

My Urgent Question on the EU Customs Union and Draft Withdrawal Agreement, 22 October 2018

John Redwood (Wokingham) (Con): Will the Government make a statement on the additional costs of staying in the EU customs union after 2020 and provide an updated estimate of the total costs of the current draft of the withdrawal agreement?

The Economic Secretary to the Treasury (John Glen): Every arm of Government is working at pace to firm up and put in place all necessary arrangements to ensure that we are ready to leave and chart our own course as global Britain. The Government will continue to update Parliament on the progress of the negotiations, and the Prime Minister will update the House shortly in this regard in a post-Council statement.

In respect of the customs union, common rules will remain in place throughout the implementation period to give businesses and citizens critical certainty. This will mean that businesses can trade on the same terms as now until the end of 2020. As the Prime Minister has said, a further idea has emerged—and it is an idea at this stage—to create an option to extend the implementation period for a matter of months, and it would only be a matter of months. But as the Prime Minister has made clear, this is not expected to be used, because we are working to ensure that we have a future relationship in place by the end of December 2020.

As the House will appreciate, the length and cost of any extension to the implementation period are subject to negotiations. Throughout the implementation period, we will continue to build our new relationship, one which will see the UK leave the single market and the customs union to forge our own path and pursue an independent trade policy while protecting jobs and supporting growth.

During the progression of our exit negotiations, we reached a financial settlement with the EU that did two things—honoured our commitments made during our membership and ensured the fairest possible deal for UK taxpayers. In December, we estimated the size of the settlement to be between £35 billion to £39 billion, using reasonable assumptions and publicly available data. In April, the National Audit Office confirmed that this was reasonable.

The Government are committed to upholding our parliamentary democracy through honouring the result of the referendum and remaining fully transparent with Parliament on the deal that is reached, in advance of the meaningful vote.

John Redwood: The Treasury should do some calculations, because it would be an act of great rashness to agree to extend our period when we would be in another seven-year financial period for the EU, with all the consequences that might bring. It could cost £15 billion or more for a year and we would

probably have to accept liabilities that might extend for the whole seven-year financing period. Why wouldn't the EU front-load its expenses when we were still in the thing, and why wouldn't it expect us to meet the forward commitments, as it says it wants us to do as and when we leave under the existing seven-year period?

We are desperately in need of more money for our schools, our hospitals, universal credit and for our defence—*[Interruption.]* We desperately need money so that we can honour our tax-cutting pledges which we all made in our 2017 manifesto—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the right hon. Gentleman, whose flow is difficult to stop—and I would not want it to be stopped.

The right hon. Gentleman must be heard. Mr Matheson, you are normally a most cerebral individual. Take a tablet.

John Redwood: Our economy is being deliberately slowed by a fiscal and monetary squeeze that we need to lift. We need tax cuts to raise people's take-home pay so that they have more spending power. All this is possible if we do not give £39 billion to the EU, and all this will be even more possible if we do not pledge another £15 billion or £20 billion for some time never, if we are now going to give in yet again.

When will the Government stand up to the EU, when will the Government say that they want a free trade agreement and they do not see the need to pay for it, and when will the Government rule out signing a withdrawal agreement that is a surrender document that we cannot afford?

John Glen: I am grateful to my right hon. Friend for a number of Budget representations on that point. What I can confirm is that, when the sum of £35 billion to £39 billion was agreed, it was agreed on three principles: the UK would not make its payments sooner than it would otherwise have done; it would be based on the actual rather than the forecast; and it would mean that we would include all benefits as a member state. I recognise the wide range of concerns in the House, including those raised by my right hon. Friend, but we are at a delicate stage of the negotiations and the Prime Minister will be speaking to the House shortly.