



## Treasury Committee

### Oral evidence: [The economic and financial costs and benefits of UK membership of the EU](#), HC 499

Wednesday 23 March 2016

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Members present: Andrew Tyrie (Chair); Mr Steve Baker, Mark Garnier, Helen Goodman, Stephen Hammond, George Kerevan, John Mann, Chris Philp, Mr Jacob Rees-Mogg, Rachel Reeves, Wes Streeting

Questions 1129 -1358

#### Examination of Witnesses

*Witness:* **Boris Johnson MP**, gave evidence.

**Q1129 Chair:** Thank you very much for coming to give evidence this morning. I do not know whether to call you Boris or Mr Johnson.

**Boris Johnson:** Boris is fine, Mr Tyrie.

**Chair:** I generally call the Chancellor Chancellor; I suppose I could call you Mayor. We used to have almost adjacent offices and I suppose I should declare that we know each other extremely well

**Boris Johnson:** We do.

**Chair:** We used to be in and out of each other's offices quite a lot, years ago. You represent London. What are London's views on Brexit?

**Boris Johnson:** I cannot give you any particular polling detail from Londoners. I have heard that Londoners tend to be more supportive of remaining in the EU than other parts of the country. I do not consider that necessarily to be an impediment to my position, which is to favour a change in Britain's relationship with the European Union in favour of Brexit.

**Q1130 Chair:** But you are not keeping an eye on the opinion polls,

**Boris Johnson:** No, we have a Burkean duty, Mr Tyrie.

**Q1131 Chair:** Are you not aware of the very recent YouGov poll showing relatively strong support for remaining in the EU?

**Boris Johnson:** As I say, I am aware generally of that phenomenon, but I contrast it with a national position that is showing some quite interesting data in favour of leaving. That is the right balance of the argument.

**Q1132 Chair:** In your professional capacity, you are looking also at the financial sector. Are you aware of what they say in surveys and in survey data?

**Boris Johnson:** It is very interesting. It is certainly the case that if you look at the survey data you will find people like the CBI and the British Bankers' Association will generally tend to be quite strongly supportive of remain. A couple of points need to be entered there. They have been supportive also of going into the euro and regard it as essential, for instance, to completing the single market. It turned out to be a disastrous idea. They were wrong then and they are wrong now.

It is also quite interesting when you dig into these people's opinions. They are much less strongly held than you might suppose. Indeed, there are some very distinguished bankers who are in favour of Brexit and in favour of us getting out. I would mention Norman Blackwell of Lloyds, who made a very good speech the other day in the House of Lords, Sheila Noakes of RBS and Henry Angest, of Arbuthnot, who have all come out and said that they are in favour of us leaving. What has struck me in private conversations, as obviously I occasionally have with leading bankers about this, is how finely balanced they see it to be. Most of them will candidly say that they do not believe it will do any damage to London's position as the world's leading financial centre. That is the overwhelming picture I get.

**Q1133 Chair:** Rather than the anecdotal evidence of your meetings, are you aware of the more thorough work that has been done to try to assess the views of the very people you are talking about—the leading bankers with whom you have been conversing?

**Boris Johnson:** As I say, I have given some examples of at least three leading bankers who are willing to stick their heads above the parapet.

**Q1134 Chair:** I am asking you whether you are aware of any of the surveys that have been done.

**Boris Johnson:** I am aware of the gist of the surveys, Mr Tyrie, which, as I say, do show a majority in favour of remaining, but I would point out that they said that before.

**Q1135 Chair:** I have got the two leading surveys in front of me, one is by City UK and one is by the Centre for the Study of Financial Innovation. City UK has taken the leading people in the legal profession, the banking profession and

accountancy, and they split about 84% in favour, 16% against. Of course you may be right that their views are all lightly held and that could all suddenly trigger like a herd of antelope in the other direction. The Centre for the Study of Financial Innovation has polled the 400 professionals on their contact list, and they are getting slightly weaker support but still very strongly in favour. What you are getting in your anecdotal meetings does not seem consistent. The fact that you are not even aware of these does strike me as surprising.

**Boris Johnson:** I have said I am aware of the general thrust, Mr Tyrie. If I may say so, the same balance of opinion was heard about whether it was right for Britain to join the euro. That turned out to be a completely disastrous course of action. They were wrong then; they are wrong now. You are hearing very much the same sort of theme from the same constituency of people. I am very struck—

**Q1136 Chair:** You have made that point, Boris, and we have got that firmly on the record. Have you got a point that you have not made—the one that you are very struck by?

**Boris Johnson:** I am struck by how shallow the enthusiasm for the European Union seems to be, even among its supposed advocates.

**Q1137 Chair:** Yes, you have made that point as well. In your Dartford speech you quote some Open Europe analysis. I do not know whether you know you quoted some Open Europe analysis, but I did give you a warning before this meeting that we were going to take a close look at what you had said recently about Europe and that we would go through this in some detail. You say, “EU regulation costs British business £600 million a week”. Have you taken a look at the methodology of that figure?

**Boris Johnson:** Yes, this relates to an Open Europe report that looks at the 100 most expensive EU regulations. The actual cost of EU regulation may be even higher than the Open Europe report states. £600 million a week comes to about £33 billion a year. Clearly, when you talk about costs like that, I imagine the point you are driving at is what the saving would be if you were to get rid of all of those regulations. Would you even contemplate getting rid of all those regulations, many of which might be beneficial and are after all incorporated into UK law, and some of which may be very helpful? The point I would make is that there is always scope if we get out to amend and change those regulations in the interests of this country. As long as we remain in and as long as we have the 1972 European Communities Act in the way that it is currently formulated, there is absolutely no way that we can change any of that corpus of EU law. The point about EU regulation is that it flows irresistibly onwards and forwards: 2,500 more every year. Every time the EU touches some area of law, and it continually adds to the area of law that it affects and that it regards as part of its competence, that area of law and law making becomes subject to the judicial authority of the European Court of Justice. That is the fundamental problem.

**Q1138 Chair:** We will be coming back to the point about the 2,500 pieces of legislation later in the hearing, I expect. I just want to probe a little more on this £600-million-a-week figure. You have described it as the costs of regulation.

**Boris Johnson:** This is an Open Europe report, as you say yourself.

**Q1139 Chair:** Have you taken a look at Open Europe's own quite reasonable description of the methodology that they are using? It is quite short.

**Boris Johnson:** As I understand it, they have looked at the Government's own impact assessments in order to make their estimates. They are quite conservative estimates of the cost by Open Europe's account. One of the interesting things about Open Europe is that they have been banging away for a long time in quite a Eurosceptic way but remaining, as far as I know, neutral in this debate.

**Q1140 Chair:** I am just asking whether you have read their own qualifications to this work.

**Boris Johnson:** I have a digest of the point that they make, which is that they have done it according to the Government's own impact assessments.

**Q1141 Chair:** Are you aware that what they have done is add up the costs in the cost-benefit analysis from the impact assessment but ignored the benefits?

**Boris Johnson:** Yes, I made that clear in my earlier answer.

**Q1142 Chair:** You are aware of that. Of course, if you add up the costs of a proposal without taking account of the benefits, you will always get a very high figure. If you were building a bridge—

**Boris Johnson:** As I intend to and have done—many.

**Chair:** —you would not want to ignore the fact that the bridge might confer some benefits, would you?

**Boris Johnson:** No, of course not. Can I complete the point?

**Q1143 Chair:** Have you had a look at the costs?

**Boris Johnson:** Open Europe has something quite interesting to say about the benefits, since you mention the benefits.

**Q1144 Chair:** Order, order. Have you had a look, Boris, at the full list of costs and benefits of the measures that they are using to arrive at this number?

**Boris Johnson:** I did look down the list. You talk of the benefits, Mr Tyrie; it is quite interesting that Open Europe themselves say that 95% of these benefits have not in fact materialised. This seems to me to be a consideration you might take into account.

**Q1145 Chair:** They have not said that. They have said that the full benefits are very difficult to quantify, which is not quite the same thing. They are making the perfectly reasonable point that a regulation may confer a heavy cost on a small group but a much broader and much more difficult to quantify benefit on a larger group, for example a regulation that might reduce consumer detriment.

**Boris Johnson:** Yes, this is a very important point.

**Chair:** Would you accept that, in order to give the electorate a fair balance of the costs and benefits, at the very least it is important to take a close look at the benefits side, and also, always, when quoting a figure, ensure that the public are aware that all you have done here is add up the costs? Open Europe have quite reasonably said, “It is important to note that these rules can bring benefits, including facilitating trade across the single market”, which is a pretty fair-minded and balanced qualification.

**Boris Johnson:** They say that they can bring benefits. However, they also say, Mr Tyrie, that these rules have not brought benefits in the way that was advertised and expected. If I may make a general point about the so-called single market, it was promised when the whole thing was launched in 1986. There was something called the Cecchini report. You will be familiar with the whole drumroll of excitement about the birth of the single market. It was going to lead to a great period of European growth and dynamism. In fact, that did not take place. We did not get the huge expansion in employment in the EU. We did not get growth in the European Union economies.

**Chair:** These are all very reasonable points, Boris.

**Boris Johnson:** I am glad.

**Q1146 Chair:** I am trying to elicit from you a much narrower response to a narrower question.

**Boris Johnson:** I have given you the answer. The £600 million figure is very fair considering that Open Europe themselves say that 95% of the benefits have not materialised.

**Q1147 Chair:** Do you think we can ignore the fact that the benefits are considerable in the list of measures they themselves provide?

**Boris Johnson:** Since you yourself have attached great significance to this Open Europe report, as I do, you should also attach significance to the fact that they say 95% of the benefits have not materialised.

**Q1148 Chair:** We have already discussed that. That is not only what they say, Boris. They make clear that there are benefits that may not be quantifiable, which is not the same thing.

**Boris Johnson:** The important point, if I may say so, is what you can do about these regulations. It is the view of Open Europe that they are costly, they are burdensome, and there are a great number of them, which I think you would concede fall too heavily on some sectors of our businesses. The advantage of a Brexit would be that we could amend those regulations. Without Brexit you can do nothing. If you look at some of the stuff such as the working time directive, the water framework directive, the Data Protection Act, GM regulations and the solvency II directive, many directives and regulations emanating from Brussels have, either through gold-plating in this country or simply because of poor drafting or whatever, been far too expensive. That is the point that Open Europe are making. They are not ideally tailored to the needs of this economy.

**Q1149 Chair:** Are you aware of the exercise to try to find examples of gold-plating undertaken by the Government?

**Boris Johnson:** I am.

**Q1150 Chair:** Did you know that they struggled to find very many examples? There are some, but they struggled.

**Boris Johnson:** There are indeed some examples. I will give you an example of gold plating.

**Q1151 Chair:** Perhaps rather than giving me an example now, you might send us a list of the areas of gold-plating after this meeting—only to speed things up.

**Boris Johnson:** I would be happy to give you an example now, if you want.

**Q1152 Chair:** I would like to turn to your article in the *Telegraph* on 22 February, where you say that there are these ludicrous rules emanating from the EU and that this is a reason for your decision to leave. One of the ludicrous rules that you cite is: “An EU rule that says you can’t recycle a teabag and that children under eight can’t blow up balloons”.

**Boris Johnson:** May I say, Mr Tyrie—

**Q1153 Chair:** Can you tell me which EU regulation or directive says that children under eight cannot blow up balloons?

**Boris Johnson:** Yes, the European Commission’s own website. I would be happy to give you the number of the press release in a moment. The European Commission’s own website says, “Adult supervision is required in the case of the use of uninflated balloons by children under eight”. In my household, more or less only children under eight are allowed to blow up balloons, My Tyrie. It is absolutely ludicrous to have this kind of prescription set out at a European level. I think it is absolutely bonkers and I think you do too.

**Q1154 Chair:** What it actually says, Boris—I have the toy safety directive requirements in front of me—is, “Warning: children under eight can choke or suffocate”, and it is asking that this warning be placed on the packaging. It is not requiring or forbidding—

**Boris Johnson:** It is requiring it to be placed on the packaging.

**Q1155 Chair:** It is requiring a warning to be placed on the packaging. It is not prohibiting children under eight from blowing up balloons.

**Boris Johnson:** Even the European Union would be hard put to invigilate households in such a way as to prohibit people under eight from blowing up balloons. On your point about recycling teabags, which you mentioned, it is a classic example of gold-plating. The EU animal by-products regulation of 2002 stated that stuff that had come into contact with milk or with meat could not be recycled. Cardiff Council decided to interpret the animal by-products regulation 2002 in such a way as to forbid people from recycling teabags. That is a classic example of the confluence of EU legislation with overzealous British implementation, which we might call gold-plating.

**Q1156 Chair:** Okay, but that is an action that we can perfectly well decide whether or not we want to implement. It is not true, though, is it, to say that there is an EU regulation or directive that prohibits people from recycling teabags?

**Boris Johnson:** Yes, there is.

**Q1157 Chair:** It would be true to say that some countries or some councils or some regional authorities or centres might have decided to gold-plate recycling teabags.

**Boris Johnson:** You will readily appreciate, Mr Tyrie, that without the animal by-products regulation of 2002 there would be no scope for the council to institute that prohibition. They are relying on EU regulation, namely the animal by-products regulation of 2002, and there is a separate regulation that forbids you from burying your own sheep on your own ground. That is the animal hygiene regulation of 2001.

**Chair:** We have not got into sheep yet.

**Boris Johnson:** There myriad of these things. They are taken and used by UK officials, however well meaning, in such a way as to add greatly to the burden of bureaucracy.

**Q1158 Chair:** This is taken and used or misused by British officials on the back of something from the EU that does not prohibit people from recycling teabags. It is a misrepresentation to say that people are prevented from recycling teabags.

**Boris Johnson:** They are by Cardiff Council as a result of EU legislation.

**Q1159 Chair:** That is a much better description, which was unfortunately, somehow, omitted from your *Telegraph* article.

**Boris Johnson:** To be fair, there was plenty in that *Telegraph* article about the Stockholm syndrome of UK officials who feel obliged to take the opportunity to implement overzealously legislation emanating from the EU. That is the whole point. One of the interesting things about this country is that we are far more enthusiastic about implementing these regulations than others. We take it far more seriously. One of the problems I have in London, in among the series of uninterrupted joys that is my job in London, is getting more housing built fast. There is no doubt at all that EU regulations/legislation of one kind or another, such as environmental impact assessments or whatever, slow down the planning process. You have to wonder whether those processes would be quite so cumbersome and quite so slow in other European countries. We do relish bureaucracy in this country and we do tend to implement it in a very zealous way.

**Q1160 Chair:** That has rather changed your line of fire in the speech and the article, which are attacking EU regulation, to the actions of UK officials who have caused the problem, which the EU regulation did not itself bring.

**Boris Johnson:** It did. I am afraid I must respectfully disagree with you, Mr Tyrrie. Without the animal by-products regulation of 2002 there would be no scope for the officials in question to enact this provision.

**Q1161 Chair:** Other people can form their own view about the composting of teabags.

**Boris Johnson:** They will.

**Q1162 Chair:** I have got your book here, *Lend me Your Ears*. In that you say, “There really is European legislation on the weight, dimensions and composition of a coffin”.

**Boris Johnson:** Yes, there is

**Q1163 Chair:** Can you tell me where that is?

**Boris Johnson:** That was to do with the shipment of corpses across frontiers. I seem to remember that there were various British funeral operators, such as Kenyon in particular, which is a very successful funeral operator in this country, keen to have some sort of European provision on this. The result was a euro-coffin, as far as I can remember, or regulations on the maxima and minima of euro-coffins. I do not believe it was remotely necessary for the safe and successful operation of the single market. The whole term “single market” is widely misunderstood. Free trade across Europe would have continued unimpeded without legislation on the size and shape of a euro-coffin. They probably, by



the way, had to change those dimensions radically since everybody in this country started getting fatter and fatter.

**Q1164 Chair:** It is not EU regulation at all, is it?

**Boris Johnson:** It is a long time since I studied this matter, Mr Tyrie, and you will have to forgive me. It is more than 20 years ago. This is something that I seem to remember arose from some Brussels institution.

**Q1165 Chair:** You wrote it in your book a decade ago. It is not 20 years ago, and you are defending it now. In fact it is a Council of Europe convention on the transfer of corpses. In there, there is no reference to coffin weight or dimensions, nor is there any EU legislation, nor is the UK a signatory. The story is a figment of your imagination.

**Boris Johnson:** I am afraid, sir, I think you are in error there, but obviously it is a long time since I looked at it. There was a question about the maxima and minima of coffin sizes. My memory is that it was to do with the EU.

**Q1166 Chair:** There was legislation and it was EU. Okay. If you could provide us with that after the meeting, we would be interested to take a look. I have been through quite a list there either of things that require quite a bit of qualification to understand and for which a reasonable person would say that you had either exaggerated or misrepresented the extent—

**Boris Johnson:** I do not think so at all. You have failed utterly in your experiment, if I may say so.

**Q1167 Chair:** That is a judgment that others listening to this can make. Do you think on reflection—perhaps you do not, having just made that remark—it might be prudent, in the interests of generating a strong case, that you add qualifications in at the time that you make these remarks?

**Boris Johnson:** May I just say how strongly I feel about this? There is a great deal of effort being made at the moment to deprecate the views of those who think we should leave, to undermine their point of view and to say that everything we say about the EU is somehow mythical. I will give you an example.

**Q1168 Chair:** What has that got to do with the question I have just asked?

**Boris Johnson:** I will tell you. You have asked me whether I want to recant some of the things I have said.

**Q1169 Chair:** I have not asked you to do that. I have asked you to make sure that you qualify and provide the full and balanced view, in your own interest,

of points that may indeed, in one way or another, to an extent, support your case, but which, because of the language you have used and your one-sided description of them, many might feel is an exaggeration to the point of a misrepresentation.

**Boris Johnson:** I do not agree with that. Let me explain why I feel so strongly about this. There was an instance that I mentioned on *The Andrew Marr Show* of the cab dimensions that we wanted to have in London in order to minimise deaths of cyclists. An organisation called InFacts wrote an article on their website, which I think has been widely read, suggesting that this was untrue, that there was no such problem, and that the EU had agreed unanimously a provision that would protect cyclists with new types of cabs. Having studied the directive closely, as I am sure you have too, Mr Tyrie, it is completely untrue.

The directive in question, 2013/0195 from memory, did indeed attempt to modify the dimensions of cabs, mainly from an aerodynamic point of view. That was what they were trying to achieve principally. There was some change to visibility, but it got nowhere near what we needed in terms of lowering the driver and getting the windows big enough so as to be able to see vulnerable road users in the way that we wanted. There were representations made to amend this directive, which was the weights and dimensions directive, when it was going through, and we tried to do that. But the truck industries in France and, indeed, Sweden fought the thing off. We cannot get it through. Type approval for truck dimensions for lorry cabs have been passed from this country to the European Union. It only happened a few years ago. It happened in 2011-12.

So, I cannot do it; the Department for Transport cannot do it. We cannot make essential changes to the dimensions of truck cabs in our country that would save the lives of cyclists. Reading some of the stuff from the remain camp shows that they should get their facts straight. This is something that I have tried very hard to make a difference on in London. We have campaigned very hard to make cycling safer. We have an opportunity to have a new regime for truck cabs in our city. It would save the lives particularly of female cyclists. It is a great shame that, in the interests of propaganda, what we have tried to do has been misrepresented by the remain campaign. The fact is we have lost the power to do it. It has been handed over to Brussels. That is a shame. It should come back.

**Q1170 Chair:** We are trying here to get beyond the misrepresentation on both sides. You will have seen what we have been trying to do with respect to claims made by the remain side.

**Boris Johnson:** Ah, I see. Well, that is good.

**Chair:** You sound surprised, Boris.

**Boris Johnson:** No—I am delighted.

**Q1171 Chair:** I would have thought that every question that is being asked of you is in that spirit. You would acknowledge, though, that with respect to the very regulation that you are just referring to, the UK would have no say on UK truck safety standards in the rest of the EU if we left, and that therefore your ability

to influence what EU trucks looked like when they came to the UK, unless you banned them completely, would be very severely limited.

**Boris Johnson:** Yes, of course.

**Q1172 Chair:** Would you consider that to be a restraint to trade?

**Boris Johnson:** No, it would be a very sensible measure.

**Q1173 Chair:** You would ban lorries or trucks that did not conform to your standards. Is that right?

**Boris Johnson:** Perhaps for the benefit of the Committee, we are already pioneering the world's first safer lorry zone within an urban area. We are already instituting various requirements for mirrors, blind spots—all sorts of ways in which we can minimise the risk to vulnerable road users. This is a further step that it is technologically possible thanks to the evolution of cab design. Basically you get a bus-like cab and you put it on a truck. They look fantastic. They are fantastic. They save lives. You cannot do it at the moment because it is blocked in Brussels.

**Q1174 Chair:** It is blocked by one country, in fact, is it not?

**Boris Johnson:** It is either France or Sweden—I do not know.

**Chair:** It is France.

**Boris Johnson:** I am told the Swedes also.

**Q1175 Chair:** The principle, though, that you seem to be arguing for is for some form of standardised regulation. Have I not got that right?

**Boris Johnson:** Respectfully, Mr Tyrie, you do not have that right, because I am arguing for the ability of Londoners and the—

**Q1176 Chair:** You are asking for unilateral regulation.

**Boris Johnson:** That is in the nature of a safer lorry zone. It would be a good thing.

**Q1177 Chair:** You are arguing for that even if it may be deleterious to trade?

**Boris Johnson:** I do not believe it would be deleterious to trade. In fact, it would stimulate the market for better and safer cabs. It would be a great thing. It would save lives.

**Chair:** At this point, I hand you over to the tender hands of Jacob Rees-Mogg.

**Q1178 Mr Rees-Mogg:** I am, of course, on your side. I am a supporter of Vote Leave. If I can just follow on from what the Chairman has been saying, we can assume that your design might even appeal ultimately to the French, because I assume they do not wish to go around murdering cyclists, particularly, so it could be very innovative and successful across Europe. If we had our scheme in place first, others would follow.

**Boris Johnson:** Yes, of course. The problem, if I can be absolutely frank about it, is that Renault and Scania have been reluctant to move as fast as they might because basically they have not got their truck cabs in the state of evolution that they would want in order to be able to take advantage of this market. Other firms have. This can, I think, only be passed in unanimity. The French have been using their position to block it. It is a great shame. If we took back control, we would be able to make our streets safer.

**Q1179 Mr Rees-Mogg:** Thank you very much. If I can move on to the laws that are made in the UK but emanate from the EU, you were making the important point about Cardiff and teabags, because if they do not implement EU law correctly, of course we can be taken to the European Court and it can be imposed on us. There is inevitably, because of the EU, not because of foolishness among councils, a need to implement accurately. If a teabag has gone in milk, it must meet the animal by-products directive. That is the issue then of percentage: various figures have come up as a percentage of UK law that comes from EU law. You have quoted on occasions the House of Commons figure—the 15% to 50% figure—and you have also quoted a two-thirds figure. The German Parliament came up with an even higher figure.

**Boris Johnson:** 80%.

**Mr Rees-Mogg:** 85%. Could you give us some guide as to how you would like to calculate this figure and where you would get it from?

**Boris Johnson:** I have hot news, Mr Rees-Mogg. The House of Commons Library has just produced another series of calculations. We have heard various authorities—Nick Clegg, Chuka Umunna—who have said it was about 50%, a claim Mr Umunna now denies he ever made. The House of Commons previously said it was 50%. They now say in what has come out either yesterday or today that it is about 59% or 60%. That is because you have got to think about not just the directives but also the regulations, the secondary instruments of one kind or another. They are very numerous. As you rightly say, as soon as EU law touches anything it becomes justiciable by the ECJ.

**Q1180 Mr Rees-Mogg:** Thank you. Michael Dougan, an EU public law expert, gave us evidence saying that trying to quantify this could never be anything more than an inaccurate guess. Within the bounds of inaccurate guessing, do you agree with him or do you think that he is arguing his own point of view?

**Boris Johnson:** I am sorry; I am not familiar with the authority.

**Mr Rees-Mogg:** Michael Dougan. He is an EU public law expert. You do not know who he is? I do not think I do either.

**Boris Johnson:** You must forgive me. I was not familiar with his work before today. There are varying figures. What cannot be denied is that the volume has increased, is increasing, and ought to be eliminated.

**Q1181 Mr Rees-Mogg:** It is along the lines of a very good 18th century debate in the House of Commons indeed. You are very happy with the figure. It is very good that we have got a new figure. Dougan again worries that when we compare EU laws and our laws we compare non-legislative measures with legislative measures. He feels it is inaccurate, comparing apples with pears, and that you would have to include all sorts of regulations that come out of local councils and so on and so forth. I wonder if you agree with that or whether you think that, once again, he is arguing his own book.

**Boris Johnson:** I do not know what point of view Mr Dougan has or what his perspective is. Just as Mayor of London, I am amazed at the amount of stuff I come across every day that seems to have an EU origin, whether it is, as I say, public procurement rules, which we obey very punctiliously, unlike some other European countries, or whether it is rules about the interoperability of trans-European networks that affect the dimensions of Crossrail tunnels or whatever it happens to be. There is an awful lot of this stuff, and it seems unintermittable at the moment.

**Q1182 Mr Rees-Mogg:** Rules inevitably come with a court of some kind, and the court we have is the European Court of Justice. It is said that is essential to the proper working of the single market, because otherwise people would do what they like and ignore the rulebook. Is it possible to have a free trade area without the European Court of Justice?

**Boris Johnson:** Yes, I do. I am very grateful that you raised that point, because people do not understand 70% of our trade outside the EU is with countries with which we do not have any free trade agreements at all. Of the free trade areas that there are around the world—NAFTA, ASEAN, Mercosur—not a single one tries to imitate this anachronistic, old-fashioned system, devised by idealistic French bureaucrats after the war, of a single judicial approach. Nobody else does that.

It is very striking that unemployment in the EU is roughly double that of the other free trade zones that I mentioned. Growth is much lower. I invite the Committee to speculate as to whether or not that is associated with the volume and the rigidity and the irreversibility of EU law. The ECJ is a system that reminds me rather of HAL, the computer in *2001: A Space Odyssey*. It has basically slipped its human moorings and become autonomous. If you look at the recent rulings of the ECJ, they are bizarre.

**Q1183 Mr Rees-Mogg:** Though occasionally they go in our interest, particularly the location policy in relation to clearing of euros, where it was ruled that the ECB did not have the authority to make the regulation. It was not a single market issue; it was on the powers of the ECB to make the regulation, but it did go in our favour.

**Boris Johnson:** I agree with that. On the other hand it has never been my view that a single currency was necessary for the completion of the single market.

**Q1184 Mr Rees-Mogg:** No, but in terms of the clearing possibilities for the City of London, the European Court allowed the City of London to carry on with the clearing, whereas the ECB was trying to stop it. We do occasionally win. Do you think that the wins that we get are sufficiently important to outweigh the losses that we suffer and the undermining of democracy that is implicit in having a supranational court overrule us?

**Boris Johnson:** That is the fundamental question. My answer to that is that the balance has now switched against. 20 years ago many of us would have said that the balance was in favour of remaining. Let me give you a couple of examples of thinking today, particularly about how to combat terrorism and the threat that poses to our society.

I have seen various people quoted as saying that remaining in the EU is essential for our security. It is important to put a countervailing point, which is that there are some ways now in which the European Court of Justice is militating against our ability to control our borders in a way that we would want to and, indeed, to maintain proper surveillance. Look at the case of Abu Hamza's niece, who tried to smuggle a SIM card to him in prison. We could not deport her, not because of the Strasbourg Court of Human Rights but because of the European Court in Luxembourg, which is now able to adjudicate on the entire caucus of the Charter of Fundamental Rights.

You have also seen the European Court of Justice in Luxembourg saying that states' security services cannot retain mobile phone data that is very often essential for monitoring potential terrorists. What does that have to do with completing the internal market? What does that have to do with free trade? The answer is absolutely nothing. It is morphing into a political union of a kind that is no longer, on balance, in our interests.

Mr Rees-Mogg, on your point about the protections of the City, the City would continue to flourish outside the EU, and flourish mightily. I remember that the threat to euro clearing was mentioned at the time of the creation of the euro, and that everybody said that that would be migrated away from us. That did not happen, simply because of the concentration of talent, the critical mass, is here in London, for all sorts of reasons that have nothing to do with the EU.

**Q1185 Mr Rees-Mogg:** The point you make about the Abu Hamza family case is very important, because not only were we promised that the Charter of Fundamental Rights would not apply in the United Kingdom—there is a protocol attached to the treaties that it was pretended achieved that—but the court tried to keep it secret to save themselves from the shame of having interfered so directly in UK criminal law rather than in a matter of the single market. You are absolutely right on that. It is no longer a sacrifice worth making, and even outside the single market is it not true that the WTO has arbitration systems that are almost invariably followed by member states of the WTO when there are breaches of free trade rules?

**Boris Johnson:** Of course, and tariffs generally have been coming down across the world. You are seeing more and more free trade deals done that involve virtually zero tariffs. You look at the US-Australia deal recently: tariffs were removed in 99% of goods of all kinds. Even then, before the deal was done, their tariffs were only running at 4.3%. There is a huge opportunity now for us to get out from under an incredibly prescriptive, over-bureaucratic system that is trying to create a single polity out of many, and strike a new future.

**Mr Rees-Mogg:** Thank you, Mr Johnson, for your very compelling evidence.

**Q1186 Chair:** You mentioned the figure of 59%; could you describe how that number is composed?

**Boris Johnson:** Certainly, Andrew.

**Q1187 Chair:** First of all, you say it is hot from the press. What is in fact the document you are reading from?

**Boris Johnson:** It is the amount of legislation from Europe. It is an update by the House of Commons Library of the figures that they give.

**Q1188 Chair:** And the date?

**Boris Johnson:** 8 March, so it is not quite as recent as I thought.

**Q1189 Chair:** No. It is in fact a 2014 figure, but not to worry. You probably did not know that, but do keep going.

**Boris Johnson:** I am so sorry, Mr Tyrie. I was informed by my enthusiastic colleagues. However, 2014 does not seem to me to be that long ago.

**Q1190 Chair:** What is this 59% composed of?

**Boris Johnson:** This is composed of the number of EU regulations and EU-related statutory instruments, I believe.

**Q1191 Chair:** You have really done exactly, and you are illustrating exactly, what I began the session with, which is you have come out with a figure, which you claim to be hot from the press, that, in fact, you do not know the composition of. In fact it consists of regulations, directives and decisions. Decisions may relate to an individual firm decision. There are thousands of those relating to individual firms.

**Boris Johnson:** Are you disputing the veracity of the House of Commons Library, Mr Tyrie?

**Q1192 Chair:** Fortunately I do the asking at these meetings. The conclusion of the note on this reads, “All measurements have their problems. It is possible to justify between 15% and 55% or thereabouts”—

**Boris Johnson:** 59%, isn't it?

**Q1193 Chair:** I am reading the note on which what you have in front of you is based—“depending on what is included or excluded from the calculation”.

**Boris Johnson:** Whether it is 59% or 55%, it is an awful lot.

**Q1194 Chair:** 15% is the range offered by the House of Commons Library. I am repeatedly trying to point out to you that, while it might be possible to put together a case for 55% or 59%, it is extremely important also, if you want to try to acquire credibility in this debate, to say there is a vast range depending how you measure this, and that may be as low, as the House of Commons Library has said, as 15%.

**Boris Johnson:** That is if you look solely at directives and decisions. If you add in statutory instruments, the figure rapidly expands. Since statutory instruments have effect in this country and since they form part of the caucus of European law and since they are justiciable by the European Court of Justice, it seems to me entirely right that we should look at that figure. It is a huge figure. Most people listening to this debate will conclude that there is too much legislation emanating from the EU that we can neither control nor repeal. That is the critical point. Once it is promulgated, it cannot be reversed.

**Chair:** We have had the key exchange we need to have on the extent to which we should attach veracity to figures like 55% or 59% or, for that matter, 15%.

**Q1195 Helen Goodman:** Good morning, Mr Johnson. On the 7 February you said, “Leaving would cause at least some business uncertainty while embroiling the Government for several years in a fiddly process of negotiating new arrangements, so diverting energy from the real problems of this country”. How long do you think this period of uncertainty would last?

**Boris Johnson:** The first point to make there is that it is important in this whole debate not to blame every problem in this country on the EU, and I do not.

**Q1196 Helen Goodman:** That is not what I asked you. I asked you how long the period of uncertainty would last.

**Boris Johnson:** It need not last very long at all. In fact, there need not be a period of uncertainty at all. The best analogy that I can come up with for this whole debate is the millennium bug, the Y2K alarmism. People said that planes would fall from the sky and computers would crash and the economy would tank by 5%. Nothing of the kind took place. There is a great deal of scaremongering and alarmism. That piece, as I recall, set out two sets of arguments: pro and con. It concluded, I remember, by saying that we had absolutely nothing to fear from leaving the EU. That is the truth.



**Q1197 Helen Goodman:** Mr Johnson, those were your words. We have taken evidence from a number of people, including John Cunliffe, who used to be our Ambassador in Brussels. He says that the negotiations would basically have three parts. After we have triggered Article 50 we would have a negotiation, which might last for two years, on arrangements for leaving. We would then have a negotiation about our future relationship with the EU. In addition to that, we have 50 free trade negotiations to undertake. You have also said, “The people of Europe do not vote as one, think as one, or speak as one”. How long do you think it would take the other 27 member states to establish what their negotiating position is going to be under Article 50?

**Boris Johnson:** One of the most interesting things about this debate is the sheer negativity about our potential to do these deals. We have become infantilised by the fact that the whole responsibility for this is now conferred upon the Commission. They do not have, in my view, sufficient UK representatives to do it properly.

Bear in mind, Ms Goodman, we already have extensive trading relationships; we have been in the thing for 44 years. Our relationship with the EU is already very well developed. It does not seem to me that it would be very hard to do a free trade deal very rapidly indeed.

I do not think it would not be necessary to invoke Article 50 immediately. I do not see why that would be the case. The US-Australia deal that I just mentioned, for instance, took only two years. George Osborne is right when he says that what we want is a British deal, and a British deal that represents an opportunity to get free trade with our European partners based very largely on existing arrangements. I do not see why that should be beyond the wit of man.

**Q1198 Helen Goodman:** It is certainly not beyond the wit of man. Nobody is suggesting that we would not be able to negotiate a deal at any time. That would be patently absurd.

**Boris Johnson:** That is terrific.

**Q1199 Helen Goodman:** The question I am asking you about now is the period of uncertainty. You have said a number of different things about what you think Brexit should look like. Do you think the other 27 member states have an agreed picture about what the relationship they want would be with the UK?

**Boris Johnson:** I do. We are not having this debate in isolation in this country. Everybody can see across the EU what is happening. People are already thinking about this and preparing for how they, our friends and partners, would want to take things forward. It would be overwhelmingly in their interests to do free trade deals as rapidly as possible. Many of them, as you know, Ms Goodman, have quite substantial trade balances in their favour with us. They would want to protect their businesses, their industries. The UK is 16% of exports from the rest of the EU.

**Q1200 Helen Goodman:** It is not; it is 10%.

**Boris Johnson:** I defer to your knowledge.

**Q1201 Helen Goodman:** 6% of trade is quite a lot.

**Boris Johnson:** My information is that it is 16%.

**Mark Garnier:** It is 16% of GDP.

**Boris Johnson:** Forgive me—16% of the GDP. I am happy to look at the figures for exports. If you look, for instance, at the German balance of trade with us, it is £27 billion net. That is a very substantial incentive for the largest and most political influential economy in Europe to strike a deal very fast that is advantageous to their businesses.

**Q1202 Helen Goodman:** Do you think the interests of the German economy and what they would want from the deal are the same as what, for example, the Greeks would want from the deal?

**Boris Johnson:** There would be a variety of interests that people would have. Obviously at the moment we have free trade across the EU, and people would want to protect that as far as they possibly could.

**Q1203 Helen Goodman:** Of course people would want to protect that as far as they possibly could but, in striking a deal, do you think that the interests of the German economy and the interests of the Greek economy are the same and that they could say immediately that they would have the same negotiating position and there would be no period of uncertainty?

**Boris Johnson:** You would have to take a view about whether or not you were going to strike an agreement with the EU as a whole. Do not forget that the EU retains competence for international trade negotiations. Even on a Brexit, it would do that. I imagine the Commission would be negotiating on behalf of both the Greeks and the Germans at the same time. It would be possible to do a deal very rapidly indeed based on the existing patterns of trade. That is what the people would want to protect.

**Q1204 Helen Goodman:** Mr Johnson, that is not how the process works. The Council of Ministers give the Commission the negotiating mandate. The Council of Ministers initially have to have a discussion to agree the negotiating mandate for the Commission to do the practical negotiations. I am asking you whether the EU member states on the Council might take some time to agree the negotiating mandate.

**Boris Johnson:** I do not think so, because the overwhelming interest of European economies, and indeed several of the most powerful European economies, is to get such a deal done as fast as possible. The EU has already, because of the euro crisis, had

problems there. They would want above all to minimise uncertainty and delay, and they would want to get on with it as fast as possible.

**Q1205 Helen Goodman:** The EU crisis is obviously caused by the fact that the structures and interests of the German and the Greek economies are quite different, so you are being far too optimistic. Can I ask you another question about the UK's negotiating position? Do you want to have access to the single market?

**Boris Johnson:** The single market is a term that is increasingly misunderstood. What we mean by the single market, it seems to me, is the whole corpus of European law adjudicated by the European Court of Justice. In that sense it comprises everything from animal hygiene by-products regulations to the weight and size of lorry cabs—

**Helen Goodman:** We do not need to have every single example of the whole of the single market.

**Boris Johnson:** —to the rights of prisoners in UK prisons and whether or not we should be able to deport them. All these things are now justiciable by Luxembourg. We should get out from under that system.

**Helen Goodman:** That is not the question I asked you.

**Boris Johnson:** We should have a free trade arrangement that continued to give access to UK goods and services on the European continent. That is what it is all about.

**Q1206 Helen Goodman:** That is very helpful, because on 6 March you gave the impression that you wanted a deal like the deal the Swiss have.

**Boris Johnson:** I do not know who took that impression.

**Q1207 Helen Goodman:** That is what you said on 6 March, and on 11 March you said you wanted a deal like the Canadians. Those deals are rather different.

**Boris Johnson:** As I said earlier, Ms Goodman, I want a deal for Britain. I think that is what we will get.

**Q1208 Helen Goodman:** If we are to end the period of uncertainty, it is not terribly helpful for those people who are for Brexit not to give a clear view of what—

**Boris Johnson:** I have given you a very clear view.

**Helen Goodman:** You have not given us a very clear view at all.

**Boris Johnson:** I have given you a very clear view.

**Helen Goodman:** No, you have not.

**Boris Johnson:** I have. We have 1,700 officials in this country who are capable of negotiating trade deals. There is absolutely no reason why it should not be done very expeditiously indeed. One of the interesting features of the Canadian deal and indeed the

US-Australia deal that I just mentioned is that they were able to remove huge numbers of tariff barriers. We could do that. We could go ahead and, indeed, we would be able to strike other free trade deals around the world, which we are currently prevented from doing.

**Q1209 Helen Goodman:** Mr Johnson, the Canadian deal does not include financial services.

**Boris Johnson:** I do not want to imitate the Canadian deal; I want a British deal.

**Q1210 Helen Goodman:** You do not want to negotiate like the Canadians; you do not want to negotiate like the Swiss.

**Boris Johnson:** No, I want us to do a British deal.

**Q1211 Helen Goodman:** What does that mean?

**Boris Johnson:** There are aspects of the Canadian deal—the tariff-free approach without free movement—that are right. There are aspects of the Swiss deal that are less attractive. They have just voted against the provisions for free movement, as you know. Free movement would be wrong for us. I see absolutely no reason at all, given the huge balances of trade they have with us, favourable to them, why they would not want rapidly to do a free trade deal with what is—whether 10% or 16%—one of the biggest export markets that the remainder of the EU has.

**Q1212 Helen Goodman:** Mr Johnson, on the day that you came out for Brexit the pound fell, supposedly because you are a very effective communicator and that made it more likely that Brexit would happen. When the Governor of the Bank of England came and gave evidence to us on Europe, he described Brexit as the biggest domestic risk to financial stability. He said there would be volatility in the foreign exchange markets and downward pressure on foreign direct investment, on investment particularly in tradeable goods and on household consumption. Are you not concerned that a period of uncertainty in the British economy would have those effects?

**Boris Johnson:** First of all, I have looked at FDI into London at the moment, what is going on, confidence in the City, what is happening with our economy. There is no sign whatsoever of people being discouraged from investing, coming to London. That remains massively strong. I am not quite certain what this period of uncertainty is that you speak of.

I seem to remember that when we were considering whether or not to go into the euro—and thankfully made the right decision not to do so—people were saying very much the same sort of thing, and it did not transpire. On the contrary, London flourished and prospered as never before. If you ask me about the pound, the pound will be as strong and as robust as the UK economy. My view is that the risks are in remaining in the EU. Why should we remain tethered to this anti-democratic system?

**Q1213 Helen Goodman:** Sorry, I am not now asking you questions about the long term. I am asking you questions about the short term: the period before we have agreed our new relationship with the EU; the period before we have negotiated 50 new free trade agreements. The Governor of the Bank of England is telling us that there would be volatility in the foreign exchange markets. This would have a detrimental impact on foreign direct investment, on investment in the British economy, particularly in the tradeable goods sector, and on household consumption. If you could just look beyond the city of London, in the North East we have 140,000 manufacturing jobs dependent on exports to the EU. Nissan and Hitachi, the two biggest foreign direct investors, have both said they would not invest more in the event of Brexit. Is it responsible to dismiss as “airy fairy” these concerns about uncertainty and the impact on investment?

**Boris Johnson:** You are wrong about Nissan, certainly, because they have changed their tune since the euro controversy.

**Helen Goodman:** I am not wrong about Nissan.

**Boris Johnson:** As far as I can remember, Nissan have said they would continue to invest irrespective.

**Q1214 Helen Goodman:** No, Nissan have not said that. Nissan have said that they would not close the current factory, they would not move it, but they would not put any new investment in. We get £27 billion of foreign direct investment into this country every year. A period of uncertainty while you were deciding what a British deal meant would undoubtedly mean that we lost investment for a period of perhaps two years. Is that not a worry for those people who have jobs in the North East in manufacturing?

**Boris Johnson:** It should not be a worry, and I hope very much that people will do their best to persuade those who are anxious that there is no need for them to worry. As far as I can remember, Nissan did take a strong line in favour of the UK joining the euro, and said they would close the Sunderland plant if we did not join the euro. That obviously did not happen. Neither of those two things happened, and that was the right decision.

I think the UK will be more competitive if we leave the EU. We will be able to set our own course and do our own trade deals, and legislate it in a way that is in the interests of British manufacturing.

**Q1215 Helen Goodman:** A minute ago you were complaining that Renault wanted to structure the rules on truck design. Nissan are obviously completely happy with the European rules on car design. Surely you can see that what is sauce for the goose is sauce for the gander, and we have 140,000 jobs dependent on this.

**Boris Johnson:** No, because of course when selling into the European markets where there will continue to be a standard set at a European level, obviously it will be in the interests of Nissan to make vehicles that are acceptable for those markets, just as they

make them acceptable for the United States, where they also have many detailed provisions for what they want in their markets. There is such a deal of negativity about our ability to do this, and we would be missing a massive opportunity to make this country more competitive, to be able to set our own economic course, and to restore democracy in this country.

**Q1216 Chair:** You have made those points quite thoroughly. Quite early on in those exchanges you were, I felt, trying to distance yourself from the view that we would want a deal akin to that of Switzerland. Just over three years ago you said, “We could construct a relationship with the EU that more closely resembled that of Norway or Switzerland—except that we would be inside the single market council”, which makes it sound like you are very supportive of the idea of the single market, which you have cast some doubts about.

**Boris Johnson:** I do.

**Chair:** Boris, order. I am about to ask you a question. What is the single market council?

**Boris Johnson:** There used to be something called the Internal Market Council, and that has now, as far as I can remember, been scrapped in favour of the Competitiveness Council.

**Q1217 Chair:** What is this single market?

**Boris Johnson:** I do not think it is possible to do that. I was speculating there about a possible relationship you could have. It does not really make sense, because in the end you are either part of the single judicial system or you are not. This comes back to the whole two referendums idea that some people floated a while back. Could you, as it were, vote to get rid of a lot of the stuff that is not necessary and then re-accede into the single market? In the end, I am giving you a very clear position.

**Q1218 Chair:** Are you for or against the two referendums approach?

**Boris Johnson:** I think we have one referendum and we get on with it.

**Q1219 Chair:** Is that then the end of our relationship within the EU? We do not try to engage in another referendum. I want to be clear whether that is your view or not.

**Boris Johnson:** That is my view.

**Chair:** Okay, that is all I need to know. It appeared that it was your view for a while, some months ago, and it is very helpful now that we have had that clarification.

**Boris Johnson:** I think I have been pretty clear about that.

**Chair:** You have, just now, been very clear.

**Boris Johnson:** I think I have been pretty clear about that before this august Committee.

**Q1220 Chair:** Could I just clarify one more point? Do you agree that a large proportion of the trading goods that would come in—as you know, the EU has a surplus with us—would be covered under WTO rules?

**Boris Johnson:** Yes, certainly.

**Q1221 Chair:** Therefore Germany, for example, is more likely to be able to get access than we would to their market for our services, which are dependent on much more detailed single market negotiations?

**Boris Johnson:** It is certainly the case that the Germans have, in my view, a massive interest in making better use of UK services, and when people say they will discriminate, for instance, against the City of London, that has never happened in the past and it would be utterly foolish of European economies not to make use of what is a massive resource for the whole of this area. The City of London, financial services—all the service industries in which we excel—are vital for any big European company that wants to raise capital. This is the place to come. It always will be, and I think you are being excessively negative.

**Q1222 Mark Garnier:** Good morning. I am very keen to carry on with the City of London and financial services specifically, but can I just follow up on Helen Goodman's line of questioning about the negotiation and the relationship that we have in total trade with Europe? Just to go through some of these figures, the UK represents about 15% of Europe's total GDP. 45% of our exports go to Europe but, depending on how we count it, either 7% or 10% of Europe's exports go to the UK; it is quite small. It is 7% in GDP terms and 10% in total.

**Boris Johnson:** I am not certain of that, but anyway.

**Q1223 Mark Garnier:** The point I am trying to make—and it may be more, and I do not want to get too stuck on that point—is that 45% of our exports being with Europe is a very significant proportion of our total trade, but for Europe 10%, roughly, is not vanishingly small but is far less significant. Does that put us at a very poor negotiating disadvantage when we start trying to negotiate trade deals?

**Boris Johnson:** No, I do not think so at all. As I said earlier on, Mr Garnier, it is massively in the interests of our friends and partners to continue to trade freely, and even more freely than ever. The Germans, as I say, have a £27 billion net surplus with us. They are the most influential in the European Council. Even the French have a considerable net balance of trade with us. It would be very curious, bizarre and totally self-destructive of them not to, and the great thing is that this conversation is not happening in a vacuum. Everybody is thinking about this. The time is now. People can prepare for what will be a very exciting moment.

**Q1224 Mark Garnier:** It will be exciting; I definitely agree with that. Can I just pick up on that? You talk about Germany and France. It is absolutely right to talk about two specific countries, but you can talk about other countries where they have trade deficits with the UK, and they would presumably turn around and argue that they do not want to have such a—

**Boris Johnson:** With great respect, I think we cleared that point up a moment or two ago.

**Mark Garnier:** But an FTA with Europe is an FTA with all 27.

**Boris Johnson:** The competence for negotiating trade deals resides exclusively with the European Commission. If I may just elaborate that point for a second, one of the problems we have as a country in trying to do free trade deals around the world is that the EU Commission does not, in my view, well represent us in international trade. For instance, the audio-visual sector in this city is doing brilliantly—probably producing more TV and film than New York, and more than Los Angeles. Because of French objections, we can never do a free trade deal that involves the audio-visual sector. That is totally hopeless for the UK economy. We need to have the ability to strike our own deals.

**Q1225 Mark Garnier:** Let me talk about financial services in particular. You mentioned three senior bankers: Norman Blackwell at Lloyds, Henry Angest of Arbuthnot, and Shelia Noakes—I cannot remember where she is.

**Boris Johnson:** RBS, I believe.

**Mark Garnier:** RBS—okay. All three of those banks are UK domiciled, and would be in the UK anyway. Can you think of any international banker, specifically somebody who is a senior member of an international bank like Goldman, Nomura or Deutsche Bank—or any number of these international banks that have sought to come to London—who agrees that the UK would be better off outside Europe?

**Boris Johnson:** I would not want to give away private conversations, but I can certainly say that there have been plenty of people I have spoken to from those types of institutions who have felt—to get back to where we really began this conversation—that the balance of the argument is much more equivocal than is commonly supposed. They really do think that London would flourish whatever happened. London has the right time zone and the right language.

**Q1226 Mark Garnier:** These are the international bankers?

**Boris Johnson:** Yes.

**Q1227 Mark Garnier:** That does not concur with what I am finding when I am talking to these international bankers privately.

**Boris Johnson:** I have to say I am getting a different message.



**Q1228 Mark Garnier:** Maybe they are speaking to you as a Eurosceptic and me as a Europhile.

**Boris Johnson:** Perhaps that is true, but I respectfully direct you back to what some of them were saying at the time of the euro debate.

**Mark Garnier:** I completely agree with that.

**Boris Johnson:** Goldman Sachs was very clear that it was a terrible mistake for Britain not to go in. We heard the same from the CBI, from Lord Mandelson, from all sorts of people—indeed, from notable colleagues of ours, Mr Garnier, and friends of ours.

**Mark Garnier:** I am not an enthusiast myself.

**Boris Johnson:** No, of course not, and I did not for one minute mean to suggest that you were, though Mr Tyrie, back in 1991, wrote an interesting pamphlet suggesting that the single market could not be complete without a single currency.

**Q1229 Chair:** No, it did not say that either. You have also misrepresented it quite badly. If you go a bit further on in the document, you will find some very interesting passages explaining why the project of the euro is being formed at a single and rather dangerous moment in the cycle.

**Boris Johnson:** There was another very interesting document called *Never Say Never*. Has anybody ever found a document called *Never Say Never* by Andrew Tyrie? It is very common sense on the euro.

**Chair:** Order. It is very kind of you, Boris, to read all my material.

**Boris Johnson:** I just thought I would bring it up: *Never Say Never: Time for British Common Sense on the Euro*.

**Q1230 Chair:** If I may say so, however, you are illustrating exactly what I began the session with, again, which is a very partial and busking, humoresque approach to a very serious question for the UK, and what we really need is a much more balanced exchange—

**Boris Johnson:** I am not going to deny that. We need a balanced exchange.

**Chair:** —in which people make an effort to qualify and represent the points that they make, and represent each other's views with some accuracy. You are at it again, I am afraid.

**Boris Johnson:** I am glad you said that, because some of my views have been, as I say, traduced. I am grateful to you, Mr Tyrie, for the opportunity earlier in this hearing to set straight some of the gross misrepresentations that have been made.

**Chair:** That is enough of that, Boris. Mr Garnier has got a question for you.

**Q1231 Mark Garnier:** I was just going to carry on the line of questioning about the City of London. We heard earlier on from Andrew that the City of London Corporation has got an official position. Many, many institutions have official positions. According to the City UK survey, 84% of respondents want the UK to stay in, and it is perfectly reasonable to accept that these City institutions are

looking at it from their own interests, but why should they not? The Governor of the Bank of England has also said that if the UK came out of Europe and failed to negotiate a proper agreement on financial services with Europe, it would be detrimental to the City of London. Do you disagree with these institutions, which are pretty unequivocal about this?

**Boris Johnson:** As I say, Mr Garnier, they are not unanimous on this point.

**Mark Garnier:** 84% is admittedly not unanimous, but it is pretty close.

**Boris Johnson:** There are plenty who take an opposing view, and my impression is that the balance of opinion is very moderate about this.

**Mark Garnier:** I am sorry; I just find that really difficult to believe.

**Boris Johnson:** Most people think the stakes are much lower than they were. Even in the last 10 years, exports of financial services to the EU have gone down from about 39% of our financial services exports to about 32%, possibly even lower. As a proportion of our exports, they are already going down. The opportunities are around the world. This is the moment to go global.

**Mark Garnier:** Some of the opportunities around the world.

**Boris Johnson:** I fear that by staying locked in to the EU system, where we consecrate the right to set trading arrangements to the Commission, we are missing a huge opportunity. A Brexit would be massively beneficial to Europe as well.

**Q1232 Mark Garnier:** You have been talking about the rest of the world. We go out to the rest of the world and we ask them why they want to trade in London. Why does the Chinese government want to have offshore renminbi trading in London? Why do US banks want to come to London? Every single one of them talks about the cluster effect, the support that goes with it, but they also talk about the fact that it gives you access to the 550 million people in the single market, and that is incredibly important to them. All of them are saying we would be off our trolley to come out of Europe. Respond.

**Boris Johnson:** The access to 550 million people is going to remain, in my view.

**Q1233 Mark Garnier:** But how can you be sure—especially when you said in 2012 that France is “always trying to get one over on London”?

**Boris Johnson:** Countries do not trade with countries. People trade with each other. Businesses trade with each other. Businesses need a great city. Businesses need to find places to raise capital. They need banks. They need support. They need services of all kinds. They are going to continue to find them in London, and if you look at the story of this city since the decision not to go into the euro, it is a story of unbelievable growth and dynamism, which all the euro gloomadon poppers completely failed to spot. They were wrong then, and they are wrong now.

One thing I have been wrestling with is this problem you raised: why is it that there is a certain type of person, very often in the big corporations or the big banks, who takes this line? There is an enormous industry of lobbyists, of people involved in negotiations at

conferences and all of this kind of thing, who are basically one way or the other turning left on the plane as a result of our membership of the European Union. That is the reality, and those companies would not be remotely disadvantaged, but the people who would benefit massively are the 95% of UK businesses that do not export to the EU but have to comply with 100% of EU regulation—100%.

**Q1234 Mark Garnier:** That is a wider debate for other parts of this hearing, but I just wanted to finish off in one area. Nobody can deny that the European Union as a single market is the biggest single economy in the world and the biggest single trading bloc the planet has ever seen. It is incredibly important. Financial services are also very important for this, and the rest of the world wants to trade with Europe through Britain. Now, what is key to a great deal of this is the regulation that comes on financial services as a result of British lead but also Europe's—notwithstanding the American influence with the Dodd-Frank Act and all the rest of it—and the fact these financial regulations tend to lead the world in the terms of the direction of travel, because they are very good regulations. Were we to come out of Europe, we would have no influence on those regulations. We would be subservient to an architecture of regulation being driven forward by Europe, which frankly I do not think is as good at it as we are. Why would we want to give up our position to be able to influence the world's financial services regulation?

**Boris Johnson:** Obviously I defer to your knowledge of this sector, Mr Garnier, but with respect I do not think that is entirely accurate about what would happen. Many of these standards and regulations are now set not in the single market, the internal market, or the Competitiveness Council or whatever we want to call it these days. They are not set at an EU level but are international regulations based on, for instance, bodies and acronyms I am sure I do not need to spell out to you: the FSB, the CPMI, IOSCO, and the IMF and the WTO. The paradox is that Britain by Brexit would gain influence in some of these multinational institutions. Let me explain why.

If you look at the WTO or at the IMF, or the G7 or G20—bodies that try to set standards for financial services of one kind or another, or try to have a role in this—the EU as an institution is now trying to interpose itself and to speak for all 28 in those debates. By Brexit, you would find that the UK would regain strength and influence in those conversations.

**Q1235 Mark Garnier:** Overall financial regulation is a fantastically—fantastically—complex area, with huge amounts of overlap and huge amounts of underlap. It is the underlap that, of course, causes a problem, where you start seeing financial crises going on. There have been an awful lot of institutions around the world. We have had America, we have had our Financial Services (Banking Reform) Act 2013, which I was involved in with the Chairman, and the Financial Services Act 2012. These have been led by us and Europe is still catching up, but Europe is looking to us. You cannot deny that the biggest single economy in the world would have a less influential part to play in these international agreements than Britain would, with a relatively important financial

services centre but not the same level of influence because it is not the same sized banking market.

**Boris Johnson:** If you abstract Britain.

**Mark Garnier:** If you extract Britain, yes. No, sorry, if you extract—

**Boris Johnson:** Paradoxically what you might get is an intensification of European influence in global conversations about these matters, because you would have not just the EU speaking in its own voice but the UK, with all its influence in financial affairs, around the table as well. As I am sure you can envisage, there would be a lot of co-ordination between us and our friends.

**Mark Garnier:** We are at the tables as well.

**Boris Johnson:** One of the difficulties is that we as a country, now, are more and more often outvoted in the European Council of Ministers, and it is hard sometimes to maintain that we are effectively influencing proceedings in the way we would like. There are alternative ways of getting international influence, particularly on financial services.

**Q1236 Mark Garnier:** I would not disagree with you that, as you get more member states, your relative influence gets smaller, and I would completely agree with you that there are many things wrong with the European Union in terms of its architecture. But would you not agree that it is better—you probably would not, to pre-empt you—to be inside negotiating and trying to change that organisation? We are better off by being in.

**Boris Johnson:** Mr Garnier, yes, that was the position I was in for a long time, and I was sure that is a position that many of us have been in before, but several things have really curdled my belief that was possible. First of all, there is Lisbon and the annihilation of the opt-out over human rights. We were told that this had no more significance than the *Beano*, remember? The Charter of Fundamental Rights is now in the ECJ and it is being used by the Court of Justice. It was perfectly obvious. A lot of people were very encouraged by David Cameron's Bloomberg speech of 2013 and the talk of wholesale reform, fundamental repatriation of powers and so on. I do not think anybody in their right mind can pretend that has happened.

It is a balance, and I accept that there are two sides to this argument. Nobody is going to deny that, but in the end when you look at the massive concentration of power that is now taking place in the EU, and you couple it with the loss of control over borders and immigration, which has been so damaging to public confidence in politics, the argument only goes one way.

**Mark Garnier:** We are not part of the Schengen zone.

**Boris Johnson:** You have not asked me as Mayor of London about the impact on our city of immigration, but I would be perfectly happy to answer that.

**Chair:** You will get more questions in a minute.

**Q1237 Rachel Reeves:** Mr Johnson, on 11 March you said, "What I think we should do is strike a new free trade deal along the lines of what Canada has just

achieved”. When did Canada start negotiating its trade deal, and what is so good about it?

**Boris Johnson:** Ms Reeves, as I have said before several times, we want a British deal.

**Rachel Reeves:** You said “along the lines of what Canada has just achieved”.

**Boris Johnson:** We would not be in the same position as Canada, because we have been members of the EU for 44 years, and we would be able to do a deal very rapidly. One of the attractions of the Canadian deal is that it involves wholesale or very large removal of tariffs, but there is a lot more we could do.

**Q1238 Rachel Reeves:** My question was when the negotiations started. They started in 2009, and at the moment they are not yet in force. The EU-Canada agreement took seven years to negotiate, and it is still not in force.

**Boris Johnson:** Yes.

**Rachel Reeves:** It takes quite a long time. I expect the Canadian trade negotiators are pretty good, and it has taken them seven years to negotiate a deal, and it is still not in force. The former Canadian trade minister who had some part in these negotiations wrote a piece in the *Times* today, and he says, “It is fatuous to think there is a real comparison between Canada’s relationship with the EU and the UK’s with the bloc. Indeed, were Canada to trade as much with the EU as we do with the US we would want a much deeper relationship” than the Canadian deal.

**Boris Johnson:** Yes, that is right. The point about the Canadian deal is, obviously, you have two very different systems and two very different trading relationships. The EU deal with Canada took a while to negotiate. I do not see why on earth that should be the case with the UK, which has been a member of the EU for 44 years, as I said. I point you to the US-Australia deal, which was completed in less than two years.

**Q1239 Rachel Reeves:** The difference, Mr Johnson, with respect, between the US-Australia deal and a deal with the EU, and this is what Pierre Pettigrew in *The Times* says today, “Any ambitious deal has to be ratified, in the case of the EU, in 27 legislatures”. That is not the same as a deal between the US and Australia. That is why it takes time. Pettigrew goes on to say, “That means years of uncertainty, barriers to trade for UK firms, and a likely drop in inward investment”.

**Boris Johnson:** I am not seeing—

**Rachel Reeves:** Sorry, I have not finished Mr Johnson. In your response to Mr Garnier, you said that there are, of course, arguments on both sides. Are these not pretty compelling arguments for staying in the European Union?

**Boris Johnson:** No, I do not think those are good arguments at all. No. There are no good economic arguments. There are good political arguments, but I do not think there are any good economic arguments.

**Q1240 Rachel Reeves:** The Governor of the Bank of England is not making good economic arguments for staying in the European Union. The Chancellor and the CBI are not making good economic arguments for staying in the European Union. They are all making political arguments and not economic ones. Is that what you are suggesting, Mr Johnson?

**Boris Johnson:** Yes. Yes, I am, and quite seriously the economic impact of Brexit would be positive. In fact, my economic adviser, Gerard Lyons, I think said it would be overwhelmingly positive, it was the right thing to do, and I would have to say I agree with him. It would unshackle us from a great deal of excessive regulation, and it would be a huge boost for British democracy. We would take back control of very considerable sums of money.

**Q1241 Rachel Reeves:** Do you think that part of the success of the UK economy is being an outward-looking trading nation?

**Boris Johnson:** Yes, I do.

**Q1242 Rachel Reeves:** In that case, do you not think that having free trade with our nearest neighbours is an important part of our success as an economy?

**Boris Johnson:** I do, and I see absolutely no reason why that should not be perpetuated.

**Q1243 Rachel Reeves:** You may see absolutely no reason for it not being perpetuated, but it needs the agreement of 27 legislatures, which, as Canada has found and is still finding, is not always that easy to achieve. What evidence do you have for suggesting, Mr Johnson, that we will be able to achieve an agreement in two years?

**Boris Johnson:** I would cite the Prime Minister, David Cameron: “Would we be able to trade freely? Yes, of course we will”, and Lord Kerr, who said, “Of course we would be able to do a free trade deal”.

**Q1244 Rachel Reeves:** Can you point to any trade agreement between the EU and another country that has taken less than two years to negotiate?

**Boris Johnson:** Do not forget, because people will want to understand the context—

**Rachel Reeves:** Can you point to one, Mr Johnson?

**Boris Johnson:** The UK will remain within the existing treaties for two years anyway, and I believe that will be abundant time to negotiate a free trade deal. If you can point to me any EU country that wishes not to do a free trade deal with us, I would be interested to hear about it.

**Rachel Reeves:** It is our prerogative to ask questions in this Committee, Mr Johnson. I have asked you whether—

**Boris Johnson:** I am telling you that we have absolutely no—

**Rachel Reeves:** Sorry, Mr Johnson, with respect—

**Chair:** Order. Sorry, Rachel.

**Q1245 Rachel Reeves:** Thank you, Mr Chairman. With respect, Mr Johnson, my question was: do you know of any trade deal between the EU and another country that has taken less than two years? Yes, or no?

**Boris Johnson:** No, I do not, and that is one of the defects of the EU.

**Rachel Reeves:** Okay. If it is okay, I will move on to my next question.

**Boris Johnson:** That is one of the defects of the EU. You are making my point, if I may say so, Ms Reeves, because one of the catastrophic weaknesses of the system is that the EU is unable to strike these deals. They cannot do a free trade deal, even with China. Iceland has done a free trade deal with China. Switzerland has done a free trade deal with China.

**Q1246 Rachel Reeves:** You are rather, Mr Johnson, I believe making my point: that it is very difficult to secure these type of trade arrangements, and given that it takes such a long time to make a deal and we are dependent on free trade in this country—

**Boris Johnson:** This is absolute scaremongering and total nonsense—total scaremongering.

**Rachel Reeves:** I am just using the evidence, Mr Johnson.

**Boris Johnson:** There already is, as you know perfectly well, a free trade area in the European landmass stretching from Portugal to Turkey, to the borders of Russia. To get back to my point, it is not Britain that trades; it is British people, British companies, British firms. They will continue to trade, more than ever before, with countries, with people, with partners on the continent of Europe, and do not forget 70% of our non-EU trade is done without any trade deals whatsoever.

**Q1247 Rachel Reeves:** We may well trade; however, whether we have a trade agreement and whether we have tariffs and other non-tariff barriers is my point.

**Boris Johnson:** Why would they put tariffs—

**Chair:** Order, order. Boris, you really have to stop interrupting people trying to ask questions.

**Boris Johnson:** I am so sorry. Forgive me.

**Chair:** If I may say so, when you answer the questions, it would help if you do try to address the question that was asked, even if it may not necessarily be the one you would like to hear or have asked.

**Boris Johnson:** I think I have demolished all the questions that have been asked so far.

**Chair:** I know earlier you were giving hints on what you would like us to ask, but we make up our minds on what we are going to ask here.

**Boris Johnson:** Forgive me.

**Q1248 Rachel Reeves:** If we look back at Canada, and I pick on Canada because it is the country that you cited as an example—you thought we should strike a deal along the lines of Canada’s—I would like to look a little bit more at the Canadian deal. Is the Canadian deal good for the service sector in Canada in accessing EU markets?

**Boris Johnson:** With great respect, this question has been asked before. The Canadian deal has some aspects that are attractive, such as the removal of 97% or possibly 98% of tariffs. That seems to be an attraction. It is clearly not ideal for the UK. What we want, as George Osborne has rightly said, is a British deal, and that is what we will get.

**Q1249 Rachel Reeves:** Let us look at the tariffs and then the non-tariff barriers. If we look at agriculture, for example, tariffs have been eliminated in most areas but not all. More than 90% of UK beef and sheep exports go to the EU, but tariffs on those exports for Canada still exist—tariffs of more than 12% if you go over a certain quota. There are still substantial tariff barriers in areas, so do you think that the Canadian deal would be good for farmers in the UK, if we were to secure that deal?

**Boris Johnson:** As I say, there are attractions to the Canadian deal. There are obviously things we would do much better. The fact that the UK has been part of the EU for 44 years augurs very well for doing a substantial free trade deal involving a comprehensive deal both on services and goods, and indeed on agricultural products, as our friends have absolutely no interest not to do such a deal.

**Q1250 Rachel Reeves:** You make that assertion, Mr Johnson, but the German finance minister, Wolfgang Schäuble, who appeared on *The Andrew Marr Show* on the same day that you did, said, “You are either in the single market or you are not in the single market, and if you are not in it then you have trade agreements”. We may have those arrangements, as you rightly say, currently, but there is no guarantee whatsoever that we would have the same sort of access as other countries you have mentioned this morning, as Switzerland and Norway have to both contribute to the EU budget and accept free movement. You seem to want to have the best of both worlds, which I am sure we all agree would be fantastic.

**Boris Johnson:** That’s the spirit.

**Rachel Reeves:** However, the reality is not always the same, and I like to deal in realities, Mr Johnson. If we move on, now, to the other aspects of the Canada deal. Inside the EU, financial firms based in the UK can sell their services directly to EU countries through passporting. Does Canada have those arrangements in its deal with the EU?

**Boris Johnson:** On passporting, I see absolutely no reason why our friends and partners should not want to continue current arrangements, when you consider that their banks benefit very considerably from their presence in London. They would want to have reciprocal arrangements. I think Deutsche Bank has about 8,000 employees in London.



**Chair:** Just to tell you, and to tell everybody in the room, that at 11.00 am the division bell will sound and we will observe one minute's silence, as will the rest of the House of Commons, in respect for the events in Brussels. Rachel, do carry on, but you may need to interrupt your answer.

**Q1251 Rachel Reeves:** Yes, of course. Again, Mr Johnson, you assert that we will get these arrangements, but presumably Canada wanted these arrangements, and wanted further barriers to be broken down, but that was not to be achieved. I do not think there is any evidence that we will get everything we want through a negotiation.

**Boris Johnson:** That is a bit defeatist, if I may say so.

**Q1252 Rachel Reeves:** You are not pointing to any evidence. I am pointing to the evidence that exists, based on the trade deal that you cited as the type of trade deal that you wanted. When we are making such important decisions and when our constituents are having to make such important decisions, they need to do that based on the facts. If you look again at the airline industry, the relationship between Canada and the EU does not afford the same sort of access that the single market does. I believe there are risks for farmers from the Canada deal, there are risks to financial services, there are risks to airlines, and risks to motor manufacturers as well. I am afraid, Mr Johnson, you have not provided any evidence that we could secure a deal that is better.

**Boris Johnson:** I merely point out to you that, unlike Canada, we have been a member of the European Union for 44 years.

**Q1253 Rachel Reeves:** And because of our membership of the EU, we have access to the single market, and the abolition of tariffs and other trade barriers. You are, Mr Johnson, making my point. It is because we are members of the EU that we have a better deal than Canada.

**Boris Johnson:** My point is that, thanks to the close relationships and understanding that there is between our countries and our systems of trade, there will be absolutely no difficulty at all, given the substantial balances that they have in their favour with us. I am speaking particularly about France and Germany, but also Spain and other countries. I think there will be absolutely no difficulty whatsoever in getting a free trade deal.

**Chair:** Order, we are at 11.00 am, and you will be able to continue in just a moment.

*The Committee observed a minute's silence.*

*On resuming—*

**Chair:** Do continue, Boris. You were halfway through a reply to Rachel.

**Boris Johnson:** I had completed my point.

**Chair:** You said there would be no difficulty at all in negotiating. I think that was your phrase.

**Boris Johnson:** There is a defeatism that rises off this debate. We have a huge number of very competent officials, about 1,700, who are capable of negotiating trade deals. The pity of it is that in the European Commission, which does our trade deals for us, only 3.6% of officials come from this country. I do not know if I will get an answer to this, so I ask this rhetorically: how do people think we can expect that European Commission to do deals with other countries around the world that reflect Britain's needs?

**Chair:** Rachel has one more question for you.

**Q1254 Rachel Reeves:** Mr Johnson, you are the person who in your speech on 11 March cited the Canadian deal. It took seven years to negotiate. It is going to take seven years to fully implement. I do not want to take until 2030 to get access to markets that we can access today.

**Boris Johnson:** That is total tripe. There is a free trade area from—

**Q1255 Rachel Reeves:** Sorry, let me just ask my question. Sir John Cunliffe gave evidence to this Committee on 8 March. He is one of those 1,700 people who could do our negotiations, and he was indeed the UK representative in Brussels for many years, and he was for many years the Sherpa on G20 deals. He said, "Different countries have very different views and I personally would expect, regardless of what the UK decided it wanted, that on the European Union side it would take some time for them to work out what they wanted to do". He is one of those 1,700 people who you say would be able to do the negotiations. I have every confidence he would be able to do the negotiations, but as he says it will take some time. I do not think that is time that British businesses and employers can afford.

**Boris Johnson:** I am afraid you are being too pessimistic, both about British business and about our ability to do these deals. Indeed, if you look at what the Prime Minister has said, what Lord Kerr has said, and what virtually everyone who is a permanent representative to the EU has said, there is absolutely no doubt that we could do a free trade deal and do it, in my view, in very short order. It is overwhelmingly in the interests not just of the UK but of our partners to do such a deal.

**Q1256 Rachel Reeves:** Yet Wolfgang Schäuble says that you are either in the single market or you have a trade agreement.

**Boris Johnson:** Yes, and that is what we want.

**Q1257 Rachel Reeves:** We will have a trade agreement, you believe, Mr Johnson, that will give us all of the benefits but none of the costs?

**Boris Johnson:** Absolutely, and that is the way forward.

**Rachel Reeves:** You have said that with no evidence to back it up.

**Boris Johnson:** Yes, and I say that because if you look at what Wolfgang Schäuble said, and I remember that interview, he spoke of a disaster for the European economy if the UK left, and in my view the disaster is being caused by the euro, and the catastrophic failure of that policy, driven by Germany. If unemployment rates increase, there is still about 50%—

**Rachel Reeves:** The referendum is not on the euro.

**Boris Johnson:** What I am saying is I am not going to take lessons from Wolfgang Schäuble about economic disaster in Europe. Look at what has happened. Look at what has happened on that continent. You are paid to represent working people. Look at what has happened to the people of Europe.

**Q1258 Chair:** Okay, order, Boris. *[Interruption.]* Order. When I ask you to quieten down, Boris, I would be grateful if you did. That may or may not be a very interesting point, but it is certainly not very closely related to the question you were asked. I would like to ask you a question, though, that is closely related to what you were asked. Is there—I should tell you I do not know of any—a bilateral free trade agreement between two regional bodies, or one country and a regional body, that gives full access to financial services?

**Boris Johnson:** I cannot give you the answer to that. I do not know.

**Chair:** I do not think there is, but if there is perhaps you will come back and let us know.

**Boris Johnson:** If by that question, you are implying that—

**Chair:** These things are very difficult to negotiate, Boris. That is what I am implying.

**Boris Johnson:** If you are implying that the rest of the European Union were to be so foolish as to discriminate against UK financial services, that would be wholly wrong. I do not think that would happen for one minute. The precedent is amply there, in the case of the euro. You were told that money and power and banks would migrate away from London. It did not happen. They were wrong then, and they are wrong now. Those who said that you needed the single currency to complete the single market were wrong.

**Q1259 Chair:** Does that include all those people who were polled: the business leaders, the 85% in those polls, and the 70%-odd in another poll?

**Boris Johnson:** Yes.

**Q1260 Chair:** You made one other remark that we just need to clarify. You said that the Governor of the Bank of England was making a political argument. Do you think the Governor was going beyond his remit in doing that?

**Boris Johnson:** No, I have a high regard for the Governor of the Bank of England.

**Q1261 Chair:** Do you think his remit can cope with him making political arguments? Is that part of his remit?

**Boris Johnson:** I know you have had him here before your Committee recently, and I am sure you asked him something along those lines. He is expressing his views as Governor of the Bank of England.

**Q1262 Chair:** But was he right or wrong to do so?

**Boris Johnson:** He has a perfect right to express his views. I do not happen to agree with them.

**Chair:** That is clear enough.

**Q1263 Wes Streeting:** Does the governor have a right to make an economic or a political argument?

**Boris Johnson:** He has a perfect right to express his views.

**Q1264 Wes Streeting:** The governor should be able to make a political argument about the European referendum, should he?

**Boris Johnson:** I think the Governor of the Bank of England was saying that there were short-term downsides.

**Q1265 Wes Streeting:** To be fair, we heard what he had to say. I do not need it translated. It is wholly inconsistent for you to say that there is not an economic argument for remaining in the European Union but it is an economic argument the governor has made, and yet you have confidence in it. If the Governor of the Bank of England was making an economic argument I did not agree with, I am not sure I would share your confidence. However, that is about as consistent as some of your other positions we have heard this morning. I want to pick up Rachel Reeves' point about the negotiation post-referendum. You seem to think, unlike our former man in Brussels who has been at the heart of European negotiations for years, that we will be able to negotiate a favourable deal pretty much on the same terms as we have now, because we have had that relationship with the European Union.

**Boris Johnson:** That is right.

**Q1266 Wes Streeting:** On what basis? What possible evidence? Surely we would face some penalties.

**Boris Johnson:** Why?

**Q1267 Wes Streeting:** You made that argument yourself, in August 2015 in *Der Spiegel* in Germany, and I am just wondering if you make a Europhile argument to pro-Europeans, whether in this place or in Europe, and a Eurosceptic

argument to Eurosceptics. Nonetheless, you said yourself, in August 2015, we would face some penalties. What penalties did you have in mind?

**Boris Johnson:** I am sure that there would be some penalties. I do not know. Frankly, I have no idea what penalties they might be so foolish as to try to impose, but let us face it: there would be some short-term feeling of hurt, perhaps, on the part of some of our European friends and partners. It would be very important to allay those, and to point out that it was overwhelmingly in the interests not just of the UK but of the whole of the European Union that we should stop a system that is, in my view, out of control, anti-democratic, and weakening people's trust in politics. If you look at what is happening across the EU, you have the rise of the far right; you have anti-German demonstrations taking place in Greece.

**Wes Streeting:** Let us keep things close to home.

**Boris Johnson:** The EU, and certainly the monetary union experiment, has been very damaging.

**Q1268 Wes Streeting:** But unrelated to our membership of the European Union. We are not in the euro. You have repeatedly, this morning, talked about the euro or indeed risk of exposure to the euro even if we were still part of the single market, as I think we should be whether we remain or leave. That does not alter our relationship with the euro.

**Boris Johnson:** It does. It does. Can I come back on that?

**Wes Streeting:** No, I want to move on, if I may.

**Chair:** I would be grateful if you would answer the question you were asked.

**Q1269 Wes Streeting:** On the domestic implications in the event of a Brexit vote, again, I see this picture of the Prime Minister emerging in the event of a Brexit vote—who knows, it may be a different Prime Minister. I am sure they are not going to be talking about this new land where children can choke on balloons and we can recycle our teabags. They are going to be dealing with the practical economic realities of leaving the European Union. Earlier you said that there is no reason for uncertainty. Do you not agree that if we were to leave the European Union—if there were to be that vote—there would be an economic shock?

**Boris Johnson:** No. I think, as I said, the best comparator is the Y2K bug.

**Q1270 Wes Streeting:** No, we have heard this. I have heard your Y2K bug example, and in fact your own economic adviser has said, "Leaving the EU would be an economic shock". You do not agree with the Governor of the Bank of England, but you cannot explain why. Now, seemingly, you do not agree even with your own economic adviser. Could you please point to any evidence whatsoever, beyond argument and beyond a view—

**Boris Johnson:** Yes. Beyond argument—you do not want argument.

**Wes Streeting:**—that tells us there will not be an economic shock in the event of Brexit?

**Boris Johnson:** I will give you the most obvious. First of all, Gerry Lyons has been absolutely clear that the UK would benefit massively from Brexit and it is overwhelmingly the right thing to do. That is his judgment and I think he is right. Secondly, what is the evidence that there would not be an economic shock? I simply point you to and revert to all the arguments that were made at the time of the euro decision. There were many people who were saying then that it would be—

**Chair:** We have heard that argument, and I am going to close that down. We must have heard that about six or seven times.

**Boris Johnson:** On the contrary, it galvanises—

**Chair:** Order, order. We have heard that argument six or seven times in your responses. It is a very interesting point, and one that people can weigh outside this room, but we have heard it before. You have now alluded to it again in response to that question. If you have some new points to make, please do make a new point.

**Boris Johnson:** The CBI, which got it so wrong about the euro, put out a study a couple of days ago in which they predicted what would happen upon a Brexit, which I thought was grossly negative, but even in their most negative scenarios, there were still 3 million more jobs by 2030. I do not happen to agree that they are right to be negative. The British economy and British democracy would be galvanised, and we would take back control over our borders, and we would take back control over about £10 billion, or £8.5 billion net, that we send to Brussels. It is high time, frankly, that we did so.

**Q1271 Wes Streeting:** You cannot even tell us what the Brexit scenario would look like, and the events this week show us that economic forecasts barely last months, let alone decades. Let's not put too much stock in them.

**Boris Johnson:** Why are you predicting an economic shock?

**Q1272 Wes Streeting:** Your economic adviser has predicted the economic shock, and you do not agree with him. That is an issue you should probably take back to City Hall.

**Boris Johnson:** He is predicting very clearly we would be much better off out.

**Q1273 Wes Streeting:** Let me just take your own view, or at least the view at the time. When you were questioned by Andrew Marr, he raised this metaphor of the Nike tick, or the Nike swoosh, to describe what would happen in the event of Brexit, and he said there would be a period, presumably in the downward bit of the swoosh—I can draw a diagram, if that is helpful—where people would lose their jobs, and you said there might.

**Boris Johnson:** You are now quoting Andrew Marr.

**Wes Streeting:** You said that it might—it might. However, there is no uncertainty.

**Boris Johnson:** Our risks are roughly the same as the Y2K millennium bug, and we are talking ourselves into needless negativity about this.

**Q1274 Wes Streeting:** No, hang on a minute: I am shutting down this Y2K bug stuff. You keep on falling back on this argument. The only relevance of the Y2K bug here is that there was no evidence for the Y2K bug and there is not much evidence for the arguments you are making.

**Boris Johnson:** There is not any evidence for the arguments you are making.

**Wes Streeting:** I have cited your economic adviser.

**Boris Johnson:** He thinks it is overwhelmingly right to leave the EU.

**Q1275 Wes Streeting:** I have cited a quote you have given to a German newspaper. Let's instead turn to an independent report released by the CBI—I know you do not have much time for them, but it was conducted by PwC—and that warned that a vote to leave the EU would cost the British economy £100 billion and 950,000 jobs. How many job losses would it take before you would change your mind again on Britain being a member of the European Union?

**Boris Johnson:** As I say, if you study that report properly and closely, as I am sure you have, you will find that it predicts there will be 3 million more jobs as a result of a Brexit.

**Q1276 Wes Streeting:** That is by 2030. If people worried about paying the bills in the next two years, what is your message to them?

**Boris Johnson:** I believe the country as a whole would be £10 billion better off from day one, net, and we would be able to invest that money in projects, goods and services that our country needs. Secondly, we would take back control of our frontiers, and we would relieve the colossal downward pressure on wages that we have seen.

**Wes Streeting:** I am not touching on immigration just yet.

**Boris Johnson:** No, it is very important. You are asking about whether people will be better off.

**Wes Streeting:** No, I asked about jobs.

**Boris Johnson:** Well, let's talk about jobs. Let's talk about employment.

**Q1277 Wes Streeting:** I am trying to bring you back to the next two or three years, because most families cannot plan their finances over a period of decades.

**Boris Johnson:** Let's talk about jobs. Let's talk about families' finances.

**Chair:** Order, Boris. I am not going to instruct you to stop interrupting the questioner again.

**Boris Johnson:** Alright.

**Mr Rees-Mogg:** But the questioner is interrupting him, Chairman. It is a bit unfair.

**Chair:** Order, Jacob.

**Wes Streeting:** If we got direct orders, I would not have the need to interrupt him.

**Chair:** Order, Wes.

**Mr Rees-Mogg:** It is a bit unfair.

**Chair:** Boris, let Wes ask his question, and then try to address your answer to the question, not to what, perhaps, you might have wanted the question to be.

**Q1278 Wes Streeting:** In the short term, there would be an economic shock. Of course there would, because there is natural uncertainty. Even if the Government have a clear position about their platform for renegotiation, which as far as I am aware they do not, we would still have to get the agreement of every other EU member state. That breeds uncertainty and there is risk, and I am afraid I put a bit more stock in independent analyses by economists that warn about job losses in the short term. What work have you done as Mayor of London to look at what would happen in terms of jobs in London in the next two to three years? How many job losses would there be for Londoners in the next two to three years—whether that is people on the trading floor or the people who clean the trading floor—and how many job losses would it take before you changed your mind?

**Chair:** Let us hear what Boris has to say.

**Boris Johnson:** Thank you, Mr Streeting. I believe the London economy, along with the rest of the UK economy, would benefit from the removal of a huge amount of regulation and red tape. It would also benefit many Londoners on low incomes, who currently have very poor access to services such as the NHS, education or whatever it happens to be, simply because of the pressure on those services from uncontrolled immigration. I must be very honest about this: I am pro-immigration. I believe it is a good thing, but it is absolutely wrong of politicians to be unable to control those flows.

In the last year for which we have figures, we had 330,000 net immigration into this country. That has unquestionably exercised, which you should care about very strongly, a downwards pressure on the wages of all our constituents. It has made it much more difficult for social services to cope. It has put huge pressure on public services of all kinds. It is not reasonable for us, in London or anywhere else in this country, to be asked to cope with those kinds of numbers without some sort of measure of control. It is not reasonable for politicians continually to tell the electorate that they can control it when they cannot.

People feel that very strongly. I think it was Lord Rose who came to this Committee and made the point that a Brexit would lead to an increase in wages for the low paid. That is something you might bear in mind when you talk about jobs and the impact on jobs of a Brexit.

**Q1279 Wes Streeting:** Would you, in the event of Brexit, want Britain to remain part of the single market?

**Boris Johnson:** I have given that answer about 15 times.

**Q1280 Wes Streeting:** Your views tend to change from one question to another. Further down the track, if we have negotiated Britain taking part in the single market, do you accept that we may still be subject to European regulations?



They may still insist on freedom of movement as a principle and, even if they did not, a country like ours and a city like London is still reliant on immigration to drive its economy.

**Boris Johnson:** I referred to controlled immigration, and it is totally wrong that politicians should continually tell their electorates that they can control numbers when they cannot. There is no reason at all why this country should not be able to continue to attract talented people without having an open-door policy. The whole argument has changed very much over the last 20 years or so, because before Maastricht basically you were able to move to another EU country if you had a job to go to. When I went to work on the continent, I had to go and report to the commune, I had to show evidence that I had a job, and all the rest of it.

That is no longer the case under the doctrine of European citizenship. Anybody can travel around in search of work and indeed, as you know, to receive benefits. That is leading to colossal pressures across the EU, and when you have a gigantic free travel area and you have huge difficulties of controlling immigration coming in to the EU zone, you are making life really difficult for government at all levels.

**Q1281 Wes Streeting:** I just want to finish on the issue of trust. If we were to leave the European Union but still be subjected to EU regulations and there was still inward migration to drive the economy, are you not concerned that people who are voting to leave the European Union on the basis of sovereignty and immigration might feel cheated? Secondly, whatever criticisms I may have of the facts or lack of facts you may have put across in answers, I do not think many people would doubt that this morning you have put across an enthusiastic and rather passionate case for leaving the European Union. Do you not understand why many of us find it hard to believe that passion and believe your authenticity when, over the course of your political career, you have been making very different arguments?

**Boris Johnson:** Rubbish. I have not. To answer your second point first, you would be hard pushed to find a single British politician or journalist who has written more about the failures of democracy in the EU over the last 30 years than me. With the possible exception of Daniel Hannan, I do not think there is a single one, and I resent it very much. I have given you my explanation of what I think has gone wrong and is going wrong with the European Union. This thing is out of control. It is totally out of control, and what we need to do is take back control, particularly over the funds and over our borders.

Somebody sent me a cutting from 25 years ago, *Daily Telegraph*, Thursday 17 January 1991, which predicted the EC was facing 800,000 immigrants a year. As I reported, “As 1992 draws near, the issue is becoming increasingly sensitive amongst member states. France shares British anxieties that abolition of frontier checks could see migrant workers wandering unchecked from Czechoslovakia to Spain, from Algeria to London”. That was 25 years ago; at the same time Andrew was writing about how you needed a single currency to complete a single market, I was accurately predicting what would happen in a border-free Europe.

To answer your first point about what would happen post-Brexit and what we would do with our frontiers, there is no reason at all why you should not be able to have free trade, as exists,

as I say, from Iceland to the borders of Russia, without having free movement in the way that we currently have it. It did not exist before Maastricht anyway. Why is it necessary? It is not the law of the Medes and the Persians; there is no reason why we should have it.

**Q1282 Chair:** When you spoke in the House of Commons in 2003, which is a bit more recent, I have the strong impression from reading that speech that you were strongly supportive of enlargement and the immigration that came with it. Do I take it that you have changed your view?

**Boris Johnson:** I was supportive of enlargement, because it was then the view of the Government—and I thought, rightly, it was the British view—that if we widened the EU it would somehow become a more tenuous relationship, a looser arrangement. Instead, the widening of the EU has seen an intensification of the dominance of Germany. Let's be totally clear about what has happened. The whole federal structure has accentuated German preponderance within Europe.

**Q1283 Chair:** I am just trying to clarify whether your view has changed with respect to that enlargement and the associated immigration.

**Boris Johnson:** I think it was the Blair Government that decided, prematurely, to allow the EU accession countries to have free movement, to get rid of the derogation, as I recall. I do not think that was the right thing to do.

**Q1284 Chair:** Earlier you said it was rubbish that you had changed your view, and I am just looking at what you said in 2003, which is not that long ago. You said, in regard to the measure for the introduction of 10 countries into the EU, including the A8 East European member states, “It is hard to think of a measure that the Government could have brought to the House that I could support more unreservedly and with greater pleasure”.

**Boris Johnson:** Of course.

**Q1285 Chair:** You also said, quite recently, “For the life of me, I cannot see the economic logic of restricting immigration on the grounds that it increases house prices”.

**Boris Johnson:** There are plenty of pressures that immigration puts on all kinds of services, and the point I was making there was about the impact of foreign buyers on the London market. That has been grossly exaggerated. It is certainly the case that, if you look at welfare, the NHS or wages at the bottom end, there have been huge pressures caused by immigration.

**Q1286 Chair:** The question that I am asking you, though, is quite straightforward. I am sorry to interrupt; it is because we hope to finish at 12.00 and we have three more colleagues who want to come in. You did say it was rubbish that you had changed your view, and I am just trying to clarify whether

what you feel you are now saying about immigration constitutes clarification of what appears to have been your view.

**Boris Johnson:** I am in favour of immigration, but I am in favour of controlled immigration.

**Q1287 Chair:** Is that what you meant when you said you supported unreservedly the expansion of the EU?

**Boris Johnson:** Yes.

**Q1288 Chair:** Even though there were no proposals for control on the table at the time?

**Boris Johnson:** No. It was the Blair government, as I recall, that decided to ditch the derogation and allow unfettered immigration. That was the mistake.

**Q1289 Chair:** At the time you said that, you were assuming that a derogation would somehow appear—even though it was not part of the negotiations for us.

**Boris Johnson:** No. Other countries exercised it. As you will recall, Mr Tyrie, other countries decided to protect themselves against such flows and continue to have the derogation. We chose not to.

**Q1290 Helen Goodman:** You said the CBI document claimed that, “After Brexit, 3 million jobs would be created”, but that is not what it says. It says, “In the short term, our results suggest that employment levels fall. Over the longer term, total UK employment could be around 350,000 to 600,000 lower in our two exit scenarios relative to remaining in the EU”. That is what they say. They do not say that it will increase by 3 million, Mr Johnson.

**Boris Johnson:** It does. Ms Goodman, you have to combine tables 4.1 and 5.5. I leave that to your ingenuity. You will see that, even in the worst case scenario, there is a gain.

**Q1291 Chair:** I am not sure that you are as on top of those tables as you appear, since I notice that you are reading from a scrap that has been passed to you by your colleague.

**Boris Johnson:** I notice you have been constantly conferring with some chap sitting on your left.

**Chair:** I quite understand that you may not have the tables 4.1 and 4.6 at your fingertips, but we will take a look at them and come back to it if necessary before the end of the hearing.

**Q1292 John Mann:** Mr Johnson, I had the pleasure of hearing your 2003 speech. It was the first time I had heard you speak, and you also said then, “If we did not have a European Union, we would invent something like it overnight”. I appreciate people do change their minds. It was the most pro-European speech—far too pro-European for my liking—that I had heard in Parliament at that time, very much in tune with the mood of Mr Blair and his Government at the time.

It is interesting to see how people change their views, but I wanted to home in on one of the things you said that I thought was inappropriate. This is, under British law, a sitting of a parliamentary select committee. The Governor of the Bank of England has a remit, indeed a contract. He is not allowed to make political comments. I would judge that, if he were to make political commentary, that would be a sackable offence. You have said that he has made political commentary.

**Boris Johnson:** I did not say that.

**Q1293 John Mann:** Mr Johnson, you said that the Governor of the Bank of England has made political commentary in relation to what he has said to this Committee. I give you the opportunity to correct the record—which exists, verbatim—such that what you meant to say was, “The Governor of the Bank of England made appropriate economic commentary, as he thought fit”. Would you like to correct the record?

**Boris Johnson:** First of all, I would like to see what the record says. My memory of what I said was that the Governor of the Bank of England was at perfect liberty to say what he wanted.

**Q1294 John Mann:** Let me be quite clear, because I wrote it down at the time. You said “political comments”. That is how you described the Governor of the Bank of England. I am giving you the opportunity to correct the record. If you do not wish to, that stands.

**Boris Johnson:** I would love to see the record before I correct it. I am grateful to you for writing down the words “political comment”. It does not seem to represent, to me, a very accurate shorthand note of what I said.

**Q1295 John Mann:** That is an answer. There is a tape and verbatim record of the proceedings. We will see what you have said. In my view, your commentary is wholly inappropriate to a Committee like this. It is a sackable offence, but we will see where that takes us in the future.

**Boris Johnson:** We will.

**Q1296 John Mann:** You also referred to Canada. On 11 March, you said, “We can be like Canada”. In relation to the Canadian agreement, you said—and I am quoting you again—that “one attraction is the wholesale removal of tariffs”. You also suggested that we might need a deeper relationship than Canada has, because of our 44 years. In that Canadian agreement, what was the single big stumbling block that led to Prime Minister Harper not being able to sign it during his tenure?

**Boris Johnson:** One of the biggest difficulties is obviously that Canada has a very different history.

**John Mann:** No, there is only one big stumbling block. I am sure that you have studied what has gone on in Canada; it is contemporary. For Prime Minister Harper, there was one stumbling block to this agreement. I am asking you if you are aware of what that stumbling block is.

**Chair:** We must let Boris now answer the question.

**Boris Johnson:** I am sorry to say that, from my point of view, the attractions of the Canadian agreement are that it gives free trade in a huge number of areas and removes 98% of tariffs. As I have said before, I do not consider it to be the perfect model for what we need to achieve. What we need is a British deal.

**Q1297 John Mann:** The reason that Prime Minister Harper could not sign it, and the reason it has taken seven years and is still not enacted, is because the EU insisted in those negotiations that the Charter of Fundamental Rights be included. That is the reason that Prime Minister Harper refused to sign it, although there are significant factors relating to human rights in it. How long is this small agreement? What is the length of the agreement?

**Boris Johnson:** If I may say so, Mr Mann, it is you who seem to attach such great significance to the Canada deal. I was merely isolating one attraction of it.

**Q1298 John Mann:** How long is the agreement? You are here as an expert witness. I am trying to prey on your expertise. How long is the Canadian agreement?

**Boris Johnson:** I am sorry, sir. I cannot tell you how long the Canadian agreement is.

**Q1299 John Mann:** Have you read the Canadian agreement?

**Boris Johnson:** Mr Mann, it is you who seems to want—

**Q1300 John Mann:** Are you aware of the name of the Canadian agreement?

**Boris Johnson:** It is you who attach such great significance to the agreement.

**Q1301 John Mann:** Are you aware of the name of the Canadian agreement that you have cited?

**Boris Johnson:** What I want is a deal for Britain—

**Q1302 John Mann:** You are not aware of the name of the Canadian agreement. You are not aware of its length.

**Boris Johnson:** I am not interested in a deal that has defects of the kind—

**Q1303 John Mann:** Are you aware of its content?

**Boris Johnson:** It gets rid of 98% of tariffs. That seems to me to be admirable.

**Q1304 John Mann:** Are you aware of its content on human rights?

**Boris Johnson:** You have just mentioned that.

**John Mann:** It is 598 pages.

**Boris Johnson:** If I may say so, you are rather making my point. It is absurd that the EU should be introducing such requirements into international trade negotiations—absolutely mad.

**John Mann:** Let's go on to tariffs.

**Chair:** We just need to have Boris' reply to the specific point that John made. If you could be brief, that would be helpful.

**Boris Johnson:** It is absurd that the obstacle to the EU-Canada trade agreement should have been the Charter of Fundamental Rights. I am taking this from you, Mr Mann. If that is indeed the case, I see no reason why the charter should be such an obstacle. It seems totally irrelevant to our trade concerns. Anybody that has studied the 55 articles of the Charter of Fundamental Rights will know that some of them are very peculiar indeed. They go way beyond the normal understanding of human rights.

Why on earth the Commission feel it is necessary to use this as the basis for trade negotiations is beyond me, and I think it is totally inappropriate.

**John Mann:** It does in the current ongoing trade negotiations with Canada.

**Boris Johnson:** Totally wrongly. Mr Mann, it shows why we need to re-negotiate our own deals.

**Chair:** Order, Boris. John, have a go, and then Boris.

**John Mann:** No, it shows what the negotiating stance of the European Commission is and why it took the Canadians—who had a similar approach to you—seven years to negotiate. Clause 2.11.3 of the Canadian agreement says that, “Canadian products can only be imported and sold in the EU

if they fully respect the EU regulations without any exemption”. In their current negotiations, the EU is requiring full acceptance of EU regulations to allow Canadian products into the EU. That is their negotiation stance.

**Boris Johnson:** I hesitate to be remotely disrespectful to this Committee, but if you want to sell into a domestic market, of course you have to make sure that your goods comply with those domestic requirements. That is the case for the US or Switzerland exporting to the EU. One of the interesting things is that, in spite of not being a member of the so-called single market, the US has seen a much bigger increase in its exports per capita to the EU than we have. The same is also true of Switzerland.

Countries do not trade with countries. People trade with people. Businesses trade with businesses. They will continue to do so to a huge extent.

**Q1305 John Mann:** Countries put up tariffs. You raise the animal by-products directive 2002. What is your assessment of the AQSIQ negotiations ongoing with China?

**Boris Johnson:** If you are talking about the EU-China negotiations—

**John Mann:** I am talking about the British-AQSIQ negotiations.

**Boris Johnson:** I am sorry. I cannot give you an informed commentary on that except to say that it is very sad that we are currently unable to do a free trade deal with China, because that competence has been given to the EU.

**Q1306 John Mann:** No, China refuses to do any specific negotiations with the UK on it at the moment. I am meeting the Secretary of State in two weeks’ time on the very issue because it affects jobs in our area. You happened to quote the animal by-products directive. Which country initiated that?

**Boris Johnson:** I am sorry. I cannot tell you that.

**Q1307 John Mann:** You came in in 2001, the same time as me. Can you not recall what happened when we came in that might have led to the British Government wanting to propose an animal by-products directive?

**Boris Johnson:** I am sorry—yes, it was foot and mouth.

**Q1308 John Mann:** Why did that directive get brought in at the behest of the British Government?

**Boris Johnson:** As I recall, we wanted to restore trade in British beef and livestock with the rest of the EU. We were keen to persuade them to accept our beef. As I recall, they did not. In spite of our membership of the EU, Mr Mann, they kept our beef out. They did, illegally and in a highly discriminatory way that affected our farmers and businesses.

**Q1309 John Mann:** The directive came in at DEFRA's request, in order that we could get that industry going again.

**Boris Johnson:** Let me ask you: did the French drop their ban? When did the French drop their ban?

**Q1310 John Mann:** You cited that as an example of terrible regulation, but in fact that regulation—that you did not vote or argue against in Parliament—was precisely to tackle tariff barriers to our industry.

**Boris Johnson:** I am sorry—it is possible that you were not here at the beginning of this conversation, which was a couple of hours ago. What the Chairman, Mr Tyrie, said was that there was no evidence to suppose that you could not recycle teabags. I pointed out that this resulted from Cardiff Council manically over-interpreting an EU directive. I made no comment on the rights and wrongs of that directive, which related—as you rightly say—to BSE. I commented on the ludicrous gold-plating of that directive and the behaviour of Cardiff Council. The record will reflect that, Mr Mann.

**Q1311 John Mann:** Mr Johnson, the beauty of these hearings is that there is a record of them. If any expert witness is inconsistent, that can be seen.

**Boris Johnson:** You will find that I have been perfectly consistent.

**Q1312 John Mann:** You say that there 2,500 statutory instruments per year. You have been in Parliament for six years and came in on the same day as me. How many have you voted against?

**Boris Johnson:** I had been out of Parliament for a while, but I am now back in.

**Q1313 John Mann:** You have been in for six years—the period I have been in, and started on the same day. That would be around 15,000 that you are claiming in the period that you have been in Parliament. How many have you voted against? How many? 14,000? 10,000?

**Boris Johnson:** Many of them as you know, Mr Mann, cannot be voted against at all. I used to serve on something called European Standing Committee B and it was a completely pointless exercise. There is absolutely nothing this Parliament can do to stop the vast majority of this. It is absolutely true. It goes through on the nod. There was nothing we could do to stop it.

I remember being on the European Standing Committee B and asking whether there was anything we could practically do to stop the stuff we were effectively rubber-stamping, and there was not.



**Q1314 John Mann:** Any member can attempt to force a vote on any issue in here. I am asking you on how many occasions—out of these 15,000—you have attempted, by vote or speaking, to block them?

**Boris Johnson:** When I was on European Standing Committee B—I would have to go back and look at what I said—I certainly remember being appalled by some of the things that we were being asked to rubber-stamp. However, it was made clear to me that that was the position we were in, this stuff had to go through the House of Commons, and there was nothing that we could do about it because of the supremacy of European law under the 1972 European communiqué.

**Q1315 John Mann:** The answer is that you have hardly forced any votes on any of them during your period of time in here.

**Boris Johnson:** It would have made absolutely no difference whatsoever, as you know very well, Mr Mann. It is absolutely absurd to pretend otherwise. This House has no ability to stop European legislation or statutory instruments.

**Q1316 Chair:** You have had an important and clear exchange on that. We have your point on that issue, which is well made. Many of us have some sympathy with the point that you are making, but I do want to pick up on one of the agriculture points that John Mann made and bring in George Kerevan at this point.

**Boris Johnson:** This is a marathon. This is turning into a European agriculture council. Let's have an all-nighter—a fisheries council.

**John Mann:** It is called a select committee.

**Chair:** Part of the reason, Boris, is that you do occupy the odd minute or two in the sidelines of our conversations with remarks of exactly that kind.

**Q1317 George Kerevan:** At your now famous Dartford Vote Leave launch you said that the common agricultural policy was “demented” and it adds “about £400 to the cost of food for every household in this country”. Are we to take from that that if Britain votes to leave the EU, the average household will be £400 better off in some direct way?

**Boris Johnson:** There would be some reductions in the cost of food, made possible by getting rid of some bureaucracy and provisions in the current CAP system.

**George Kerevan:** You have put a number on it. The number was strategically used, so I am just trying to get the number clear.

**Boris Johnson:** Let me give you a full answer, Mr Kerevan. It is very important for my side of the argument to stress that we believe in subsidising and supporting agriculture. It would not be reasonable to expect British agriculture to survive without direct support. What we are advocating is a repatriation.

**Q1318 George Kerevan:** I appreciate that. I am trying to clarify the number. You used a specific number, which got a lot of publicity. It may be right or wrong; I am just trying to clarify it. Are you saying that it is not £400 if we leave? What is the saving?

**Boris Johnson:** The extra cost of food as a result of the CAP has, for a long time, been put at £400 per year, per family.

**Q1319 George Kerevan:** By whom?

**Boris Johnson:** I would be very happy to write to you with the provenance of that statistic, but that is certainly a statistic that I have read for a long time.

**Q1320 Chair:** Would it not have been a good idea to try to find out what that statistic was before making it in a speech like that?

**Boris Johnson:** Mr Kerevan, I would be very happy to supply you and Mr Tyrie with the origins of it. If you think about it for a second, you can see that if you support agriculture in all sorts of ways—through subsidies and tariffs—there will be an extra cost. The question for us is: is the CAP efficient?

**Q1321 George Kerevan:** £400 is misleading, because it is not what people would save.

**Boris Johnson:** Is CAP efficient in the way—

**Q1322 George Kerevan:** No, you have gone off on a tangent. I am trying to be as specific as possible. We have a number. You introduced the number; you do not know where it came from. Is it a £400 saving—or is it £300 or £200—or do you know?

**Boris Johnson:** Let's be very clear: there is a cost to the consumer.

**Q1323 George Kerevan:** You used a specific number two weeks ago. You do not know where it came from. You are now telling me that it would not be £400; it would be less than that.

**Boris Johnson:** You have spoken about a saving. I was speaking about a cost.

**Q1324 George Kerevan:** You said that there was a £400 cost at the moment. You used the number. If we leave—I am asking—do we save that £400, wherever it came from?

**Boris Johnson:** My answer is that we would not save all that £400. We would save some.

**Q1325 George Kerevan:** How much?

**Boris Johnson:** I cannot give you that figure. We will certainly continue support for agriculture, and all farmers will continue to receive the current levels of subsidy. We would need to make sure that was baked in very firmly and that stewardship and deficiency payments—payments for agriculture—would be maintained.

**Q1326 George Kerevan:** As well as UK subsidy to farming and fishing, do you mean you would maintain the £3 billion a year that goes to British farmers from the EU?

**Boris Johnson:** Yes, but do not forget the FEOGA budget, or the European Agricultural Guarantee Fund, is something to which we are huge net contributors. We pay in much more than we get back. The net contribution on FEOGA is something like £4 billion. I would have to check the figures, but it is a very considerable net payment we make in to the European agricultural system. There will be more funds available for the support of other vital services in this country. More to the point, I think everybody does understand.

**Q1327 George Kerevan:** I appreciate the editorial comment as a journalist. The £400 that you have used, and which is constantly used, comes from the TaxPayers' Alliance. It comes from data that is seven or eight years old, so it is quite whiskery. It does not include netting back the money that comes to British farmers, which is about £3 billion a year. Even on its own grounds, that £400 is misleading because it does not include the money that comes back to British farmers and British businesses.

**Boris Johnson:** As I have tried laboriously to point out: at the moment, if you look at the Office for National Statistics' figures, we contribute gross about £20 billion. Through the agricultural, structural and regional funds, or abatement, we get back about £10 billion. There is scope for a colossal saving for British taxpayers.

**George Kerevan:** I understand that.

**Boris Johnson:** I am glad you understand that, because that is a vital point.

**Q1328 George Kerevan:** It is a vital point. The vital point—now that you have explained that you understand that farmers get money back from the CAP—is that the £400 that you are using, which does not include allowance for that net back, is an exaggerated figure.

**Boris Johnson:** No, it is the extra cost as a result of the CAP. In my view, it partly reflects the additional bureaucracy of the CAP system, with its price support, intervention, export refunds—all sorts of mechanisms that are exceedingly inefficient. It would be possible to have strong domestic support for farmers and repatriate the CAP in such a way as to support British farmers in a way that they need and deserve.

**Q1329 George Kerevan:** How would you change the support system?

**Boris Johnson:** The EU is party to witting evil in the way that it discriminates against manufacture and agricultural products from Sub-Saharan Africa, for instance. There are goods that would benefit families in this country that come from markets that are currently prevented from exporting to us by the external EU tariff. People should care about that very much. The whole system of price intervention—although they have moved away from that a great deal—is still crazy.

**Q1330 George Kerevan:** I am asking what your system would be.

**Boris Johnson:** This would be a matter for Government and Parliament to decide, but my preference would be for deficiency payments and farmgate payments that were baked in and supported agriculture in the way it needs to be supported, and stewardship payments as well, because many farmers need support for looking after the land and not just for producing. Thank you, Mr Kerevan, for this question, because it is vital to get across that it would be at the level that they currently enjoy and that level of support would be perpetuated.

**Q1331 George Kerevan:** Is the £400 wrong?

**Boris Johnson:** No. As I have said, the EU system—the CAP—involves all sorts of mechanisms, such as intervention support for prices, such as tariffs.

**George Kerevan:** The bulk of it is the subsidy.

**Boris Johnson:** Before the CAP was invented, Portugal did not even have a sugar beet industry.

**George Kerevan:** We are not talking about Portugal. We are talking about British farmers.

**Boris Johnson:** The result has been that the EU sugar regime has done fantastic damage to the interests of UK sugar cane producers. Tate & Lyle in particular, which I represent in London, are facing huge problems because of the EU's approach. They would be totally liberated by a Brexit. Sugar cane producers in poor countries around the world would benefit.

**Q1332 George Kerevan:** Let us move on, if we can. You have made the point. We have left the EU—let's move on to that scenario. This morning you have said on several points that there is an existing free-trade area across the whole of Europe, from Iceland to the Russian border. That is not true, because agriculture is not subject to free trade across that whole area. If the UK left, we would then face the tariff barriers on food and agricultural products by being outside, which you have mentioned.

**Boris Johnson:** Why?

**George Kerevan:** The EU applies the very tariffs that you have just mentioned that you knew about. They apply to Norway. Are you saying we would have to negotiate free trade access for agricultural products?

**Boris Johnson:** Given the huge exports of agricultural products to this country from the rest of the EU, they would be insane not to do a deal with us involving free trade in agricultural products.

**Q1333 George Kerevan:** That would then require acceding to the CAP rules.

**Boris Johnson:** No. Why? We have already discussed free trade agreements that the EU has done with other third-parties. I see no reason at all why there should not be free trade in agricultural products.

**George Kerevan:** The French farmers might see a reason.

**Boris Johnson:** They might. On the other hand, they might not want their wine or Camembert to face discrimination in this country.

**Q1334 George Kerevan:** Would you advocate counter-tariffs if the EU permits it?

**Boris Johnson:** No. There would not be a need for any such thing. There would be no need for tariffs or counter-tariffs. It is an increasingly primitive way of thinking about the world. Britain is global. We should be trading globally.

**Q1335 George Kerevan:** I am not advocating. I am just suggesting that if you take the concrete example we have of Norway, Norwegian products face tariffs because Norway is in the economic area but not within the EU, although it has free trade in manufactured goods. It does not have free trade on agricultural products. They are subject to the same tariff barriers that the EU puts to everyone else. If we are out of the EU, we face those tariff barriers—unless you can negotiate them away. It is reasonable to assume that part of negotiating those away—if that was possible—would be accepting the common rules for the agricultural policy. You would not get rid of that, so it is either: out, and face the tariff barriers of the EU for food products; or in, and keep the payments.

**Boris Johnson:** I do not follow you and do not agree. It is a non sequitur; I do not think that is true. Yes, we would want to keep free access, and it would be overwhelmingly in the interests of the rest of the EU to do so. However, there is no reason for us to be part of the CAP, whereby we have this extraordinary system where you send in a huge cheque to Brussels; that gets dissipated on all sorts of farm support schemes around the EU, and you get a much smaller amount back for the support of your own agriculture. We would have a system whereby we were able to support our agriculture and support it more generously, thanks to the massive saving that we were making.

**Q1336 George Kerevan:** You want to spend more on agricultural subsidies.

**Boris Johnson:** You might want to be more supportive on some areas. Many people would say that some of the big barley barons have done very well out of the CAP over the last 25 years. You might consider exactly how you wanted to develop your programme so as to the benefit of all producers in this country.

**Q1337 George Kerevan:** Will you use the £400 sum again when you speak?

**Boris Johnson:** I am grateful to you for bringing it up. It is a handy reference point for the effect of the CAP on prices.

**Q1338 George Kerevan:** However, you cannot justify the number.

**Boris Johnson:** You have said that the TaxPayers' Alliance has produced that number and that is their calculation. I am saying to you that there is ample scope for savings on bureaucracy in the whole weird architecture of the CAP.

**Q1339 George Kerevan:** How much?

**Boris Johnson:** If you would like to know how much we can save on our net contributions to Brussels—

**George Kerevan:** Pounds, shillings and pence—I am just asking what the number is.

**Boris Johnson:** From memory, we contribute £6.5 billion to the FIOGA budget and get £4 billion back. I would have to check those figures. That is a saving of £2.5 billion.

**Chair:** We have made some progress in that exchange. I am sorry that this is going on so long.

**Boris Johnson:** No—I love it. It is such an honour to be here.

**Chair:** Boris, I am very pleased that you are taking that view. It is not the longest session we have had. You have some way to get to the record, but I am sure you are looking forward to taking the baton.

**Boris Johnson:** I just admire the indefatigability of your Committee, some of whom have deserted.

**Q1340 Chris Philp:** Thank you for joining us this morning, Boris. Thank you for your patience, which has been exceptional, and goes above and beyond the call of any sort of duty. I would like to start by talking about some of the future prospects for the European Union if we stay in, which have been held out to us as, one might say, carrots or inducements. One of the provisions in the deal that was

struck a few weeks ago was that competence would be reviewed on a regular basis, with a view to returning some to the United Kingdom or member states where possible. Bearing in mind your long experience of the Brussels machine, how likely is it that, were we to stay in, there would be any return of competence or sovereignty?

**Boris Johnson:** I am grateful for that, because it goes to the heart of what we are talking about with the development of the single market. I think it was Rachel Reeves who said we were not in the euro and therefore did not have to worry about the way things were going. I do not take that view. One of the reasons that my attitude has changed, Mr Mann, from that speech I made in 2003—before the Lisbon summit and the euro experiment got so out of hand—is that the Five Presidents’ Report shows very clearly they are bent on more integration of social policy, company law, property rights and all sorts of things that have not hitherto been thought necessary for the functioning of the monetary union. Avowedly, they want to do it through the single market. That will impact on us. Chris, I do not see any prospect at all in that context of a repatriation of powers to our country. That is just not going to happen.

You have seen what happened in the renegotiation; we got absolutely zilch, effectively. That is the best that we can hope for.

**Q1341 Chris Philp:** Do you draw any comfort from our exemption from the ever-closer union, or is that just a platitude?

**Boris Johnson:** I do not want to minimise that. It is something, but there are very few times that the European Court of Justice has relied on that provision to form its federalising judgments. Most times, it is very federalising and centralising anyway. It does not need to have recourse to that. It is a nice symbol, but it is not of much practical assistance.

**Q1342 Chris Philp:** There is also a provision in the arrangement to look at removing regulations. There will be annual review and they will look at which regulations they can cancel. I established—in questioning the Commissioner, Lord Hill, a few weeks ago—that not a single regulation that he is aware of has been repealed, thus far. It is always a one-way street. In a similar vein, do you have any expectation that, if we did stay inside and the British Government battled energetically, we might be able to get some regulations taken away from the inside?

**Boris Johnson:** I do not want to contradict Lord Hill, but the EU does technically repeal measures, so far as they are replaced by new ones. They will argue that there are some that have been repealed. However, in the course of their subsidiarity campaign to get rid of stuff where they think they have been ultra vires, nothing has happened. I do not see any prospect of that happening. Where is the *acquis*—the corpus of European law? Where has it been winnowed down as a result of British intervention? I am afraid I cannot see it.

We fundamentally have something that is not suitable for us. It is a political union and the time has come for us to say, “The emperor has no clothes”, and call a halt.

**Q1343 Chris Philp:** Can we not stand within the European Union, participating in the single market fully, but standing to one side from the political projects such as the ever-closer union, the single currency and so on?

**Boris Johnson:** It is fundamentally dishonest of us to keep pretending that we are able to be in it just for free trade and nothing else. This is an avowedly political project. They want to create a single polity. That is what they say. That is what is being achieved by the huge increase in EU law. It is time to make a judgment and to say that the only way forward is for us to value our democracy. We fought for this.

**Q1344 Chris Philp:** We briefly touched on the question of immigration in earlier exchanges. Net immigration is currently 330,000 on the most recent figures, of which, very roughly speaking, half is EU, half is non-EU. Were we to leave the EU, what level could we get immigration down to?

**Boris Johnson:** Obviously we would be able to control it much more easily. You would not have to admit people just because they have an EU passport. We know that there are now some places in the EU where you can get travel documents in a way that is not wholly above board, and an awful lot of people are coming here without any clear job already existing. Many of them do wonderful things for this country, but if you have uncontrolled immigration of the kind that we have had in the past 10 or 15 years, it will have very serious impacts.

As a country, we need to work out: what is the ultimate size of the UK population? How far are we going to go with this? If it goes on like this, it will be 92 million by 2050. That is an awful lot of people. We need to think about the impacts of that. Most of this will be driven by immigration. How are we going to cope?

**Q1345 Chris Philp:** I completely understand the point. Could you venture a number that people might be able to consider—the net immigration figure we might be able to achieve, were we to withdraw?

**Boris Johnson:** One of the difficulties of this whole thing is that Governments endlessly come out with figures that they think they will be able to achieve, and they then disappoint the electorate. It would be unwise to come out with a figure.

**Chair:** That is how we feel about quite a few of your figures, Boris.

**Boris Johnson:** Mr Tyrie, perhaps you will write to me afterwards, telling me which of my figures you particularly do not like.

**Chair:** I think it is pretty clear which ones they are. Sorry, Chris—do carry on.



**Boris Johnson:** Anyway, I have seen studies saying that you would get it down to 50,000 a year. I am not necessarily endorsing those. The difficulty will be that there is a very large demand from business and industry, but you should at least be able to control it. You should be able to decide what type of labour you want. Do you want skilled labour of a certain kind? Do you need certain unskilled jobs filled? How does it work?

At the moment, what you have seen is a huge downward pressure on wages, and that has had a big impact on our country.

**Q1346 Chris Philp:** Of the current inward immigration flow from the EU, what proportion would you characterise as helpful, i.e. high skilled, filling gaps etc., versus unhelpful, i.e. unskilled and more of a drag?

**Boris Johnson:** The issue is really to do with control and what the scope is for UK politicians to take responsibility for what is happening. At the moment it is way out of control. People feel it; they know it. They can see hundreds of thousands of people coming here net every year. I do not see how we can stand up to the electorate anymore and tell them that we can stop this thing, when we patently cannot.

**Q1347 Chris Philp:** I understand. The final point on immigration before moving on: what would happen in a Brexit scenario to those 3 million or 4 million EU citizens currently living and working in the country?

**Boris Johnson:** I may get this wrong, but there are about 2.3 million EU citizens in the UK and about 2.2 million UK citizens in the rest of the EU—something like that. Their rights would be unaffected. We already have, as everybody knows, huge numbers of French people living in London and huge numbers of people from all around the EU. Indeed we have huge numbers of Americans, Canadians, Australians and Russians. There are communities with 300 languages on the streets of this city. I do not think there would be any threat to their position.

**Q1348 Chris Philp:** As part of our exit negotiation over the two-year period, we would effectively grant grandfathered residency rights to any EU citizen living here. Presumably, we would similarly expect a Brit living in Spain to receive grandfathered residency rights in Spain that would last for their lifetime.

**Boris Johnson:** Absolutely, and indeed those rights—to the best of my knowledge—are respected under the Vienna treaty.

**Q1349 Chris Philp:** Would that not trigger a massive influx of people in that two-year period, seeking to acquire those grandfathered rights?

**Boris Johnson:** Do you mean Brits coming back?

**Chris Philp:** No, people from Europe. Let's say that we said any EU citizen resident as of up to and including 23 June 2018 gets lifetime grandfathered

residency rights, but after that they are subject to whatever controls the British Government—

**Boris Johnson:** Do you mean in the period of the negotiation?

**Q1350 Chris Philp:** Yes. Presumably during the re-negotiation, which let's say takes two years, we continue to be full members of the EU with all the normal laws applying. Let's say that from 23 June 2018, two years later onwards, we get to control our borders as we see fit, but any EU resident that has pitched up before then would get these grandfathered lifetime residency rights, and vice-versa for Brits overseas. Would that not then create an incentive for every person living in Romania that could jump on a plane to come over here before June 2018 to get their lifetime rights?

**Boris Johnson:** I am not certain that that is the case. If it were the case and if it seemed that that was a risk, you could probably take some steps to prevent it by unilaterally deciding to install restrictions on free movement of labour, which is what we are talking about. Do not forget that this is not as deeply ingrained in the DNA and religion of the EU as everybody now pretends. This is something that really only arose post-Maastricht.

**Q1351 Chris Philp:** I have one final question. I realise people want to get to PMQs, although I have taken far less time than anyone so far. In terms of the debate we have frequently had about the nature of the future trade agreement post-Brexit, we have talked about Canada, Switzerland and Norway, and you have said you would like to see a distinctive British deal. For the Committee and the country's benefit, could you give a rough sketch of how that might look in terms of goods, services, financial services, and any countervailing obligations that may be imposed on us, like free movement or budget contributions?

**Boris Johnson:** Both of those would be locked off—free movement and budgetary contributions—but it would be massively in the interests of our partners to do a deal based on free trade in goods and services, and I am sure that is what we would achieve. It is very important to recognise that we would retain the ability to work with our European friends and partners in all the other areas of EU co-operation that matter greatly to this country and Europe. On the Common Foreign and Security Policy, or home, justice and criminal affairs, we would remain active partners, but it would all be done at an inter-governmental level. As I say, there would be no need for this supranational judicial approach.

**Q1352 Chris Philp:** If we had full single market access, we would have to sign up to the regulations, wouldn't we?

**Boris Johnson:** No. The whole point is that 95% of UK businesses do not do trade with Europe. However, they have to conform with 100% of the regulations. Those businesses that want to export to the EU—and we would want to encourage that and do a free trade deal—would of course, like the Americans, Canadians, Chinese, or anybody else

exporting to the EU, have to make sure that their vehicles, or whatever it happened to be, conformed to EU standards if they wanted to have access to that market. But there is no reason why we, in this country, should be subject anymore to the single judicial system of the single market. That is what I am saying.

**Q1353 Chris Philp:** To play devil's advocate on that point: if it were possible to do the deal you are describing, why have Norway not done it? They are subject to budgetary contributions; they are subject to free movement as a *quid pro quo* for the kind of access you are describing.

**Boris Johnson:** This is the fifth biggest economy in the world and it has been in the EU for 44 years. They have with us a net balance of trade in their favour of £80 billion. They have had all sorts of economic shocks, which you discussed extensively this morning. They are going to want to move over Brexit as fast as possible, do a brilliant free trade deal, get on with it, allowing their businesses to trade freely with a huge market, and profit from engagement with us. That is the future for them as well as us.

**Q1354 Chair:** I would like to end with one point and give you an opportunity for a last word. I am very grateful that you have been able to give evidence for nearly three hours. We normally take a break after two if we have an extended session—as we occasionally do with the governor of the bank. I want to come back to a point relating to almost everything you have been asked, which I was trying to get at the start, which is whether you accept that some of the claims you have been making—even in speeches in recent weeks, in some cases—can easily mislead people. Would it not be better to qualify these remarks much more carefully?

I will take you through a few of them. You said just now that immigration has a huge downward impact on wages. As far as I am aware, that is an extremely controversial issue and evidence on it is very difficult to pin down—certainly in agriculture.

I am going to give you a chance to reply to all the points that I am going to make. Scribble down the headings, by all means.

You have said that there would not be any economic shock, even in the short term, of Brexit—even though your own economic adviser recently said, “Leaving the EU would be an economic shock. Most, if not all, economic shocks depress economic activity”.

You said in a speech in Dartford very recently that £400 was being added to the cost of food of every household. Anybody listening to that might think, “If I leave the EU, I might pick up £400 of benefit”. As you acknowledged, once cross-examined on it, that is not the case. You made clear that that figure would be lower.

You said about half an hour ago in cross-examination with John Mann that you made no comment on the directive that led to this dispute or extraordinary exchange on teabags. However, when you look at the speech you made, you described the directive as ludicrous—quite the opposite of the impression that you gave in response to that question.

We can carry on with so many of these. You said, “Between half and two-thirds of everything that goes through Parliament is being produced by Brussels”. However, the facts are that the best sources suggest between 15% and 59% is either produced or at least influenced by the EU. “Influenced” is the word you used. In other words, between half and

two-thirds is not produced by Brussels; it is between 15% and 59%, and it is influenced in some way. This includes the decisions that often relate to individual firms, which constitutes a third of the total number in itself.

I come back to my original question. By all means, qualify further the answers you have given on each of those points, or all if you feel it necessary. I just want to ask you whether you would be prepared to consider—given that we need to have a sensible debate about this subject—that there are some very foolish claims, as you have already seen. Many in this Committee think they are being made by the remain camp, but it seems that you are now fuelling the fire with some of your own.

**Boris Johnson:** I am grateful. If I may, Mr Chairman, I will go through your points one by one.

**Chair:** And you may have the last word, yes.

**Boris Johnson:** On huge downward pressure on wages, yes, it is a matter of great economic controversy. In some sectors of industry or business, there has been considerable downward pressure as a result of the uncontrolled flow of unskilled labour. People will dispute whether it is always huge or not, but I do not think that many economists would contest that there has been downward pressure on wages.

**Chair:** Just to clarify: you are withdrawing “huge”.

**Boris Johnson:** No. I am saying that it might not always be huge, but in some cases I am sure it has been.

Secondly, in this city alone real incomes for the bottom two deciles are still not back up to the levels that they were in 2008. There has been a substantial downward pressure on wages. There are many factors for that, but immigration is certainly one of them.

On the vexed issue of what would happen if we left, and the shock that people describe—and I am grateful for what you have said about the alarmism of the remain campaign—it is wildly overdone. The point I am trying to make is that, by the time it were to be happen, it would be very much priced in. People would understand the consequences. The reason I make the analogy of the Y2K bug is because by the time that happened everybody had freaked out so much that it passed without the batting of an eyelid. The same thing would happen with Brexit; we and business would simply get on with it. The deals that I have described would be readily done on the back of what is already a huge free trade area.

On the point about the cost of food: yes, there is an extra cost to food as a result of agriculture subsidy. What I tried to say in my long exchange with Mr Kerevan is that we are big net contributors to the EU agriculture budget, as well as to the overall budget. Approximately £8.5 billion or maybe as much as £10 billion goes from us to the EU, never to be seen again. The European Court of Auditors have spent a long time not signing off the EU accounts. Even today, they continually point out that a significant percentage of the budget is misspent or cannot be properly accounted for. 5% is a lot of money. The EU budget over 2007 to 2013 is about €868 billion. 4% or 5% of that is serious sums of money going missing. It is not good use of taxpayers' money and it needs to come back to this country. There would be savings on the agricultural budget if we did.

On the point about the animal hygiene by-products regulation, my point there was very simple. I made it repeatedly both to you and John Mann. The real issue is about gold-plating. It is about how officials in our country take EU legislation—

**Q1355 Chair:** I am sorry to interrupt, Boris. I want to read you what you said only very recently: “Sometimes these EU rules sound simply ludicrous, like the rule that you can’t recycle a teabag”.

**Boris Johnson:** Most people would say that that does sound ludicrous.

**Chair:** There does not seem to be much of a reference there to gold-plating or criticism of domestic legislation.

**Boris Johnson:** You will find that either there or frequently I have made the point about domestic gold-plating, and it does sound ludicrous. It is a result of the hideous confluence of EU regulation and overzealous implementation by officials in this country.

As for the percentage of EU regulation or legislation coming through this place, after lengthy mastication we basically agreed here that, if you look just at the primary instruments and directives, you are down at about 13%. If you include the statutory instruments—and we had a long discussion about this—you are up at 59%, almost two-thirds, of law going through this place. That is a huge amount.

**Q1356 Chair:** Is that being produced in Brussels?

**Boris Johnson:** This is the crucial thing: emanating from Brussels in such a way as to fall within EU competence. Once it is within EU competence, it is justiciable by European courts. That is the crucial thing.

**Chair:** It is very helpful to have that clarification. Thank you.

**Boris Johnson:** I am grateful for this opportunity to make these points, because I feel that, far from my having to clear up some of the things that I have said, it is up to the remain campaign and their running dogs in InFacts and others to explain why they have gone so stunningly wrong.

**Chair:** You are in danger of getting back to delivering us grains of truth with mountains of nonsense again, I am afraid.

**Boris Johnson:** I am sorry—I am telling you the truth.

**Q1357 Chair:** You were dangerously close to making some very considered points a moment ago. I am very grateful to you. By all means, do have the last word.

**Boris Johnson:** There are fundamentally three main points for wanting Brexit. One: the EU as it currently stands is too expensive. We need our money back. £8.5 billion, £10 billion net, is an awful lot, particularly when a lot of it is wasted.

Secondly, it is about control, power, democracy and this place. It is really being undermined. It is absurd that we cannot control our borders. The volume of legislation is now absurd.

Third is the fundamental dishonesty of continuing to pretend that we are part of a free trading arrangement when it is a political project. We should level with the British public about what is really going on.

**Q1358 Chair:** That is an extremely helpful clarification of your justification for your decision. I am very grateful to you for having stayed for three hours—which, as I say, is an hour longer than we normally have sessions without an interval. You have provided some extremely interesting and varied evidence often in primary colours—as we have come to expect of you.

**Boris Johnson:** I am most grateful to you and your heroic Committee for sitting here, with most of them not even consulting their BlackBerrys. It is unbelievable—quite extraordinary diligence.

**Chair:** Who knows, Boris—we may even need to see you again if you carry on like this. That might finally shut you up. Thank you very much for coming, Boris.

**Boris Johnson:** If you do not want me to talk, you do not have to invite me