the benefits of leaving the European Union.

This week, the chief executive of the National Farmers Union warned against selling out agriculture for simple ideology. Does not the Secretary of State accept that the unilateral decision to withdraw from the customs union and single market was based purely on ideology? When is he going to stop the platitudes and the mild assurances, and accept that that ideological decision threatens to destroy the future of agriculture in these islands?

Michael Gove: I am grateful to the hon. Gentleman for his question. I have to say that the discussions about the benefits of leaving the EU that I undertake with my Cabinet colleagues go long into the night, often fuelled and sustained by glasses of fine Scotch whisky and smoked salmon from parts of that beautiful country. One of the things we appreciate is that the appetite for smoked salmon, whisky and Scottish and British produce is growing faster outside the European Union than it is within it.

Douglas Chapman: Scotland produces some of the finest food and drink, which is exported around the world. That allows us to punch well above our weight in terms of balance of payments, and it is based on our valued Scottish brand. What steps is the Secretary of State taking to protect Scotland the brand to ensure that our reputation for quality food and drink is enhanced during and after the Brexit process?

Michael Gove: That is a very constructive contribution, because Scotland is a very powerful brand. I mentioned whisky and smoked salmon, and it is the case that the high-quality food producers of Scotland—from those who are responsible for beef in the north-east of Scotland to those who are responsible for the wonderful organic carrots and potatoes of Aberdeenshire—are individuals who work incredibly hard, and it is my desire to champion them. That is why I am just a little bit sad that the First Minister of Scotland has decided not to collaborate with the UK Government to make sure that we have effective UK-wide frameworks so that we provide a firm platform for future exports and growth.

Sir Desmond Swayne (New Forest West) (Con): What are the post-Brexit prospects for exploiting the growing demand for dairy products in the middle east and south Asia?

Michael Gove: There is growing demand for dairy products, and not just in the middle east and south Asia, as we have also had a very successful drive to increase sales of organic milk to the United States of America. Our dairy farmers do an amazing job and the opportunities for their quality products—yoghurt, cheese and others—to be sold worldwide will only increase as we leave the EU.

Luke Graham (Ochil and South Perthshire) (Con): While acknowledging that food and drink labelling will be subject to a UK framework post-Brexit, may I ask my right hon. Friend to join me in supporting the Diabetes UK “Food Upfront” campaign to improve food labelling and introduce traffic-light systems so that people suffering with that condition can be clear about the nutritional value of pre-packaged food and drink?

Michael Gove: My hon. Friend makes a characteristically acute point. We want to ensure not only that we produce more food, but that we produce more healthy food and help consumers to make the right choices. When we are outside the European Union, we can improve our approach on food labelling.

Kate Green (Stretford and Urmston) (Lab): Food processors in my constituency export their products directly to the Republic of Ireland, straight off the production line. They fear that Brexit might require them to follow new procedures that would delay their exports, largely because of a lack of warehouse space in the Greater Manchester area. What assurances can the Secretary of State give them?

Michael Gove: I have already met, and hope to meet again very shortly, Ministers in the Irish Government to ensure that we have a shared approach across these islands and that trade can continue to flow with as little friction as possible, but our success will require good will on every side. I therefore look forward to visiting Ireland in the week after next to talk to its Agriculture Minister and those directly involved in trade.

Plastic Waste

6. **Vicky Ford** (Chelmsford) (Con): What steps he is taking to reduce levels of plastic waste in the marine environment. [904949]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): Let me first congratulate my hon. Friend on being the leader of the group of 50 Conservative Members who gave up single-use plastic for Lent. Her leadership in that regard is well known.

Our microbead ban is one of the toughest in the world. We have taken more than 9 billion plastic bags out of circulation through the 5p levy; we have announced that we want to end the sale of plastic straws and stirrers and plastic-stemmed cotton buds; and we are consulting on the deposit return scheme. At the Commonwealth summit, we launched the Commonwealth Blue Charter as a group of 53 nations. I am pleased to say that the UK and Vanuatu are leading the Commonwealth Clean Oceans Alliance, which brings together countries, businesses and non-governmental organisations to tackle the global challenge of plastic in the marine environment.

Vicky Ford: I was delighted by this morning's news that all our top supermarkets will ensure that all their plastic is recyclable within seven years. We know that half the plastic in the oceans comes from developing countries, but only 0.1% of our overseas aid is spent on helping those countries to deal with waste. Will you work with the International Development Secretary to increase that amount?

Mr Speaker: I won't, but she might.

Dr Coffey: I am pleased to say that that is already under way. My right hon. Friend the Prime Minister recently announced a £61.4 million Commonwealth oceans package to boost global research and development. In particular, £3 million will fund new waste management

initiatives in cities, building on the successful waste management programme launched by the Department for International Development in Sierra Leone. We are also funding the £6 million Commonwealth litter programme.

Sue Hayman (Workington) (Lab): Does the Minister accept the very weak analysis of UK marine litter in the UK's "Marine Strategy Part Three", which has been highlighted by the Environmental Audit Committee? Given that 80% of marine litter comes from the land, is there a plan to monitor litter levels and how the litter reaches the marine environment? When will the Government announce a timescale for the publication of a more accurate assessment of the levels and impacts of marine litter?

Dr Coffey: A year ago we launched the litter strategy, in which we said that we would estimate a baseline. The inclement weather in the first part of the year has led to a slight delay in the gathering of research findings, but we intend to publish them before the summer so that we can take effective action where there are hotspots. I encourage people to join the clean-up, organised by the *Daily Mail* and Keep Britain Tidy, which will take place between 11 and 13 May. The purge of plastic goes forever forwards.

Sue Hayman: Obviously, plastic bottle litter is a huge part of the problem. When will the Government take real action? I know that a consultation is taking place, but will the Minister commit herself to introducing, as soon as possible, effective legislation to provide for a deposit return scheme covering drink containers of all sizes, including plastic bottles? Will she confirm that she has the Treasury's support in working with producers to finance such a scheme?

Dr Coffey: The front end of a deposit return scheme is pretty common across different systems; the challenge is how the scheme is operated and financed. We need a scheme that will be effective in tackling on-the-go consumption in particular. No other country faces that specific challenge, and that is why it is taking us some time to complete the consultation, which will be published later this year. If legislation is required, we will of course introduce it, but at this stage we need to work out the details of the scheme.

12. [904956] **Zac Goldsmith** (Richmond Park) (Con): The Government deserve credit for their world-leading efforts to ban microbeads and to phase out the single use of plastic bags. I massively applaud their newer commitment to ban plastic straws, plastic stirrers and plastic coffee mugs and to introduce a new deposit return scheme for bottles. Nevertheless, may I ask my right hon. Friend the Secretary of State, who has done more than all his predecessors combined on this issue, to go further still? Can we look at the types of plastics we are using; attempt to phase out, as quickly as possible, those plastics that cannot be recycled; and commit to narrowing the range of plastics that we use, to make the job easier for those in the recycling industry?

Dr Coffey: At the launch of the 25-year environment plan, my right hon. Friend the Prime Minister identified that issue of the wide range of polymers used. I assure

my hon. Friend that the Government are working, through officials, with the Waste and Resources Action Programme and the UK plastics pact to undertake the research and innovation required for manufacturers to work together to reduce the number of polymers, so that there are fewer of them and they can be recycled more readily.

Fisheries White Paper

7. **Melanie Onn** (Great Grimsby) (Lab): When he plans to publish the fisheries White Paper; and if he will make a statement. [904950]

The Minister for Agriculture, Fisheries and Food (George Eustice): We have committed to introducing a fisheries Bill in this Session of Parliament, and we will publish a White Paper in due course. It will set out our vision for future fisheries management and the legal requirements to manage our fisheries in future.

Melanie Onn: What assurances can the Minister give that there will be sufficient time to consult on that White Paper before the Bill is published?

George Eustice: When we publish White Papers, we always ensure that there is plenty of time to discuss their content before legislation is proposed.

Holly Lynch (Halifax) (Lab): Given that the Government have failed in their pledge to take back absolute control of our fishing waters from day one of leaving the European Union, can the Minister be explicit about how he intends to use the powers that he already has domestically to redistribute fishing quota, to deliver a better and fairer deal for our coastal communities?

George Eustice: We have already made many changes to give additional quota to the small under-10 metre fleet in particular. We permanently realigned some unused quota in 2012, and since the introduction of the discard ban, the annual quota uplift has been top-sliced and additional quota given to the under-10 metre sector each and every year.

Leaving the EU: Agriculture Frameworks

8. **Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): What discussions he has had with the Scottish Government on common UK frameworks for agriculture after the UK leaves the EU. [904951]

The Secretary of State for Environment, Food and Rural Affairs (Michael Gove): I regularly meet Ministers from the Scottish Government and other devolved Administrations. The most recent occasion on which I did so was 26 February, to discuss the Government's planned agriculture consultation document. I am looking forward to seeing Ministers from Scotland and Wales, as well as representatives from the Northern Ireland Administration, on 14 May in Edinburgh.

Andrew Bowie: My right hon. Friend will understand that, whether potatoes are grown in the Mearns or in the March fens, they must all be grown under common UK regulations; otherwise we risk damaging the UK internal market. Does he therefore agree that farmers

across the UK expect UK-wide regulations and that politicians must not throw up artificial barriers for narrow political gain?

Michael Gove: My hon. Friend makes an absolutely brilliant point. Recently, the Chancellor of the Duchy of Lancaster has been negotiating with devolved Administrations to ensure that, as we leave the European Union, we can have a successful internal market in the United Kingdom. Agreement has been reached with the Welsh Government. Mark Drakeford, the Labour Minister, has shown a degree of flexibility and taken a constructive approach, which is in stark contrast to that of the Scottish Government and the First Minister of Scotland, who has put a narrow ideological pursuit of separation ahead of the interests of the people of Scotland—and not for the first time, either.

Ben Lake (Ceredigion) (PC): Many agricultural unions in Wales have expressed concern about clarity relating to the future arrangements for common frameworks. Do the UK Government intend to apply the Barnett formula to any funding allocated to Wales in the future?

Michael Gove: We want to make sure that, as is the case at the moment, farmers in Wales—indeed, farmers under all the devolved Administrations—receive more money than would be strictly the case under the Barnett formula. It is appropriate that they should continue to do so, because of the unique nature of the landscapes they farm.

Patrick Grady (Glasgow North) (SNP): I do not think that anyone disagrees that there might be a need for common frameworks, but I do not think they would disagree either that democratic decisions by democratically elected Parliaments are artificial barriers, so will the Secretary of State guarantee that no frameworks will be imposed across the UK without the democratic consent of the Scottish Parliament and the Welsh Assembly?

Michael Gove: That is a good try, but the hon. Gentleman knows that the stark contrast between the constructive approach of the Labour Administration in Cardiff and the obstructive approach of the nationalist Administration in Holyrood does not redound to the credit of the Scottish National party. The truth is that the SNP has only one policy, which is separation. Everything else is tactics and they are prepared to throw Scottish farmers under the bus—[*Interruption*]*—*or, indeed, the bandwagon in their desperate desire to elevate the destruction of the United Kingdom above the creation of wealth for the people of Scotland.

National Park Authorities

9. **Sir Patrick McLoughlin** (Derbyshire Dales) (Con): What criteria his Department uses to appoint members to national park authorities. [904952]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): The Department is currently recruiting Secretary of State-appointed members for five national parks, including the Peak District. The full criteria have been published as part of the recruitment process. In 2018, these include a commitment to the statutory purpose of the national

parks, an understanding of farming or environmental land management, an ability to champion national parks and an ability to provide advice and challenge.

Sir Patrick McLoughlin: National parks play an important role in protecting our areas of outstanding natural beauty, but they are excluded from any of the Government housing targets. That means ever-increasing house prices in those areas. Will any future appointments have this as part of their criteria, to ensure that we see some limited development in every village?

Dr Coffey: One of the criteria involves providing advice and challenge. It is important that we continue to build new homes right across the country, but we need to balance that with maintaining the protection of our most beautiful landscapes. My right hon. Friend might be aware that there is to be a national parks review, and I will certainly draw his concerns to the reviewer's attention.

Mr Speaker: I do not know whether the right hon. Member for Derbyshire Dales (Sir Patrick McLoughlin) has a penchant for energetic hikes through the Derbyshire dales, but if so, I think we would all benefit from photographic evidence thereof.

John Grogan (Keighley) (Lab): Does the Minister share my sense of regret that not one member of the Yorkshire Dales national park authority lives in any of the great towns or cities West Yorkshire? Does she further agree that if there were more urban dwellers on national park authorities, they would be likely to take more notice of the recent report by the Campaign for National Parks urging more public transport from the towns and cities into the parks?

Dr Coffey: The national parks tend to reflect a more rural, countryside landscape than an urban environment. There are different ways to identify the conservation areas that are often prevalent across towns and cities, including those in West Yorkshire. I will share the hon. Gentleman's concerns with the Minister responsible for this portfolio, my hon. Friend Lord Gardiner.

Common Fisheries Policy

10. **Diana Johnson (Kingston upon Hull North) (Lab):** Whether he plans for the UK to leave the common fisheries policy after 2020. [904953]

The Minister for Agriculture, Fisheries and Food (George Eustice): On 19 March, the UK and the EU reached agreement on the nature and length of a transition period. Under the agreement, current fisheries rules will continue to apply until the end of 2020. However, in December 2020, we will negotiate fishing opportunities for 2021 as a third country and an independent coastal state outside the common fisheries policy.

Diana Johnson: The Secretary of State has admitted that the Government accepted a "sub-optimal outcome" for the UK's fishing industry in the Brexit negotiations, although I think that people in Hull would call it something else. Can the Minister guarantee that, at the

end of the transition period, our fishing rights will not be traded away for some other political or economic priority?

George Eustice: We have been absolutely clear that when we leave the European Union and at the end of the transition period, we will be an independent coastal state managing and controlling access to our own waters.

Topical Questions

T1. [904974] **Tonia Antoniazzi (Gower) (Lab):** If he will make a statement on his departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Michael Gove): I was delighted to be able to be present at the Countryside Alliance's "Rural Oscars" awards in the Cholmondeley Room of the House of Lords yesterday. A number of the local businesses that do so much to help local food economies and to sustain and champion local food production were celebrated for their outstanding work, and I was pleased that businesses from across England and Wales were celebrated in that way.

Tonia Antoniazzi: My constituency has a long coastline and, unfortunately, a large amount of plastic pollution, like the rest of our island nation. The coastal communities of Gower are working hard to gain plastic-free status, and thanks to an active community councillor, Susan Rodaway, beach cleans are taking place across the constituency. Will the Government heed the call of the Environmental Audit Committee and introduce a coastal clean-up fund to support the removal of plastic waste from our beaches and seas?

Michael Gove: I know the hon. Lady's constituency, and I know what a beautiful coastline it has. The beach at Rhossili bay in particular is one of the most iconic landscapes in the United Kingdom, and we need to do absolutely everything we can to free those landscapes and our marine environment from litter. I will look at her request. I understand that funding for these matters is devolved, but of course all the nations of the United Kingdom can work together to keep our seas and our beaches cleaner.

T2. [904975] **Andrew Bowie (West Aberdeenshire and Kincardine) (Con):** This week, the European Parliament's PECH Committee adopted a report that would make the UK's access to the EU market for fishery and aquaculture products dependent on EU vessels' access to British waters and on the application of the common fisheries policy. That is unacceptable, so will the Secretary of State confirm the Government's commitment that the UK will become an independent coastal state at the end of the implementation period, free from the CFP?

The Minister for Agriculture, Fisheries and Food (George Eustice): We strongly disagree with the position set out in that European Parliament report, and I can confirm that we will become an independent coastal state at the end of the transition period.

T3. [904977] **Liz Twist (Blaydon) (Lab):** Many of my constituents from Blaydon have contacted me about the need to ban wild animals in circuses, so will the Secretary of State guarantee that such a ban will be on the statute book and say when it will happen?

Michael Gove: The Government are absolutely committed to banning the use of wild animals in circuses, and we will work with all parties across the House to expedite legislation to that effect.

T4. [904978] **Mrs Pauline Latham** (Mid Derbyshire) (Con): The Secretary of State is doing incredibly well with the banning of the ivory trade, which is helping endangered elephants, but what is he doing about other endangered species, such as gorillas, lions, giraffes and leopards, to name but a few?

Mr Speaker: Let us hear about the gorilla situation.

Michael Gove: The Foreign Secretary and I—[*Interruption.*]—will be holding a conference on the illegal wildlife trade in the autumn. It will be our aim to ensure that many of the creatures that my hon. Friend mentioned—charismatic megafauna or, as you and I would think of them, Mr Speaker, attractive big beasts—are preserved for the future.

Mr Speaker: The only trouble is that the Foreign Secretary's hair is the wrong colour.

T6. [904980] **Alison Thewliss** (Glasgow Central) (SNP): Last month, the UK and Hong Kong issued a joint statement on trade collaboration, but there was no mention of food and drink. Is that a sign of things to come? Will the Minister enlighten the House on why the food and drink industry was left on the shelf?

George Eustice: No, the statement was not a sign of that at all. Indeed, there are very strong trading links in food and drink between the UK and Hong Kong, which is a major market for both British lamb and British beef.

T5. [904979] **Theresa Villiers** (Chipping Barnet) (Con): Following the successful campaign by the Battersea Dogs and Cats Home, when will the Government introduce legislation to toughen up sentences for animal cruelty?

Michael Gove: Not only do we hope to introduce legislation to improve the courts' powers and access to additional sentencing sanctions for those who are responsible for acts of horrific animal cruelty, but we also want, as was confirmed by the Lords Minister in the Department for Exiting the European Union last night, to introduce legislation to ensure that the principle of animal sentence is recognised and, indeed, enhanced after we leave the EU.

T7. [904981] **Mrs Emma Lewell-Buck** (South Shields) (Lab): My Food Insecurity Bill contains a cost-neutral proposal to measure UK hunger. It is supported by 77% of the public, over 100 MPs across the House, two cross-party groups and more than 20 organisations, but it is not supported by the Government. Why?

George Eustice: The hon. Lady knows why, because I met with her to explain it. The work is already being done. A Food Standards Agency food survey asks exactly the questions proposed in her Bill, and we also have the annual living costs and food survey.

Mr John Hayes (South Holland and The Deepings) (Con): T.S. Eliot said:

“When a Cat adopts you,”

you just have

“to put up with it and wait until the wind changes.”

A cruel wind may be blowing for the thousands of cat owners who put protective fencing in place to stop their much-loved pets joining the hundreds of thousands that are killed by cars on our roads each year. Will the Secretary of State, a noted cat owner, stand alongside those friends of felines, or will he send T. S. Eliot spinning in his grave and many cats to theirs, too?

Michael Gove: I am grateful to my right hon. Friend for raising both cat welfare and invoking the spirit of T. S. Eliot. At the beginning of “The Waste Land”, T. S. Eliot wrote:

“April is the cruellest month”.

But this April will not be a month in which cruelty towards any living thing will be tolerated. We want to introduce legislation to ensure that the use of shock collars as a means of restraining animals in a way that causes them pain is adequately dealt with.

My right hon. Friend raises another important point in that containment fences can play a valuable role in ensuring that individual animals, dogs and cats, can roam free in the domestic environment in which they are loved and cared for. Several submissions have been made to our consultation on the matter. I know that my right hon. Friend cares deeply about the welfare of domestic pets and other animals, and he and others have made representations that we are reflecting on carefully.

Mr Speaker: That exchange should be captured in a reusable bottle and preferably stored in one of our great museums.

Helen Goodman (Bishop Auckland) (Lab): Teesdale farmers tell me payments that should have been made under the higher level stewardship scheme are late. They are upland farmers on the lowest incomes. Will Ministers stop blaming Europe and sort out their own administration?

George Eustice: We have made a number of changes and are working very hard to deal with the current problems with countryside stewardship, and progress has been made. I would simply say that we are not blaming the European Union. It is true that it has changed the rules so that all agreements must be processed simultaneously, whereas they used to be processed across the year, which has caused major administrative problems both for the Government and for farmers.

Mr Philip Hollobone (Kettering) (Con): Only 49% of the food consumed in the UK is produced in the UK, while our annual trade deficit on food and drink is now £23 billion a year and rising. What is the Secretary of State doing to address these challenges to our national security and economic sustainability?

George Eustice: The UK's current food production-to-supply ratio is actually 76% for indigenous-type foods and 60% for all foods. That is not low by historical standards and has been relatively stable in recent years.

However, we want to have a vibrant, successful, profitable food and farming industry, and our recent consultation sets out some thoughts to deliver that.

Jo Platt (Leigh) (Lab/Co-op): Following local concerns about an animal rescue centre in my constituency of Leigh, I was shocked to learn that in England there are currently no regulations or licensing requirements for pet rescue centres. Will the Government commit to introducing proposals to protect the welfare of animals in rescue centres?

George Eustice: We recently introduced new regulations and licensing requirements covering commercial boarding establishments, but there are no current plans to regulate rescue homes. We do not want to create unnecessary burdens on the charitable sector. However, many such establishments are members of the Association of Dogs and Cats Homes, members of which must already meet minimum standards.

Neil Parish (Tiverton and Honiton) (Con): I think we can all agree that we have great British food and great British farming, but we also have a processing industry that is 13% of our manufacturing sector. Why does the Command Paper not talk more about food, food security and food production, which are essential not only for our environment but for our food security in this country?

Michael Gove: The Chairman of the Select Committee and I share a commitment to making sure that the food and drink sector can become an even more important part of our economy in the future. As well as the consultation on the future of food, farming and the environment, which the “Health and Harmony” Command Paper initiated, there is ongoing work to develop a sector deal as part of the broader industrial strategy, on which the Secretary of State for Business, Energy and Industrial Strategy leads.

Mary Creagh (Wakefield) (Lab): Last week, the Secretary of State told my Committee that the agriculture Bill is no longer urgent as we have agreed a transition period with the EU. Farmers are the bedrock of Britain’s food industry, but if the European Communities Act 1972 is repealed in March 2019, what is the legal basis on which he will continue to make farm payments? Will it be through extending article 50 or through the transition Bill, taking us straight back into the EU for the transition period?

Michael Gove: Through the European Union (Withdrawal) Bill.

Philip Davies (Shipley) (Con): In the interests of consumer choice, will the Secretary of State introduce compulsory labelling of halal and kosher meat? That would benefit both those who particularly want to buy it and those who particularly do not want to buy it.

Michael Gove: I am grateful to my hon. Friend for raising this issue. We are consulting at the moment on how we can improve food labelling to ensure that we can provide consumers with greater choice, but it is also important to bear in mind that freedom of religious worship and practice is a core virtue of the United Kingdom. Although I believe very strongly in improving

animal welfare standards, I also believe that we should show appropriate respect towards those individuals, from whatever faith background, who want to ensure that the meat they eat is prepared in accordance with their religious traditions.

Rachael Maskell (York Central) (Lab/Co-op): The recent floods in York brought back into sharp focus the serious gaps that still exist in resilience planning and in the insurance market. What is the Secretary of State doing to advance that, and will he meet me to talk about these serious issues?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): I would be more than delighted to meet the hon. Lady. She will be aware of the Government’s ongoing investment to improve defences, but I am more than happy to discuss further resilience measures that home owners and business owners can take.

Steve Double (St Austell and Newquay) (Con): Last weekend more than 35,000 volunteers collected 65 tonnes of plastic waste from 571 beaches across the United Kingdom, organised by Surfers Against Sewage. Will the Secretary of State join me in congratulating and thanking all those volunteers, and does he agree that we now have a grassroots unstoppable people’s movement determined to rid our coast of plastic waste?

Michael Gove: Surfers Against Sewage has done an amazing job in creating wider awareness of what we all need to do together to cleanse our oceans and seas of litter. The Plastic Free Parliament campaign, and its encouragement of all Members of the House to move away from plastic and embrace appropriate alternatives is a model of social action, and one that I know you are anxious to embrace as well, Mr Speaker.

Mr Speaker: Most certainly, with alacrity.

Several hon. Members rose—

Mr Speaker: I am sorry to disappoint remaining colleagues, but we are over time and there is exceptionally heavy pressure on time today, as colleagues will know, on account of the business.

CHURCH COMMISSIONERS

The right hon. Member for Meriden, representing the Church Commissioners, was asked—

Freedom of Religion or Belief

1. **Martin Vickers (Cleethorpes) (Con):** To ask the right hon. Member for Meriden, representing the Church Commissioners, what discussions the Church of England had at the Commonwealth Heads of Government Meeting 2018 on freedom of religion or belief; and if she will make a statement. [904962]

The Second Church Estates Commissioner (Dame Caroline Spelman): The Archbishop of Canterbury and the Commonwealth initiative for freedom of religion or belief convened a two-day summit at Lambeth Palace

last week involving 40 parliamentarians and religious leaders from 11 Commonwealth countries. The aim of the meeting was to look at ways in which parliamentarians and leaders from across the Commonwealth could champion freedom of religion or belief.

Martin Vickers: That is encouraging to hear. The Commonwealth and the Church of England have similar values where they overlap. Will my right hon. Friend ensure that the two organisations continue to work in unison to influence Governments in countries where freedom of religion is not respected?

Dame Caroline Spelman: The geography of the Anglican Communion and the Commonwealth do overlap; in fact the communion is larger still. The charter of the Commonwealth contains a commitment to freedom of religion or belief, but the truth is that not all members abide by that. The personal relationships built at Commonwealth meetings and across the Anglican Communion mean that faith communities must advocate for the same global standards for freedom of religion and belief.

Nick Thomas-Symonds (Torfaen) (Lab): It is sad to see Commonwealth countries on Open Doors UK's world watch list of Christian persecution around the world. What more can we do following the Heads of Government conference to promote tolerance between people of faith and none in the long term in the Commonwealth?

Dame Caroline Spelman: A number of actions were agreed at that seminar. For Lambeth Palace and the Anglican Communion, freedom of religion remains an important priority. Every time the Archbishop of Canterbury visits a Commonwealth country where there is a problem you can be sure, Mr Speaker, that he will raise it.

Part of the initiative in the Commonwealth involves developing a toolkit that Members of Parliament can use to champion issues of freedom of religion and belief in our constituencies.

Fiona Bruce (Congleton) (Con): Is the Church of England aware of deeply disturbing reports that restrictions on the freedom of Christians to practise their faith have severely increased this year in China, including a ban on taking children under 18 to church? If so, what step is the Church taking on this?

Dame Caroline Spelman: The Church of England is very aware of those reports, and China is a priority for the Archbishop of Canterbury. He hopes to be able to take up the invitation to go there, when I am sure he will raise these issues. Even before such a visit, Church officials are engaging with Chinese officials to discover the implications of the new five-year plan on religious engagement and raise concerns where it appears that Christians are being oppressed.

Circular Economy

2. **Rachael Maskell (York Central) (Lab/Co-op):** To ask the right hon. Member for Meriden, representing the Church Commissioners, what assessment the Church of England has made of the potential merits of the circular economy. [904964]

Dame Caroline Spelman: The Church has for many years been involved in the recycling, reuse and repurposing of materials. It completely embraces the circular economy. Most recently, the Church's environment programme ran a "Lent Plastic Challenge", which was supported by 40 MPs. It produced a calendar of things we could do on each of the 40 days of Lent, and it was helpful to all who took part to see how much we can do individually.

Rachael Maskell: Last weekend I attended the launch of the Catholic diocese of Middlesbrough's book about how we can live simpler lives. What is the Church of England doing to further its reach into communities to help people to change their behaviours and lifestyles?

Dame Caroline Spelman: As I have said, all of us as MPs had a golden opportunity during Lent to use the calendar produced by the Church of England, which was available to all Church members and was very popular throughout the Church community. Every day it set a challenge to each of us to do something to change the way we live our lives so that they are simpler and embrace the circular economy. Within the Church, a number of churches embrace the concept completely, with 860 participating as eco-churches in the Big Church Switch, for example, which is looking at ways to ensure that the energy we use comes from renewable sources. We promote the circular economy right across the Church of England.

Rural Schools

3. **Helen Goodman (Bishop Auckland) (Lab):** To ask the right hon. Member for Meriden, representing the Church Commissioners, what plans the Church of England has to support rural schools. [904965]

Dame Caroline Spelman: Yesterday I hosted a reception to highlight the interest of the Church of England in working with the Government and others to support a viable future for rural schools. The Church has published "Embracing Change: Rural and Small Schools", which I commend to the House.

Helen Goodman: The Church obviously should be taking a long-term, if not eternal, approach on rural schools. People in Startforth were disappointed when a brief dip in performance led to the closure of that Church school, so in future will the Church take into account the significance of rural schools as community assets?

Dame Caroline Spelman: The Church of England has 4,700 schools, of which 53% are in rural areas. That often presents challenges—for example, the difficulty in recruiting and retaining teachers—but the report that I have referred to highlights those challenges. In addition to that report, we have a Church of England educational leadership foundation, which is designed to encourage and retain teachers, to ensure that children in small rural schools do not suffer as a result of the shortage of teachers.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op) rose—

Mr Speaker: The hon. Member for Huddersfield (Mr Sheerman) can bang on about out-of-school educational settings instead.

Out-of-school Education

4. **Michelle Donelan** (Chippenham) (Con): To ask the right hon. Member for Meriden, representing the Church Commissioners, what assessment the Church of England has made of the Government response to the consultation on out-of-school education settings. [904966]

Dame Caroline Spelman: Following the publication of the findings from the Department for Education's consultation on out-of-school settings, I am pleased to say that the Government have sharpened their focus on tackling risks associated with unregulated out-of-school settings and have come up with proposals that are far more proportionate for use. The Church of England has welcomed this.

Michelle Donelan: Does my right hon. Friend agree that it is essential that the Government combat radicalisation, but in a way that does not mean the state encroaching on the realm of religion or crossing the Rubicon in a way that could one day lead to the assessment of Sunday schools and the like?

Dame Caroline Spelman: Of course, the Church of England completely underlines the importance of tackling radicalisation, but the original proposals might have caught education in out-of-school settings such as Sunday schools, where teachers are subject to Criminal Records Bureau checks—as everybody in this place who has ever taught in one will know—and domestic premises used to teach children out of school have to be inspected too. The new proposals are proportionate to use and have been welcomed by the Church of England.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The right hon. Lady knows that I have been a champion of forest schools and out-of-school education with the John Clare Trust over many years. More worrying is out-of-school education in foreign parts. Many churches support orphanages around the world, but very often they are not orphanages and are not for orphans, but are used in child trafficking. Many churches support these so-called orphanages, so will she look into that?

Dame Caroline Spelman: The hon. Gentleman raises a serious point. I heard the broadcast of the “Sunday” programme about an Australian Senator who is pioneering an amendment to Australia's modern-day slavery legislation to ensure that the whole world wises up to the risks associated with donating to orphanages that might be a scam or a front for children who are subsequently trafficked, or certainly put at risk. All of us need to be aware in our dealings with our constituents and their churches of the need to look carefully at where those resources go and how they are used.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Houghton and Sunderland South, representing the Speaker's Committee on the Electoral Commission, was asked—

Election Expenses: Northern Ireland

5. **Peter Grant** (Glenrothes) (SNP): To ask the hon. Member for Houghton and Sunderland South, representing the Speaker's Committee on the Electoral Commission, what discussions the Committee has had with the Electoral Commission on the decision to publish election expenses in Northern Ireland submitted since July 2017. [904967]

Bridget Phillipson (Houghton and Sunderland South): On 12 March 2018, the Electoral Commission published the first information about political donations and loans in Northern Ireland following the necessary legislation coming into force. This gives details about donations and loans received from 1 July 2017. The Electoral Commission welcomes this transparency, but continues to urge the Government to bring forward additional legislation to enable transparency from 1 January 2014, as envisaged by the Northern Ireland (Miscellaneous Provisions) Act 2014.

Peter Grant: I am grateful for that answer, because it confirms the clear view of the Electoral Commission that full transparency requires donations from 2014 to be fully declared, including the £425,000 donation that was effectively laundered through the good offices of the Democratic Unionist party, which was almost certainly raised in mainland Great Britain and almost entirely spent in mainland Great Britain. Will the hon. Lady tell us whose interests can possibly be protected by keeping that particular donation secret?

Bridget Phillipson: The law requires the Electoral Commission to keep confidential all information about donations and loans in Northern Ireland before 1 July 2017, and it is unable to make any comments about donations to the DUP prior to that point. However, it remains of the view that donations and loans from 1 January 2014 should be published and continues to urge the Government to bring forward the necessary legislation.

PUBLIC ACCOUNTS COMMISSION

The hon. Member for Gainsborough, the Chairman of the Public Accounts Commission, was asked—

Rail Electrification

6. **Mr Philip Hollobone** (Kettering) (Con): To ask the Chairman of the Public Accounts Commission, what criteria the National Audit Office used to establish the timescale for its investigation into the cancellation of rail electrification projects by the Department for Transport; and if he will make a statement. [904968]

Julian Knight (Solihull): I have been asked to reply on behalf of the Chairman of the Public Accounts Commission.

The National Audit Office's investigation published in March 2018 sets out factually the sequence of events leading up to the Department for Transport's announcement in July 2017, cancelling the three electrification projects in response to concerns raised about the decision-making process. As such, the majority of the report is focused on the period up to, and including, July 2017 when the Department announced its decision. The investigation also considered the Department's assessment of the subsequent impact of its decision on promised benefits. The facts in the report were agreed by the Department and reflect evidence that was provided to the NAO.

Mr Hollobone: I congratulate the National Audit Office on its report, but why did the investigation not seek to evaluate either the value for money of the projects or the decision to cancel?

Julian Knight: I pay tribute to my hon. Friend for his tireless work in this area on behalf of his constituents. The NAO conducts investigations to establish the underlying facts and circumstances where concerns have been raised. Investigations are not evaluative and do not seek to provide a conclusion on value for money. The report was focused on the concerns that had been raised. However, the report does comment on the costs and benefits of the three cancelled electrification projects and the case for electrification more generally. In the Secretary of State's announcement in July 2017, he explained that projects were cancelled on the basis that it was no longer necessary to electrify every line to deliver passenger benefits. The NAO investigation says that it was too early to tell whether the promised benefits could be achieved without full electrification. When the Secretary of State made his decision to cancel electrification, the Department told the NAO that it expected the manufacturers to be able to develop bi-mode trains that would deliver the required service improvements on the midland main line.

Mr Speaker: We are all now considerably better informed, and we are grateful for that.

HOUSE OF COMMONS COMMISSION

The right hon. Member for Carshalton and Wallington, representing the House of Commons Commission, was asked—

Electronic Voting

7. **Patrick Grady** (Glasgow North) (SNP): To ask the right hon. Member for Carshalton and Wallington, representing the House of Commons Commission, what representations the Commission has received on the potential installation of electronic voting systems in the Chamber as part of (a) the restoration and renewal programme and (b) the northern estate programme. [904970]

Tom Brake (Carshalton and Wallington): Representations have been made through previous oral questions to the House of Commons Commission, including by the hon. Gentleman himself. He may remember that I responded in similar terms to the hon. Member for Na h-Eileanan Iar (Angus Brendan MacNeil) in January. The Commission has given no formal consideration to a move to electronic voting in the House as part of either the restoration and renewal programme or the northern estate programme. Its responsibility in this matter is limited to any financial or staffing implications of any change to the present system were such a change to be agreed by the House.

Patrick Grady: Can the right hon. Gentleman explain whether the Commission would be prepared to receive any such representations, or whether there should be some other mechanism by which this House can actually have a proper debate and a proper discussion about dragging ourselves somewhere into the late 20th century in time for this restoration and renewal somewhere in the middle of the 21st century?

Tom Brake: I thank the hon. Gentleman. I suspect that, from earlier responses, he will be aware that he needs to present his ideas, in the initial stages, to the Procedure Committee for it to consider. However, there will also be an opportunity, as part of a consultation around the northern estate programme, for him to contribute, and he could contribute in advance of that by contacting Emma Wharton who is responsible for that programme and for the restoration and renewal. I am sure that she would be happy to receive his representation.

CHURCH COMMISSIONERS

The right hon. Member for Meriden, representing the Church Commissioners, was asked—

Protection of Churches

8. **Grahame Morris** (Easington) (Lab): To ask the right hon. Member for Meriden, representing the Church Commissioners, what recent discussions the Church of England has had with local authorities on protecting historic church buildings and settings. [904971]

The Second Church Estates Commissioner (Dame Caroline Spelman): The Church works closely with Historic England and other bodies to provide advice and guidance for local authorities. In most cases, good and sensible decisions are made. Disputes do arise in a small number of cases, such as at my own parish church, where the argument was eventually won that we could use a lead substitute product after the lead had been stolen twice.

Grahame Morris: I am grateful for that answer. St Mary the Virgin's church in my constituency is a rare and beautiful example of one of the finest small Anglo-Saxon churches in the country, going back to the 7th century. It is threatened by a large-scale development and it has fallen to Historic England to submit objections. Historic England indicates that the proposals would have a harmful impact on the setting of the church and, indeed, of Seaham Hall. Is there a role for the Church of England or the Church Commissioners to object to such developments in order to protect the setting of churches of historical importance?

Dame Caroline Spelman: I understand that the local authority has taken a decision that would adversely affect the setting of this beautiful grade I listed Anglo-Saxon church. I will be in discussion with the diocese about what support we can provide as a stakeholder in this important decision.

Theft from Churches

9. **Sir David Amess** (Southend West) (Con): To ask the right hon. Member for Meriden, representing the Church Commissioners, what recent discussions the Church of England has had with the Government and the insurance industry on the theft of metal, stone and decorative objects from churches. [904972]

10. **John Grogan** (Keighley) (Lab): To ask the right hon. Member for Meriden, representing the Church Commissioners, what recent discussions the Church of England has had with the Government and the insurance industry on the theft of metal, stone and decorative objects from churches. [904973]

Dame Caroline Spelman: The Church is concerned about the significant rise in metal theft, which is not unconnected to the fact that the price of lead and copper on world markets has risen by 65%. Our advice to churches follows that of the police, which is to do target hardening wherever possible. There are a certain number of practical suggestions that I can provide that may assist with this inquiry.

Sir David Amess: While all thefts should be condemned, it is particularly despicable to steal from churches and their graveyards. Will my right hon. Friend tell the House what impact the Scrap Metal Dealers Act 2013—pioneered by Sir Richard Ottaway—has had on the situation?

Dame Caroline Spelman: There is no question but that the private Member's Bill promoted by our dear friend and former Member of this House gave rise to a

change in Government legislation on metal theft. However, there are new thefts—not just of metal, but of stone, ornamental artefacts and even, recently, some 12th-century keys. This is why I have joined the revised all-party parliamentary group on metal and stone theft, and I encourage other Members to support its work in Parliament.

John Grogan: Will the Church Commissioners urge Ministers to introduce a scrap stone Act along the lines of the Scrap Metal Dealers Act 2013, which improved councils' regulation of metal and stopped the trading of scrap metal in cash?

Dame Caroline Spelman: Just as with metal, it is very important to mark artefacts with smart water, dye or in other ways where possible, so that thieves may be caught and ultimately prosecuted when artefacts turn up in dealers' yards. The APPG will be involved in this work and the Church of England will actively support it.

Home Office Removal Targets

10.32 am

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab) *Urgent Question*: To ask the Home Secretary if she will make a statement about the use of removal targets in the Home Office.

The Secretary of State for the Home Department (Amber Rudd): Yesterday, I gave evidence to the Select Committee on Home Affairs about the Windrush generation—the people who contributed so much and who should never have experienced what they have. These people are here legally and should never have been subjected to any form of removal action; and, as I told the Home Affairs Committee yesterday, I have seen no evidence that that has happened.

Everyone in this House agrees that this group were here legally, but also that people who are here illegally should be treated differently from legal migrants. I am personally committed to tackling illegal migration because I have seen at first hand the terrible impact that it has on the most vulnerable in our society—the exploitation and abuse that can come hand-in-hand with illegal migration. That is why my Department has been working to increase the number of illegal migrants we remove.

I have never agreed that there should be specific removal targets and I would never support a policy that puts targets ahead of people. The immigration arm of the Home Office has been using local targets for internal performance management. These were not published targets against which performance was assessed, but if they were used inappropriately, then I am clear that this will have to change. I have asked officials to provide me with a full picture of the performance measurement tools which were used at all levels, and I will update the House, and the Home Affairs Committee, as soon as possible.

Ms Abbott: Another day, another revelation about the Windrush scandal. Yesterday, giving evidence to the Home Affairs Committee, the Home Secretary said in terms:

“We don’t have targets for removals.”

But the general secretary of the Immigration Service Union told the Committee earlier that there is a net removals target that enforcement teams have to meet and that they are aiming to remove a certain number of individuals in any given month. The general secretary later confirmed that the target this month was 8,337, with targets on posters in regional centres. When Lord Carrington resigned over the Falklands, he said that it was a matter of honour. Is it not time that the Home Secretary considered her honour and resigned?

Amber Rudd: I would like to make the very clear distinction between legal and illegal migrants. The right hon. Lady talks about the Windrush cohort. We have already established that the Windrush cohort is here legally. This Government are determined to put this right, which is why I put in the new measures to ensure that that happens.

I believe that I have addressed the issue of targets, referring to the fact that some offices are working with them. Unfortunately, I was not aware of them, and I

want to be aware of them, which is why I am now putting in place different measures to ensure that that happens.

Sir Nicholas Soames (Mid Sussex) (Con): Will my right hon. Friend be assured that she has the total support of Conservative Members in trying to resolve a very difficult legacy issue? Does she agree that dealing with the Windrush generation, who are entirely entitled to be here, is not the same thing at all, as Labour Members try to say, as removing illegal immigrants?

Amber Rudd: I thank my right hon. Friend for putting it so clearly; it is such an important distinction to make. This Government, like many Governments before, including Labour Governments, took action against illegal immigrants. Some former Labour Home Secretaries had some very clear targets about removing illegal migrants. Removing illegal migrants is what Governments should be doing in order to protect the taxpayer and in order to make sure that no abuse takes place in the UK.

Alison Thewliss (Glasgow Central) (SNP): The revelation that Home Office removal targets exist comes as no surprise to me or any of the hundreds of constituents who have come to my surgeries over the past three years. There is a litany of callous incompetence from this Department. It is a problem of deliberate policy—a cruel “hostile environment” policy introduced by the former Home Secretary, now the Prime Minister, and continued unabated by the current Home Secretary.

Can the Home Secretary tell this House when targets were introduced, who signed them off, and how they were monitored? Can she tell us about the local targets and whether they were in place in Scotland? Can she tell us what happened to Home Office caseworkers who failed to meet those targets? If it is true that posters were being displayed to remind staff of the targets, how is it possible that the Home Secretary and the director of border, immigration and citizenship were not fully aware of this? This Home Secretary is presiding over a Department out of control, marked by cruelty and chaos. Will she stop shielding the Prime Minister? Will she do the honourable thing and resign?

Amber Rudd: I think that once more the hon. Lady is confusing legal and illegal migrants. Like any other Member of this House, I do not think that she would want the UK to be a home for illegal migrants. That is why we have policies which make it difficult for illegal migrants to thrive in the UK. That is exactly the right thing to do. It was started under former Governments. It has been continued under this one because we must remove people who are here illegally.

Philip Davies (Shipley) (Con): I urge my right hon. Friend not to be knocked off course by the Opposition parties on the issue of illegal immigration. Most people in the real world, outside of the Labour party, the Scottish National party and the metropolitan London elite in the media, believe that the Government do not do enough to remove illegal immigrants from this country, not that they are doing too much. All the Opposition

[Philip Davies]

parties are demonstrating is how out of touch they have become with working-class communities up and down the country.

Amber Rudd: I thank my hon. Friend for his comment. He is right; the public expect us to remove illegal migrants who are here and who do damage to our society, and it is right that the Home Office has a policy which makes sure that that has happened. Once more, I want to be absolutely clear that that is not the case with the Windrush cohort, who are here legally, and the group of people we are reaching out to, to make sure that we support them and get the documentation they need.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): It is obviously deeply disappointing that the Home Secretary did not know the facts when she gave evidence to our Committee yesterday. I look forward to more detail from her on this, and I have a follow-up question. The Foreign Office has said that in April 2016, as part of regular ministerial dialogue with Caribbean partners, Foreign Office Ministers were made aware of concerns about some immigration deportation cases. Were those concerns passed to Home Office Ministers, and what did they do?

Amber Rudd: The right hon. Lady raised that with me yesterday, and I said to her then, as I repeat here, that I will look into that and come back to her with an answer to that question as soon as I can.

Sir Desmond Swayne (New Forest West) (Con): The Home Secretary's remedy has been rightly generous, but should not the target for law breaking always be zero?

Amber Rudd: That is a target we can all agree with.

Mr David Lammy (Tottenham) (Lab): I asked the Home Secretary at the last urgent question how many people had been deported. She said she did not know. I asked her how many people had been imprisoned in their own country. She said she did not know. There are impact statements that have been ignored. There are letters from MPs, and she said she was not aware of a pattern. We now understand that people have been removed because of targets, and she said she did not know. I say with all conscience: is she really the right person to lead this office of state?

Amber Rudd: The right hon. Gentleman asked early on about the issue of removals, and I have addressed it in the action that I have taken and in the report that I gave to the Select Committee yesterday. We have established that there were 8,000 people within the cohort who might have had Windrush characteristics—the indication that he has put in his social media—and we have gone through them and found that of the 7,000 we have looked at by hand, none qualify in terms of removal. He quite rightly continues to ask questions about what might have happened in different situations, but I must respond by saying that until we have looked, we cannot have a definitive answer. It has come as some element of surprise to have this particular shape as a number of cases that came to the Home Office over a period. As we

discussed yesterday in the Select Committee, there were indications, but they were not put together as the systemic failure that clearly took place.

Sir Patrick McLoughlin (Derbyshire Dales) (Con): The Opposition talk about a culture of fear being spread, but is my right hon. Friend aware that it was the shadow Home Secretary in 2013 who complained about a reduction in the number of illegal immigrants being deported?

Amber Rudd: My right hon. Friend raises an important point. There are plenty of examples and quotations from the Labour party about its targets and determination to remove illegals. Removing illegals is something that everybody and every Government should do and want to do, and this Government make no excuse for wanting to do it, but the Windrush group, whom we all respect, are a completely separate group, are legal, and we want to make sure that we look after them.

Sir Edward Davey (Kingston and Surbiton) (LD): The Government have a target to reduce immigration, legal or illegal. Could it be that officials were following Ministers' lead?

Amber Rudd: It is my experience that our caseworkers work with compassion and care in administering their duties. Under this leadership, I will always make sure that they do.

Mr David Jones (Clwyd West) (Con): To what extent was my right hon. Friend's Department's ability to monitor and assess the level of illegal immigration impeded by the abandonment of exit checks in 1998?

Amber Rudd: My right hon. Friend is right of course that exit checks are an important part of securing our borders and knowing who comes and goes, and I am very pleased that this Government reintroduced them in 2015.

Hywel Williams (Arfon) (PC): I have always been puzzled about why my constituent Shiromini Satkunarajah, a Londoner and student at Bangor University, was wrongly detained at Yarl's Wood last year. The answer now seems to be clear. She was a Tamil who escaped from Sri Lanka as a child and was reporting to the police station, as she was required to do under law—she was doing her duty under the law. She was, to use that horrible, dehumanising phrase, "low-hanging fruit". What is the Home Secretary now doing to identify and provide redress to those not of the Windrush generation but whose lives have wrongly been disrupted by Home Office target chasing?

Amber Rudd: I want to make it clear that I would never use that phrase, and it is not an approach I would want anybody working in the Home Office to take. I have said that, as a result of the Windrush changes, I will make sure that the Home Office has a more human face. I am setting up a new contact centre and making sure there are more senior caseworkers so that the more junior caseworkers have the confidence to make their decisions by engaging with somebody really experienced. I accept that we need to make the Home Office more personal, and I will be doing that.

Several hon. Members *rose*—

Mr Speaker: Order. I am keen to accommodate a few more colleagues, but there is huge pressure on time and therefore all inquiries, without exception, need to be brief, and the responses characteristically so from the Home Secretary.

Mr Philip Hollobone (Kettering) (Con): May I commend the Home Secretary for her response to the Windrush scandal but press her on the separate issue of illegal immigration? Press reports this week show that 27,000 illegal immigrants have been arrested by 28 forces in the past four years. Why is it being left to the police to arrest illegal immigrants? Why are they not being stopped at the border?

Amber Rudd: I accept that we should do more at the border, although there are areas where we are having some success. I point, in particular, to our juxtaposed border in France, in Calais, where we stop an enormous number of illegals trying to get to the UK. We are investing more money, alongside the French, to make sure we can have more success there, so I hope that my hon. Friend will see some progress.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): This is not about illegals; it is about British citizens and people with a legal right to be here, and it goes well beyond the Windrush generation. How many cases are known to Ministers and officials of people who have been wrongfully deported or wrongfully detained? I know for a fact that there are cases in both categories—I met some of the individuals yesterday. How many are there in each category?

Amber Rudd: As I said to the hon. Gentleman yesterday at the Select Committee hearing, as a result of the Windrush scandal, we are going back to 2002 to look at whether there have been any inappropriate deportations, and when we have that information, I will come back to the Committee.

Bob Blackman (Harrow East) (Con): When I was elected in May 2010, I was shocked by the sheer number of unresolved immigration cases I had to deal with straightaway. Does my right hon. Friend recall that under the last Labour Government, the then Home Secretary had to have two separate amnesties because no one knew how many people were here?

Amber Rudd: I do recall that, and I do recall some of the choice phrases that previous Labour Home Secretaries used about the Home Office. Under this leadership, we will be able to change that and make real progress.

Diana Johnson (Kingston upon Hull North) (Lab): Immigration is one of the most high-profile areas the Home Secretary is responsible for, and one that the public care deeply about. Was she asleep when she did not know there were targets for the removal of illegal immigrants?

Amber Rudd: Immigration is a really important part of the role of the Home Office and the Home Secretary. It is not the only part, but it is one in which I take a serious interest, and I believe that the changes I will be

making will enable better monitoring of issues that arise, such as that of the Windrush cohort, which, as we have discussed, is a situation that has been going on for many years and was not spotted by any previous Government. I hope that those changes will help to give me those sorts of alerts.

Jeremy Quin (Horsham) (Con): Whatever the historical background to the problems, the Government have committed to paying compensation, where appropriate, to members of the Windrush generation. Will the Home Secretary confirm that she will have a wide-ranging consultation before putting that scheme in place?

Amber Rudd: I do think it is important to set up a compensation package; it is important that that compensation is independently monitored; and it is important that a consultation is carried out before that takes place. I hope that my hon. Friend will be satisfied when I set that out in due course.

John Woodcock (Barrow and Furness) (Lab/Co-op): I think people will accept that the Home Secretary and her lead official did not deliberately mislead the Home Affairs Committee yesterday, not least because what she said was so easily disproved. But it is a very serious matter that she and her lead official appeared not to be aware of the removal targets.

Amber Rudd: I repeat to the hon. Gentleman that I have not authorised any targets for the future. I have seen the information that has been revealed, and I have heard about the types of phrases that the hon. Member for Arfon (Hywel Williams) referred to, and that were apparently used to the Committee. I thoroughly disagree with that; I think we should have a compassionate, clear and informed approach to immigration, and I am going to ensure that that happens.

Kevin Hollinrake (Thirsk and Malton) (Con): Quite rightly, my right hon. Friend has set up a dedicated team to deal with the issues that affect the Windrush generation. Will she update the House on how quickly these cases are being processed?

Amber Rudd: I committed in the House to making sure that when the information is collected by my taskforce, the conclusions and the documents are passed to the individuals within two weeks. That target is being exceeded at the moment, and it is my strong aim and ambition to ensure that that high level of service is kept up, because those individuals deserve nothing less.

Paula Sherriff (Dewsbury) (Lab): Is the Home Secretary, like her predecessor, the current Prime Minister, “sick and tired” of Ministers who blame others when something goes wrong? Surely, if the Home Secretary takes full responsibility for this serious issue, she should do the honourable thing and resign.

Amber Rudd: I do take seriously my responsibility, but I think that I am the person who can put this right. I understand that the House will want to hold me to account for that, but I am confident that the changes I am committed to putting in place, and the transparency that will go with them, will deliver the changes that are expected.

Matt Warman (Boston and Skegness) (Con): May I ask that the Home Secretary bears in mind the views of my constituents, who have praised the compassion that she has expressed on behalf of the Windrush generation but also said that they would like a continued focus on the removal of illegal migrants who take advantage, unfairly, of all law-abiding taxpayers?

Amber Rudd: I thank my hon. Friend for his question. Although I do not in any way minimise the serious nature of what took place with the Windrush group, I agree with him that in the vast majority of cases and situations, my office and UK Visas and Immigration do an excellent job, and I am proud of the work that they do.

Peter Kyle (Hove) (Lab): It is clear that the extreme pressure that is put on local teams is coming from the central target to reduce immigration to the tens of thousands, and to include international students in that target. Is now not the time to rethink that central approach to immigration, and to make sure we focus the pressure where it needs to be focused, not on things that are unrealistic?

Amber Rudd: The targets that were apparently being looked at were for illegal migrants, so I think it is wholly different. There may be a time for a discussion about legal migration, but at the moment I think it is right that our focus is on illegal migration to make sure that it is handled in a fair, compassionate and transparent way.

Michelle Donelan (Chippenham) (Con): Yet again, the Opposition are playing politics with people's lives. Does my right hon. Friend agree that it is morally wrong to confuse illegal immigration with that of the Windrush generation?

Amber Rudd: My hon. Friend makes an important point about the strong difference between legal and illegal migration. If Opposition Members looked back at their own former Home Secretaries, they would find some very strong language and some clear targets on removing illegals from this country.

Mr Speaker: Single-sentence inquiries without semicolons or subordinate clauses, please.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I will do my best to delight, Mr Speaker. Many highland families have faced deportation or have been deported because of the highly technical rules, or even because of rule changes during compliance. Does the Secretary of State agree that this aggressive targeting is ripping the heart out of highland communities?

Amber Rudd: I have resolved to put in place a more personal system for when applicants go to UKVI, and I think and hope that the hon. Gentleman's constituents will, in due course, notice a difference.

Mr Speaker: Brevity personified, Anna Soubry.

Anna Soubry (Broxtowe) (Con): It is not fair, Mr Speaker. You set me up to fail and I always do. This is a serious issue. Does my right hon. Friend agree that part of Labour's dreadful legacy was an obsession with targets?

As an excellent new broom, will she assure us that she will search in every nook and cranny, and ensure that immigrants, migrants, are seen as people and not numbers?

Amber Rudd: I completely agree with my right hon. Friend's approach, and I do not want us to be run by a target culture. I want to ensure that the individual is put at the heart of every decision.

Mr Speaker: I call Richard Burden, who in my experience is also brevity personified.

Richard Burden (Birmingham, Northfield) (Lab): Thank you, Mr Speaker, I will do my best. Is not the problem that a culture of tunnel-vision suspicion has been encouraged in the Home Office? Only last week in my constituency, that culture led officials to attempt to remove a man who had come to this country legally on a multi-entry visa, to be with his wife who had just been through a difficult pregnancy and termination. He had booked a return ticket to Jamaica, but officials said that he had "undermined his position" because he said that he wanted to spend as much time with his wife as he was legally able to do. Is not there something wrong with that kind of mindset?

Amber Rudd: I hope the hon. Gentleman was able to resolve the situation for his constituent. I have had nothing but praise from MPs about the MPs, hotline, which works well for people—[*Interruption.*] Clearly there are a few exceptions on the SNP Benches, but most colleagues across the House have said that it works well, and I hope it was able to be of assistance.

Alex Chalk (Cheltenham) (Con): Illegal immigration is wrong because it creates unfairness for legal migrants, like the Windrush generation, who do the right thing and play by the rules. Is it not vital to keep that distinction and not allow the Labour party cynically to conflate the two issues for political purposes?

Amber Rudd: My hon. Friend is right: it is a completely different situation. Everybody in the House wants to welcome the Windrush cohort and ensure that they are properly looked after and that a compensation scheme is put in place, which is the right thing to do, but we all have a different view about illegal migrants.

Rachael Maskell (York Central) (Lab/Co-op): This week the Home Secretary said that she was not aware of a number of policy initiatives. Who is running her Department?

Amber Rudd: I accept the criticism regarding the issue that I debated earlier today and my conversations with the Home Affairs Committee, and that is why I am in the House to set out the changes that I will make. I hope I will have the opportunity to make those changes clear to the House in future, and to continue to develop the confidence of everybody involved.

Neil O'Brien (Harborough) (Con): I am lucky to have constituents who have come to Leicestershire from all over the world, and they are inspirational people. Does the Home Secretary agree with them that it would not be fair to abolish the distinction between people like them who have done the right thing and obeyed all the rules, and those who have come to this country illegally?

Amber Rudd: That is a good point: people who have come here legally and who go through the rules and pay—sometimes quite a high cost—to become a member of our communities, are also those who do not want illegal migration to be treated trivially. That is why we are committed to taking a firm approach to illegal migration.

Chris Elmore (Ogmore) (Lab): As reported by Faisal Islam yesterday, in 2013 the Foreign Office funded videos that promoted deportation to Jamaica, but it acknowledged that the challenge of resuming a life after an absence of 20 or 30 years can be daunting. Will the Home Secretary explain why Government Departments are pushing for deportations to countries such as Jamaica?

Amber Rudd: We are not pushing for that sort of event. [*Interruption.*] The hon. Gentleman may want to bring videos into the Chamber, but I am not aware, Mr Speaker, that we are allowed to play them in here yet.

Julian Knight (Solihull) (Con): My right hon. Friend is showing real steadfastness throughout this situation. Is she aware of the disquiet on doorsteps in Solihull about illegals accessing services? All sensible countries have a balanced approach to immigration, including removal when necessary.

Amber Rudd: I thank my hon. Friend for his comment, and he is right. His constituents, like mine, will want to make sure that services available from the DWP, such as benefits, are not made available to illegals. Labour of course supported that approach when they were in office some years ago, and this Government have continued to build on that.

Kirsty Blackman (Aberdeen North) (SNP): The Home Office decides who is legal and who is illegal in these cases. I have seen deported—or threatened with deportation—a man with scars on his back from whipping; somebody who was terminally ill and later died; and somebody whose dead children are buried in my constituency. All those people have been classed as illegal by the Home Office. Surely they should not be removed.

Amber Rudd: All those cases sound very difficult, but I cannot make immigration comments on the Floor of the House. I am very happy if the hon. Lady wants to talk to me or send me details of individual cases; I will make sure that we look at them.

Vicky Ford (Chelmsford) (Con): I thank my right hon. Friend for being completely focused on getting help to real people who need and deserve it. Can she reassure my constituent that the compensation scheme will be designed in full consultation with those people who deserve compensation?

Amber Rudd: My hon. Friend is right. We need to make sure that the compensation scheme addresses the actual needs of people who have lost out by not having their proper documentation put in place by successive

Governments. That is why I am committed to having a consultation on the scheme and making sure that it is run independently.

Ruth George (High Peak) (Lab): Will the Home Secretary please commit to Home Office officials playing by the rules as well, and look into the case of the partner of my constituent Kelly, who was deported back to Jamaica last week with no notice, when his appeal had still not been decided? His partner is due to give birth in four weeks' time.

Amber Rudd: I thank the hon. Lady for raising that case with me. The Minister for Immigration is sitting beside me; I know she will want to discuss that case with the hon. Lady.

Kate Green (Stretford and Urmston) (Lab): The independent inspector's report in 2015 reported:

"The Family Returns Process's target for the financial year 2014/15 was 252 returns"—

including both voluntary returns and required returns. Is or is not that a target? Did the Home Secretary or her predecessor know about it? Is it still in place or not?

Amber Rudd: We made changes in 2010 that were specifically to support families and children who might be at risk of being removed. For instance, we banned the detention of children outside of families, which had been taking place before 2010. So I believe we made some changes in 2010 and going forward, which really were trying to assist families and children, rather than the opposite.

Patrick Grady (Glasgow North) (SNP): Does the Home Secretary consider the Chagos islanders, who are in the UK because they were forcibly removed from their ancestral homelands by the British state, to be illegal migrants? Do any attempts to remove them count towards these targets?

Amber Rudd: I know the Chagos islands have a specific situation. I also know that my hon. Friend the Member for Crawley (Henry Smith) will be bringing his British Indian Ocean Territory (Citizenship) Bill to the Chamber soon and I look forward to hearing the arguments on it.

Peter Grant (Glenrothes) (SNP): Even if they avoid final deportation, the experience of being arrested and being detained indefinitely without trial is a humiliating and degrading experience for any innocent person. Can the Home Secretary tell us how many innocent, legally here, people have been subjected to unlawful arrest and detention, thanks to these targets?

Amber Rudd: I do not accept the premise of the hon. Gentleman's question. The real issue here, which started with how the Windrush generation have been treated, is one that I am looking at very seriously, because I believe that they were incorrectly identified, in some cases, as illegal, when of course, as we all know, they are here legally. That is the case load that I am going through at the moment. We have gone through 8,000 out of 9,000, back to 2002, and we have not yet found anybody who meets that threshold.

Business of the House

11.3 am

Valerie Vaz (Walsall South) (Lab): Would the Leader of the House please give us the forthcoming business?

The Leader of the House of Commons (Andrea Leadsom): The business for the week commencing 30 April will be as follows:

MONDAY 30 APRIL—Remaining stages of the Domestic Gas and Electricity (Tariff Cap) Bill followed by debate on a motion on section 5 of the European Communities (Amendment) Act 1993 followed by consideration in Committee and remaining stages of the Laser Misuse (Vehicles) Bill [*Lords*].

TUESDAY 1 MAY—Remaining stages of the Sanctions and Anti-Money Laundering Bill [*Lords*] followed by a motion to approve a money resolution relating to the Prisons (Interference with Wireless Telegraphy) Bill.

WEDNESDAY 2 MAY—Opposition day (10th allotted day). There will be a debate on Windrush on an Opposition motion.

THURSDAY 3 MAY—A general debate on matters to be considered before the May adjournment. The subject for this debate was determined by the Backbench Business Committee.

FRIDAY 4 MAY—The House will not be sitting.

The provisional business for the week commencing 7 May will include:

MONDAY 7 MAY—The House will not be sitting.

TUESDAY 8 MAY—Remaining stages of the Secure Tenancies (Victims of Domestic Abuse) Bill [*Lords*] followed by consideration of Lords amendments to the Nuclear Safeguards Bill followed by a motion relating to a statutory instrument on criminal legal aid.

I am the 336th woman to be elected to the UK Parliament ever. To put that into perspective, there are 442 male MPs in Parliament today, so for all the great women in this place and around the country, the unveiling of the new permanent memorial to Millicent Fawcett was a superb moment, celebrating her achievements and all those of the suffrage movement.

As we mark the 100th anniversary of some women getting the vote, I look forward to the many occasions there are to recognise the valuable contribution that women make to public life. In particular, I recommend that all Members take part in the excellent initiative by Parliament's education and engagement team for a series of "EqualTeas" in our constituencies, where schools, girl guides, the women's institute and many others will be hosting celebratory tea parties.

This week we have had the joyful news of a new royal baby, and the House has sent its warmest congratulations to the Duke and Duchess of Cambridge.

Finally, I take this opportunity to wish the House a belated happy St George's day for last Monday.

Several hon. Members *rose*—

Mr Speaker: Order. Before I call the shadow Leader of the House, I must emphasise to colleagues that it may not be possible to call everybody today. The Government have put two statements on the agenda

before we even get to Back-Bench business, so what is needed is a short question each time and a short reply. I will have to judge when to move on to the next business, because it is Back-Bench business day, not a day for just lobbing statements on to the Order Paper which could have been made at some other time.

Valerie Vaz: I thank the Leader of the House for the forthcoming business and support her in sending our congratulations to the Duke and Duchess of Cambridge on the safe delivery of their son on St George's day. And yes, women are very important—we hold up half the sky.

I asked the Leader of the House about allocating time for nurses' bursaries. Will she allocate time for a debate on that? I thank for her finally allocating time for a debate on the Criminal Legal Aid (Remuneration) (Amendment) Regulations 2018—a matter that was raised as a point of order by my hon. Friend the Member for Leeds East (Richard Burgon). I am sure that the Leader of the House will have heard your words, Mr Speaker, when my hon. Friend did that. You said that it was

"a regrettable state of affairs"

and

"in terms of the smooth running of the House"

does not help to build an

"atmosphere of trust".—[*Official Report*, 23 April 2018; Vol. 644, c. 639.]

The changes to the legal aid fees have triggered the barristers' boycott of new legal aid work. Lawyers are being asked to peruse documents and are not being paid for it. That is part of the evidence bundle. Bizarrely, the Lord Chancellor on Tuesday at Justice questions said that the Government are waiting for information from the Labour party. I am not sure whether he meant that they are waiting for a Labour Government, so that we could then revoke the statutory instrument.

I want to ask the Leader of the House about another small House issue: is it possible to have email alerts for statutory instruments that are published on Fridays? Our hard-working staff have to trawl through all the statutory instruments to see the new ones. They get an email alert for statements, so could we have that for SIs?

The Prime Minister said on the steps of No. 10:

"We will do everything we can to give you more control over your lives",

but that does not seem to apply to the Windrush generation. Amelia Gentleman, a journalist for *The Guardian*, publicised in November 2017 the case of Paulette Wilson, who used to cook for us in the House of Commons. She had been here for more than 50 years and was taken to Yarl's Wood and was about to be deported. Although it was grand having the Home Secretary making her statement in the House, it raised more questions than answers. The Home Office should know who is in detention and must know why they are there.

When will the Government produce these figures? Why are they now waiving the citizenship fee for anyone in the Windrush generation who wishes to apply for citizenship when they are British citizens and do not need to apply, as the Prime Minister repeated over and over again yesterday? Why are the Government saying that they will waive the requirement for them to carry out a test on knowledge of language and life in the UK,

when most of the Windrush generation have lived here for years—some for over 50 years—and they speak English? The Government do know how many people are affected, because the Home Office has written to tell them that they have to leave.

May we have a further statement updating the House on all the figures, and on whether the Cabinet Secretary should conduct an inquiry into the Department? What sort of Government throw a net using unassessed policy, rhetoric and ads to catch people who are here legally along with those who are here illegally? What sort of Government throw a net that catches the innocent with the guilty?

But there is more chaos in the Government. In the autumn Budget, the Chancellor promised that councils would be compensated for losses incurred as a result of changes to the “staircase tax”. Days later, a letter was written to council finance officers stating that the Government would not be compensating local authorities for any loss of income caused by the reversal of the tax. On Monday, legislation overturned the tax. May we have a statement on why the Government have U-turned, and are not honouring the expenditure that was committed by the Chancellor?

More chaos: the Secretary of State for Exiting the European Union has finally visited the Irish border, but he broke parliamentary protocol by failing to tell the hon. Member for Newry and Armagh (Mickey Brady). He said that it was

“an administrative oversight for which we are happy to apologise.” Despite his being a prominent member of the leave campaign, that was his first visit.

More chaos: EU negotiators have said that backstop plans to prevent a hard border in Ireland after Brexit will not work. The hon. Member for North East Somerset (Mr Rees-Mogg) has described the Prime Minister’s plan for a “customs partnership” as “completely cretinous”, “impractical, bureaucratic”, and

“a betrayal of common sense”.

Had he said that here, Mr Speaker, you would have been on your feet telling him that it was unparliamentary language.

Will the Leader of the House urge the Prime Minister to visit the border, and has she had a chance to work out when the European Union (Withdrawal) Bill will come here from the other place?

I join the Leader of the House in her congratulatory remarks about firsts for women. My hon. Friend the Member for Swansea East (Carolyn Harris) has been elected Welsh Labour deputy leader, in Labour Wales, and I too was delighted to attend the unveiling of the statue of the suffragist Millicent Garrett Fawcett in Parliament Square—the first statue of a woman erected there—by another woman, Gillian Wearing. That was excellent, and we should thank Caroline Criado Perez and the Mayor of London for this important work of public art.

Andrea Leadsom: I join the hon. Lady in congratulating the hon. Member for Swansea East (Carolyn Harris) on her new appointment. That is fantastic news. It is excellent to hear of yet more achievements by women.

The hon. Lady asked about statutory instruments, and asked specifically about the Criminal Legal Aid (Remuneration) (Amendment) Regulations 2018. Let me

gently say to her that the Opposition were perhaps a little tardy in making their request for a debate; having prayed against the SI one month after it was laid, they then raised it during Business Questions for the first time on 29 March. By that stage it was already too late to schedule a debate within the praying period without changing last week’s business through an emergency business statement. We have now provided time for a debate as soon as possible, but on that occasion the Opposition’s request was not really a reasonable request with which the Government were able to comply. Let me also point out to Members that in the current Session the Government have already scheduled more negative statutory instruments for debate on the Floor of the House than have been scheduled in any previous Session since 1997. I assure the hon. Lady that we are working very hard to try to deliver on our obligations in this regard. She also asked for email alerts about statutory instruments, and I will of course look into that on her behalf.

The hon. Lady raised the issue of Windrush. As I have said, it is a very serious and very regrettable unintended consequence of the intentions of many Governments over many years to try to limit and restrict illegal immigration. The Windrush generation are absolutely British, and it is absolutely the intention of my right hon. Friend the Home Secretary to regularise their position as soon as she can, to get a grip on the issue, and to sort it out as soon as possible. As the hon. Lady will know, my right hon. Friend has just answered another urgent question on this very subject, and she will make further statements in due course.

The hon. Lady referred to the “staircase tax” Bill. There will be plenty of opportunities, as it passes through both Houses, for discussion of issues such as compensation. She mentioned notice of visits by members of the Government. Of course all Members should seek to give notice when they visit one another’s constituencies, but as my right hon. Friend the Secretary of State for Exiting the European Union has said, this was an administrative oversight for which he has apologised.

The hon. Lady asked when the European Union (Withdrawal) Bill will come back to this place. I had the pleasure of visiting the other place to sit at the steps of the throne and hear the opening of Report stage. They are very interesting debates and take some time. The Bill is due to be back in this place in the next few weeks; the precise day will be announced through the usual channels.

Finally, I join the hon. Lady in congratulating all those involved in the work to unveil the fabulous statue of Millicent Fawcett.

Sir David Amess (Southend West) (Con): Will my right hon. Friend find time for a debate on the future of the National Fund, which was established in 1927 by an anonymous donor? If a debate is held, I think the House would be pleased to learn when the money will be released and what it will be spent on.

Andrea Leadsom: My hon. Friend raises an interesting point, about which I was not aware. The Attorney General’s office is working with the Charity Commission and the fund’s trustees to help resolve what is a legally very complicated matter. My hon. Friend might like to seek an Adjournment debate or a Westminster Hall debate to receive an update directly from Ministers.

Pete Wishart (Perth and North Perthshire) (SNP): May I thank the Leader of the House for announcing the business for next week and associate myself with all the remarks about suffrage and the raising of the statue of Millicent Fawcett?

Today is World Intellectual Property Day and I will have the great pleasure of hosting the annual parliamentary event to celebrate our inventors, creators and artists. Let us continue to grow our economy on the imagination of our people.

Are the Government going to come out to play in today's debate on the customs union, or are they going to continue to contemptuously refuse to vote on non-Government business? I say to the Leader of the House that there is no running away from this issue. It will have to be confronted by this Government and it looks like they do not have a majority. All of the business community are saying that they want "a" or "the" customs union, yet the Government are in thrall to the Brexit nutters on their Back Benches, who still hold sway over them. Will the Leader of the House confirm that, if the Government are defeated, the will of the House will be respected?

This has been a black week for devolution. The will of the Scottish Parliament on large swathes of devolved areas is to be totally ignored, and last night we learned that even if we withhold our consent in the Scottish Parliament, it will be considered as consent anyway. No self-respecting Scottish parliamentarian worth his or her salt could sign up to that. There is still time, however, so will the Leader of the House say that nothing will be finally decided until Third Reading in the House of Lords, when this can, I hope, be resolved?

Lastly, the farce of English votes for English laws continues to profoundly embarrass this House. The only thing it seems to be good for nowadays is to give a bit of exercise to the Serjeant at Arms when he lowers then raises the Mace. There is no opportunity to speak on English votes for English laws. It is Dave's daft legacy to this House—a stupid sop for an English voice that has never been raised. It has not worked and it shames this House. I say to the Leader of the House that enough is enough: get rid of this nonsensical process.

Andrea Leadsom: I join the hon. Gentleman in celebrating World Intellectual Property Day. He talked about the imagination of our people, and I certainly celebrate that: we are the most extraordinarily creative four nations, and we can be very proud of that.

The hon. Gentleman asked about today's debate. As always, the Government will fully take part. My right hon. Friend the Financial Secretary to the Treasury will lead on it and it will certainly be very interesting to hear views from right across the House, which always inform policy and help us to form conclusions as to what should be our approach.

The hon. Gentleman mentioned the devolution settlement and the EU withdrawal Bill. Through the amendments to clause 11 the Government are seeking to devolve as many powers as possible to the devolved nations while ensuring that we keep the integrity of the UK internal market, which is worth almost £46 billion to the Scottish economy, approximately four times more than the value of exports to the European Union.

Finally, I genuinely do not understand why the hon. Gentleman keeps talking about English votes for English laws being a waste of time and a travesty. The point is to ensure that those matters that affect only English or English and Welsh voters and residents are voted on only by English and Welsh Members of Parliament. That is fair.

Sir Desmond Swayne (New Forest West) (Con): May we have a statement next week to explain why single-lens reflex cameras have been forbidden in Westminster Hall?

Andrea Leadsom: My right hon. Friend raises a very interesting point. I shall have to look into it and come back to him.

Ian Mearns (Gateshead) (Lab): Despite the fact that the Backbench Business Committee has a number of unheard debates on the stocks, it has been difficult to cajole hon. Members to air their debates on Thursday 3 May. There must be something happening outside in the country on that day, although I am not quite sure what it might be. It therefore falls to us to have a general debate on matters to be raised before the May Day Adjournment. I thank the Leader of the House for giving us that time on 3 May, but I hope that that will not prevent us from getting more time during that month for other debates to be aired. May we also have a debate or a statement in Government time on the strategy to upskill the population and workforce of this country? There has recently been a significant drop in the number of people being recruited into apprenticeships, and that coincides with the number of students doing degrees with the Open University falling by 74,000 between 2012 and the present day. What is going wrong with our strategy to upskill our population to meet the demands of the new technological age?

Andrea Leadsom: We always seek to give as much Back-Bench time as we can, because the hon. Gentleman has some very important debates going on and we seek to support them wherever possible. He also raised the issue of upskilling, and I can tell him that we have committed to reaching 3 million new apprenticeship starts in England by 2020, and that there are more than 1.2 million starts already. So we are in a good place and we seek to do more. With the new apprenticeship levy, we expect to see many more taken up in due course. We have also abolished the cap on student numbers in further and higher education, and record numbers—particularly of disadvantaged young people—are now going to university. I do not think we should be concerned about a failure to upskill our young people; on the contrary, there is an enormous improvement going on that we should all be proud of.

Kirstene Hair (Angus) (Con): The town of Montrose in my constituency is suffering from the impact of coastal erosion. The world-class golf course there is eroding hole by hole, and if the erosion continues at this pace, the town will be at risk of flooding. Does my right hon. Friend agree that we should debate the impact of coastal erosion on our communities in the United Kingdom and discuss what we can do to alleviate it?

Andrea Leadsom: My hon. Friend is quite right to stress the importance of our coastal communities and the impact of coastal erosion. I am aware of the problems

at Montrose golf club in her constituency, and of its request for help. She will recognise that this is a devolved matter, but in England we have committed nearly £1 billion to support defences against erosion and coastal flooding. She might want to seek an Adjournment debate, which might be answered by the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Suffolk Coastal (Dr Coffey), who is a fellow coastal constituency Member as well as being an Environment Minister.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Leader of the House knows how precious business questions are to genuine Back Benchers. Will she try to do a little more to prevent us from being squeezed by so many statements on a Thursday? Also, may we have an early debate on the fact that three former Health Ministers have called for £50 billion more investment in the NHS? Many local hospitals, including mine in Huddersfield, are facing closure, and we are fighting that hard in the constituency. May we have an early debate on the closure of hospitals?

Andrea Leadsom: I am always delighted to see the hon. Gentleman in his place at business questions. We do have some good discussions here, and I am not sure that we ever really lose out. There are some good issues raised. I can tell him that the NHS now has over £14 billion more to spend on caring for people than it did in 2010. He will be aware that new plans will be brought forward for a long-term plan for the NHS, which is absolutely vital for the success of its future. Nevertheless, we are doing more, and there are almost 40,400 more clinical staff looking after patients now than there were in 2010.

Anna Soubry (Broxtowe) (Con): My constituent Pamela Corbett is extremely poorly—how can I put it; time is of the essence—but power of attorney would not be appropriate in her case, which is not unusual. However, TSB has frozen her bank account, which has caused her and her daughters considerable distress. May we have a debate on how we can ensure that banks see the human being—the person—in such cases instead of having some over-bureaucratic process?

Andrea Leadsom: My right hon. Friend raises an important issue. I am aware that TSB's chief executive was on the radio this morning to apologise for the awful service that customers have received over the past week and that he pledged to sort it out. My right hon. Friend is right that there are times when personal intervention is necessary to ensure that constituents can access their money, and I encourage her to seek a debate on the subject.

Chris Bryant (Rhondda) (Lab): Acquired Brain Injury Week is coming up in a few weeks' time, so may we have a debate on the condition in Government time, because it is a hidden epidemic that affects hundreds of thousands of families every year? It is not just about health; it is about the criminal justice system, the education system, the Department for Work and Pensions and the Ministry of Defence. The Leader of the House is so nice, so will she—[*Interruption.*] Well, she supports my private Member's Bill. Will she please ensure that we can have a debate in Acquired Brain Injury Week?

Andrea Leadsom: Flattery gets you everywhere.

I will, of course, be delighted to see what can be done, but I also encourage the hon. Gentleman to seek a Backbench Business debate, because he raises an important issue, as he has several times. I have a constituent who is in a permanent vegetative state as a result of being attacked and hitting his head. He is a relatively young man and the situation is absolutely appalling, so I am extremely sympathetic towards what the hon. Gentleman says.

Dr Matthew Offord (Hendon) (Con): A significant amount of construction has occurred in Colindale in my constituency over the past decade. While residential properties are welcome, many of the people who bought these leasehold properties now find themselves subject to crippling service and management charges. Will a Minister come to the Dispatch Box to say what the Government can do to control the situation, as they have done for ground rent?

Andrea Leadsom: My hon. Friend raises another important matter. Service charges must be fair and transparent, and there must be a clear route to redress when things go wrong. Consumers should be paying only for the services that they receive. I can tell him that we are establishing a working group on regulating letting and management agents with a remit to look into unfair fees and charges, and to set minimum standards for service charges through a statutory code of practice.

Vicky Foxcroft (Lewisham, Deptford) (Lab): When will we have the promised debate on the Government's serious violence strategy?

Andrea Leadsom: The hon. Lady raises an incredibly serious point, as she often does, about the rise in certain types of crime, particularly knife crime. As I have said, I am talking with other business managers about whether we can find time for a debate, and there is a lot of sympathy towards that. The legislative agenda is busy, but she is absolutely right to raise the issue, which is of great concern, and we will seek to provide that time.

Antoinette Sandbach (Eddisbury) (Con): My constituent Sharon Hollman went through the devastating consequences of the suicide of her teenage son. It appears that safeguarding procedures were not followed by Kent County Council, so may I call for a debate about the safeguarding procedures that schools should have in place to ensure that children suffering from mental health difficulties get the support they need?

Andrea Leadsom: I am grateful to my hon. Friend for raising the issue. Everyone in the House is worried about young people's mental health and the action being taken to support young people. My hon. Friend will be aware of the Government's Green Paper on mental health in schools. We are bringing forward measures to improve support and training for schoolteachers, peer support, and child and adolescent mental health services, to try to address this appalling problem.

John Cryer (Leyton and Wanstead) (Lab): Has the Leader of the House seen early-day motion 1115, which was tabled by my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) and refers to Firefighters' Memorial Day on 4 May?

[John Cryer]

[That this House joins with firefighters across the UK on Firefighters' Memorial Day, on 4 May 2018, remembering the bravery and sacrifice of the 2,524 colleagues who have lost their life in the line of duty; extends its sympathies, especially on this memorial day, to all the bereaved families of fallen firefighters; acknowledges the good work of the Firefighters' Memorial Trust in remembering and honouring all firefighters who have lost their life while serving humanity and recording their names on The Firefighters' Memorial located close to St Paul's Cathedral in London; applauds the commitment and selfless dedication of all UK firefighters who stand ready today and every day to risk their life to save others and protect their local communities from the consequences of fire, floods, terror attacks and numerous other emergency situations; and calls on Members of both Houses to join members of the Firefighters' Memorial Trust and the Fire Brigades Union at the Firefighters' Memorial, St Paul's or to stand with firefighters at their nearest fire station to observe the minute silence at midday on 4 May 2018.]

Given the cuts to the fire service that are now biting deep in my area, where fire cover has been cut by 50%, may we have a debate on the fire service?

Andrea Leadsom: I pay tribute to the amazing work done by all firefighters—they really do make our lives so much safer and their prevention work is vital. The hon. Gentleman will be aware that, luckily and fortunately, due to much greater fire prevention measures, the incidence of fire has dropped quite dramatically in recent years. Nevertheless, he is right to raise the issue of Firefighters' Memorial Day and the importance of a debate on this matter. I suggest that he seeks an Adjournment debate.

Bob Blackman (Harrow East) (Con): May we have a debate on energy security? The southern gas pipeline from Azerbaijan to Turkey, and then on to Greece and Italy, is shortly about to open and is a direct threat to the Russian monopoly of supply to Europe. May we therefore have a debate in Government time so we can debate the issues, and make sure that this gas pipeline is secure and operated by BP, a wonderful British company?

Andrea Leadsom: First, I wish my hon. Friend a very happy birthday. He raises an important point about energy security and I am pleased to say that gas security in the UK is strong. Nevertheless, the creation of new gas pipelines, and in particular the gas security of those in eastern Europe, is important. I encourage him to take this up at oral questions on 1 May.

Catherine West (Hornsey and Wood Green) (Lab): MPs from all parties have signed my letter about plastics pollution. Does the Leader of the House agree that now is a good time to have a debate in Government time on the action being taken across all industrial sectors, not just by supermarkets?

Andrea Leadsom: I am delighted that the hon. Lady has been able to attract cross-party support. She will be aware that all hon. and right hon. Members are keen to see everything being done to reduce the amount of plastics in our environment. The 5p plastic bag charge that the Government introduced has reduced the incidence of plastic bags by around 9 billion. We have also created

the blue belt around our overseas territories to protect our valuable marine areas. Many more measures are under way, and there will certainly be plenty of opportunities to discuss our plans to be the first generation to leave our environment in a better state than we found it.

Martin Vickers (Cleethorpes) (Con): On Saturday, I will be in Immingham to attend a ceremony to mark Workers Memorial Day. Three events in north-east Lincolnshire are being organised by my constituent Herbert Styles, who does a tremendous job. Mr Styles was delighted when the day was officially recognised, but he would like it to receive more publicity. Will the Government look at putting more details on websites and the like? Perhaps publishers would then follow suit in diaries and so on. Will the Leader of the House consult other Departments and bring forward a statement?

Andrea Leadsom: My hon. Friend is a strong voice for his constituency. I commend his constituent, Herbert Styles, for the work he has done in organising these events in north-east Lincolnshire. The Government do recognise Workers Memorial Day, which is a poignant reminder of why it is vital to manage workplace health and safety risks. I am happy to promote it in any way that I can, and people will be delighted to hear my hon. Friend raising Workers Memorial Day in this House. Many people will have been listening to him.

Nick Thomas-Symonds (Torfaen) (Lab): Will the Leader of the House join me in congratulating Pontypool rugby club on its stunning achievement of going through an entire league season unbeaten? May we have a debate on the contribution that local rugby clubs make to our communities?

Andrea Leadsom: Now we are talking! Rugby is a much better sport than some others that get raised in this place. I only wish that Northampton Saints, my own club, could boast the same proud record. Of course I am delighted to congratulate Pontypool rugby club. Rugby is a fantastic sport. I encourage the hon. Gentleman to seek a debate, and I would be delighted to take part in it.

Mr Speaker: I think I get the hint.

Anna McMorrin (Cardiff North) (Lab): My constituent Sarbast Hussain was told last year that his application to renew his British passport had been refused. Having fled Saddam's Iraq before working for the Home Office for 15 years as an interpreter, he has now lost his business, his family are being split up and he is being treated like a criminal. May we have a debate in Government time on the waste of Home Office resource and how this injustice might be addressed?

Andrea Leadsom: I am truly sorry to hear about the case that the hon. Lady raises. Members on both sides of the House often raise individual cases, and it is very valuable for our constituents that we are able to take up cases in which the rules have not been applied properly or when further information must be gleaned. I encourage the hon. Lady to take this up directly with Home Office Ministers or, if she would prefer to write to me, I can take it up with them on her behalf.

Chris Elmore (Ogmore) (Lab): New data released by the Trussell Trust this week shows that emergency food bank usage has increased by an average of 52% in areas of full universal credit roll-out. Will the Leader of the House find time for a debate in Government time so that we can prevent the roll-out from inflicting even more suffering on our communities?

Andrea Leadsom: I pay tribute to the work of food banks. The volunteers and those who donate to them do a fantastic job. I agree with the hon. Gentleman that food banks should not be necessary, but they have been a feature of our communities for a long time. All hon. Members must agree that, in terms of giving people an incentive to get into work and providing continued income once they do so, universal credit offers a valuable change to our benefits and the safety net for people who are looking for work. It has also had the impact of encouraging more people to look for work and find work. The Government continue to listen to ways in which we can improve the roll-out of universal credit, which is being done very slowly so that all lessons can be taken into account.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): My constituent will reach state pension age in 2021, but she has only three years of contributions and thus will not qualify for any pension. That is because she spent her working years with her husband, a warden on a remote island with simply no employment opportunities, while jointly contributing to the married couple's pension. May I request a debate on pension provision and people such as my constituent whose circumstances are exceptional?

Andrea Leadsom: The hon. Lady raises an important and worrying constituency case. I encourage her to seek an Adjournment debate in which she can raise it directly with Ministers. Alternatively, she can simply write to them—via me, or directly—and seek their answer regarding this very particular exceptional case.

David Hanson (Delyn) (Lab): The debate on the Royal Bank of Scotland, latterly in the name of my hon. Friend the Member for East Lothian (Martin Whitfield), has twice been cancelled due to pressure on Government business. Will the Leader of the House rearrange the debate as a matter of urgency with the Backbench Business Committee so that constituents such as Clive May, who has real grievances about the way in which he was treated by RBS, can get justice?

Andrea Leadsom: As I have said before in the House, I am very sorry that that very important debate has had to be cancelled not once but twice due to unforeseen circumstances. I am very keen to see it rescheduled, and I am working with business managers to ensure that the Backbench Business Committee has the time to reschedule it.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): May we have a debate in Government time on community transport? Badenoch and Strathspey community transport group is extremely concerned about proposals for new rules on operating permits. The Transport Committee has already warned of a devastating effect on the sector and communities.

Andrea Leadsom: The hon. Gentleman raises a devolved matter relating to community transport. I believe that we have Scotland questions in the near future, and I encourage him to raise the issue then.

Diana Johnson (Kingston upon Hull North) (Lab): Yesterday pupils at St Anthony's Primary School told me that their local park had been vandalised by yobs. When I met the police last week, they told me about their frustrations when, for example, yobs with 19 breaches of criminal behaviour orders appear before the courts but no action is taken. May we please have a debate about why, since 2010, we do not seem to have been able to hold yobs to account for their actions in our communities?

Andrea Leadsom: I share the hon. Lady's concern about antisocial behaviour in our communities. People find it incredibly disturbing and worrying if they cannot get away from appalling behaviour. I take issue with her suggestion that this has been a problem only since 2010; it has been a feature of our community for many years. The Government have done a lot to try to bring in antisocial behaviour orders and restraining orders, and police community support officers take an active part in reducing and preventing bad behaviour. The hon. Lady might like to seek an Adjournment debate so that she can raise her points directly with Ministers.

Several hon. Members *rose*—

Mr Speaker: Order. I will take remaining contributors as single-sentence inquirers.

Grahame Morris (Easington) (Lab): I support the request from my hon. Friend the Member for Ogmore (Chris Elmore) for a debate about universal credit. Notwithstanding the fact that the Leader of the House has been extraordinarily helpful, something like 80% of my constituency caseload is queries about the personal independence payment and universal credit. I know of a young couple with two children whose claim for universal credit was closed because of a missed appointment when the individual concerned was in hospital. I have a whole list of cases, but for reasons of brevity I will not go into them, so may we have a debate on this issue?

Mr Speaker: That sounds like a single sentence as practised by James Joyce in "Ulysses". The last 40 pages of the book are one uninterrupted sentence.

Andrea Leadsom: The hon. Gentleman has the option to raise individual matters directly with Ministers, as he knows. As for a debate, there have been a number in this place. There will be further opportunities, and I encourage him to seek an Adjournment debate on those specific matters.

Paula Sherriff (Dewsbury) (Lab): This is a long sentence, Mr Speaker. I recently met Dewsbury Soup, a wonderful group in my constituency that has a simple concept: attendees pay a small donation, receive a bowl of soup and then listen to pitches for funding from inspiring local projects; and then the pitches are voted on and the winner receives the donations. May we have a debate on how we better support innovative local organisations such as Dewsbury Soup?

Andrea Leadsom: I congratulate the hon. Lady for pausing for breath in the middle of her lengthy sentence and join her in congratulating that organisation. That sounds like a fantastic concept. Much more of that should be done around the country, and I am absolutely sure that she will find a way to continue to raise it in this place.

Patricia Gibson (North Ayrshire and Arran) (SNP): The Leader of the House will be aware of concerns about Government cuts to bereavement support payments, which will force many widows and widowers to increase their working hours at the same time as they are trying to cope with the loss of a partner and their children are trying to cope with the loss of a parent. Does she agree that this is an issue on which the House should have further debate?

Andrea Leadsom: I certainly agree with the hon. Lady that we need to do everything that we can to support bereaved families while balancing the need to provide good value for the taxpayer, who has to foot the bill for benefits. The hon. Lady might like to seek an Adjournment so that she can raise the matter directly with Ministers.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): This week it was announced that Plymouth Studio School will close. Parents have raised concerns about not receiving enough evidence and not being consulted, so may we have a debate on Plymouth Studio School's closure before Ministers sign off the closure order?

Andrea Leadsom: The hon. Gentleman is absolutely right to raise the matter in this House. I encourage him to seek an urgent Adjournment debate so that he can raise it directly with Ministers.

Kirsty Blackman (Aberdeen North) (SNP): I was very concerned to hear the Home Secretary say that MPs across the House have been overwhelmingly positive about the UK Visas and Immigration hotline service. Given that the hon. Member for Rutherglen and Hamilton West (Ged Killen) and the right hon. Member for Tottenham (Mr Lammy) have tabled written questions about it, and that my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) has written to the Minister for Immigration to set out our concerns about the service, will the Leader of the House ensure that the Home Secretary comes back to the House and explains in an oral statement what she meant?

Andrea Leadsom: My experience as a constituency Member is that the MPs' hotline for UKVI is very efficient and effective, but if hon. Members have problems with it, they should raise them with the Home Office.

There will be plenty of opportunities, including in next week's Opposition day debate, to speak to Home Office Ministers directly.

Liz McInnes (Heywood and Middleton) (Lab): I welcome the long-overdue pay awards for NHS staff, but may we have an urgent debate on the effect of the proposed NHS pay increases on voluntary sector hospices?

Andrea Leadsom: I am delighted that the hon. Lady is glad that more than a million NHS workers will benefit from the new pay deal. Of course, we are all incredibly grateful for the amazing work done by the hospice movement, and if she has specific concerns about the relative pay scales, she might want to raise them directly at Health questions on 8 May.

Rachael Maskell (York Central) (Lab/Co-op): Since 2015, City of York Council has built zero social housing and commissioned zero social housing, so may we have a debate about disaggregating social housing from affordable housing?

Andrea Leadsom: The hon. Lady raises a very concerning local constituency point, but on the bigger point about affordable housing and social housing, she will be aware that affordable housing is roughly 80% of the normal market cost and social housing roughly 40%. That is the differentiation, but she may seek to raise the matter at oral questions or seek an Adjournment debate to clarify the distinction directly with Ministers.

Mr Speaker: I call Alison Thewliss.

Alison Thewliss (Glasgow Central) (SNP): Thank you, Mr Speaker. I knew you would not forget about me.

Right now, in Glasgow, people are injecting heroin on waste ground and in dirty back lanes and bin shelters. My ten-minute rule Bill, which would amend the Misuse of Drugs Act 1971 to allow for supervised drug consumption facilities, is published today. The proposal is backed by Glasgow City Council and a majority of Members of the Scottish Parliament. May we have a debate in Government time about treating drug misuse as a public health issue?

Andrea Leadsom: The hon. Lady, as she often does, raises a very important issue about drug misuse. She is right to raise it and I congratulate her on bringing forward her private Member's Bill. Nevertheless, she will appreciate that if she wishes to seek a debate further to that which she will have on her Bill, she should probably apply for an Adjournment debate or raise the matter directly with Ministers.

Artificial Intelligence Sector Deal

11.45 am

The Minister for Digital and the Creative Industries (Margot James): With permission, Mr Speaker, I will make a statement today in response to the Government's publication of the sector deal for artificial intelligence—a major collaboration with industry to secure the UK's global leadership in AI and data.

AI holds transformative potential for every aspect of our lives—from how we travel to how we work and live—and for every sector of the economy. For the UK, the prize is clear: potentially adding 10% to our GDP by 2030 if adoption is widespread, with a productivity boost of up to 30%. In pursuing that prize, we start with strong foundations. The UK was recently ranked first among OECD countries in the Oxford Insights Government AI readiness index and is home already to globally recognised AI companies, including DeepMind, Swiftkey and Babylon Health. This success is supported by the UK's strong combination of world-leading universities that drive skills and research and development, a thriving venture capital market for AI that leads among economies of comparable scale and trusted universal public institutions such as our NHS that can pioneer data-driven innovation and connect the power of AI to the public good.

The sector deal that we have published today on gov.uk outlines how we are intending to build on those foundations and on the independent review led by Professor Dame Wendy Hall and Jérôme Pesenti, reflecting that review's spirit of partnership and consultation between the Government, industry and academia. In skills, we have made it the UK's ambition to be home to the world's best and brightest minds in AI. We will support the Alan Turing Institute's plans for expansion to become the national academic institute for AI and data science.

We will create 200 additional PhDs in AI and related disciplines by 2021, rising to 1,000 Government-backed PhD places at any one time by 2025. We have set a target of 200 places for an industry-funded AI master's programme and we will introduce an internationally competitive Turing fellowship programme in AI. We are also doubling tier 1 exceptional talent visas to 2,000 a year to attract the brightest minds to the UK. In infrastructure, we will ensure that the ambition of our AI sector is matched by the means of delivery in communications, in data and in supercomputer capacity.

In telecoms, we are investing more than £1 billion to create a country with world-class digital capabilities from 5G mobile networks to full-fibre broadband. In supercomputer capacity, we are pleased to announce that, as part of the sector deal, the University of Cambridge will make the UK's fastest academic supercomputer, capable of solving the largest scientific and industrial challenges at speed, available to AI technology companies. This complements Government support for start-ups' access to hardware via the Digital Catapult's machine intelligence garage and builds on Cambridge's existing track record as a hub for AI and technology.

We are also investing in data, because data is infrastructure; just as roads help us to reach a destination, data helps us to reach a decision. For AI systems, data is the experience that they learn from to be able to process information and interact usefully with the world and its citizens. This Government have always valued the economic benefits of pioneers having access to high-quality public

datasets, but some of the most useful datasets for AI are those that organisations are reluctant to share with others, perhaps because they have commercial value. The world's first centre for data ethics and innovation will therefore work to unlock the usefulness of that data, while protecting its value for those organisations and, most importantly, keeping people's data secure. We want AI-led growth to be both empowering and inclusive, and that applies to our approach to data. This also informs our commitment that the benefits of AI should be felt across the whole country.

The sector deal makes a commitment to establish clusters and regional tech hubs designed to power AI growth across the entire country. We will invest £21 million in Tech City UK over four years so that it can expand into Tech Nation, thus transforming the UK from a series of stand-alone tech hubs into a powerful network that can place the nation firmly at the top of the global tech rankings. The new Tech Nation's AI programme will operate in two or three key clusters where there is existing AI expertise and a potential to provide the mentoring, growth and support that is needed for ambitious AI businesses to thrive.

Industry shares our ambition to link promising AI clusters into a powerful network of high-growth AI businesses, and the sector deal confirms that. For instance, Barclays is launching the bank's first Scottish Eagle Lab in Edinburgh, in a new partnership with the UK's largest tech incubator CodeBase, to help AI businesses go from start-up to scale-up.

Taken together, these measures send a signal to AI business, science and research communities around the world. The UK will attract talent, invest and lead on standards and ethics. That message is made clear by the investment of industry that, along with investment from the Government, forms a total package of almost £1 billion. That sits alongside the £250 million already allocated for connected and autonomous vehicles, and the £1.7 billion that has been announced for the cross-sectoral industrial strategy challenge fund thus far.

Our ambition in AI will not stop at this sector deal. This is only the start of UK plans to seize the opportunities of modern technology and to ensure that it follows the highest ethical standards. By so doing, we will ensure that we can build a Britain that is fit for the future. I commend this statement to the House.

Mr Speaker: Ordinarily, a shadow Minister is expected to take no more than half the length of time taken by the Minister, and they certainly should not exceed five minutes maximum. But I simply say to the right hon. Member for Birmingham, Hodge Hill (Liam Byrne) that it is not obligatory to take that full length of time, and he need not think that he is doing the House or the nation a gross disservice if he takes less time.

11.52 am

Liam Byrne (Birmingham, Hodge Hill) (Lab): I am grateful for that guidance, Mr Speaker.

It is always good to see the Minister in her place. She certainly knows how to pack the House with her statements. I am sorry that I am not able to respond to the detail of her statement, but it only came to me by email at 11.25 am, so I was not able to see it in advance. None the less, it is good of her to show up and present her plans, which were first presented to *The Times*, rather than to Parliament. It is welcome that the Government

[Liam Byrne]

have now decided to step into the breach where a policy should be. It is a shame that the Minister has allowed the French, the Americans, the South Koreans and the Chinese to get there first, but better late than never.

From what I can divine from what the Minister said to the House, no new money has been announced today. Rather, a top-down earmarked amount of cash has already been handed out to research councils. That is fine as far as it goes, but it is an awful long way short of the £1 billion of funding that President Macron has just announced to support artificial intelligence in France.

As the Minister knows, a strong AI sector in this country will be built on three basic foundations: good networks, which support the internet of things; trust, which supports big data; and skills, which require a great education system. Today, our science spend is, I am afraid, in the second league, our digital networks are lamentable, our framework of trust is hopelessly out of date—in fact, we still have no date for the Data Protection Bill returning to this House—and our skills base is alarmingly thin. Indeed, the Government prayed in aid Jérôme Pesenti in their strategy this morning, but he was told by the Government that he was not allowed to look at the maths curriculum, as he told the House of Lords Artificial Intelligence Committee when he was giving evidence to its inquiry. That is why we call for science spend not at 2.4% of GDP, but up at 3%. We think there should be universal provision of networks at 30 megabits per second, a Bill of digital rights to restore trust and a national education service to restore the skills base.

In the interests of brevity, Mr Speaker, I have some specific questions for the Minister. First, the sector plan makes great play of a £2.5 billion investment fund delivered by the British Business Bank. Is this just for AI, or for innovation generally? Is it DEL—departmental expenditure limit—funding or loan guarantees? Is it intended to deliver grants or loans? When does that money come online? Is it, in other words, spin over substance?

Secondly, the Minister will know that artificial intelligence will accelerate the destruction of existing jobs, so when will we have a White Paper on the future of work? This will be a G20 agenda item in November. We have heard nothing about the Government's plans to explore this and put in place adequate protections for workers today.

Thirdly, where is the strategy to harness Government procurement, with a cross-Whitehall futures unit, to use the power of Government to drive forward this agenda? That is the way that every other western, and eastern, nation drives its science and tech investment. Why are the Government not doing this?

This morning, the Bank of England published figures showing that this Government have presided over the worst productivity figures since the late 18th century. If we are to be masters of the fourth industrial revolution, as we were of the first, the Government will have to do an awful lot better than this.

Margot James: I apologise if the right hon. Gentleman received my statement such a short time ago. That was certainly not my intention. I shortened my statement in anticipation of Mr Speaker's wish for brevity, and perhaps that delayed matters.

It is a shame that the right hon. Gentleman's response was pretty overwhelmingly negative, given that we start from a good base in this country with our world-leading institutions and our state of readiness. Oxford Insights, which I mentioned in my statement, has put us at No. 1 across the world on its Government AI readiness index. He referred to other countries, predominantly in Asia, which are indeed investing hugely in this area. [Interruption.] He mentions Macron from a sedentary position; he also mentioned him in his response. We are of course delighted that President Macron is also seeing the potential for AI. There is nothing wrong with that. We are a global-facing country. It is great that our partners in Europe are also committing to this agenda.

The right hon. Gentleman mentioned the importance of data and digital performance in this country. The UK is in a very competitive position in terms of digital performance. We now have 95% access to superfast broadband, which was delivered by the end of last year. Only yesterday, I was at a meeting with all the successful parts of the country that bid for the 5G test bed and pilot programme, which will put us in a pivotal position to take advantage of the internet of things. These test beds and pilots extend right across the country, from the Orkney Islands to the south-west of England, and a new wave of bids will be announced this summer. We are very determined on this front.

The right hon. Gentleman asked about the British Business Bank. I can assure him that this is new money that will be provided to tech start-ups and tech scale-ups via both equity finance and loans. I remind him that as of September last year, the British Business Bank had supported, through a combination of loans and equity finance, very many tech companies to the tune of £350 million. We are building on success.

The right hon. Gentleman talked about the future of work. This is an extremely important issue. Of course, we recognise that we are in for a fast ride here. The pace of technological change is such that momentous changes that are not always predictable can potentially displace groups of workers. We are very cognisant of the need to smooth the path through continuous training. The industrial strategy has at its heart improving the world of work and access to retraining throughout people's lives, so that no one is left behind by these technological advances.

Finally, on that critical subject, the Government's response to the Taylor review and the consultations that we announced at the beginning of the year will be out at some point this summer, and I am sure that the points raised by the right hon. Gentleman about the future of work in the context of technological advance will be taken extremely seriously.

Several hon. Members rose—

Mr Speaker: Order. Before I take questions on this statement, I should advise or rather remind the House that there is a further statement to follow, but that statement is not likely to absorb much time in the Chamber, not least on account of the 39 Back-Bench Members who wish to contribute to the principal debate of the day, on customs and borders. I would not want colleagues to be taken unaware, and therefore I am taking the unusual step of indicating that the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), the right hon. and learned Member

for Beaconsfield (Mr Grieve), the hon. Member for Brighton, Pavilion (Caroline Lucas) and the hon. Member for Na h-Eileanan an Iar (Angus Brendan MacNeil), together with the 39 Back Benchers who wish to speak in that important debate, should really as I speak be beetling across to the Chamber, because it would be most regrettable if they had not arrived for the start of the debate, which they so eagerly sought and of which I am myself in eager anticipation.

Tom Brake (Carshalton and Wallington) (LD): I thank the Minister for her statement. I did not require artificial intelligence to establish DeepMind's view on Brexit. When I googled "DeepMind" and "Brexit", it came up immediately with the company's concerns about the impact of Brexit. How will the Minister ensure that the IT innovation that currently flows around the European Union can continue post Brexit? How will she ensure that top-flight companies such as DeepMind can continue to attract EU citizens to work in that important sector? Finally, she will be aware that the EU investment fund for British start-ups, which was investing £500 million in 2016, has dropped to £53 million. Much of that money would have been spent on artificial intelligence. Is she confident that Government funds will be able to replace that?

Margot James: The right hon. Gentleman makes some very serious points. We are committed to making the UK a destination for global talent and equity finance and venture capital in the years to come, post Brexit. As he says, we already have companies that have invested substantially in the UK; he mentioned DeepMind, and we have many others. We have doubled the number of exceptional talent visas to 2,000, and we are offering scientists who have come to this country on tier 1 visas full settlement rights at three years. I mentioned in my response to the right hon. Member for Birmingham, Hodge Hill (Liam Byrne) that, post the EU investment in this country and AI, the Chancellor has announced substantial additional moneys available through the British Business Bank to replace over the long term EU funding that will be lost once we leave the EU.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the Minister for advance sight of her statement. In Scotland, we believe that this should be the best place to live, work and do business. While we welcome this announcement, a number of questions have to be answered.

We welcome the investment by Barclays in the Edinburgh CodeBase hub, but we want to know what the Government are going to do that is new. As has been pointed out, there is no new money here, and the statement is short on detail and the level of ambition required. The Minister talked about making data secure for people, but are the Government taking seriously people's right to own their own data in the future?

It is important that 5G is developed to take advantage of AI. Are the Government considering licensing spectrum and an outside-in approach, to make sure that the outlying parts of the nations of the UK, which normally get served last, have a fair shot at getting that connection early? In terms of the customs union, what work has been done to mitigate the negative effects of a hard Brexit on our ability to take advantage of AI trading? What

work has been done on the effect on jobs, and does the Minister agree with the Scottish Trades Union Congress that workers should be collectively involved in how automation is introduced?

Finally, on the digital skills gap, what news is there of young people, particularly girls and young women, being encouraged into the sector, and how will we attract the brightest and the best, given the current immigration shambles, particularly the situation facing EU nationals? Will the Minister work with the Scottish Government to set positive targets on immigration, and what discussions has she had with the Scottish Government about these proposals?

Margot James: The hon. Gentleman will forgive me if I fail to address all his questions, for want of time, but I appreciate his positive response to the sector deal. On 5G, I take his point about the licensing of spectrum. The Department is undertaking a telecoms infrastructure review looking at, among other things, the way we license spectrum to make sure it is the most efficient at reaching all the areas currently underserved, including in many parts of Scotland.

The hon. Gentleman asks about jobs and the digital skills gap. We are addressing this through the sector deal and our wider industrial strategy—for example, by placing an emphasis on reskilling throughout people's lives. He asks particularly about diversity and women. We have launched the tech challenge charter to engage businesses in both AI and the wider technology sectors and to encourage them to commit to looking closely at their recruitment, retention and progression policies—to make sure that women and girls are supported throughout—and to publishing their data in a transparent manner.

I have not personally had discussions with the Scottish Government, but I am sure the Secretary of State has, and I look forward to working with them and Scottish colleagues across the House to make sure that Scotland gets its fair share of the benefits of the sector deal.

Clive Efford (Eltham) (Lab): Artificial intelligence is coming—we cannot stand in its way—but we must enhance it to the benefit of workers in this country. In that regard, however, the statement was woefully inadequate. The companies developing AI are looking to cut their bottom lines by cutting the number of people they employ: driverless vehicles, aeroplanes with no pilots—the list is becoming endless. What will the Government do to come up with a strategy not just for the UK—the way the Minister put it sounded esoteric—but for people and jobs? We need an AI strategy that will benefit workers in this country.

Margot James: I want to reassure the hon. Gentleman that, just as there will undoubtedly be some job displacement as a result of technology, let alone AI, so new jobs will be created. We are looking at this. I mentioned the response to the Taylor review by colleagues in the Department for Business, Energy and Industrial Strategy, who are looking at this. We are taking it extremely seriously and will come forth with more developments on our projections in due course, but be assured: new jobs will come and replace many of the more routine and repetitive jobs, and we will be upskilling people so that they can take advantage of these new opportunities.

Stamp Duty Land Tax

Mr Speaker: The Financial Secretary to the Treasury and Paymaster General wishes to make a statement on stamp duty land tax—a subject he has obviously decided is of intense and pressing interest to the House—but I feel sure that, with his usual sensitivity to the concerns of colleagues who wish to speak in the subsequent debate, he has no plans to expatiate at length.

12.9 pm

The Financial Secretary to the Treasury (Mel Stride): With your permission, Mr Speaker, I will make a statement on the quarterly stamp duty land tax statistics published this morning.

As right hon. and hon. Members are aware, the Government announced at autumn Budget 2017 that we were introducing stamp duty relief for first-time buyers, unlocking invaluable support for first-home buyers up and down the country. The relief cuts stamp duty for first-time buyers who purchase a property for less than £500,000. Those who purchase a home for between £300,000 and £500,000 will save £5,000. The relief abolishes stamp duty for first-time buyers who purchase a property for £300,000 or less, and more than 80% of first-time buyers will not pay any stamp duty as a consequence. Although we want to help all buyers, the Government consider that it is fair to target the support where it is needed most. The Government therefore think it only right to reduce the up-front costs that cash-constrained first-time buyers need to pay, giving them much-needed support with their first purchase.

The quarterly stamp duty statistics published this morning reveal, for the first time, the tangible impact of first-time buyers relief. I am pleased to announce that between the coming into effect of the relief on Budget day on 22 November last year and the end of March 2018, a significant 69,000 first-time buyers benefited from it. That figure represents nearly 20% of all residential transactions, and it is broadly in line with the official estimate at autumn Budget 2017.

Over the next five years, the relief is projected to help more than 1 million first-time buyers to get on to the housing ladder. It is part of a broader housing package announced by the Government at autumn Budget last year—an ambitious package of new policies designed to tackle the housing challenge—that consists of wide-ranging planning reform, additional spending and a new agency, Homes England, to work more effectively with the housing market.

Although we are firmly on track to raise annual housing supply to its highest level since the 1970s, we are aware that housing is a complex issue and that there is no single solution to the challenge. We know, for example, that we need to support the private sector and local authorities to convert planning permissions into homes built. As my right hon. Friend the Chancellor set out at spring statement, the Treasury and my hon. Friend the Minister for Housing are working closely together to ensure that that happens. Government will be working with 44 local authorities that have bid into the £4.1 billion housing infrastructure fund to unlock homes in areas of high demand.

We are going further; over the next five years we have committed at least £44 billion of capital funding, loans and guarantees to support the housing market. We will

more than double the size of the housing growth partnership with Lloyds banking group to £220 million, to help to provide additional finance for small builders. London will receive an additional £1.7 billion to deliver a further 26,000 affordable homes, including homes for social rent. That will take total affordable housing delivery in London to more than 116,000 by the end of 2021-22.

Housing stock is on track to be higher than ever before during the upcoming decade, and the Government are committed to supporting those people who aspire to make their dream of home ownership a reality sooner rather than later. That is why measures such as the stamp duty relief for first-time buyers are so important. More than 95% of first-time buyers paying stamp duty will benefit from the relief.

The Government are committed to ensuring that everyone in this country can afford to buy a home if they choose to do so, and the Government have taken steps to make home ownership a reality for many more people. Targeted policies such as the first home buyers stamp duty relief are supported by other robust, ambitious and groundbreaking reforms to housing policy in the United Kingdom. Together, they will transform new home creation for years to come.

12.13 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): The Government appear to have arranged to give this statement so that they can pat themselves on the back, while reducing the amount of time spent on customs union with the EU. I appreciate that that issue may be controversial—albeit only for the Government; every other actor seems to feel that some kind of customs union is a good idea—but that should not prevent democracy from running its course on the matter. The Government's cunning plan to introduce the statement today has spectacularly backfired, because rather than offering an opportunity for congratulation and digression, it has merely provided a chance to indicate the Government's failure to deal with the housing crisis.

The Government have said—we heard it again just now—that their stamp duty cut is intended to back home ownership, but home ownership has fallen to a 30-year low under this Government. They say that the cut was intended to help first-time buyers, but there are now a million fewer under-45s who own their own home than there were in 2010. Home ownership was up by some 1 million under Labour, but it has fallen since 2010 under Conservative Ministers as part of this Government's eight years of failure on housing.

At the root of that failure is an inability to increase the supply of genuinely affordable housing. I do not need to set out how the stamp duty cut has failed to deal with that issue; I will use the words of the Office for Budget Responsibility, which stated that

“the main gainers from the policy are people who already own property,”

not first-time buyers. In contrast, measures from the Government to increase supply are woefully inadequate. To take just one example, local authorities will only be able to bid into a pot in order to borrow to build—a farcical situation when demand is so pressing. The number of genuinely affordable homes is declining, not increasing, under this Government.

We parliamentarians see all around us the worst impact of the Government's failure on housing, whether it is on the people we walk past who are rough sleeping in the city of London—rough sleeping is now at record levels here, as it is in many other cities—or the 120,000 children who are living in temporary accommodation, and whose families come to see us in our constituency surgeries. I am keen to hear the Minister's response to the question of whether he has commissioned research into the impact of this flagship measure on prices, in the absence of decisive measures to increase affordable supply.

It would be helpful to hear from the Minister how Her Majesty's Revenue and Customs is dealing with what appears to be a quadrupling of money-back claims related to a malfunctioning online calculator. What HMRC rather amusingly—it is not amusing for the people affected—calls a "ready reckoner" appears to be anything but, in view of its failure to take into account relevant stamp duty discounts. I would be grateful to hear from the Minister when it will be amended so that it properly reflects mixed-use properties.

On the subject of confusion over what stamp duty should be paid, it would be good to hear from the Minister about what the Government are doing to deal with those who make bulk purchases of individual flats, thus avoiding the buy-to-let surcharge. Let us imagine, as a hypothetical example, someone purchasing seven flats, worth between £450,000 and £1 million each, in a seaside town. They might try to do so using their own company, rather than as an individual. If so, I would hope that they registered the beneficial ownership of that company with Companies House—a matter that I look forward to debating with the Minister next week in our consideration of the Sanctions and Anti-Money Laundering Bill. Aside from beneficial ownership, however, by undertaking such a bulk purchase, our imaginary, hypothetical person would avoid a significant amount of stamp duty—say, around £100,000—which could have gone into our cash-strapped NHS. Can the Minister please inform the House what he is doing to deal with that loophole?

Above all, can we please have genuine action from the Government to deal with our appalling housing crisis—we parliamentarians cannot fail to notice that it is causing much misery to our constituents and blighting the lives of many children—rather than misplaced self-congratulation?

Mel Stride: I thank the hon. Lady for her contribution and her questions. She opened by asking what was the motivation for giving this statement today. I reassure her that it is that we believe that housing policy is one of the great issues of our age and we are determined to get on top of it, as the Chancellor set out in the autumn Budget. That is why—to move on to her question about how we will drive up the level of home ownership—the Chancellor made it clear at Budget that a further £15 billion would be made available, taking us up to £44 billion over the next five years, to drive up the supply of new homes. That is alongside planning changes and the review that my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) is undertaking to ensure that where planning permission is granted, houses are actually built. I suggest that we look at our record. Last year there were 217,000 new properties in this country, which

is the largest figure since 2005-06. That indicates that our move towards having 300,000 more properties on the market by the middle of the next decade is realistic.

The hon. Lady asked specific questions about the effect of stamp duty relief on house prices, and she will know that the OBR forecast a small impact of 0.3%. She will also know that that projection did not take into account the various supply-side measures that I have mentioned, and other measures that we have undertaken. She asked about the specific case of properties bought within a corporate wrapper, and I hope she will be familiar with the annual tax on enveloped dwellings, which stands at 15% if the property is put into the wrapper. Indeed, on the basis she outlined where a property is then rented out, ongoing charges recruit tax in that way.

Kevin Hollinrake (Thirsk and Malton) (Con): May I draw the attention of the House to my entry in the Register of Members' Financial Interests? I welcome the Minister's statement, and express my support for stamp duty relief for first-time buyers. That measure exists to reverse the trend of declining home ownership that began in 2003, and it is the right thing to do. Will the Minister confirm the commitment made in the autumn Budget to increase the amount of housing supply delivered by small and medium-sized developers, as they are a crucial part of solving the housing crisis in the UK?

Mr Speaker: The hon. Gentleman should not undersell himself; he is an illustrious estate agent, and I have now drawn wider attention to that important fact.

Mel Stride: My hon. Friend is right to mention smaller builders, and we recognise the importance of ensuring that finance is available to them. They play a key role in providing new housing, and I confirm that the £630 million announced in the Budget for the small-site infrastructure fund will be going ahead, as will measures that we have taken to support bank lending specifically to smaller builders.

Tom Brake (Carshalton and Wallington) (LD): If the Government are serious about boosting housing provision, will the Minister join me in congratulating councils such as Sutton Council, which is building council homes for the first time in 30 years? What more can the Minister do to support it to provide homes that are genuinely affordable?

Mel Stride: I have already, at length, gone through the various measures we have taken to support increased housing supply. Given that I have been urged to stray towards brevity rather than to respond at length, I will leave it there, other than to say that we will have our foot firmly to the floor. When it comes to council housing, we have of course built twice as much since 2010 than the Labour Government built during their 13 years in office.

Mr Speaker: I say to the House that I have not detected much beetling taking place. I exhorted colleagues to beetle across to the Chamber if they wished to take part in the next debate, but by my reckoning, fewer than half the would-be contributors to that debate have landed in the Chamber. I hope there will be some beetling or toddling of a hasty kind pretty soon.

Antoinette Sandbach (Eddisbury) (Con): Hundreds of families in my constituency have benefited from Help to Buy, and I very much welcome the changes in stamp duty. How many people in the north-west have benefited from those changes?

Mel Stride: I thank my hon. Friend for her question. Mr Speaker, at one point you wanted me to respond rather quickly. If you now wish me to go a little more slowly to allow others to attend the Chamber, I am at your disposal.

Mr Speaker: That is extremely accommodating of the right hon. Gentleman, and I would expect no less of him. He can rest assured that the next debate will start no later than 12.30 pm, and preferably earlier, notwithstanding the fact that his own erudition is endlessly intoxicating.

Mel Stride: Thank you, Mr Speaker. My hon. Friend asked about the north-west, where 6,900 individuals benefited from stamp duty relief between 22 November and 31 March this year.

Mr Speaker: Things are hotting up now.

Dr David Drew (Stroud) (Lab/Co-op): My area has many thousands of extant planning permissions that have yet to be brought forward. How will the Treasury try to get those planning permissions to a state where we can build houses? Is it about time that we had a sensible debate on land value taxation?

Mel Stride: The hon. Gentleman raises an important point: there is little point in land that has planning consent if properties are not swiftly built on it. My right

hon. Friend the Member for West Dorset (Sir Oliver Letwin) is conducting a review of exactly that matter, and we will come to the House in due course with our proposals.

Jeremy Quin (Horsham) (Con): Horsham has very high house price multiples, and I welcome the Government's efforts to help first-time buyers with that vital first step on the ladder. I also welcome the impact of that policy from a macroeconomic perspective. The Financial Policy Committee at the Bank of England has talked about broadening home ownership as a way of encouraging and improving financial stability. That should have an important impact, which I also welcome.

Mel Stride: I thank my hon. Friend for his kind words. As well as the many advantages and benefits of home ownership for individuals, society and the economy, his point about financial stability is right and another reason why the Government are determined to make progress.

Mr Speaker: Order. As colleagues will know if they have studied the Annunciator, the second of the two debates scheduled for this afternoon has been withdrawn, so we have simply one debate on customs and borders. Members will recall that when the House debated estimates on 26 and 27 February, the motions were proposed by the Backbench Business Committee under an arrangement recommended by the Procedure Committee. Today, we have a complementary proceeding of a Backbench Business day in which the motion has been proposed by the Liaison Committee.

Backbench Business

Customs and Borders

[Relevant documents: the First Report of the Home Affairs Select Committee, Home Office delivery of Brexit: customs operations, HC 540; the Second Report of the Committee of Public Accounts, Brexit and the future of customs, HC 401; the Seventh Report of the Committee of Public Accounts, Brexit and the UK border, HC 558; the Second Report of the Business, Energy and Industrial Strategy Committee, Leaving the EU: implications for the civil nuclear sector, HC 378; the Fifth Report of the Business, Energy and Industrial Strategy Committee, The impact of Brexit on the automotive sector, HC 379; the Sixth Report of the Business, Energy and Industrial Strategy Committee, The impact of Brexit on the aerospace sector, HC 380; the Seventh Report of the Business, Energy and Industrial Strategy Committee, The impact of Brexit on the processed food and drink sector, HC 381; the Second Report of the Northern Ireland Affairs Committee, The land border between Northern Ireland and Ireland, HC 329; the Fourth Report of the Health and Social Care Committee, Brexit – medicines, medical devices and substances of human origin, HC 392; Oral evidence taken before the International Trade Committee on 13 December 2017, on implications of arrangements for the Republic of Ireland – Northern Ireland border for wider UK Trade Policy, HC 665; the Fourth Report of the Treasury Committee, Transitional arrangements for exiting the European Union, HC 473, and the Government response, HC 850; Oral evidence taken before the Treasury Committee on 7 March 2018, HC 473; the Third Report of the Exiting the European Union Committee, The progress of the UK's negotiations on EU withdrawal: December 2017 to March 2018, HC 884; the Fourth Report of the Exiting the European Union Committee, The future UK-EU relationship, HC 935; and the Third Report of the Environment, Food and Rural Affairs Committee, Brexit: Trade in Food, HC 348.]

12.26 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I beg to move,

That this House notes that the EU is the UK's largest export market for goods, accounting for a total of £145bn of exports and £241bn of imports in 2016; further notes the Government's expressed aim to secure the freest and most frictionless possible trade in goods between the UK and the EU after 29 March 2019; notes the importance of frictionless trade without tariffs, customs or border checks for manufacturers and businesses across the country who trade with the EU; further notes that the free circulation of goods on the island of Ireland is a consequence of the UK's and Republic of Ireland's membership of the EU Customs Union; in addition notes the Government's commitment to (i), in the UK-EU joint report on progress during phase 1 of the Article 50 negotiations, the maintenance of North-South cooperation and the all-island economy on the island of Ireland, (ii) the Belfast Agreement implemented in the Northern Ireland Act 1998 remaining a fundamental principle of public policy and (iii) the continuation of unfettered access for Northern Ireland's businesses to the whole of the UK internal market; and therefore calls on the Government to include as an objective in negotiations on the future relationship between the UK and the EU the establishment of an effective customs union between the two territories.

This is the first of the debates chosen by the Liaison Committee, and it is on one of the most important issues on which Parliament must decide in the next

six months. We did not choose this topic because we all agree—the Liaison Committee includes the hon. Member for Stone (Sir William Cash), and hon. Members can imagine the extent of the disagreement that he and I have on many of these issues. We chose this topic because we think it is an incredibly important issue and we are running out of time. The motion is tabled on behalf of 12 Committee Chairs, and it proposes an effective customs union in the interests of our manufacturing industry and of continuing to support peace in Northern Ireland.

We are running out of time. We are running out of time for Parliament to help shape negotiations, based on evidence heard by our Select Committees and discussions between Back Benchers. We are running out of time to hear from the Government about what they are going to do. The Government rightly say that they want frictionless borders and no extra burdens on business; they want to improve trade and to have no hard border in Northern Ireland, including no infrastructure at the border. However, there is still no clarity about what that means for our borders. Many of our Committees have looked in detail at some of the practical challenges, and the Home Affairs Committee has warned about the problems and challenges of bringing in huge border changes at speed, and with a lack of staff in place.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I sit on the Committee chaired by my right hon. Friend, and I wholeheartedly endorse the conclusions we came to regarding our serious worries about Government preparedness. Does she agree that not only is the border between Northern Ireland and the Republic of Ireland a serious issue that is yet to be resolved, but there is also a question whether there will be a maritime border between Wales and Scotland and the Republic of Ireland? The Home Secretary seemed to suggest that there would be customs officials at Welsh ports, but that is a completely unacceptable situation.

Yvette Cooper: My hon. Friend is right: there are so many unanswered questions and the clock really is ticking. We secured this debate to try to tease out those questions and get some answers, and to put forward some proposals for this debate. I also put on record apologies from the Chair of the Exiting the European Union Committee, my right hon. Friend the Member for Leeds Central (Hilary Benn), but that Committee is taking evidence in Berlin today.

Why put forward an effective customs union as part of the proposals? It means no tariffs on the goods we buy and sell with the European Union. It means no customs checks at the border. It is a crucial part of delivering the frictionless border for trade that the Government have rightly promised. It clearly does not solve all the problems and meet all the challenges that we face, but it is an important part—

Kevin Hollinrake (Thirsk and Malton) (Con): Does the right hon. Lady accept, though, that even with a customs union there would still be a need for checks at the border for things like product standards?

Yvette Cooper: The hon. Gentleman is exactly right. There are wider regulatory issues that need to be addressed. There is a wider debate about regulatory alignment.

[Yvette Cooper]

That is obviously particularly important as it affects Northern Ireland, but it will affect ports across the country as well. The focus of today's debate is specifically around a customs union. There are a lot of other aspects to Brexit that we will need to continue to debate in this place.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The Society of Motor Manufacturers and Traders announced today that there has been a 14% drop in the output of cars manufactured in this country over the past year, and emphasised that certainty over our negotiations and access to the EU market is essential for the future prosperity of that industry and our economy.

Yvette Cooper: My hon. Friend is exactly right, because the lack of certainty makes it extremely difficult for any employer to plan. I have discussed the subject with employers in my constituency, particularly manufacturers, and frankly any business that is involved in cross-border trade in any way is desperately concerned about the lack of certainty. The idea that new arrangements could have to be in place in less than 12 months' time has an impact on investment; it has an impact on the decisions that employers—businesses—are making right now.

At Dover, 400 lorries an hour rumble on and off the ferries to France. In Ireland, 6,000 lorries and 8,000 vans whizz to and fro across the border, without even braking. From apples to aerospace, from Yorkshire woollens to Scottish salmon, Britain does more than £230 billion of export trade with European countries every year. Those businesses do not get stopped at the border, do not pay tariffs or submit extra forms. They can just sail on through. That is the frictionless trade that so many of our manufacturing jobs depend on.

Tom Brake (Carshalton and Wallington) (LD): In the right hon. Lady's contacts with business, has she come across any businesses that are currently exporting, or intending to export, to the EU that are looking forward to filling in all the customs forms that will be required once we have left?

Yvette Cooper: Funnily enough, I have not, and I doubt that many of us have either, because for those employers—those businesses—this goes much wider than simply what happens at the border. It extends to all the bureaucracy, all the paperwork, and all those additional burdens and costs that they could face outside a customs union.

Thelma Walker (Colne Valley) (Lab): Businesses in my constituency of Colne Valley, like others across the country, are deeply concerned about the UK's walking away from our largest export market. Does my right hon. Friend agree that a customs union with the European Union would offer the best protection to businesses in each of our constituencies?

Yvette Cooper: I do agree with that and it is, interestingly, the view of both the CBI and the TUC that a customs union is particularly important for the future of our economy and the future of trade. Hon. Members can see why it would matter at the border. James Hookham, the deputy chief executive of Britain's Freight Transport

Association, has warned that an average delay of two minutes as a result of new Brexit spot checks at Dover would create a tailback of 17 miles. In a world of just-in-time production and retailing, when companies hold less stock, when supply chains run across borders and back again, it makes even small delays costly.

John Redwood (Wokingham) (Con): Can the right hon. Lady explain how it is that we have such a smooth-running, fast-growing and very large trade with the rest of the world, on World Trade Organisation terms, where we have to pay EU tariffs, and we are not allowed to negotiate them down all the time we are a member of the customs union?

Yvette Cooper: I think the right hon. Gentleman is simply making the point that our trade was growing, within the current arrangements, with the rest of the world. That seems to be a good thing, and suggests that perhaps, therefore, we can carry on increasing our international trade and our global trade, even within customs union arrangements.

Anna Soubry (Broxtowe) (Con): Would it not also be the case that, as a country that champions free trade, we have seen the reduction of barriers with those other non-EU members, which may explain the growth? Does the right hon. Lady agree that it seems rather perverse that, at a time when we want to increase free trade, we are going to put up a whole load of barriers to stop access, in the best existing free trade area in the world?

Yvette Cooper: The right hon. Lady is exactly right. Where we currently have good free trading arrangements we should cherish them, because the truth is that it is getting harder to negotiate new trade deals. The politics of trade deals has become more complex, as communities across different countries become more worried about the losers and winners of big changes to trade arrangements. At a time when it could take very many years to negotiate new trade arrangements, if we pursue the idea of ripping up our existing ones before the conclusion of such negotiations it will be deeply damaging to many of our jobs and communities.

Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): In answer to the right hon. Member for Wokingham (John Redwood), I am struggling to think of a country that we have a ro-ro ferry arrangement with that is not in the single market—which we are going to have very soon, if we follow his direction.

Yvette Cooper: Unfortunately, I did not catch the beginning of the hon. Gentleman's intervention. May I ask him to repeat it?

Angus Brendan MacNeil: In answer to the right hon. Gentleman, I am struggling to think of a trading partner that we have, outside of the single market and customs union, that we have a ro-ro arrangement with, and I think that would be the answer to his question.

Yvette Cooper: The hon. Gentleman is exactly right. Not only that, but those other countries that we might seek to get alternative trade arrangements with are further away, and when it comes to manufacturing industry in particular, geography matters—gravity matters.

The best opportunities and the greatest markets will be those that are closest, especially in a world of just-in-time production where you might need to get supplies very rapidly into your factories or into your retailers.

Sir Desmond Swayne (New Forest West) (Con): The European Union is a customs union. The right hon. Lady has spoken of preserving our existing arrangements, but the motion speaks of the establishment of a customs union. Can she explain what the difference might be between “the customs union” and the customs union that she envisages?

Yvette Cooper: Obviously, the customs union is a part of the European Union; that is the arrangement that is in place at the moment. I think we need a customs union because once outside the European Union you cannot have “the customs union”; but we are in danger of getting ourselves tangled up on the definite and indefinite article. We chose the words “an effective customs union” in the motion to avoid disputes about grammar, and to get to the substance. We want an arrangement that includes no tariffs, but has frictionless borders and, crucially, a common external tariff. That is the immensely important point that I want to cover now.

Albert Owen (Ynys Môn) (Lab): My right hon. Friend mentioned trade through ports. She is aware that my constituency is on the frontline of Brexit, and is the busiest port with the Republic of Ireland—400,000 lorries a year pass through it. This is not scaremongering: already, Irish companies are making contingency plans to trade directly with mainland Europe, bypassing Britain altogether, on a business case.

Yvette Cooper: They are, and it is perhaps unsurprising that they should do so, because businesses will make investments, they will take a precautionary approach, and they will look for the best way to protect their trade at a time of such huge uncertainty about what might happen to trade that we want to pass through the UK. We will see more and more of those consequences, therefore, particularly if we do not get answers and decisions soon.

Rachael Maskell (York Central) (Lab/Co-op): Does my right hon. Friend agree that the biggest threat of all is the threat to jobs, as businesses are making their investments elsewhere in mainland Europe as opposed to the UK now, let alone in the future?

Yvette Cooper: I do, and I think this is also particularly about our manufacturing communities, and many of our towns across the country, where those jobs are so important.

Kevin Hollinrake *rose*—

Yvette Cooper: I will give way to the hon. Gentleman, and then I want to make progress, as a lot of Members want to speak.

Kevin Hollinrake: I am grateful. The right hon. Lady has been very generous in taking interventions. Earlier, she referred to the potential for tailbacks as a result of checks. What I was trying to get across in my earlier

question was that if we were still in the customs union but not the single market, checks would still be needed for product standards, so is she actually proposing membership of both the single market and the customs union, and if she is, is there any point in leaving the European Union at all?

Yvette Cooper: Look, there will be some for whom this debate is partly about what happened in the referendum. Others will want to have nothing to do with anything that is linked to the European Union in any way. I am looking to see where the consensus can be in this House, and I think there is a possibility of a consensus around a customs union. We can have a separate debate another time on the wider regulatory alignment—on which the hon. Gentleman and I have particular views—and on what other aspects of regulatory alignment, or of a single market, we may each care about. For now, the focus should be on a customs union, which does not prejudice the conclusions of some of the wider questions.

I want to say something about the common external tariff, because I think this bit gets lost too often. If we are in a customs union, we have the common external tariff, the consequence of which is that not only all those products, but all the components and agreements of the products can spin back and forth across different borders within the EU and not have to face rules of origin checks. Many businesses are particularly concerned about the rules of origin checks, because that means that they have to account for where the different ingredients come from. If they suddenly change the mix of ingredients in a product or if they suddenly change the source of their supply, they might also suddenly have to change their evaluation of the rules of origin and fill in different forms. That is a huge ongoing burden for businesses, employers and particularly for manufacturers. It is not just a one-off cost or an easy thing about ticking an online box.

Kirsty Blackman (Aberdeen North) (SNP): I am really pleased that the right hon. Lady secured this debate. The point she is making about the importance of the shared external tariff is absolutely vital, because of the rules of origin. Does she share my concern that some Members in this House seem to be wilfully misunderstanding what a customs union really means and cannot cope with the idea that this will result in a huge amount of extra paperwork?

Yvette Cooper: That is right. If a manufacturer's components come in from China but then, as part of the manufacturing process, the product moves to France for further manufacturing, and the components come back again and are then sent somewhere else, at every stage those calculations would have to be done. At the moment, because we all have the common external tariff, when the components come in from China or elsewhere in the world, those rules of origin checks do not need to be done after the manufacturing process and before it is sold on. It does not matter where the widgets come from or where the gadgets go; we have the common external tariff, which makes that process much, much smoother than it would otherwise be.

Geraint Davies (Swansea West) (Lab/Co-op): My right hon. Friend will be aware that third countries represent some 12% of our exports via the EU. Already, South Korea,

[Geraint Davies]

Australia and Chile have said that they want to renegotiate the trade agreements, including tariffs, if we are not in the customs union, and many more may. Is she fearful that we will end up with higher tariffs, worse terms of trade and fewer jobs?

Yvette Cooper: That is right. I think there is common agreement that we want no tariffs with the EU as part of this—I think that is shared across the House—but we also want to ensure that we do not end up with worse terms of trade with the rest of the world, rather than having the promises we have had that somehow things will magically be better.

Ruth George (High Peak) (Lab): My right hon. Friend has mentioned that businesses are very concerned about this issue. I met over 20 businesses in my constituency that provide nearly 2,000 incredibly valuable jobs in my rural area. They are very concerned that they are already seeing European competitors coming in and taking contracts from under their noses. They cannot compete because they do not have the certainty that the UK will be in a customs union this time next year.

Yvette Cooper: That goes to the heart of the situation. It is partly about certainty and partly about knowing that businesses can smoothly trade in the way that they have been doing, and that we can build on that trade and not end up with new barriers in place. It is manufacturing where this matters most—manufacturing is still the spine of our economy and so much else depends on it. For so many of our towns, such as those in my constituency and across the north and midlands, manufacturing is still at the heart of the local economy, and it could be hugely jeopardised if we end up with a damaging change to the terms of trade.

Stephen Doughty: My hon. Friend is being very generous in giving way. Unite—the union shop stewards who came to visit me from Rolls-Royce—made exactly that point. They explained the real damage that could be done by this to the aerospace industry in particular and the long and detailed supply chains that stretch across not just the whole of the UK, but the whole of the European Union.

Yvette Cooper: That is right. Many of these manufacturing towns and areas may well have voted to leave the European Union, but they will also argue strongly for support for manufacturing jobs within their communities. We should be listening to their voices.

Kate Hoey (Vauxhall) (Lab): I thank my right hon. Friend for giving way; she has been very generous. If she wants to unite the House on staying in “the” customs union, or “a” customs union, would it not be much better to show the European Union that we are united in wanting a free trade deal, instead of giving the EU the opportunity to play us off against one another?

Yvette Cooper: A customs union should be at the heart of that free trade agreement. Whatever the trading or future partnership agreement should be with Europe—and we clearly need a close, continuous trading arrangement—my argument is that, for the sake of

manufacturing and of Northern Ireland, a customs union should be the central part of it. That is what is in our interests.

Nic Dakin (Scunthorpe) (Lab): My right hon. Friend is right when she says that small towns such as the ones that I represent—Bottesford, Kirton and Scunthorpe—voted to come out of Europe, but they did not vote to lose out when that happened, and they will be looking for an arrangement that makes sure they do not.

Yvette Cooper: That is exactly right. They want a Brexit deal that is good for manufacturing, and to be honest, any deal that rejects a customs union is going to hit manufacturing across Britain.

Mr Dominic Grieve (Beaconsfield) (Con): To go back to the question that the hon. Member for Vauxhall (Kate Hoey) asked, any free trade agreement inevitably comes with strings attached. If one is going to do a free trade agreement with 27 member states that co-ordinate their own trade, I simply do not see how we will escape the strings that are obligatory if such an agreement is going to work. The trouble is that it then starts to look very much like a customs union, because that is what, in reality, it has to be if it is to work at all.

Yvette Cooper: The right hon. and learned Gentleman is right: in the end, any agreement has obligations attached to it, as well as enforcement mechanisms.

Angus Brendan MacNeil: Will the right hon. Lady give way?

Yvette Cooper: I will make this one of the final interventions. I want to deal with the objections that people have raised to a customs union, because it is important to respond to those.

Angus Brendan MacNeil: I am very grateful. To build on the point that the right hon. and learned Member for Beaconsfield (Mr Grieve) made, a free trade agreement in this context is highly misleading. The UK would not have a free trade agreement, but a “less trade” agreement, and when we talk about free trade agreements with the rest of the world, we mean bits of trade agreements. Trade will not be as free as it currently is in the European Union.

Yvette Cooper: There is no doubt about that. If we have no customs union, there will be less free trade than we currently have, and that is where the manufacturing industry is at risk.

Manufacturing is very important in my constituency, and we are very proud of having Haribo there. I have been to visit, and I particularly enjoyed doing the quality-control checks on the Starmix—we made sure that they were particularly rigorous and tried many times to make sure that the Starmix was very top quality that day. The chief executive of Haribo said clearly to me:

“If a truck loaded with materials that we desperately need to make a product is held up or not released at border control for a day or two, the worst case scenario would be production grinding to a halt”.

That is the reality.

We know, too, that this issue is particularly important for the Northern Ireland border. Ministers have rightly said that there should be no hard border between Northern Ireland and the Irish Republic or between Northern Ireland and Britain. Parliament has a responsibility to make sure that that happens.

Lady Hermon (North Down) (Ind): Will the right hon. Lady take a moment to reflect on the statement that the Prime Minister made yesterday at Prime Minister questions when she was happy to endorse the idea, peddled by the Government again, that no deal would be better than a bad deal? That is a very dangerous strategy, and I say that as someone who represents a Northern Ireland constituency. If we have no deal, we will inevitably have a hard border in Northern Ireland, and we will see the return of violence in Northern Ireland.

Yvette Cooper: I have huge respect for the hon. Lady's views on this, and I agree. We have to show some responsibility. This is not something on which we can simply trade political slogans or vote for an abstract. We have to be very honest and real about the consequences. The removal of the security and economic checks at that border and the growing economic integration between Northern Ireland and the Republic, as well as with the rest of the United Kingdom, are an important part of ending a conflict in which so many people have died. We have a huge responsibility to future generations who will not forgive us if we just rip all that up and throw it away because we did not face the facts.

Hywel Williams (Arfon) (PC): Will the right hon. Lady give way?

Yvette Cooper: May I make some progress first?

Three specific objections to a customs union tend to be presented. First, people say that we do not need a customs union because there are alternatives, usually based on new technology. Secondly, they argue that we will be better off outside the customs union, and that being outside is a price worth paying for the benefits that we will enjoy as a result. Thirdly, they make an emotional appeal, claiming that it is somehow at the heart of our sovereignty or the Brexit vote. I disagree with all three counter-arguments, and I will deal with each of them briefly.

Let me deal first with the claim that a customs union is not needed and we can solve everything with new technology instead. So far the Government have put forward two alternatives: a customs partnership and "max fac", which seems to be the latest name for a streamlined arrangement described as "maximum facilitation". The customs partnership—to be honest, I had to struggle to get my head around it—seems to involve our collecting EU tariffs at the border, tracking products, and then paying some of the money to the EU. I understand that both the Secretary of State for Exiting the European Union and Brussels have agreed that it is unworkable. It is quite a triumph for the Government to have come up with a proposal whose unworkability has managed to unite Brussels and the Brexit Secretary and those whom he defends.

The alternative is speeded-up customs arrangements at the border. The idea is that all the customs forms would be filled in online, customs checks would be carried

out at the trader's own premises rather than at the border, and there would be cameras and automated number plate recognition. An extreme version of that was proposed by the Financial Secretary, who compared it with the congestion charge between the Islington and Camden borders.

Let me be clear: I think we could do a great deal more with new technology at our borders. In the interests of trade, we should be improving the technology, and the use of technology, at our borders and at borders throughout Europe and the world. However, there is still a limit to how far we can go. First, it will take a long time and a lot of investment to roll out many elements of the technology. Secondly, in the case of the congestion charge, the cameras identify only the cars, not what was in them, so cameras do not solve all the problems involving checks. Thirdly, we would have to rely on the willingness of France, Belgium, Ireland and other countries to provide the same level of investment in the technology at the same pace.

The proposal also assumes a higher level of tolerance of smuggling and evasion of tariffs. The Prime Minister, for example, has suggested that in Northern Ireland 80% of trade—the micro, small and medium-sized businesses—could be exempt from all checks. That level of exemption would require agreement with other countries. There is also the question of how enforcement would take place to ensure that there was no systematic evasion of tariffs.

Antoinette Sandbach (Eddisbury) (Con): Would that not also be in breach of World Trade Organisation rules? It would require exemption in all the most favoured nation states, effectively creating a massive inability to monitor huge amounts of goods coming into this country.

Yvette Cooper: The hon. Lady is right. It raises huge questions about the rule of law, about how the system would be enforced, and about how it could operate in a sensible and fair way without being opened up to challenge from other areas.

Crucially, the technology approach relies on cameras. I have no doubt that part of the response at Dover will be the introduction of new automated number plate recognition and other such mechanisms. As I said to the Prime Minister before Christmas, cameras are infrastructure. If we add a whole load of cameras to the Northern Ireland border, we will still be creating the infrastructure and—crucially—the targets that the police fear will become a focus for dissident groups who want to disrupt the peace process. That, I understand, is why everyone, including the Government, has concluded that cameras at the Northern Ireland border are not a sensible solution and should not be part of our approach.

Sir Hugo Swire (East Devon) (Con): I am listening closely to what the right hon. Lady is saying, but there are already cameras for number plate recognition at all the ports on the UK mainland, recording traffic to and from the island of Ireland.

Yvette Cooper: The right hon. Gentleman will be aware that the concern relates to what happens around the border between Northern Ireland and the Irish Republic, and the introduction of new infrastructure at that border, especially such symbolic infrastructure, and especially anything that would increase the sense of

[*Yvette Cooper*]

there being targets for dissident organisations. We do not want them to become more active and have more to focus on.

Hywel Williams: When the Exiting the European Union Committee visited South Armagh a couple of months ago, everyone we met, from Sinn Féin councillors to the deputy chief constable, agreed that there should be no infrastructure on the border, for the very reason that the right hon. Lady outlined.

Yvette Cooper: It is significant that the Northern Ireland Affairs Committee concluded last month that there were no technical solutions anywhere in the world “beyond the aspirational” that would remove the need for physical infrastructure at the border.

Tonia Antoniazzi (Gower) (Lab) The Northern Ireland shadow team, of which I am a member, paid a visit to Stormont. We met the leaders of all the parties, and they all expressed their concerns about the barrier. There must be no barrier at any price.

Yvette Cooper: I completely agree; I think that that is immensely important. It brings me back to what I said about our sense of responsibility. It is no good our pretending to be in a parallel universe when all the things that we might want to be true simply are not. We must face up to the world as it is, and to our responsibility and the consequences of any decisions that we make in the House for a process to build peace that has been going on for so many years. We are only the custodians of that process, and we must not be the ones who put it in jeopardy.

Another crucial point is that even if all that technology were possible—even if it were possible to solve all those problems at the border—it would not remove the need for rules of origin checks if we were not party to the common external tariff. It would not remove the bureaucratic burdens that would be imposed on manufacturing businesses every time they changed ingredients or components, because those ingredients and components will be subject to different external tariffs if we are outside a customs union, and the businesses will then have to account for their origins. That is why even new technology, however fabulous and whizzy it becomes in the years ahead, cannot solve the wider problem of what will happen if we have no customs union.

The second argument advanced by those who object to the customs union is that being outside will be worth it, because the benefits of not having a common external tariff and being able to have our own new trade agreements are somehow better than the benefits of being in the customs union. The problem is that the evidence—the Government’s own EU exit analysis, and the findings of the National Institute of Economic and Social Research—shows that the potential benefits of new trade treaties with far-flung countries, even if they could be created quickly, will still be outweighed by the losses resulting from the rules of origin checks and the friction at the border.

Stewart Hosie (Dundee East) (SNP): When members of the Treasury Committee were in the United States, we were told one thing consistently by almost everyone

we spoke to, namely that when it came to negotiating the new, alternative free trade agreements in which those in favour of Brexit put all their stock, the UK would have to put everything on the table and the US would have to put nothing on the table. Does that not lie at the heart of this issue? Our position will be substantially weakened, and nothing that the United Kingdom can negotiate will compensate for the losses that it is likely to suffer.

Yvette Cooper: The hon. Gentleman is right. Other Members will have more evidence and experience than I when it comes to all the detailed arguments, but if we are a smaller market offering to trade, we will be in a weaker position to get a good deal than if we are part of a larger argument in that trade negotiation. Trade deals can take a long time, regardless of the best intentions. There can also be winners and losers, which means that even in this country it may take us a long time to agree on whether new trade agreements are right or wrong.

For example, consumers might want to enjoy more and cheaper New Zealand lamb, but Welsh farmers might take a different view. Industry might be able to get cheaper Chinese steel, but what about the consequences for the British steel industry? If the price of a US trade deal is lower environmental standards or giving US private healthcare companies access to, and the right to aggressively compete for, contracts in our NHS, many of us will want nothing at all to do with that. The truth is that any trade agreement will be complicated to agree in this place, never mind with countries across the world.

Moreover, as the CBI has pointed out, we can increase our international trade—and our EU trade—while still in a customs union with the EU and without having to spend years negotiating complex new treaties. As the CBI points out, Germany currently sells four times as much as we do to China. We should be trying to make the most of those opportunities.

Research by the National Institute of Economic and Social Research shows that the overall trade increase from possible future agreements with the USA, Canada, Australia and New Zealand would amount to less than 3% of our current trade. Are we really going to rip up all the benefits of what we have in a customs union for the sake of a 3% increase that will not be sufficient to balance what we will lose?

Anna McMorrin (Cardiff North) (Lab): I thank my right hon. Friend for giving way; she is being very generous. Analysis by the Cardiff Business School and supported by the Welsh Labour Government states that our economy is best protected by membership of the customs union. Wales is currently attracting record inward investment, but businesses in my constituency are very worried due to the lack of certainty from the Government.

Yvette Cooper: My hon. Friend is exactly right. This is affecting businesses all over the country.

I want to make one final point. I have taken a lot of interventions because I know that many Members will not get the chance to speak later and they want to give their views. I am conscious, however, of the time. Time is running out in the negotiations and the clock is even sharper today.

The final reason given by those who object to a customs union is that it is a point of principle. They say that it is about our sovereignty and that that was at the heart of the Brexit vote. Even if it is bad for us, it is a point of principle that we should be able to set our own tariffs and sign our own trade deals, and that is somehow at the heart of the taking back control that Britain voted for.

I find that argument illogical as well as inaccurate because, as the right hon. and learned Member for Beaconsfield (Mr Grieve) said, any trade treaty involves signing away some sovereignty. Any kind of trade agreement involves legally binding conclusions and an independent dispute resolution procedure, and once the state has signed up to such an agreement, it might not be able to stop, for example, a US company taking contracts with the NHS or whatever we might have signed away as part of it.

Nobody wants to defend a principle of sovereignty whereby we never do any trade agreements with anybody or sign anything away. We should not do that because it would prevent us from getting a good deal with Europe that would help our manufacturing industry.

Helen Goodman (Bishop Auckland) (Lab): Will my right hon. Friend give way?

Yvette Cooper: I will not, because I am conscious of time.

We did not do this simply to create a new Department for trade and give certain hon. Members a sign on the door. We did not have the debate so that the only thing we would gain was a label of sovereignty or trade. This has to be about what really happens in communities across the country. I have not heard anyone who voted to leave say that they wanted to hit our manufacturing industry at any cost. I have heard from leave voters, as well as remain voters, who support getting a good manufacturing deal, the Northern Ireland peace process and a customs deal.

This is about the kind of country we want to be. Not for me the kind of country where the only thing that matters is a sign on the door that says, "We do our own trade deals." Instead, I want a country that supports our manufacturing industry and communities and our historic obligations for peace on the island of Ireland. That is why I support a customs union.

Several hon. Members *rose*—

Mr Speaker: Order. Neither the right hon. and learned Member for Rushcliffe (Mr Clarke) nor the hon. Member for Vauxhall (Kate Hoey) will be subject to what I will call the common external tariff, otherwise known as a time limit. Such time limit as they are subject to will be self-imposed. I am sure that they will want to bear it in mind that, while we wish to enjoy the fruits of their intellect and eloquence, colleagues will wish to do so only if it is not at their personal expense.

1.5 pm

Mr Kenneth Clarke (Rushcliffe) (Con): I will strive to do my best, Mr Speaker.

May I begin by congratulating the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), the other Chairmen of the Select Committees and the Liaison Committee on obtaining this debate and on

tabling the motion? It is remarkable how little attention Parliament has been allowed to pay to the momentous events that are taking place at the moment and that will certainly take place over the next few months, which have a profound importance for the future health of our economy and the standing of this country in the world.

At the moment, Cabinet members are trying to agree among themselves their negotiating position, and those in the shadow Cabinet are trying to reach an agreement among themselves on their response. Meanwhile, events are moving on, and I think the House of Commons should have more opportunities to give its views, exercise influence and debate a substantive motion every now and again, not just a motion that has already been dismissed, in the curious way we do in this Parliament, as somehow not legally binding and therefore one that need not be regarded as important.

I have often agreed with the right hon. Lady in the past, but I do not think I have ever heard her make a speech in which I agreed with just about every sentence she uttered. That will enable me to respond to your request, Mr Speaker, because she said it all with great eloquence and there is absolutely no point in my simply trying to repeat all of it or anything like all of it. The only thing I disagreed with is that she revised—no doubt for party reasons—the strange conspiracy theory that trade deals with America might involve privatising the NHS. I have no doubt that someone will try to explain the logic of that argument in the course of this debate. However, I totally agreed with everything else she said.

That is rather surprising, because everything the right hon. Lady said was in line with what has always been the official, mainstream policy of the Conservative party throughout the first 50 years of my membership of it. Some of my colleagues seemed to have a strange conversion—like St Paul on the way to Damascus—about two years ago, but I am afraid that the light did not strike me.

This debate bodes well for what needs to emerge. Many of us in this House have argued for some time for a cross-party convergence, in the national interest, so that this House can make sure that no damage is inflicted by the consequences of our leaving the European Union, or—to be more precise, I am afraid—so that we can limit that damage so far as possible.

The underlying point is clear: the economy of this country and, to an extent, those of other European countries, will be damaged if a sudden decision is taken to erect new barriers at the border between the UK and our major trading partners.

Chuka Umunna (Streatham) (Lab) *rose*—

Mr Clarke: I will give way in just a second. There are no advantages in introducing tariffs to European trade, which I do not think anybody wants to do, or new customs procedures and processes, and there are no advantages in producing regulatory differences between our market and the European market. If people insist on having a new free trade agreement, it should include, and as far as possible replicate, the arrangements that the customs union and the single market give us now. If any hard-line Eurosceptic wishes to get up and say why it is positively in the British interest to have new customs procedures, and that we want more lorry parks at Dover

[*Mr Kenneth Clarke*]

and wish to delay the lorries carrying goods one way and the other, I would be interested to hear it. I shall turn in a moment to the main argument—indeed, as far as I am aware, it is the only argument—that most of them ever give for leaving the customs union. First, I give way to the hon. Gentleman.

Chuka Umunna: I am grateful to the Father of the House for giving way. He has served in this House for 48 years, if I am not mistaken, and served in a number of Governments. He will know that this Government have been advised by their own officials that leaving the single market and the customs union will make this country poorer. In all his time in this House, can he think of any Government who have knowingly taken a decision of this gravity that would make the country poorer? Can he think of any example of any Government he has seen do that?

Mr Clarke: Not deliberately—but accidentally, several times. [*Laughter.*] The hon. Gentleman makes reference to my great longevity, which is the one non-controversial feature of my presence in this House. Practically all my old friends from several Governments are now ennobled and in the House of Lords, where they are debating these very matters. Actually, all my colleagues who have served in Governments during my time—particularly under Margaret Thatcher and John Major—who are still with us and in the House of Lords are voting in line with this motion. They are of the same opinion, because it is utterly unprecedented for us to get into a position of this kind.

The only argument—certainly the only one the Prime Minister ever uses—for leaving the customs union is that we can have trade agreements with the rest of the world. We also refer to “a customs union”, for reasons that have been explained; it would be a replica of the present customs union. It is quite right to say that, in the customs union, we do not have total freedom to negotiate. We have a common tariff barrier around the customs union, and no member can punch holes through it and start letting in goods from various markets under different arrangements. Once anyone started to do that, it would be necessary to stop the goods seeping through. A great deal of work is being done at the moment, as I understand it from following the leaks in the newspapers and talking to my contacts among those involved, to try to find a way to achieve something similar that would be acceptable. We will have to see how that goes.

It has already been said that, for over 40 years, Governments of both parties in this country who essentially believed in free trade, and who found that Britain gained ever more advantages from developing a free trade climate, have been extending free trade through our membership of the European Union. First, we had the common market—the customs union—and then we added the single market to it, removing all the regulatory barriers. Then we encouraged EU agreements with an ever-increasing number of countries, which reduced the barriers yet further in all those markets around the world. Indeed, my right hon. Friend the Member for Wokingham (John Redwood) has said that this helped us to make progress in the rest of the world as well. Not only have we participated in that but, in my opinion,

British Governments have been the most influential and leading advocates of that approach inside the European Union.

It is not true to say that we have been an isolated, powerless member, ignored and penalised by the others. I believe that on issues of the economy, on liberal economic policy and on trading policy, the United Kingdom has been the leading influential member in Europe, and I think that was probably as true under the Blair Government as it was under the Thatcher and Major Governments. We were responsible for the single market. All the way up to the Cameron coalition Government, we were in the lead in Europe in pressing for the EU agreements to be extended to other countries.

I do not remember even Eurosceptics bothering to raise much objection to that policy. Even during the referendum, I did not hear any Brexiteer, including the ones I debated with, saying that they wanted more protectionism or that they wanted to withdraw from all that. Dan Hannan is one of the most articulate advocates of the Eurosceptic cause, and I debated with him twice in town hall settings during the referendum. I always got the impression that he was in favour of the single market. Again it is important to stress that it is possible to leave the European Union and to stay in the single market and the customs union. There is no constitutional or legal barrier to that happening, and the Commission has made it plain that it could be on offer. However, if we are not going to do that—for reasons that I do not understand—we will have to replicate it pretty well.

Peter Kyle (Hove) (Lab): Will the right hon. and learned Gentleman give way?

Mr Clarke: I will give way, after which I will go back to the question of trade relations with non-EU countries.

Peter Kyle: On a recent visit to Norway with the Business, Energy and Industrial Strategy Committee, we heard Norway’s lead negotiator with the EU explain that, being outside the customs union, Norway is in a permanent state of negotiation with the EU regarding trade and customs. He said that Norway would sometimes win a concession, only to lose it in a negotiation a couple of years later. Is not this precisely the status that businesses come to Britain to avoid?

Mr Clarke: I quite agree. The Norwegians have a second-best solution by a good long way. When I was Chancellor, we were engaged in negotiating with the Norwegian Government and with other would-be new members over full membership of the European Union, which on the whole the entire Norwegian political class, left and right, supported. The same thing happened here during the referendum, when every significant political party in this country was in favour of remaining, with the exception of UKIP and the Democratic Unionist party. The Norwegians came out with not a bad compromise, but it was far less satisfactory than the one we are starting from as we negotiate now.

Anna Soubry: Will my right hon. and learned Friend give way?

Mr Clarke: With great respect to my close ally and friend, I must make a little progress and finish making this point. I might already have had my 10 minutes.

The theory is propounded to the British people that we somehow have nothing to do with these EU trading arrangements and that somehow, when trade deals are done, grey men in the European Commission secretly impose upon us all sorts of restrictive terms. Indeed, the right-wing press give the impression to all their readers that that is what we are facing now. They suggest that Jean-Claude Juncker and Michel Barnier are somehow plotting against us, that the whole thing is being done by unaccountable Eurocrats who are trying to take revenge on us, and that the trouble with our EU trade deals is that we have no say in them and they happen mechanically. That is complete rubbish, and it is rubbish that has been propounded for the last 30 or 40 years.

The Commission does have some roles that our civil service does not have, but basically it can negotiate only if it has the approval of each and every member state's Government. It negotiates only within a mandate that the states have agreed. In my own ministerial experience of EU trade and economic affairs, the bigger countries—particularly Britain—have a huge influence on what is being negotiated. In my last job in the Cameron Government, when I was in the Cabinet Office without portfolio, I was asked by David Cameron to lead for us on the EU-US Transatlantic Trade and Investment Partnership deal. I spent time in Brussels and Washington doing that. I cannot say that I played a key role, but the whole point was that the British were keen advocates of that, along with the Germans, the Italians and the French. We were all close to what was going on, and seeking to find out where things were going and whether we could push it. No deal has ever been done by the EU with any other country that anybody has ever objected to in the United Kingdom. For example, no British Government ever protested about the EU deal with South Korea, which is one of the better ones that we have achieved recently. No one ever told me they were against it.

Norman Lamb (North Norfolk) (LD): Will the right hon. and learned Gentleman give way?

Mr Clarke: I really should not, because the Speaker will get extremely annoyed. I must come to a quick conclusion and I wanted to touch on Ireland. I apologise to the right hon. Gentleman, but other people must get in.

It is an utterly ludicrous idea that it would somehow be better if we do things on our own. The countries always cited are the United States, Australia and New Zealand, and they will do deals with us because they all want to sell us foodstuffs. There is not a great deal of trade that we can add between us and New Zealand and Australia, and the Americans are desperately keen to sell us their beef and their chicken. As someone has already said, all trade deals are not done by a sovereign country saying, "Of course we are not binding ourselves to do anything." They involve the agreeing of market regulations and of the trading rules that will apply. We would not say, "It's all going to be decided by the British courts." There would be an international arbitration agreement to which businesses and countries could look if one side started breaking its treaty obligations. The Americans will say, "Give up these European food safety and environmental regulations, and we will trade with you on ours." If we let in chlorinated chicken, hormone-treated beef and genetically modified crops—

personally I am not convinced that they are the health hazards that most people in the country seem to believe they are—that means new barriers with Europe, which will not let those products go straight through, and we will probably lose a large part of our biggest market, for food and agricultural products, which is in Europe.

I have one final point to make on international trade and about where the debate is unrealistic. WTO rules have suddenly been elevated to some mystic world order that means that our new trade agreements will somehow be much better. I wish that were true. This country does abide by WTO rules, but they are nothing like as comprehensive as they ought to be because the Doha round failed. The Americans take no notice of the WTO. The Americans and the Chinese are about to start a trade war, and everything that they are doing is in total breach of WTO rules. We will not get a deal with Donald Trump subject to WTO rules. He will not even appoint judges to the WTO court, because otherwise it might do what is usually its major duty, which is settling disputes between states.

Going back to what the right hon. Member for Normanton, Pontefract and Castleford said, we want trade with Europe that has no barriers between ourselves and Europe. It will require some ingenuity to find some basis on which we might still be able to do trade deals with other people, but the idea that some marvellous new global future with fantastic new trade deals is about to open up is hopeless. If someone can get the Americans to open up their public procurement to international competition and give up the "Buy America" policy or to open the regulatory barriers that they have put in the way of professional and financial services, they will be a miraculous negotiator, because we could get nowhere when Obama was in power. I do not think that the present Administration are offering us anything; they just want their beef to come here.

Finally, on Ireland—I will be much shorter on this because it is a big question that has been touched on already—it is absolutely critical that we do not break the Good Friday agreement. It is quite obvious that most people on this side of the Irish sea had never thought about Ireland when we were debating during the referendum and when they were propounding their policies. The problem of the Good Friday agreement has been addressed by most Brexiteers by them saying, "Surely that's all over now? Isn't it a nuisance? What an irrelevance. Let us break it now, because it no longer matters. It is far more important that we get the kind of hard Brexit that we want." That is very dangerous.

The Good Friday agreement is one of the major achievements of the British Governments of my time. It was negotiated with the Americans, with the Government of the Republic of Ireland and with every section of opinion in Northern Ireland. It brought an end—almost; it is the end, I hope—to 200 years of the troubles in Ireland after they erupted into violence. When the troubles were under way in the '70s and '80s we lost more policemen and soldiers in Ulster than we did in Iraq and Afghanistan put together. The agreement was a splendid achievement for John Major and Tony Blair, so to say, "What an inconvenience. It is getting in the way of our leaving the customs union," is very dangerous.

I thought that the Government had accepted that. Indeed, I think they have done so formally on two occasions. First, we had the Prime Minister's Florence

[*Mr Kenneth Clarke*]

speech, which addressed the matter. Talking about the discussions she had had with Europe about Northern Ireland, she said that

“we have both stated explicitly that we will not accept any physical infrastructure at the border.”

That was solemnly agreed. It was the agreed Cabinet policy. The Foreign Secretary made a strange speech before the Florence speech and a statement shortly afterwards that gave the impression that he was trying to undermine the speech, but I am sure he was not. That statement is already agreed Government policy.

Secondly, we finally managed to make progress by finishing the withdrawal agreement, and we published the texts of what had been agreed. As people have said, there are all these other possible solutions involving using congestion charge cameras and things to avoid issues at the border, but I do not think that they will get very far. We have already committed ourselves to the following:

“In the absence of agreed solutions, the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation”,

which I think means pretty well full regulatory convergence. As someone has already said, the chief constable of Ulster has said that we cannot have infrastructure at a new hard border. It would outrage nationalist and republican opinion across the whole island and take us right back to all the problems we had. Symbolism is huge in the politics of Ireland and always has been, and it would be grossly irresponsible to put a hard border in the middle of the island of Ireland again. We have never been on such good terms with the Government of the Republic of Ireland since the Republic was founded.

If we have those arrangements at the Irish border, the same arrangements will of course apply to Holyhead and to Dover. That is what I want to see. We want no new barriers and no customs processes. We want the necessary level of regulatory convergence. Obviously, the easy way to do that is to stay in the customs union and stay in the single market. If not, we will need what I think the Prime Minister described as a “customs procedure”, which will be something that looks remarkably like the single market and the customs union.

The customs union is what today’s business is about, and it would do terrible damage to this country if, for strange ideological reasons in the confused aftermath of a misguided referendum, we were to take such a foolish step as not to replicate the customs union in any future arrangements.

Stephen Doughty: On a point of order, Mr Speaker. I apologise for interrupting this important debate on a topic on which I have strong views, but something has come to my attention in the last few moments. As you will be aware, the Home Secretary endured some strong questioning both this morning and at yesterday’s sittings of the Home Affairs Committee about removal targets. The BBC’s political editor is now reporting that the Home Office in fact intends to scrap the internal removal targets, so I wondered whether you had received notice that the Home Secretary plans to come back to clarify the statement that she made earlier, which was of course a clarification of statements made by her and her officials yesterday and, indeed, by the Prime Minister, who is responsible for this mess starting in the first place.

Mr Speaker: I am very grateful to the hon. Gentleman for his point of order. The short answer is no. I have been attending to my duties in the Chair since 9.30 am without interruption. It would have been perfectly possible for somebody to beetle into the Chamber to advise me of a Minister’s intention to make a statement on this matter but, as a matter of fact, that has not happened.

I know the hon. Gentleman is always looking onward and upward—he is an optimistic fellow—and, although there is no great likelihood of a statement on the matter today, as he contemplates the joys of his weekend ahead in Cardiff South and Penarth, he can always look forward to Monday.

1.29 pm

Kate Hoey (Vauxhall) (Lab): Mr Speaker, I very much think that I will not need to take cognisance of your allowing me longer than Members who will speak later.

I see the right hon. and learned Member for Rushcliffe (Mr Clarke)—my constituent—regularly and I congratulate him on his speech. He said that he agreed with every single word of the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), who moved the motion, and I can say—very carefully—that he will probably not agree with a single word that I say. I feel a little alone today. We will have an important debate about this issue in a few weeks’ time, when there will be a very different tone in the Chamber, and I hope that saying my few words today will not stop my being called when it comes to our real debate on this issue.

The right hon. and learned Member for Rushcliffe said in the final sentence of his speech that we should stay in the customs union and the single market, but there is no doubt that he was really saying that we should stay in the EU. I am afraid that a lot of Members in the Chamber are using the issue of the customs union as a way of restarting the process of trying to stay in the EU. They will not achieve that, but they are sending a message that the European Union will love. The EU will love seeing such division in this Parliament and that we cannot unite in telling it that we want a proper agreement in which we do not need tariffs and under which we can work with the EU as we would want to work with the rest of the world.

Mr Kenneth Clarke: Will the hon. Lady give way?

Kate Hoey: I will give way to the right hon. and learned Gentleman, but then I will not give way an awful lot.

Mr Clarke: The hon. Lady does not normally use a European debate to make the allegation that this is just a subtle way of staying in the EU and defying the referendum. She will recall that during our eight days in Committee on the European Union (Withdrawal) Bill, no amendment was tabled as an attempt to stay in the European Union. Nobody has cast a vote in this House to stay in the European Union. Although there have been only two speeches so far, there have been many interventions, and nobody has stood up to demand that we stay in the European Union. Of course, the private opinion of many Members—the majority, I think—is that it would be better if we stayed in the European Union, but we are working on the premise that, if we do leave, we must minimise the damage.

Kate Hoey: My point, of course, is that if we were to stay in the customs union, that would be seen as a transition before going back in again. For a start, staying in a customs union is not taking back control of our trade, and I will come back to that in a moment.

Members who want to stay in the single market have lost that argument because the previous Prime Minister was very clear in public, on television and in the House that a vote to leave the European Union would be a vote to leave the single market. The public who voted to leave, and even those who voted to remain, understood that a vote to leave was a vote to give up the treaties of the European Union. Within those treaties, of course, is where we find the customs union.

I have been in this place long enough to remember the great and wonderful MP for Eton and Slough, Joan Lestor. She was a principled and doughty champion of the developing world. I remember, and have since looked up, one of the speeches she made back in 1971 opposing the UK joining the European Economic Community. I cannot remember whether the right hon. and learned Member for Rushcliffe was here in 1971—I know he was here a very long time ago—but he knew Joan Lestor well. Sadly, she is no longer with us. It is worth reading part of that speech:

“The political significance of British entry into Europe will have far-reaching effects upon the third world, the developing world.

Because of the protectionist policies of E.E.C. we shall not close the narrow channels between the rich and poor nations but rather widen them. Much has been said about the ability of E.E.C. to increase assistance to the developing world and to guarantee that the Community will continue to be outward looking in the future.

I cannot understand—and nobody has explained this to me from either side of the House—how an organisation like E.E.C., which everybody agrees is based on a protective tariff wall to which this country must agree as part of the price of entry and which will mean erecting a fresh tariff barrier against helping other parts of the world, can be said to be outward-looking. I do not believe the interests of the E.E.C. are identical with the interests of the smaller, developing and weak nations of the world.”—[*Official Report*, 21 October 1971; Vol. 823, c. 954.]

I will take Members back a little further to 1962—I genuinely do not think the right hon. and learned Gentleman was here then—and the words of Clement Attlee:

“I think that integration with Europe is a step backward. By all means let us get the greatest possible agreement between the various continents, but I am afraid that if we join the Common Market we shall be joining not an outward-looking organisation, but an inward-looking organisation.”—[*Official Report, House of Lords*, 8 November 1962; Vol. 244, c. 428.]

All these years later, some things have changed, but the European Union is still an inward-looking organisation. Do we really want our future arrangements to be tied to that?

The EU customs union is not a progressive policy, and it is certainly not one that anyone who vaguely calls themselves of the left should desire to retain. That is probably why there are so few customs unions in the world. The protectionist external tariff around the entire European Union prevents poor developing countries from accessing our markets on equal terms, as many of us saw when we met members of the Commonwealth who were here last week. They are desperate for the changes that would come about if we were no longer in

the customs union. For months if not years, we have heard the people behind the motion proclaiming that the EU market is singularly valuable, yet this policy denies the poorest people in the world the ability to freely trade with us or with the rest of the EU market. To make matters worse, the tax paid is largely siphoned off to Brussels, with UK consumers seeing little or no return.

In 2018, surely we want the development and growth of the poorest nations so that they are successful through trade, not reliant on aid. The customs union is a deliberate and persistent barrier to realising that. Outside the customs union, the UK could immediately reduce or remove these tariffs, becoming a great friend to the world's poor.

Alex Chalk (Cheltenham) (Con): I am listening carefully to the hon. Lady but, with respect, she is rehearsing familiar arguments. What is her answer to the point on Northern Ireland that has been expressed?

Kate Hoey: The hon. Gentleman might remember that not a single person who has spoken so far has even mentioned this, so I urge a little patience.

Kevin Hollinrake: We spend a lot of time in this Chamber developing new regulations and rules that put costs on business. They might be environmental regulations, workplace regulations or animal welfare regulations. If the hon. Lady is talking about doing a free trade deal with nations that do not have such high standards, would she not be putting UK businesses at a significant disadvantage?

Kate Hoey: There is an issue there, but it is something that we can solve through negotiation and discussion. We do not solve it by putting up an immediate barrier to countries that desperately want to benefit from trading with us but are currently prevented from doing so.

The public's expectation when they voted to leave, or even when they voted to remain, was that if we chose to leave, we would regain our trade policy. I do not think that we can do that other than outside the regressive customs union.

I will move on to Northern Ireland in a moment, but let me respond to a number of points that have been made in various ways. Why should we not want to trade with the rest of the world? Why are we being weak? Why can we not get our own trade deals? The EU takes so long to get a trade deal. We have seen how long it has taken, and we can do so much better.

Ruth George: Will my hon. Friend give way?

Kate Hoey: I will not. Well, I had better give way to one Member from my own side.

Ruth George: Businesses in my constituency have expressed huge concern that, when we leave the EU, we will cease to receive the preferential tariffs that we currently enjoy with 188 countries outside the EU. Those businesses will cease to have the same competitive level playing field with EU countries that they have now, and by the time we have these free trade agreements, they will have lost their trade.

Kate Hoey: The problem with our staying inside a customs union is that we would then be subject to the decisions of a European Union of which we are not a member. Let us not forget that many businesses in this country do not trade with the EU at all, but are bound by all the rules, regulations and paraphernalia that go with EU membership. In any kind of customs union, I cannot see that the EU would allow the kind of things for which some of my colleagues are pushing.

While the EU accounts for 40% of our trade, that is because the arrangements imposed on us by our EU membership concentrate trade within this protectionist block. Although the proportion of our trade with the rest of the world is rising, I believe that the customs union holds us back and we could be doing so much better. We do not seem to have much confidence in our own country and our own businesses. Despite what the EU has insisted on, those businesses have still managed to export, trade and do very well. We could do so much better if we were outside the customs union.

Mr Kenneth Clarke: Will the hon. Lady give way again?

Kate Hoey: Oh, all right.

Mr Clarke: I will not intervene again, I promise. It is very courteous of the hon. Lady to give way.

Let us look at China as an important market. Germany exports four or five times as much—I am probably understating it—to China as the United Kingdom does. It is not held back in some curious way by being in the EU, and nor is the growth of all our trade with the wider world held back in the slightest by the customs union or the single market.

Kate Hoey: The right hon. and learned Member and other Members have said that, and we have to make a lot of changes in this country to ensure that we can do much better than has been the case inside the European Union, but being outside the EU and the customs union will be almost a catalyst by ensuring that our businesses have that opportunity and freedom to do better than they are doing at the moment.

Those people who pushed for the Norway option during the referendum campaign and even since seem to forget that Norway is outside the customs union and is doing well. In fact, when I went to a conference in Norway recently, the feeling among people there was that they wanted to get out of the European economic area as well. They are looking to us to make a successful transition from the EU and they will probably follow us.

Helen Goodman: Will my hon. Friend give way on that point?

Kate Hoey: No, I will not give way to my hon. Friend.

I should like to move on to the issue of the border and Northern Ireland. Under the Tony Blair Government, I was one of those who went over and campaigned for a yes vote. I was very keen to see what happened happen, and I pay tribute to all those who made that happen. There is no doubt that there is an issue relating to Northern Ireland and the Republic of Ireland, but the European Union is seizing on divisions to pursue certain demands that are just not necessary. It is certainly using the Irish border as an issue with regard to the customs union. EU officials recently said that they had systematically

and forensically annihilated the Prime Minister's proposals for a loose customs arrangement, but in fact they did not do that—they simply refused to discuss any creative compromise. They talk down every British proposal, and they are being helped by some in this Parliament who talk down everything positive that is said about what might be done. Proposals are talked down and talked down.

People need to remember that there is already a legal border in Northern Ireland for excise, alcohol, tobacco, fuel duty, VAT, immigration, visas, vehicles, dangerous goods and security. Indeed, the primary function of the hard border of the past was to be a security border, not a customs border. People forget that because they want to forget what happened during those long years of troubles. Today all those border functions are enforced without any physical infrastructure, so adding customs declarations and marginally divergent product standards to the long list of functions that the border already implements invisibly does not require a huge, drastic change to the nature of the border.

Even in the most complicated area—agriculture—the director of animal health and welfare at the Department for Environment, Food and Rural Affairs has already given evidence to Parliament that sanitary and phytosanitary-related risks would not be altered by Brexit from what the authorities are already managing across the border pre-Brexit, and that additional infrastructure at the border would not be needed. There are already cameras—not at the border itself, but further away—and checks are going on all the time. There is intelligence all the time. There is no reason why businesses on both sides of the border that need to move back and forth every day will have any problem.

Lady Hermon: I am grateful to the hon. Lady for allowing me to intervene. I can assure her that I do not forget the appalling years before the signing of the Good Friday agreement.

Will the hon. Lady please address the worrying issue that, if there is in any shape or form a harder border than what we have at the moment, Sinn Féin will exploit that and agitate for a border poll, which would jeopardise Northern Ireland's constitutional status as part of the United Kingdom? I, as a Unionist, will not tolerate that, and we need to be careful that we address that issue.

Kate Hoey: Of course Sinn Féin would love a border poll, but as the hon. Lady knows, there are regulations about when a border poll can be held, and there has to be a certain ratio of contentment before that can happen. It is almost as if we are being blackmailed by Sinn Féin and those who have been responsible for violence in the past. It is as if we have to shape our whole economic policy and future according to whether some dissidents will start to do dreadful things again. That is not how we should tackle it. We should take those people on and put them in jail, and we should make sure that decent, ordinary people can go about their lives without being attacked and threatened by the idea that if we do not do Brexit in a particular way, terrorism will start again.

Hywel Williams: At the recent meeting of the Brexit Committee in Northern Ireland, the Deputy Chief Constable said that he was absolutely against a physical border post. Was he blackmailing us?

Kate Hoey: No, he was not at all. The problem is that people think of a hard border as big cameras, lights, structures and so on. I remember those, as does my hon. Friend the Member for North Down (Lady Hermon); we all remember what that looked like. No one is talking about having that again, but some people are using it as a way to change the fact that the people of this country voted to leave the EU, the single market and the customs union.

Sir Hugo Swire: Will the hon. Lady give way?

Anna Soubry: Will the hon. Lady give way?

Kate Hoey: No.

I believe that the EU is using the border to try to change our policy. It is obviously unhappy that we are leaving and is doing everything possible. It is being helped by the Irish Government, but the Irish Government should be terribly worried that we will end up with no deal, which is not what anyone wants, because that would really hammer the Republic of Ireland. Varadkar and the Irish Government should get in there and use their position to get the European Union to see some common sense. Such a small proportion of total European Union trade relates to the Republic of Ireland, yet the Irish Government have got into a position where it is their country that the European Union is listening to.

There is a whole dishonesty about the debate in this Parliament, and I hope we do not see that. I mean that not in the sense of people being dishonourable, but in the sense that we are not really saying what we want to say. I hope that I am saying what I want to say: we should leave the customs union and the single market—that was what people voted for. The country will recognise the way in which the debate is now being pushed by those who fought so hard to remain, and people will see though that. We have to go ahead with getting out of the EU, getting our trade deals, getting our laws, and not being subject to the European Court of Justice, which we would have to be if we stayed in the customs union. I hope that today will be the preparation for what will be a very big and serious debate in a few weeks' time.

Several hon. Members *rose*—

Mr Speaker: Order. A five-minute limit on each Back-Bench speech will now apply.

1.51 pm

Nicky Morgan (Loughborough) (Con): It is a pleasure to follow three such excellent speeches, two of which I agreed with and one that, as I think the hon. Member for Vauxhall (Kate Hoey) will not be surprised to hear, I did not. However, I do agree with one point that she made. Right at the end, she mentioned a dishonesty in debate, and I take the tenor in which she made that point. Actually, Parliament is doing today exactly what it should do and teasing out the issues in these complex and important negotiations, as my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) said.

The Select Committees are bringing before Parliament the hours and hours of evidence that we have gathered from expert witnesses. I know there is a suspicion of experts, but there are many people who want to share their thoughts, their expertise and the points that they

had to get on the record before the Select Committees. It is right that those Committees should have called today's debate via the Liaison Committee, because this is a very important issue. When the hon. Member for Vauxhall talks about dishonesty, let me say to her that the dishonesty is not fronting up to the issues that we face. We must be able to discuss them, and part of the reason for today's debate is that we are not having it in the heat of amendments to legislation, when we know there is enormous pressure on Members on both sides to vote one way or another. I hope that today's debate can remain calm and rational, so that we can get the evidence out there. If there is any doubt about the amount of evidence, Members have only to look at the number of reports on the Table here in the Chamber or the number of reports tagged on today's Order Paper.

Time is very limited and I do not want to repeat all the points that have already been made, but I want to say a few things, in particular to my party colleagues and party members out in the country, some of whom seem to think that it is an affront for Members such as myself and others with my views to be making these points today. First, the Prime Minister was very clear in both our manifesto and the Lancaster House speech when she talked about wanting a customs agreement. The manifesto talks about a "free trade and customs agreement", and the Prime Minister said in the Lancaster House speech:

"I do want us to have a customs agreement with the EU. Whether that means we must reach a completely new customs agreement, become an associate member of the Customs Union in some way, or remain a signatory to some elements of it, I hold no preconceived position."

Much has been said about free trade agreements and the fact that they will take some time to negotiate, but it is not just the new free trade agreements to be negotiated; it is the ones that we are currently party to that have to be renegotiated. That is a complex project. It will take a long time to make that pulling apart happen, and I do not think that the time necessary for it has been allocated by the Government.

Robert Neill (Bromley and Chislehurst) (Con): I utterly agree with everything that my right hon. Friend has just said. I joined a free-trading Conservative party that was pro-business. Does she agree that inevitable delays and complexities, the additional form filling that is required and dead-weight costs on businesses can do nothing but reduce the competitiveness of British business, unless we have the kind of effective customs union that she is talking about?

Nicky Morgan: My hon. Friend is absolutely right. The cost to business, as identified already by my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake), must not be forgotten. This is not just about costs for the Government; it is about costs for business.

Mark Garnier (Wyre Forest) (Con) *rose*—

Nicky Morgan: I give way to the former Trade Minister.

Mark Garnier: Just on a small technical point, my right hon. Friend is absolutely right that a trade deal takes a long time to complete and negotiate, but the plan is to transfer across the existing trade deals that we

[Mark Garnier]

enjoy within the European Union at the early stage and then renegotiate at our leisure where we can improve them, so we will ensure continued business afterwards without deviation.

Nicky Morgan: I understand the point my hon. Friend has made; he is a former Minister and everything else. I will talk about this in a moment if I have time, but the trouble with it is that we have been saying, “The plan is—” for some time now. We had a speech last month from the Prime Minister and we had position papers last summer: “The plan is—”. Time is running out, as we heard from the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), the Chair of the Home Affairs Committee. The hon. Member for Dundee East (Stewart Hosie) is not in his place, but as he said, when we travelled to the United States with the Treasury Committee, the US was very clear: “Yes, you can have a free trade agreement. It’ll be on our terms.”

Let me talk about logistics. As I have said, part of today’s debate is about getting the evidence, and we took evidence in the Treasury Committee from Jim Harra, a senior official at Her Majesty’s Revenue and Customs, who said:

“The key challenge, for example, in ro-ro ports, in contrast with container ports, is that in a lot of them there are no port inventory systems in place.”

We have less than 12 months to go to March 2019 and not that much longer to December 2020, and no port inventory systems are in place. He also talked about ensuring that declarations can be linked

“to the vehicle that is carrying the goods,”

so that they can

“flow off the ferry and we know what...lorry we need to check.”

The British Irish Chamber of Commerce has come up with a proposal for a new customs arrangement. Have the Government been exploring it? Much mention has been made of Northern Ireland, and for me this is a critical issue. I had the pleasure in the 2010 to 2015 Parliament of being a Treasury Minister. I was the Duties Minister, and I visited the Northern Ireland border. Other hon. Members will know far more about it than I do, but it is over 300 miles long and incredibly porous. Had it not been for the policemen I was with, I would not have known which side of the border I was on. It was impossible to tell. Realistically, how on earth is such a border going to be policed? This is not just about the economy; it is about the political and cultural sensitivities of the border. We have already heard about the Northern Ireland Affairs Committee’s conclusion about the aspirational aspects of the technology that might be needed.

This is a debate of the Government’s own making, because as we have heard, time is running out and silence on these important issues is no longer an option. It is completely right that Members of Parliament and Select Committees should ask questions about these issues. What are the Government’s plans? How are things going to work? We have to listen not just to those in the country, but to individuals and business in our constituencies. The Treasury Committee and the Select Committee on International Trade had a joint evidence session this week. When asked about the free trade agreements and the free trade policy that we are apparently

going to pursue, Professor Patrick Minford, who many Members on my side of the House will say is somebody we should listen to, said:

“We don’t have any precedents for this.”

This country is being asked to experiment, at other people’s pleasure, with a free trade policy when we do not know what the costs will be for constituents and businesses in this country. I say to my party: if we undermine and ignore the evidence, the peace in Northern Ireland and the business and financial security of people in this country, we will not be forgiven for a generation.

1.59 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I am glad to be able to speak in this debate, which was secured by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), the right hon. Member for Loughborough (Nicky Morgan) and other Chairs of Select Committees.

A number of issues have been raised. In the interests of time, I do not propose to go over them, but they include the issue of no new barriers, the wider issues of regulatory convergence, the need to continue the ease of our trade and the dream of independent free trade agreements closing the gap created by what we will lose as a result of leaving the European Union, the single market and the customs union.

I want to raise a few of the wider economic issues that have not so far been addressed in this debate. The predecessor to the EU customs union first came into being about 65 years ago with a treaty establishing the European Steel and Coal Community. Some people seem to think that that makes it an anachronism. There is also an argument that the UK is now mainly a services economy, so an agreement that eases trade in goods is no longer as relevant as one that eases trade in services.

Putting aside the fact that goods remain around half of UK exports and so are still important and essential in their own right, the argument fails to grapple with the complexity of the modern economy that any stark dividing line between goods and services is false. Being in the customs union has relevance for services as well as for goods.

The UK economy is bound up in a complex network of EU supply chains for producing intricate products such as cars and pharmaceuticals. A substantial share of the value of these goods, ranging from 20% to 40% across most regions, according to estimates from the UK Trade Policy Observatory, is the services that go into them. Therefore, when a car rolls off the production line in Sunderland, Ellesmere Port or Luton, the value of that car includes the cost of accountants, administrators and auditors who the car company employs in making it. These services are then exported indirectly when we sell these cars abroad. Therefore, it is not only the goods but indirect services exports that rely on a near seamless passage that the customs union provides.

Robert Neill: Will the hon. Lady give way?

Seema Malhotra: I will not, unfortunately, because of the pressure of time.

Robert Neill: You will get an extra minute.

Seema Malhotra: Yes, all right, I will give way.

Robert Neill: The hon. Lady makes a very important point about the linkage between goods and services. A customs union does not deal with the issue of services, but does she agree that services do benefit indirectly, because many goods are exported with a financial service product attached—an insurance policy attached to a car and other forms of warranty, for example? The two are inter-linked.

Seema Malhotra: The hon. Gentleman makes an extremely important point and, indeed, takes my argument further. I thank him for his contribution.

The risk to these exports, both of goods and services, is not distributed evenly across the UK. The implications for regions in the UK, particularly the most affected regions, are stark. In Wales, the north-east and Yorkshire and the Humber—areas that can least afford an economic shock to their manufacturing bases—an estimated 55% to 60% of their indirect service exports goes to the EU, and they are therefore reliant on the customs union for efficiency and speed.

It would be a dereliction of our duty if we exposed regions, families and businesses to greater risk in a world that is already rife with uncertainty without a proper debate on the implications for their prosperity, especially as the most affected regions are also those least well positioned to respond to any shocks arising from leaving the customs union. As the City Region Economic and Development Institute at the University of Birmingham found, Brexit will aggravate, not reduce, inter-regional imbalances. Its research also found that the regions most exposed to Brexit are not remain-voting London and Scotland. For this risk of further damage, what do we have to look forward to in order to mitigate those effects? By the Government's own analysis, whatever model for leaving the European Union that we take, there will be, at best, between 2% and 5% less growth over the next 15 years. That means lower wages than would otherwise have been the case, and lower tax receipts and therefore less in our public purse to redistribute resources to the very areas that expressed discontent in the referendum and, indeed, to go into our public services.

This issue is not just about economic divides. Perhaps I can come to my closing remarks with a few comments about Northern Ireland. It is clear to most—and I suspect even to the Government now—that there is no technological solution to achieving no hard border without infrastructure. The “Smart Border 2.0” report, which is often cited as an option, has rightly been acknowledged as insufficient by the Government. Perhaps I could quote from the report from the Exiting the European Union Committee. It says that

“we remain of the view that we cannot see how it will be possible to maintain an open border with no checks and no infrastructure if the UK leaves the Customs Union and the Single Market.”

I support the motion before the House today, because the customs union is vital to ensure that the complex supply chains within our economy continue to function effectively. This is also an argument based not just on politics and ideology, but on academic research and evidence. Anyone with a genuine interest in greater equity in the distribution of economic gains in our country cannot take these warnings lightly. For Ireland, supporting membership of the customs union is also about accepting the reality that, without it, a border in

Northern Ireland is eventually inevitable. I cannot vote in any way in this House other than the one that makes a border in Northern Ireland less likely to happen.

2.5 pm

Anna Soubry (Broxtowe) (Con): I join all those who have spoken today, other than the hon. Member for Vauxhall (Kate Hoey), and endorse and embrace pretty much everything that has been so ably said. As my right hon. Friend the Member for Loughborough (Nicky Morgan) said, this is not just a simple case of our having a debate, which of course we should have had some time ago in order to assist the Government in this extremely difficult process, but of having the debate that we should have had in the run-up to the EU referendum.

I do not know whether the good people of Vauxhall actually did sit and discuss the intricacies of the customs union and the single market. Perhaps they did. That might explain why, of course, they voted to remain in the European Union. What we are seeing—I am sorry that I am repeating myself here—is the dawning of a Brexit reality. In that reality, businesses the length and breadth of our country are worried. They are extremely worried, especially those in the manufacturing sector.

On Tuesday, a real-life business in my constituency, which employs 750 people, came to see me. Such is the atmosphere in this country that it has not allowed me to tell Members its name, because it is frightened of the sort of abuse that many Members on these Benches have received and to which we have become accustomed. We will not give up, and we will speak out, because it is not about us, but about the generations to come and indeed the people in our constituencies who now, in the real world, face the real possibility of losing their jobs.

What did this company tell me? It makes a world-leading medicine. I am enormously proud to have it in the borough of Broxtowe. The reality is that, as it uses specialised medicinal ingredients, it imports them into our country. In Broxtowe and Nottingham, it puts them altogether and makes a world-leading medicine. Some 60% of its exports go directly to the European Union. Tariffs do not concern it so much. They concern the car industry where margins are so tight that any imposition of a tariff simply will see those great car manufacturers, which employ 425,000 people—people, whom I am afraid, the hon. Member for Vauxhall, casts to one side—move their production and new lines to their existing facilities in countries such as France, Germany and other places.

Returning to the pharmaceutical company that came to see me, any delay at all of those basic ingredients will have a considerable effect on its ability to produce, and time costs money. Any delay also means that it has to look for warehouse spaces—and it is doing this now—so that it can stockpile. I am talking about the sort of expanse that we can barely begin to imagine. It is looking for warehouses so that it can store and stockpile both the ingredients and the finished products. It fears that any delay will affect its business of exporting into the European Union.

Albert Owen: As a member of the Business, Energy and Industrial Strategy Committee, I met some pharmaceutical companies. One thing they told us, which was quite stark, was that research and development

[Albert Owen]

is done in this country, and manufacturing in the Republic of Ireland, and the product is then transferred back to the UK to go to mainland Europe. They will be paying tariffs perhaps half a dozen times, adding costs to our NHS.

Anna Soubry: The hon. Gentleman speaks with authority because he knows the reality. He will also know that pharmaceutical batches must be checked to ensure that the quality and ingredients are right. That work has to be done in a European Union country in order for those products to be sold within the European Union, so this pharmaceutical company it is going to replicate exactly the same brilliant labs that it has in Broxtowe and in Nottingham over in Amsterdam. This is the stuff of madness. The company is looking at flying qualified, high-skilled technicians out to Amsterdam on a weekly, if not daily basis, to do the work there. Replication adds to costs, and I have no doubt that it will not be long before the senior managers simply say, “Why on earth are we doing it in the UK, facing the end of the customs union and the single markets, when we could simply go into another country in the European Union and replicate our manufacturing process there?”

Kevin Hollinrake: Is my right hon. Friend therefore proposing that we stay members not just of the customs union, but also of the single market?

Anna Soubry: I absolutely am. I made it very clear to my constituents when I stood for re-election in Broxtowe last June that I would continue to make the case for the single market and the customs union—oh, and by the way, for the positive benefits of immigration—and they were good enough to give me and our party their vote. As my right hon. Friend the Member for Loughborough said, each and every one of us must look deep into our hearts when deciding the future relationship that we will have with the European Union. It is imperative that we put our country and the best interests of our constituents first and foremost—and, in particular, over and above any ideological drive that too many people have—in this most critical of debates.

The final thing I want to say is this: I get rather agitated at the notion that we are about to be global Britain. Why? Because we are already global Britain. I had the great pleasure of going to the far east with David Cameron, and I went to China with George Osborne. Why did we go to these countries? To do trade. In fact, to do more trade; we already trade all around the world. That ability to trade should not be diminished in any way, and it will not be by our membership of the customs union. We have struck up well over 40 deals, and at the heart of those deals we made the case for free trade in a way in which no other European Union member state has done. We are recognised for our strong belief in free trade and we have achieved that by virtue of our membership of the customs union.

I am old enough to remember when we were described as the sick man of Europe, and we were. The reasons that we became such a hugely successful economy was because of our membership of the single market and the customs union. Other Members—especially my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), who was undoubtedly around at the time—

have referred to Margaret Thatcher’s great speech, when she not only described the single market, but was the finest exponent of it. She believed in the single market. As many of us now know, she promised the Prime Minister of Japan that our country would never leave the single market, and that is why the Japanese invested in our country on the scale that they did.

I hope that the House does not have to divide tonight; nobody wants that. But we all want the best deal for our country, and that is in the customs union—and, by the way, the single market.

2.13 pm

Rachel Reeves (Leeds West) (Lab): I will focus my remarks on the work of the Business, Energy and Industrial Strategy Committee regarding our relationship with the European Union and the customs union, and on the impact that leaving them will have on British businesses.

A couple of weeks ago the Select Committee visited Norway, where we were looking at electric vehicles. Of course, while we were there, we discussed with the people we met the border between Norway and Sweden. Norway is not in the customs union, but Sweden is in the European Union and therefore part of the customs union. Trade is not frictionless along that border. There is physical infrastructure and there are sometimes queues. The goods trade between Norway and Sweden is worth £13 billion a year. Goods going through the port of Dover alone are worth about £120 billion a year, and trade between Northern Ireland and the Republic of Ireland is worth more than £5 billion a year. This is not straightforward. There are huge risks and costs of us coming out of the customs union.

My Committee has produced five specific reports about the effects of leaving the European Union, on the civil nuclear sector, aerospace, the automotive industry, pharmaceuticals, and the food and drink sector. We received almost 100 pieces of written evidence during our inquiry and took oral evidence from more than 30 witnesses. Pretty much every witness, apart from the chief executive of JD Wetherspoon, spoke of their fears and worries about leaving the European Union and specifically about leaving the customs union, which is why I am so pleased that we are having this debate.

The Committee heard time and again that any border delays would undermine just-in-time delivery systems; force companies to expand warehousing facilities massively, at a significant cost, as the right hon. Member for Broxtowe (Anna Soubry) said so eloquently; and put at risk time-sensitive imports and exports, particularly of food, medical radioisotopes and many pharmaceutical products.

Catherine West (Hornsey and Wood Green) (Lab): Is my hon. Friend aware that the members of the International Trade Committee made a similar finding when we visited the border between Canada and the United States? We saw very long delays there, and that was between friendly countries. Transposing such a situation to Northern Ireland would be a nightmare, especially with all the rifles on the shoulders of border guards and so on.

Rachel Reeves: Yes. Of course, this is most keenly felt and apparent along the border between Northern Ireland and the Republic of Ireland, as other Members have pointed out. But this is an issue not just in Northern

Ireland, but at every port in the country. As an island and a trading nation, leaving the customs union will have a huge and devastating impact on us.

Robert Neill: To reinforce the hon. Lady's point that her findings apply everywhere, is she aware that the report of the Select Committee on Justice about the Crown dependencies identified precisely the same issues? For example, avionics parts—a key part of the Isle of Man's economy—are in international supply chains. Specsavers exports internationally from Guernsey into the EU, and fishermen in Jersey and Alderney need to land their fish in France because that is the way that it fits in with the real-time supply chain. All that is assisted only by being in the customs union.

Rachel Reeves: The hon. Gentleman and I have a long history, as we fought the Bromley and Chislehurst by-election against each other in 2006. Today, however, I cannot find a word on which I disagree with him; he is absolutely right. The work of his Select Committee and so many others mean that we can bring this evidence to the fore, and raise the concerns of businesses, the people who work in them and the trade unions in all our constituencies. That is why the work of Select Committees is so important, and it is also why this debate, which was called by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), is so important.

I will now touch on a few pieces of evidence given to the Business, Energy and Industrial Strategy Committee that really bring home what we are talking about, especially regarding the effects of which we are fearful. Honda, which produces cars in Swindon, said that just a 15-minute delay at the border would cost it £850,000 a year. If hon. Members multiply that by the number of minutes or hours for which goods and components might be delayed, and multiply that across the number of car and component manufacturers in the country, they will get a feel for the sort of impact that we are talking about. It is estimated that Ford would have to fill in 115,000 import declarations at a cost of £35 per declaration for imports from the European Union, resulting in a total cost of £4 million, as well as the additional administrative costs.

Helen Goodman: Will my hon. Friend give way?

Rachel Reeves: I will just make a little bit of progress.

Diageo uses 11% of Ireland's cream output every year in the production of Baileys. That is quite a staggering statistic. Some 18,000 trucks cross the border between the Republic of Ireland and Northern Ireland every year in the production of Baileys. Diageo estimates that delays at the border would cost it £1.3 million a year, and even greater costs in the supporting supply chains. It went on to say that even small hold-ups to the process would be a huge problem.

Both Nestlé and Honda said in evidence to us that companies produce for the market that they are supplying to. Therefore, even if we did secure free trade agreements with Asian and American countries, and others, we would not see a huge increase in jobs and investment here, at least in the sectors that we looked at. Ferrero Rocher told us that 5,000 trucks a year go between the UK and the rest of the European Union. It talked about costly delays and the effect on the freshness of its goods. Businesses said that border delays would be very

expensive. Leaving the customs union, they told us, was about damage limitation rather than seeing and forging new opportunities ahead.

My own view is based on the evidence that the Committee has taken, which leads me to a very simple conclusion: we need to remain in a customs union to retain the benefits of frictionless trade that we enjoy today for the good of jobs and investment in our country.

2.20 pm

Matt Warman (Boston and Skegness) (Con): I am delighted that this debate has been extended to 5 o'clock, but I am afraid that my duties as Parliamentary Private Secretary in the Northern Ireland Office mean that I will not be here for the wind-ups. I apologise to the House for that.

My constituency, as I have said many times in this place, voted more strongly than anywhere else in the country to leave the European Union, and I, as an individual, voted to remain. I suppose that I am therefore one of those whom the Father of the House teasingly described as someone who has undergone a damascene conversion. One of my constituents suggested that I had undergone a damascene conversion from kamikaze to life support when I voted to trigger article 50.

My starting point is the same as the point that I made when we were fighting the referendum campaign—we have to respect the result. That means that we have to define what we discussed during that campaign. In my constituency, as in many others up and down the country, the two defining points that we discussed were ending freedom of movement and being able to strike our own trade deals around the world. Those two things—although we may not have expressed it in these terms at the time—require us to leave the single market and to leave the customs union.

If we are to respect the way that people voted, it is impossible to get away from those positions, for two very simple reasons. First, freedom of movement is absolutely bound up with our membership of the single market. That point is probably more accepted by those who have called this debate than the second point. On the customs union, no one on any sensible side of the debate—certainly no one in my constituency—is arguing for a compromise in which we are unable to control our own trade policy but have to take the rules that the European Union makes. No one is suggesting that there is a compromise that both upholds the result of the referendum in allowing us to go and strike our own trade deals around the world and allows us to remain in the customs union. I simply do not see how today's proposal would allow us to respect that.

Antoinette Sandbach: Many of my constituents say to me that they voted to join a common market. If there were a compromise that delivered a common market but took them out of the political institutions of the EU, they would accept that as an acceptable compromise, and it would bring together remainers and leavers.

Matt Warman: I would like to agree with my hon. Friend, in the sense that if the European Union were to offer an option that said, "Remain in the customs union and remain in the single market, but you don't have to

[*Matt Warman*]

have freedom of movement and you do have the ability to go and strike your own trade deals”, then a lot of us would think that that was a very attractive move. However, that would make it a better deal to be outside the EU than to be in it.

I simply do not see how it is a sustainable, coherent position to think that the European Union would offer us that sort of compromise, so we have to live, as Opposition Members have so often said, in the real world. That requires us to say that people did not vote for the European Court of Justice to continue to have its rulings being valid in this country when we play no part in that organisation, and people did not vote for us to have no remedies on our trade policy. What people voted for, whether some in this place like it or not, is a clean break, because that is what allows us to have the control that they wanted. Many Conservative Members accuse the Opposition of trying by subterfuge to force us to remain in the European Union. However, the more we pursue the line that we can remain in the customs union but also do our own trade deals, the more we not only undermine faith in the referendum result overall but undermine faith in democracy as a whole, and we have to preserve that above all else.

Mr Edward Vaizey (Wantage) (Con): Rubbish!

Matt Warman: My right hon. Friend proclaims, “Rubbish!”, from a sedentary position. I think he knows me well enough to know that I am not an ideological hard Brexiteer, by any means. However, surely we all have to accept that we should be ideological about preserving the primacy of democracy. If we in this place are not all democrats, then we have a real problem.

Anna Soubry *rose*—

Matt Warman: I give way to my right hon. Friend, who—

Mr Speaker: Order. Before the right hon. Lady intervenes, can I make this point? People are perfectly entitled to intervene, but if they keep doing so, particularly those who have already spoken, they do so knowing that they are stopping other colleagues speaking. Let us be clear about that. Does the right hon. Lady still wish to intervene?

Anna Soubry: No.

Matt Warman: I was about to say that my right hon. Friend is talked of frequently in my constituency. I say that because I know that she does not seek to undermine democracy. I know that she, of all people, is a democrat. However, the impression that is too often given outside this place is that people here do not trust the result and that they do not trust people out there in this country to have made a decision.

Robert Neill: Will my hon. Friend give way?

Matt Warman: No, because I will upset Mr Speaker, who has already been very kind.

If we are to respect the result of the referendum and are not to become a silent partner in EU trade deals, we have to ensure that we do not become simply a rule-taker. We have to ensure that all the debates that were gone

through in the referendum campaign are upheld and defended. I say gently to my own colleagues that democracy must come first.

2.27 pm

Hywel Williams (Arfon) (PC): Two great problems have plagued Governments in this place for over 200 years—the Irish question and the European question. It takes a Government of some genius to bring those two questions down on their head simultaneously. I have been waiting a long time to say that.

I welcome this opportunity to confirm that my party’s policy is, and always has been, to stay in the customs union. We are a pro-European party—not blindly so, because we have long-standing criticisms of the European Union, but we have always been in favour of co-operating with people who share our views and our values. But that is all for a wider debate. Today I want to concentrate my remarks on the relationship with Ireland.

Caroline Lucas (Brighton, Pavilion) (Green): Will the hon. Gentleman give way?

Hywel Williams: I will give way once.

Caroline Lucas: I am very grateful. Does the hon. Gentleman agree that generations to come may well look back at this moment and find it utterly incomprehensible that we could even have been considering sacrificing the Good Friday agreement on the altar of this ideologically driven Brexit? Five former Northern Ireland Secretaries have said a hard border threatens the very existence of the Good Friday agreement. Does he agree that that would be unforgivably reckless and careless?

Hywel Williams: As I said in an intervention, I have recently been to South Armagh with the Select Committee. I could scarcely spot the difference between the north and the south. The only difference was that the tarmac was slightly different, with the better tarmac being on the southern side. That is a light remark, but it does make the point that the Good Friday agreement has brought peace almost entirely to the island of Ireland. We gamble with that at our peril, and we will not be forgiven if it is lost. That is certainly the point made by my Irish friends. I should declare an interest: if I want to visit an easy-going and entertaining European capital, Dublin is a good deal closer to me than Cardiff or London, for that matter. My Irish friends tell me how much they value that link, and that is what I want to talk about.

I have been cautioned by Democratic Unionist party colleagues not to embroil myself in their domestic matters, but this is particularly relevant to north Wales and my Arfon constituency. There is an east-west element to the question of the border, as well as the north-south element between Northern Ireland and the Republic, as the Brexit Secretary acknowledged yesterday when he appeared before the Exiting the European Union Committee. The north-south element gets the attention, but the trade between the UK and Ireland, and specifically for me the relationship between Wales and Ireland, is hugely important and larger.

The east-west trade between Irish and Welsh ports is much more significant than the north-south trade, though it does not have the same political significance, because

of the historical and tragic troubles they have had in the north of Ireland. The Secretary of State noted that the east-west trade is not only between the Republic and the UK, as there is also significant trade between Northern Ireland and the United Kingdom via the Republic. It is a complex relationship.

We have heard a great deal about the potential problems in Dover, should there be border checks, of potential tailbacks all the way to London, with perishable goods spoiling and costs to business. The same could be said for Holyhead, though possibly at a slightly less intense level. I know that the hon. Member for Ynys Môn (Albert Owen) has pushed that matter very hard indeed and is always ready to make the point. I am glad to support him this afternoon. The same point could also be made about the link with Fishguard in south-west Wales.

The lack of attention to the Wales-Ireland link is significant for not only our local economies in the north-west but the Welsh economy in general. The problems are quite obvious. In Holyhead, there is absolutely no room at the port for the expansion required to deal with any sort of customs checks. That is a practical problem. The A55, which crosses north Wales, is not a good road in many ways. It has no hard shoulder and no crash barriers in many places. It is a designated Euroroute between Dublin and Moscow, and on to the Urals. There are only two roundabouts on that route between Dublin and Moscow, both of which are in north Wales: one in Llanfairfechan and one in Penmaenmawr. Indeed, we also have two very bad bridges over the Menai strait. Those sorts of practical problems really worry me when time is so short.

The Government and the European Union have provided us with A, B and C options, with A being a comprehensive deal, B being a particular deal for Northern Ireland and C being the rejected backstop of Northern Ireland staying within the customs union. The UK rejects the C option, and the A option of a comprehensive deal is very much favoured. The Secretary of State said yesterday that he reckoned there was a 90% chance of achieving a comprehensive deal—option A—with the European Union, but that leaves us with a 10% chance of option B. I worry that if we have a particular fix for the Northern Ireland problem, we will then need a particular fix for customs between the north and the south. As one former Taoiseach said, that might entail turning a blind eye.

I cannot see how we can have two competing customs regimes between two countries or two economic blocs. I asked the Secretary of State yesterday if he could name a pair of countries that have competing customs arrangements between them. He did not answer, and neither could Pascal Lamy when he was before us some time ago. For all those reasons, I think the customs union is the option to choose.

2.33 pm

Sir Hugo Swire (East Devon) (Con): As we head towards our departure from the European Union in just under a year, I believe that our future trading arrangements are more important than ever. As deputy chairman of the Commonwealth Enterprise and Investment Council, I was involved in last week's Commonwealth business forum, before the Commonwealth Heads of Government meeting, which was an important event for discussing

trade, especially in the light of Brexit. Last year, my right hon. Friend the Secretary of State for International Trade hosted the first ever Commonwealth Trade Ministers' meeting, and last week the Prime Minister and Secretary of State announced £1.5 billion worth of commercial deals.

According to World Economics, the Commonwealth economy is bigger than that of the current eurozone, while intra-Commonwealth trade has grown faster than the global average over the past 10 years. I fundamentally believe that the diversity of the Commonwealth is a strength in itself, with half of the top 20 global emerging cities within the group. There are 2.4 billion people in the Commonwealth, of which more than 60% are under the age of 29. It is worth remembering, in terms of opportunity for British business, that the middle class of India alone is bigger than that of Europe.

Even the European Commission has conceded that 90% of global economic growth in the next 10 to 15 years is expected to be generated outside of Europe. The Commonwealth's largest members account for a quarter of the G20 and a fifth of all global trade, meaning that millions of jobs are directly affected through trade between these countries. Since the EU referendum, the Foreign and Commonwealth Office and the Department for International Trade have been building links with the rest of the world, which is a positive step towards higher levels of economic growth. That leadership will place the UK in as strong a position as possible when we eventually leave the EU.

So why should we avoid remaining in a customs union with the EU? The answer is very simple and it is borne out by the facts. The Government have set out to ensure that we are a truly global Britain. As we have heard, remaining inside a customs union with the EU would prevent the UK from committing to that agenda and striking lucrative free trade agreements with countries across the world. Recent data from the World Bank show that the EU27's share of world GDP has fallen from 25% to 18% in the last 10 years alone. I simply cannot understand why some colleagues would prefer to remain within a customs union with a bloc that is declining in its share of global trade.

It is in the EU's interests not to impose tariffs and barriers to trade, especially as EU members continue to sell more goods to the UK than we do to them. That point is particularly pertinent when stood next to the fact that the proportion of our exports going to the EU27 has fallen from 54% to 43% in the last decade alone, at a time when our trade with the Commonwealth has increased.

Membership of a customs union restricts a country's right to trade freely with third countries. Free trade agreements are not, I concede, easy to negotiate, as we saw with the comprehensive economic trade agreement between the EU and Canada. Many of us remember the Belgian region of Wallonia almost unilaterally collapsing that painstakingly negotiated free trade agreement. I for one am not prepared to allow future growth in the UK to be hobbled by a regional Government in another EU country. The possibility of being forced to wait for regional Parliaments in 27 other EU countries to ratify a free trade agreement is wholly unacceptable in today's world.

I would like for a moment, as a former Northern Ireland Minister, to pause and think about Northern Ireland, which was one of the reasons I voted to remain.

[*Sir Hugo Swire*]

I agree with the hon. Member for Vauxhall (Kate Hoey) that we cannot allow the tail to wag the dog, and I very much hope that the Minister for Foreign Affairs in Dublin will in future work collaboratively with both the UK Government and the EU to resolve this. We do not want a hard border, and I am pleased that the Prime Minister has been clear that it would be unacceptable to break up the UK's common market by having a customs and regulatory border down the Irish sea. We share the same policy goals even if they are achieved by different means.

The British people voted to leave the European Union on 23 June 2016. As someone who campaigned and voted to remain, I was naturally disappointed with the result. However, it is up to us, as representatives, to respect and implement the wishes of the public. I do not believe it is feasible or credible that, when the British people voted to leave the European Union, they did so in the hope that we would remain within the customs union, and I simply do not buy into the idea that people did not know what they were voting for. I find that argument incredibly condescending.

2.39 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I fully associate myself with the remarks of my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) when she opened the debate and the right hon. and learned Member for Rushcliffe (Mr Clarke), so I will not repeat their arguments now. I will, however, pick up on what my hon. Friend the Member for Leeds West (Rachel Reeves) and the right hon. Member for Loughborough (Nicky Morgan) said: we should be having a reasonable and evidence-based debate. Four of us who have spoken so far have the privilege of chairing Select Committees and seeing and hearing from witnesses directly about what is happening out there on the ground, and it is right that we have this opportunity to pass this information on to the Government and make sure that we have a serious discussion.

The right hon. Member for East Devon (Sir Hugo Swire) spoke about what the public voted for. Had there been a very clear exposition of the either/or position, we could say that, but it was not clear at all, and now is the time for clarity. I want to focus on the practical issues facing this country if we leave the customs union. The Public Accounts Committee, which I have the privilege of chairing, is a cross-party Committee made up of Members from four parties in this House—Members who voted both Brexit and remain and whose constituents voted similarly differently. Yet as a Committee we have produced a series of reports, two of which I want to talk about today, that highlight the practical challenges facing this country.

The first report was on the customs declaration service. Testing of that system, which is to replace the outdated customs handling of import and export freight—CHIEF—system to ensure we have a customs declaration system fit for purpose, is only now just under way. Her Majesty's Revenue and Customs estimates that the volume of customs declarations per year could rise by 200 million, from 55 million in 2015 to 255 million, and that the number of traders making declarations could increase from 141,000 to 273,000. We will need border checks for

people and goods—we heard a lot from the Department for Environment, Food and Rural Affairs on this; we will see increased costs for businesses and Governments, as others have touched on; and we will see enormous delays at the border.

Mr Jim Cunningham (Coventry South) (Lab): Has my hon. Friend's Committee looked at the cost and number of officials we will need at the border after Brexit?

Meg Hillier: My hon. Friend raises an important point. In another report, published last December, we looked at Brexit and the border—I say “looked at”, but the situation is not static; we are working closely with sister Committees, particularly the Treasury Committee, with which we are doing some joint work on the cost of Brexit. We need to look at the wider cost and what Departments are having to do to implement these new systems and employ new staff.

HMRC has told us very candidly that it does not expect, as the right hon. Member for Loughborough highlighted, to have any additional border infrastructure in place by next March, yet other countries are planning for this already. In the Netherlands and Ireland, they are buying up land and planning to build facilities to do those necessary checks. Pieter Omtzigt, the Dutch Parliament's Brexit rapporteur, has said that his country is

“preparing for the stated policy of the UK government”

and that it needs

“hundreds of new customs and agricultural inspectors”.

He says: “if we need” that,

“the British are going to need thousands”.

Already this week, we have seen Border Force advertising to recruit 550 staff—in addition to staff it has already had to recruit and will have to recruit again in the future.

Extraordinarily, a response to our work from the border planning group, which comprises a number of Departments, told our Committee there was no evidence to suggest that the risk profile of goods would change on day one. It went on:

“The Government is reviewing the specific areas where the risk posed by these imports could change, both immediately following EU exit and over time, and the measures that should be put in place to address this”—

should be put in place! We are one year away from Brexit. Even with a transition period, it will be enormously challenging—in fact impossible—to deliver the infrastructure needed to make sure that our country is safe.

We need full clarity on the costs. The Treasury Committee and the Public Accounts Committee are pressing the Treasury and other bits of Government about what the total cost will be. Let us be clear: there will be additional costs to the financial settlement, which will be only a small portion of the overall costs. That is the cost we will have to pay for the political exit, but there are the on-costs—the lost opportunity costs. We need to see the full bill and to have it analysed by the National Audit Office. We need to have that before any meaningful vote in the autumn. We are still woefully short on such

information, but the right hon. Member for Loughborough and I are on the march, so I warn the Government: they had better be prepared.

As with the emperor's new clothes, we need to call it out. Wishful thinking is not enough. It is not about ideology or romance, though many of us hold ideological positions. We need clarity. We need a decision so that business, and indeed the Government, can prepare. We need a customs union—we need the customs union. The alternative is chaos, cost, confusion and huge damage to the UK economy.

2.44 pm

Mr Edward Vaizey (Wantage) (Con): I see that a Treasury Minister is responding to this debate, not a Trade Minister. This is a new phenomenon: when the Government are in trouble, they no longer uncork the Gauke; they un-shell the Mel.

I do not know about the emperor's new clothes, but I feel I am living in an Alice in Wonderland world. I am learning more and more about Brexit every day. I have learned that we can be out of the EU but in the single market; that we can be out of the EU but in the customs union; that we can be in the EU and have a blue passport made by a British company; that we can be out of the EU and have a blue passport made by a French company; that the Windrush scandal is the Europeans' fault because they are in favour of people presenting papers, and that Brexiteers are very pro-immigration; that there will no longer be a bonfire of EU regulations—but it's all right because we are going to adopt them all; that we are not trading enough with the EU so we are going to make it more difficult to trade with the EU; and that the Good Friday agreement is a waste of time and we are to have a hard border with Northern Ireland because of Brexit; and I have heard that anything I do to contradict anyone who supports Brexit is undermining the will of the people, even though during the referendum, as far as I am aware, there was a clear question—"Do you want to leave the EU?"—but no clear proposition about what that meant, which has left it to Parliament to decide what leaving means, or at least to guide and engage with the Government.

George Freeman (Mid Norfolk) (Con): In Mid Norfolk, where my constituents voted to leave, the majority opinion on the doorstep was: "Mr Freeman, I wanted to be in the single market, not in a political union. It was Mrs Thatcher who took us into the single market. I want to be in the single market, not in the political union." Does my right hon. Friend agree with my constituents?

Mr Vaizey: That is absolutely right. My right hon. Friend the Member for West Dorset (Sir Oliver Letwin), in his excellent memoirs, says he parted company with the Brexiteers, having been a Eurosceptic, because he supported a free trade arrangement with the EU but did not want to leave the EU in order to cause damage to our economy—I have not put that very well, but the key point is that, if we are to leave the EU, which we are, and we are a free and sovereign nation, we can then make decisions in the interests of our economy; and if it is in the interests of our economy to be a member of a customs union, it should be possible for Parliament to debate that and make that decision without being accused

of betraying the will of the British people. The people who are passionate about Brexit have tipped over into an ideological fervour where anything that involves Europe in any shape or form is wrong.

I have come here to ask un-shelled Mel some questions to educate myself, because I want to make the decision that is best for my country. I am one of the Prime Minister's trade envoys to Vietnam, so I know a tiny bit about trade. If it is best to leave the customs union and make up for the economic impact of doing so by means of free trade deals, can my right hon. Friend the Financial Secretary to the Treasury tell me when we are planning to sign these new trade deals, who we are planning to sign them with, what their value to our economy will be and what the related issues will be? For example, I have read in the newspapers that one aspect of trade deals with countries such as India and Australia—they are both countries that I love—will be more relaxed immigration and visa rules. I do not have a particular problem with that, but is my right hon. Friend aware of that issue, and how does he think it will go down with the public?

When it comes to regulatory standards, I agree with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), although I do not have a problem with food standards in America or Australia; we do not see a lot of Australians or Americans dropping down with food poisoning. Given that food standards in those countries are different from ours, are the Government content to sign up to them? Let us face it; one of the reasons we have tariffs is that there is an element of protectionism in every economy. What will be the reaction of sectors of our economy, such as agriculture, when we sign these trade deals?

I would like to know the Government's view on the cost of leaving the customs union, and the impact of doing so on sectors that are important to our economy, such as cars, agriculture, pharmaceuticals and chemicals. The hon. Member for Leeds West (Rachel Reeves)—the excellent Chair of the Business, Energy and Industrial Strategy Committee—has done a lot of this work for the Government. Perhaps the Minister could help me, as a bear of little brain, with something else. As far as I am aware, staying in the customs union will allow us to export goods to the European Union without tariffs, but it should leave us free to negotiate free trade deals outside of those goods. It should, indeed—this is particularly important given that services now account for 80% of our economy—allow global Britain to negotiate service agreements with the US, as my right hon. and learned Friend the Member for Rushcliffe pointed out.

The Minister could perhaps help to explain the paradox of how Germany, which is a member of the customs union, has managed to increase its exports to China so significantly while it has been anchored and shackled to this protectionist racket. Why is Germany exporting five times as much to China as Britain is doing? Is it simply that Germany makes a hell of a lot of effort to export goods? If we made a hell of a lot of effort while we were still in the customs union, perhaps we could continue to increase our exports to China.

2.51 pm

Ruth George (High Peak) (Lab): I have sat and listened to some expert speakers this afternoon. As a Member who was elected only last summer, I do not pretend to

[Ruth George]

be an expert on Brexit or its implications, but the right hon. Member for Wantage (Mr Vaizey) has just said it all; we have all learned an awful lot over the last 12 months or more. We have to be very good listeners, and that is what I have tried to do since my election.

I have heard from many hon. Members on Select Committees who have listened to businesses. Every single Member who has spoken and quoted what businesses are telling them has supported our remaining in the customs union. Less than two weeks ago, I held a Brexit seminar with local businesses in my constituency, rural High Peak in Derbyshire. I heard their huge concerns not only about leaving the customs union in a year's time, but about the impact of the uncertainty that is being caused by Brexit and the possibility that we will not be able to continue in the customs union.

Leaving the customs union will slow up the supply chains of these companies. They have just-in-time procurement, and if they cannot manage that, it will slow the whole manufacturing process and increase their costs. If we have hard borders, their costs will increase further not only because of tariffs, but because of paperwork and bureaucracy. That does not just apply to their trade with European Union countries; much of their trade goes through EU countries, even if it ends up elsewhere in the world. Any impact on our borders with the EU will affect our trade elsewhere.

Such costs will put us at a serious competitive disadvantage to companies in other European countries, and those companies are not slow to take that advantage over British companies and approach their customers. My companies tell me that they are already losing contracts because, when they go to bid, they are asked, "Can you guarantee that you will remain a member of the customs union, and that you will be able to maintain frictionless trade and supply chains?" Less than 12 months from our departure from the EU, my companies cannot give that guarantee.

At least four companies in my constituency have already had to set up branches in European Union countries; the right hon. Member for Broxtowe (Anna Soubry) mentioned that issue. Ireland has a significant backlog of companies seeking to register for VAT in the Republic of Ireland, because so many companies are having to do so. Given the barriers to trade that may come with us leaving the customs union, we will end up with more and more jobs having to go from the UK to EU countries because it makes sense for companies to trade from there.

Helen Goodman: My hon. Friend is making excellent points. Is she also worried about the impact on inward investment? When the Japanese ambassador who represents companies as large as Nissan and Hitachi says that the customs union is important for Japanese trade, does that spell out a bad long-term future for us?

Ruth George: Absolutely. My hon. Friend makes an excellent point, and global companies in my constituency say that their head offices have put a kibosh on any inward investment into companies at UK sites until they know the outcome of the Brexit negotiations. That is holding them back compared with other sites in the

rest of the world, and it is having a long-term impact on valuable manufacturing jobs and other high-skilled jobs in my constituency.

Whatever my constituents voted for when they voted—by a very small majority—to leave the European Union, they did not vote to give British companies a competitive disadvantage compared with those in Europe, or for jobs to be transferred from the UK to overseas, as is already happening at companies in my constituency. As the negotiations proceed, and as we vote in this place on the Brexit deal, I intend to keep listening, particularly to those businesses that will be most affected and feel that they have the least voice in this process. We must ensure that whatever deal we get will work for my constituents and the businesses that employ them.

2.56 pm

Mrs Sheryll Murray (South East Cornwall) (Con): On Monday, Michel Barnier laid bare for all to see what staying in the customs union would mean for the UK: effectively staying in the EU. In his speech he mentioned the need for state aid rules, and that would probably mean no bailing out of the steel industry or any other industry that needs it in future. I remind hon. Members of the situation of a Shetland leasing and processing company that was run by Shetland Islands Council. More than a decade ago it fell foul of the European Commission when a Labour MEP reported it for operating outside state aid rules.

Mr Barnier also mentioned the need for tax rules. All those who hoped for the end of taxation on women's sanitary products, and thought that Brexit could finally make that happen, might be very disappointed. He also talked about the need for shared social and environmental standards, which would mean that although people had thought that live animal exports could be banned, that would not be likely to happen. He spoke of the need to clarify the role of the European Court of Justice, and, yes, that probably means that he wants the EU Court of Justice to continue to rule over our laws. If hon. Members want an example of that, I refer them to the Factortame case.

When I knocked on the doors of my constituents, I found that people were absolutely sick of an EU over which they have virtually no say making the laws that govern them. Last month, the Prime Minister clearly said that

"the jurisdiction of the ECJ in the UK must end."

I wholeheartedly agree; let us make it so.

Nicky Morgan: Will my hon. Friend give way?

Mrs Murray: I will not give way because other Members wish to speak. I am really sorry.

The worst of all possible scenarios would be one in which we had to abide by and be ruled by the European Union, but without any say. I wonder how long it will be before we start hearing suggestions about EU access to our fishing grounds—my fishermen—to pay for trade. How long will it be before we hear what the cost of staying in such a customs union will be? No doubt we will still have to pay a divorce bill, but on top of that, if people voted for a customs union, we might face an annual bill for effectively staying in.

The Prime Minister has always maintained that no deal is better than a bad deal. I can think of no worse deal than effectively staying in the EU with all the costs, but no say over it. That would also be a massive betrayal of the British people, who voted to leave. South East Cornwall voted to leave for the reasons I have outlined, and Cornwall voted to leave. Most importantly, the whole country voted to leave, and to do anything else would be a massive betrayal of the people we are supposed to represent. Brexit means Brexit; leave means leave. We just need to get on with it.

3 pm

Albert Owen (Ynys Môn) (Lab): To me, this debate means more than just customs and borders; it means jobs and investment in my constituency.

I live on the frontline of Brexit—my constituency is on the frontline. I am closer to the great city of Dublin than the hon. Member for Arfon (Hywel Williams), and over the years, European Union and Irish politics has meant a lot to people in north-west Wales, because we are linked to the people of Ireland and the people of the European Union.

Of course, the Republic of Ireland joined the European Union at the same time as the United Kingdom. We had, and still have, a common area of trade between the two countries, but if we were to leave without the protection that a customs union could give us, we would have a completely separate entity for the first time in our recent history.

The amount of European trade that comes through the port of Holyhead in my constituency is second only to the amount that goes through Dover. Some 400,000 lorries enter and exit the port annually. It is the gateway to the United Kingdom from the Republic of Ireland, and 11,000 jobs are directly or indirectly supported by the Welsh ports that handle goods from the European Union.

I hear talk about “Project Fear”, as we did with other referendums, but the reality is that many Irish shipping companies, hauliers and agencies are preparing contingency plans as we speak to reroute trade directly from the ports of Cork and Dublin straight to mainland Europe, bypassing the Welsh ports, the English ports and the Scottish ports. That trade would take with it the job opportunities and investment that make the United Kingdom a strong trading nation.

The relationship is very special, and people I speak to in the Republic of Ireland care about what withdrawal and exit from the European Union would mean for us, because it will have a severe impact on us and on them. The customs union would provide a lifeboat for the United Kingdom come Brexit. I think that the Prime Minister really believes that, but has been forced by forces within the Conservative party to take a different route. That route would be disastrous for the port communities, the regional economy in my area, and the entire United Kingdom.

I want to deal head on with the issue of the will of the people. My constituency was split down the middle in the 2016 EU referendum, with a small majority—just over 700—in favour of leaving the EU. I spoke to a lot of people during that period, and many of them told me that one reason why they wanted to leave the European Union—these were older constituents—was that it had

become too big and cumbersome, and was not the Common Market that they voted for in the 1970s. Well, a customs union is very similar to the Common Market—

Helen Goodman *indicated dissent.*

Albert Owen: It is slightly different, but it needs arbitration—

Robert Neill *rose*—

Albert Owen: I will take one intervention—from the hon. Gentleman.

Robert Neill: I am very glad that the hon. Gentleman makes that point. My constituency voted to remain by 521 votes, and my experience in London was exactly the same: people voted to leave the political institution. They actually believed in the market—that was what we signed up for, and it is what they will be content to remain in. It is actually misleading for any person, either in this House or elsewhere, to hijack what was a vote on a simple yes/no issue otherwise.

Albert Owen: I am grateful for that intervention. I am making the point that the customs union replicates the Common Market, and I feel that continuing in a customs union will give my constituents the job security that they need.

To return to the will of the people, the Prime Minister called the 2017 general election—the hard Brexit general election—so that she could boost her majority in the House of Commons. She failed to do that—in fact, she lost her majority—and she now relies on a party that represents a part of the United Kingdom that voted to remain in the European Union. That is significant. In the previous general election, I had a very small majority, and I told people that I would come to this House to fight for their jobs and investment, and for what I feel is best for the people of Ynys Môn. My majority, unlike the parliamentary majority of the Prime Minister and the Conservative party, went up.

I believe that the customs union is right for this country. I also believe that we should go further, but I am a realist. I want to unite the people of this divided United Kingdom and I believe that the customs union could be the symbol to do that, because while we could leave certain aspects of the European Union, we could remain in the customs union, trading freely with our European neighbours. That would also not deter us from trading with other countries. We heard from the Father of the House, the right hon. and learned Member for Rushcliffe (Mr Clarke), that Germany is increasing its trade with India, for example, and we can do the same. An outward-looking United Kingdom in the customs union could be of benefit to us. There could be a positive double whammy of our remaining within the customs union and trading freely with my friends in the Republic of Ireland, thereby benefiting my constituents, and that, I believe, is in the national interest of the whole United Kingdom.

3.6 pm

Antoinette Sandbach (Eddisbury) (Con): I have a confession to make: when I voted in the 2016 referendum, I did not spend a great deal of time thinking about the customs union, rules of origin or other such matters. In that regard, I suspect that I am not alone in the House

[*Antoinette Sandbach*]

or in the country. I do not believe that many people gave a lot of thought to our place in the customs union, because very few leave campaigners mentioned leaving it. Indeed, one of the few direct references that I could find was in an article from 2012 in *The Mail on Sunday*, in the name of the now Secretary of State for International Trade. A copy of the article is still on his website as I make my remarks. He wrote:

“I believe that the best way forward is for Britain to renegotiate a new relationship with the European Union—one based on an economic partnership involving a customs union and a single market in goods and services.”

That sounds like a good way forward for my constituents, and I want to make a similar case today.

The last two years have been a crash course in customs and borders policy. At the centre of my education has been the Business, Energy and Industrial Strategy Committee, of which I am a Member. My view is that in this House we should make policy based on evidence. I urge my hon. Friend for South East Somerset to read some of the reports. I understand the importance of the fishing industry to her constituents, and she needs to understand the importance of the chemical, pharmaceutical and car industries to the north-west. The reality is that if we do not negotiate some form of agreement that leads to a European economic area-style—

Mrs Sheryll Murray: It is Cornwall, not Somerset.

Antoinette Sandbach: I apologise to my hon. Friend the Member for South East Cornwall (Mrs Murray)—I am corrected.

Pharmaceuticals, car manufacturing, agriculture, food manufacturing, the energy sector and the nuclear sector are absolutely key to the north-west. The Government's own analysis shows that if we do not have an EEA-style agreement, there will be a 12% reduction in GDP growth in the north-west. If I am to represent my constituents, I have to vote in a way that supports their interests—that is what I am elected to do. A decision was taken to leave, but the question of how we leave was delegated to the House. I am not a delegate; I am a representative for the interests of my constituents.

Anna Soubry: Does my hon. Friend share my concern that so many Members do not even know what the customs union is? For example, while we have heard today that there are no other customs unions in the world, there are 12. As for state aid rules, we now know that the Government said on Monday that they would adopt all the state aid rules that we currently have as a member of the European Union.

Antoinette Sandbach: I am grateful for my right hon. Friend's intervention.

Let me explain why the customs union is so important. There is evidence that the crankshaft of a Mini crosses the English Channel three times on a 2,000-mile journey before the car is even finished. It is first cast in France, before being sent to Warwickshire to be milled into shape. Once it is complete, it is sent to Munich to be added to the engine. Finally, it is sent back to Oxford, where the engine is installed in the car.

The Chair of the Business, Energy and Industrial Strategy Committee, the hon. Member for Leeds West (Rachel Reeves), spoke eloquently about the additional costs to the motor manufacturing sector of not being party to a customs agreement. We may call it a partnership or a union, but I am not bothered about what it is called. It is the outcome that I want to achieve, and that outcome is what leave campaigners promised to my constituents: free and frictionless trade. That must be delivered, and if the way to deliver it involves leaving the political institutions of the EU while remaining in the single market and the customs union, I will support that.

As for all this guff about being a rule taker, if we want to export to any other country in the world, we must export according to that country's rules. If other countries want to export to us, they must accept our rules. It is in our interests to have aligned rules. In fact, much of the body of our rules is global regulation, as is made clear in the BEIS Committee's report on the aerospace sector. In many cases, we are talking about not EU standards but international standards.

Most of the countries involved in the free trade deals that have been held up by leave campaigners are covered by our membership of the European Union. If we are part of the single market and a customs union, we may be able to gain access to the 32 Commonwealth countries that already have free trade deals with the EU. It will be much easier for us to roll over our existing free trade deals, which is the Government's aim—I support it. Only 12% of countries do not have current free trade agreements with the EU or agreements that are being negotiated with the EU. It makes absolute sense for us to consider an EEA or EFTA-style agreement that would allow us to take back control of fisheries and agriculture, provide a brake on immigration and take us out of the jurisdiction of the European Court, but would be a recognised and acknowledged partnership.

3.13 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I am delighted to follow the hon. Member for Eddisbury (Antoinette Sandbach).

I agree with much of what has been said today, but I want to talk specifically about my own region, because nowhere in Britain will be harder hit by Brexit than the north-east. It is projected that as a result of the Government's preferred outcome of a comprehensive free trade agreement, growth in the north-east could take a 11% hit, whereas if we ended up with the alarmingly possible no-deal scenario, there could be a staggering 16% hit.

We are significantly more exposed to the risks of a bad deal—or, indeed, no deal—than other parts of the country. The north-east is the only region in England with a consistent surplus in goods and services trade with the EU. We export 60% of our goods and services to European markets, which is a larger proportion than any other region. Many thousands of valuable local jobs rely on a good Brexit deal that would secure frictionless, two-way access between Britain and the EU. Without that access, those jobs will be at risk, and given that we have one of the highest unemployment rates in the country, that is something that our local economy simply cannot afford.

Helen Goodman: I agree wholeheartedly with my hon. Friend. Is she as alarmed as I am that those projections would result in unemployment in our region rising to 20%, meaning 200,000 people without work?

Catherine McKinnell: It does not bear thinking about. I and my hon. Friend are not alone in our concerns. Last July, when the North East chamber of commerce, which represents more than 3,000 businesses of all sizes across the region, conducted a survey of its members, 88% of respondents said that they wished to remain in some kind of single market and customs union. Unsurprisingly, the proportion is even higher among those who export solely to the EU.

The confusion and uncertainty is particularly felt by small and medium-sized enterprises in the north-east, especially those that currently export only to the EU and have no idea what the future holds. The situation has certainly not been improved by rumours that the Department for International Trade will in future provide support only to firms with a turnover of more than £4 million. I hope that the Minister will disabuse people of that concern.

The chief executive of the North East chamber of commerce, James Ramsbotham, wrote to the Secretary of State for Business, Energy and Industrial Strategy in February to express his concerns about the forecasted harmful effects of Brexit on the north-east and the Government's strategy to mitigate them. More than two months after he wrote that letter, he is still waiting for a reply. It is worth quoting from his letter at length:

"I was not surprised that the biggest potential impact is on North East England. As you know, we are the region with the best record at trading with the rest of the EU: an achievement delivered by many Chamber members. It is to be expected that anything which makes doing business with Europe harder will have a greater impact here. I am, however, very disturbed that Government has so far failed to adequately allay the obvious concerns this has created among our members, even before these assessments became public.

You will recall the Government was elected last June on a manifesto that said closing the gap between London and other parts of the UK is 'the biggest prize in Britain today', a 'great endeavour', and that the Conservative Party was 'determined to lead the way in the next Parliament'. These forecasts suggest the gap will not reduce but grow significantly wider. If there are figures being shared around Whitehall that suggest your Government's stated top priority could be seriously undermined, I would expect to see some concerted action to tackle it.

I assume that Government must expect a better outcome from Brexit than that indicated by these forecasts, otherwise you would not be going through with this plan. Given the manifesto commitments mentioned above, I also assume that you expect it to be at least as good for North East England, if not better, than for London. I therefore assume you must have some evidence to support this. It is beyond time for some more frank communication from Government so we can understand the basis of this confidence.

In light of these forecasts, Government should re-think its position on leaving the Customs Union. It seems clear that to do so will exacerbate the risks to the economy, particularly in our region. The freedom to pursue independent trade deals with other countries will present opportunities—but it will also present significant risks, involve great complexity and require huge capacity building. We have not yet seen any evidence to suggest that the opportunities can genuinely be greater than the negative impact of disrupting trade with our nearest markets.

If there is sufficient evidence to show there will be benefits from leaving the Customs Union, then there should be consideration of extending the implementation period. The time to put in place

the capacity to deliver such trade deals, and the time for businesses to adjust to new terms of trade and respond to a signal that they should prioritise different markets, is perilously short.

In the meantime, we should be seeing significant investments going in to the support structures to help businesses make these adjustments, and in to the agencies that must manage major new processes—not least HMRC. At present we do not see this and businesses have very limited sources of expert advice available."

It is difficult to imagine a more damning assessment of the Government's approach. It is shocking that these calls for clarity, from a body that speaks on behalf of the north-east's business community, have so far been ignored. I fear that that confirms that the Government do not have our region's best interests at heart, or that they simply have their head in the sand.

I want to end by asking the Minister a fundamental question: how do the Government intend to close the gap between London and the north-east when all the evidence suggests that their Brexit policy—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order.

3.19 pm

Luke Graham (Ochil and South Perthshire) (Con): As a remainder and a democrat, I must respect the result of the referendum. Membership of the customs union is possible only for member states of the EU. This was not in any doubt at the time of the referendum; David Cameron said as much on "The Andrew Marr Show" during the penultimate weekend of the campaign. He said:

"We cannot leave the EU and remain in the customs union".

However, that does not mean that we cannot negotiate a deal with the EU to keep trade as frictionless as possible, and the UK Government have put forward proposals to that end. Whether it is called a customs arrangement or a customs union, I do not really mind the label as long as it achieves the shared goals of frictionless trade and as few barriers as possible.

I want to talk about some of the concerns raised by the Chair of the Public Accounts Committee, the hon. Member for Hackney South and Shoreditch (Meg Hillier), and me as a member of that Committee when we looked into the details and practicalities that will face us if we do not have a firm and solid customs agreement with the European Union. In 2015, roughly 55 million customs declarations were made by 141,000 traders. It is predicted in the reports that we have received, however, that we could see a fivefold increase in the number of declarations needing to be processed after Brexit. That would involve up to 255 million declarations, which would put a great deal of additional pressure and strain on HMRC and on its new customs declaration service's systems.

Even allowing for a transitional period to be agreed and in place, we are still working to a tight timetable for putting in place an operational system that traders here in the United Kingdom and abroad will be able to use. The planning for the introduction of the customs declaration service—CDS—system was put into action in 2013-14, before Brexit became a reality, although the planning to account for the increased numbers is obviously a direct consequence of the Brexit decision. There is also uncertainty over the investment in the current customs handling of import and export freight—CHIEF—system, which requires around £7 million if it

[*Luke Graham*]

is to serve as a back-up, just in case the CDS system is not ready when we hit the Brexit date and agreements are not in place.

HMRC has acknowledged in the Public Accounts Committee that there are four main areas of risk. They involve the integration of all the CDS components, testing to ensure that the system can handle 255 million declarations a year, migrating registered users to the new system and ensuring that users are ready to make declarations on the new system. HMRC will not know until July this year whether the system will work as intended. That is barely a year before the first traders will begin to use it.

I therefore reiterate to the House the recommendations agreed by the Public Accounts Committee that we believe will help to rectify the situation. First, the Treasury must provide sufficient funding for the back-up CHIEF system and ensure that the CDS is properly funded. Secondly, we need to ensure that there is a fully fleshed-out contingency plan to match the funding for the CHIEF system. Finally, we need to ensure that HMRC has everything it needs to ensure that the affected businesses can be informed off how all this will affect them. That includes businesses here in the United Kingdom and our trading partners around the world.

We have already touched on the effect of Brexit on our borders, especially in Northern Ireland, so I will not labour that point. I will simply reiterate the point made by others that we are committed to maintaining the integrity of the United Kingdom and that we must have an agreement that respects the Good Friday agreement in Ireland.

I want to comment briefly on the tone of our past debates. Today's debate has been a lot more constructive than some of our past debates on the European Union, but we should not forget some of the pessimism that was rife just before Christmas, when the hon. Member for Cardiff North (Anna McMorrin)—who is not in her place—intervened on me multiple times to say that the Brexit negotiations were a mess and that we were in a constitutional crisis. I have to remind the House that only a day later the Prime Minister reached an agreement establishing the financial settlement with the EU and ensuring that EU and UK citizens' rights would be respected, that the UK would have territorial integrity and that the Good Friday agreement would be respected.

None of our constituents voted to be poorer, and none of them wanted there to be more barriers between ourselves and our international trading partners. We do not mind the labels or the mechanisms, but I know that my constituents want a customs system that they can rely on, that respects the United Kingdom's integrity and that will allow them to prosper and be better off than they are today.

3.24 pm

Owen Smith (Pontypridd) (Lab): I begin by thanking my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) for securing today's debate, which has been incredibly important, and my right hon. Friend the Member for Islington North (Jeremy Corbyn) for liberating me to speak. It was extremely generous of him, and I intend to make full use of it.

I want to do something unusual in my new free-speaking, freewheeling role and agree with one of the things said by my hon. Friend the Member for Vauxhall (Kate Hoey). She said that there has been a great deal of dishonesty in this debate, and she is completely right. It is pretty much the only thing that I agree with her on, but dishonesty has been the hallmark of the Brexiteers' arguments before, during and after the referendum. I am sorry to break with the more consensual, collegiate tone that many Members have struck, but we need a bit of truth telling in this debate. We need to be clear about the risks that we face as a country and clear about some of the fibs that were told to the country during the process.

As a former shadow Secretary of State for Northern Ireland and as someone in the Labour party who feels a huge degree of pride about all we did to bring about an end to 30 years of civil war in a part of our country, we cannot countenance any return to any hard border in Northern Ireland. It would be utterly unconscionable for this place to allow that to happen. When the Chief Constable of the Police Service in Northern Ireland is warning us all publicly—a pretty remarkable thing for him to do—that we risk the return of a hard border that would jeopardise the safety and security of his officers and of the people of Northern Ireland and when that view is shared across the political divide in Northern Ireland, this place must listen.

The situation was not discussed prior to the referendum, when it was not clear that we were going to jeopardise peace in Ireland. If there is to be any sort of harder border in Northern Ireland, it is now clear that we run the risk of jeopardising that peace. That is the first and most important thing that I have to say, and that alone should cause us to pause and say, "We must stay in the customs union and the single market." The truth is that staying in the customs union is insufficient to guarantee that we will not, over time, have a return to a hard border on the island of Ireland. Regulatory divergence unfolding over a longer period will be the one thing—more than the short-term effect of customs tariffs at the border—that will guarantee the return of the hard border, which cannot be countenanced by this place. If we allow it to happen, we would be betraying the people of the Northern Ireland and the national interests of this country.

Let me turn briefly to the economic effects of Brexit, because we need some truth telling there, too. Brexit is already damaging the economic this country's wellbeing. The International Monetary Fund said just this week that the only G7 country that will not grow at anything like the almost 4% that the world is predicted to grow at over the next period is the UK, and its view is that that is due to Brexit. The Office for Budget Responsibility, the OECD and the Government hold the same view. The Government's own projections clearly show that with the very best outcome, which is staying in the single market and the customs union, we will still see a reduction in GDP of around 2%, which is equivalent to the change we saw after the 2008 crash.

Norman Lamb: Does the hon. Gentleman agree that the Brexiteers' claim that we have to leave the customs union to grow our trade with the rest of the world is just grossly misleading? Germany exports £77 billion to China against our £22 billion, so we have every opportunity within the customs union to grow our trade wherever we want. It is down to us, not the rules of the customs union.

Owen Smith: It is frankly arrant nonsense to suggest that staying within the EU or being in the customs union or the single market is in any way, shape or form an impediment to growing our trade outside the EU. The truth is that we have succeeded in doing that over the past 30 years from within the EU, and other countries are doing it even as we speak. It is utter nonsense, and we need to call it out as such and not accept the set of lies that continues to be propagated by those who are ideologically determined to drive Brexit through.

Finally, all I have just described as truth is completely contested. I fully accept our country is still very much divided, and it is not sufficient for the Government or for the Labour party in opposition to acquiesce, in respecting the will of the people, to allowing our country to become poorer, less secure and more isolated, but nor is it sufficient for us simply to overrule the will of people. The only way we can sort this out, the only way we can act in the national interest and secure the agreement of the British people, is to give them the opportunity, once we know the final terms of the deal—what is really on offer, not the lies that have been told but the truth that is then exposed—of a final ratifying referendum, a final say, a people's vote, or whatever we want to call it. That would bring this country together. Frankly, it would save this country from a lesser future—a less secure, less prosperous and more isolated future. That is the right thing to do, and it is what we should—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order.

3.30 pm

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): I am a firm supporter of the Prime Minister's position on this question, and I will set out why.

I am clear that continued membership of the customs union would represent a breach of faith with the referendum result and with the wishes of millions of Labour voters up and down our country. It would also be a serious misjudgement, given the way it would leave our country bound by EU rules on trade but with no say on them, which would represent the worst of all possible worlds.

The only large country that has a customs union with the EU but that is not an EU member state is Turkey, but Turkey's customs union is almost unbelievably asymmetric. The EU does not need Turkey's consent to enter free trade agreements with any other country, and Turkey is obliged to reduce its tariffs with such countries. However, the third country with which the EU enters an FTA is under no reciprocal obligation to open its markets to Turkish exporters. In other words, Turkey has to open her markets but might reap none of the benefits. This is not an academic issue. Turkey finds herself in that situation in her trade with countries like Mexico and South Africa.

In a frank interview last summer with the BBC, the shadow Secretary of State for International Trade, the hon. Member for Brent North (Barry Gardiner), warned it would be a "disaster" for Britain to find itself in that situation. I agree with him, and I wish the Labour party were not now attempting to U-turn on that logic.

In a customs union, Britain would be reduced to taking whatever deal we are handed by Brussels, with no say on the outcome.

Antoinette Sandbach: My intention would not be to enter a Turkish-style agreement, and the EU has already conceded that the UK would be able to have a say, but not a veto, on future trade agreements.

Mr Clarke: In essence, not having a veto is not having control on the outcome. An agreement would be negotiated for us that we would either have to live with or reject. There is no sensible outcome we could live with over which we have no control.

It gets worse. Turkey can sign free trade agreements with other non-European Union countries only if she has the EU's permission—we would have to get clarity on whether that would apply in this instance. I suspect Turkey only subjects herself to such a humiliating state of affairs because she continues to hold out the hope of becoming a full member of the European Union.

The state of affairs for Britain would be far worse, infinitely worse, than remaining a member state of the European Union, where we at least have a seat at the table when it comes to our trade deals.

Angus Brendan MacNeil: Has the hon. Gentleman considered that Turkey might be staying in the customs union for economic advantage? Has he thought about the economics of the situation?

Mr Clarke: I do not believe that it is to our economic advantage. Turkey has long prized EU membership as a status symbol, but I do not believe the economics add up.

Those lobbying for a customs union know that staying in the customs union without a voice at the table would be worse than being a fully signed-up member, as was made more or less explicit by the hon. Member for Pontypridd (Owen Smith) when he said that we would need to stay in the single market as well as the customs union, which goes a long way towards revealing the true motivation of many who make this argument—they see it as a stepping-stone to undoing the people's vote to leave.

We need to remind ourselves of why the leave campaign lobbied to leave the customs union in the first place. The EU has been slow at negotiating trade deals on our behalf, not least because there are 28 members states on one side of the negotiating table. The EU's trade talks with Japan have taken 61 months and are still awaiting ratification. By contrast, it took Switzerland 28 months to settle its deal with Japan. EU trade talks with the US have been ongoing for 64 months now, with no sign of progress, whereas the US managed to negotiate trade deals with Canada in 20 months, Australia in 14 months and South Korea in 13 months. At the time of the referendum, the EU had managed to negotiate trade agreements with only two of the UK's 10 largest non-EU trading partners.

Not leaving the customs union would also fatally damage the prospects for the idea that, more than any other, has captured the imagination of the Teesside public since our vote to leave. A free port at Teesport, which is a project championed by Tees Valley Mayor Ben Houchen and me, would be an enormous boost to local industry and provide a great incentive to reshore jobs to the South Tees mayoral development corporation site. That goes directly to the point that the hon. Member for Newcastle upon Tyne North (Catherine McKinnell)

[Mr Simon Clarke]

made about north-east jobs. There has been enormous buy-in from local people and businesses to this idea, and people are genuinely excited about what it would mean. However, a free port will not be possible if we do not leave the customs union.

Some people try to maintain the argument that free ports are possible within the EU. The reality is that those zones that exist are glorified bonded warehouses—places where people can defer tax, duty and VAT. What Ben and I are saying is that within the Tees free port there will be the potential for significant tax and regulatory divergences, but that will be stymied if we remain in a customs union.

Outside a customs union there are other significant advantages.

Mr Grieve: How does my hon. Friend imagine that he can engage in this regulatory divergence without incurring tariffs with those countries with which we do our principal trade or the economic consequences that flow from that? I can understand the fantasy behind the picture he paints, but it simply is not the reality of what will happen if we cut ourselves off from our principal trading partners.

Mr Clarke: We are precisely seeking an ambitious free trade agreement both with Europe and with the rest of the world. This goes to the heart of that matter.

Robert Neill: Dreamland.

Mr Clarke: It is certainly not dreamland. If my hon. Friend reads the compelling paper written by my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) for the Centre for Policy Studies, he will see why it is not dreamland, why there is such ministerial buy-in and why there is so much enthusiasm from the business community in the north-east.

The additional advantages are that we can cut tariffs on products such as food, clothing and footwear. These goods happen to be where the highest tariffs are concentrated and are those on which the poorest in society spend the greatest proportion of their income.

Others have made points about Northern Ireland on which I shall not dwell at length given the shortage of time, but the chief executive of HMRC Jon Thompson told the Exiting the European Union Committee:

“We do not believe, and this has been our consistent advice to ministers, we require any infrastructure at the border between Northern Ireland and Ireland under any circumstances.”

I will leave that point there.

Britain remaining inside the customs union with the EU would be unwise, unnecessary and unacceptable to me and millions of people who voted for Brexit in good faith.

3.38 pm

Geraint Davies (Swansea West) (Lab/Co-op): Resisting a customs union and the single market without a mandate from the voters, which we have not, would be an act of grotesque economic irresponsibility. Being in the customs union means that we are part of team Europe when we negotiate with big blocs such as the United States,

China and Japan. If we leave, we will be one player against a whole team. The idea that we can negotiate better terms is farcical. The idea that we can get more trade to compensate for the trade lost as a result of turning our backs on the EU in terms of the single market, tariffs, product standards and barriers, is absurd.

People may be aware of the economic model of trade called the gravity model, which says that the closer and bigger a market is, the more there is trade. Empirically, over the past 140 years, it has been found that the relationship is: halve the distance and you double the trade. That basically accounts for the fact that 50% of the UK's trade is with the EU, while for Wales, the north-east and Yorkshire the figure is 60%.

In Britain, some of the poorer areas that voted for Brexit will suffer much more if we end up out of the single market and the customs union. Some people still believe, because of Government spokespeople, that we can boldly go and trade where others have not been before, when in fact we are already trading there. The former permanent secretary at the Department for International Trade likened leaving the single market and the customs union to swapping a three-course meal for the promise of a pack of crisps. He was right, and why did he say that? Because if we look at the big markets, where the opportunities are, are they there? In the United States, Donald Trump said in his inaugural address that he would stop foreign countries ravaging his economy and taking jobs, and would stop the country importing more than it exports. We have seen with Bombardier, EU steel and tariffs on China that the US will act against anyone who thinks they can gain an advantage, and the US is much bigger than us alone, as opposed to us as part of the EU. What is more, the US will try to export its standards, be they in chemicals, food, the environment or workers' rights, which will prevent us from exporting to the EU.

We have already heard that the Germans export four times more to China than we do. We can do that on our own. Again, China will be much more powerful. The Chinese have demanded that they build Hinkley Point, even though the cost of energy is sky high, and have already negotiated to build HS2. They will be coming in, taking our jobs—exporting our jobs—and we will be like putty in their hands, without any ability to negotiate on human rights, carbon and so on.

On Japan, the EU is doing a trade deal that will embrace a third of the economy of the world. If that trade deal is secured after March next year, we will not be part of it. Forty per cent of Japanese investment in the EU is in the UK. We will lose that, and it is not just cars. I am talking about financial services, and 80% of our exports are in services. The EU-Japanese deal will include financial services and we will be out of it. Therefore, a centre of gravity for financial services will grow in Europe, with the axis of yen and euro, and that will hurt the City of London.

As for third countries, 14% of our trade is with them. Chile, South Korea and Australia have already said that they want to change the terms of trade, and so will the others. When it comes to the timing, we will end without any trade deals in the transition period. We will basically close the door behind us and it will be a complete nightmare. After March we will have left, and Wallonia can just vote down whatever we agree and we will end up with no deal.

So why are the Government doing this? Why are they like a doctor prescribing cigarettes to someone with anxiety, knowing that ultimately it will kill them? The answer is that the Government know that the only hope for Brexit voters is believing that there will be these trade deals, and the Government know that there will not be. That is why Lord Patten, Lord Heseltine, Lord Lansley and Lord Willetts have all put country before party, and the people out there know this is too complex, and too costly, and too much time—

Mr Speaker: Order.

3.43 pm

Mr Dominic Grieve (Beaconsfield) (Con): It is a pleasure to participate in this debate, but I do not want to repeat what was said by the proposing Member, the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), or my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). I agreed with every sentiment they expressed.

My desire to participate stems, first, from my continuing frustration that every time, as a Member of Parliament, I want to come and participate in such a debate, I get told by roundabout means that I should not, because it might somehow put the right hon. Member for Islington North (Jeremy Corbyn) into Downing Street. My experience in politics is that when it comes to fantasticals, wherever they may come on the political spectrum, the greatest chance of getting them into Downing Street is if people of a moderate and sensible disposition stop debating important issues, and I am absolutely determined that they will be debated.

Today's debate offers us an opportunity to look at the possible merits of staying in a customs union. Of course a customs union is not perfect, particularly, I might add, a customs union when we are outside the EU. I agree with some of the comments that have been made that, by being outside the EU, we lose some of the influence that we have in creating and managing the customs union. That, I am afraid, is the price that we are paying for the folly of the decision in the referendum of 2016. Just because one has imposed one calamity on oneself does not mean that one then goes to inflict greater calamities simply on the basis that one has to do it in order to prove the theory—the mistaken theory—that one has espoused.

I am also a lawyer. I cannot deny the fact that it is noteworthy that we appear to be a gaggle of lawyers on these Benches who find an irrationality in the approach that some of our Conservative friends adopt and in which the Government sometimes appear to be mired.

Free trade agreements are wonderful things to have—I am a great believer in free trade agreements. I can see that, by being members of the EU, we have lost something in terms of being able to do our own free trade agreements, but not one single Government analysis suggests that they outweigh the advantages of participating in the best free trade arrangement that we have with our EU partners.

What is the point of having a free port in Middlesbrough—forgive me—if it is only going to be used to trade with the United Kingdom? Assuredly, it will not be to trade with our EU partners because they will not allow any of the goods in between Middlesbrough and the European continent. Why is it that pharmaceutically related businesses

in my constituency tell me that they will be going if there is not frictionless trade with the European Union, which implies participation in the customs union? Why is it that the deputy ambassador of Japan has us all in and says, “You do realise that every Japanese company will be gone in 10 years’ time if they cannot have frictionless trade into the European Union.”

We are behaving in the most extraordinary and blinded fashion as we blunder around, ignoring the realities. In any case, free trade agreements come with strings attached, as I said earlier. If we have multiple free trade agreements, they will very quickly start to look like customs unions. That is what happens when people get together. This idea of “customs union bad” and, somehow, “free trade agreement good” simply does not stack up, and it is time for a reality check.

In fact, we need more than a customs union, because it is also obvious that we will not be able to trade without regulatory alignment. I was over in Dublin for a very interesting conference called by the Institute of International and European Affairs. The Irish border is just a microcosm of the bigger problem. It just so happens that, on the Irish border, people are trading constantly on a very intimate scale. A person sends their milk to the dairy over the border. If we do not have regulatory equivalence, we will not be able to do that. People will buy products, going backwards and forwards all the time. It absolutely highlights at that level the problem that we will have at a wider level if we persist with this idea that we can somehow get out and still enjoy the benefits of the frictionless trade that we say we want.

The extraordinary thing is that the Government know that, otherwise my right hon. Friend the Prime Minister would not be slaving away and being denounced as “cretinous” by my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) for trying to square the circle. She is entitled to be commended for trying to do something really difficult. The trouble is that, unless we start injecting a note of realism into what we are doing, she will fail, this House will fail and our country will be failed.

3.48 pm

Helen Hayes (Dulwich and West Norwood) (Lab): It is a pleasure to follow the right hon. and learned Member for Beaconsfield (Mr Grieve). I commend him for his clarity and bravery on Brexit.

The referendum on 23 June 2016 set out one high-level question: should the United Kingdom remain in the European Union, or should the United Kingdom leave the European Union? The referendum campaign covered many issues, but the EU customs union was not a mainstream issue for debate. It was not articulated as a defining, essential feature of Brexit and it was not a motivating reason for people to vote leave. The customs union was a phrase that comparatively few people knew until after the referendum.

Following the referendum result, it was the responsibility of the Prime Minister to lead and to articulate how the Government would respond to the result of the EU referendum and how they would seek to negotiate Brexit in the best interests of the UK economy. Instead, the Prime Minister's only articulation of the shape and content of Brexit for several months after the referendum was “Brexit means Brexit.” In the utter vacuum of

[Helen Hayes]

content that this left, hard-line Brexiteers and their supporters in the press peddled the myth that leaving the customs union was a talismanic and essential feature of the Brexit that the British public had narrowly voted in favour of. This was never the case. Membership of the customs union was barely debated during the referendum campaign and it was certainly not on the ballot paper. Membership of the customs union is not the same as membership of the EU. It has been misrepresented as such by the hard Brexiteer ideologues, whose hatred of the EU runs so deep that they cannot bear the thought of any formal association with our friends and neighbours in the EU.

The UK's current annual goods trade with the customs union is valued at £466 billion. Leaving the customs union could cost the UK an estimated £25 billion every year until 2030. The cost of new tariffs alone could be at least £4.5 billion a year for UK exporters. Analysis by HMRC suggests that new customs checks could increase the cost of imported goods to UK customers by up to 24%. Supporters of a hard Brexit claim that leaving the customs union will open up opportunities for the UK to negotiate trade agreements with many other countries. This is like promising to replace two birds in the hand with one in the bush. The Government's own analysis shows that they believe that new free trade deals will add between 0.2% and 0.7% to UK GDP, compared to a 5% hit from leaving the single market.

Membership of the customs union delivers for the UK now. Future trade deals will take a minimum of three to five years to negotiate, and their terms are by no means guaranteed. Their impact on the UK economy will be much smaller than the current benefits of the customs union, and negotiations cannot even begin until we have left the EU. This is what a cliff-edge Brexit looks like.

There is no time for me to consider the impact on the Northern Irish border, to which many Members have already referred, so I will bring my remarks to a close. My constituents in Dulwich and West Norwood did not vote for Brexit. But even in the areas of the UK that voted to leave, nobody voted explicitly to leave the customs union. Leaving the customs union was not a Vote Leave pledge, and damaging the UK economy was not a Vote Leave pledge. Some 57% of the British public—a bigger majority than voted to leave the EU in the first place—support staying in the customs union. The Prime Minister's intransigent commitment to leaving the customs union is therefore unfathomable.

The Prime Minister is not negotiating in the national interest; she is simply losing a negotiation with her own Back Benchers. In doing so, she is putting our jobs, and businesses and peace in Northern Ireland at risk. This is nothing short of reckless. I call on Conservative Members to show the leadership in the national interest that the Prime Minister seems to lack, and to vote today to remain in the customs union with the EU.

3.52 pm

Dr Sarah Wollaston (Totnes) (Con): Outside an effective customs union there is no such thing as a frictionless border. There is no escape from border checks, rules of origin and expensive infrastructure, and that means costs, delays and red tape. There will be implications for

future investment, for people's jobs and livelihoods, and for the stability of peace in Northern Ireland. But there is one area that has not been touched on: the implications for patient safety.

I am privileged to chair the Health and Social Care Committee, and we have been hearing detailed evidence about the implications of leaving the customs union on patient safety. These consequences go far beyond the economic consequences for individual pharmaceutical companies, about which my right hon. and learned Friend the Member for Beaconsfield (Mr Grieve) and my right hon. Friend the Member for Broxtowe (Anna Soubry) have spoken compellingly. In fact, these are consequences that directly affect patient safety.

The Committee heard clear and compelling evidence about the extent to which NHS care is dependent on a network of highly integrated, complex and time-sensitive supply chains for the delivery of medicines. For years, we have taken it for granted that when a prescription is issued, it will be available on the pharmacy shelf. I am afraid that we will not be able to take that for granted in the future, because the complex supply chain—from the research lab right through to the pharmacy shelf—will be disrupted by delays at the border, and that will affect costs.

Delays at the border will also directly affect the delivery of patient care. For example, every year in this country, about 700,000 diagnostic tests take place that rely on the availability of medical radioisotopes, which are very time-sensitive. Very many other products would be affected, such as blood plasma derivatives. There are products and devices that are not manufactured in the UK but which we know from past experience have very fragile supply chains, such as dialysis equipment. We have had problems with this before and it could happen again.

Mr Ben Bradshaw (Exeter) (Lab): Speaking as a member of the hon. Lady's Committee, can I ask her to confirm that every single witness who provided written and oral evidence to our recent inquiry said that their preference was for us to stay in the customs union and the single market?

Dr Wollaston: I thank the right hon. Gentleman; I can confirm that.

There are other very worrying examples. After the Manchester Arena attack, a very rapid supply of 500 highly specialised trauma-related items was flown in at very short notice from a Belgian-based company. There are very many serious patient safety issues.

There is also an issue of cost. A report today from the King's Fund highlights the increasing cost of drugs to the NHS. The cost of medicines has grown from £13 billion in 2010-11 to £17.4 billion in 2016-17. However, that cost has been held down by the impact of the supply of generics and the way that primary care has actively switched to these products. Generics are pharmacologically equivalent products that become available when a medicine comes off patent. The British Generic Manufacturers Association told us in evidence that once a medicine comes off patent, a dozen to 20 companies will pick it up. The risk is that as costs and other non-tariff barriers go up, some companies will relinquish their licences and their marketing authorisations. Why would they bother with all the red tape and extra costs? That immediately

means that the number of manufacturers goes down, and the likelihood of the cost of generics to the NHS increasing goes up.

I am afraid that the fast and unhindered free movement of medical equipment, medicines, devices, organs and blood products between the UK and the EU that has evolved over decades is at risk if we leave the single market and the customs union. I think there will be a huge crunch moment of reality. The public will never forgive us if, after we leave the European Union, people's drugs and life-saving equipment are not available. This is where we are starting to run into Brexit reality, as opposed to the overly optimistic, unrealistic prospectus that has until now been sold to the British public. It is time for the Government to respond to our request in the Committee to hear when the Ernst and Young-commissioned report on the supply chain will be available. We need far greater contingency planning and a great dose of reality.

3.58 pm

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow—

Mr Speaker: Order. I am sorry—I should have formally announced a four-minute limit. It is in effect but I should have announced it formally. The right hon. Gentleman has four minutes from now.

Tom Brake: Thank you, Mr Speaker.

It is a pleasure to follow the hon. Member for Totnes (Dr Wollaston). I agree that we need a dose of Brexit reality. In fact, I agree with everything she said. I am sure she will share my concern about the recent figures on the number of EU nurses who have gone off the register, and indeed the number who have left the country, just at a time when we have significant vacancies.

Just as I agree with everything the hon. Lady said, I disagree with everything said by the hon. Member for Vauxhall (Kate Hoey), who is no longer in her place. However, at least she had the courage to be here to present that hard Brexit line. Where are the hard Brexiteers on the Conservative Benches? Where is the Foreign Secretary? Where is the Secretary of State for International Development? Where is the Leader of the House? [*Interruption.*] Oh, there is one. They should be here to hear what they are inflicting on the country. Perhaps the reason they are not here is that they did not want to hear some very well-judged, measured contributions from Members on their own Benches explaining precisely the damage that they are causing.

Norman Lamb: I agree with everything my right hon. Friend is saying. Does he share my complete confusion that many of those hard Brexiteers have spent their political lives fighting to cut red tape, yet here they are gratuitously proposing to massively increase red tape? What sense does that have?

Tom Brake: Absolutely, and I will come on to that very strong point shortly. The chaos those people have caused is being added to on a daily basis. Today, for instance, we have the Home Secretary refusing to confirm that the UK will come out of the customs union, and on the same day, we have the Foreign Secretary threatening to resign if we do. Well, there you are—what a well-run Cabinet delivering Brexit for us in this chaotic manner.

Why does the customs union matter? Before I touch on that, I should point out that, if people look at the literature circulated during the campaign, they will see that it was about spending Britain's cash in Britain, it was often about immigration, it was about posters such as Nigel Farage's poster scaring people with that picture of all those refugees. He did not have a massive poster saying, "What do we want? To come out of the customs union. When do we want it? Now." Of course that was not a major feature of the campaign. Anyone who suggests otherwise is speaking somewhat remote from the truth.

Why does the customs union matter? Many Members have referred to the Irish border; it is a real pity that the Secretary of State only went to the border for the first time a couple of days ago. It also matters for the Dover border. I understand that "BBC South East Today" has confirmed that, so far, not a single Minister from DExEU has been to the port of Dover. I find it incredible that they have not managed to visit the port of Dover. If they had, they would have been able to see directly the impact of the customs union on our largest port.

I could touch on the impact on BMW and its ability to manufacture cars in Oxford, or indeed the issue of red tape for small businesses. There is also the cost of roughly £30 for every small business that exports to the EU to process electronic paperwork that it does not have to process at the moment.

What have the Government offered in return? What is their solution? Under a customs partnership, the UK would collect duties "on the EU's behalf" for goods destined for the European Union. Think about what would happen if the EU put the reverse offer to us, whereby the EU collected duties on the UK's behalf for goods destined for the UK. Would the Brexiteers on the Conservative Benches say, "That's a brilliant idea. That's exactly what I want the EU to do for us"? Of course they would not, because it is absolute nonsense to suggest that and they would not possibly support that if the EU suggested it.

The UK has recently been threatened with a nearly £2 billion fine for failing to handle imports at its ports effectively, leading to significant VAT losses in other EU countries. I cannot see the EU queuing up to give us responsibilities for something that we are not handling very well at the moment. As for the highly streamlined customs arrangement, no one has been able to identify the technology for it, and that technology needs to be in place, I suggest, by the end of 2019 to be properly run in and tested.

On the position of the Labour Front-Bench team, I do not know whether seeking a final deal that gives "full access" to European markets and "maintains the benefits" of the single market and the customs union is anything other than having your cake and eating it, but the Liberal Democrats still think we are better off in the European Union, in the single market and in the customs union, and we want to secure a final say on the deal for everyone in the country, to do this democratically.

4.3 pm

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): It is quite daunting to speak in a debate in which there have been so many knowledgeable and learned speeches, not least from my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), who has

[Andrew Bowie]

been fighting this fight since I was a child. Indeed, I think he was the Paymaster General when I was born. I, like him and like the majority of my constituents, voted to remain in the European Union, so I must admit that, if someone had told me a couple of years ago that I would be standing here setting out why I think it is in Britain's best interests to leave the customs union, I simply would not have believed them.

However, when we make decisions as a nation, we should stick to them. As the then Prime Minister said in 2016, the vote on 23 June was to be a referendum, not a neverendum—something that the hon. Member for Pontypridd (Owen Smith) would do well to remember. Both campaigns in the referendum were very clear that leaving the European Union would mean leaving both the single market and the customs union. Like my right hon. Friend the Member for East Devon (Sir Hugo Swire), I find the argument that people did not know what they were voting for on 23 June deeply condescending.

Staying in the customs union would prevent us from negotiating trade deals with third countries, which would mean missing out on one of the biggest benefits of Brexit. It is a well-rehearsed argument that 90% of growth is set to take place outside the EU in the near future. The trajectory is clear: in 1980, the EU accounted for 30% of world GDP; by 2023, according to the IMF, that will have fallen to 15%. It would be madness to tie the hands of our country by locking ourselves into a customs union that would mean, in effect, becoming a silent partner in trade deals, such as that with Turkey.

Christine Jardine (Edinburgh West) (LD): Does the hon. Gentleman not accept that outside the customs unions we are a small market, but that inside the customs union we are a large market, and that his constituents benefit from being inside that large market?

Andrew Bowie: I disagree. We are the fifth-largest economy in the world and, unlike the hon. Lady, I passionately believe in a global Britain. And we will not be cutting ourselves off from the EU either. It will remain a vital trading partner for the UK, and vice versa, which is why the Government are working so hard to maintain tariff-free and frictionless trade across borders. That is in all our interests—those of the remaining 27 members and those of the UK. Clearly, unlike many Members here today and many Members of the other place, I am an optimist. As a Scottish Conservative of many years, I have had to be.

One cannot speak about this issue, however, without touching on the Irish border. I am sure I speak for many in this House and beyond when I express my frustration at the intransigence of some on the EU side of the table when it comes to finding solutions to this issue. If solutions can be found for the border between Sweden and Norway and along the Swiss border, surely it is not beyond the wit of us and the EU to find a solution to the border in Ireland while respecting the vital Good Friday agreement.

As I said, I am an optimist, and I am confident of our future outside the EU and the customs union, for I truly believe that this country really does have its best days ahead of it. It is incumbent on all of us in the House—it would be really good if we could do this—to get behind

the Government and say with one voice, yes to an unbreakable relationship deeply rooted in bonds of friendship and respect, yes to untrammelled free trade between partners, but no, I am afraid, to a customs union.

4.6 pm

Stella Creasy (Walthamstow) (Lab/Co-op): My mother, who reaches a milestone birthday today, has taught me many things in life, including what she calls the “eat the frog” rule, which is that, if we have something difficult to do in life, there is no sense in prevaricating. I am here today to plead with Ministers to eat the frog and admit that there is no better alternative for this country than remaining in the customs union. After two years, it has become patently apparent that there is no better alternative.

In the short time available to me, I want to speak up for our remaining in the customs union. I reject the argument that those who challenge our leaving it are traitors. The only traitor is the person who does not speak up for the country's best interests and who believes that democracy stopped the day after the referendum. We know that being able to trade in the way the customs union allows—making it as easy to buy and sell goods in Berlin and Budapest as in Birmingham and Belfast—is the best outcome for our communities. When the Government said they were taking the red tape challenge, I did not realise they meant creating more of it, yet that is exactly what leaving the customs union will do.

I am a fan of technology—I am a geek, I love it—but even I recognise that we do not have the hovercrafts with scanners to make frictionless trade and a lack of infrastructure at our borders a reality. We hear from those in Dover—people who work every day on our borders—that just a two-minute delay would mean a 17-mile queue to Ashford; a four-minute delay a queue to Maidstone; six minutes and it goes to the M25; and eight minutes and it goes to the Dartford crossing. I know what that would do to businesses in my constituency and around the country. Whatever new technology has been created, it cannot make up for the delay and the impact on just-in-times.

Then there is the extra paperwork involved. At the moment, we have 55 million customs declarations a year, but if we leave the customs union, that could increase to 255 million, which means British businesses large and small having a lot more paperwork. We might have a free trade agreement, but we will not have a paper-free trade agreement, and that matters to them. It matters because it is not within our gift. It is not just about the rules we create—when we trade, we are only 50% of the partnership; it is about the rules that those we trade with create.

That is why the customs union is so important. We learned that lesson not least from a time in Irish history when there was a trade deal between Ireland and Britain. After 1965, the tariffs that had applied to trade since 1923 did not disappear, which is why the Irish delegation demanded that goods be labelled “Made in Britain”. That caused Denis Healey to inquire whether we should stamp that phrase on the balls of the bullocks that were being shipped to Ireland, to which Paddy Hillery replied that bullocks do not have balls, but they still need paperwork. Such paperwork will be damaging to all our constituents and will result in massive costs to manufacturing. That is before we even get on to the impact of the World Trade Organisation.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): In my constituency, 4,000 jobs—16% of the total employment—are in manufacturing. Does my hon. Friend agree that for the Government not to consider a bespoke customs union is both reckless and a huge risk?

Mr Speaker: I emphasise that if there are further interventions, which are legitimate in parliamentary terms, the time limit will have to be cut for remaining speakers.

Stella Creasy: I completely agree with my hon. Friend. Our car industry imports 60% of its components, so a British-made car probably has a German exhaust, Spanish-designed seats and French windows.

We have talked a lot about trade, but I also want to talk about people. It is clear that leaving the customs union will damage the lives of thousands of people in Northern Ireland and Ireland. We know that to be clear because we have no alternative. Ireland has 208 border crossings—more than the EU has with the rest of Europe. There will clearly be change. The consumers who may get cheaper goods are the same workers who will face the race to the bottom that will result from leaving the customs union and entering into the mythical free trade deals that we are being offered. We have heard that £25 billion annually will be lost to GDP.

Please, Minister, on this day of all days, listen to Ma Creasy and eat the frog—admit that the customs union is the best option, not just for our economy and British business, but for all our futures.

Mr Speaker: Happy birthday to Mummy Creasy.

4.11 pm

Robert Courts (Witney) (Con): It is a pleasure to speak in this important debate. Our trading arrangements are of great importance to constituencies and country alike. It is critical that we approach the matter in the spirit of the kind of country that we want to be, and the opportunities that we want to seize. I want this country to have the freedom to seize opportunities, rather than being tied as closely as possible to the EU simply because we are afraid of the future.

When we discuss this matter—it has been raised by others, from all parts of the House—it is critical to understand exactly what a customs union is. As has happened during the debate and, indeed, in the motion, it is often conflated with a free trade area. The two things are often lumped together, but they operate differently. A free trade area achieves reduced or zero tariffs on trade between its members. It is possible to have free trade with the EU from outside the customs union, as Norway and Switzerland do. The motion suggests that being in the, or a, customs union would automatically include frictionless trade between the UK and the EU, and that it would solve the Irish border issue, but that would not automatically be the case. The key to enabling frictionless trade and solving the Irish border issue is a comprehensive free trade agreement that eliminates tariffs, with mutual recognition of standards and the use of new technologies. That is exactly what the Government's policy is intended to achieve.

To leave the European Union but to remain in the customs union would be the worst of all worlds. It would mean surrendering, subject to whatever agreement is subsequently reached, 100% of our trade policy to

Brussels and having zero say on that policy. We would have less say than we do now. I do not see how that is compatible with the referendum, however one voted, and I do not see how it is compatible with this country's best interests. When we look at the effect of the customs union, I suggest that we can do much better outside it than we can in it.

Britain, which is by nature and instinct a globally trading nation, has always been disproportionately penalised by membership of the customs union. For most of our membership we were the only state—or one of only two—to export more outside the EU than to it. That phased application of the common external tariff in the 1970s hit British consumers and Commonwealth exporters badly, and although there have been improvements, our trade remains distorted. The EU currently has no free trade agreement with the world's largest economy, the USA, or with rising giants such as India, or with long-standing British allies such as Australia. Where free trade agreements are in place, they are often limited in scope.

In my last 30 seconds or so, I will briefly consider Turkey. I know there is an issue as to what agreement is involved, but Turkey is required to apply EU product standards to its domestic economy, accept the ECJ in those areas, but have no say in the EU's trade negotiations with third countries. When the EU signs free trade agreements with third countries, Turkey must allow full access to its internal market with no reciprocal guarantee. I do not see how we should seek to emulate that model in this country.

Several hon. Members *rose*—

Mr Speaker: Order. After the next speaker the time limit will have to be reduced to three minutes.

4.15 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): I welcome this debate and I support all the excellent points raised by those who, like me, support the motion—I will try hard not to repeat them. I am not alone in being somewhat bemused that the party in government is the party that generally prides itself on being pro-business and anti-bureaucracy. Nevertheless, the Government appear to be ignoring the pleading of businesses large and small, and they are leading this country towards a tsunami of additional paperwork as we move towards leaving the customs union and the EU, given the implications of all that paperwork for trade deals that we will now have to put in place for our trade with the EU. Leaving the customs union means the introduction of tariffs and non-tariff barriers to trade in goods with our largest trading partner. That involves 40% of our trade, and it means, as businesses tell us again and again, added delay and costs for manufacturers.

Before the recess I had the pleasure of visiting Honda in Swindon with the Industry and Parliament Trust. It said that

“outside a customs union, there is no such thing as a frictionless border.”

Motor manufacturers will be subject to 10% tariffs on cars, and 4.5% on components and parts, plus additional delay. Currently, if someone takes their car to the dealer because they need a new exhaust pipe, the order goes in today, and tomorrow the dealer will have that part and be able to fit it. I understand that once we are outside

[*Ruth Cadbury*]

the customs union there will be a wait of up to five days for that new exhaust pipe. That is not just inconvenient for the car owner—it has an economic cost for the owner of a van who uses that van for business.

It was also good to see how Honda's presence in Swindon has transformed that town since I was last there many years ago. There is no doubt that Swindon's low unemployment rate and well-paid jobs—not just at Honda but at all its suppliers—are directly based on Honda being there, which is probably linked to the message that, as we have heard, Margaret Thatcher gave to the Japanese Government many years ago when she said that Britain would never leave the customs union. Now all that is at risk.

We will not see big-bang announcements by big manufacturers in those key sectors—not just the automotive industry, but pharmaceuticals and many others. Instead, we will see incremental decisions and loss of capacity, and incremental elements of production going to Europe where the biggest market will be. That will be a long-term cost for our economy. We cannot afford that.

Briefly, on borders and Northern Ireland, many of us will have seen in our Twitter feed the map of Switzerland and the hundreds of customs points. I remember County Fermanagh in the old days, before the Good Friday agreement, and we cannot go back to that.

I support the motion, calling on the Government to establish an effective customs union with the EU, and like other Members I believe we should stay in the single market as well, because 80% of our economy is in services.

Mr Speaker: Order. A three-minute limit now applies.

4.19 pm

Kevin Hollinrake (Thirsk and Malton) (Con): I voted remain and campaigned heavily to remain. I held eight debates during that campaign, alongside a gentleman from the UK Independence party, to help voters to decide what was the right or wrong thing to do. I said repeatedly that if we left, the negotiations would be difficult, and for two reasons.

First, given that we had been members of the European Union for 44 years, the complexity of the relationship was almost inconceivable. Today, hon. Members on both sides of the House have spoken about the complexity of supply chains, and that is obviously why people support remaining in a customs union. My second reason for saying that the negotiations would be difficult was that the UK and the EU had different priorities and imperatives.

For starters, our exports to the EU account for 12% of our economy—to anyone listening to today's debate, it would almost sound as though we were talking about the whole economy—but that represents only 3% or 4% of the EU economy, so there is clearly a disparity there. Then there is the fact that the EU's principal priority would be to ensure that the EU did not fall apart as a result of other people walking out that door. For that reason, it is very difficult for the EU to give us a good deal, despite the fact that the Prime Minister has been very reasonable on exit terms and on proposals for a future relationship regarding things such as the highly streamlined customs border, which seems the preferable

option of the two on the table. Such a border arrangement works in north America, and in Norway and Sweden, so it makes sense.

Nevertheless, the negotiations will be difficult. That is why people on both sides of the House are concerned, and it is why people are talking about a customs union. I think that that is the wrong thing. Yes, being in a customs union would remove the need for checks on tariffs, but unless we were also going to stay in the single market, we would still need checks to ensure regulatory alignment, so the queues at Dover would continue.

In addition, if we were in the single market and customs union, we might as well be in the European Union. In fact, that would be much worse than being in the European Union, because we would have no say whatever over the rules—no say in the trade agreements and no say in the new rules. The worst of all options would be to be in those two without being a member of the European Union.

Another option would be to stay in the single market only. That is my preference; if I had to choose the single market or a customs union, I would stay in the single market, through the European Free Trade Association and the European economic area. That has benefits. For example, there would be no need for checks on product standards. Other than that, however, I support the Prime Minister in her negotiations and wish her well.

4.22 pm

Peter Grant (Glenrothes) (SNP): I have previously severely criticised Parliament's inaction as seen in its failure to properly scrutinise the Government's approach, for example through the European Scrutiny Committee, but today we see Parliament doing what it should be doing. It is just a pity that we knew before we started that the Government will not listen. The hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) called for everybody to get together behind the Government. How about the Government just once getting themselves together behind the overwhelming will of Parliament and behind what they know as well as we do is the overwhelming will of the people?

Let us stop this nonsense about a referendum vote to leave the customs union and the single market—no, there was no such vote. There was a vote to leave the European Union, and we have been told that that became a vote to leave the single market because that was what the losers said would happen. I am fascinated by the idea that, after an election, the winners are expected not to implement their own manifesto but to bring about what the other side said would happen if the eventual winners got in. Tory Members might want to look at what the Tories said would happen if the SNP ever won an election in Scotland, as we did in 2017, 2016 and 2015, and on many other occasions.

It is dangerous to give the people a binary choice but then to claim a democratic mandate to interpret the infinite number of variations of what that binary choice might mean. I do not have the right to say that the people who voted leave wanted to stay in the single market and the customs union, and nobody has a right to say that those people wanted to leave, but what I do have the right to say is that 62% of people in my country voted to stay in the European Union. Those who insist that we should be working for the best Brexit for the people of Scotland have to accept that the sovereign

people of Scotland have said that the only good Brexit is no Brexit. If we must have Brexit, we want Brexit to hold us as close as possible to the European Union.

Luke Graham: Will the hon. Gentleman give way?

Peter Grant: The hon. Gentleman knows perfectly well that I do not have time to take interventions.

A lot has been said about the Irish border. Let us remember that it is now 15 months since the Prime Minister promised, as a matter of priority and as soon as possible, to bring forward her practical solution for the Irish border that was consistent with leaving the customs union. We have seen nothing. None of us has any idea what that practical solution will be. None of us even has any idea of when the Government will have any idea of what that solution will be. It is deeply offensive to a great many people of good faith on all sides and in all communities in Northern Ireland to accuse them of blackmail when all that they are saying to us is, "For heaven's sake, please do not destroy the great work that has been done," which I think was perhaps the greatest act of reconciliation and peace-building that certainly these nations—these islands—have seen, and that perhaps has been seen in the whole of Europe.

We talk about taking back control of our trade, but we cannot take back control of our trade. Every trade deal has to be bilateral. We are not in the empire anymore; we are in the Commonwealth. We are a community of nations and we have to treat other nations with respect. We are in the best trading partnership in the world; why would we want to leave?

4.25 pm

Mr Marcus Fysh (Yeovil) (Con): In her Mansion House speech, the Prime Minister set out five tests for the EU negotiations and the agreement that we will reach through them. The first test was the need to respect the referendum result and the desire of the people expressed through that referendum to take back control. The customs union plan entirely gives up control to the EU, and the free circulation of goods would also need regulatory harmonisation in the single market, as we just heard. The second test was that the agreement must endure. The customs union plan, which would go against the outcome of the referendum and the election, would divide the country and not settle the issue.

The third test was that the arrangement should protect jobs and security through our continuing to work together with the EU. The customs union plan would give our commercial policy, our trade defences, our tariff levels and our relationships with third countries to the EU, and I do not see how that is consistent with that test. The fourth test was that we would be a confident, modern, outward-looking country that is proud to stand up for its values, but the customs union plan would mean that we would be unable to make our way independently in the world, and to spread our belief in free trade and the opportunities that come from it. The fifth and final test was that the arrangements should strengthen our Union and our union of people, but the customs union plan would take their sovereignty and powers and give them to the EU. It would weaken them, and weaken and discredit their representative institutions.

If the proponents of the customs union succeeded in getting it adopted, and if the Transatlantic Trade and Investment Partnership were revived as a trade agreement

between the US and the EU, the EU could commit the UK to that without Britons having any practical say at all. The Cabinet resolved recently—the Prime Minister expressed its settled view—that it wants the freedom to negotiate trade deals with other countries and to take back control of our laws. The customs union plan goes directly against that.

In the final seconds of my contribution, I want to say that the customs partnership idea, which is one of the options, has serious problems. Full traceability is a long way off and would impose costs on every transaction throughout the economy. The full circulation of goods would require full regulatory harmonisation, and full ECJ oversight and submission to it. The need to make rules of origin declarations would not go away because importers would still have to cope with that—they would just be EU rules of origin.

4.28 pm

Kirsty Blackman (Aberdeen North) (SNP): Mr Speaker, I would like to take this opportunity to be the first person in this place to congratulate Ruth Davidson, who has just announced her pregnancy. I send huge congratulations from those of us on the Scottish National party Benches.

I feel very sorry for the Financial Secretary to the Treasury, because when we went through the initial stages of consideration of the customs Bill—the Taxation (Cross-border Trade) Bill—his Government had not announced that they were against being in a customs union. In fact, a couple of days after we finished the Bill's consideration in Committee, the Government randomly—on a Saturday morning—announced that they were not going to pursue a customs union. The Committee stage would have been an awful lot easier had we been aware of the Government's position.

It was almost as if the Government took that position without really thinking it through. They said, "Of course we are not going to be in a customs union." Then everyone said, "What about Ireland?", and the Government said, "Oh, right. We'd better do something about that." Then we said, "What about rules of origin checks?", and the Government said, "Oh, yes." It was almost as if they were being held to account by some Brexiteer Back Benches and, without thinking, announced this crazy policy that they now cannot row back from.

A customs union means a shared external tariff. It generally means that countries lower the tariff barriers between them. It is not anything else. It is not anything that anyone else says it is. Half our trade in goods is with the EU, and the other half is with the rest of the world.

I want to debunk some of the myths that have been put out in recent days. Every single lorry is stopped at the Norway-Sweden border—not every one is checked, but every one is stopped. We will lose free trade agreements. The Government say, "All these countries have decided that we will continue to be party to the free trade agreements," but I am not sure that that is the case. We do not have it in writing from anyone. The Government have talked about how great it is that our trade with South Korea has increased, but that is since the EU signed a free trade agreement with South Korea—that is the only reason why it has happened. Then there is the question of scrutiny. I am sure that some of the Brexiteers do not understand what they have signed up to. The Trade

[Kirsty Blackman]

Bill does not give us any more scrutiny; in fact, it gives us less scrutiny. The Commission needs authority from the European Council, and then it needs consent from the European Parliament, but we will not have those mechanisms. The Government will be able to do what they like because there is no mechanism for parliamentary scrutiny under the Bill.

The Brexiteers talk about trade with Africa. I look forward to their tabling amendments to the customs Bill to increase the number of “least developed countries” from 49, to increase the number of “generalised scheme of preferences” countries from 19, and to increase the number of GSP+ countries from nine. They do not know what will actually happen, and they need to table amendments if they want to fulfil their bright idea of the future.

4.31 pm

Matt Western (Warwick and Leamington) (Lab): I thank my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) for securing the debate. This is clearly not an abstract debate; it is extremely serious, given the impact that this policy will have on us.

The question of the customs union is important because it strikes at the heart of our trade policy, our business exports and imports, and the strength of the UK economy. The prospect of our not being part of a customs union poses, I believe, an existential threat to the UK car industry, and therefore to the wider UK economy. What businesses in that industry and those more generally are calling for is certainty, clarity and, of course, urgency. Their representatives—the CBI, the Institute of Directors and the Federation of Small Businesses—are doing the same.

We know that many businesses have complex supply chains and production processes that are integrated across Europe, with parts and assembly travelling back and forth across the continent. Frictionless trade is essential to those operations, and a customs union helps to facilitate that. We also know that increased customs checks could lead to delays. We have heard about—we saw them for ourselves—the eight-minute delays on the US-Canada border. We have heard about delays of up to 15 minutes at the Norway-Sweden border and the additional costs that are incurred. We know about the infrastructure—the huge X-ray machines that check every few vehicles to confirm their contents—and, of course, we know that Northern Ireland relies on a frictionless border for the continuation of peace. The symbolism of a manned or marked border between Northern Ireland and the Republic puts at risk the peace secured by the Good Friday agreement. For all those reasons, it is vital that we remain in the customs union.

As the Member of Parliament for Warwick and Leamington, which is at the heart of the car industry, I cannot stress enough how critical this issue of the customs union is, and how costly our departure from it will be for the sector. Some 79% of all components used in the UK car industry come from Europe or other countries abroad. If WTO rules are applied, there will be an incremental cost of £1.8 billion for our exports and £2.7 billion for our imports. It is no wonder that the

Japanese invested in the UK in the 1980s. That happened because we were part of the customs union, and we very much welcome their investment here.

I believe that we can remain part of the customs union at the same time as increasing our trade with and exports to markets outside Europe. That is what we should plan to do, and that is why I support the motion.

Mr Speaker: Order. The winding-up speeches of up to eight minutes each will begin now.

4.34 pm

Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I congratulate the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) on securing the debate. I was one of the original signatories to the motion, but I had to leave that behind when I was asked to do this job of speaking for my party—I was wearing many hats at one stage.

I am sure that a lot of us have learned many things during this important debate, and that underlines what has been happening during the Brexit process. In the beginning, people did not know about or pay attention to the ins and outs. It was like a motorist who gets in a car and drives down the road happy and oblivious to the difference between a camshaft, a crankshaft and a tappet, or whatever components are in the engine, because the car works and is fine.

We now have to drill down and understand what happens at borders, which essentially do three things: tariffs, VAT checks and regulatory alignment. A customs union helps only the first of those, but it also goes some way towards helping with paperwork and rules of origin. For those who knock the idea of a customs union, I point out that there are 12 of them in the world, comprising 103 of the 193 United Nations countries. Customs unions are therefore more the norm than the abnorm.

If the UK insists on being out of the customs union and the single market, it will inevitably face barriers to trade. For those who do not believe that, a cursory glance at Google Earth will show them the barrier between Norway and Sweden, both of which are in the single market but only one of which is in the customs union. If they look at the south-east corner of the European Union between Turkey and Bulgaria, or between Turkey and Greece, they will see further barriers, because Turkey is in the customs union but not in the single market. We need to be in both.

Why are we trying to do this? We have seen analysis by the Scottish Government, which was dismissed as politicking; by the Treasury, which was dismissed as mere forecasts; and by the Irish Government, which was met with silence. Analysis shows that the damage to GDP will be 2%, 6% or 8%. To give an idea of what that means, the crash of 2008 was a 2% event for GDP. The right hon. and learned Member for Rushcliffe (Mr Clarke) said that such things had not happened deliberately in the past. He was, I think, hinting that this is being done very deliberately—damage is being done to the UK economy in the full knowledge of what will happen.

The Prime Minister has not chosen the option of membership of the customs union and the single market outside the European Union, which would result in 2% damage. She has gone for the middle option of

6% damage, or three times the economic crash of 2008 over 12 years. We have to be absolutely certain that that is fully understood and communicated more widely among the public, because there will be much wailing and gnashing of teeth when it happens. As someone who was once poor said, “I have tried poverty and it is not very good.”

The Brexiteer line that I heard from the hon. Member for Vauxhall (Kate Hoey) was that we are not in control of our trade, but nobody, by definition, is in control of their trade, because they have to deal with another partner. We certainly will not be in control when 27 other countries put up barriers to our goods, and we will have a lot less control over our trade at that point.

The right hon. Member for Broxtowe (Anna Soubry) made a number of excellent points. She talked about the idea of global Britain. May I let the House in on a secret? There is a thing called global Ireland, global Germany, global France, global Australia, global Argentina—everywhere, ladies and gentlemen, is global. On global Japan in particular, diplomats are going into offices explaining that they have put 40% of their investment into one basket in the EU, namely the UK, and they are very nervous indeed about what will happen to that investment. Outside the UK, global Japan has the biggest worry of all about exactly which direction the UK is taking.

In an intervention, the hon. Member for Bromley and Chislehurst (Robert Neill) gave the example of avionics and Specsavers. Who knew about these things? I knew about shellfish. People say that they want fantastic trade agreements with many other countries across the world, but lorries currently take shellfish from my constituency in the Hebrides to France or Spain on a journey that is uninterrupted by borders. If borders are put at the ro-ro facilities, the lorries’ journeys out and back will be delayed. We might get free trade with Paraguay, but there is no way that anyone could drive a heavy goods vehicle from the Outer Hebrides to Paraguay and back in a week. People sometimes lose sight of exactly what they are talking about. Trade does not happen on bits of paper. Trade happens because a person on my island, Donald Maclean, phones somebody in Spain and they make a deal between themselves. That is how trade works, but the Government are now putting themselves right in the middle of the trade that is happening between the Outer Hebrides and the continent of Europe, and that is going to be very damaging.

I get frustrated when I hear the Prime Minister, who has led the charge on this, saying that the European Court of Justice is not our court, but an external court. The ECJ is our court, your court and everybody else’s court. It is every European’s court, in fact. The idea that the UK and the EU are two separate entities is wrong as well. The UK is one of 28 members, and we have full access to the ECJ, just as everywhere else does.

We should also be mindful of the words of Simon Coveney, the Tánaiste and Irish Foreign Minister, because the moment might be approaching faster than we think. He said last week that if there was no agreement on the Irish border by June, everything could be off the table. The UK could crash out of the European Union a lot sooner than it thinks, because if the border issue is not sorted, no other issue will be sorted and there will be no deal. We know that the hard Brexiteers have abandoned the WTO idea because they have accepted a transition,

but they might not get that transition. That could be a problem for them, but they have not yet woken up to it. Indeed, they might wake up to it too late, because the cliff edge is closer than we think. It has not been delayed as a result of the Prime Minister begging the European Union for two extra years but walking away with only 21 months.

It is absolutely incredible that the United Kingdom is taking the steps that it is taking. The right hon. and learned Member for Beaconsfield (Mr Grieve) has tried to shout to warn people and wake them up to the economic damage that is being done to the people who live in our islands. It will be worse for those in the north of England and in Scotland than it will be for those in London, but there is still going to be bad news for London. But I fear that people are not listening. They are on their ideological high horses, ignoring the facts that are staring them in the face. They are grabbing platitudes in the great hope that something will come up. The reality is that nothing is going to come up unless we climb down from a position of trying to square un-squareable circles. The UK is in a very difficult position of its own making. From my point of view as a Scottish National party member and a Scottish nationalist, we have to be referendum-ready in Scotland, because that is the only lifeboat I can see that could take us out of the economic calamity that the UK is about to force on itself.

4.42 pm

Peter Dowd (Bootle) (Lab): The debate has been enlightening and I have welcomed the chance to listen to all the Members across the Chamber. I should like to thank the 12 cross-party Chairs of the Committees and the Liaison Committee for enabling us to explore this motion today, particularly my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), who set the scene. I would also like to thank the right hon. and learned Member for Rushcliffe (Mr Clarke), who said that we needed a proper debate. To some extent, we have had that debate today. The motion and the debate have set out in stark terms the overwhelming case for the UK to negotiate a new customs union with the European Union on our exit.

I would like to share a quote with the House. Forty years ago, almost to the day, a former Leader of the Opposition wrote this in a German newspaper:

“It is no small thing to have completed and preserved a customs union covering a market of nearly 300 million people.”

That was Mrs Thatcher, then the Leader of the Opposition. The current Leader of the Opposition takes the same view—that a customs union involving Britain and the European Union is a project worth preserving. However, bound by the whims of the misguided or the ideologues in her party, the Prime Minister is unable to serve the national interest and commit the Government to negotiate a customs union with the EU beyond the transition period. As the right hon. Member for Loughborough (Nicky Morgan) asked, what are the plans? There do not appear to be any at all.

We are calling for an outcome that will protect the UK economy—a “jobs first” Brexit in the context of the six tests set by the shadow Brexit Secretary, my right hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer). So, while the Prime Minister talked about leaving under no deal, we have tried to

[Peter Dowd]

work with the manufacturing industry and other business sectors to examine how we might best protect the interests of both producers and consumers, as have other Members across the Chamber. The Prime Minister explicitly ruled out a customs union with the EU in her Mansion House speech in January, yet at the Press Gallery lunch today the Home Secretary apparently cast some doubt over that, but she has since tweeted to say that we are now back on track and that there will not be a customs union. It is the lack of continuity and the confusion that creates problems.

By direct contrast, my right hon. Friend the Leader of the Opposition made it clear that Labour is committed to such an arrangement, saying that

“Labour would seek to negotiate a new comprehensive UK-EU customs union to ensure that there are no tariffs with Europe and to help avoid any need for a hard border in Northern Ireland.”

As on many other issues, a cursory glance at Labour’s position shows that that is the line that we have been taking for a considerable period. Whether we like it or not, the Prime Minister has caused confusion. As far as we are concerned, we are campaigning for a customs union, and we are determined to follow that. We are not in the business of keeping Britain in the EU through the backdoor, nor would we countenance a deal that left Britain as a passive recipient of rules decided by others elsewhere. However, many in the Chamber have acknowledged the huge risks and uncertainties that leaving the customs union presents for jobs, manufacturing, business supply chains and, importantly, continued peace in Northern Ireland. A comprehensive and effective UK-EU customs union is possible and would ensure that there are no tariffs with Europe and avoid the need for a hard border in Northern Ireland.

In entering a new customs arrangement with the EU, we would ensure that our hard-won workers’ rights, standards and protections are maintained and protected, blocking attempts by the more ardent Brexiteers to create a bonfire of such rights and the weakening of environmental protections. The new customs arrangement needs to ensure that Britain can have a say in future trade deals. A new customs union would ensure that the UK maintains close and progressive co-operation with the whole of Europe after Brexit, rather than creating the risk of growing isolation, which would see us further apart from our European neighbours on regulation, rights and standards. As has been identified today, even the Government’s leaked impact assessment, among other reports, shows that their highly stream-lined customs proposal will lead to non-tariff barriers and some tariffs, and it reaches the same conclusion as we have: a customs union is the only way to guarantee frictionless trade between the UK and the EU.

Kevin Hollinrake: Will the hon. Gentleman give way?

Peter Dowd: I would like to, but I do not have the time.

Clause 31 of the Taxation (Cross-border Trade) Bill, which gives the Government the power to enter into a customs union, was published in November 2017, as was mentioned by the hon. Member for Aberdeen North (Kirsty Blackman). However, within weeks, the PM was ruling out a customs union, but it remained in the Bill on First and Second Readings and in Committee.

Has anyone bothered to mention that clause to the Prime Minister? Is she even aware of it? Should she not commit to clause 31?

Today’s debate will send a clear warning to this Government that they cannot simply steamroll over the wishes of Members. It is time for the Prime Minister to act like one and to challenge those in her party and her Cabinet who continue to hold the country and the negotiations hostage. The road ahead is clear, and Labour’s position has been consistent, as many have said today. It is time for the Government to listen to the consensus and adopt a position that seeks to negotiate a new UK-EU customs union. It is the only practical way to ensure frictionless trade and to protect jobs and the hard-won peace in Northern Ireland. As many Members have said, we owe that to our constituents and to our country.

4.49 pm

The Financial Secretary to the Treasury (Mel Stride):

I congratulate the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) on securing today’s extremely important debate. I thank all Members for their passionate, heartfelt and informed contributions. I do not intend to go through all the contributions, given their volume and the fact I would like to make sure I leave time for any Member who wishes to intervene on me to ask any questions or to make any points. If I have time, I will leave a minute for the right hon. Lady at the end.

A number of important points have been made in this debate. First and foremost is the matter of Northern Ireland and its Irish border. Some Members have suggested that, in fact, we are prepared to jettison the Good Friday agreement, to undermine it in some way or not to stand up for it, which is certainly not the case. We remain entirely committed to the Good Friday agreement, as we do to having no hard border between the Irish Republic and Northern Ireland and, indeed, no effective customs border down the Irish sea.

Lady Hermon: Will the Minister give way?

Mel Stride: I give way to my hon. Friend.

Lady Hermon: Thank you. It is nice that the Minister regards me as an hon. Friend.

I gently say to the Minister that it would be very helpful in a sensitive situation if the Prime Minister would stop repeating the mantra that no deal is better than a bad deal, because it directly contradicts her pledge, sincerely meant, to uphold the principles of the Good Friday agreement, which I believe she does and intends to do. However, there is a contradiction there, and I am sure the Minister agrees that we do not want to see any risk of a hard border with Ireland. That would lead to violence along the border.

Mel Stride: The position of the Prime Minister and the Government is that we are confident of a deal. In that context, this issue of no deal is not particularly pertinent.

Other important points have been raised. I think everybody recognises the importance of having as frictionless a border as possible. Of course, it is recognised that we would achieve that if we stayed within the customs union or a customs union, which is de facto the

same thing, but that is not the same as suggesting that there are not alternative arrangements—I will discuss those alternative arrangements in a moment—that would achieve as good as the same thing as a frictionless border.

Many Members today have raised the importance of being free as a nation to go out and negotiate our own free trade arrangements, which of course means that we need to leave the customs union.

Kirsty Blackman: Does the Financial Secretary believe the trade agreements we negotiate could possibly be better than the trade agreements we currently have and would continue to have as a member of the EU?

Mel Stride: As the hon. Lady knows, we are currently working on transferring the EU's agreements with third-world countries. Of course, in future we will be free to strike our own FTAs with other countries, which we are currently prohibited from doing.

It is good to hear the hon. Member for Bootle (Peter Dowd) agree with Margaret Thatcher at long last. She stood for free markets, free trade and fiscal responsibility, and I look forward to hearing more of that from him in the years to come.

I have just been informed that I must leave two minutes for the right hon. Member for Normanton, Pontefract and Castleford, which I will endeavour to do—*[Interruption]*—although she is generously saying that one minute will be enough.

The hon. Member for Bootle suggested that the Government's position is confused, although I am not sure whether he was thinking of his own position when he said that. The reality is that the Labour party has a classic fudge on the customs union. It wants to tell everybody that we can somehow be in the customs union while not being a rule taker—that we can somehow negotiate to be in the room when FTAs between the EU and other countries are negotiated. The Labour party accuses us of seeking to cherry-pick, but by its own logic, it is quite clear that this is just not a realistic possibility.

The hon. Gentleman specifically mentioned clause 31 of the Taxation (Cross-border Trade) Bill, which will indeed permit the UK to enter into a customs union with another customs union or territory. That is something we will almost certainly wish to do with our Crown dependencies. The clause will therefore not be relevant to the European Union after our departure. The Government are therefore clear that when we leave the European Union we will leave its customs union. That is a matter of fact. The Government have also been clear that forming a new customs union with the EU is not compatible with a meaningful independent trade policy, so we will not be doing that. Outside the EU and a customs union, the UK will be able to sign its own trade deals with our partners around the world.

Mr Vaizey: Now that the Minister has been un-shelled—he is doing very well—could he name one trade deal and tell us when it will be signed?

Mel Stride: An ingenious question; I would expect no less. As my right hon. Friend will know, we are not able to enter into and sign such deals until we have left the EU and, indeed, we are beyond the implementation period. Of course we are working actively on these deals, but saying that does not mean that we will no longer need a deep and special partnership with our

nearest trading partner. The EU is still and will remain a significant marketplace for us. Our markets are deeply interconnected, and that will remain the case for the future. That is why the Prime Minister set out the Government's intention to negotiate the broadest and deepest possible economic partnership covering more sectors and co-operating more fully than any free trade agreement anywhere in the world and recognising the point of deep convergence from which both sides begin.

In leaving the EU customs union, we will be guided by what delivers the greatest economic advantage to the UK, framed by three strategic objectives. The first is continued UK-EU trade that is as frictionless as possible. The second is avoiding a hard border on the island of Ireland. The third is establishing an independent international trade policy.

The Government have already set out two options for our future customs arrangements with the EU that most closely meet these objectives. One is a new customs partnership. In this model, the UK would mirror the EU's requirements at our border for imports from the rest of the world with a final destination in the EU. This would mean applying the same tariffs and rules of origin as the EU for those goods. By following this approach, we would know that all goods entering the EU via the UK pay the right EU duties, removing the need for customs processes at the UK-EU border.

The other option is a highly streamlined customs arrangement. This approach would involve the introduction of formal customs processes between the UK and the EU, driven by technology, to streamline and enable this model. However, the UK would look to implement a range of measures—both negotiated and unilateral—to minimise friction, together with specific provisions for Northern Ireland. The precise form of any new customs arrangements will of course be subject to negotiation, and we are pursuing both approaches vigorously with our European friends. I look forward to further progress in these talks.

For the reasons I have given, the Government cannot support the motion before us today. As we prepare to leave the European Union, a significant opportunity awaits us—the opportunity to promote our national interest above all else and the opportunity to shape our future trading policy—because when the people of this country voted to leave the European Union, they voted for democratic self-government and to take control of our future trading arrangements. Moving forward, we will seek to maximise our trade, across all countries and markets as we prepare for the challenges and the exciting opportunities ahead, confident as an independent trading nation and proud of our long history as a global champion of free trade.

4.58 pm

Yvette Cooper: This has been an excellent debate. We have had substantial speeches drawing on huge evidence and experience from across the country and from so many Select Committees, but what the Minister—he did the best he could—delivered in response was not up to the debate. He had lines to take, the words on the page, but in the end there is no meaning behind them, no evidence that underpins them and no future that we can build on them. In the end, I think in his heart he knows that. That is why I urge the Government to bring forward a proper debate on legislation, on amendments.

[Yvette Cooper]

Give the House the opportunity to steer the objectives of the negotiations before it is too late. This is about the future of our whole country, the future of our prosperity, the future of our manufacturing industry and whether we have peace within our borders and across our borders. It is immensely important for our entire future, and too important to be simply left to a massive row and crisis afterwards, when it is too late. The Minister knows, and the Government know, that time is running out. It is time for the Government to stop running away. Let us have this debate; let us support a customs union.

Question put and agreed to.

Resolved,

That this House notes that the EU is the UK's largest export market for goods, accounting for a total of £145bn of exports and £241bn of imports in 2016; further notes the Government's expressed aim to secure the freest and most frictionless possible trade in goods between the UK and the EU after 29 March 2019; notes the importance of frictionless trade without tariffs, customs or border checks for manufacturers and businesses across the country who trade with the EU; further notes that the free circulation of goods on the island of Ireland is a consequence of the UK's and Republic of Ireland's membership of the EU Customs Union; in addition notes the Government's commitment to (i), in the UK-EU joint report on progress during phase 1 of the Article 50 negotiations, the maintenance of North-South cooperation and the all-island economy on the island of Ireland, (ii) the Belfast Agreement implemented in the Northern Ireland Act 1998 remaining a fundamental principle of public policy and (iii) the continuation of unfettered access for Northern Ireland's businesses to the whole of the UK internal market; and therefore calls on the Government to include as an objective in negotiations on the future relationship between the UK and the EU the establishment of an effective customs union between the two territories.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): On a point of order, Mr Speaker. Now that the House has resolved to call on the Government to include as part of their negotiating objectives that the United Kingdom should remain in an effective customs union with the European Union, can you clarify whether the convention set out by the Leader of the House in respect of Opposition day motions that are passed without a Division and become resolutions of the House, whereby the Government have committed to report and reply after three months, will apply in respect of the resolution that the House has just passed?

I say that because this is the first example of a Liaison Committee motion passed in this form. We have no guarantee that legislation will be forthcoming before the summer recess, but that three-month period, as I understand the convention, would put a requirement on the Government. Now that the House has resolved the matter of the customs union—it is the default, consensus view of this House—will you confirm that the Government's convention should apply to such resolutions? This talk about the non-binding nature of resolutions is very dangerous. If the House has come to a resolution, it means something. The Government are surely under an obligation to come and explain how they intend to acquit themselves in response to that resolution.

Mr Speaker: I am not certain that I am in a position to confirm anything today. What I would say to the hon. Gentleman, having just heard his point of order, is this. There is a compelling logic in such an arrangement and an equivalence of treatment between this, the first debate under this parliamentary architecture involving the Liaison Committee and co-operation between it and the Backbench Business Committee, and the arrangement that has come to apply in respect of motions passed after Opposition day debates. I repeat: there is a compelling logic in such an arrangement, and it might be thought—I say this with my beady eye on the Financial Secretary to the Treasury, who is an unfailingly courteous individual—that it would also be a courtesy for the Government to oblige the House with such an explanation. I think we will have to leave matters for today, but I use the word “compelling”—one might also use the word “inexorable” or “irresistible”—for the logic of which I speak. I hope that is helpful to the House.

PETITION

Royal Bank of Scotland closure in Isle of Barra

Mr Speaker: We come now to the petition. What a busy denizen of the House today is the hon. Member for Na h-Eileanan an Iar (Angus Brendan MacNeil)!

5.5 pm

Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I rise to present a petition on the closure of the RBS branch in Castlebay on the Island of Barra in the Hebrides, in my constituency of Na h-Eileanan an Iar, which will also adversely affect RBS customers in Lochboisdale in South Uist. Incidentally, the RBS bonus pot would keep those branches open and pay for salaries for hundreds of years. The absence of a bank on the Island of Barra would be akin to the people of Dover banking in Calais. With the Economic Secretary to the Treasury promising to visit and see the situation for himself in August, I still hold out some hope that the CEO of RBS, Ross McEwan, and/or the chairman, Howard Davies, will come and explain their strange and damaging decisions to the people of Barra and Uist.

The petition states:

The petition of residents of Na h-Eileanan an Iar,

Declares that the proposed closure of the Castlebay branch of the publicly-owned Royal Bank of Scotland on the Isle of Barra will have a detrimental effect on local communities and the local economy

The petitioners therefore request that the House of Commons urges Her Majesty's Treasury, the Department for Business, Energy and Industrial Strategy and the Royal Bank of Scotland to take into account the concerns of petitioners and take whatever steps they can to halt the planned closure of these branches.

And the petitioners remain, etc.

[P002140]

Lung Cancer

Motion made, and Question proposed, That this House do now adjourn.—(Mike Freer.)

Mr Speaker: Just before I call the right hon. Member for Old Bexley and Sidcup (James Brokenshire), let me say that I will not be in the Chair for this debate—it will be admirably chaired by the Chairman of Ways and Means—but I want to say, pursuant to the debate only a week ago, what a pleasure it is to see the right hon. Gentleman in his place, having contributed so forcefully and powerfully in last week's debate, and I wish him Godspeed with this debate and in every other respect. The whole House is happy to see him in good heart, good spirit and good health, leading debates on these important matters.

5.5 pm

James Brokenshire (Old Bexley and Sidcup) (Con): I am very grateful to you, Mr Speaker, for your kind wishes and kind comments and the support that you have given to me as I renew my acquaintance with the ways and processes of the Back Benches. I very much appreciate your kind words and support.

A week ago today, I had the privilege to speak in the brain tumour debate inspired by the incredible work of Baroness Tessa Jowell. It was one of those very special moments in this House, which was made even more poignant by Tessa being present to hear the debate and to hear the tributes to her courage, her spirit and her determination to bring about positive change for people to live well with cancer for longer. The abiding theme through all that debate was a message of hope—hope for the future, hope for others, and hope in the face of personal physical adversity. There was also the overriding power of human kindness, compassion and love, and I want to return to some of those themes later on.

At the end of August last year, I was out in Northern Ireland for a family weekend. It was a Saturday afternoon and we had had some fun exploring somewhere new with the kids and we were about to have some lunch. I had just sat down when I realised that I needed to clear something from my throat, thinking that it must be a bit of food or perhaps some phlegm. The next think I remember is looking down and realising that my tissue had a bright red blob of blood in it. I felt my heart pounding and a knot at the very pit of my stomach at the shock. That is the thing about cancer: half of us will get it, and it can strike just when we least expect it.

Of course, I could have left it; we blokes are pretty good at doing that. I felt fit and full of energy and I did not have any pain. It actually never happened again. I could have said, "It's a one off; it'll just sort itself out." I did not, because deep down I knew that something really was not right. I trusted my instincts. I did not delay in going to see my GP. I trusted his advice in seeing a consultant when my initial X-ray was clear "because we probably shouldn't just leave it there."

I trusted my consultant's advice to have a bronchoscopy—a tube down my throat to have a poke around in my lungs—after my CT scan showed a small area of inflammation

"because we probably shouldn't leave it there."

At each stage, I could have left it there. I was too busy with work, too busy with Brexit and too busy with the Northern Ireland political talks, but I did not leave it

there and that saved my life. I was lucky because my cancer was caught early. I was able to receive curative treatment—surgery to remove the upper part of my right lung—but, sadly, too often that does not happen. Too often people find out that they have cancer too late, and that is what we need to change.

Every year around 36,000 people will die from lung cancer. That is more than breast, prostate and pancreatic cancer combined. It is the UK's biggest cancer killer and survival rates remain stubbornly poor. One of the main reasons for this is that it is detected at a point when curative treatment is no longer an option. Two thirds of lung cancers are diagnosed when the disease is at an advanced stage. Let me give hon. Members a sense of what this means. Some 83% of lung cancer patients diagnosed at stage 1, when the cancer has not spread, survive their cancer for at least a year. This drops to just 17% at stage 4, when the cancer has spread to another organ. But this is not a numbers game. It is real life—and death.

The Roy Castle Lung Cancer Foundation, which does such excellent work, gave me just one example of this stark reality. Steph lost her dad to lung cancer in December last year. He died 12 weeks after diagnosis. She said:

"I think the worst thing was my dad wasn't given the opportunity to really fight it."

We are talking about mothers, fathers, brothers, sisters, friends, loved ones and colleagues. Lives are cut short because we do not pick up on the signs and symptoms. We just do not get it picked up quickly enough.

Symptoms could include a persistent cough that just will not go away; feeling breathless but just not knowing why; hoarseness in the voice; unexplained tiredness or lack of energy; weight loss that cannot be understood; coughing up blood. Yet, according to opinion research commissioned by the British Lung Foundation and BritainThinks, one in five people in the UK are unable to name any symptoms of lung disease at all. Smoking is a clear risk factor, but many people who have never smoked develop lung cancer. I was one of them. Around 15% of lung cancers are in non-smokers. Given that 46,000 people are diagnosed each year, that is a big number in its own right.

I have been struck by the number of people who have asked me, "Did you smoke?" And that is how I have come to appreciate that stigma and misperceptions can be a barrier to getting people the help they need. Rightly, we have made huge steps forward in smoking cessation programmes. We have firmly cemented in people's minds that lung cancer and other lung diseases are caused by smoking. But there are unintended consequences. Lung cancer can be caused by a number of factors, not just smoking, yet British Lung Foundation opinion research suggests that as many as a quarter of us assume that everyone with a lung condition is a smoker. This was brought home to me when I was contacted by someone with cystic fibrosis—a genetic condition—who told me that even he had been asked if he had smoked. There is even the suggestion that lung conditions are considered less sympathetically.

If someone links lung cancer so strongly to smoking and they have never smoked, they might simply ignore symptoms. Equally, if someone has obvious symptoms but is struggling with feelings of guilt or blame because

[James Brokenshire]

they do smoke, they might not seek help. We need to challenge perceptions and ensure that stigma does not get in the way. We need to see that people with lung cancer receive the support and treatment they need, whether or not they have smoked.

Mr Jim Cunningham (Coventry South) (Lab): It is good to see the right hon. Gentleman back, hale and hearty, as we say in Scotland. I wish him well for the future. He is quite right that not everybody who gets lung cancer is a smoker. Attention is often not drawn to health and safety at work, but people should be very careful. Workers who deal with deadly industrial processes are not always aware that this could have quite an effect on their health. Medical science is now gradually starting to make some breakthroughs, which gives us all a little bit of hope. I hope that he will touch on that.

James Brokenshire: The hon. Gentleman is prescient, because I was about to say that I believe there is real reason to be positive about what we can achieve.

Since my diagnosis, I have met leading experts in the field in the charitable sector and within our NHS. I have experienced incredible care by amazing NHS professionals on the frontline and spoken to experts in the field working on ground-breaking programmes. I have heard about new immunotherapies that are offering new hope even when surgery is not possible. I have even donated a small sample from my own tumour to an amazing Cancer Research UK programme to help understand cancer better by getting to the heart of its DNA to get to grips with its specific genetic make-up, help us find its weaknesses, and destroy it.

I commend the work of the NHS England clinical expert group for lung cancer, chaired by Professor David Baldwin, in seeing that speedier routes to diagnosis and other good practice can be applied across the country. The 10 new one-stop shop rapid diagnostic and assessment centres announced this month to speed up cancer diagnosis where there are vague or non-specific symptoms are another exciting new initiative. There is the work of the cancer taskforce in delivering the Government's cancer strategy. There is the work of the taskforce for lung health to develop a five-year plan to improve lung health and prevent lung disease more generally. We should be hopeful, we should be positive, and we should be ambitious about what we can achieve and focus on how we can make the biggest impact.

From everything I have seen and experienced, early diagnosis and treatment lies at the heart of this. That is why I believe that a national screening programme for lung cancer is needed, as we have for breast cancer and bowel cancer. We are not starting from scratch. I commend NHS England for its announcement in November of a lung health check programme. It drew on the success of the Manchester scanner scheme, where mobile CT scanners detected four out of five cases of lung cancer in the early stages. In 12 months, the mobile scanning trucks picked up one cancer for every 33 patients scanned. Following this announcement, new lung screening pilots are about to get under way in various parts of the country.

But we risk each pilot doing its work in varying ways—not being joined up and with a fragmented approach to data collection preventing us from making comparisons

and harnessing the lessons learned. There also remains some reticence to see this work progress to a national screening programme, with a desire to wait and see the results of the NELSON trial from Holland and Belgium. Yet we have already seen the huge benefits of CT scanning in the United States, and we have already dealt with issues such as false positives in other screening programmes.

There is a real human cost to delay. We should reflect on how many lives could be saved and how many lives are being lost while we wait. One example of this is Bill, whose lung cancer was picked up early through screening. He shared his story with the Roy Castle Lung Cancer Foundation, saying:

“If I hadn't gone through that scan I could have been dead in a year's time. The doctor when I went said it's probably given you ten more years of your life.”

It is because of an overriding desire to see more people enjoy more years of life that I believe we should act now rather than wait. We should commit to a national screening programme and use the pilot programmes to support its implementation. If we want to see a step change in survival rates—to see people living through rather than dying from lung cancer—now is the time to be bold.

The last few months have been hard, knowing that in resigning from Government, my illness would be very public, and knowing that because of the need for a public announcement, many friends and family would be hearing about it on the TV or radio rather than hearing from me directly. When you go through something like this, it puts things in perspective and reminds you of what is really important—most especially, your family and those you love. In so many ways, it is even harder on them than it is on you. I want to thank my wife Cathy and my children Sophie, Jemma and Ben for the love and support they have given me and how they kept me going and kept me positive at some of my darkest moments.

I thank the incredible NHS professionals who have looked after me. They are very special people and without them I would not be giving this speech today. I have also got to know and appreciate even more the work of amazing organisations such as the Roy Castle Lung Cancer Foundation, Cancer Research UK, Macmillan Cancer Support and the British Lung Foundation. I have been humbled and overwhelmed by the kind messages of support, prayers and letters of encouragement from so many people, the contact I have had from people who have gone through or are going through a similar experience and the good advice I have received from key friends. It reminds you of the power of basic human kindness.

I have been very touched by the concern, kindness and support of colleagues from right across the House, some from people I might have expected, and some from people I did not. It has meant a great deal to me at a very difficult time. I hope that we can harness that spirit of good will and the skills, knowledge and experience of Members across the House, so that we can work together to shift the dial on cancer survival and above all deliver on the message of hope that I started with—hope for people receiving a lung cancer diagnosis just like me, hope for the future, hope for a continued life well led and hope for ourselves—and see that more of us are living well with cancer, and living well beyond it.

5.21 pm

The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price): It is a real privilege to respond to my right hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire) because he genuinely is a friend and has been a great friend to me. The public see this bear pit where we rip each other apart on a regular basis, but I am sure you will agree, Mr Deputy Speaker, that this is also a very special place.

The House takes a judgment of people and views us all as honourable Members, and my right hon. Friend is known for being one of the most decent men in this place. The genuine outpouring of concern and love when he was forced to make his announcement was tangible. I am not surprised that he was surprised to hear where some of the good messages came from, but he should take that as well deserved. He has talked today about a very personal and traumatic experience, and he did so with real purpose and dignity. In doing so, he has shown the best parts of being a Member of this House, and I warmly congratulate him. It has made it very difficult for me to answer, but there we are.

I congratulate my right hon. Friend on securing this debate. He suggested he was lucky to get an early diagnosis and the outcome that he has. There is an element of luck in it, but I will come back to that. The most important point he made was the fact that he followed up with his doctors and did not let it go. The most important thing in getting a good outcome from cancer is being vigilant and taking that early action.

In my right hon. Friend's speech, he has humanised his story. We all recognise the behaviours that he outlined. It must have been a very painful decision for him to make—at the top of his game, having entered the Cabinet as Secretary of State and done really good stuff, he was suddenly faced with physical health issues but knew it was the right thing to do and took comfort from his family. The rightness of that is here for all to see.

Luck forms part of it, but we also need to properly engage with health professionals. Some people are dogged, others do not want to face up to it, but we all need to have a much more open conversation. The days when cancer was a death sentence are gone. Cancer survival rates in this country have never been higher. As my right hon. Friend pointed out, that is down to early diagnosis and good treatment. The latest survival figures show an estimated 7,000 more people surviving cancer after successful NHS treatment than three years ago, and that is testament to the hard work of our dedicated NHS staff, but we must do better. Our aim is to save an additional 30,000 lives by 2020. Some 130,000 people die from cancer every year, so there is much to do, which is why the Government have accepted all 96 recommendations in the cancer strategy and backed up this commitment with £600 million of additional funding up to 2021.

Mr Edward Vaizey (Wantage) (Con): I congratulate my right hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire) on a superb speech. It sounds a provocative thing to say perhaps, but it is becoming increasingly apparent that we have cured cancer, in the sense that if diagnosed early enough survival rates shoot up. This might also sound provocative, but it pays for itself. If we can screen people and catch it early, treatment is cheaper than when it is caught later, so although screening would entail a big upfront cost, it would not only save many lives but pay for itself.

Jackie Doyle-Price: It has always been a mystery to me why we spend £200 a year on an MOT for our car but do not do the same for our own health. But I will come to the issue of screening in a moment.

I first want to tackle some of the specific points about lung cancer that my right hon. Friend the Member for Old Bexley and Sidcup raised. As he said, it is one of the most common and serious types of cancer, with 44,500 people diagnosed every year in the UK. Early diagnosis is key but, as he said, in the early stages there are not necessarily signs or symptoms, which is why diagnosis can often come too late. We need to raise public awareness and people need to be vigilant.

The issue of smoking is a very important one. It says here in my brief that smoking is the leading cause of avoidable cancers, particularly lung cancer—that is true, but because it is true it has led to a stigma around the disease, and because of its close association to smoking, many people, even if only subconsciously, view it as a self-inflicted disease. As we can see, that was not the case for my right hon. Friend, but it is very unfair to reach such prejudiced judgments about what is a very unpleasant disease.

As was the case with my right hon. Friend, 15% of lung cancer patients are non-smokers, yet an international survey by the Global Lung Cancer Coalition revealed that a quarter of people in the UK had less sympathy for people with that illness than for those with other forms of cancer. It is clear that lung cancer is not just a smoker's disease, yet some people believe that that stigma is one of the reasons that lung cancer does not receive the level of research funding that other cancers enjoy. When it comes to cancer research, we know that as well as Government funding there is lots of voluntary funding, and for as long as that prejudice exists, lung cancer will not attract as much investment.

It is important, however, that we continue to spend money on research because, as my right hon. Friend has pointed out, lung cancer survival rates are poor and, although overall cancer survival rates are at an all-time high, some cancers have a five-year survival rate of less than 20%. That is why the Government are supporting the less survivable cancers taskforce, which the Under-Secretary of State for Health, my hon. Friend the Member for Winchester (Steve Brine), launched last year and which will look specifically at lung cancer, but also liver cancer—which I suspect suffers from the same stigma—brain, pancreatic and stomach cancer. It will focus on encouraging more research into less survivable cancers. My right hon. Friend also referred to the Roy Castle Lung Cancer Foundation, which does fantastic work to raise awareness of the disease, and I thank it for its work.

By way of an aside, if people are diagnosed with lung cancer, that tends to be all people see. I had a relative who died of emphysema, but he was a smoker. His death certificate pointed out that the cause of death was emphysema due to smoking. It ignored the fact that he had spent most of his working life in mills, where he would have inhaled various things. That is something that the hon. Member for Coventry South (Mr Cunningham) touched on, and it is close to my heart because of my own experience, as well as that of my right hon. Friend.

On screening, the United Kingdom national screening committee advises Ministers and the NHS in all four nations about screening policy. At the moment, systematic population screening for lung cancer is not recommended,

[Jackie Doyle-Price]

owing to a lack of evidence that it will save lives. There is a considerable amount of research worldwide on CT screening for high-risk groups, such as smokers and ex-smokers. In the Manchester pilots, NHS England offered free health checks and on-the-spot scans to smokers and ex-smokers in Manchester, as my right hon. Friend has explained, as a result of which 46 cases of cancer were discovered. There is evidence that we can achieve things by intervening, and that is something that we should look at. NHS England is encouraged by the results. As my right hon. Friend the Member for Wantage (Mr Vaizey) has said, by reaching diagnosis early, we take cost out of the NHS. What is not to like about that? We will look at it further.

I am running out of time, but the Floor belongs to my right hon. Friend the Member for Old Bexley and Sidcup, who is now trying to intervene on me.

James Brokenshire: I think my hon. Friend has a few minutes left, because we started just after 5 o'clock. I commit to working with her and her ministerial colleagues to advance screening. I know that there is a lot of discussion about how to do so in the expert working groups. The pilots were not so much about screening as they were about carrying out scans, so the set-up is slightly different. None the less, it is important that they inform our working together. As I have made clear, CT scanning has the clear benefit of ensuring that we can pick up cancers sooner and enabling patients to get the treatment that they need to live full and long lives.

Jackie Doyle-Price: My right hon. Friend has made a generous offer. I will address the point that he has made in two ways. The Under-Secretary of State, my hon. Friend the Member for Winchester, is responsible for cancer screening programmes. Our current advice is

that national uniform screening would not be productive, but we know about that route. I come back to my right hon. Friend's experience because he had the wherewithal and courage to face up to a health issue that he had identified and take things forward. I think that the best way of getting improved outcomes is to empower patients to look after and manage their own care, and to have mature conversations with medical professionals so that full investigations can be made. Such conversations would lead to earlier screening. I would be delighted to work with my right hon. Friend to achieve that. We educate the public by sharing real life examples, and that is how we give them the tools to look after themselves. I look forward to working with him on that.

In the time I have left, I re-emphasise that we are making good progress and remain on track to deliver each of the 96 recommendations in the cancer strategy. That will help us to transform cancer services in England, to the benefit of all cancer patients including those with lung cancer. I cannot thank my right hon. Friend enough for securing this debate. I wish him continued success with his own health and send my best wishes to his family, who have gone with him through a very painful and traumatic journey. I thank him again for all the work that he is doing to raise awareness of the disease.

Mr Deputy Speaker (Sir Lindsay Hoyle): Before I put the question, I want to echo what Mr Speaker said. Welcome back, and know that this House is at its best when we need to support each other. I have been through that, and I cannot speak highly enough of the way that people get together. Welcome back, and may your health continue to be of the best.

Question put and agreed to.

5.34 pm

House adjourned.

Westminster Hall

Thursday 26 April 2018

[SIR DAVID AMESS *in the Chair*]

BACKBENCH BUSINESS

Financial Services

1.30 pm

Vicky Ford (Chelmsford) (Con): I beg to move,

That this House has considered the financial services and the impact on the UK economy.

It is a privilege to serve under your leadership, Sir David. I thank the Backbench Business Committee for granting time to discuss this important matter, and the 16 Members who supported the application. They all agree that the financial services sector is of specific importance and that the House should set aside proper time to discuss the issues that affect it.

Today is of course a very quiet day in this place, and time for the debate was allocated only last week. Many Members have given me their apologies because they cannot be here due to previous constituency commitments, and a bit of a gremlin in the parliamentary IT system unfortunately meant that the debate was advertised on the Parliament website only last night. Fortunately, I have received many comments in the past few days from stakeholders representing literally millions of people about the importance of this debate, and it is really important that we point out to the public that the fact that not many Members are present right now does not mean that many of them do not care about this issue—they do.

I will address the financial services sector in its own right and its importance to the wider economy, lay out some of the many considerations that the Brexit negotiations bring for the sector, and raise some specific actions that the Government may wish to consider taking. Fundamentally, we know from history how important it is to get the regulatory environment for financial services right, and it is important that we, as legislators, focus on those issues.

London is the leading international financial centre. Some 1.1 million people are employed directly in financial services, and the number of people employed in the sector increases to nearly 2.3 million when other professional services are added. One in 14 people working in Britain today works in financial and professional services. Those jobs are not just in the City of London: Manchester is a leader in legal services, as is Birmingham in accountancy; Edinburgh has a global reputation for fund management; and Northern Ireland is increasingly an area of expertise for vital back-office and middle-office functions. Two thirds of financial services jobs are based outside London. In fact, 21 cities and towns across the country have more than 10,000 people working in the industry.

More than 3,000 jobs in my constituency are in financial services, many of them in insurance, and many of my constituents commute to London to work in the sector. It is estimated that, across the country, banking employs more than 400,000 people, insurance more than 300,000, management consultancy more than half a million, accountancy 360,000, and legal services 340,000.

But this is not just about jobs: the financial services sector is a massive contributor to the public purse. TheCityUK estimates that the sector paid more than £72 billion in tax last year—11% of total British tax receipts and 4.5% of our GDP. Some £31 billion of that came from income tax and national insurance contributions. The banking sector alone paid £35.4 billion, of which £17 billion was from non-British banks that have chosen to locate here.

The sector is key to our trade. Of every £100 generated in our economy, £11 comes from financial services—it is among Britain's largest industries. According to the Office for National Statistics, UK-based financial and related professional services generated a trade surplus of more than £80 billion in 2015—larger than the combined trade surplus of all other industries. It is fair to say that British financial and related professional services firms are the face of British businesses around the globe. A large proportion of that trade is with our partners in Europe; more than £27 billion of UK financial services exports go to the EU. Maintaining that trade and the jobs and tax it brings matters hugely to our economic prosperity.

Access to financial services products makes a real difference to real lives. Buying a house and taking on a mortgage is the single largest financial decision most people will ever make. Two thirds of families in the UK own their own home. There are 11 million mortgages across the country. Furthermore, more than 1 million people have opened help to buy ISAs since they were introduced in 2015. Those have helped people buy more than 100,000 homes, and they have been used particularly in areas such as the north-west and Yorkshire and the Humber.

Three quarters of British families and households have savings and pensions managed by the UK fund management industry, and pension providers are key to delivering a better future for us all. We have the second largest pension industry in the world, with total investments of nearly £3 trillion. At the end of last year, more than 9 million people in this country had been automatically enrolled into pensions thanks to this Government's actions. Insurance services are vital to consumers, too. More than 20 million households have motor insurance, 19 million have contents insurance, and 16 million have buildings insurance.

People also use banks: 99% of British adults have at least one bank account. That is great. We know retail banking is going through a massive transformation. Consumers are moving from paper, cheques and cash to online and contactless payments and records. Government figures show that 56% of consumers used online banking last year. That is great, but it means that nearly half the population did not. The issue of bank branch closures is not just for rural areas. I represent the city of Chelmsford, and I have had many emails from constituents who are concerned about the last bank closing in the Great Baddow area. It is right that MPs raise the issue often in the House. Post offices can and will provide some of the services that people need, but there also needs to be clear and specific communication to those affected.

Financial services are also of huge benefit to the public sector. People in my constituency really want to see investment in infrastructure—that is a top priority—and dynamic financial services are key to getting the infrastructure we need. I should probably declare an

[Vicky Ford]

interest: I had a long career in infrastructure finance before entering the House. The UK Government aim to invest more than £240 billion between now and 2021, of which it is estimated 45% will come from a diverse range of private investment sources.

Financial services are also key to supporting other businesses. They provide current accounts and insurance cover, and help companies to raise the money they need to invest, grow and create jobs. The total value of loans from major banks to British businesses is just over £460 billion. More than a third of that is lent to small and medium-sized businesses. Last year, British companies raised £27.2 billion by issuing shares, nearly £24 billion of which was raised on the London stock exchange. Companies also raise money from corporate bonds, asset finance, angel investment, crowdfunding, peer-to-peer funding and private placements. According to research by Cambridge University, in 2016 more than 33,000 small and medium-sized enterprises had already received funding—totalling more than £3 billion—from alternative finance providers. That market is growing rapidly.

The UK is a global leader in the FinTech sector. Investment in FinTech more than doubled last year. We are the second largest FinTech country in the world, just after the US. FinTech products have given access to services to many people who found themselves excluded from traditional financial services. FinTech products have increased transparency, dramatically reduced the cost of everyday transactions and helped to fight financial fraud and improve security.

Last month, the Chancellor launched the FinTech sector strategy, which I welcome, but many other parts of the financial services industry could benefit from such sector strategies too. The financial services sector comprises many different subsectors, each of which needs and deserves detailed and specific focus. It is important that we have that focus now, especially because of the Brexit negotiations. Financial services will be very much impacted by the type of Brexit we have.

I will give the example of the insurance sector, which, as I have said, is a major employer in my constituency. The UK is a global leader in insurance services. We are home to the largest insurance industry in Europe. Our commercial insurance market facilitates the flows of trade across all of Europe and acts as a massive bridge to the markets in North America and across the world, in Latin America, Asia and Africa. Many clients across the rest of the EU rely on the London market to provide certain insurance and reinsurance products that they simply cannot get in their own markets.

That is why, every year, European companies pay insurance premiums worth over €9 billion into the London market and why €7 billion of international business is written in the London market by organisations whose parent companies are elsewhere in Europe. Once the UK has left the EU, UK-based insurance and reinsurance undertakings will lose their right to conduct business in EU27 member states by way of freedom of establishment and freedom of services—and vice versa: European companies will lose their right here, unless there is a deal allowing that to continue.

A further technical but very concerning point is that, in December, the European Insurance and Occupational Pensions Authority issued an opinion saying that insurance

contracts concluded before the withdrawal date by British companies into the EU27, and by EU27 companies into Britain, are in principle valid post-Brexit, but that those same firms would not be able to continue to ensure the continuity of their services to businesses and customers on a cross-border basis after we exit. That would include their not being able to service the claims of existing policyholders.

The continuity of servicing of cross-border contracts after Brexit is a real concern. According to the Bank of England, 36 million insurance policyholders—individual people—in Britain and the EU are potentially affected. That is only insurance policyholders; there is another £26 trillion of outstanding uncleared derivatives contracts. It is in the interests of both the UK and the EU to resolve the issue of contract continuity, both during the transition period and thereafter, and I am pleased to have heard the Chancellor mention that recently.

As well as resolving contracts, there is the issue of market access. The London Market Group, which represents the commercial insurance sector, points out that without continued access to insurance markets there will be disruption across a wide range of sectors, including aviation, marine, bank lending, satellite communications, shipbuilding and even nuclear power. Market access in the insurance sector is important to those other sectors that come to London to get insurance.

It is also important in sectors other than insurance. British-based asset managers manage more than £1.5 trillion of assets for EU clients. Two thirds of the debt and equity raised by European companies comes from British-based banks. Three quarters of European forex and interest rate trading takes place in the UK. Trade in services is not just a one-way street, and it is important to remind people on the other side of the channel of that. The UK imported £76 billion-worth of services from the EU in 2016, an increase of about 10% on previous years. Financial services also underpin the cross-border flow of goods. I have just bought a new car; like most new cars bought in Britain today, it comes with a financial services contract. The service is linked to the good.

When it comes to the financial services sector, the concept of no deal with Europe is not a good deal for Britain, and it is not a good deal for the rest of Europe either. There is no free trade agreement anywhere in the world that offers anything like the depth and breadth of what is needed by the EU and UK financial services players to help to keep the sector and to ensure it continues to underpin the wider economy. That is why it is right that the Prime Minister, in her Mansion House speech, called for a “broader agreement than ever before.”

It is important that we focus on the details of what that relationship could look like. Companies in financial services have very long lead times to plan their businesses. Once contingency plans have been put in place, they are unlikely to be undone. The agreement on the transition period is welcome, but it is not legally enforceable until we also know what the withdrawal agreement looks like. Firms, especially in the EU, are still being asked by their regulators to continue planning for a no deal scenario, which risks the transition agreement being undermined in practice. In contrast, the Bank of England and the Prudential Regulation Authority have given helpful guidance to firms here that they can continue to operate under the current regulatory regime. One thing I ask the

Minister to do is to work with our European counterparts to try to ensure that firms on the other side of the channel can be given similar messages to the one the Bank of England is giving.

On the long-term agreement, an organisation called the International Regulatory Strategy Group prepared an excellent report on “A New Basis for Access to EU/UK Financial Services Post-Brexit”, which I strongly recommend. It concluded that a deal should be sought that was based on mutual recognition and regulatory co-operation, delivering market access rights. That view has broad support from across many areas of the financial services community.

The UK Government have called for cross-border access in financial services based on regulatory and supervisory co-operation. It has been encouraging to see an acknowledgement of the importance of services in the EU’s own negotiating guidelines. It is important to recognise that, if we are to achieve that high level of market access, we also need a high level of regulatory dialogue, trust and co-operation. The lessons of the last financial crash remind us how important good regulation is, because if a failure happens it can become systemic. The crash also emphasised the need for international co-operation and made us realise that, when it comes to cross-border institutions, the regulatory framework needs to work across borders too.

However, it is important to remember that the industry has come a long way since 2008. Across the world, capital requirements on large banks are now 10 times higher than they were before the crisis. British banks have raised over £130 billion of loss-absorbing capital. The recovery and resolution regime, which I am proud to have played a part in negotiating, means that failed banks can be wound down without needing to rely on taxpayer bail-outs. Fundamental to that is the fact that senior executives can now be held individually accountable for the banks they run.

Under this Government’s leadership, the UK has worked with regulators all across the world to improve the stability of the financial sector. When it comes to the detail of the regulation, we have worked most deeply with our neighbours in the EU. We have created a common rule book in many subsectors of financial services, and industry players in the vast majority of those subsectors want to continue to use that rule book. It is important that we focus on how that co-operation continues and what sort of regulatory environment we want to have going forward.

There is huge devil in the detail of financial services regulation. We should not kid ourselves that global rule-making will replace the level of detail that EU-UK co-operation has given, and we should remember that our co-operation with Europe has helped us to have a stronger influence on the global stage.

The example of taxpayers’ money no longer being needed to bail out a failing cross-border bank was critical to building British stability in financial services after the financial crash. We agreed that that should happen at a global level, but it was actually getting the devil in the detail right between the UK and the rest of the EU that enabled us to get the detailed negotiating right and to then take the details back to the global stage.

In his excellent Canary Wharf speech, the Chancellor spoke of ongoing co-operation on a number of areas, including market abuse, transaction reporting, stability

monitoring and the means to identify prudential concerns about individual firms. Achieving a successful Brexit negotiation is fundamental to ensuring that the UK’s global financial services sector remains competitive and is able to continue to deliver not just for the British economy but for clients across Europe, too.

I know I have already spoken for quite a long time, but I will use this opportunity to take a few more minutes to focus on areas where I think the Government or our regulators might take action. On supporting innovation, the FinTech sector deal is very welcome. Open banking provides huge opportunities, allowing customers to better compare deals and find the best products to suit their needs. It means that we will get new market entrants, and some of the services that they will offer will be taken up by people who have been or have felt excluded from traditional services.

The Government could do more to unlock the sharing of data in this space, especially by increasing transparency over capital requirements for new bank start-ups—sorry, I am a bit of a geek on bank capital requirements, after many years of negotiating—which would help to get more of those new businesses and ideas off the ground. The growth of green finance is potentially very exciting, and targeted measures could put us at the forefront of that exciting area of innovation.

I will look at a few issues on regulatory oversight. Our financial services sector has a strong reputation across the globe for high standards of regulation and transparency, which is vital in underpinning the trust that delivers the sector’s success. However, the industry has not always been perfect, and when issues arise it is important that they are dealt with fairly. Many small and medium-sized businesses were badly affected by the mis-selling of interest rate hedging products—especially by organisations such as the Royal Bank of Scotland and HBOS—in the run-up to the financial crash and in how those products were managed thereafter.

One of my constituents told me how he was forced to hand over the keys to his business, which he had grown and delivered, and was then given no transparency on what happened to the businesses thereafter. These are complex cases, and many of those affected still do not believe that they have been given a fair hearing or fair compensation. There have been questions on whether the Financial Ombudsman Service has the capacity to cope, and I understand that a new independent investigation into it is being undertaken. It is important that we take this opportunity to move forward and restore that confidence, so I will be grateful if the Minister will keep a firm eye on how we deal with those legacy cases.

As Members of Parliament, it is important that we focus on consumer issues. The Government have rightly taken action to cap the charges associated with payday loans. However, a recent Which? study found that consumers needing to borrow as little as £100 could sometimes be charged up to £156 more for the loan by a major high street bank than a payday lender would have been allowed to charge when borrowing the same amount for the same period. There is a particular issue with how banks treat heavy overdraft users, who are often quite vulnerable. It appears that we may need to look at the way banks lend in this area. I understand that a consultation on that was meant to be launched in the spring but that it has been pushed back to next year. I ask the Minister to look at that issue.

[Vicky Ford]

Cyber-security is a big issue, and I am honoured to chair the all-party parliamentary group on cyber security. I strongly recommend Members look at it. Cyber-crime is now second only to political risk as one of the key challenges facing the financial sector, and the sector is taking action. Yesterday morning I was with TheCityUK to launch a major new report on how boards and companies can better protect themselves with cyber-security. Cyber-security is often linked to money laundering, and it is absolutely right that tackling that economic crime is a major priority for the Government and the industry.

Many Members on both sides of the House have mentioned money laundering issues in the past few weeks, especially since the terrible incident in Salisbury, which the Minister, my hon. Friend the Member for Salisbury (John Glen), dealt with so thoughtfully. It is a significant and important issue, on which Britain needs to lead the world, so it has been good to see the Chancellor this week putting the fight against dirty money right at the top of the International Monetary Fund's agenda for leaders across the world to focus on.

Regulators here have also asked the Government to look at some potential legal and regulatory barriers that currently limit effective counter-fraud procedures. It is easier to transfer money at speed across different bank accounts today than ever before. Many legitimate customers welcome that, but that speed of transfer is also exploited by criminals.

There needs to be a balance between openness and speed, and I would like to see the Government and regulators looking at ways to enable banks to share information across the industry and for us to discuss whether the approach to payment processing could be flexed to allow more time to scrutinise higher risk payments. I remember a constituent of mine coming into my constituency surgery traumatised because he had lost his life savings thinking he was genuinely buying the car of his dreams, only to find it had been a massive fraud. It was impossible for the bank to track down what had happened to that money afterwards.

If the law were changed, banks tell me that they would be able to share data more quickly and safely, so they could better detect and prevent those types of economic crime. Innocent people's life savings are being stolen, and we should do what we can to stop it. I would love to see the Government and the regulators working to see if there is anything more we can do to make sure that we can target those incidents while also protecting personal data.

One of the great things about the Government's industrial sector strategy deals is that they run across all areas of Government and identify areas where all Departments can help to deliver success. The financial services sector is no different from others in this area. On skills, the sector needs to know that there is a strong pipeline of talent of people who have the skills, education and training needed to keep the industry globally competitive—particularly focusing on areas such as FinTech and cyber.

Financial services is a people-driven business, but many of those people commute, so investment in infrastructure—physical as well as digital—is key. We need to connect those regional clusters, reduce journey times and bring a larger number of people within an

easily commutable distance of jobs in those sectors. My goodness, how much we need to improve our commuter experience! My local railway station in Chelmsford is the busiest two-platform train station anywhere in the United Kingdom. We need investment in infrastructure to ensure that people can get to work in this sector. We also need to provide housing and to enable our country's businesses and ideas to connect with markets across the globe.

As I said, financial services do not exist just in London. Just as it is for other industries, localism is important for this one. Local and devolved decision making can help. An industrial strategy must be suitable for the whole nation, but local differences need to be permitted. The most effective way to support this industry is to have a strategy that gives local areas the power to focus on their strengths.

The UK's financial and professional services sector is a world-leading industry today and is well placed to continue to lead the world in the future. We cannot divorce this sector from our wider industrial strategy. Our dynamic financial services industry is key to every other part of our country's industrial performance. It is the key pillar of our economy and deserves the full and focused attention of the Government and Members of the House.

2.1 pm

Lee Rowley (North East Derbyshire) (Con): It is a pleasure to serve under your chairmanship, Sir David. I am grateful for the opportunity to speak. I should at the outset disclose my interests—both directly, in the Register of Members' Financial Interests, and as co-chair and member of a number of all-party parliamentary groups. My background is also relevant. I have worked in financial services for the best part of the last 15 years, including in the weeks before the general election was unexpectedly called, having taken a new job in insurance and so having to review that rather quickly just after Easter last year.

I thank my hon. Friend the Member for Chelmsford (Vicky Ford) for co-ordinating the debate and for speaking so comprehensively and lucidly in outlining the challenges and opportunities for the sector. I will not go over them at length, because she covered many of them so incredibly well.

I welcome the debate for a number of reasons, the first being that financial services are important for the economy as a whole. My hon. Friend explained that in a lot of detail. This sector accounts for 11% of GDP and a significant number of jobs across the country. Those jobs are not just in London. When I was working in financial services, I spent as much time in Manchester, Glasgow, Edinburgh, Sheffield and Leeds as I did in London. That demonstrates the number of jobs involved and the importance of regional centres for financial services as a whole and for our economy, both regionally and nationally.

Financial services are important for the economy as a whole, but also for people. Financial services are the vehicle—the driver—for ensuring that people and businesses can get out there and do as they wish, and can work hard, achieve and get on. Credit is a fact of life. Credit opens up those opportunities and helps to realise the ambitions of people, businesses and organisations.

I particularly believe that financial services are important for social mobility. I have a history degree, so I did not necessarily expect to get into financial services. I come from a relatively working-class background in Derbyshire. I was at a report launch at Rolls-Royce in my county—not my constituency—a couple of weeks ago, and the report talked about the importance of IT for social mobility. My social mobility was through IT in financial services, and I know so many people—ex-colleagues and friends in the sector—who have also experienced social mobility as a result of what banking, insurance, asset management and wealth management offered them. Credit makes the world go round, and we need to ensure that that is at the heart of our strategy as a country and for our economy as a whole.

The challenge, of course, is to lift the discussion out of the framework of the 2008 financial crisis, important as that was, and out of the entirely sterile and cartoonish debate that it falls into at points. I was working in financial services at the time, and there is no doubt that in 2008 a significant amount of bad behaviour was going on, extremely bad practice was occurring—illegal practice was occurring—and the regulations were not appropriate. The debate is not about too much or too little regulation; it is about the appropriateness of the regulations. The capital ratios had got too low, and we got into a place that was significantly problematic. We do not want to go there again.

I make my comments on the basis that all of that is accepted. We also have to recognise that we are now in 2018. The financial crisis was 10 years ago—a decade ago. Nearly a third of my life has taken place since it occurred. We have to stop having the debate about what happened in 2008 and start having the debate about what will happen in 2018 and 2028.

We have not yet heard the comments from the Opposition Front Bench. I know the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) as a very thoughtful speaker. I have had the pleasure of listening to him in numerous debates over the months that I have been in this place. However, there is a sterility to the debate on this subject. I am sure he will not contribute to that—or at least I hope he will not—so long as his speech has not been given to him direct from Labour central office.

We have to ensure that we stop talking solely, important as these things are, about how all bankers are bad, the high remuneration is terrible and IT failures are very problematic—that is probably not the best argument to make this week, given all the TSB customers who have been so badly affected and with whom I sympathise hugely. I hope that Mr Pester sorts out the problems as quickly as possible and does not just send us apology emails, which he seems to have sent us this morning. I accept that some bankers were bad and remuneration was too high, but we have to bring the debate on, move it forward and look at the challenges that are coming, not those that are behind us.

In that regard, the first points that I want to make are about the opportunities that we have. My hon. Friend talked extensively about the challenges and the opportunities that are coming with Brexit, and I wholeheartedly endorse many of the statements that she made. Like her, I think that the continuity point is crucial. The Government are working extremely hard on that point. Everyone I talk to in the sector ultimately boils the point about contract continuity down to the ultimate essence, which is that it

is highly likely that we will all find a way through this. Actually, it will be almost impossible not to find a way through it, given the meshing together of the EU nation states and the United Kingdom in terms of the contracts that are cross-border. If we do not, we get ourselves into a really tricky place. Ultimately, many of the discussions have, underneath, a tremendous political element, not an economic element. The Government are working very hard on that. They have been completely up front and straightforward about it and are working to ensure early resolution of the problems.

We cannot get ourselves into a place where we are novating or rewriting millions and millions of contracts. I am sure that the lawyers would be delighted, but I am not sure that even the combined might of the European and the UK legal sectors could rewrite all the contracts, even if they wanted to.

I understand that there is significant precedence for what I am referring to, including from 1999, when the euro came in and there was an effective grandfathering of contracts that had gone before. I wish we could get to that place as soon as possible, because people are spending a significant amount of money on preparations that could usefully be spent elsewhere. I strongly encourage the European Union not to play politics in this area and to accept that it is important that there be clarity as soon as possible.

The same principle goes for recognition of the continuity of the ability to book into the United Kingdom. I accept that there is a commercial and economic discussion in the European Union about wanting to develop its own systems, approaches and financial centres, but the reality is that London is central to most of what happens in Europe from a capital perspective and a booking perspective at the moment, particularly in terms of underlying the instruments of risk that come with many of the larger contracts, especially on the commercial side. I hope that the European Union is not playing politics from that angle as well. The reality is that there is no point in making these decisions and agreeing them at five to midnight, as is the wont of the EU in many of its negotiating positions. We have to try to get clarity now. The Government are working on that; I hope that Brussels is doing the same.

I have had the opportunity over the past few months to do a fellowship from the Industry and Parliament Trust on the future of financial services. I have been to a number of different financial services organisations now—I was with UK Finance on Monday. As a country, we have a number of opportunities in financial services over the coming years and a number of interesting questions about where we want the sector to go. I will touch on a few of those, as my hon. Friend did.

First, we have to get the regulatory framework correct. Much progress has been made in the past 10 years on this, and my hon. Friend referred to that. The Prudential Regulation Authority, the Financial Conduct Authority and the Financial Services Authority do a good job generally on many of these areas. Andrew Bailey is highly respected for that and rightly so. However, it is incumbent on us to raise the quality and interest of debate in this House. I agree with my hon. Friend that Thursday is perhaps not the best time to do these debates—I am sure that if we held this debate on another day, we would have more hon. Members here. However, from a Back-Bench perspective, we cannot

[Lee Rowley]

outsource decisions and discussions on regulation to the PRA and Andrew Bailey on the basis that they know what they are doing; we have to have those discussions and debates here, because there are political angles to them. I know that the Government are intricately involved in that, but as Back Benchers and Members of this place, we have to get involved as well.

We have a huge opportunity with FinTech. That is a truism, which everybody knows, but we have a particular opportunity because, compared with some of the larger countries, we have a relatively contained group of people who are highly switched on, mobile, flexible and connected, and with whom we can do an incredible amount of work as a country, to test some of the innovations that will be coming through the FinTech sector in the next five to 10 years. We should see the UK as an incubator, as I know the Government do. We should be supportive of what FinTech offers, to transform society as a whole, not just for those at the top. FinTech should be seen as an opportunity to support everybody who experiences financial services and who may be more vulnerable and to transform their experience. Some of the things that have been done, particularly around the regulatory sandbox, are very impressive. I spoke to colleagues in America just a few months ago, and they are very complimentary of what the sandbox is achieving. I hope we can continue to replicate—to create and perpetuate—that environment, which supports FinTech and FinTech development.

Competition is a long-standing and challenging area. We have done much in the last few years, including around account switching, to make the process of markets more flexible. Customers seem to have an inherent stickiness in terms of being willing to transfer banks. We have to do some further work on that. I tried to change my bank account on Monday. I went into an unnamed company and I was told that it would take an hour to change my bank account. While I think it is perfectly legitimate—I am not trying to seek Government control over these processes—the sector needs to reflect on the challenges and barriers that it puts up, to ensure that flexibility can be created within the industry. We need to encourage greater competition. The challenger banks are doing incredibly well, but we need to ensure that there is greater flexibility and competition as a whole.

Within that, we have to ensure, and not forget, the importance of mutuals. I declare an interest: I was employed by a mutual—Co-op Insurance—for all of six weeks before the election. Mutuals are incredibly important to the future of our financial sector. They do great work; they often explain what they are doing and their mission better than some of the larger players in the sector. We should welcome how mutuals work in this country, across both business and personal banking. We should support them in their endeavours, particularly by looking at the barriers to entry for new mutuals coming into the sector. It is important that, just as we have new challenger banks, we should have new mutuals, also keeping the existing players honest and on their game.

There is a significant opportunity for automation and artificial intelligence in this industry. A significant amount of attention is going on that. I was working on some of those elements last year in the private sector.

However, banks and financial services organisations need to recognise that opportunities for automation and artificial intelligence are not just about cost reduction and cost drivers; they are an opportunity to put the customer at the heart of processes. I mean that in an actual way; this is not just lip service. My constituents tell me about their frustration, which I share, that they find banks faceless and financial services companies unwilling to engage. We have to get away from that “computer says no” mentality. I hope some of the opportunities around automation will be about not just cost reduction, but customer service improvement.

My hon. Friend talked extensively about the importance of cyber-security, data handling and risk as a whole. I wholeheartedly support that. In particular, we need to see open banking as an opportunity, but we need to recognise that, through application programming interfaces, we are opening new challenges and domains where security can be challenged. We do not want banks to have created firewalls and frameworks to prevent cyber-events, only for those cyber-events to be transferred elsewhere as a result of open banking. Catastrophic data losses need to be avoided—that is obvious—but if they are not and we do not have that at the centre of our minds, we could get into a difficult position.

We also need to recognise that data handling, and the changes around big data, machine learning and the like, which are coming into the sector, will change the way in which the economic models of banks and insurance work. Insurance is effectively about pooled risk, but it is also about making an assessment of risk. When we can interrogate the levels of data coming into the sector, we move away from the necessity of pooling risk based on a series of avatars about what people aged 35 and 40 tend to do. We can make a decision on actuality: what people actually do and what they have actually done. That is creating a more perfect market, where risk is priced closer to the challenges, but it also creates a series of ethical questions about how we use that data. The hon. Member for Bristol North West (Darren Jones) and I—under the auspices of the Parliamentary Internet, Communications and Technology Forum, which he co-chairs—are launching an investigation into the ethics of technology and artificial intelligence. I encourage hon. Members who are interested in that to get involved.

Finally, one of the most important points for my constituents regarding financial services is vulnerable customers and branches. My hon. Friend spoke about branch closures in her constituency. I have similar examples. A branch closed in Clay Cross—a town in my constituency—just a number of months ago. There were serious concerns from local residents about that. We have to see financial services, and the challenges and opportunities they present, as a way to address some of these things. There is a clear move for the majority of people in the country towards digital banking—that is to be welcomed—but there will always be a group of people who are unable to be engaged through that process. We need to ensure processes are in place to engage them.

I welcome the developments around post office openings in recent years, but I wonder whether the sector as a whole is really thinking through the opportunities it has. For example, nobody in the sector has been able to give me a clear answer as to why some form of shared service in local towns is not possible—why banks cannot

inherently share the infrastructure of branches so that a customer might walk into the space between four physical walls, but have four different banks in that space, sharing the overheads, costs and all the challenges, which they say are the reasons for their leaving these important towns in the first place. I hope that banks and other financial services will reflect on other opportunities than just the post office.

In conclusion, there are many opportunities for financial services in the coming years. It is crucial that we recognise the importance of financial services to the economy as a whole. I hope that, as a country, we can grasp those opportunities and recognise the importance of credit in our society every moment of every day. If we do that, we can hopefully ensure that our country continues to thrive in the years to come.

2.18 pm

Alison Thewliss (Glasgow Central) (SNP): I am glad to be able to speak for the Scottish National party in this debate.

I am sure the Brexiteers will accuse me of not being optimistic enough, but having looked the issues for financial services in the UK post-Brexit, I cannot help but have some apprehension. I understand that a lot of people in the industry are apprehensive as well. The challenges are huge and significant.

We have the best possible set-up in financial services with the EU, whether with regard to co-operation, influence or regulation. We are part of the decision-making process and have been key players in the set-up of financial services across the EU. There is no doubt that we will not be able to replicate the influence we have, because that influence is born from being part of the EU and a member of the single market and the customs union. The UK Government must seriously consider that reckless approach. The financial services sector provides a good illustration of why remaining in the single market and the customs union is the least-damaging option for the UK's and Scotland's economy. Brexit is a key risk to that sector.

The financial services industry is huge—the figures were mentioned by the hon. Member for Chelmsford (Vicky Ford)—and, as she said, Scotland is a key part of it. Many financial services jobs are outside London. Edinburgh has 49,800 employees in the industry—a significant number—but Glasgow has 36,300 employees or thereabouts. Nearly 60% of employment in financial and related professional services in Scotland is concentrated in those cities. Edinburgh has an important international financial centre and a strong presence in banking, life insurance and investment management activities, and Glasgow has strengths in insurance, legal services and accountancy, but Aberdeen and Fife employ a large number of people in the industry.

As the Member for Glasgow Central, it would be remiss of me not to talk about Glasgow which, since 2001, has developed its international financial services district. That has rejuvenated an area in the city that had been left behind by old industries, with warehouses and neglected areas near the Broomielaw. It has been redeveloped into a hugely vibrant sector of the city. Many large companies based there employ people in high-value jobs. Those companies were able to get buildings, set up to work and employ people locally.

The IFSD has attracted £1 billion of investment to the area, so it is no small project. It has brought in more than 15,500 new jobs through investment and expansion by working in partnership with the city council, Scottish Development International, Scottish Enterprise and Skills Development Scotland, to name a few.

It worries me greatly that Glasgow, which is recognised in the global financial centres index as the 14th most competitive financial centre in Europe, would lose out as a result of the reckless move towards leaving the EU, the customs union and the single market. It concerns me because when jobs go in London, London may be able to absorb it, but the economies of Edinburgh and Glasgow are more peripheral in the UK set-up. The UK has a London-focused economy. Without any great control in the Scottish Parliament over such things, I am concerned that we will not be able to put the mechanisms in place to protect those industries as we would like to do. We are at the whim of what the UK Government decide to do.

I hope the Minister can tell us more about the White Paper that the Government were due to publish last summer on the approach to Brexit and financial services. As I understand, that has not yet been brought forward. I asked the Library for an update on its report from July on financial services and Brexit, and although it could give me an update, it could not give me much progress, because not much has been made—certainly not anything visible or tangible. That concerns me and the sector greatly because of the uncertainty. We should be in no doubt that the sector has to plan and make decisions. The more uncertainty there is, the greater the risk of losing jobs.

Predictably, the European Banking Authority has decided to move to Paris. There are moves afoot from France to build up its sector and to regain what it feels it has lost to the UK in terms of financial services expertise. There is a risk, and other countries are looking to step into the void that we are leaving. The transition agreement merely extends the deadline to reach a deal to the end of 2020. The financial services industry needs and deserves more certainty so it can plan for that.

Not only will we lose financial institutions and companies, but those companies will not have the automatic access to EU markets that they currently have. That loss of influence is significant for the companies that base themselves here, for the decisions and investments that they make and for the jobs they create.

We will also lose influence in Government and between Governments. We will not be in those decision-making rooms where the regulations are being drawn up. We will not have the early influence that we have through EU institutions. We have set a lot of the rules, but in future, at most, we will be able to take rules, which is a huge difference.

The Minister has acknowledged that in an article, where he wrote:

“We know how important it is to the financial services industry that they have continued market access”.

I am sure he will tell us more about what he intends to do about that. Market access is not the same as being part of a market or a component in that market. Market access is second best. The Tories are delusional if they think we will get a better deal than we have at the moment.

[Alison Thewliss]

Remaining in the European Economic Area could enable financial passporting to continue. That is crucial, because equivalence is nowhere near as uniform and comprehensive as passporting. It does not cover the full range of services currently sold by UK-based firms into the EU, or the full range of clients. As I understand it, banking services could not be offered under an equivalence regime.

Many are deeply concerned about what would happen if there was policy divergence between us and the EU in future, because that could result in the Commission revoking access to those markets with only 30 days' notice. If a regulatory change that we disagreed with was agreed by the EU, such as a cap on bankers' bonuses, that could be enough to trigger that denial of services. Switzerland's referendum to limit immigration from the EU triggered such a response from the EU.

That is worrying given the Government's attitude to immigration and how they want to treat immigration from all parts of the world—not just the Windrush generation, but EU nationals. Many constituents who come to my surgeries are in highly skilled jobs and have come here as highly skilled migrants. They have found that, because they made a minor change to their tax returns many years ago, the Government deem them a threat to national security under paragraph 322.5 of the immigration rules. If that is how they treat the highly skilled migrants who come to this country to contribute, work and generate wealth, I have little confidence that they will do anything to improve the situation. That is how people are being treated now. How will they treat EU nationals who have come to work in the finance sector?

Some 9,000 EU nationals work in the financial and business services sector in Scotland. Each of those people brings wealth to this country, pays their taxes, has a family, works here and has settled here. They have no great certainty about their future status, how their employers will employ them and whether they will have the right to work as they do now, which is a huge worry.

Those individuals are making decisions as to whether they want to stay here on the basis of what they hear and see. The mood music around immigration has not been very welcoming. Those narratives are almost certainly causing many of them to give up and leave. The Minister is sighing somewhat at that, but that is the reality—that is what I get at my surgeries.

The Economic Secretary to the Treasury (John Glen): I am not. I am listening very carefully.

Alison Thewliss: People are not sure what will happen, and they need to have more certainty before they make their decisions. Just as people in the financial sector are making decisions about where their businesses will go, individual employees are deciding as well.

My husband works as an IT professional in Glasgow and knows many people in the sector. They are highly sought-after, highly skilled and well-paid jobs, but they are tied to financial institutions in the city such as J.P. Morgan and Barclays. If those financial institutions contract, those IT jobs, which are highly skilled, will contract too. We need to think carefully about the full pipeline of people. It is not just about bankers in suits sitting in offices; it is the full ecosystem. Those bankers buy lunch, commute into towns and take public transport.

Glasgow has a long and distinguished history in banking. The Bank of Scotland opened its doors in 1695. The Royal Bank of Scotland has its global headquarters in Edinburgh, the Clydesdale Bank has its European headquarters in Glasgow and there are lots of other banking operations in Scotland. I have mentioned Barclays, but HSBC and others also have a presence within Scotland.

Scotland's general insurance, life insurance and pensions sectors also have a strong reputation and an enviable history of success, with their origins dating back to the early 1700s, when the increase in international trade led to a requirement for marine insurance, and Scotland continues to be a major centre for that sector.

The hon. Member for Chelmsford mentioned the insurance industry. The Association of British Insurers is deeply concerned about the current uncertainty. It has contracts that run for 10 years and pension contracts that run for more than 30 years, and has pointed out that

“these contracts cannot be transferred safely and quickly to a new EU location. Special arrangements would be needed to transfer the contracts, covering both legal form and regulatory responsibility...If nothing is fixed, insurers will be left in an impossible position and face an unacceptable choice: break their promise to customers or risk breaking the law.”

That is deeply serious and I hope the Government are looking at it. It is a huge concern for the sector, which relies on confidence and its reputation.

Fund management in Scotland encompasses a broad mix of large institutional companies and smaller boutique firms that provide investment services to institutional and personal clients around the world. The quality of investment management expertise in Scotland has led to a robust growth in boutique firms and new business start-ups. We have also become a major European centre for asset servicing.

Looking forward, Scottish Government analysis shows that a hard Brexit threatens to cost our economy £12.7 billion—£2,300 per person—a year by 2030, compared with what would happen if we remained in the EU. The UK Government's analysis is that reverting to World Trade Organisation rules could reduce growth by 8%; that a free trade agreement with the EU would reduce growth by 5%; and that membership of the European Economic Area would reduce growth by 2%.

The EU is the largest single market for Scotland's international exports—in 2016, Scottish exports to the EU were worth £12.7 billion. The Fraser of Allander Institute estimates that 134,000 Scottish jobs are supported by EU trade. Last week, a report for Citibase, a service provider to small and medium-sized enterprises, found that 63% of Scotland's SMEs would like to reverse the Brexit process and remain in the single market. That report also found that just 14% of Scotland's SMEs trusted the UK Government to get a good deal on Brexit. Steve Jude, the chief executive officer of Citibase, has said:

“The message is clear. Scottish confidence in the Westminster Government to secure a good deal for them is at an all-time low, with most SMEs wanting to press the reset button on the entire process.”

The Government should take on board those concerns, because we do not have to leave the EU. Yes, the EU referendum produced a UK-wide result, but there was no mandate for leaving the customs union and the

single market, and we must think very carefully about the potential damage that leaving the EU would do to our economy, which would hurt all of us and all of our constituents.

The hon. Members for Chelmsford and for North East Derbyshire (Lee Rowley) mentioned bank closures, which are of huge concern to our constituents right across the country. That is particularly true for RBS, in which the Government have the leading share. We own RBS and we should be telling it that it is unacceptable to renege on the trust we have put in it—we helped it to get back on its feet—by whipping away services to our communities. We have heard Members from across this House—not just Scottish National party Members but Conservative Members—criticising RBS for saying that it would provide banking services and send its vans around before pulling back on that as well. RBS has reneged not once but twice. RBS has provided a limited service, which are the bank vans it sends around. Those vans do not have disabled access, which has led to people being served in car parks in the wind, rain and all weathers. That is a ridiculous situation and the Government should do more to put pressure on RBS.

The hon. Member for North East Derbyshire mentioned the idea, which has a lot of merit, of a shared service point for bank branches. Banks should come together to see what they can do collaboratively so that their customers are not left with nothing. I know people from other parties have mentioned that idea. It definitely has merit.

Hon. Members have mentioned on the record dirty money, the importance of clamping down on money laundering and the SNP position on the scandal of Scottish limited partnerships being used for money laundering. I hope there will be progress on tackling SLPs and addressing their lack of accountability. We have tabled amendments to the Sanctions and Anti-Money Laundering Bill to that end, but if the Government are not going to take them on board, as I had hoped they would, I hope they will bring something else forward soon so that we can deal with that.

The major issue that prevents a clampdown on money laundering is the Companies House loophole. I have mentioned that to the Economic Secretary to the Treasury before—he has heard my views on it. Just recently, we had the strange case of the businessman Kevin Brewer, who fully admitted what he was trying to do in testing the Companies House loophole. However, he was fined and found guilty of crimes related to money laundering when all he was trying to do was to prove that the system was absolutely defunct and open to all kinds of corruption.

The Government have hailed the prosecution of Kevin Brewer, but all they have done in this case is to shoot the messenger. This man was deliberately trying to do something—he told the people he involved in this activity exactly what he was going to do. There has been a clampdown on this person but there is no clampdown on the many hundreds of people—at least—who abuse the Companies House loophole by paying their £12 to register a company with no checks whatsoever by Companies House as to the veracity of that person.

If someone applies for any other Government service such as a passport or a form to do their tax returns, they have to go through the Government's Verify system. This situation is allowing people to set up companies

with no checks on them whatsoever. It is wide open to money laundering and corruption. The Government need to take heed of that and take action.

The hon. Member for North East Derbyshire said the EU was “playing politics”. I found that comment slightly bizarre, because it is playing politics that has got us into this situation in the first place. A weak Tory Government, pandering to its Back Benchers, led us into the EU referendum and to the calamitous situation we are in. If anyone is playing politics, it is the Conservative party, and we need to get a lot more serious than playing politics because there is so much at stake.

The hon. Gentleman also mentioned innovation within financial services. That is an area where the UK has taken a great lead. I was on holiday in the US recently, over the Easter period. I found it astonishing that US companies do not even have chip and pin, never mind contactless payment, for their financial transactions. In this building and in other buildings in the UK, we are used to being able just to tap our cards to make a payment, so I found it bizarre to be given a slip of paper to sign. US companies find our position unusual, whereby we can just tap something and pay with our phone or a card. There is an interesting contrast between where we are and where they are in terms of technology—there are huge advances coming along in financial technology and other areas.

Hopefully, if we get any kind of Brexit deal right, FinTech will continue to blossom. Staying within the single market and the customs union gives us the best possible chance of using and developing our expertise and making it sellable to the rest of the world through the EU, which of course has a huge customer base.

I will close my remarks by saying that the problems within the financial sector are clear with regard to the EU and Brexit. The sector has made clear the difficulties that are arising, and the impact that those difficulties will have on jobs and on our economy, but we are coming up very close to the date when we will leave the EU, and the solutions are not there. The transition period will give only a little extra time for that process and does not give the reassurance required.

We need solutions from this Government and we need them soon. We need a White Paper and solutions that will make a difference to companies and give them reassurance before they decide that they will just take flight, and take with them so many jobs and so much else that they give to the UK economy.

2.38 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Thank you very much, Sir David, for calling me; it is always a pleasure to spend some time on a Thursday afternoon with you in the Chair.

I begin by congratulating the hon. Member for Chelmsford (Vicky Ford) on securing this debate and on her very fine speech to introduce the subject that we are debating. Indeed, I have enjoyed listening not only to her speech, but to those of the hon. Members for North East Derbyshire (Lee Rowley) and for Glasgow Central (Alison Thewliss).

All speeches on this subject and this sector begin by talking about how hugely important financial services are to the UK, which is absolutely correct. Such speeches always begin by talking about the role that the sector

[Jonathan Reynolds]

plays in employment and in the number of jobs in the UK, and it is always good to hear that about two thirds of jobs in financial services are based outside London and the south-east. We always rightly mention the huge amounts of revenue that the sector generates for the Exchequer, but the caveat I always put on both those things—we all need to recognise this danger—is that when we mention such arguments in this place, the public hears something slightly different. They hear us almost saying that we have struck a grand bargain with finance; that we somehow tolerate people doing things that the public thinks are risky or perhaps dangerous because they provide half the budget for the NHS. To me, that is not the message we want to get across to the British public.

We need to get across to the British public a much greater sense of what the sector does for them as consumers and what it does for the country. We need to explain that if we have an ageing population and we want to be able to live in retirement with good pension products, that requires an effective asset management industry. If we want our businesses to be successful, that requires an effective system of finance for business. If we want to solve the housing crisis, that requires a robust mortgage market. I have even tried to push with some Front-Bench colleagues that insurance is a socialist industry: it is about pooling the risks everyone in society faces in a way that shares the burden equitably.

To Labour, it is clear that finance plays a major role in the economy. We want to work in partnership with financial services to deliver the kind of policies we think this country needs. We held a major financial services conference in Bloomberg Europe last Thursday that was addressed by the shadow Chancellor. We went through many of the issues that the sector needs to look at and how we feel we can work with them. I put a slight caveat on that: *The Daily Telegraph* on 25 March reported me as saying that I believe bankers are a public good, but that is not quite what I said. I said that good financial services are a public good. It tells us something about how the sector is sometimes viewed in public that a Member of Parliament saying that good pension products, good mortgage products and good insurance products are a public good could be reported with some degree of controversy.

Many of the speeches we have heard have rightly highlighted Brexit as the major issue facing the sector, which is extremely correct. I will start with some analysis of that. There is no doubt that Brexit poses enormous challenges to financial services. As well as my concerns about the impact on manufacturing and supply chains, one reason I voted remain related to market access for financial services. The situation we see today is difficult. It is fair to say that the sector is losing hope that it will ever get the certainty it needs to avoid the contingency plans it has been forced to consider.

The hon. Member for Glasgow Central talked about the difference between passporting and equivalence. Her analysis of those two things was correct, but I have to say that neither is available to us. Passporting would only be possible through some sort of continued membership of the single market, and I do not think that is likely. She was right to say, however, that equivalence on its own will simply not give us what we need. The only model in town is one of mutual regulatory recognition.

That is hard to deliver, but there is certainly a mutual interest to be found there. In the short term, there is a major threat to financial stability if it does not go ahead.

The hon. Member for North East Derbyshire talked about the difficulties in repapering contracts if we do not get mutual regulatory recognition. He is right. We have to admit that for such sectors as the insurance industry there simply is not enough time, even if we start today or had started six months ago, to move the quantum of contracts that would need to be novated. We have to recognise that the position we are in today is extremely unfavourable. Much time has been wasted by the Government when frankly they could have cut to the chase a lot faster.

To do such a deal is clearly not easy—I recognise that and the burden placed on the Treasury to try to get to that point—but it is also true to say that we have never had a trade negotiation where two countries are aligned and they are moving further apart through the process. From talking to industry, my analysis is that what the EU wants to know more than anything else is whether we seek continued alignment or whether we seek to break off and go in a different direction. It is not getting a clear message from the Government on what the future is. We have heard the Prime Minister say that we will remain aligned, but with the autonomy to move away in the future. That is not the unequivocal message we need to give. We need to spell out clearly that we want to continue, not with the political integration of the European Union, but with the economic integration that has been so successful for financial services in this country. Once we give the EU that signal, there will clearly be questions on the method of alignment we would continue with, the jurisdiction we would seek to govern that future relationship and—perhaps the most difficult of those questions—how we would manage the full freedoms and impact on immigration policy of that relationship, but it has got to be possible.

We also have to understand—I think the hon. Member for Glasgow Central said this—that it is not the EU playing politics if it puts a negotiating position to us. It is clear that there is a threat to jobs and revenue in this country from the Brexit process. We cannot be surprised if other countries enviously eye up parts of our successful sector that they would like to move to their countries. The big threat to jobs in London and the rest of the country is not other parts of the EU, but Singapore and New York. If we are being honest, if the German economy had made a decision akin to the one we are making with Brexit, would we look at parts of their car industry and wonder whether we could take some of that business for ourselves? I think quite reasonably we would. We see that most of all in questions around delegated portfolio management and asset management—essentially the right to manage in this country assets and wealth held overseas. That should not necessarily in itself be an issue of leaving the European Union, but it clearly underpins a large ecosystem in financial services. Some countries will look at that and say, “If we can pull that thread, ultimately that will lead to a relocation of jobs and higher value sectors to our economy.” It is difficult.

People say all the time—certainly the more Brexiteer MPs—that financial services in the City will adjust to Brexit. Of course they will. We are the world-leading

financial sector; it will not disappear overnight. The key issue has to be the cost of that adjustment. If it is 10% of the economic activity of financial services in the UK, that is an extremely painful place for us to get to. We would not want to be in that position.

A key point that needs making in establishing what that future relationship will be is that there is absolutely no appetite from financial services in this country for some sort of regulatory bonfire. There is a desire for stability, but there is nothing that I receive regularly that says people want to unpin the post-financial crisis settlement or that says they see a future for the UK undercutting the rest of the EU regulation. The opposite is true. Good regulation attracts business activity to the UK, among other things. We should always seek to cherish and continue our reputation as a first-rate regulator.

The issue of trust in financial services comes up a lot, and many speeches have referenced it. A quote I like to give when I am in the City doing roundtables or making speeches comes from a fellow Member of this House, and it is indicative of where the debate is. It is not a famous quote, but I like to use it. The Member said that “in our country, far too often the rewards have gone not to risk-takers and job creators but to insiders in our financial system and big businesses who have rigged the market in their interests”. I read that out, and people think that must be a comment from the Leader of the Opposition or the shadow Chancellor. It is actually a quote from the Secretary of State for Environment, Food and Rural Affairs. He said that on the day he launched his campaign to be leader of the Conservative party. It reflects how many people feel about the financial sector. We have to recognise that an event such as the financial crisis has a huge impact on trust and how people feel when they talk about financial services.

Some of that is a reflection on how the past 10 years have been for many people. They have been very tough years for many in my constituency. The relative positions of capital and labour have fared differently. We have had quantitative easing, which even the Prime Minister has said has clearly had an impact on those already with assets. Labour has faced a flatlining of wages for 10 years and a public sector pay cap. It will be difficult. The hon. Member for North East Derbyshire asked when we will move on from that. We will start to move on from it, although I have a constituent who refuses to vote for me because he is still angry about Howard Wilson's devaluation of the pound in 1967, so these things can have a considerable shelf life. We will begin to move away to a more positive feeling in the country about financial services, but only if we give people a greater understanding of what the sector is doing for them.

I do not like and have never liked the sense in this debate that we have the real economy over here and financial services doing something different over there. That in no way reflects the complexity of the British economy or what is going on, but I can understand that sentiment among the public. For many, investment banking looks akin to something not that far from gambling. When I talk to constituents about the financial crisis and explain a collateralised debt obligation, they cannot believe that that was the basis on which the global financial system essentially fell apart.

As the hon. Member for Chelmsford said, what happened with the Royal Bank of Scotland and the Global Restructuring Group was not defensible economically, politically or morally. Not only were

businesses fundamentally let down, but in some cases people's financiers and bankers personally benefited from buying the assets that they had put into distress. We must understand that that will generate legitimate anger, and how we politicians respond to that will be crucial to people's ability to move on. A call for a full public inquiry into events such as those that happened with GRG is the right way forward.

It is fair to say that the next Labour Government will be more interventionist in financial services, and that this Conservative Government have been more interventionist than previous ones. We have to learn the lessons of the past. We have to tell the public, and make them understand, that we are not complacent about the risks, and we are not beholden to finance in the sense that we are unable to properly regulate it because we do not appreciate the full scale of those risks.

We cannot be complacent about regional inequality or productivity, and the finance sector can provide some of the answers. The Opposition have talked about a strategic investment board to look at where finance is investing in the economy. We have talked about a national investment bank, akin to the German model, working with private lenders to secure access to businesses. There is an exciting agenda on transparency, greater stewardship of assets, and incentivising long-term investment over short-term decision making, for which there is a lot of support on both sides of the House.

It was particularly good to hear some talk about financial inclusion. I think I have said to the Minister before that I find it fascinating how we have both a world-leading financial sector and so many people who are victims of significant financial exclusion. Our financial resilience in this country is insufficient; many people have effectively less than £100 to fall back on when times are tough. No matter what we think of the Government's economic policies over the last eight years, the big change for us all as constituency MPs has been seeing debt become much more an issue of people managing their monthly living costs, and less about the purchase of a car, or a “white good”, as they were called.

How we respond to that in the policies that we pursue is crucial. The Opposition have talked about extending the Financial Conduct Authority's credit card market report to deal with those people who are in the most difficult circumstances, effectively living off their credit cards every month with no hope of paying the money back. That requires an intervention. We support, as I know the Minister does, the breathing space scheme. We believe that public sector debts such as council tax have to be included in that to make it effective.

The hon. Member for North East Derbyshire rightly mentioned bank branch closures. Clearly, there is a big transition through technology to things such as online banking, but the scale at which that happens has to be of interest to us. I think RBS is to close 50% of all its branches in the south-west of England. That seems an enormous change overnight—I would be very concerned if I was an MP for that region.

The impact of technology will undoubtedly lead to a period of radical change in financial services over the next few years, but it could also be one of tremendous benefit. I agree that things such as open banking, where

[Jonathan Reynolds]

people might be able to separate out their overdrafts from their current accounts, could lead to much better deals for consumers.

Big data, and access to big data, could change the access to finance that many people enjoy, because risk is fundamentally about information. If we can get better information on people and offer them better financial products, that could benefit us all. The danger is that financial services for consumers end up being akin to what we have in the energy market: a small set of consumers getting good deals because they are savvy and use technology to their benefit, while a large group of people get poor deals, used to subsidise the people who are savvy. That leads to resentment and, frankly, to the kinds of interventions that both sides of the House have proposed in the energy market. We have to avoid that.

My final point is on dirty money and transparency—again, an issue where there is huge agreement on both sides of the House. I think the motivation is there in the Government—perhaps the Minister could reference that in his remarks—as well as among the Opposition, but two policies are key. First, we must finally introduce a public register showing where beneficial ownership of UK property lies. That policy was very much associated with the former Prime Minister, and appears to have been lost somewhat since he left.

Secondly—this is more contentious—we need a public register of beneficial ownership in the Crown dependencies and overseas territories, by Order in Council if necessary. It is no good having the finest and most robust money laundering policies in place in the UK if people can register a company in a Crown dependency, and access all the things that they associate with this country, without the same level of transparency. That will simply lead to the migration of company and property registrations to other parts of the world within the British umbrella.

We should be proud of our financial services sector, not just for its economic contribution but for the benefits it brings in helping us to manage our day-to-day lives. It is incumbent on us all to ensure that the sector is fit for every type of consumer, and that vulnerable people do not fall through the gaps. We need a sector that is at the cutting edge of technological change, but using that change to meet the diverse needs of its customer base. Most of all, we need to offer some certainty, and continued market access, through the final Brexit negotiations. The more clarity the Minister can give us on that, the better for us all.

2.55 pm

The Economic Secretary to the Treasury (John Glen):

It is a pleasure to serve under your chairmanship, Sir David. I congratulate my hon. Friend the Member for Chelmsford (Vicky Ford) on securing the debate, and my hon. Friend the Member for North East Derbyshire (Lee Rowley) and the hon. Members for Glasgow Central (Alison Thewliss) and for Stalybridge and Hyde (Jonathan Reynolds) on their contributions.

We have had a very well-informed discussion of a wide range of financial services issues. It felt as if every discussion I have had over the last three and a half months as a Minister has been put under scrutiny. I will try to respond to all the points raised. I acknowledge

the deep knowledge and experience of my hon. Friend the Member for Chelmsford, in both her work in financial services, infrastructure and project financing and, more recently, her work as a Member of the European Parliament, particularly on the Committee on Economic and Monetary Affairs.

Before I get into the substance of the issues, it would be useful to acknowledge that today's debate is occurring not in a vacuum, but in the context of a strong and resilient economy. GDP growth has remained solid at 1.8% in 2017, extending the period of continuous growth to five years. That is higher than the 1.5% forecast at the autumn Budget. The UK economy has beaten expectations, and the Treasury and the Government will continue to set ourselves the mission to beat the forecasts. As Economic Secretary to the Treasury, I am committed, along with my Treasury officials, to ensuring that the financial services industry retains its place on the mantel as a beacon of prosperity for this country.

As I continue to tell industry and my colleagues in Government, financial services constitute the plumbing of this country's economy. We do not want to be reticent about describing and applauding that. Financial services, as others have mentioned, represent 12% of total UK economic output, and the industry contributed £72.1 billion to the Exchequer in 2016-17—11% of total Government tax receipts. It is a critical industry for our nation.

As others have also mentioned, more than 1 million people are employed in the financial and insurance sector in the UK. Some 63% of those jobs are outside London, with 52% outside London and the south-east. That includes 98,000 in the north-west, and 87,000 in Scotland—including, I understand, that of the spouse of the hon. Member for Glasgow Central. Those figures represent the livelihoods of people up and down this country and, as the hon. Lady pointed out, they represent a multitude of jobs beyond the square mile. As I often point out, there is a whole ecosystem of support services and economic activity related to financial services. Bank tellers, mortgage brokers, salespeople, and IT staff form the backbone of this industry in the UK.

The Government's approach to financial services is based on ensuring that the sector does what it should: effectively channelling savings and capital flows into productive investment to allow the real economy to manage financial risk, take advantage of commercial opportunities, and boost economic prosperity up, down and across the country.

Our historical success has been based on being the most open and dynamic financial hub in the world and having the deftness to continuously innovate and adapt, but there is no room for complacency. We cannot and will not rest on our laurels. The success of financial services has helped elevate the UK to the status of a post-industrial economy. My hon. Friend the Member for Chelmsford made reference to the industrial strategy, which was launched in November 2017 to prepare the whole UK economy for the future. We are taking action across a range of sectors. We published an investment management strategy. I look forward to responding to the recommendations of the green finance taskforce, which reported in March. We are poised to continue to be leaders in innovating in these sectors, to capture the value of innovation, capitalise on all opportunities and speed prosperity to all regions of the United Kingdom.

Close alignment between our financial sector and other parts of the economy is therefore crucial to the success of our industrial strategy. Financial services is a high-growth, high-tech driver of the UK economy and we are working to ensure that, in the face of rapid change, the UK remains the No. 1 place in the world to conduct financial services business. We are fully committed to that mandate, as demonstrated in the announcement of our FinTech sector strategy last month, which is intentionally aligned with and complementary to our industrial strategy.

I want to run through current Government thinking on the regulation of financial services, which is key to how the sector will thrive in a post-Brexit Britain. I also want to reassure hon. Members that the changes required to the financial services regulatory framework following our exit from the EU are an integral part of the Treasury's exit planning. The Government are listening to the views of industry—the International Regulatory Strategy Group was mentioned—and of course to those across Parliament. I look forward to further work with my Treasury colleagues on financial services regulation as we prepare for our departure from the European Union.

Following the financial crisis 10 years ago, the Government introduced necessary changes to seek to restore public trust in financial services. I recognise that that has been a long and difficult process, but we continue to attract international commendation for the robustness of our regulatory and prudential systems. In the last round of the Financial Sector Assessment Program, the International Monetary Fund found that the UK was fully compliant on the 19 Basel core principles for effective banking supervision. Only France and Switzerland are able to match that. A decade on from the crisis, we should never lose sight of the principal purpose of the regulatory and supervisory regimes: to ensure financial stability and protect taxpayers from having to step in to deal with failure. The key lesson from the financial crisis has been cross-border co-operation, not a global race to the bottom or destabilising protectionism.

That thinking extends to our approach to Brexit. It is crucial that our exit from the EU is smooth and orderly. As my hon. Friend the Member for Chelmsford said, we made a big step forward in agreeing the legal text on an implementation period, which will keep market access on existing terms for firms and consumers. In December, the Government said that, if necessary, we will legislate to ensure that the contractual obligations she mentioned continue to be met, which will benefit millions of UK consumers who have insurance policies from EU firms. It is in the interests of the EU to take similar measures for UK firms serving EU customers, and we continue to encourage co-operation between regulators. We are working on that active dialogue all the time.

It defies logic that a loose relationship with the UK would give the EU the depth of co-operation necessary for a market as close as the UK, and vice versa. That means—I want to be crystal clear—that we do not intend to rip up the rule book after exit. When I hear echoes that there should be a bonfire of financial services regulation post-exit, or a race to the bottom, nothing could be further from the truth.

On 7 March, the Chancellor set out a vision for our future relationship in financial services in what has been called his HSBC speech. The hon. Member for Glasgow Central asked about that vision. It was a thorough

analysis of the challenge and the opportunity and the need to prioritise financial stability, and argued for a deal that preserves the mutual benefits of the sector. Neither the UK or EU should be under any illusion about the significant additional costs that would be borne by Europe's businesses and consumers if this highly efficient market were to fragment. It is a complex ecosystem that serves the UK and the EU. Oliver Wyman calculates that the wholesale banking industry would need to find \$30 billion to \$50 billion of extra capital if new regulatory barriers forced fragmentation of firms' balance sheets.

To echo the Chancellor, the major winners from fragmentation would not—despite what President Macron suggests—be Paris or Frankfurt, Dublin or Luxembourg, but New York, Singapore or Hong Kong. That point was made by the hon. Member for Stalybridge and Hyde.

Jonathan Reynolds: I agree entirely with the Minister's analysis but he would surely recognise that the transition period can come into play only if the Northern Irish issue is solved. The only way to solve the Northern Ireland issue is with a customs union, and the only way to solve where the country is on that is to let the House of Commons vote on it. Does the Minister know whether the Trade Bill will come back to the House at any point in the near future to give it the chance to resolve the issue and get the benefits he is describing?

John Glen: The hon. Gentleman has made a valiant attempt to try to draw out from me something over which, as he is probably very aware, I have little control. I do share with him an appreciation of the centrality of financial services in the City of London and we have a shared understanding that, if the EU does not come to a place of understanding about City of London financial services, it would leave Europe a lot less competitive.

To address that, the Chancellor set out what our future regulatory framework should look like, underpinned by three things: a binding dialogue for regulatory requirements, supervisory co-operation arrangements that are reciprocal and reliable, and an independent arbitration mechanism to provide durable dispute resolution. That is clear. It is complex, but necessarily so, given what we are dealing with.

Reaching such an agreement with the EU need not be a challenging objective because the status quo is an unbeatable precedent to work from. Our markets are already deeply interconnected; our rule books are identical; and our mutual commitment to world-leading standards is unbeatable. The EU itself has challenged the notion that financial services cannot be addressed in trade negotiations, as evidenced in its approach to creating a deep bilateral framework with the US in the Transatlantic Trade and Investment Partnership negotiations. In those negotiations, the EU pitched a relationship based on mutual recognition of regulations and a unique dialogue on aligning future rule-making. TTIP is a precedent for the approach that we wish to take with the EU. It is in neither the UK's nor the EU's interest to exclude financial services from the future relationship.

The UK is clear that there are limitations to how much either of us can achieve unilaterally. The reality is that the European Council and European Parliament have now formally recognised the need to address the

[John Glen]

terms of market access in financial services between the UK and the EU, so we need to come to the table and discuss it further.

Myriad financial services on which businesses rely to reduce their costs are derived from or pass through, or are linked to, the UK market. Businesses also reap the benefits of the savings and capital flows to consumers across the continent. Those flows untap greater financial prospects for a broad range of people and allow them to access new products and services, such as innovative investment opportunities, tailored and appropriate debt products, and technology-driven solutions such as open banking.

My hon. Friend the Member for North East Derbyshire talked about shared services in the context of the challenges relating to bank closures. The only inhibitor to that is the banks themselves—there is no restriction on finding a shared venue. I know from my conversations with banks in my constituency that phenomenal changes are going on in the age profile of bank users. Just before the Easter recess, I took the opportunity to visit different banking environments and a mobile banking facility in Derbyshire. I was very impressed with what I saw. It happened to be a Lloyds mobile bank, and it came to the village twice a week at the same time. It had disabled facilities. Of course, we all want to retain that certainty about the bank network, but that is not possible because it is a commercial decision. I am in active dialogue with a range of banks, as we all are as constituency MPs, and I know that these are difficult decisions. I commend my hon. Friend's suggestion, and I raise it actively when I meet representatives of banks.

Vicky Ford: On bank branch closures, I too commend the suggestion about bringing together many banks to operate out of the same premises, although that could be difficult to achieve. People have raised with me the issue of depositing cash. The people who run the church or school fête tend to have large quantities of small denominations of cash. Is there more we can do to ensure that the Post Office offers that service?

John Glen: UK Finance and the Post Office have come to a new understanding about how the Post Office's services are made available if the last bank leaves a town or community. In 99% of cases, the services that an individual non-business customer would wish to use are accessible in post offices. There are some limits—this needs to be checked, but I am pretty sure it is £2,000 in cash—but alternative arrangements can be made if necessary. Although I accept that in some cases there is a cultural barrier to the widespread use of post offices, there is no functional reason why they cannot provide the vast majority—99%—of the services that most consumers and 95% of small businesses want. I urge my hon. Friend to look into those options and make that clear to her constituents.

Alison Thewliss: On business customers, does the Minister agree that the closure of bank branches in rural areas means that staff have to cover longer distances, in some cases carrying large sums of cash backwards and forwards? Has he raised with banks the concern that carrying money around in that way can put people at risk?

John Glen: I thank the hon. Lady for that point. I do not believe I have made that point to the head of a bank yet, but it is certainly something I would be happy to take up, particularly given the rurality of some communities.

Let me move back to my script. The industry in the UK has matured and developed in the UK as a creator of wealth for a broad spectrum of people across the world. Firms based in the UK do business with and have exposure to jurisdictions across the globe. We need to ensure that investors and banks from across the world can continue to come together to meet and transact, which means embracing the exciting commercial opportunities that will define international capital markets over the coming decades. The UK already has world-leading positions in the markets of the future, including FinTech, for which we have developed what we call FinTech bridges to other jurisdictions—most recently Australia. We are world leaders in green and sustainable finance, and in rupee and renminbi products, and we are committed to strengthening that position further. That also means expanding our bilateral relationships with key partners around the globe, which includes our economic and financial dialogues with China, India, Brazil, Korea, Hong Kong, Singapore and Japan. There are enormous growth opportunities for the future.

Our new financial regulatory working group with the US, launched last week, cemented the already strong and deep relationship between the UK and US regulators. All of that will increase our financial co-operation with priority overseas markets and further establish the UK as the partner of choice for financial services.

As has been made clear, the significance of financial services to this country's economy cannot be understated. It has propelled the UK to greater heights and its people to greater prosperity. I thank all hon. Members who have contributed to this very useful discussion, which has highlighted to me what a privilege it is to represent these interests in Government. Beyond Brexit, the Government are committed to creating the right environment so that this industry can continue to thrive.

3.16 pm

Vicky Ford: I thank hon. Members for their contributions. Many times since joining this place, I have heard hon. Members take very angry and aggressive positions in opposition to each other. It is good, on this calm and quiet Thursday afternoon, to hear hon. Members speaking in support of the financial sector, and about their pride in it and in the way the people who work in it and in the related professional sector use those services and their careers to support customers and the wider economy.

I want to pick up a couple of small issues. The Minister stated clearly that Britain does not want a bonfire of regulation; our aim is to continue to be a benchmark of good regulation across the globe. I absolutely support that aim, and I think it is important that we continue to say that again and again.

The Minister also made the very clear point that, from the British point of view, we want to give certainty in the Brexit negotiations to businesses and consumers on this side of the channel that they will not face disruption. We want to ensure that their contracts continue to be recognised during the transition and beyond, and we need those on the other side of the channel to give the same level of certainty.

I am going to make terrible mistakes if I try to name everybody's constituencies—

Alison Thewliss: Glasgow Central.

Vicky Ford: The hon. Member for Glasgow Central (Alison Thewliss) said she is extremely concerned about how soon we can give certainty in the EU negotiations. There are two sides to giving certainty. The Government's statements—especially the detailed HSBC Canary Wharf speech—contain a huge amount of detail about the need for ongoing co-operation. The EU negotiators have also talked about wanting to have super-equivalence, and that is helpful, but we have not seen the same level of detail. It needs to come from both sides.

In my experience of many years of EU negotiations, having a seat at the table was sometimes helpful—that will be missed—but there were other times when it was a challenge. The financial services industry is much more important to our economy than it is to that of many other countries, although it does support them, but that left us with different exposures. That is why we did not want to have an identical approach to solve certain issues; the approach of maximum harmonisation—one size fits all—that we increasingly see across the single market is very challenging.

The hon. Member for Stalybridge and Hyde (Johnathan Reynolds) spoke about needing to confirm whether we are going to align. To me, that sometimes means having a completely identical approach, which can be a challenge. One thing I learned from my time in European politics is that there are times when the EU recognises equivalence, but without that being identical. I particularly look at the way in which we treated the bank sector. When we introduced our bank levy, the rest of Europe, particularly within the eurozone, had the funded deposit guarantee system. There were two different ways to solve the same issue to make sure that funds were set aside in case there was failure, but they are both built into the legislation.

Jonathan Reynolds: My point was not around the specifics of regulations; it is a question of economic models and the partnership we seek with the European Union. We have to try to move the negotiations forward. We have to give them an unequivocal sign of what our future intentions are, or we simply will not get the progress that we need. We are already way behind where we need to be. The point around equivalence is simply this: yes, that model will work, but it must have legal certainty. Without that certainty we will have the migration of business.

Vicky Ford: On legal certainty, I completely agree. It is only five or six stops on the Jubilee line to get to Canary Wharf, so I took the bother to go and listen to every single word that was said in that speech. I wish more Members from this House had bothered to go and listen to it and to speak to the industry players who were there afterwards, because it went into detail and addressed very important things—especially how one was going to co-operate with the colleges of supervisors that have been set up on a bank-by-bank basis. Speaking to the individuals who are responsible for the regulatory

functions within their own institutions and getting that level of detail was welcome. It is not fair to criticise only the British side of the negotiations for not giving enough detail—the British side has given significant detail.

Maintaining ongoing co-operation, dialogue and exchange of information is key in building regulatory trust. Let us not forget that £45 billion of taxpayers' money had to be spent bailing out RBS; we had to bail out branches of not just the British bank but the Dutch and Irish bank because there was no legal mechanism for a cross-border reorganisation of a bank in crisis. That has been resolved, and part of the way it has been resolved is by having that ongoing dialogue that brings together the British regulators with the Dutch and the Irish. The very clear message from the Chancellor that he wanted to continue to be part of that should be welcomed. It is not as simple as saying we need alignment to give legal certainty. From the contributions that I had from organisations prior to this debate, the calls are for more legal certainty to be given from the other side of the negotiation table.

I thank Members for the many suggestions on how to deal with the issue of branch closures. There are clearly different problems in different parts of the country. As I said, my part of the country is an urban area—a city—and because we are seeing a change towards digital banking, there is less demand for physical banking, so we need to manage that transition.

I thank my hon. Friend the Member for North East Derbyshire (Lee Rowley), who made fantastic points so eloquently about the future of financial services, reminding us that we need to look forward to what sorts of services we want come 2028 and beyond. The actions that we take are absolutely key. Unlocking some of the benefits of the digital age, but also making sure there is perhaps some friction in the system so that we can put protections in for consumers, is definitely one of the actions I want to continue focusing on after this debate. I think that will help to protect people from cyber-attacks on their bank accounts.

It is absolutely vital that we continue to champion these industries, to support the people who work in them and to work with other parts of the world. I completely welcome the comments that the Minister made about setting up the regulatory working group with the United States and other parts of the world, and I wish him great success. Let us pick up the specific issues that have been addressed by Members here to make sure that we make targeted interventions where we can to help the industry, the people who work in it and the very many of our constituents who are, at the end of the day, consumers of these services and rely on them. Thank you, Sir David, for this wonderful afternoon.

Question put and agreed to.

Resolved,

That this House has considered the financial services and the impact on the UK economy.

3.26 pm

Sitting adjourned.

Written Statements

Thursday 26 April 2018

TREASURY

Contingent Liability Notification

The Economic Secretary to the Treasury (John Glen): I can today confirm that I have laid a Treasury Minute informing the House of the contingent liability that HM Treasury has taken on in authorising the sale of a portfolio of Bradford & Bingley loans acquired during the financial crisis under the last Labour Government.

On this occasion, due to the sensitivities surrounding the commercial negotiation of this sale, it has not been possible to notify Parliament of the particulars of the liability in advance of the sale announcement.

The contingent liability includes certain remote fundamental market-standard warranties which are capped at 100% of the final sale price. The maximum contingent liability arising from these remote warranties is capped at the total consideration received, giving a maximum contingent liability of £5.3 billion. A separate set of fundamental market-standard warranties is capped at 20% of the final sale price, giving a maximum contingent liability of £1.1 billion. The fundamental warranties are considered to be so remote that they do not meet the definition of a contingent liability requiring disclosure under international financial reporting standards. However, they are disclosed as remote contingent liabilities under principles of parliamentary accountability.

Further market-standard time and valued capped warranties and indemnities confirming regulatory, legislative and contractual compliance have been provided to the purchasers. The maximum contingent liability arising is approximately £0.3 billion.

I will update the House of any further changes to Bradford & Bingley as necessary.

[HCWS649]

DEFENCE

Service Complaints Ombudsman

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): I am pleased to lay before Parliament today the service complaints ombudsman's annual report for 2017 on the fairness, effectiveness and efficiency of the service complaints system.

This report is published by Nicola Williams, and covers the second year of operation of the new service complaints system and the work of her office in 2017.

The report recognises the improvements and progress made by the services in 2017, including the reduction in the backlog of pre-2016 complaints from the old system and where the services have demonstrated a better quality of evidenced decision making.

It also highlights those areas of the system where the ombudsman judges further work is required to improve the way in which complaints are handled, and makes ten new recommendations.

The findings of the report and the recommendations made will now be fully considered by the Ministry of Defence, and a formal response to the ombudsman will follow once that work is complete.

[HCWS648]

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Agriculture and Fisheries Council

The Minister for Agriculture, Fisheries and Food (George Eustice): Agriculture and Fisheries Council took place in Luxembourg on 16 April. Counsellor Rory O'Donnell represented the UK.

The most substantive agricultural item was a presentation by the European Commission setting out a proposal for a directive on "unfair trading practices in business-to-business relationships in the food supply chain". The Commission's presentation highlighted the UK's Groceries Code Adjudicator (GCA) as an example of best practice in this field. The UK outlined its agreement with member state action to tackle unfair trading practices, but stressed the need for any proposed EU-wide legislation to protect well-functioning existing national systems.

The Bulgarian presidency also provided the Council with an update on food losses and food waste, following the adoption of Council conclusions on tackling food waste in June 2016. The Council reaffirmed its commitment to meeting UN sustainable development goal 12.3 on food waste.

For fisheries, the focus of this Council was a presentation by the European Commission outlining a proposed multi-annual plan for fish stocks in western waters. The UK welcomed the proposal's alignment of the western waters plan with the approach taken in the North sea plan, while reminding Council of the need to find solutions for by-catch stocks in the context of meeting the landing obligation.

Four further items were discussed under "any other business":

the Spanish delegation requested clarification on interpreting the landing obligation in article 15 of the common fisheries policy

the presidency informed the Council of the outcomes of the TAIEX workshop on the role of wildlife in animal health management

the Polish and Danish delegations presented information on African swine fever

the European Commission informed Council about a proposed regulation on the transparency and sustainability of the EU risk assessment in the food chain.

[HCWS647]

ORAL ANSWERS

Thursday 26 April 2018

	<i>Col. No.</i>		<i>Col. No.</i>
CHURCH COMMISSIONERS	1008	ENVIRONMENT, FOOD AND RURAL AFFAIRS—	
Circular Economy.....	1009	<i>continued</i>	
Freedom of Religion or Belief.....	1008	Fisheries White Paper	1001
Out-of-school Education.....	1011	Leaving the EU: Agriculture Frameworks.....	1001
Rural Schools.....	1010	Leaving the EU: Food and Drink Industry	997
CHURCH COMMISSIONERS	1014	National Park Authorities.....	1002
Protection of Churches	1014	Plastic Waste.....	999
Theft from Churches.....	1014	Seafood	996
ELECTORAL COMMISSION COMMITTEE	1011	Single-use Plastic Bottles.....	993
Election Expenses: Northern Ireland	1011	Topical Questions	1004
ENVIRONMENT, FOOD AND RURAL AFFAIRS.	993	HOUSE OF COMMONS COMMISSION	1013
Agricultural Policy	994	Electronic Voting	1013
Common Fisheries Policy	1003	PUBLIC ACCOUNTS COMMISSION	1012
		Rail Electrification	1012

WRITTEN STATEMENTS

Thursday 26 April 2018

	<i>Col. No.</i>		<i>Col. No.</i>
DEFENCE	33WS	TREASURY	33WS
Service Complaints Ombudsman	33WS	Contingent Liability Notification.....	33WS
ENVIRONMENT, FOOD AND RURAL AFFAIRS.	34WS		
Agriculture and Fisheries Council.....	34WS		

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CONTENTS

Thursday 26 April 2018

Oral Answers to Questions [Col. 993] [see index inside back page]

Secretary of State for Environment, Food and Rural Affairs
Public Accounts Commission
House of Commons Commission
Speaker's Committee on the Electoral Commission
Church Commissioners

Home Office Removal Targets [Col. 1017]

Answer to urgent question—(Amber Rudd)

Business of the House [Col. 1027]

Statement—(Andrea Leadsom)

Artificial Intelligence Sector Deal [Col. 1041]

Statement—(Margot James)

Stamp Duty Land Tax [Col. 1047]

Statement—(Mel Stride)

Backbench Business

Customs and Borders [Col. 1053]

Motion—(Yvette Cooper)—agreed to

Petition [Col. 1132]

Lung Cancer [Col. 1133]

Debate on motion for Adjournment

Westminster Hall

Financial Services [Col. 439WH]

General Debate

Written Statements [Col. 33WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
